

BRINGING YOU UP TO SPEED

Annual Report 2018



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The joint issue managers of the initial public offering and listing of NetLink NBN Trust were DBS Bank Ltd., Morgan Stanley Asia (Singapore) Pte., and UBS AG, Singapore Branch. The joint underwriters of the initial public offering and listing of NetLink NBN Trust were DBS Bank Ltd., Morgan Stanley Asia (Singapore) Pte., UBS AG, Singapore Branch, Merrill Lynch (Singapore) Pte. Ltd., Citigroup Global Markets Singapore Pte. Ltd., The Hongkong and Shanghai Banking Corporation Limited, Singapore Branch, Oversea-Chinese Banking Corporation Limited, and United Overseas Bank Limited. The joint issue managers and joint underwriters of the initial public offering assume no responsibility for the contents of this Annual Report.

WHO WE ARE

NetLink NBN Trust's nationwide network is the foundation of Singapore's Next Generation Nationwide Broadband Network ("Next Gen NBN"), over which ultra-high-speed internet access is delivered throughout mainland Singapore and its connected islands.

NetLink NBN Trust and its subsidiaries (the "Trust Group") design, build, own and operate the passive fibre network infrastructure (comprising ducts, manholes, fibre cables and Central Offices) of Singapore's Next Gen NBN. The Trust Group's extensive network provides nationwide coverage to residential homes and non-residential premises in mainland Singapore and its connected islands.

NetLink NBN Trust was listed on the Main Board of the Singapore Exchange Securities Trading Limited on 19 July 2017. It is a constituent of the FTSE ST Large & Mid Cap Index and the MSCI Global Small Cap – Singapore Index.

VISION

To be the leading telecommunications infrastructure provider in Singapore

MISSION

We connect consumers and businesses anywhere in Singapore to the nationwide fibre broadband network

We build strong and trusted partnerships with our industry operators to deliver reliable fibre connectivity to their customers

We provide open and equal access to all industry operators

We are committed to helping Singapore achieve its vision as a Smart Nation

CORE VALUES

Partnership – We measure our success by our partners'

Excellence – We relentlessly pursue quality and excellence

Integrity – We are fair, honest and accountable

Teamwork – We leverage individual strengths to work as one

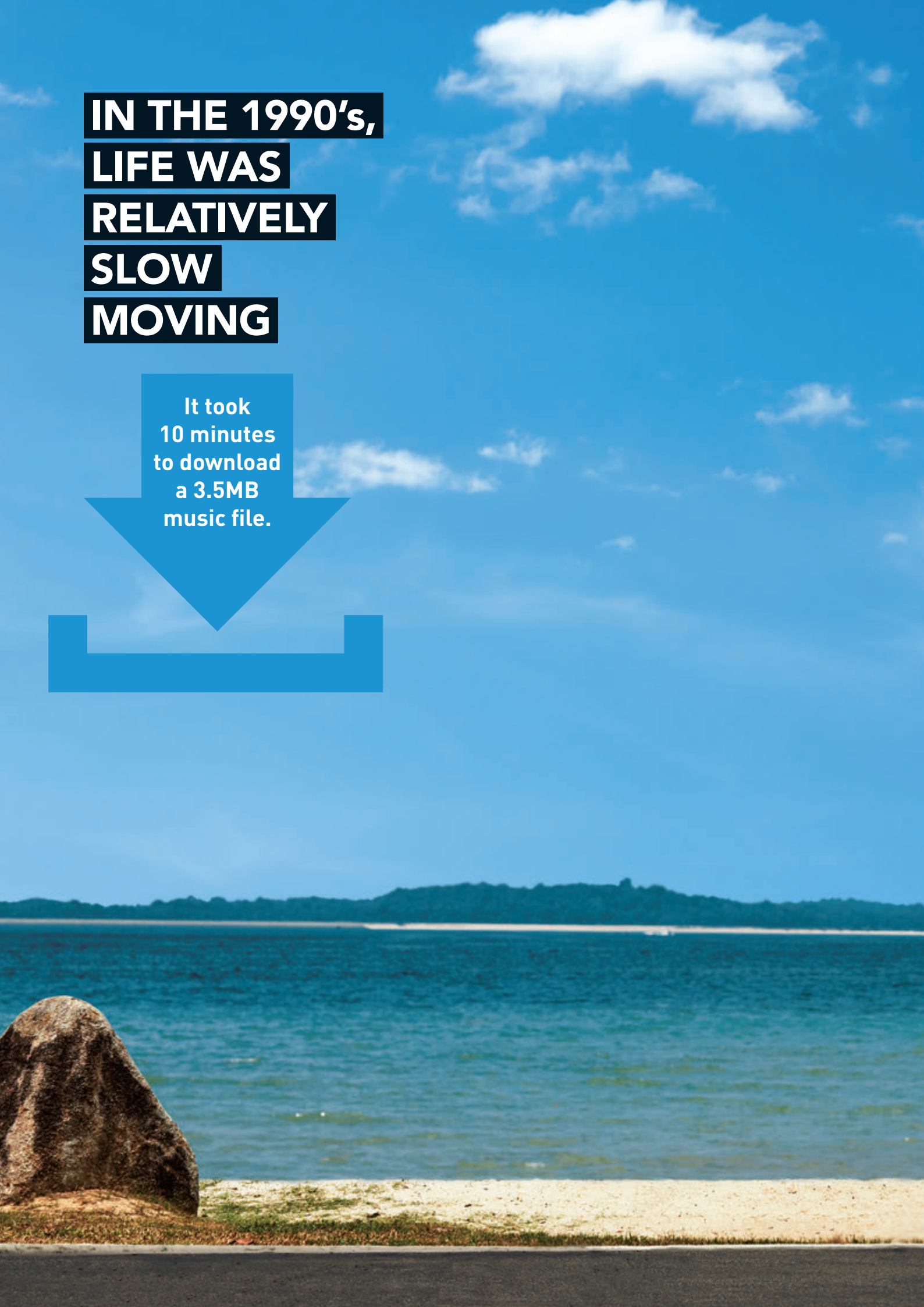
Respect – We care for every employee



For more information on NetLink NBN Trust, please visit www.netlinknbn.com

**IN THE 1990's,
LIFE WAS
RELATIVELY
SLOW
MOVING**

It took
10 minutes
to download
a 3.5MB
music file.





**AT THE DAWN
OF A NEW
MILLENNIUM,
THINGS STARTED
TO MOVE A
LITTLE FASTER**

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30 seconds
to download
a 3.5MB
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**TODAY, MUSIC AND
HIGH DEFINITION
VIDEOS ARE
STREAMED TO YOU
INSTANTANEOUSLY
ON DEMAND.**

You no
longer have
to wait.



WE ARE ALL AROUND YOU BUT RARELY NOTICED. OPERATING EFFICIENTLY WHILE EMPOWERING INDIVIDUALS AND BUSINESSES BY BUILDING A SMARTER SINGAPORE OF THE FUTURE.

**WE ARE NETLINK NBN TRUST...
THE FIBRE OF A SMART NATION**



WHAT WE DO

A snapshot of our key services

RESIDENTIAL

The Trust Group's network is used mainly for the purpose of end-user fibre connections, currently for broadband, internet-protocol TV and Voice over Internet Protocol services. It is the only fibre network with nationwide residential coverage in Singapore.



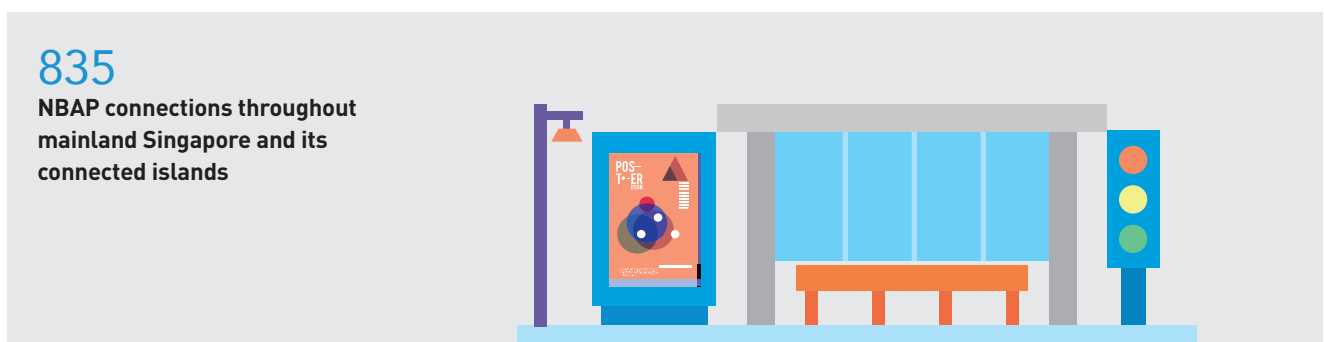
NON-RESIDENTIAL

The Trust Group's network is used for the purpose of end-user fibre connections, to provide fibre services to non-residential end-users such as businesses, shopping malls, transport providers, government agencies, hospitals, and schools.



NON-BUILDING ADDRESS POINT ("NBAP")

NBAP services include the connection to any location in mainland Singapore and its connected islands that does not have a physical address or assigned postal code, e.g. lamp posts, bus stops, multi-storey carparks and traffic lights. NBAP applications include infrastructure of telecommunications operators (such as wireless base stations), cameras, sensors, signages and outdoor kiosks.



Information accurate as at 31 March 2018.

Other businesses

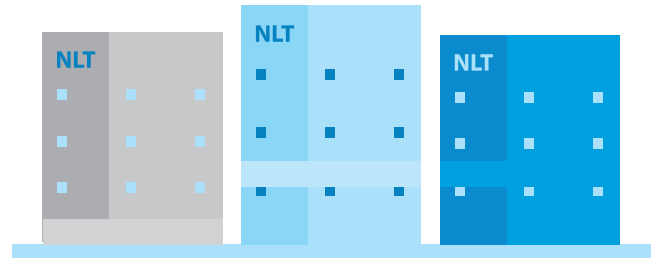
DUCTS AND MANHOLES

Provides, among others, Requesting Licensees with licences for the shared use of, and access to, building lead-in ducts and lead-in manholes.



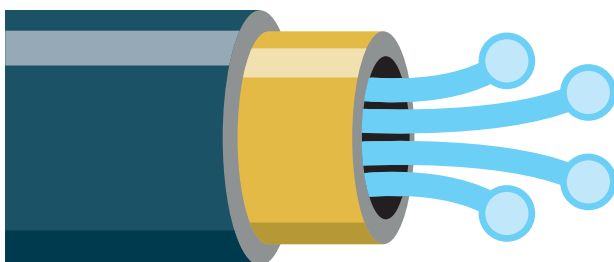
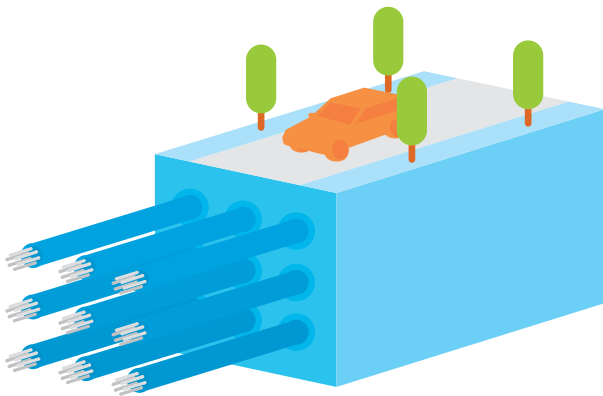
CENTRAL OFFICE

Leases space in the Trust Group's Central Offices to Singtel for housing of certain equipment and operations.



CO-LOCATION

Provides space in co-location rooms within the Central Offices to Requesting Licensees, to host active network equipment, servers and other interconnecting equipment.

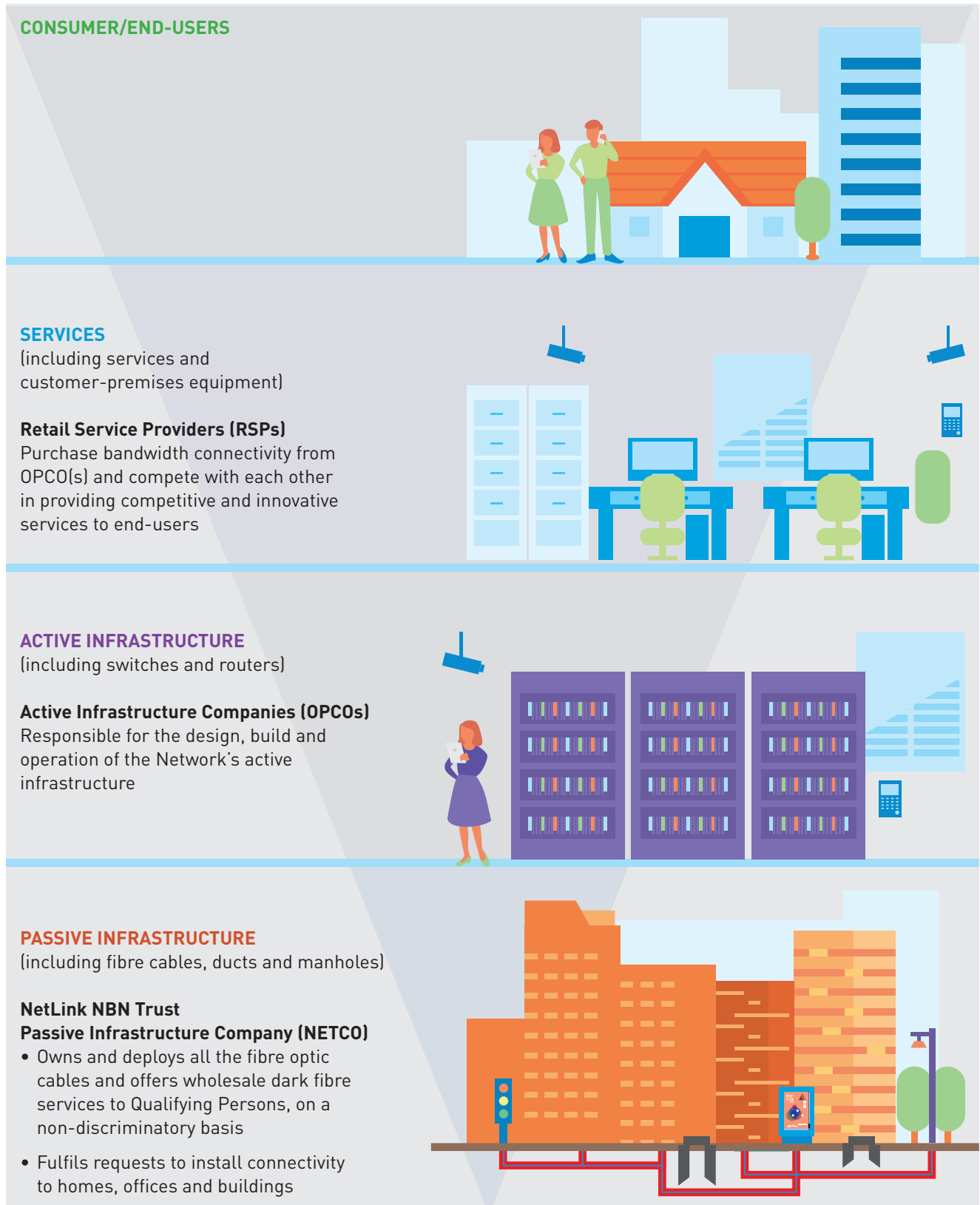


SEGMENT FIBRE

Provides dedicated point-to-point fibre connections which comprise Central Office to Central Office fibre connections and Central Office to main distribution frame room fibre connections, among others.

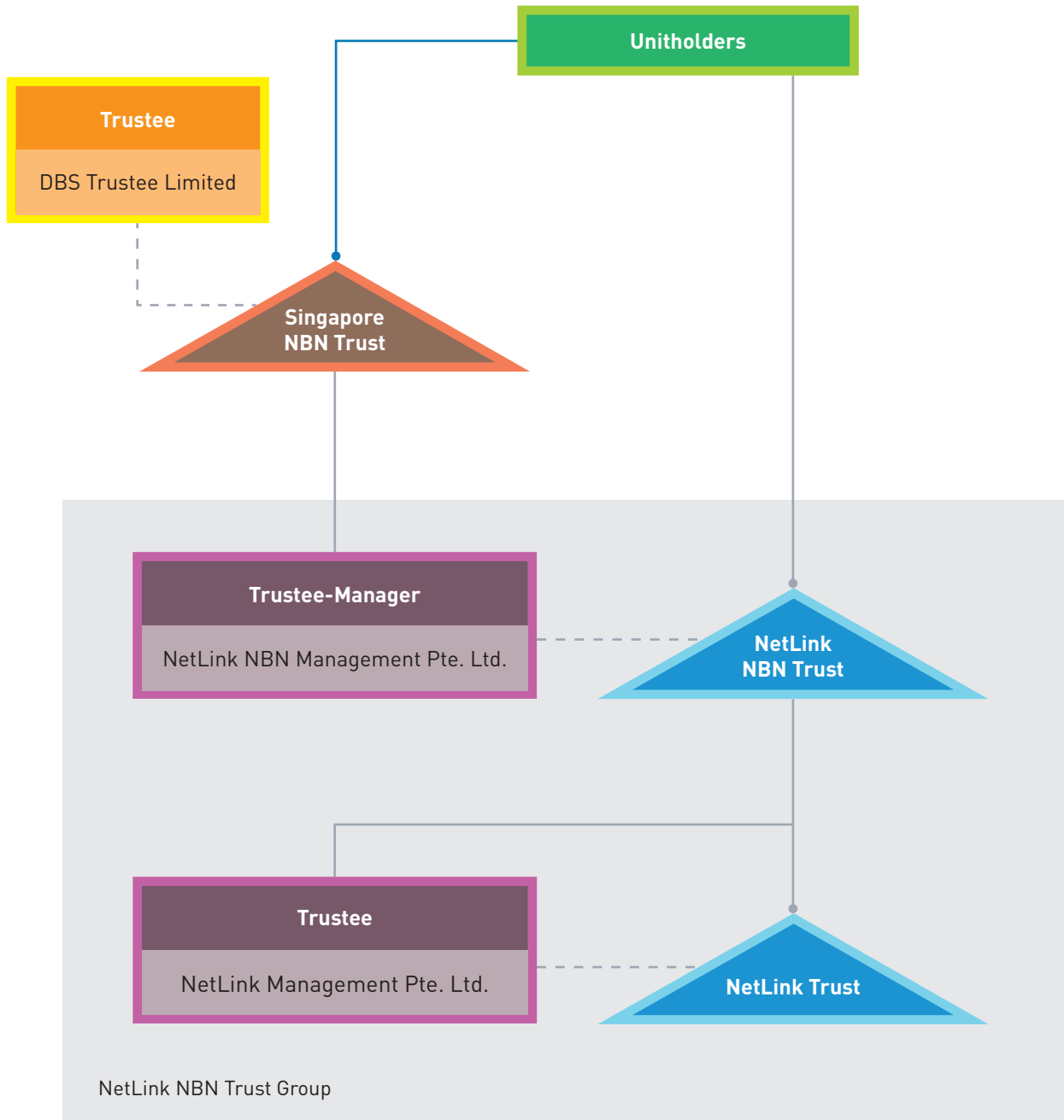
WHAT WE DO

The diagram below provides an illustration of the Next Gen NBN industry structure in which the Trust Group operates

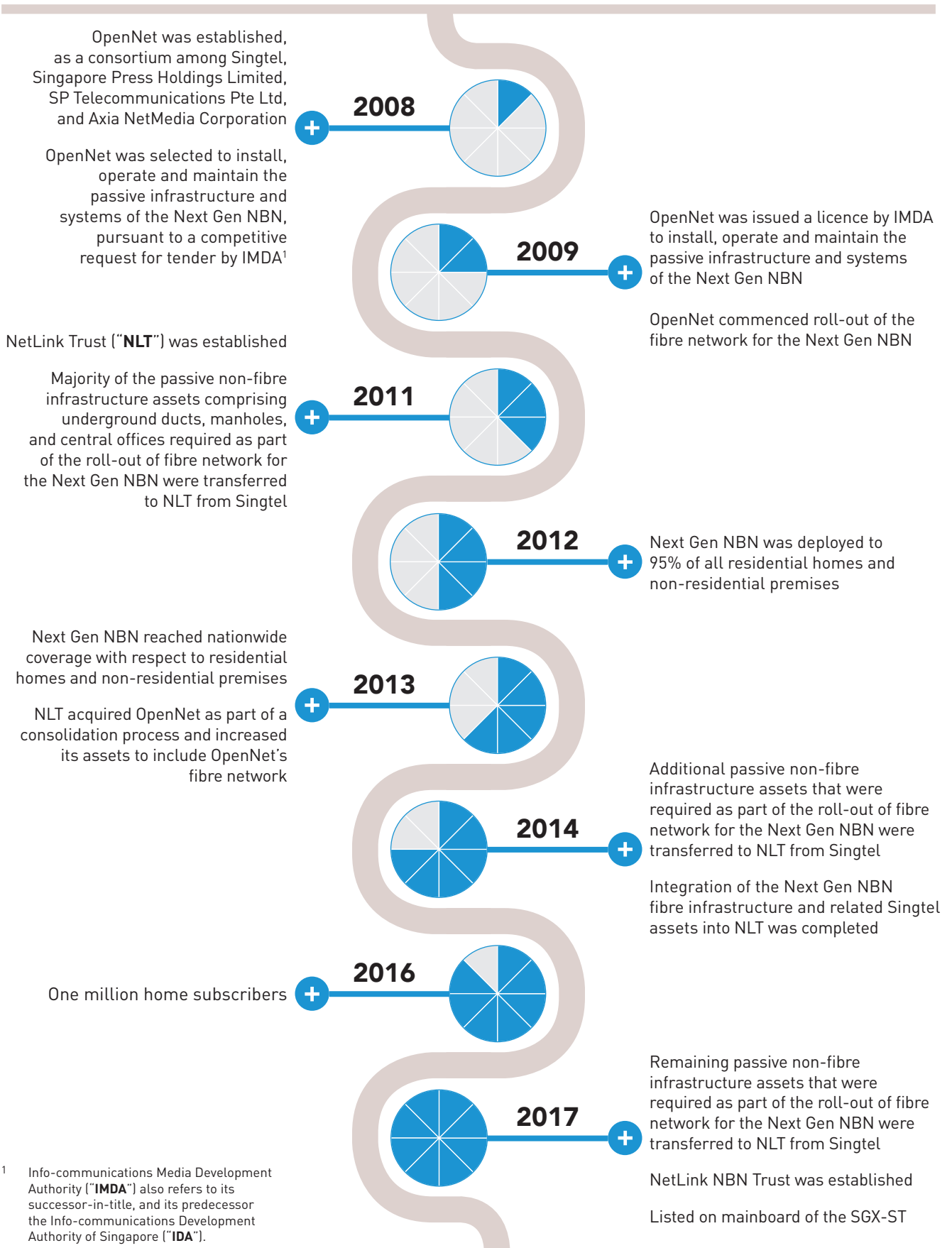




OUR TRUST STRUCTURE



OUR MILESTONES



¹ Info-communications Media Development Authority ("IMDA") also refers to its successor-in-title, and its predecessor the Info-communications Development Authority of Singapore ("IDA").

OUR PERFORMANCE AT A GLANCE^{1,2}

A transparent and resilient regulated revenue stream

Revenue

\$\$228.6M

Distribution Per Unit

3.24 cents

EBITDA

\$\$167.3M

Net Debt

\$\$424.6M

EBITDA Margin

73.2%

Net Assets per Unit³

81.5 cents

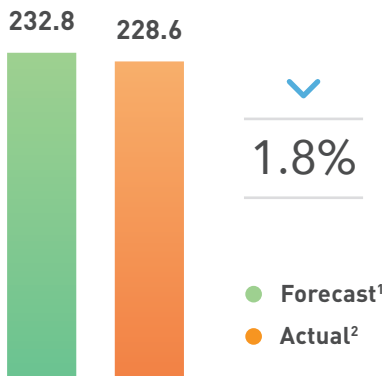
Profit Before Tax

\$\$43.8M

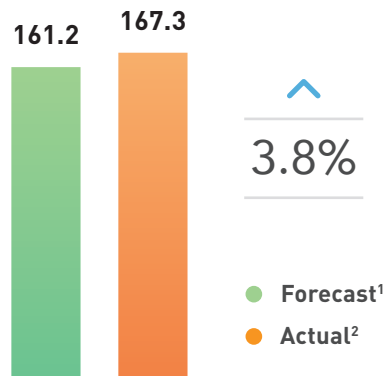
Annualised Distribution Yield⁴

5.70%

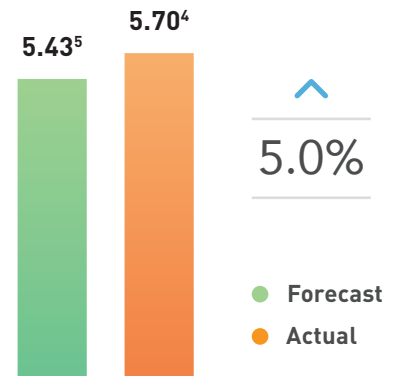
Revenue (S\$m)



EBITDA (S\$m)



Annualised Distribution Yield (%)



¹ Forecast results for Financial Period ("FP") included (i) the actual results for the period 19 July 2017 to 31 July 2017 and (ii) August 2017 to March 2018 figures from the Forecast Period 2018 projections disclosed in the prospectus dated 10 July 2017.

² The FP results is from 19 June 2017 to 31 March 2018. No comparative Consolidated Statement of Profit or Loss and Other Comprehensive income has been prepared as NetLink NBN Trust was constituted on 19 June 2017. Although NetLink NBN Trust was constituted on 19 June 2017, there were no operating activities until the acquisition of NetLink Trust, which was completed on 19 July 2017, the date on which the Trust was listed.

³ Net assets per unit represents equity divided by total number of units (3,896,971,100).

⁴ Based on the IPO unit price of S\$0.81, distribution declared for FP18 and annualised based on number of days between the listing date and 31 March 2018.

⁵ Distribution yields are based on assumptions set out in the IPO prospectus and the IPO offering price of S\$0.81 per Unit.

| | Group |
|--|----------------|
| | FP18 |
| | S\$'000 |
| Key Balance Sheet Items | |
| Total assets | 4,377,050 |
| Total liabilities | 1,202,672 |
| Total borrowings (gross) | 591,000 |
| Net assets | 3,174,378 |
| Cash Flow | |
| Net cash generated from operating activities | 158,456 |
| Net cash used in investing activities | (1,307,225) |
| Net cash generated from financing activities | 1,315,218 |
| Change in cash | 166,449 |
| Key Financial Indicators | |
| Interest Cover ⁶ | 9.8x |
| Gross Debt/EBITDA ⁶ | 2.5x |
| Effective average interest rate | 2.62% |

⁶ Ratios calculated based on the trailing 12-month financials of NetLink Trust and its subsidiaries.

CHAIRMAN'S LETTER

THE TRUST GROUP IS WELL-POSITIONED TO SUPPORT THE GOVERNMENT'S VARIOUS INITIATIVES AND PROGRAMMES AIMED AT TRANSFORMING SINGAPORE INTO A SMART NATION.

Dear Unitholders,


On behalf of the Board of Directors and Management of NetLink NBN Management Pte Ltd (**"the Trustee-Manager"**), I am pleased to present NetLink NBN Trust's inaugural Annual Report, following our successful listing on the mainboard of the Singapore Exchange Securities Trading Limited (**"SGX-ST"**) on 19 July 2017.

Our initial public offering (**"IPO"**) was the largest IPO on the SGX-ST since 2011. The offering was well received by the investment community, garnering strong support from both institutional and retail investors which translated into a subscription rate of two times and gross proceeds of approximately S\$2.3 billion. We are grateful to our Unitholders for their support and confidence in the Trust Group's unique investment proposition.

The Trust Group has come a long way since its OpenNet days. In 2008, OpenNet Pte. Ltd. was appointed as the sole Network Company (**"NetCo"**) to install, operate and maintain the passive fibre network infrastructure of the Next Generation Nationwide Broadband Network (**"Next Gen NBN"**). Roll-out of the fibre network for the Next Gen NBN commenced in 2009. By 2013, the Next Gen NBN had achieved nationwide coverage with respect to residential homes and non-residential premises. In the same year, OpenNet was acquired by NetLink Trust, which had been established by Singapore Telecommunications Limited (**"Singtel"**) in 2011 to build, own and operate the non-fibre passive infrastructure assets of the Next Gen NBN. This acquisition led to the assimilation of OpenNet's business functions and assets into NetLink Trust, which in turn has enabled NetLink Trust to further streamline



MR CHALY MAH CHEE KHEONG
Chairman



A LONG-TERM STRATEGY

The long-term strategy of the Trust Group is to build a network infrastructure that anticipates Singapore's growing needs, to be efficient in our operation and to increase our potential market size.

and enhance its operations and processes. Today, as the integrated NetCo appointed to design, build, own and operate both fibre as well as non-fibre network infrastructure of the Next Gen NBN, the Trust Group is well-positioned to support the Government's various initiatives and programmes aimed at transforming Singapore into a Smart Nation.

As part of ensuring sustainability while striving towards our business objectives, sound governance practices were already in place within the Trust Group prior to our IPO. Our Board recognises good corporate governance as one of the pillars forming the foundation of our business mission and hence is fully committed to maintaining these high standards of corporate governance going forward.

We have a balanced and diverse Board with members from different backgrounds, reflecting a range of viewpoints. We have a board diversity policy and are committed to embracing diversity. Our Board comprises eight Directors, of whom five are independent from Management and our substantial unitholder, Singtel. Together, the Directors bring with us many years of professional experience, a broad set of complementary skills, and insights and perspectives from a variety of industries. As a Board, we have set our collective focus on mapping the direction and goals for the Management team and monitoring the progress towards meeting these goals to ensure the long-term success of the Trust Group and its value creation.

The long-term strategy of the Trust Group is to build a network infrastructure that anticipates Singapore's growing needs, to be efficient in our operation and to increase our potential market size. In line with this strategy and in furtherance of our mission, we are committed to helping Singapore realise its vision of becoming a Smart Nation. To this end, the Trust Group will continue to make long-term investments in our network infrastructure and expand our reach to all residential homes as well as non-residential premises, such that the whole of Singapore has access to ultra-high-speed internet through our nationwide fibre network. In addition, leveraging our comprehensive network coverage and fibre's superior status as the most suitable medium

for high-speed data transmission, the Trust Group will continue to pursue strategic business opportunities in supporting the deployment of an extensive network of sensors and monitoring equipment across Singapore, for enabling future smart applications such as autonomous vehicles, traffic management and weather data collections.

In closing, I would like to thank all our Unitholders, partners, and customers for their unwavering trust, support and confidence and at the same time, express my deepest appreciation to my fellow Board Members for their valuable advice, generous support, and diligence. To the Management and our employees, thank you for your commitment and hard work. Please continue to work together as a team to serve all our stakeholders with high standards and distinct quality.

Chaly Mah Chee Kheong
Chairman

CHIEF EXECUTIVE OFFICER'S LETTER



MR TONG YEW HENG
Chief Executive Officer

**OUR BETTER-THAN-FORECAST
EARNINGS IS A TESTAMENT
TO THE RESILIENCE OF OUR
BUSINESS MODEL.**

Dear Unitholders,

The Trust Group's primary objective is to design, build, own and operate the fibre network infrastructure of the Next Gen NBN. As the appointed NetCo of the Next Gen NBN, the Trust Group plays a vital role in providing the underlying infrastructure that enables the delivery of ultra-high-speed internet access throughout Singapore and its connected islands. Following our successful listing on the mainboard of the SGX-ST on 19 July 2017, I am pleased to present to you our inaugural Annual Report for the financial period ended 31 March 2018 ("**FP18**").

The Trust Group’s IPO garnered strong support from both institutional and retail investors. As at 31 March 2018, NetLink NBN Trust had 26,957 unitholders. Largest unitholder Singtel held 24.8% of units in issue. The Trust Group’s free float is therefore about 75.2%, and this is held by a mix of investors – retail and corporate, and institutional investors from various countries.

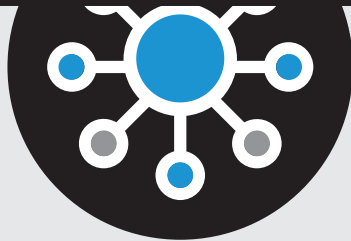
Financial and Operational Highlights

I am happy to present to you our first set of financials which outperformed the earnings forecasts as set out in the IPO prospectus. EBITDA and Profit After Tax outperformed forecast by 3.8% and 10.8% respectively. This was mainly due to lower operating and maintenance costs, staff costs and other operating expenses. For FP18, residential connections and non-residential connections had continued to perform well, and their revenue were 1.0% and 5.1% higher respectively than their forecast at IPO. Together with lower operation and maintenance costs, staff costs and other operating

expenses, the Trust Group generated strong cash flows which resulted in net cash generated from operating activities of S\$158.5 million for FP18.

In FP18, the Trust Group implemented various initiatives and measures such as the roll out of additional fibre capacity to residential homes across our nationwide network, and the pre-laying of fibre infrastructure to non-residential buildings to speed up service provisioning to improve our Quality of Service (“QoS”) performance. As a result of these proactive efforts, the Trust Group has made improvements to the service provisioning timeframe of fibre services to residential and non-residential premises.

To support our growth and improve service quality, we need a robust IT system. In this regard, our IT team has been working on transforming our legacy IT systems into a fully integrated business and operations support system to further streamline work processes and increase efficiency. This system would also enhance the user experience for our customers.



CONNECTING SINGAPORE

Today, Singapore has one of the highest wired broadband penetration in the world, and more than 85% of these wired broadband connections are delivered via our fibre network.

Attractive Distribution Yield

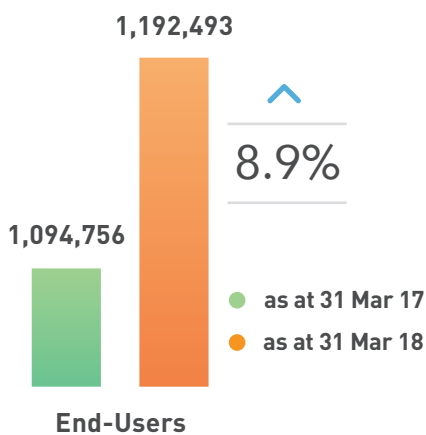
For FP18, the Trust Group declared an amount of S\$126 million or 3.24 Singapore cents per unit for the Trust Group’s first distribution. This translates to an annualised yield of approximately 5.70%. The distribution per unit is 5% higher than the forecast distribution per unit at IPO.

Our Contribution to Singapore

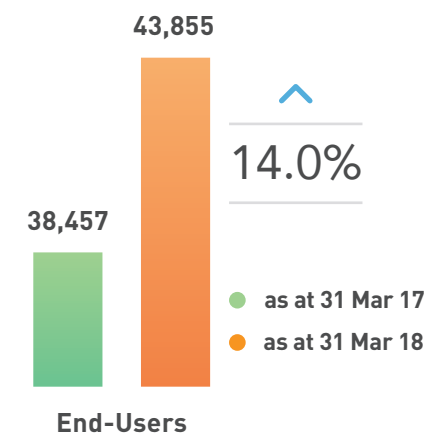
Today, Singapore has one of the highest wired broadband penetration in the world, and more than 85% of these wired broadband connections are delivered via our fibre network.

Singapore has also been ranked highly in various studies on broadband connection speed. For example, it was ranked number 1 by US-based Ookla and also by Britain-based web consultancy firm Cable.co.uk, as having the fastest average broadband surfing speed globally. In the Akamai’s State of the Internet Report, Singapore was also ranked as the country with the highest average peak connection speed. We are proud and privileged to have played a significant role in making all these achievements possible.

Residential Connections



Non-Residential Connections



CHIEF EXECUTIVE OFFICER'S LETTER

A Lead Partner in Smart Nation Initiatives

The Singapore Government has announced many Smart Nation initiatives that will require connectivity to sensors that are deployed island-wide or in the homes. These initiatives support demand for the Trust Group's network. We are excited about what's to come, and will continue to position the Trust Group to bring us closer to our mission to support Singapore in its transformation to a Smart Nation.

Being the owner and operator of the nationwide fibre network that provides the underlying infrastructure for the Next Gen NBN, we are well-positioned to capitalise on initiatives that require high-speed connectivity. To date, we are providing NBAP connections to support initiatives such as the deployment of Aggregation Gateway boxes under Smart Nation Phase 1, wireless@SG as well as roll-out of sensors nation-wide. In our continuing efforts to further strengthen our position as the network provider of choice for the Smart Nation programme, we will strive to work with other industry participants to develop new opportunities and in doing so, play a pivotal role in supporting the Government's Smart Nation initiatives.

Looking Ahead

We expect to deliver the distribution forecast as stated in the IPO prospectus for FY19. Though the Trust Group expects revenues from key connection services to meet the forecast for FY19,

overall revenues may be affected by lower installation-related revenues.

The Trust Group has seen upward trend in percentage of orders that were able to meet the QoS timeframe this year, although the results still fell short of IMDA's standards. The Trust Group will continue to work closely with its key stakeholders to improve its QoS performance to meet regulatory service standards. The Trust Group has started to pre-lay fibre infrastructure to selected non-residential buildings to speed up service provisioning.

The Trust Group is continuing to expand its network in new housing estates, with the most recent being Tengah. The first batch of HDB homes in Tengah is expected to be launched in 2018. In total, an estimated 42,000 new residential homes in Tengah are expected to be developed over the next two decades. The Trust Group is monitoring the development of the 5G network in Singapore and will explore opportunities associated with the new technology.

The Trust Group has also been working proactively with the Requesting Licensees ("RLs") to anticipate future demand in the non-residential and NBAP segments, and to support the RLs' efforts to acquire new corporate and NBAP customers. With its extensive nationwide fibre network, the Trust Group is well-positioned to support Smart Nation initiatives, the developments in Punggol Digital District and Jurong Innovation District, and the fourth mobile telecommunication operator in its mobile network deployment.



STRATEGICALLY POSITIONED

Being the owner and operator of the nationwide fibre network that provides the underlying infrastructure for the Next Gen NBN, we are well-positioned to capitalise on initiatives that require high-speed connectivity.

Acknowledgements

Finally, I would like to thank our Board for their guidance, staff members for their dedicated efforts and unwavering passion, partners and Unitholders for their trust and support. With everyone's commitment, dedication and hard work, as we plan and prepare for the next phase of business growth, we are confident that we can continue to create value for stakeholders and deliver higher returns for our Unitholders.

Tong Yew Heng
Chief Executive Officer



OPERATIONAL REVIEW

HISTORY

OpenNet was declared the successful bidder by IMDA in 2008. It was mandated to establish, install and maintain a nationwide passive fibre network and provide telecommunication services over the network for the Next Gen NBN.

The roll-out of the Next Gen NBN commenced in 2009 through OpenNet.

Singtel established NLT in 2011 to hold the passive non-fibre infrastructure assets used to support OpenNet's deployment of the fibre network for the Next Gen NBN.

In 2013, a long form consolidation application was submitted to IMDA, whereby NLT would acquire 100 per cent of the share capital in OpenNet from the four shareholders of OpenNet.

The foundation of the Next Gen NBN was laid in 2009, with the roll-out of the nationwide passive fibre network by OpenNet Pte. Ltd. ("**OpenNet**"). OpenNet was established in 2008 by Singtel, Singapore Press Holdings Limited, SP Telecommunications Pte Ltd and Axia NetMedia Corporation, as a consortium through which a bid to operate as the "Network Company" or "NetCo", managing the first tier of the three-layered Next Gen NBN, was submitted to the then Info-communications Development Authority of Singapore (now known as Info-communications Media Development Authority¹). OpenNet was declared as the successful bidder by IMDA in 2008 and was mandated to establish, install, operate and maintain a nationwide passive fibre network and provide telecommunication services over the network for the Next Gen NBN. Under the framework which was in place at the time, ownership of the passive non-fibre infrastructure assets (comprising underground ducts, manholes and Central Offices) was maintained by Singtel while ownership of the fibre assets was held by OpenNet. OpenNet was subsequently acquired by NLT, in 2013.

Singtel originally established NLT to hold non-fibre infrastructure assets, which were used to support OpenNet's deployment of the nationwide passive fibre network for the Next Gen NBN.

The majority of such passive non-fibre infrastructure assets were transferred by Singtel to NLT, at its inception. NLT was issued a Facilities-Based Operations ("**FBO**") licence in 2011, by IMDA to build, own and operate the system of ducts, manholes and Central Offices that were transferred or leased to NLT, and to operate and provide telecommunication services over the said system. Accordingly, the responsibility for the provision, operation and maintenance of the passive non-fibre infrastructure assets for the Next Gen NBN became vested in NLT. OpenNet continued to be responsible for the installation, operation and maintenance of the nationwide passive fibre network.

In 2013, Singtel submitted an application to IMDA, for NLT to acquire 100 per cent of the share capital in OpenNet from the four shareholders of OpenNet (the "**Consolidation**"). The Consolidation was carried out in two phases. In the first phase, NLT acquired the whole share capital of OpenNet from the existing shareholders. The second phase involved the transfer of the assets and business of OpenNet to NLT; the termination by Singtel of its agreements with OpenNet, with respect to Singtel being OpenNet's key sub-contractor and the sale by Singtel to NLT of the Key Sub-Contractor², NetContractor Pte. Ltd. (which included the relevant technical and operational

¹ Info-communications Media Development Authority ("**IMDA**") also refers to its successor-in-title, and its predecessor the Info-communications Development Authority of Singapore ("**IDA**").

² 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, were acquired by / novated to NLT from Singtel on 1 October 2014.





personnel, tools and equipment in relation to the installation, operation and maintenance of NLT's fibre network and fibre inventory), and the novation by Singtel to NLT of vendor/supplier agreements related to the provision by Singtel of key sub-contractor services to OpenNet. Upon NLT's acquisition of the Key Sub-Contractor from Singtel, NetContractor Pte. Ltd. was amalgamated with NetLink Trust Operations Company Pte. Ltd, a subsidiary of NLT. OpenNet's FBO licence was also terminated and NLT's FBO licence was amended to incorporate all passive infrastructure related to the Central Offices, ducts, manholes and fibre. The Consolidation enabled NLT to provide comprehensive and integrated services to design, build, own and operate the Next Gen NBN.

On 19 June 2017, NetLink NBN Trust was established primarily for the purpose of owning all the units in NLT. On 19 July 2017, NetLink NBN Trust was successfully listed on the Mainboard of the SGX-ST at S\$0.81 per unit, raising approximately S\$2.3 billion.



OPERATIONAL REVIEW

INDUSTRY OVERVIEW

The Trust Group's extensive nationwide network is the foundation of Singapore's Next Gen NBN, over which ultra-high-speed internet access is delivered to residential homes and non-residential premises throughout mainland Singapore and its connected islands. The Trust 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.

Through its network, the Trust Group provides a number of services to its customers, also referred to as requesting licensees ("RLs").

RLs provide fibre services to retail services providers ("RSPs"), who in turn provide retail fibre services to end-users. The principal services provided by the Trust Group are as follows:

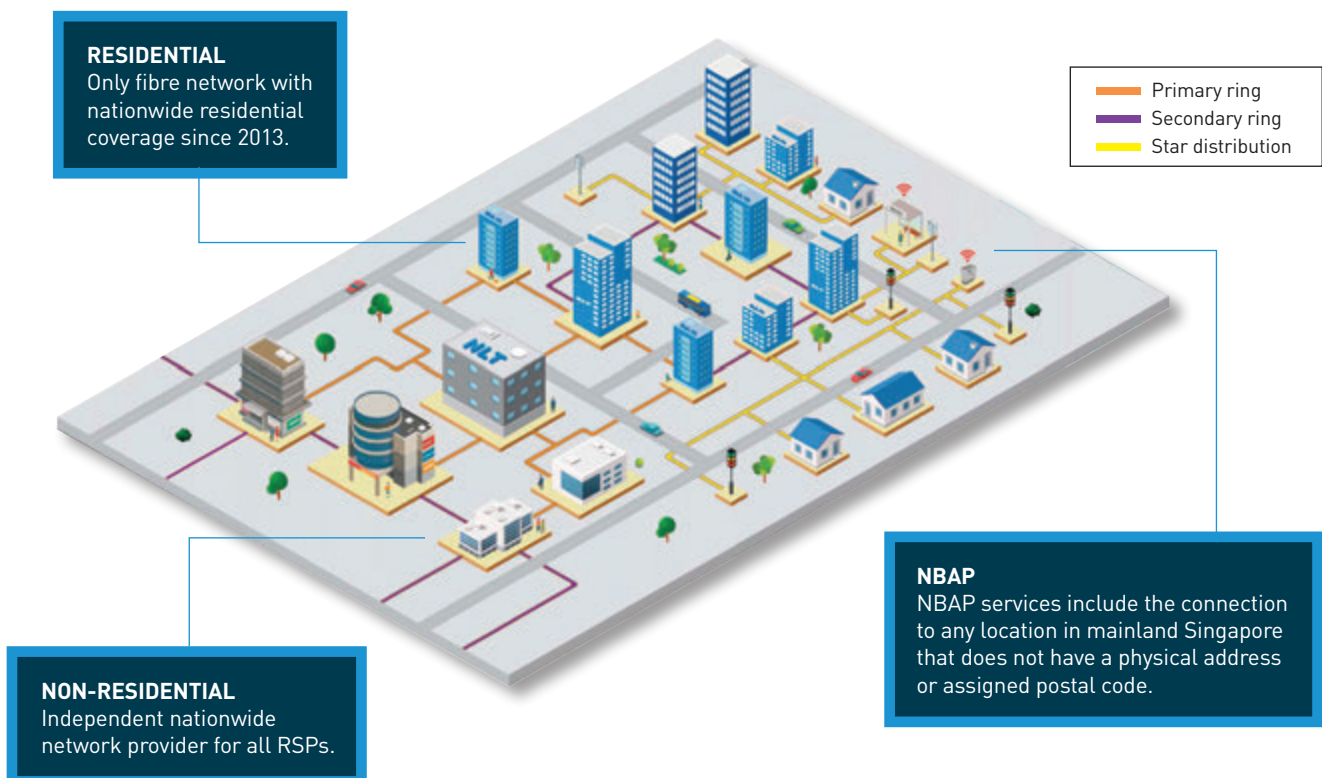
- (i) the use of the Trust Group's network for the purpose of end-user fibre connections, currently for broadband, internet-protocol TV ("IPTV") and Voice-over-internet protocol ("VoIP") services;
- (ii) the use of the Trust Group's other passive infrastructure to provide fibre connections; and
- (iii) the provision of other non-fibre ancillary services.

The Trust Group's network provides three separate types of end-user fibre connections:

- (a) residential end-user connections;
- (b) non-residential end-user connections; and
- (c) non-building address point ("NBAP") connections.

The provision of Mandated Services³ by the Trust Group is regulated, whereby the Trust Group must offer services to all Qualifying Persons⁴ in Singapore at regulated prices, without preference or discrimination.

Below shows an illustration of the Trust Group's network architecture.



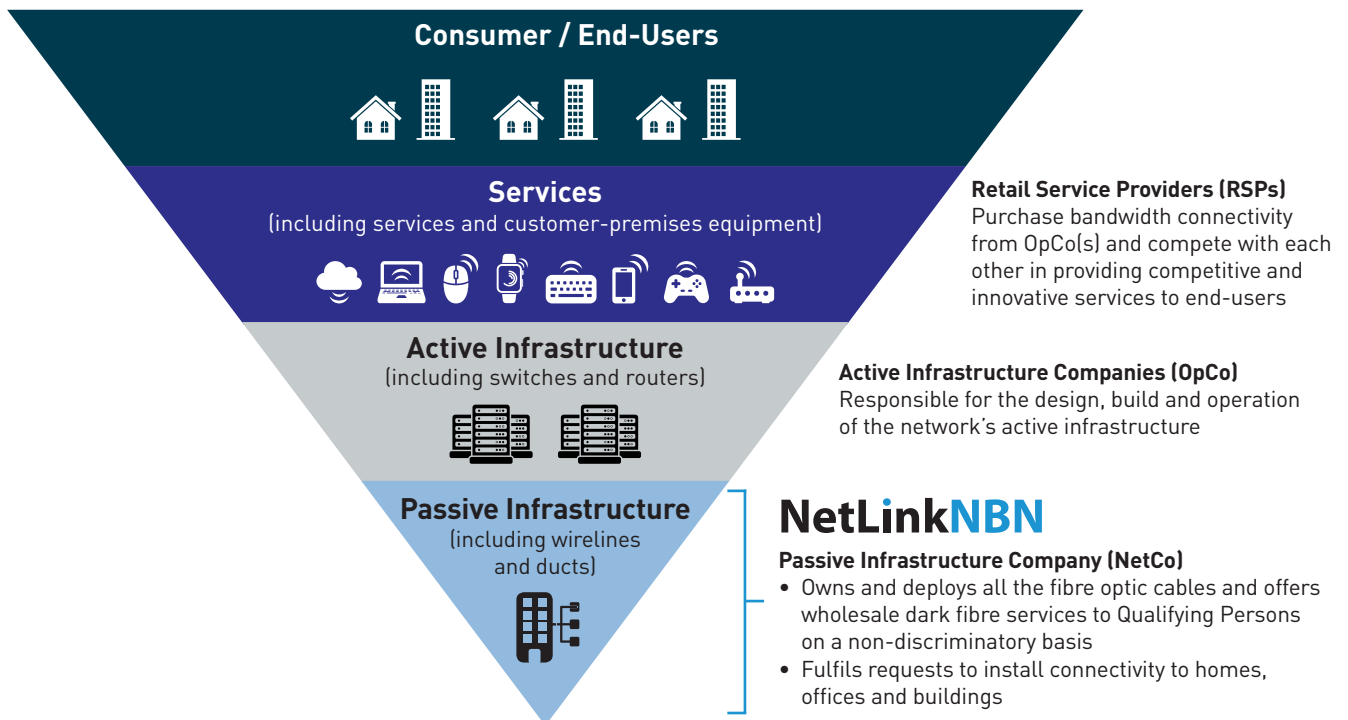
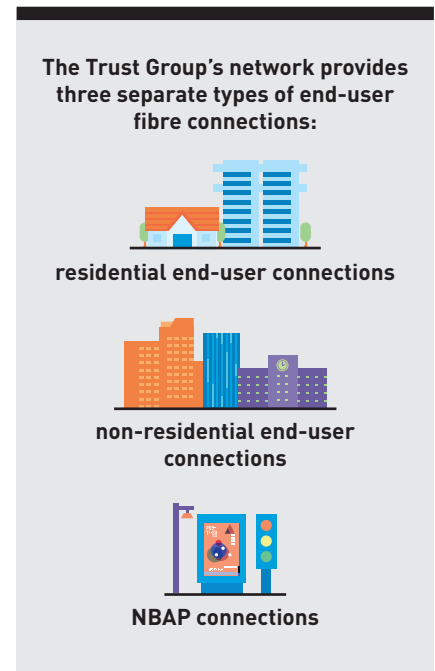
³ Mandated Services refer to the specific services set out in Section C of the Trust Group's FBO licence.

⁴ A Qualifying Person refers to 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 that is provided using the Next Gen NBN.

The Trust Group leverages on its nationwide network coverage to support the growing number of connections to residential homes and non-residential premises. This is also 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 Trust Group plays an integral role in the development

of Singapore's Smart Nation programme. Due to its extensive reach and fibre being the most suitable medium for high-speed data transmission, the Trust Group's network is well-suited to support an extensive network of sensors, meters and other connected devices deployed throughout Singapore.

The diagram below provides an illustration of the industry structure in which the Trust Group operates.



OPERATIONAL REVIEW

REGULATORY ENVIRONMENT

Under the Telecommunications Act, IMDA is the regulatory authority responsible 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, the NetCo Interconnection Code and the QoS Standards on Service Provisioning Timeframe for Residential and Non-Residential end-user connections.

The Trust Group currently holds an FBO licence to, *inter alia*, establish a nationwide fibre network, and to operate and maintain a system of ducts, manholes and Central Offices and to provide certain telecommunication services in connection therewith.

The FBO licence imposes a number of terms and conditions upon the Trust Group, including a Universal Service Obligation (“**USO**”). The USO is a fundamental licence obligation that requires the Trust Group to provide Mandated Services without preference or discrimination to

any Qualifying Person in Singapore who requests the provision of such services to any physical address or other location as may be reasonably requested. The Trust Group is required to pay an annual fee to IMDA which is determined by reference to the Trust Group’s audited annual gross turnover.

In addition, IMDA has the authority to impose performance standards upon the Trust Group to ensure the integrity of the network, including standards with respect to the protection of physical assets and network resiliency, as well as QoS standards with respect to its provision of residential and non-residential end-user connection services. The failure by the Trust Group to meet the obligations under the FBO licence, or any

regulatory requirement imposed by IMDA (including QoS standards), may result in the imposition of financial penalties or other enforcement actions by IMDA.





PRICING

The provision of the Trust Group's principal services is subject to the terms and conditions of the FBO licence held by the Trust Group. 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 ("ICO") and the Reference Access Offer ("RAO"). As a result, the Trust Group receives a transparent and predictable revenue stream. Under the ICO, with respect to each residential end-user connection, non-residential end-user connection and NBAP connection, the Trust Group receives two primary revenue streams:

- (i) one-off installation and/or patching charges (as applicable) for each termination point (upon the initial connection) or service activation; and
- (ii) a monthly recurring connection charge.

Under the NetCo Interconnection Code, IMDA has the right to review the terms (including pricing) under which services are provided pursuant to the Trust Group's ICO. IMDA will 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). IMDA also has the right to review the terms under which services are provided pursuant to the Trust Group's RAO, under the Telecom Competition Code.

The most recent review by IMDA of prices under the ICO and RAO was completed in May 2017. IMDA has indicated that the revised prices under the ICO will be regulated using the Regulated Asset Base ("RAB") model for the five-year period effective from January 2018. The RAB model allows the Trust Group to recover the following cost components:

- (a) return of capital deployed (i.e. depreciation);
- (b) return on capital employed; and
- (c) operating expenditure.

In addition, the Trust Group receives revenue for the provision of co-location space in Central Offices from RLs and from the provision of point to point connections, known as segment fibre connections, as part of the RLs network connectivity. Under the RAO, the Trust Group also receives revenue from RLs for accessing NLT's lead-in ducts and associated manholes. Separately, the Trust Group also receives revenue from rental of floor space in the Central Offices and from diversion of network based on commercially agreed terms.

OPERATIONAL REVIEW

KEY SERVICES

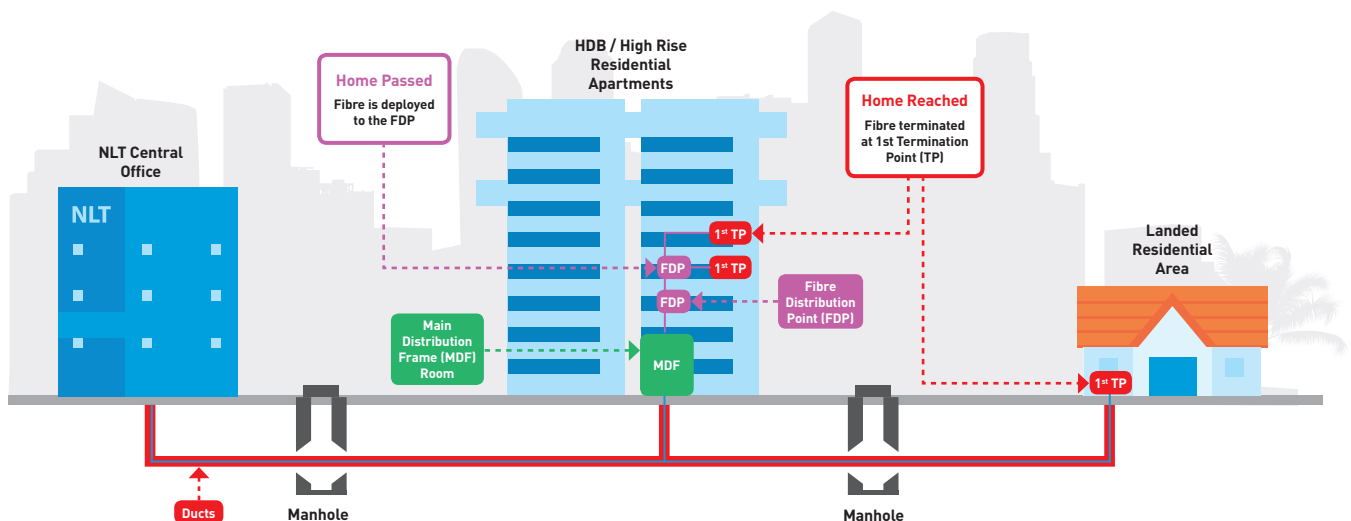
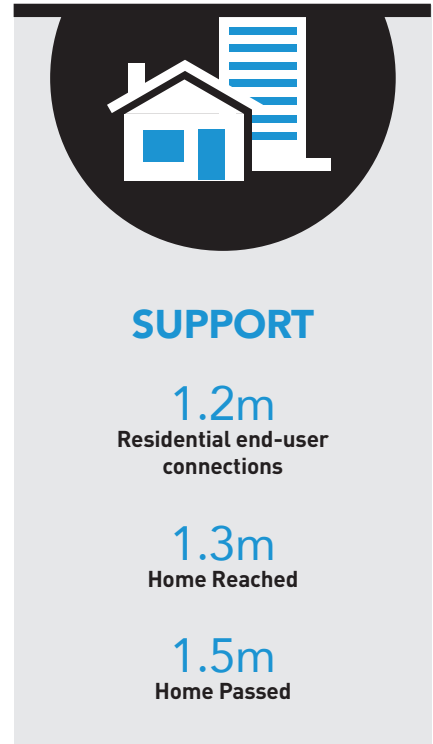
RESIDENTIAL

The Trust Group achieved nationwide network coverage since 2013 in mainland Singapore and its connected islands. Through its extensive nationwide network and as part of its ongoing obligation to provide universal fibre coverage, the Trust Group continued to expand the reach of its network and had, as at 31 March 2018, “passed” approximately 1.5 million residential homes, or substantially all of the residential homes in Singapore, and “reached” approximately 1.3 million residential homes.

Residential end-users receive the Trust Group’s fibre connection services through the RSPs. The majority of RSPs also act as integrated RLs, meaning that these RSPs can request services directly from the Trust Group. RSPs will in turn provide retail fibre services

(which include broadband, IPTV and VoIP services) to residential end-users. Integrated RLs do not transact with the Trust Group through a standalone OpCo⁵.

As at 31 March 2018, the Trust Group’s network supported approximately 1.2 million residential end-user connections. In order to access retail fibre services in Singapore, a residential end-user is required to enter into a service contract with an RSP. The residential end-user pays an agreed fee to the RSP for the connection of fibre services and ongoing connection charges. The Trust Group has no influence over the prices that the RSPs charge the residential end-users. For each residential end-user connection, the Trust Group receives a fixed monthly recurring fee of S\$13.80 from the relevant RL as set out in the ICO.



⁵ “OpCo” refers to a company which provides wholesale network services over the active infrastructure, comprising switches and transmission equipment.

The Trust Group is continuing to expand its network in new housing estates, with the most recent being Tengah. The first batch of HDB homes in Tengah is expected to be launched in 2018. In total, an estimated 42,000⁶ new residential homes in Tengah are expected to be developed over the next two decades and the Trust Group will continue to

allocate the necessary resources to meet the growing demand.

Service Provisioning Standards

IMDA established a set of QoS standards which require the Trust Group to provide a residential end-user connection within a prescribed timeframe. A summary of the QoS standards is tabulated below:

| QoS Standard | Description |
|---------------|--|
| "T+3"/"RFA" | The Trust Group 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 RL or by a stated, later "request for activation" date selected by the RL. |
| "T+7"/"RFA+4" | The Trust Group 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 RL or within four business days of a stated, later "request for activation" date selected by the RL. |

The time that it takes to complete the service provisioning process for residential homes depends on a number of factors, including whether the residential home has a termination point installed and whether the residential home is in a high-rise building or is a landed property.

It had been challenging for the Trust Group to achieve the QoS standards for residential service provisioning mainly due to:

- (i) general operational issues which may arise from time to time, and/or
- (ii) delays related to end-users' requests for second fibre connections, particularly in situations where end-users are switching between RSPs.

The aforementioned delays arise when there is an uncoordinated switching process, whereby an end-user switches his/her RSP without first terminating the connection from the existing RSP, thus requiring the utilisation of an additional fibre connection to activate the new connection. In the event there is insufficient spare fibre, additional fibre has to be installed to the residential home, which may result in delay.

The Trust Group has made appreciable improvements in ensuring timely provisioning of residential end-user connections through its measures to roll out additional fibre capacity progressively across its nationwide network.



The average QoS performance against the T+3 standard has improved from 91.06% in 2015 to 92.62% in 2016 and 94.70% from January to June 2017.

⁶ Source: Housing and Development Board.

OPERATIONAL REVIEW

NON-RESIDENTIAL

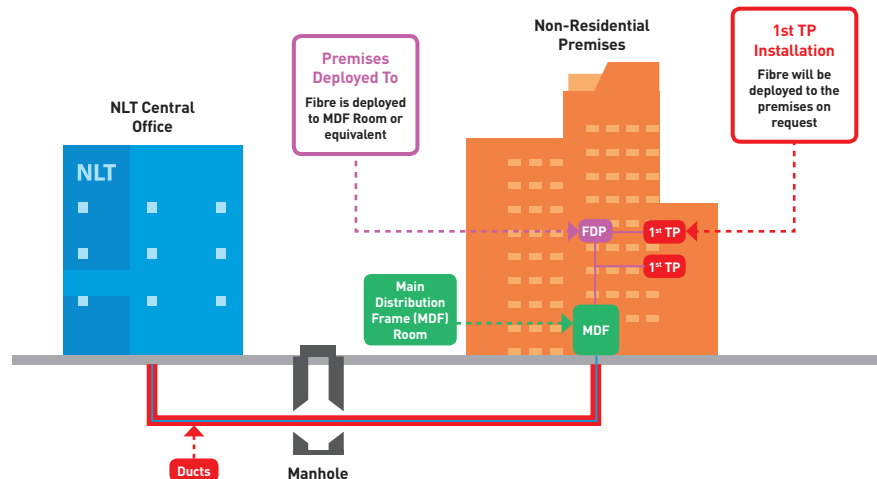
The Trust Group's non-residential network achieved nationwide coverage in 2013, meaning that the Trust Group's fibre network is deployed to all non-residential premises in Singapore. As part of its ongoing obligation to provide universal fibre coverage, the Trust Group's network reach continues to expand and new non-residential premises are being connected to the Trust Group's network as and when they are developed.

As at 31 March 2018, the Trust Group's network supported 43,855 non-residential end-user connections, representing a market share of approximately 34% of the estimated 128,200⁷ corporate wired broadband connections. The scale of the network allows the Trust Group to capture future growth in the non-residential segment.

Demand for wired broadband services in the non-residential segment over the next three to five years is expected to be largely driven by the increase in the number of small and medium-sized enterprises ("SMEs") in operation in Singapore, government grants aimed at improving productivity through digitalisation and promoting adoption of fibre broadband, and escalating demand for cloud-based business applications designed for enterprises.

The Trust Group's nationwide network is well positioned to take advantage of any future growth in this segment. One competitive advantage of the Trust Group in the non-residential

segment is its extensive nationwide network coverage, as compared to the networks of the majority of its competitors, which are concentrated in the Central Business District ("CBD") and large business parks. This allows the Trust 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 open access network provider, the Trust Group offers an attractive neutral option for RSPs who do not have an established network. These RSPs are likely to prefer the Trust Group's network for the provision of their services due to the non-discriminatory and open access to the Trust Group's nationwide network, as well as its transparent pricing structure. This has allowed the Trust Group to continue to benefit from an increase in competition among RSPs operating within the non-residential segment. For RSPs who want to expand their non-residential business beyond their own network, these additional connections and services may be requested through the Trust Group.



⁷ Source: Info-communications Media Development Authority.



Service Provisioning Standards

In addition to the QoS standards on residential service provisioning, IMDA also established a set of QoS standards which require the Trust Group to provision a non-residential end-user connection within a prescribed timeframe.

A standard non-residential installation takes between two to four weeks barring any major access or approval issues. The installation process includes securing an appointment with building management to conduct site surveys, seeking requisite approvals from building management and/or relevant government agencies, and scheduling of installation works. All installation works are carried

out by the Trust Group's appointed installation contractors. Additional time may be required for negotiations over insurance, deposits and other requirements. Historically, such issues had negatively affected the Trust Group's ability to achieve the non-residential QoS standards established by IMDA.

In the past, the Trust Group was unable to achieve the QoS standards for non-residential service provisioning due to:

- (i) delay in gaining access (caused by end-users, RLs and building management) and/or obtaining approval from building management to carry out fibre installation works;
- (ii) operational issues; and
- (iii) patching and systems issues.

The Trust Group is committed to improving the delivery of its non-residential services and has implemented various initiatives aimed at improving its performance. As a result of these initiatives, the Trust Group has made progressive improvements in ensuring timely provisioning of non-residential end-user connections. Since June 2016, the Trust Group has consistently met the QoS standard of 80% for non-residential service provisioning within T+4 calendar weeks.

OPERATIONAL REVIEW

NON-BUILDING ADDRESS POINT ("NBAP")

The Trust Group provides NBAP connection services throughout mainland Singapore and its connected islands. NBAP refers to any location in mainland Singapore (or its connected islands) that does not have a physical address or assigned postal code. Such locations include lamp posts, bus stops, multi-storey car parks and traffic lights. NBAP connection services can be used for applications such as wireless network base stations, cameras, sensors, signages and outdoor kiosks.

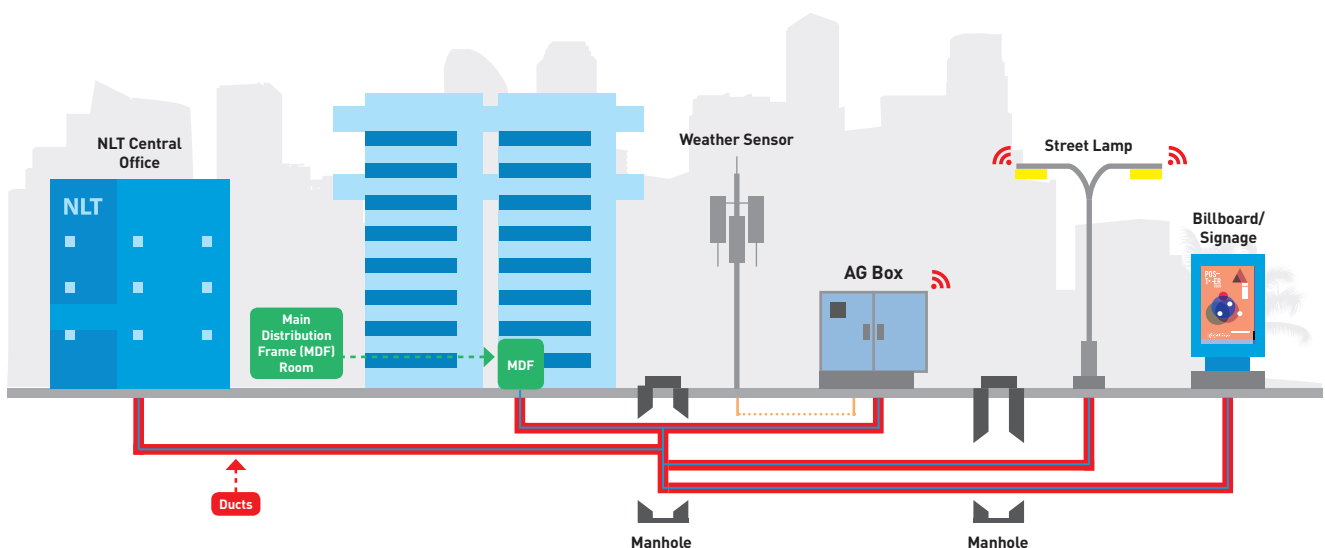
As at 31 March 2018, the Trust Group provided 835 NBAP connections throughout Singapore.

As the owner and operator of a nationwide network that provides non-discriminatory and open access to the passive network infrastructure of the Next Gen NBN, the Trust Group is well positioned to capitalise on upcoming opportunities in the NBAP segment, such as the government's Smart Nation initiatives, which aim to enhance the lives of Singapore citizens through the use of technology; the next phase

of "Wireless@SG"; and the potential introduction of Heterogeneous Network (HetNet) and 5G network. A core requisite of future connected services is the availability of high-speed and low-latency broadband connections. Fibre is widely considered to be the most suitable transmission medium to support future connected services and to be used as backhaul for wireless connections given its high bandwidth and low latency capabilities.

During the period ended 31 March 2018, the Trust Group provided NBAP connections to the successful bidder for "Phase 1" of the Smart Nation Platform Project for the purpose of connectivity to aggregation gateway boxes. More Smart Nation initiatives are expected in the coming years, which include the deployment of networks of sensors and monitoring equipment at locations across the island to support applications such as autonomous vehicles, high-definition surveillance cameras, parking space management and weather data collection. It is anticipated that the demand for NBAP connections will continue to grow in tandem with the progressive roll-out of the government's Smart Nation programme.

The Trust Group anticipates that the demand for NBAP services will continue to grow with the roll-out of Singapore's Smart Nation programme, 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. The Smart Nation programme 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 the Housing Development Board, and the Integrated Estate Management System by the Jurong Town Council. The Trust Group's fibre network infrastructure can serve as a platform on which these initiatives can be delivered. The Trust Group believes that it is well positioned to provide the fibre requirements of future initiatives through its extensive nationwide fibre broadband network.



FINANCIAL REVIEW

REVENUE

| Group | | | |
|---|--------------------------------|----------------------------------|---------------|
| Financial Period from 19 June 2017 to 31 March 2018 | | | |
| | Actual ¹ S\$'000 | Forecast ² S\$'000 | Variance % |
| Fibre business revenue: | | | |
| Residential connections | 141,675 | 140,274 | 1.0 |
| Non-residential connections | 18,602 | 17,691 | 5.1 |
| NBAP and Segment connections | 5,603 | 5,435 | 3.1 |
| Installation-related revenue | 10,261 | 18,247 | (43.8) |
| Co-location and Other revenue | 17,905 | 17,709 | 1.1 |
| Total Fibre Business Revenue | 194,046 | 199,356 | (2.7) |
| Ducts, manholes and Central Office revenue: | | | |
| Ducts and manholes service revenue | 22,195 | 21,666 | 2.4 |
| Central Office revenue | 12,346 | 11,780 | 4.8 |
| Total Ducts, Manholes and Central Office Revenue | 34,541 | 33,446 | 3.3 |
| Total Revenue | 228,587 | 232,802 | (1.8) |

Revenue for the financial period was S\$228.6 million, 1.8% lower than forecast mainly due to lower installation-related revenue. This was partially offset by higher than forecast recurring Residential, Non-Residential and Segment Fibre connection revenue, Ducts & Manholes service revenue, Central Office revenue and Diversion revenue. The increase in Ducts & Manholes service revenue was due to increased cable length chargeable as a result of lead-in ducts purchased while higher Central Office revenue was mainly due to increase in service charges. Higher connection revenue was in line with more connections and higher other revenue was in line with completion of large diversion projects.

EXPENSES

| Group | | | |
|--|--------------------------------|----------------------------------|---------------|
| Financial Period from 19 June 2017 to 31 March 2018 | | | |
| | Actual ¹ S\$'000 | Forecast ² S\$'000 | Variance % |
| Operations and maintenance costs | (9,400) | (11,944) | (21.3) |
| Installation costs | (11,340) | (12,437) | (8.8) |
| Depreciation and amortisation | (111,811) | (110,543) | 1.1 |
| Staff costs | (12,848) | (16,165) | (20.5) |
| Finance costs | (12,180) | (12,882) | (5.4) |
| Management fee | (948) | (901) | 5.2 |
| Other operating expenses | (27,772) | (30,140) | (7.9) |
| Total Expenses | (186,299) | (195,012) | (4.5) |

¹ The Financial Period ("FP") results is from 19 June 2017 to 31 March 2018. No comparative Consolidated Statement of Profit or Loss and Other Comprehensive income has been prepared as NetLink NBN Trust was constituted on 19 June 2017. Although NetLink NBN Trust was constituted on 19 June 2017, there were no operating activities until the acquisition of NetLink Trust, which was completed on 19 July 2017, the date on which NetLink NBN Trust was listed.

² Forecast results for FP included (i) the actual results for the period 19 July 2017 to 31 July 2017 and (ii) August 2017 to March 2018 figures from the Forecast Period 2018 projections disclosed in the prospectus dated 10 July 2017.

FINANCIAL REVIEW

Total expenses for the financial period amounted to S\$186.3 million which was S\$8.7 million lower than forecast mainly due to lower operation and maintenance costs, staff costs, other operating expenses and finance costs. Operation and maintenance costs were S\$2.5 million less than forecast mainly due to lower operating needs and deferrals due to timing reasons but will be incurred in future periods. Other operating expenses were S\$2.4 million lower than forecast mainly due to deferred costs for IT maintenance. Staff costs were S\$3.3 million lower mainly due to lower salary costs as the actual average headcount for the period was lower as compared to forecast, and higher capitalisation of labour costs as more projects relating to the fibre spare capacity top-up were completed as compared to forecast. Finance costs were less than forecast due to lower debt drawdown as a result of stronger operational cash flow and proceeds from the issuance of new units in connection with the exercise of the over-allotment option as part of the IPO.

NET PROFIT AFTER TAX

| | Group | | |
|-----------------------------|--|----------------------------------|----------|
| | Financial Period from 19 June 2017 to 31 March 2018 | | |
| | Actual ¹ S\$'000 | Forecast ² S\$'000 | Variance |
| Net profit after tax | 49,950 | 45,088 | 10.8% |
| Net profit after tax margin | 21.9% | 19.4% | 2.5pp |

Net profit after tax at S\$50.0 million for financial period ended 31 March 2018 was 10.8% higher than forecast and net profit after tax margin was 21.9% of revenue. This was mainly due to lower operating expenses and finance costs.

EBITDA

| | Group | | |
|---------------|--|----------------------------------|----------|
| | Financial Period from 19 June 2017 to 31 March 2018 | | |
| | Actual ¹ S\$'000 | Forecast ² S\$'000 | Variance |
| EBITDA | 167,275 | 161,235 | 3.8% |
| EBITDA margin | 73.2% | 69.3% | 3.9pp |

EBITDA was higher than forecast by S\$6.0 million or 3.8%. EBITDA margin achieved, as a percentage of revenue, was 73.2%, 3.9 percentage points higher than forecast mainly due to lower operation and maintenance costs, staff costs and other operating expenses.

CAPITAL EXPENDITURE AND COMMITMENTS

Capital expenditure incurred for the financial period ended was S\$212.2 million and capital commitment as at 31 March 2018 stood at S\$41.8 million.

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 (the "**Capex Reserve Requirement**").

¹ The Financial Period ("FP") results is from 19 June 2017 to 31 March 2018. No comparative Consolidated Statement of Profit or Loss and Other Comprehensive income has been prepared as NetLink NBN Trust was constituted on 19 June 2017. Although NetLink NBN Trust was constituted on 19 June 2017, there were no operating activities until the acquisition of NetLink Trust, which was completed on 19 July 2017, the date on which NetLink NBN Trust was listed.

² Forecast results for FP included (i) the actual results for the period 19 July 2017 to 31 July 2017 and (ii) August 2017 to March 2018 figures from the Forecast Period 2018 projections disclosed in the prospectus dated 10 July 2017.

LIQUIDITY AND CAPITAL RESOURCES

| Group | |
|--|---------------------------|
| Financial Period from 19 June 2017 to 31 March 2018¹ | |
| | Actual S\$'000 |
| Profit before income tax | 43,809 |
| Non-cash item and net interest expense adjustments | 89,572 |
| Net change in working capital | 25,075 |
| Net cash generated from operating activities | 158,456 |
| Net cash used in investing activities | (1,307,225) |
| Net cash generated from financing activities | 1,315,218 |
| Net change in cash and cash equivalents | 166,449 |
| Cash and cash equivalents at beginning of financial period | - |
| Cash and cash equivalent at end of financial period | 166,449 |

For the financial period ended 31 March 2018, minimum cash balance for working capital requirements was S\$20.0 million, and S\$8.0 million was earmarked for the Capex Reserve Requirement.

FINANCIAL LEVERAGE

Committed revolving credit facility ("RCF") and term loan

| Maturity | Terms | As at 31 March 2018 |
|-----------------|-----------------------------------|--------------------------------|
| | | S\$'000 (Utilised) |
| March 2021 | \$510 million Five-Year Term Loan | 510,000 |
| March 2021 | \$90 million Five-Year RCF | - |
| June 2020 | \$210 million Three-Year RCF | 81,000 |
| | | 591,000 |

For the financial period ended 31 March 2018, the Group had borrowings drawn of S\$591.0 million and remaining undrawn facilities of S\$219.0 million. The effective average interest rate for the financial period was 2.62% per annum and S\$81.0 million was drawn down to fund capital expenditure.

The Group uses interest rate swaps to manage its exposure to interest rate movements on its bank borrowings. The Group has entered into a series of pay-fixed-receive-floating interest rate swaps to convert the variable interest rates on its bank loan into fixed interest rates, for a total notional principal amount of S\$510.0 million over the period of the bank loan. Accordingly, interest from 86% of the Group's existing bank loans has been hedged.

As at 31 March 2018, gross debt/EBITDA ratio was 2.5 times. Interest coverage ratio (EBITDA/Interest) was 9.8 times.

NET ASSET VALUE

The net asset value per unit based on issued units as at 31 March 2018 was at 81.5 Singapore cents.

¹ Please refer to Note 1 on page 33.

BOARD OF DIRECTORS



MR CHALY MAH CHEE KHEONG

MR CHALY MAH CHEE KHEONG CHAIRMAN OF THE BOARD

Non-Executive and Independent Director
of the Trustee-Manager

Chairman of the Nominating and
Remuneration Committee

Member of the Risk and Regulatory
Committee

Date of Appointment as Director:
21 February 2017

Date of Appointment as Chairman:
19 April 2017

**Number of directorships in listed
companies (including NLNBNT):** 2

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 Monetary Authority of Singapore, the Singapore Economic Development Board and CapitaLand Limited. 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 in 1977 and qualified as a chartered accountant with the Institute of Chartered Accountants in Australia in 1981. 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
of the Trustee-Manager

Member of the Audit Committee

Member of the Risk and Regulatory
Committee

Date of Appointment as Director:
24 March 2017

**Number of directorships in listed
companies (including NLNBNT):** 3

Mr Ang brings with him 40 years of experience in the banking industry. He has been with DBS Bank Ltd. since 1978 and is currently the Senior Executive Advisor. He also sits on the boards of Sembcorp Marine Limited, Raffles Medical Group, Changi Airport Group, Surbana Jurong Pte Ltd and DBS Foundation. He was previously a director of Hwang Capital (Malaysia) Bhd.

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



MR ERIC ANG TEIK LIM



MS KOH KAH SEK



MR IRVING TAN TIANG YEW

MS KOH KAH SEK

Non-Executive and Independent Director
of the Trustee-Manager
Chairman of the Audit Committee

Date of Appointment as Director:
21 February 2017

**Number of directorships in listed
companies (including NLNBNT):** 2

Ms Koh is the Executive Director and Chief Financial Officer 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 is also a board member and a member of the Remuneration Committee of Far East Orchard Limited.

Prior to joining FEO, Ms Koh worked in Singapore Telecommunications Limited ("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 PricewaterhouseCoopers and thereafter she worked at a leading global investment bank before she held a senior management role in a public listed F&B 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 of CPA Australia.

MR IRVING TAN TIANG YEW

Non-Executive and Independent Director
of the Trustee-Manager
Member of the Nominating and
Remuneration Committee

Date of Appointment as Director:
21 February 2017

**Number of directorships in listed
companies (including NLNBNT):** 1

Mr Tan is currently the Senior Vice President of Global Operations and Digital of Cisco Systems (USA) Pte. Ltd. ("Cisco"). Prior to this, Mr Tan was President, Asia Pacific and Japan from 2015 to 2017, Vice President, ASEAN from 2013 to 2014, Managing Director, South-East Asia from 2012 to 2013, Managing Director, Asia South from 2011 to 2012 and Managing Director, Singapore from 2009 to 2011, of Cisco. Previously, Mr Tan was also General Manager, Communications, Media & Entertainment Technology Solutions Group at Hewlett-Packard Asia Pacific Pte. Ltd. from 2008 to 2009 and Principal at A.T. Kearney Pte. Ltd. from 2000 to 2006.

Mr Tan holds a Bachelor of Engineering (Mechanical) (Honours) degree and a Master of Business Administration (International Business) from Nanyang Technological University.

BOARD OF DIRECTORS



MR YEO WICO



MR ARTHUR LANG TAO YIH

MR YEO WICO

Non-Executive and Independent Director of the Trustee-Manager
Member of the Audit Committee

Date of Appointment as Director:
21 February 2017

Number of directorships in listed companies (including NLNBNT): 2

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 has been appointed by the Minister for Finance as a member of the Accounting Standards Council. 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).

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

MR ARTHUR LANG TAO YIH

Non-Executive and Non-Independent Director of the Trustee-Manager
Member of the Nominating and Remuneration Committee

Date of Appointment as Director:
21 February 2017

Number of directorships in listed companies (including NLNBNT): 3

Mr Lang is currently the CEO International of Singapore Telecommunications Limited ("Singtel") having responsibility over the holdings that Singtel has in its overseas associates. Mr Lang is also spearheading the regional mobile payments 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. Mr Lang received the Best CFO of the Year for listed companies with market capitalisation of S\$1 billion and above at the Singapore Corporate Awards 2015, and was also placed second (sell-side) and third (sell-side) for Asia's Best CFO (Property) in the Institutional Investor All-Asia Executive Team rankings. He is also a director of Globe Telecom, Inc. and Bharti Infratel Limited. 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 SLATTERY SEAN PATRICK



MR TONG YEW HENG

MR SLATTERY SEAN PATRICK

Non-Executive and Non-Independent
Director of the Trustee-Manager
Chairman of the Risk and Regulatory
Committee

Date of Appointment as Director:
28 April 2017

**Number of directorships in listed
companies (including NLNBNT):** 1

Mr Slattery is currently the Vice President (Regulatory & Interconnect) at Singapore Telecommunications Limited (“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 in his position as the Director of Interconnect Strategy from 2000 to 2001 and as the Director of Regulatory & International Affairs of Singtel from 2001 to 2005. Prior to joining Singtel, Mr Slattery was with Optus Communications Pte. Ltd. from 1993 to 1998.

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

Executive and Non-Independent Director
of the Trustee-Manager
Chief Executive Officer of the Trust Group

Date of Appointment as Director:
21 February 2017

**Number of directorships in listed
companies (including NLNBNT):** 1

Mr Tong has been the CEO of NetLink Trust (“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.

SENIOR MANAGEMENT



MR TONG YEW HENG
CHIEF EXECUTIVE OFFICER



MR CHYE HOON PIN
CHIEF OPERATING OFFICER



MR WONG HEIN JEE (LESTER)
CHIEF FINANCIAL OFFICER



MR TIONG ONN SENG
DIRECTOR, SERVICE PROVISIONING



MS ALICE LIM
DIRECTOR, HUMAN RESOURCE
AND ADMINISTRATION



MR KELVIN CHIA
DIRECTOR, TREASURY AND FINANCIAL
PLANNING



MR WEE KEE CHOR

DIRECTOR, FACILITIES AND CO-LOCATION



MR MELVIN CHAN

DIRECTOR, ENGINEERING PLANNING



MR ANG SOO PIANG

DIRECTOR, OPERATIONS,
IMPLEMENTATION AND MAINTENANCE



MR LEE KHOON AIK

DIRECTOR, REGULATORY AND
INTERCONNECT



MR VICTOR CHAN

DIRECTOR, CORPORATE PLANNING
AND COMMUNICATIONS



MR WIDJAJA SUKI

DIRECTOR, PRODUCTS, BUSINESS
DEVELOPMENT AND PROCESS



MR GARRY NG

DIRECTOR, INFORMATION TECHNOLOGY



MS JESSICA SOO

LEGAL COUNSEL



MS CHRISTINE YEO

FINANCIAL CONTROLLER

CORPORATE GOVERNANCE

Introduction

NetLink NBN Trust (also referred to as the “**Trust**”) is a trust constituted on 19 June 2017 by a declaration of trust by NetLink NBN Management Pte. Ltd., as trustee-manager of NetLink NBN Trust (the “**Trustee-Manager**”), under the trust deed dated 19 June 2017 (the “**Trust Deed**”). NetLink NBN Trust is registered as a business trust under the Business Trusts Act, Chapter 31A of Singapore, and was listed on the Main Board of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) on 19 July 2017.

The Trustee-Manager is incorporated in Singapore and the management of NetLink NBN Trust is undertaken by the Trustee-Manager, the shares of which are held on trust for the benefit of the unitholders of NetLink NBN Trust (the “**Unitholders**”) in proportion to such Unitholders’ respective percentage of units held or owned in NetLink NBN Trust (the “**Units**”).

Code of Corporate Governance

The board of directors and management of the Trustee-Manager are fully committed to maintaining high standards of corporate governance and has adopted corporate governance policies and practices which are in line with the Code of Corporate Governance 2012 (the “**2012 Code**”) as they firmly believe that it is essential to protecting the best interests of Unitholders and for the sustainability of the business of NetLink NBN Trust and its subsidiaries (the “**Trust Group**”).

Insofar as there are deviations from the 2012 Code, such deviations have been noted and appropriate explanations have been provided. The Trustee-Manager also ensures that all applicable laws, rules and regulations including the Securities and Futures Act, Chapter 289 of Singapore (the “**SFA**”), the listing rules of SGX-ST (the “**Listing Rules**”) and the Business Trusts Act, Chapter 31A of Singapore (the “**BTA**”), including the relevant regulations thereunder, are duly complied with.

This report describes the Trustee-Manager’s main corporate governance policies and practices with specific reference to the 2012 Code and should be read in totality with the other sections of this Annual Report which are cross-referred.

SECTION (A): BOARD MATTERS

The Board’s Conduct of Affairs

Principle 1:

Every company should be headed by an effective Board to lead and control the company. The Board is collectively responsible for the long-term success of the company. The Board works with Management to achieve this objective and Management remains accountable to the Board.

The board of directors of the Trustee-Manager (the “**Board**”) is responsible for the overall management and the corporate governance of NetLink NBN Trust, including setting the direction and goals for the Trustee-Manager’s management team (the “**Management**”) and monitoring the achievement of these goals. The Board seeks to align the interests of NetLink NBN Trust with that of Unitholders and to balance the interests of other stakeholders.

The Board is collectively responsible for the long-term success of NetLink NBN Trust and its value creation, and exercises close oversight over key areas in corporate governance, strategy, finance, risk management and internal controls, and human resources.

In addition to its statutory duties, the Board is also responsible for decision-making on the following key matters:-

- (a) major funding proposals, investments, acquisitions, and divestments including commitments in terms of capital and other resources;
- (b) annual budgets and financial plans;
- (c) annual and quarterly financial reports;
- (d) internal controls and risk management strategies and execution; and
- (e) appointment of Directors, Chief Executive Officer (“**CEO**”), Chief Financial Officer (“**CFO**”) and Chief Operating Officer (“**COO**”), including review of their performance and remuneration packages.

All directors of the Trustee-Manager (“**Directors**”) act honestly and exercise reasonable diligence in the discharge of the duties of his or her office and, in particular, will take all reasonable steps to ensure that the Trustee-Manager discharges its duties under the BTA, and gives priority to the interests of all Unitholders as a whole over the interests of the Trustee-Manager in the event of a conflict between the interests of all Unitholders as a whole and the interests of the Trustee-Manager.

The following Board committees have been constituted with clear terms of reference to assist the Board in the discharge of its responsibilities:-

- Audit Committee (“**AC**”)
- Risk and Regulatory Committee (“**RRC**”)
- Nominating and Remuneration Committee (“**NRC**”)

Information on the AC, RRC and NRC (collectively, the “**Board Committees**”) and their respective terms of reference can be found in the subsequent sections of this report.

The schedule of all Board and Board Committee meetings, and the Annual General Meeting (“**AGM**”) is planned one calendar year in advance, in consultation with the Directors. The Board meets at least four times a year and convenes at other times as warranted by particular circumstances to discuss and review the Trust Group’s key activities. Matters on which the Board is consulted include business strategies and policies for the Trust Group, the annual budget, the performance of the business and the financial affairs of the Trust Group. The Board also reviews and approves the release of the quarterly and full-year financial results.

The Trustee-Manager’s Constitution provides for Board meetings to be held via telephone or video conference.

A record of the Directors’ attendance at Board and Board Committee meetings during the financial period from 19 June 2017 (date of constitution of the Trust) until 31 March 2018 is set out in the table below.

| Name | Board | | Audit Committee | | Risk and Regulatory Committee | | Nominating and Remuneration Committee | |
|-----------------------|-------|----------|-----------------|----------|-------------------------------|----------|---------------------------------------|----------|
| | Held | Attended | Held | Attended | Held | Attended | Held | Attended |
| Chaly Mah Chee Kheong | 3 | 3 | - | - | 3 | 3 | 1 | 1 |
| Koh Kah Sek | 3 | 3 | 3 | 3 | - | - | - | - |
| Eric Ang Teik Lim | 3 | 3 | 3 | 3 | 3 | 3 | - | - |
| Irving Tan Tiang Yew | 3 | 3 | - | - | - | - | 1 | 1 |
| Yeo Wico | 3 | 3 | 3 | 3 | - | - | - | - |
| Arthur Lang Tao Yih | 3 | 2 | - | - | - | - | 1 | 1 |
| Slattery Sean Patrick | 3 | 3 | - | - | 3 | 3 | - | - |
| Tong Yew Heng | 3 | 3 | 3 | 3 | 3 | 3 | 1 | 1 |

Note: Mr Tong Yew Heng is not a member of the Board Committees but attends the meetings in his capacity as CEO.

CORPORATE GOVERNANCE

Matters that require the Board's approval are set out in the Board Charter. As a general rule, the Board reviews and approves transactions that require disclosure by NetLink NBN Trust pursuant to the Listing Rules. The policy guidelines on Delegation of Authority on Expenditure and Revenue ("**DOA Policy**") also set out the financial limits that require the Board's approval. In its DOA Policy, the Trustee-Manager has adopted a set of internal guidelines which set out the financial authority limits for expenditure, asset disposals and write-off, revenue, and treasury transactions that require the approval of the Board. Appropriate delegations of authority and approval sub-limits are also established at the Management level to facilitate operational efficiency.

A formal letter of appointment explaining their duties and obligations as Director is provided to every new Director upon appointment. The formal letter of appointment sets out the time commitment required of the Director and the Director's roles and responsibilities, including disclosure requirements and best practices relating to dealings in securities under applicable laws and regulations.

Newly-appointed Directors undergo a comprehensive orientation programme which includes site visits to the Trust Group's central offices and co-location rooms to better apprise them of the Trust Group's business. First-time Directors who do not have prior experience as a director of a Singapore listed company are also provided with a comprehensive briefing on the roles, duties and obligations of directors.

Directors are also regularly updated on changes to applicable laws and regulations (e.g. regulatory developments), and changes in accounting standards, either during Board meetings or via electronic mail. The Company Secretaries also inform Directors of relevant upcoming conferences and seminars (e.g. training programmes conducted by the Singapore Institute of Directors). The expenses of such events attended by the Directors are borne by the Trustee-Manager.

Board Composition and Guidance

Principle 2:

There should be a strong and independent element on the Board, which is able to exercise objective judgement on corporate affairs independently, in particular, from Management and 10% shareholders. No individual or small group of individuals should be allowed to dominate the Board's decision making.

The Board consists of eight members, five of whom are independent Directors. Of the three non-independent Directors, two are non-executive Directors and one (being the CEO) is an executive Director. The Chairman of the Board, Mr Chaly Mah Chee Kheong, is an independent Director. The independent Directors and their immediate family members have no relationships with the Trustee-Manager, its related corporations, its 10% shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent business judgement in the best interests of NetLink NBN Trust.

The composition of the Board also complies with the BTA and the Business Trusts Regulations 2005 (the "**BTR**"), and consists of:-

- at least a majority of Directors who are independent from Management and business relationships with the Trustee-Manager;
- at least one-third of Directors who are independent from Management and business relationships with the Trustee-Manager and from every substantial shareholder of the Trustee-Manager; and
- at least a majority of Directors who are independent from any single substantial shareholder of the Trustee-Manager.

The composition of the Board and the Board Committees is set out below:-

| Name | Board | Audit Committee | Risk and Regulatory Committee | Nominating and Remuneration Committee |
|-----------------------|-----------------------------------|-----------------|-------------------------------|---------------------------------------|
| Chaly Mah Chee Kheong | Chairman and Independent Director | - | Member | Chairman |
| Koh Kah Sek | Independent Director | Chairman | - | - |
| Eric Ang Teik Lim | Independent Director | Member | Member | - |
| Irving Tan Tiang Yew | Independent Director | - | - | Member |
| Yeo Wico | Independent Director | Member | - | - |
| Arthur Lang Tao Yih | Non-Executive Director | - | - | Member |
| Slattery Sean Patrick | Non-Executive Director | - | Chairman | - |
| Tong Yew Heng | Executive Director | - | - | - |

Annually, the NRC reviews the structure, size and composition of the Board to ensure appropriate balance and diversity. The Board has a diversity policy and will consider diversity in skills, industry and business experiences, gender, age, culture, nationalities, tenure of service, and other distinguishing qualities of the members of the Board.

The Board consists of Directors with core competencies in areas such as accounting, banking, financial, IT, engineering, law and industry knowledge. In concurrence with the NRC, the Board is of the view that the current eight-member Board has the appropriate structure, size and composition to provide effective guidance for the Trust Group. The Board also includes a female Director in recognition of the importance of gender diversity. None of the independent Directors have served for more than nine years on the Board.

Directors and Management openly discuss and debate issues at Board meetings. Non-executive Directors are kept apprised of NetLink NBN Trust's business through monthly business reviews (which include financial highlights, operational performance indicators and key risks monitoring indices) circulated by Management. Minutes of all Board Committee meetings are circulated to the Board so that the Directors are aware and kept updated as to the proceedings and matters discussed during such meetings. Non-executive Directors meet after each Board meeting without the CEO's and Management's presence to review the performance and effectiveness of Management.

Chairman and Chief Executive Officer

Principle 3:

There should be a clear division of responsibilities between the leadership of the Board and the executives responsible for managing the company's business. No one individual should represent a considerable concentration of power.

The positions of Chairman and CEO are separately held by two persons in order to maintain effective checks and balances. This promotes greater accountability from Management and allows the Board to exercise its independence in its oversight of and deliberations with Management. There is a clear separation of the roles and responsibilities between the Chairman and the CEO.

The Chairman is responsible for the overall management of the Board as well as ensuring that Directors and Management work together with integrity and competency. He leads the Board to ensure its effectiveness in all aspects of its role. Among other things, the Chairman ensures effectiveness by steering productive and comprehensive discussions amongst Board members and the Management team on strategic and other key issues pertinent to the business and operations of the Group. He encourages active engagement, participation by and contribution from all Directors. With the assistance of the Company Secretaries, he schedules meetings and prepares meeting agendas to enable the Board to perform its duties responsibly having regard to NetLink NBN Trust's operations. He also monitors the flow of information from Management to the Board to ensure that material information is provided in a timely manner to Directors. The Chairman plays a key role in promoting high standards of corporate governance and transparency, and ensuring effective communication with the stakeholders.

CORPORATE GOVERNANCE

The CEO has full executive responsibilities over the business direction and operational decisions in the day-to-day management of NetLink NBN Trust. He works with Management to ensure that action plans have been put in place in developing an effective enterprise risk management system. He works with the Board to determine NetLink NBN Trust's strategy and is responsible for the implementation of the strategies and policies approved by the Board. The CEO provides leadership and guidance to Management in order to meet the strategic and operational objectives of NetLink NBN Trust. He develops and manages good relationships with the stakeholders, such as Unitholders, the regulators and the investment community.

The Chairman and CEO are not immediate family members. Given that the roles of the Chairman and CEO are separate and the Chairman is independent, no lead independent Director is required to be appointed.

Board Membership

Principle 4:

There should be a formal and transparent process for the appointment and re-appointment of directors to the Board.

The NRC comprises three Directors, all of whom are non-executive Directors, namely:-

| | |
|--------------------------|------------|
| Mr Chaly Mah Chee Kheong | - Chairman |
| Mr Irving Tan Tiang Yew | - Member |
| Mr Arthur Lang Tao Yih | - Member |

The terms of reference of the NRC provides that the NRC shall comprise at least three non-executive Directors, the majority of whom shall be independent (including being independent of management and business relationships with the Trustee-Manager and independent from every substantial shareholder of the Trustee-Manager). The NRC's responsibilities include, but are not limited to, the following:

- (a) establishing procedures and making recommendations to the Board on relevant matters relating to the appointment and re-appointment of Directors and considering the composition and progressive renewal of the Board and each Director's competencies, commitment, contribution and performance;
- (b) making recommendations to the Board on relevant matters relating to the review of board succession plans for Directors, the development of a process for evaluation of the performance of the Board, to ensure that the size and diversity of the Board continue to meet the needs of the Trustee-Manager and NetLink NBN Trust; and facilitate effective decision making, and the review of training and professional development programmes for the Board;
- (c) reviewing, on an annual basis and as and when circumstances require, whether or not a Director is independent; and
- (d) reviewing other directorships held by each Director and deciding whether or not a Director is able to carry out, and has been adequately carrying out, his duties as a Director of the Trustee-Manager.

Each member of the NRC abstains from voting on any resolutions in respect of the matter in which he has an interest.

In addition, the NRC also periodically considers and reviews remuneration packages in order to maintain their attractiveness, to retain and motivate the Directors and to align the interests of Management with the Trustee-Manager and Unitholders. More details are set out at pages 49 to 53, under the section on Remuneration Matters.

The NRC seeks to refresh the Board membership progressively and in a systematic manner, to avoid losing institutional knowledge. The NRC also reviews the succession plans for the CEO, the CFO and the COO. The NRC recognises the importance of succession planning as part of corporate governance and there is an internal process of succession planning for the Chairman, Directors, the CEO and senior Management, to ensure the progressive and systematic renewal of the Board and key executives.

The NRC decides how the Board's performance is to be evaluated and propose objective performance criteria. The Chairman of the NRC acts on the results of the performance evaluation of the Board, and selections of members of the Board, in consultation with the NRC. With the NRC's recommendation, the Board has appointed an external consultant to conduct an evaluation of the Board and the Board Committees for the financial period under review.

The NRC conducts an annual review of each Director's independence in accordance with the BTA and the BTR requirements and takes into consideration the relevant guidelines in the 2012 Code. In any situation that involves a conflict of interest with NetLink NBN Trust, Directors recuse themselves from participating in any discussion and decision on the matter. More details on the independence of the Directors are set out at pages 148 to 151.

Each of the Directors consults the Chairman of the Board prior to accepting further commitments which might either give rise to a conflict of interest or a conflict with any of his duties to the Trustee-Manager and/or NetLink NBN Trust, or which might detract from the time that he is able to devote to his role as a Director. The Chairman of the Board himself has to consult the NRC before accepting such commitments.

The Board has adopted guidelines to address the competing time commitments that are faced when Directors serve on multiple boards, set out in a Policy on Multiple Directorships. As a general rule, the maximum number of listed company directorships that a Director may hold is five. Where a Director holds directorships in more than one listed company within the same group of companies by virtue of his employment, such directorships may be considered as a single directorship. In appropriate circumstances, the NRC may approve a different maximum number of listed company board appointments for a Director, taking into account relevant factors such as the role that the Director plays on the boards that he sits on, whether or not he is employed in an executive position, and the individual skills, ability and capacity of the Director. For the financial period under review, the Board is satisfied that all Directors have been able to and have adequately carried out their duties as Directors notwithstanding their other listed company board representations and other principal commitments.

None of the Directors has appointed an alternate director.

The Trustee-Manager has put in place a framework for selection, appointment and re-appointment of Directors. In the process of searching for qualified persons to serve on the Board, the NRC will strive for the inclusion of diverse groups and viewpoints. The NRC leads the process and makes recommendations to the Board for approval. The Board will consider, inter alia, skills, industry and business experience, gender, age, culture, nationalities, and other distinguishing qualities of the candidates, before selecting the right candidate. The Board believes that orderly succession and renewal is achieved as a result of careful planning, where the appropriate composition of the Board is continually under review.

Under the deed constituting Singapore NBN Trust (the "**TM Shares Trust Deed**"), Unitholders (as beneficiaries of Singapore NBN Trust) have the right to, by ordinary resolution in accordance with the TM Shares Trust Deed, direct DBS Trustee Limited (as legal owner of the shares in the Trustee-Manager) to approve the re-election of each Director at the AGM of the Trustee-Manager. Notwithstanding that the Constitution of the Trustee-Manager and the TM Shares Trust Deed do not provide for Directors of the Trustee-Manager to retire at each AGM, it is the current intention that each Director of the Trustee-Manager shall retire from office at least once every three years and for this purpose, at each AGM of the Trustee-Manager, one-third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation and shall be eligible for re-election at that AGM (the Directors so to retire being those longest in office). This is also in line with Guideline 4.2 of the 2012 Code. For the financial period under review, the Trustee-Manager is seeking the re-election of the following Directors at the AGM to be held in 2018:

- (a) Mr Chaly Mah Chee Kheong;
- (b) Ms Koh Kah Sek; and
- (c) Mr Arthur Lang Tao Yih.

CORPORATE GOVERNANCE

The NRC recommends the re-election of these Directors to the Board for approval having regard to the Directors' contribution and performance, with reference to the results of the assessment of the performance of the individual Director.

As the Trustee-Manager is a Designated Telecommunication Licensee, approval from the Info-communications Media Development Authority ("IMDA") is required for the change in appointment of its Chairman, Directors and CEO.

All key information on the Directors, including directorship and chairmanship both present and those held over the preceding three years in other listed companies, and other principal commitments, are set out on pages 36 to 39.

Board Performance

Principle 5:

There should be a formal annual assessment of the effectiveness of the Board as a whole and its board committees and the contribution by each director to the effectiveness of the Board.

The Board has implemented a process carried out by the NRC for assessing the effectiveness of the Board as a whole and its Board Committees.

To ensure that the assessment is conducted fairly, the Board has appointed an external facilitator, Aon Hewitt Singapore Pte Ltd, to conduct the evaluation. The external facilitator does not have any other connection with the Trustee-Manager or any of the Directors. The Board believes that the use of an external facilitator promotes objectivity, neutrality and confidentiality. The external facilitator has also provided a more detailed and in-depth assessment including benchmarking the results with industry standards.

The evaluation process conducted by the external consultant is as follows:-

- (a) interviewing Chairman/Directors/Management to establish the Trustee-Manager's requirements;
- (b) setting up the evaluation process, including designing the evaluation questionnaire;
- (c) administering the process, including sending out the evaluation questionnaire to Directors and collating their feedback;
- (d) analysing the feedback; and
- (e) presenting the results of the evaluation exercise with analysis to the NRC and the Board.

The evaluation focuses on areas such as Board structure, Board processes, managing the Trustee-Manager's performance, Board strategy and priorities, and the development and succession planning for Directors and senior Management (including the CEO). Objective performance criteria, which allow benchmarking with industry peers, have been set for such evaluation. The results of the evaluation for the financial period under review indicated that the Board has met its performance criteria and continues to function effectively.

Access to Information

Principle 6:

In order to fulfil their responsibilities, directors should be provided with complete, adequate and timely information prior to board meetings and on an on-going basis so as to enable them to make informed decisions to discharge their duties and responsibilities.

Management provides the Board with relevant and accurate information in a timely manner relating to matters to be brought before the Board, prior to Board meetings and on an on-going basis. Management has in place a procedure for papers to be circulated to the Board or to be submitted at Board meetings. Board papers adhere to a standard format which includes background information, issues for deliberation, and risk mitigation measures.

To give Directors sufficient time to prepare for Board and Board Committee meetings, the agenda, papers and presentation slides are uploaded onto a secured electronic platform, one week before the relevant meeting. Directors can access these materials via their personal computers, laptops, smartphones and other mobile devices prior to, during and after meetings. Hard copies of these materials are also distributed to the Directors at their request. Members of the management team who can provide additional insights into matters at hand would be present at the relevant meeting.

Directors receive monthly business reports on the Trustee-Manager's performance. These monthly reports include information on financial highlights, operational performance and the monitoring of key risks. The Board is also apprised of any significant developments on business initiatives, industry developments and regulatory updates.

Directors have separate and independent access to Management and the Company Secretaries. As a matter of good corporate governance practice, the role of the Company Secretary has been clearly defined.

The Company Secretaries attend to corporate secretarial administration matters. They assist the Board and Management in implementing and strengthening corporate governance policies and procedures. The Company Secretaries ensure that Board procedures are properly followed. They prepare the agenda for Board and Board Committee meetings in consultation with the Chairman, the respective Board Committee Chairpersons and the CEO, and attend Board and Board Committee meetings. The appointment and the removal of the Company Secretaries are subject to the Board's approval.

Under the direction of the Chairman and the CEO, the Company Secretaries facilitate good information flow between the Board and Management. The Company Secretaries assist Directors in ensuring compliance with their obligations under the relevant rules and regulations, and in the Directors' professional development.

The Directors, whether as a group or individually, may seek and obtain independent professional advice in the furtherance of their duties, the expenses of which are borne by the Trustee-Manager.

SECTION (B): REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

Principle 7:

There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors. No director should be involved in deciding his own remuneration.

In addition to the matters under the NRC's purview set out on page 46, the NRC's responsibilities also include, in relation to remuneration matters:

- (a) reviewing and recommending to the Board, in consultation with the Chairman of the Board (where applicable), a general framework of remuneration for the Board and key management personnel, and specific remuneration packages for each Director and key management personnel, for endorsement by the Board;
- (b) reviewing the obligations of the Trustee-Manager and the Trust Group arising in the event of the termination of the service contracts of executive Directors and key management personnel; and
- (c) administering and approving awards under the Long Term Incentive Plan (please refer to "Long-Term Incentive Component" under "CEO/Executive Director and Key Management Personnel Remuneration" on page 51) and/or other long term incentive schemes to Directors and/or senior executives of the Trust Group.

The Director of Human Resource assists the NRC in the execution of its functions, and makes reference to market surveys and information where relevant. The NRC ensures that in the event of such advice being sought, existing relationships, if any, between the Trust Group and its appointed consultants will not affect the independence and objectivity of the remuneration consultants. Mercer (Singapore) Pte Ltd ("**Mercer**") was the consultant engaged to advise on staff remuneration matters just prior to the initial public offering of NetLink NBN Trust (the "**IPO**"). Mercer does not have any other existing relationships with the Trust Group.

CORPORATE GOVERNANCE

Level and Mix of Remuneration

Principle 8:

The level and structure of remuneration should be aligned with the long-term interest and risk policies of the company, and should be appropriate to attract, retain and motivate (a) the directors to provide good stewardship of the company, and (b) key management personnel to successfully manage the company. However, companies should avoid paying more than is necessary for this purpose.

The NRC establishes remuneration policies that are in line with the Trust Group's business strategies and risk policies as well as long-term interests of the Trust Group and the Unitholders, with a view to ensuring remuneration packages are sufficiently competitive to attract, retain and motivate Directors and key management personnel of the appropriate experience and expertise. In its deliberations, the NRC will take into consideration industry practices and benchmarks against relevant industry players to ensure that its remuneration and employment conditions are competitive.

Remuneration packages comprise fixed components and variable components, including short-term and long-term incentive components, and are structured around measured key performance indicators.

CEO/Executive Director and Key Management Personnel Remuneration

The NRC seeks to ensure that the level and mix of remuneration for the CEO and key management personnel are competitive, aligned with Unitholders' interests and promote the long-term success of the Trust Group.

The letters of appointment of the CEO, the CFO and the COO provide that the incentive components of their remuneration may be reclaimed in exceptional circumstances of misstatement of financial results or of misconduct resulting in financial loss to the Trust Group.

During the financial period under review, there were no termination, retirement or post-employment benefits granted to the Directors, the CEO and key management personnel. No employee of the Trust Group is an immediate family member of any Director or the CEO.

Remuneration for the CEO and key management personnel comprises a fixed component, variable cash component, long-term incentive component and market-related benefits:

A. Fixed Component

The fixed component comprises the base salary and fixed allowances.

B. Variable Cash Component

The variable cash component is given in the form of an Annual Variable Bonus ("**AVB**"). This AVB is a cash-based incentive for the CEO and key management personnel, which is linked to the achievement of annual performance targets.

Corporate and individual performance objectives are set at the beginning of each financial year. The objectives are aligned to the overall strategic, financial and operational goals of the Trust Group, and are cascaded down to a select group of key management personnel using scorecards, creating alignment between the performance of the Trust Group and the individual. While the performance objectives are different for each executive, they are assessed on the same principles across the following five broad categories of targets:

- Financial and Operational Performance;
- People;
- Projects and Processes;
- Stakeholders; and
- Strategic.

The target AVB for the CEO and key management personnel is pre-set at a fixed percentage of their annual base salary, and is adjusted based on the achievement of the corporate and individual targets at the end of each financial year. The final AVB payout can range from 0 to 1.5 times of the target payout for the CEO, the CFO and the COO, and range from 0 to 2 times of the target payout for other key management personnel.

C. Long-Term Incentive Component

The NetLink Trust Long-Term Incentive Plan (the “**Plan**”) is an incentive plan established with the objective of rewarding and retaining key executives for driving long-term business performance that is aligned with Unitholders’ interest. Under the Plan, the performance conditions are set over a three-year performance period and are based on free cash flow, return on total assets and absolute total unitholder return. The target award for eligible roles is set as a multiple of monthly base salary and the magnitude is determined using market benchmark on total compensation.

The awards are granted on a contingent basis, and the awards will be determined and fully vest at the end of a three-year performance period (beginning on 1 April immediately preceding the date of grant), based on performance against the measures identified above, with a minimum threshold performance being specified in respect of each performance measure and with superior performance in respect of each performance measure allowing for a maximum final award of up to 1.5 times of the contingent award.

The awards are to be paid out in cash in full upon vesting. In this regard, the awards which are granted will be notionally converted into a number of Units based on the average daily closing unit price from January to March of the year in which the awards are granted (except in the case of awards granted in 2017 prior to the IPO, which were notionally converted into a number of Units based on the Offering Price of S\$0.81), and such notional number of Units, multiplied by the achievement factor of 0 to 1.5 times depending on the performance achieved against the measures identified above, will then be converted into and paid out in cash based on the average daily closing unit price of the Units in the three-month period immediately prior to the end of the three-year performance period.

To the extent that any awards are granted to the CEO, the CFO and/or the COO, such awardee is required, within one year following the vesting of the relevant awards (subject to the awardee still being in the employment of the Trust Group), to accumulate a minimum unitholding in the Trust equal to such person’s prevailing annual base salary at the time of vesting of the awards. This obligation to accumulate a minimum unitholding does not apply to other participants in the Plan.

The Plan was introduced in April 2017 prior to the IPO of NetLink NBN Trust. The Plan replaced the previous long-term incentive plan. The awards granted to the CEO, the CFO and the COO under the previous long-term incentive plan have met the performance objectives set and have since vested in accordance with the terms of the previous long-term incentive plan.

D. Market-related Benefits

The benefits provided are comparable with local market practices.

Remuneration of the Top Five Key Management Personnel

The details of the remuneration of the top five key management personnel (who are not also Directors or the CEO) are set out in Table 2 below (in bands of S\$250,000 and percentage terms for the services rendered by them to the Trust Group for the period from 1 April 2017 to 31 March 2018 (“**FY2018**”).

CORPORATE GOVERNANCE

Disclosure on remuneration

Principle 9:

Every company should provide clear disclosure of its remuneration policies, level and mix of remuneration, and the procedure for setting remuneration, in the company's Annual Report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to directors and key management personnel, and performance.

The framework for determining the Directors' fees is as follows:-

| <u>Appointment</u> | <u>Fees per annum (S\$)</u> |
|--|-----------------------------|
| Board Chairman | 110,000 |
| Board Member | 75,000 |
| Audit Committee Chairman | 50,000 |
| Audit Committee Member | 30,000 |
| Nominating & Remuneration Committee Chairman | 35,000 |
| Nominating & Remuneration Committee Member | 20,000 |
| Risk & Regulatory Committee Chairman | 35,000 |
| Risk & Regulatory Committee Member | 20,000 |

This framework was adopted in July 2017 after a review of the remuneration practices of real estate investment trusts and business trusts listed on the SGX-ST.

The annual remuneration of Directors for the financial year ended 31 March 2018 is as follows:-

| <u>Directors</u> | <u>Directors' Fees (S\$)</u> |
|-------------------------|------------------------------|
| Chaly Mah Chee Kheong | 159,383 |
| Eric Ang Teik Lim * | 121,328 |
| Koh Kah Sek | 131,369 |
| Irving Tan Tiang Yew | 98,684 |
| Yeo Wico | 112,027 |
| Arthur Lang Tao Yih * | 98,684 |
| Slattery Sean Patrick * | 96,876 |

* Fees are paid to Director's employer company

Following is a breakdown of the level and mix of the annual remuneration of the CEO and each of the top five key management personnel in FY2018, set out in bands of S\$250,000:

Table 1: CEO's Remuneration

| Name | Fixed¹ (S\$) | Variable² (S\$) | CPF³ (S\$) | Benefits⁴ (S\$) | LTI⁵ (S\$) | Total Remuneration (S\$) |
|---------------|------------------------------------|---------------------------------------|----------------------------------|---------------------------------------|----------------------------------|---|
| Tong Yew Heng | 491,604 | 480,598 | 16,836 | 2,300 | 27,813 | 1,019,151 |

Mr Tong Yew Heng was granted a long term incentive award of S\$341,253 for FY2018. The award is granted on a contingent basis, and will be determined and fully vested at the end of a three-year performance period, based on performance against the performance conditions set.

Table 2: Top 5 Key Management Personnel's Remuneration

| Remuneration Band | Fixed ¹ [%] | Variable ² [%] | CPF ³ [%] | Benefits ⁴ [%] | LTI ⁵ [%] | Total Remuneration [%] |
|-------------------------------------|---------------------------|------------------------------|-------------------------|------------------------------|-------------------------|------------------------------|
| Between S\$750,001 and S\$1,000,000 | | | | | | |
| Wong Hein Jee | 52 | 38 | 2 | 0 | 8 | 100 |
| Between S\$500,001 and S\$750,000 | | | | | | |
| Chye Hoon Pin | 48 | 34 | 1 | 0 | 17 | 100 |
| Between S\$250,001 and S\$500,000 | | | | | | |
| Ang Soo Piang | 64 | 32 | 3 | 1 | 0 | 100 |
| Widjaja Suki | 65 | 29 | 5 | 1 | 0 | 100 |
| Tiong Onn Seng | 65 | 29 | 5 | 1 | 0 | 100 |

¹ Fixed refers to base salary and fixed allowances for FY2018.

² Variable refers to cash-based incentives earned in FY2018 and paid out in June 2018.

³ CPF refers to company statutory contributions to the Singapore Central Provident Fund in FY2018.

⁴ Benefits include club membership, flexi benefit and car parking benefit in FY2018.

⁵ LTI refers to one-third of pre-IPO long-term incentive plan awards which have vested, and will be paid out in cash in July 2018.

The top five members of senior management (who are not Directors or the CEO) were granted LTI awards in aggregate of S\$501,250 for FY2018. These awards are granted on a contingent basis, and will be determined and fully vested at the end of a three-year performance period, based on performance against the performance conditions set.

The total remuneration paid to the top five senior management personnel (who are not Directors or the CEO) in FY2018 was approximately S\$2,485,126.

There are no employees of the Trustee-Manager and Trust Group who are immediate family members of the Directors or the CEO and whose remuneration exceeds S\$50,000 during the financial period under review.

SECTION (C): ACCOUNTABILITY AND AUDIT

Accountability

Principle 10:

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

The Board provides a balanced and understandable assessment of the Trust Group's performance, position and prospects to Unitholders in a timely manner, through publication of its quarterly and full-year financial results and via announcements on NetLink NBN Trust's website and SGXNET.

Management provides the Board with monthly reports on the Trust Group's financial and business performance, and such explanation and information as the Board may require to enable the Board to make a balanced and informed assessment of the Trust Group's performance, position and prospects.

The Trust Group has established appropriate internal policies to ensure compliance with legislative and regulatory requirements, including requirements under the BTA and the Listing Rules.

CORPORATE GOVERNANCE

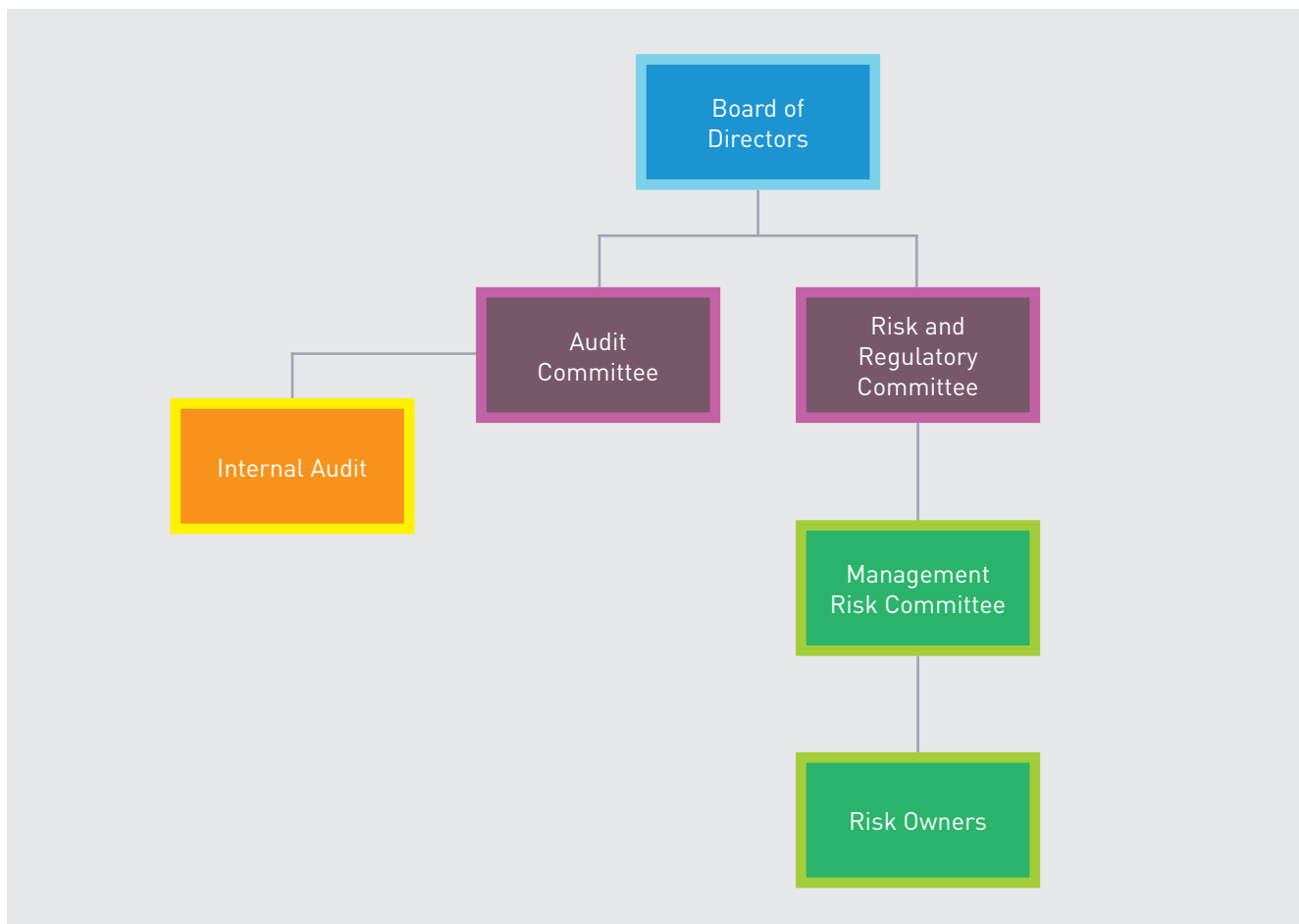
Risk Management and Internal Controls

Principle 11:

The Board is responsible for the governance of risk. The Board should ensure that Management maintains a sound system of risk management and internal controls to safeguard shareholders' interests and the company's assets, and should determine the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objectives.

The Board oversees risk governance in the Trust Group through frameworks for risk management and the implementation of internal controls, and is assisted by both the RRC and the AC in this respect.

The Trust Group's risk governance structure is set out below.



The RRC is required to comprise at least three Directors, the majority of whom are non-executive and independent (including being independent of management and business relationships with the Trustee-Manager and independent from every substantial shareholder of the Trustee-Manager). The members of the RRC are Mr Slattery Sean Patrick, Mr Chaly Mah Chee Kheong and Mr Eric Ang Teik Lim. Mr Chaly Mah Chee Kheong and Mr Eric Ang Teik Lim are considered to be independent of Management and business relationships with the Trustee-Manager and independent from every substantial shareholder of the Trustee-Manager. Mr Slattery Sean Patrick has been appointed as Chairman of the RRC.

The RRC's responsibilities include, but are not limited to, the following:

- (a) providing oversight and reviewing the adequacy and effectiveness of the risk management system and system of internal controls of the Trustee-Manager and the Trust Group, and reviewing the Trustee-Manager's and the Trust Group's overall risk assessment processes, policies and guidelines that inform the Board's decision-making;
- (b) advising the Board on the Trustee-Manager's and the Trust Group's overall risk tolerance and strategy;
- (c) reviewing the risk management processes and activities of the Trustee-Manager and the Trust Group to mitigate and manage risk at acceptable levels determined by the Board;
- (d) keeping under review the effectiveness of the Trustee-Manager's and the Trust Group's internal controls and risk management systems and reviewing and approving the statements to be included in the annual report of the Trust concerning the effectiveness of the Trustee-Manager's and the Trust Group's internal control and risk management systems;
- (e) reviewing the Trust's compliance with regulatory obligations imposed by IMDA, particularly in respect of:
 - (i) the control and ownership restrictions set out in the FBO licence granted to the Trustee-Manager by IMDA;
 - (ii) the Capex Reserve Requirement¹; and
 - (iii) the restrictions on services offered by the Trust as set out in the FBO licence granted to the Trustee-Manager by IMDA; and
- (f) providing guidance and recommendations to the Board on strategic regulatory matters.

Each member of the RRC abstains from voting on any resolutions in respect of the matter in which he has an interest.

The RRC, under its terms of reference, has the responsibility to, among others, provide oversight and review the adequacy and effectiveness of the risk management system. While the overall supervision of risk management rests with the RRC, the AC is involved in monitoring Management's efforts in managing financial and financial reporting-related risks, and internal controls, and liaises closely with the RRC. Information is shared on a regular basis between the AC and the RRC, and in this regard, the appointment of Mr Eric Ang Teik Lim as a member of both the AC and the RRC enhances information sharing between these two Board Committees.

The RRC is supported by a Management Risk Committee ("**MRC**") comprising management executives which reviews the effectiveness of the risk management processes on a regular basis and reports any substantial findings of risks or non-compliance to the RRC. The CEO chairs the MRC.

The Trust Group has implemented an Enterprise Risk Management ("**ERM**") framework based on ISO 31000: 2009 (Risk Management Principles and Guidelines) with the aim of pursuing a systematic and structured approach towards the effective management of risk. KPMG Services Pte. Ltd. was engaged by the Trust Group to assist in the development and implementation of this framework.

¹ "Capex Reserve Requirement" is the requirement for NetLink Trust 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 NetLink Trust's network infrastructure.

CORPORATE GOVERNANCE

In adopting ISO 31000: 2009 (Risk Management Principles and Guidelines), the Trust Group seeks to achieve the following objectives through the effective management of risk:

- (a) good corporate governance standards;
- (b) a structured and disciplined approach to manage risks and promote a consistent process across the Trust Group;
- (c) an effective system of internal controls;
- (d) a culture of risk awareness at all levels within the Trust Group; and
- (e) successful business performance.

The MRC is accountable to the RRC and the Board for the effectiveness of the ERM framework, policies and resources employed to identify, manage and report risks relating to the Trust Group's activities.

Significant risks facing the Trust Group are identified and assigned to relevant risk owners. The risk owners will perform an assessment on the potential impact and likelihood of those risks occurring, the adequacy of the Trust Group's internal controls and the action plans taken to mitigate such risks. This assessment will be documented in the Trust Group's risk register and updated on an on-going basis. Risks are then categorised into Tier 1 and Tier 2 risks based on significance, which will be further deliberated by the MRC and the RRC.

To enhance risk monitoring, risk appetite statements and key risk indicators are developed and monitored. For any breach of the indicators, this will be escalated to MRC and RRC for discussion and review of action plans.

More information on the Trust Group's Enterprise Risk Management framework can be found at pages 76 to 78.

Various policies have been developed and implemented to ensure proper governance.

The Trust Group has in place a Code of Conduct which sets out principles to guide employees in carrying out their duties and responsibilities to the highest standards of personal and corporate integrity.

Employees must comply with the Trust Group's reporting and disclosure requirements of potential or actual conflicts of interest, and are prohibited from engaging in situations or situations which could result in conflicts of interest. All Directors are required to disclose their business interests and any potential or actual conflicts of interest that they are aware of, or as soon as such conflicts become apparent. A Director recuses himself and abstain from the Board's decision on matters relating to any transaction in which he has an interest.

The Anti-Bribery and Corruption Policy further reinforces the Trust Group's commitment to maintain high ethical standards. The Trust Group adopts a "zero tolerance" position to bribery and corruption and the policy sets out the responsibilities of the Trust Group and its employees in observing and upholding this position.

The above policies, together with other policies such as the Gift, Prize, Entertainment and Hospitality Policy and the Corporate Donation and Sponsorship Policy, are available to employees on a shared online platform, deter and manage risk of unethical behaviour.

The Whistleblowing Policy allows employees and external parties to report concerns or suspicions of fraud, corruption, dishonest practices and other improprieties observed within the Trust Group without fear of retaliation. Reports may be made via various modes of communication through an external channel. Valid reports made in good faith will be investigated independently and appropriate follow-up action will be taken upon direction by the Chairman of the AC.

The Trustee-Manager is required to comply with the provisions of the Listing Rules relating to Interested Person Transactions (“**IPTs**”) as well as the BTA and such other guidelines relating to IPTs as may be prescribed by relevant laws, regulations and guidelines. In this regard, the Trustee-Manager has adopted an Interested Person Transactions Policy which sets out, inter alia, procedures for reviewing IPTs, to ensure that all IPTs will be undertaken on an arm’s length basis and on normal commercial terms, and will not be prejudicial to the interests of NetLink NBN Trust and its minority Unitholders. The list of IPTs for the period under review can be found at page 153.

In terms of internal controls, the internal and external auditors conduct reviews on the adequacy and effectiveness of the Trust Group’s internal controls and report any material non-compliances or lapses in internal controls to the AC for review. The AC also reviews the adequacy and effectiveness of the measures taken by Management on recommendations made by the internal and external auditors to rectify such non-compliances and lapses.

The Board has received assurance from the CEO and the CFO that:

- a. the financial records of the Trust Group have been properly maintained and the financial statements for the period under review give a true and fair view of the Trust Group’s operations and finances; and
- b. the system of risk management and internal controls in place within the Trust Group is adequate and effective in addressing the risks which the Trust Group considers relevant and material to its business operations.

The CEO and the CFO have obtained assurances from the heads of operational and corporate departments in the Trust Group on the risk management and internal control systems within their respective scope, to support the assurance statement from the CEO and the CFO.

Based on the risk management system and internal controls established and maintained by the Trust Group, work performed by the internal and external auditors, assurances from the CEO and the CFO together with regular reviews performed by Management, the Board, with the concurrence of the AC and the RRC, is of the opinion that the Trust Group’s risk management system and internal controls were adequate and effective as at 31 March 2018 to address the financial, operational, compliance and information technology risks, which the Trust Group considers relevant and material to its operations.

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

Audit Committee

Principle 12:

The Board should establish an Audit Committee (“AC”) with written terms of reference which clearly set out its authority and duties.

The Audit Committee is required to comprise at least three members:

- all of whom are independent of management and business relationships with the Trustee-Manager; and
- at least a majority of whom, including the Chairman of the AC, are independent of management and business relationships with the Trustee-Manager and independent from every substantial shareholder of the Trustee-Manager.

CORPORATE GOVERNANCE

The members of the AC are Ms Koh Kah Sek, Mr Eric Ang Teik Lim and Mr Yeo Wico. All AC members are independent Directors and Ms Koh Kah Sek has been appointed as the Chairman of the AC. None of the AC members were previous partners or directors of the Company's external auditor within the last twelve months or hold any financial interest in the external auditor.

The Board is of the view that the members of the AC have sufficient financial management expertise and experience to discharge the AC's functions given their experience as directors and/or senior management/partners in the accounting, financial and legal sectors.

The role of the AC is to develop, maintain and monitor an effective system of internal controls. The AC also reviews the quality and reliability of information prepared for inclusion in financial reports, and is responsible for the nomination of an external auditor and reviewing the adequacy of external audits in respect of cost, scope and performance. The AC's responsibilities also include, but are not limited to, the following:

- (a) reviewing the quality and reliability of information prepared for inclusion in the financial reports of the Trust;
- (b) reviewing with the auditor of the Trust:
 - (i) the audit plan of the Trust;
 - (ii) the auditor's evaluation of the system of internal accounting controls of the Trustee-Manager;
 - (iii) the auditor's audit report for the Trust; and
 - (iv) the auditor's management letter and management's response;
- (c) reviewing:
 - (i) the assistance given by the officers of the Trustee-Manager to the auditor of the Trust;
 - (ii) the scope and results of the internal audit procedures of the Trustee-Manager;
 - (iii) the policies and practices put in place by the Trustee-Manager to ensure compliance with the BTA and the Trust Deed; and
 - (iv) the internal guidelines and procedures put in place by the Trustee-Manager for managing any conflict that may arise between the interests of the Unitholders and the interests of the Trustee-Manager, including interested person transactions (to determine if such guidelines and procedures put in place are sufficient to ensure that interested person transactions are conducted on normal commercial terms and will not be prejudicial to the Trust and the minority Unitholders), the indemnification of expenses or liabilities incurred by the Trustee-Manager and the setting of fees or charges payable out of the Trust Property;
- (d) reviewing interested person transactions to ensure that interested person transactions are conducted on normal commercial terms and will not be prejudicial to the Trust and the minority Unitholders;
- (e) reviewing any actual or potential conflicts of interest matters referred to the AC. This includes reviewing any actual or potential conflicts of interest that may involve the Directors as disclosed by them to the Board. Upon disclosure of an actual or potential conflict of interest by a Director, the AC will consider whether a conflict of interest does in fact exist. A Director who is a member of the AC will not participate in any proceedings of the AC in relation to the review of a conflict of interest relating to him. The review will include an examination of the nature of the conflict and such relevant supporting data, as the AC may deem reasonably necessary. Where a conflict of interest does exist, the AC will resolve or propose, where appropriate, the relevant measures for the management of such conflicts;

- (f) reviewing the balance sheet and profit and loss account of the Trustee-Manager and the balance sheet, profit and loss account and cash flow statement of the Trust submitted to it by the Trustee-Manager, and thereafter to submit them to the Board;
- (g) reporting to the Board:
 - (i) any inadequacies, deficiencies or matters of concern of which the AC becomes aware or that it suspects arising from its review of the items referred to in sub-paragraphs (b), (c), (d), (e) and (f); and
 - (ii) any breach of the BTA or any breach of the provisions of the Trust Deed, of which the AC becomes aware or that it suspects;
- (h) reporting to the MAS if the AC is of the view that the Board has not taken, or does not propose to take, appropriate action to deal with a matter reported under sub-paragraph (g);
- (i) nominating a person or persons as auditor of the Trust, notwithstanding anything contained in the Trust Deed;
- (j) reviewing and monitoring management's efforts in managing financial and financial reporting-related risks and internal controls;
- (k) reviewing the significant financial reporting issues and judgments so as to ensure the integrity of the financial statements of the Trustee-Manager and the Trust and any announcements relating to the Trustee-Manager's and the Trust's financial performance;
- (l) reviewing the policy and arrangements by which staff of the Trustee-Manager and any other persons may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters. The AC's objective shall be to ensure that arrangements are in place for such concerns to be raised and independently investigated, and for appropriate follow-up action to be taken;
- (m) reviewing, at least annually, the adequacy and effectiveness of the Trustee-Manager's internal audit function;
- (n) reviewing and reporting to the Board at least annually the adequacy and effectiveness of the Trustee-Manager's and the Trust's internal controls, including financial, operational, compliance and information technology controls. Such review can be carried out internally or with the assistance of any competent third parties;
- (o) monitoring and reviewing the implementation of the auditors' recommendations for internal control weaknesses (if any);
- (p) reviewing the performance, independence and objectivity of the external auditors;
- (q) reviewing all hedging policies to be implemented by the Trust Group; and
- (r) meeting with the external and internal auditors, without the presence of the executive officers, at least on an annual basis.

The AC has considered the performance of the external auditors and the volume of non-audit services provided by the external auditors together with the fees paid for such services. The AC is satisfied that the independence and objectivity of the external auditors have not been impaired by the provision of those services. For the financial period under review, there are no non-audit fees paid to the external auditors. The aggregate amount of audit fees paid/payable to the external auditors is S\$363,000 of which S\$133,000 pertains to annual audit services (as shown in Note 10, on page 125) and S\$230,000 pertains to audit services in connection with the listing of the Trust (as shown in Note 28, on page 139).

CORPORATE GOVERNANCE

The AC has the authority to investigate matters within its terms of reference and has unfettered access to the Trust Group's Management, and internal and external auditors. AC meetings are attended by the CEO and the CFO as well as the internal and external auditors. During the financial period ended 31 March 2018, the AC reviewed the financial statements of the Trust Group and accompanying announcements before recommending them to the Board for approval. The AC also met with the internal and external auditors without the presence of Management to obtain feedback on the competency and adequacy of the finance function, to review the assistance given to the internal and external auditors, and to discuss the financial reporting process and the Trust Group's financial condition, the system of internal controls, and other significant comments and recommendations by the auditors. The key audit matters reported by the external auditors and reviewed by the AC for the financial period ended 31 March 2018 are set out below:

| Key Audit Matters | How the Audit Committee addressed the matters |
|--|---|
| Purchase Price Allocation relating to the Acquisition of NetLink Trust | <p>The AC considered the methodology, estimates and assumptions applied by the independent party that prepared the final purchase price allocation report in arriving at the fair value of the identifiable assets acquired and liabilities assumed at the date of the acquisition.</p> <p>The AC also considered the auditor's report and findings of the external auditors on their assessment for the purchase price allocation, including the valuation of property, plant and equipment acquired and the identification and valuation of intangible assets acquired.</p> <p>The AC was satisfied that the purchase price allocation has been performed appropriately and disclosures in the financial statements were adequate. The external auditor has included this item as a key audit matter in the auditor's report for the financial period ended 31 March 2018. Please refer to page 96.</p> |
| Goodwill impairment review | <p>The AC considered the methodology, estimates and assumptions such as WACC of 5.44% and terminal growth rate of 1.5% used in the valuation model for the purpose of determining if there is any impairment of goodwill.</p> <p>The AC also considered the auditor's report and findings of the external auditors on their assessment for the key assumptions driving the value-in-use calculation, in particular the cash flow forecasts, discount and long term growth rates.</p> <p>The AC was satisfied that the review process and the methodology used were appropriate and disclosures in the financial statements were adequate. The external auditor has included this item as a key audit matter in the auditor's report for the financial period ended 31 March 2018. Please refer to page 96.</p> |

The AC is kept apprised by Management and through presentations by the auditors of changes in financial reporting standards and issues which have a direct impact on financial statements.

The Trust Group confirms that the appointment of the external auditors is in accordance with Rules 712 and 715 of the Listing Rules. The information included in this Annual Report, excluding the Financial Statements and auditor's report, was provided to the external auditors after the auditor's report date. The external auditors have provided a written confirmation to the AC that they have completed the work in accordance with SSA 720 (Revised) The Auditor's Responsibilities Relating to Other Information, and they have noted no exception.

Internal Audit

Principle 13:

The company should establish an effective internal audit function that is adequately resourced and independent of the activities it audits.

The Trust Group's internal audit function has been outsourced to KPMG Services Pte. Ltd. The internal auditors report directly to the Chairman of the AC and has unfettered access to all company documents, records, properties, personnel and the AC. The Internal Audit function is guided by the International Standards for the Professional Practice of Internal Auditing set by the Institute of the Internal Auditors ("IIA"). The internal auditors adopts a risk-based approach in developing the annual internal audit plan that is aligned with the organisation's key risks. The internal auditors plan its internal audit schedules in consultation with, but independent of the Management. The annual audit plan is submitted to the AC for approval at the beginning of each financial year. On a quarterly basis, internal audit reports are submitted to the AC for discussion and in particular, on the progress in executing the internal audit plan, any major internal control gaps and lapses as well as corrective actions taken by Management. The AC monitors the timely and proper implementation of the required corrective, preventive or improvement actions undertaken by Management through a follow-up audit that is conducted by the internal auditors annually. The AC is satisfied that the internal auditors have adequate resources, appropriate standing and the required expertise to perform the internal audit function effectively. The AC reviews, among others, the adequacy and effectiveness of the Trustee-Manager's internal audit function at least annually, and the scope and results of the internal audit and its cost effectiveness.

The Trust Group's external auditors prepare an audit plan on an annual basis, taking into consideration, amongst other things, the financial reporting-related risks identified by the internal auditors, and presents such audit plan to the AC for its review and concurrence. The Trust Group's external auditors also report to the AC on matters relating to internal financial controls that come to their attention during the course of their normal audit and provides related recommendations for improvements. The AC reviews, among others, the scope and results of the external audit, and the independence and objectivity of the external auditors.

SECTION (D): SHAREHOLDER RIGHTS AND RESPONSIBILITIES

Shareholder Rights

Principle 14:

Companies should treat all shareholders fairly and equitably, and should recognise, protect and facilitate the exercise of shareholders' rights, and continually review and update such governance arrangements.

The Trust Group is committed to treating all its Unitholders fairly and equitably and to facilitate the exercise of Unitholders' rights.

All Unitholders enjoy specific rights under the Trust Deed, the Trustee-Manager's Constitution and the relevant laws and regulations, including the right to attend and vote at general meetings. Unitholders are informed in advance of the meeting rules, voting procedures, matters requiring Unitholders' approval and other information necessary for Unitholders to exercise their rights to attend, speak and vote at general meetings.

Unitholders may appoint up to two proxies to attend and vote on their behalf if they are unable to attend in person, and corporate Unitholders may exercise their rights through their appointed corporate representatives. The Trustee-Manager proposes to amend and restate the Trust Deed to provide for Unitholders who are Relevant Intermediaries (as defined in the Companies Act, Chapter 50 of Singapore) to appoint more than two proxies at a meeting of Unitholders, such that indirect investors may be appointed as proxies to participate in Unitholders' meetings. The Trustee-Manager will be seeking Unitholders' approval for the relevant amendments to the Trust Deed at the forthcoming AGM.

The Trustee-Manager ensures that all material information relating to the Trust Group is disclosed in an accurate and timely manner through publication on SGXNET and is made available to everyone, including Unitholders.

CORPORATE GOVERNANCE

Communication with Shareholders

Principle 15:

Companies should actively engage their shareholders and put in place an investor relations policy to promote regular, effective and fair communication with shareholders.

The Trustee-Manager is committed to keeping Unitholders and the public fully informed of information that may have a material effect on the price or value of NetLink NBN Trust's units through timely disclosure of information to the SGX-ST via the SGXNET, to assist investors in their investment decisions. The Trustee-Manager has in place a policy on announcements which governs the timely and accurate disclosure of announcements via SGXNET.

The Trustee-Manager actively engages its stakeholders (including Unitholders, fund managers, analysts and the media) through its Investor Relations ("IR") department, which has put in place a dedicated Investor Relations policy to promote regular, effective and fair communication with its Unitholders. The IR team conducts roadshows together with senior Management and participates in one-on-one investor meetings, investor seminars and conferences to keep the market and investors apprised of its financial performance and corporate development. The aim of such meetings is to provide investors with prompt disclosure of relevant information, provide a better understanding of the operations and financial performance of NetLink NBN Trust and to enable them to make informed investment decisions. Management makes available all of its briefing materials to the SGX-ST through SGXNET and via NetLink NBN Trust's corporate website at www.netlinknbn.com. Further details of the IR activities during the financial period can be found on pages 80 to 81.

NetLink NBN Trust's distribution policy is to distribute 100% of its cash available for distribution, which includes distributions received from its wholly-owned subsidiary, NetLink Trust. NetLink Trust's distribution policy is to distribute at least 90% of its distributable income to NetLink NBN Trust.

Conduct of Shareholder Meetings

Principle 16:

Companies should encourage greater shareholder participation at general meetings of shareholders, and allow shareholders the opportunity to communicate their views on various matters affecting the company.

General meetings of Unitholders will be convened at least once a year. NetLink NBN Trust's AGM is the principal communication channel with Unitholders. The Trustee-Manager ensures that Unitholders have the opportunity to participate effectively in and to vote at Unitholders' meetings.

NetLink NBN Trust will send all Unitholders a copy of NetLink NBN Trust's annual report and a copy of the notice of AGM prior to the AGM in compliance with the requisite notice period. For Extraordinary General Meetings ("EGM"), NetLink NBN Trust will send each Unitholder a copy of a circular and a copy of the notice of EGM which contains details of the matters to be proposed for Unitholders' consideration and approval. NetLink NBN Trust will also announce notices of general meetings setting out all items of business to be transacted at the general meeting via SGXNET.

At Unitholders' meetings, each resolution proposed will be voted on by way of electronic poll voting for Unitholders/proxies present at the meetings. The detailed results showing the number of votes cast for and against each resolution, and the respective percentages, will be tallied and displayed on screen to Unitholders immediately after each poll is conducted at the Unitholders' meeting. The results of the poll of each Unitholders' meeting will also be announced in a timely manner after the Unitholders' meeting via SGXNET.

NetLink NBN Trust welcomes Unitholders' participation at the Trust's AGM/EGM. The Board and senior Management attends all general meetings to address Unitholders' queries. Unitholders will be given opportunity to communicate their views on various matters concerning the Trust Group. Minutes of the general meetings, recording the substantial and relevant comments made and questions raised, are prepared and made available to Unitholders for their inspection upon request.

ADDITIONAL INFORMATION

DEALING IN SECURITIES

The Trustee-Manager has adopted an internal compliance Code of Best Practices on Securities Dealings to provide guidance to Directors and employees on dealing in securities of NetLink NBN Trust.

In accordance with the Code of Best Practices on Securities Dealings, Directors and employees are prohibited from dealing in NetLink NBN Trust's securities during the period commencing two weeks before the announcement of NetLink NBN Trust's first, second and third quarter financial results and one month before the announcement of NetLink NBN Trust's full year financial results, and ending on the date of the announcement of the relevant results ("**black-out period**"). Directors and employees are required to confirm annually that they have complied with the said code and quarterly notices are issued to Directors and employees informing them not to deal in NetLink NBN Trust's securities during a black-out period. The said code also discourages dealings on short-term considerations and cautions that it is an offence to deal in NetLink NBN Trust's securities (as well as securities of other listed issuers) while in possession of unpublished price-sensitive information.

In addition, Directors are required to report to the Company Secretaries within two business days whenever they deal in NetLink NBN Trust's securities and the latter will make the necessary announcements in accordance with the requirements of SGX-ST.

MATERIAL CONTRACTS AND INTERESTED PERSON TRANSACTIONS

There are no material contracts entered into by NetLink NBN Trust or any of its subsidiaries involving the interests of the CEO, any Director, any controlling shareholder of the Trustee Manager, either subsisting or entered into during the financial period under review, other than:

- (a) contracts disclosed on pages 238 to 242 of the IPO Prospectus;
- (b) interested person transactions as disclosed in this Annual Report.

CORPORATE GOVERNANCE

CODE OF CORPORATE GOVERNANCE 2012

Disclosure Guide

| Guideline | Questions | How has the Company complied? |
|-----------|---|---|
| General | <p>(a) Has the Company complied with all the principles and guidelines of the Code? If not, please state the specific deviations and the alternative corporate governance practices adopted by the Company in lieu of the recommendations in the Code.</p> <p>(b) In what respect do these alternative corporate governance practices achieve the objectives of the principles and conform to the guidelines in the Code?</p> | <p>Disclosed. See statement under “Corporate Governance” that the “board of directors and management of NetLink NBN Management Pte. Ltd., the trustee-manager of NetLink NBN Trust are fully committed to maintaining high standards of corporate governance and has adopted corporate governance policies and practices which are in line with the Code of Corporate Governance 2012” and the “Trustee-Manager also ensures that all applicable laws, rules and regulations including the Securities and Futures Act, Chapter 289 of Singapore, the listing rules of SGX-ST and the Business Trusts Act, Chapter 31A of Singapore, including the relevant regulations thereunder, are duly complied with” on page 42.</p> <p>Where there are deviations from any of the guidelines of the Code, an explanation has been provided in the Annual Report.</p> |

CODE OF CORPORATE GOVERNANCE 2012

Disclosure Guide

| Guideline | Questions | How has the Company complied? |
|-----------------------------|--|---|
| Board Responsibility | | |
| Guideline 1.5 | What are the types of material transactions which require approval from the Board? | <p>Disclosed. See “Principle 1: The Board’s conduct of affairs” under “Corporate Governance”, pages 42 to 44.</p> <p>In addition to its statutory duties, the Board is also responsible for decision-making on the following key matters:-</p> <ul style="list-style-type: none"> (a) major funding proposals, investments, acquisitions, and divestments including commitments in terms of capital and other resources; (b) annual budgets and financial plans; (c) annual and quarterly financial reports; (d) internal controls and risk management strategies and execution; and (e) appointment of Directors, CEO, CFO and COO, including review of their performance and remuneration packages. <p>Matters that require the Board’s approval are set out in the Board Charter. As a general rule, the Board reviews and approves transactions that require disclosure by NetLink NBN Trust pursuant to the Listing Rules of the SGX-ST. The policy guidelines on Delegation of Authority on Expenditure and Revenue also set out the financial limits that require the Board’s approval. In its DOA Policy, the Trustee-Manager has adopted a set of internal guidelines which set out the financial authority limits for expenditure, asset disposals and write-off, revenue, and treasury transactions that require the approval of the Board. Appropriate delegations of authority and approval sub-limits are also established at the Management level to facilitate operational efficiency.</p> |

CORPORATE GOVERNANCE

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Disclosure Guide

| Guideline | Questions | How has the Company complied? |
|-----------------------------|---|---|
| Members of the Board | | |
| Guideline 2.6 | <p>(a) What is the Board's policy with regard to diversity in identifying director nominees?</p> <p>(b) Please state whether the current composition of the Board provides diversity on each of the following – skills, experience, gender and knowledge of the Company, and elaborate with numerical data where appropriate.</p> <p>(c) What steps has the Board taken to achieve the balance and diversity necessary to maximize its effectiveness?</p> | <p>Disclosed. See "Principle 2: There should be a strong and independent element on the Board, which is able to exercise objective judgement on corporate affairs independently, in particular, from Management and 10% shareholders. No individual or small group of individuals should be allowed to dominate the Board's decision making" under "Corporate Governance", pages 44 to 45.</p> <p>In identifying candidates for appointment as Directors, the Board takes into consideration:-</p> <p>(a) the skills, industry and business experience, gender, age, culture, nationalities, and other distinguishing qualities of the candidates; and</p> <p>(b) diversity in skills, industry and business experiences, gender, age, culture, nationalities, tenure of service, and other distinguishing qualities of the current members of the Board,</p> <p>with a view of ensuring that the Board achieves the balance and diversity necessary to maximize its effectiveness.</p> |
| Guideline 4.6 | Please describe the board nomination process for the Company in the last financial year for (i) selecting and appointing new directors and (ii) re-electing incumbent directors. | The Trust is in its first year post-listing and no new appointment of directors has taken place since the Board was constituted. See "Principle 4: There should be a formal and transparent process for the appointment and re-appointment of directors to the Board" under "Corporate Governance", pages 46 to 48 on the re-election of incumbent Directors. |

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Disclosure Guide

| Guideline | Questions | How has the Company complied? |
|---------------|--|---|
| Guideline 1.6 | <p>(a) Are new directors given formal training? If not, please explain why.</p> <p>(b) What are the types of information and training provided to (i) new directors and (ii) existing directors to keep them up-to-date?</p> | <p>Disclosed. See “Principle 1: The Board’s conduct of affairs” under “Corporate Governance”, pages 42 to 44.</p> <p>Newly-appointed Directors undergo a comprehensive orientation programme which includes site visits to the Trust Group’s central offices and co-location rooms to better apprise them of the Trust Group’s business. First-time Directors who do not have prior experience as a director of a Singapore listed company are provided with comprehensive briefing on the roles, duties and obligations of directors.</p> <p>Management provides the Board with monthly reports on the Trust Group’s financial and business performance to enable the Board to make a balanced and informed assessment of the Trust Group’s performance, position and prospects.</p> |
| Guideline 4.4 | <p>(a) What is the maximum number of listed company board representations that the Company has prescribed for its directors? What are the reasons for this number?</p> <p>(b) If a maximum number has not been determined, what are the reasons?</p> <p>(c) What are the specific considerations in deciding on the capacity of directors?</p> | <p>Disclosed. See “Principle 4: There should be a formal and transparent process for the appointment and re-appointment of directors to the Board” under “Corporate Governance”, pages 46 to 48.</p> <p>As a general rule, the maximum number of listed company directorships that a Director may hold is five. Where a Director holds directorships in more than one listed company within the same group of companies by virtue of his employment, such directorships may be considered as a single directorship. In appropriate circumstances, the NRC may approve a different maximum number of listed company board appointments for a Director, taking into account relevant factors such as the role that the Director plays on the boards that he sits on, whether or not he is employed in an executive position, and the individual skills, ability and capacity of the Director.</p> |

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Disclosure Guide

| Guideline | Questions | How has the Company complied? |
|-------------------------|---|---|
| Board Evaluation | | |
| Guideline 5.1 | <p>(a) What was the process upon which the Board reached the conclusion on its performance for the financial year?</p> <p>(b) Has the Board met its performance objectives?</p> | <p>Disclosed. See "Principle 5: There should be a formal annual assessment of the effectiveness of the Board as a whole and its board committees and the contribution by each director to the effectiveness of the Board" under "Corporate Governance", page 48.</p> <p>For the financial period under review, Aon Hewitt Singapore Pte Ltd was engaged to conduct an evaluation of the Board. The evaluation process is as follows:-</p> <p>(a) interviewing Chairman/ Directors/ Management to establish the Trustee-Manager's requirements;</p> <p>(b) setting up the evaluation process, including designing the evaluation questionnaire;</p> <p>(c) administering the process, including sending out the evaluation questionnaire to Directors and collating their feedback;</p> <p>(d) analysing the feedback; and</p> <p>(e) presenting the results of the evaluation exercise with analysis to the NRC and the Board.</p> <p>The evaluation focuses on areas such as Board structure, Board processes, managing the Trustee-Manager's performance, Board strategy and priorities, and the development and succession planning for Directors and senior Management (including the CEO). Objective performance criteria, which allow benchmarking with industry peers, have been set for such evaluation. The results of the evaluation for the financial period under review indicated that the Board has met its performance criteria and continues to function effectively.</p> |

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Disclosure Guide

| Guideline | Questions | How has the Company complied? |
|----------------------------------|--|--|
| Independence of Directors | | |
| Guideline 2.1 | Does the Company comply with the guideline on the proportion of independent directors on the Board? If not, please state the reasons for the deviation and the remedial action taken by the Company. | Disclosed. See “Principle 2: There should be a strong and independent element on the Board, which is able to exercise objective judgement on corporate affairs independently, in particular, from Management and 10% shareholders. No individual or small group of individuals should be allowed to dominate the Board’s decision making” under “Corporate Governance”, pages 44 to 45. |
| Guideline 2.3 | <p>(a) Is there any director who is deemed to be independent by the Board, notwithstanding the existence of a relationship as stated in the Code that would otherwise deem him not to be independent? If so, please identify the director and specify the nature of such relationship.</p> <p>(b) What are the Board’s reasons for considering him independent? Please provide a detailed explanation.</p> | Disclosed. See “Principle 2: There should be a strong and independent element on the Board, which is able to exercise objective judgement on corporate affairs independently, in particular, from Management and 10% shareholders. No individual or small group of individuals should be allowed to dominate the Board’s decision making” under “Corporate Governance”, pages 44 to 45 and the Additional Information in NetLink NBN Trust’s Financial Statements, pages 148 to 151. |
| Guideline 2.4 | Has any independent director served on the Board for more than nine years from the date of his first appointment? If so, please identify the director and set out the Board’s reasons for considering him independent. | Disclosed. See “Principle 2: There should be a strong and independent element on the Board, which is able to exercise objective judgement on corporate affairs independently, in particular, from Management and 10% shareholders. No individual or small group of individuals should be allowed to dominate the Board’s decision making” under “Corporate Governance”, pages 44 to 45. |

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Disclosure Guide

| Guideline | Questions | How has the Company complied? |
|-----------------------------------|--|---|
| Disclosure on Remuneration | | |
| Guideline 9.2 | Has the Company disclosed each director's and the CEO's remuneration as well as a breakdown (in percentage or dollar terms) into base/fixed salary, variable or performance- related income/bonuses, benefits in kind, stock options granted, share-based incentives and awards, and other long-term incentives? If not, what are the reasons for not disclosing so? | Disclosed. See "Principle 8: The level and structure of remuneration should be aligned with the long-term interest and risk policies of the company, and should be appropriate to attract, retain and motivate (a) the directors to provide good stewardship of the company, and (b) key management personnel to successfully manage the company. However, companies should avoid paying more than is necessary for this purpose" and "Principle 9: Every company should provide clear disclosure of its remuneration policies, level and mix of remuneration, and the procedure for setting remuneration, in the company's Annual Report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to directors and key management personnel, and performance" under "Corporate Governance", pages 50 to 53. |

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Disclosure Guide

| Guideline | Questions | How has the Company complied? |
|---------------|---|---|
| Guideline 9.3 | <p>(a) Has the Company disclosed each key management personnel’s remuneration, in bands of S\$250,000 or in more detail, as well as a breakdown (in percentage or dollar terms) into base/fixed salary, variable or performance-related income/bonuses, benefits in kind, stock options granted, share-based incentives and awards, and other long-term incentives? If not, what are the reasons for not disclosing so?</p> <p>(b) Please disclose the aggregate remuneration paid to the top five key management personnel (who are not directors or the CEO).</p> | <p>Disclosed. See “Principle 9: Every company should provide clear disclosure of its remuneration policies, level and mix of remuneration, and the procedure for setting remuneration, in the company’s Annual Report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to directors and key management personnel, and performance” under “Corporate Governance”, pages 52 to 53.</p> <p>The total remuneration paid to the top five senior management personnel (who are not Directors or the CEO) in FY2018 was approximately S\$2,485,126.</p> |
| Guideline 9.4 | <p>Is there any employee who is an immediate family member of a director or the CEO, and whose remuneration exceeds S\$50,000 during the year? If so, please identify the employee and specify the relationship with the relevant director or the CEO.</p> | <p>Not applicable. See “Principle 9: Every company should provide clear disclosure of its remuneration policies, level and mix of remuneration, and the procedure for setting remuneration, in the company’s Annual Report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to directors and key management personnel, and performance” under “Corporate Governance”, pages 52 to 53.</p> |

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Disclosure Guide

| Guideline | Questions | How has the Company complied? |
|---------------|---|--|
| Guideline 9.6 | <p>(a) Please describe how the remuneration received by executive directors and key management personnel has been determined by the performance criteria.</p> <p>(b) What were the performance conditions used to determine their entitlement under the short-term and long-term incentive schemes?</p> <p>(c) Were all of these performance conditions met? If not, what were the reasons?</p> | <p>See "Principle 9:- Every company should provide clear disclosure of its remuneration policies, level and mix of remuneration, and the procedure for setting remuneration, in the company's Annual Report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to directors and key management personnel, and performance", pages 52 to 53.</p> <p>See "Principle 8: The level and structure of remuneration should be aligned with the long-term interest and risk policies of the company, and should be appropriate to attract, retain and motivate (a) the directors to provide good stewardship of the company, and (b) key management personnel to successfully manage the company. However, companies should avoid paying more than is necessary for this purpose" under "Corporate Governance", pages 50 to 51.</p> <p>Corporate and individual performance objectives are set at the beginning of each financial year. The objectives are aligned to the overall strategic, financial and operational goals of the Trust Group, and are cascaded down to a select group of key management personnel using scorecards, creating alignment between the performance of the Trust Group and the individual. While the performance objectives are different for each executive, they are assessed on the same principles across the following five broad categories of targets:</p> <ul style="list-style-type: none"> • Financial and Operational Performance; • People; • Projects and Processes; • Stakeholders; and • Strategic. |

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Disclosure Guide

| Guideline | Questions | How has the Company complied? |
|--|---|--|
| Risk Management and Internal Controls | | |
| Guideline 6.1 | <p>What types of information does the Company provide to independent directors to enable them to understand its business, the business and financial environment as well as the risks faced by the Company? How frequently is the information provided?</p> | <p>Disclosed. See “Principle 6: In order to fulfil their responsibilities, directors should be provided with complete, adequate and timely information prior to board meetings and on an on-going basis so as to enable them to make informed decisions to discharge their duties and responsibilities” under “Corporate Governance”, pages 48 to 49.</p> <p>Directors receive monthly operational and financial reports on the Trustee-Manager’s performance. These monthly reports include information on financial highlights, operational performance and the monitoring of key risks. The Board is also apprised of any significant developments on business initiatives, industry developments and regulatory updates.</p> <p>Risk appetite statements, key risk indicators and action plans are reviewed by MRC and thereafter by RRC on a quarterly basis.</p> |
| Guideline 13.1 | <p>Does the Company have an internal audit function? If not, please explain why.</p> | <p>Disclosed. See “Principle 13: The company should establish an effective internal audit function that is adequately resourced and independent of the activities it audits” under “Corporate Governance”, page 61.</p> <p>The Trust Group’s internal audit function has been outsourced to KPMG Services Pte. Ltd.</p> |

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Disclosure Guide

| Guideline | Questions | How has the Company complied? |
|----------------|---|--|
| Guideline 11.3 | <p>(a) In relation to the major risks faced by the Company, including financial, operational, compliance, information technology and sustainability, please state the bases for the Board's view on the adequacy and effectiveness of the Company's internal controls and risk management systems.</p> <p>(b) In respect of the past 12 months, has the Board received assurance from the CEO and the CFO as well as the internal auditor that:</p> <p>(i) the financial records have been properly maintained and the financial statements give true and fair view of the Company's operations and finances; and</p> <p>(ii) the Company's risk management and internal control systems are effective?</p> <p>If not, how does the Board assure itself of points (i) and (ii) above?</p> | <p>Disclosed. See "Principle 11: The Board is responsible for the governance of risk. The Board should ensure that Management maintains a sound system of risk management and internal controls to safeguard shareholders' interests and the company's assets, and should determine the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objectives" under "Corporate Governance", pages 54 to 57.</p> <p>Based on the risk management system and internal controls established and maintained by the Trust Group, work performed by the internal and external auditors, assurances from the CEO and the CFO together with regular reviews performed by Management, the Board, with the concurrence of the AC and the RRC, is of the opinion that the Trust Group's risk management system and internal controls were adequate and effective as at 31 March 2018 to address the financial, operational, compliance and information technology risks, which the Trust Group considers relevant and material to its operations.</p> <p>The Board has received assurance from the CEO and the CFO that:</p> <p>a. the financial records of the Trust Group have been properly maintained and the financial statements for the period under review give a true and fair view of the Trust Group's operations and finances;</p> <p>b. the system of risk management and internal controls in place within the Trust Group is adequate and effective in addressing the risks which the Trust Group considers relevant and material to its business operations.</p> |

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| Guideline | Questions | How has the Company complied? |
|--|--|---|
| Guideline 12.6 | <p>(a) Please provide a breakdown of the fees paid in total to the external auditors for audit and non-audit services for the financial year.</p> <p>(b) If the external auditors have supplied a substantial volume of non-audit services to the Company, please state the bases for the Audit Committee's view on the independence of the external auditors.</p> | <p>(a) Please refer to page 59.</p> <p>(b) Disclosed. See "Principle 12: The Board should establish an Audit Committee ("AC") with written terms of reference which clearly set out its authority and duties" under "Corporate Governance", pages 57 to 60.</p> |
| Communication with Shareholders | | |
| Guideline 15.4 | <p>(a) Does the Company regularly communicate with shareholders and attend to their questions? How often does the Company meet with institutional and retail investors?</p> <p>(b) Is this done by a dedicated investor relations team (or equivalent)? If not, who performs this role?</p> <p>(c) How does the Company keep shareholders informed of corporate developments, apart from SGXNET announcements and the annual report?</p> | <p>Disclosed. See "Principle 15: Companies should actively engage their shareholders and put in place an investor relations policy to promote regular, effective and fair communication with shareholders." under "Corporate Governance", page 62.</p> <p>The Trustee-Manager actively engages its stakeholders (including Unitholders, fund managers, analysts and the media) through its Investor Relations ("IR") department, which has put in place a dedicated Investor Relations policy to promote regular, effective and fair communication with Unitholders. The IR team conducts roadshows together with senior Management and participates in one-on-one investor meetings, investor seminars and conferences to keep the market and investors apprised of its financial performance and corporate development.</p> <p>Management makes available all of its briefing materials to the SGX-ST through SGXNET and on NetLink NBN Trust's website.</p> <p>Further details of the IR activities during the relevant financial period can be found on pages 80 to 81.</p> |
| Guideline 15.5 | If the Company is not paying any dividends for the financial year, please explain why. | Not applicable. Distribution for the financial period under review was paid on 8 June 2018. |

ENTERPRISE RISK MANAGEMENT

OUR APPROACH TO RISK MANAGEMENT

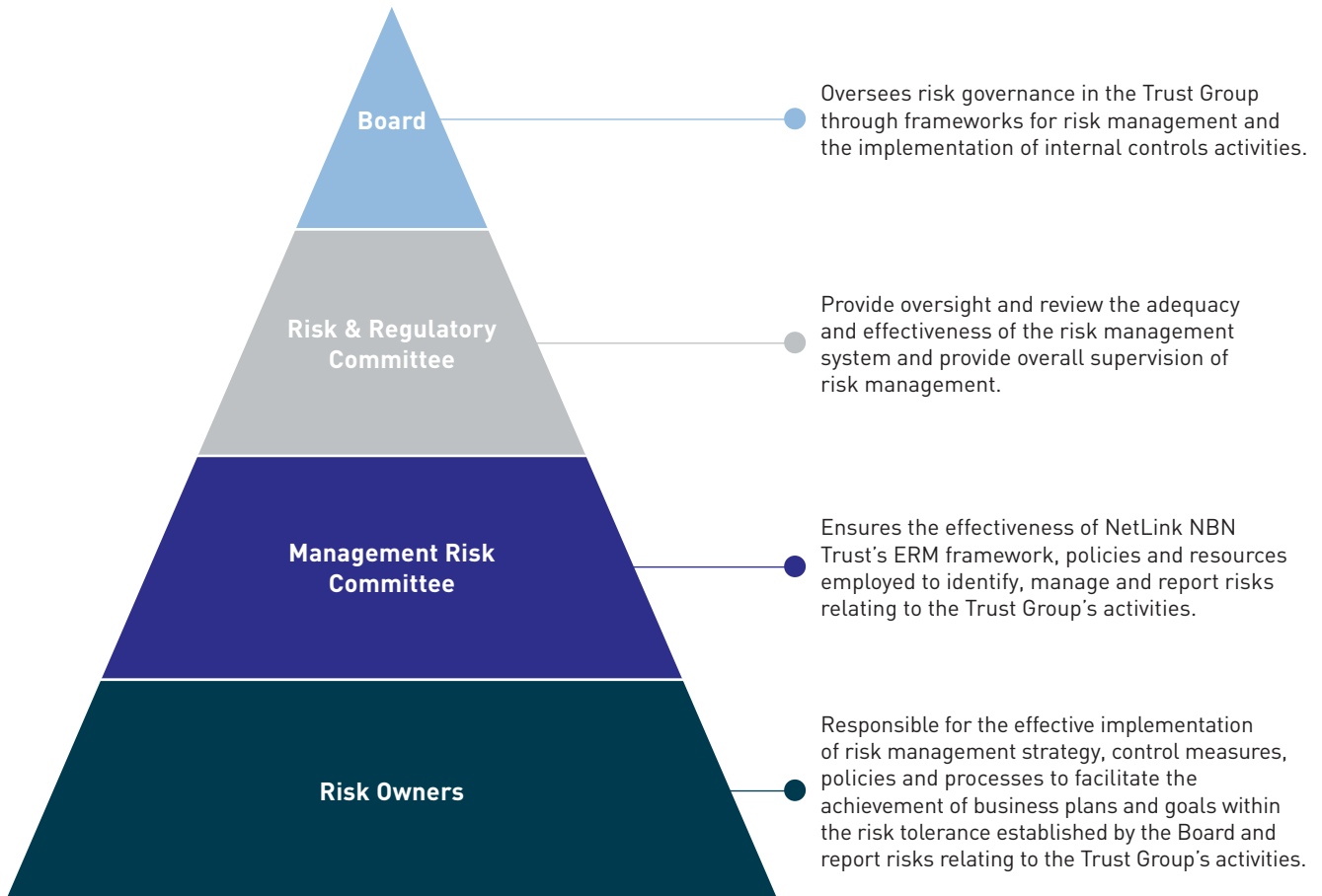
We see risk management as an integral part of the whole business of the Trust Group. We see everyone as a risk manager who plays a crucial role in the internal control and risk management systems set up in the Trust Group.

In this regard, we have implemented an Enterprise Risk Management ("ERM") framework based on ISO 31000: 2009 (Risk Management Principles and Guidelines) with the aim of pursuing a systematic and structured approach towards the effective management of risk. In adopting ISO 31000: 2009 (Risk Management Principles and

Guidelines), the Trust Group seeks to achieve the following objectives through the effective management of risk:

- (i) Good corporate governance standards;
- (ii) A structured and disciplined approach to manage risks and promote a consistent process across the Trust Group;
- (iii) An effective system of internal controls;
- (iv) A culture of risk awareness at all levels within the Trust Group; and
- (v) Successful business performance.

RISK GOVERNANCE STRUCTURE



KEY RISK FACTORS

Based on the ERM framework, the Trust Group seeks to identify, manage and monitor material risks that affects the Trust Group. This assessment is documented in the Risk Register which is updated on an on-going basis. Key risks are subject to in-depth discussions at the Management Risk Committee (“**MRC**”) and Risk and Regulatory Committee (“**RRC**”) quarterly meetings.

The following section sets out some of the key risks faced by the Trust Group, which are not listed in order of significance:

- Regulatory Compliance Risk
- Critical System Failure Risk
- IT Implementation Risk
- Business Continuity Risk
- Cyber Security Risk
- Revenue Risk

REGULATORY COMPLIANCE RISK

As a public telecommunication licensee, a listed entity and a registered business trust, the Trust Group is subject to regulations by the Info-communications Media Development Authority, Singapore Exchange Limited, Monetary Authority of Singapore and various other governmental bodies.

The Trust Group must 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.

To ensure compliance with external laws and regulations, a compliance framework had been put in place. Responsible persons have been identified for managing the applicable laws and regulatory obligations, with central reporting of compliance issues to the MRC and an escalation process to the RRC.

Meeting the QoS Standards set by IMDA and certain conditions in relation to the Licensee’s Facilities-Based Operations (FBO) licence is a priority for the Trust Group. While there have been instances of non-compliance, both historically and potentially in future, the QoS performance has improved significantly in 2017 compared to previous years. As part of a continuous mitigation plan, the Trust Group had adopted action plans such as topping up fibre resources, tightening the process around managing ground conditions and proactively monitoring the utilisation rate of our resources. The action plans are in progress and are expected to be completed in 2019.

CRITICAL SYSTEM FAILURE RISK

The Trust Group’s physical aboveground and underground fibre-related infrastructure and IT infrastructure are critical to the operational performance of the Trust Group.

In order to mitigate the risk of a widespread system failure, the Trust Group has put in place backups and Business Continuity Plans. The Trust Group has early detection controls measures in place which monitors fault and failure rate such that remedial actions can be taken early. The Trust Group also conducts regular maintenance on its equipment to ensure that critical systems are kept in good working condition and replaced where necessary.

IT SYSTEM IMPLEMENTATION RISK

The Trust Group faces risks relating to the implementation of its new IT systems to replace the existing Operations Support System/Business Support System (“**OSS/BSS**”) system. The Trust Group will rely on the new IT systems for the operation of most of the Trust Group’s activities once these systems are implemented,



and any failure of the new systems could have a material adverse effect on the Trust Group’s operations and financial performance, including, but not limited to, delays in responding to connection requests from the RLs, delays in resolving any disruptions to the Trust Group’s network and delays in billing and invoicing activities. Additionally, any failure of the Trust Group’s IT systems may impact its ability to meet the QoS timeframe standards.

To ensure that the new IT system is built for purpose, the Trust Group monitors and tracks the various stages of the project life cycle. Issues, gaps and defects are identified, documented and reviewed weekly. The Trust Group together with the system integrator conducts a senior level steering committee meeting on a monthly basis to discuss project progress and critical issues.

BUSINESS CONTINUITY RISK

The provision of the Trust Group’s services depends on people and on the quality, stability, resilience and robustness of its integrated network. The network can experience damage or cessation of operations

ENTERPRISE RISK MANAGEMENT

from fire, flooding, heavy rainfall, other natural disasters, power loss, vandalism, acts of terrorism, pandemic outbreak, cyber-attacks and computer viruses, cable cuts and other events beyond the Trust Group's control. Any failure of or damage to the Trust Group's physical infrastructure could lead to significant costs and disruptions.

To minimise this risk, the Trust Group has been investing in disaster recovery systems and have put in place a robust Business Continuity Management ("BCM") programme. Business continuity exercises are conducted regularly to familiarise stakeholders with the Business Continuity Plans. The Trust Group's BCM framework is based on ISO22301:2012 and undergoes yearly audits to maintain its certification.

CYBER SECURITY RISK

Cyber security threats have been increasing in recent times and are getting more sophisticated.

As the Trust Group's businesses and operations rely heavily on information technology, the Trust Group is exposed to risks of cyber security threats, data privacy breaches as well as other network security and stability risks. The Trust Group is also reliant on a number of vendors to implement and maintain its information technology systems. Any failure of these vendors to provide adequate and timely software and hardware support could have a material adverse effect on the Trust Group's systems. Disruptions to the Trust Group's information technology systems, whether resulting from cyber-attacks, a failure by a key vendor or otherwise, that can cause interruptions to the network and services provided to the RLs, may result in litigation from the RLs or their end-users, and/or regulatory fines and penalties.

As a mitigating measure, the Trust Group has established policies and frameworks to ensure information system security and network stability. In addition, the Trust Group has been educating employees on a regular basis on cyber security awareness and to be vigilant to such threats.

There are a series of ongoing Risk Treatment action plans in FY19 to further enhance the Trust Group's defenses against cyber threats.

REVENUE RISK

The Trust Group has no direct material relationship with the end-users of the network and is largely dependent on the RLs for marketing activities and growth in demand for the use of the network.

The Trust Group's primary sources of revenue are through the monthly recurring fee paid by the RLs, 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. Accordingly, demand for use of the Trust Group's network, and the revenue streams resulting therefrom, is primarily dependent on the activities of the RLs / Retail Service Providers to expand their own customer bases.

The Trust Group carries out regular engagement with the RLs to understand their requirements and to address any challenges and feedback that they may have. Internally, the Trust Group monitors trends and market development on a monthly basis and is ready to undertake mitigating strategies where required.



ENSURING SECURITY

The Trust Group has established policies and frameworks to ensure information system security and network stability.



INVESTOR RELATIONS

The Management of the Trust Group views Investor Relations as an ongoing two-way communication process between the Trust Group and its various stakeholders.

At NetLink NBN Trust, we strive to disclose all material developments relating to the Trust Group to Unitholders in a timely and transparent manner. In addition to our Unitholders, the Trust Group also has continued engagement with various stakeholders including regulators, financial institutions and the general public. We are committed to not only creating awareness and understanding of the Trust Group but also to help the Trust Group gain access to capital, create market liquidity and achieve a fair valuation for its units.

Since the IPO on 19 July 2017, the Management and investor relations (“IR”) team has met with more than 100 investors, financial institutions and brokers to discuss the Trust Group’s business, strategy and outlook. Management has participated in various investor conferences and roadshows locally and overseas, in countries such as Malaysia and the USA.

These briefings are important to understand the views of the analysts and investors, as well as to address their concerns. Meetings were held through a one-on-one or group briefings manner.

To continually engage the retail investors, the Trust Group participated in the SGX Corporate Connect which was well attended by over 150 participants. This gave attendees the chance to hear directly from Management about the Trust Group and its business. Upon invitation, the Trust Group also met with over 60 trading representatives from Phillips Securities Pte Ltd. As part of our retail Unitholder outreach, the Trust Group is also a member of the Securities Investors Association Singapore (“SIAS”).

On a quarterly basis, the Trust Group announces its financial results which are made available on SGXNet and the website. Management engages the analysts through a conference call following the results announcement. The Trust Group is well covered by more than 10 analysts from Singapore and Hong Kong.



To ensure transparent and timely dissemination of information, the website is a primary source of information. All announcements released on SGXNet are made available on the website. To be alerted of any new announcements, Unitholders and the public can subscribe to the email alert service at http://netlinknbn.com/email_alerts.html.

Indices that include NetLink NBN Trust

- FTSE ST Large & Mid Cap Index
- MSCI Global Small Cap – Singapore Index

INVESTOR RELATIONS CALENDAR FY2018

| Date | Event | Venue |
|-----------------------|---|---------------|
| 19 July 2017 | Listed on the Main Board of the Singapore Exchange Securities Trading Limited | Singapore |
| 28 September 2017 | SGX Corporate Connect | Singapore |
| 10 November 2017 | Analysts’ Results Briefing For Financial Results for the period ended 30 September 2017 | Singapore |
| 10 November 2017 | UBS Small Group Investors Meeting | Singapore |
| 16 & 17 November 2017 | Morgan Stanley Asia Pacific Summit | Singapore |
| 28 November 2017 | Phillips Securities Trading Representatives Briefing | Singapore |
| 4 to 8 December 2017 | DBS Non-deal Roadshow | United States |
| 6 February 2018 | Analysts’ Results Briefing For Quarterly Results for the period ended 31 December 2017 | Singapore |
| 27 February 2018 | HSBC ASEAN Day | Singapore |

DISTRIBUTION POLICY

The Trust's full distribution policy can be found in the prospectus dated 10 July 2017.

NetLink NBN Trust's distribution policy is to distribute 100% of its cash available for distribution ("CAFD"), which includes distributions received from its wholly-owned subsidiary NetLink Trust ("NLT"). NLT's distribution policy is to distribute at least 90% of its distributable income to NetLink NBN Trust after setting aside reserves and provisions for, amongst others, future capital expenditure, debt repayment and working capital as may be required.

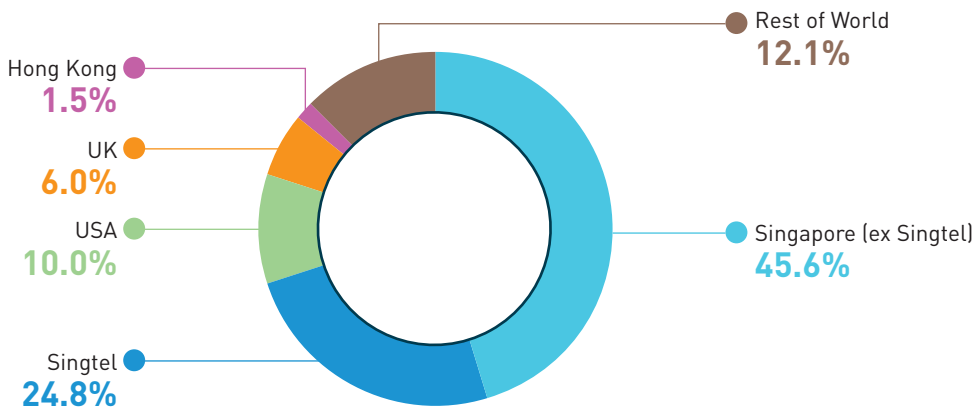
Distributions by NetLink NBN Trust will be made on a semi-annual basis, with the amount calculated as at 31 March and 30 September each year for the 6-month period ending on each of the said dates.

UNITHOLDER INFORMATION

NetLink NBN Trust's IPO garnered strong support from both institutional and retail investors. As at 31 March 2018, NetLink NBN Trust had 26,957 Unitholders. Largest Unitholder Singtel held 24.8% of units in issue. Of NetLink NBN Trust's free float of approximately 75.2%, about 27.9% were held by institutional investors from various financial markets and approximately 28.7% are retail shareholders. The top three geographical regions where investors are from include: Singapore, the United States of America and the United Kingdom.

Ownership by Geography

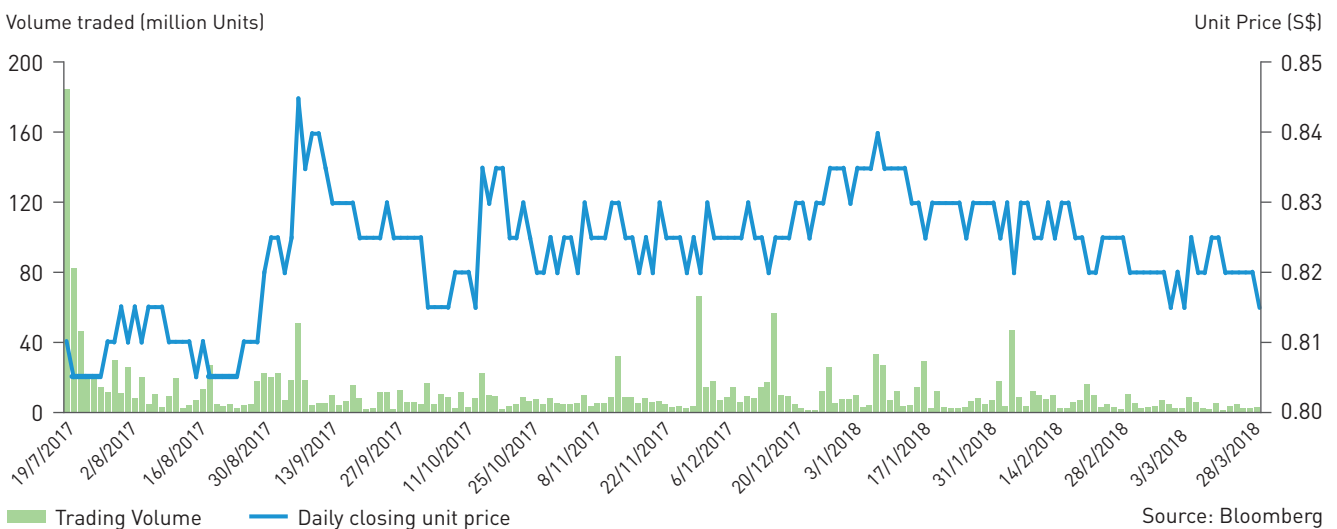
As at 31 March 2018



UNIT PRICE AND TRADING VOLUME

As at 31 March 2018, market capitalisation was approximately S\$3.2 billion, based on the closing price of S\$0.815. The average unit price for the period from listing to 31 March 2018 was S\$0.823, hitting a high of S\$0.845 on 7 September 2017 and a low of S\$0.805 on 20 July 2017. Average monthly trading volume during this period was 10,709,275. The following chart shows the closing unit price performance and trading volume of NetLink NBN Trust from the listing date till 31 March 2018.

Unit Price and Trading Volume



OUR PEOPLE

OUR PEOPLE IS AN IMPORTANT ASSET AS THEY ARE CRITICAL TO OUR LONG TERM GROWTH AND SUCCESS.

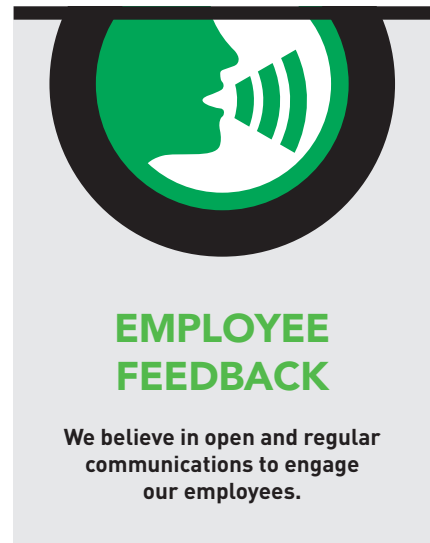
We focus our attention on attracting, retaining and developing talent. We offer competitive remuneration and benefit packages that commensurate with qualifications, experience and job responsibilities.

Human Resource (“HR”) policies and practices are in place to support attracting, retaining, and developing our talent as well as providing a safe and healthy workplace environment. In the past two years, we achieved zero lost time injury at our workplace. To encourage our employees to lead a healthy lifestyle, sporting activities such as futsal, basketball and cycling were organised to help employees keep active and healthy. In addition, to promote healthy eating, the Trust Group has a Fruits Day each month where we distribute fruits to every employee.

As we believe that our employees are an important asset, we care for them in varying ways. In our office, we have a nursing room equipped with the facilities to aid new mothers in their transition back to work. On Fridays, employees leave the workplace 30 minutes earlier – giving them more family time with their loved ones.

We have put in place retention strategies to minimise employee turnover including competitive remuneration, recognition programmes, performance management and talent development. We also have succession planning programmes to mitigate key employee risk.

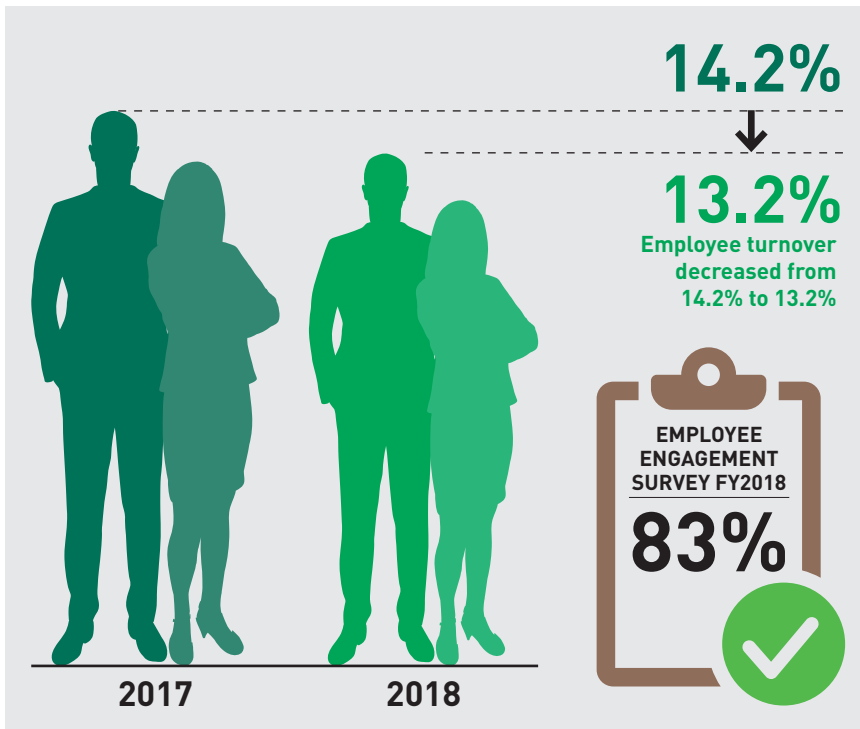
We believe in open and regular communications to engage our employees. Our main channels of communication and employee



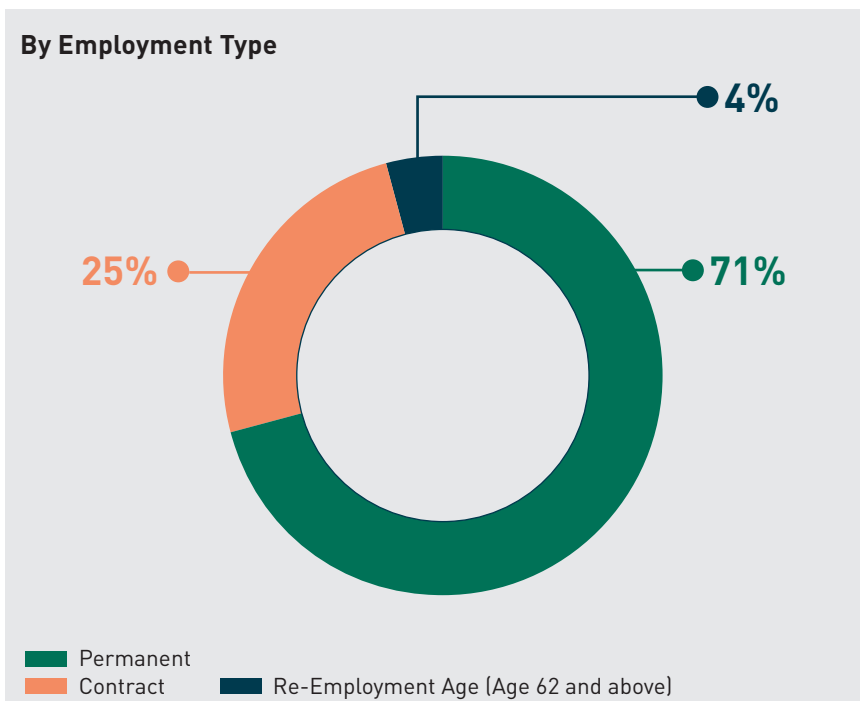
engagement include the Employee Engagement Survey, twice yearly employee appraisals, Townhall communication sessions, Chief Executive Officer (“CEO”) communication emails, company newsletters, open door policy, CEO skip level lunch with managers, organisation wide and departmental team building activities.

We work closely with the Union of Telecoms Employees of Singapore (UTES) to ensure that the interests and well-being of our employees are met. In 2017, we signed a Memorandum of Understanding (MOU) with them.

EMPLOYEE TURNOVER

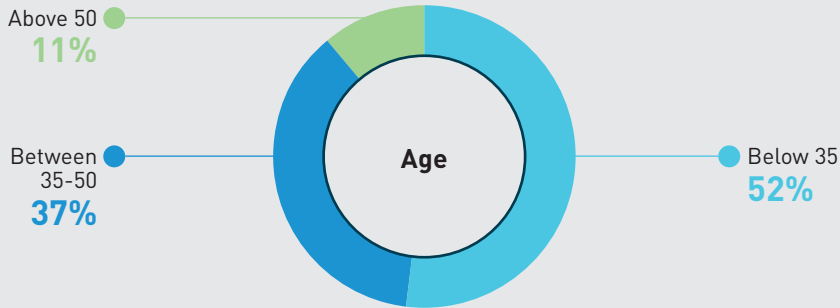


EMPLOYEE PROFILE

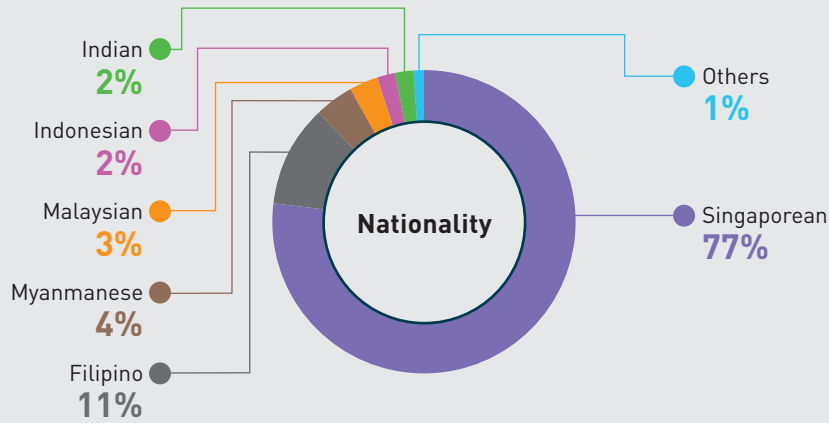


OUR PEOPLE

By Age Group



By Nationality



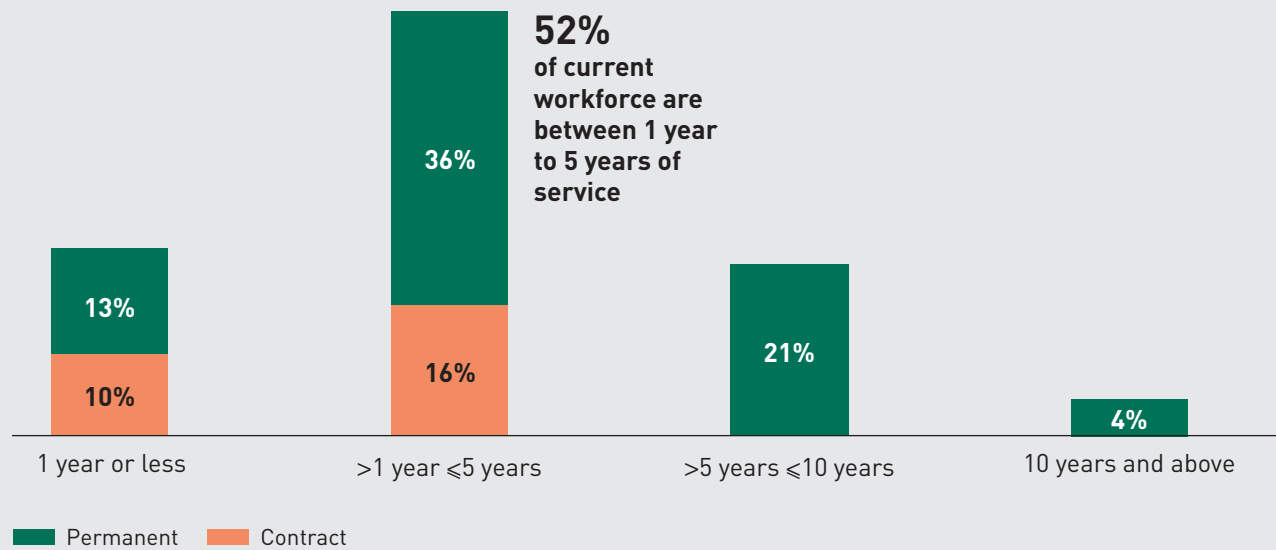
30%
FEMALE
WORKFORCE

>350
EMPLOYEES

34
MEDIAN
AGE

77%
SINGAPOREAN
WORKFORCE

By Length of Service



LEARNING AND DEVELOPMENT

The Trust Group believes in the continual investment of training and developing our people to build knowledge, skills and internal capabilities so that our employees are competent and are able to reach their full potential. We provide training and development in the functional, technical, customer service, supervisory and managerial, and leadership areas. In FY2018*, we spent a total of approximately S\$290,000, training 270 employees. We clocked in excess of 6,500 training hours, achieving an average of 24 training hours per employee. In addition to our regular in-house programmes and external courses, we also encourage our employees to pursue continuous learning via online learning platforms, at their own time outside of office hours for their own self development and improvement. We support their learning journey by reimbursing them when they have been certified.



* Refers to the period 1 April 2017 to 31 March 2018.



OUR PEOPLE

CORPORATE SOCIAL RESPONSIBILITY

BUILDING CONNECTIONS FOR A BETTER TOMORROW

The Trust Group believes in giving back to the community through various sponsorship programs and volunteering activities. Believing in the power of being connected, we continually strive to deliver a fibre network that grants open and equal access to online connectivity for everyone. At the same time, we recognise that giving back to the community and fostering connections offline is as important and powerful.

As we stay committed to build connections that create value and inspire a better tomorrow for our society, the Trust Group embraces the following principles in our efforts:



Bridging gaps through knowledge sharing

We support organisations and programmes that encourage education and the building of skills in technology to those who have lesser access to it.



Investing in our Youths, our Future

We support partners that encourage education and innovation among the youths in our society.



Empowering the Hearts of our Own

We support organisations and programmes that encourage stakeholder involvement and community participation.

Over the year, we had volunteered 333 man-hours, sponsored and donated approximately S\$50,000 towards charitable organisations or causes.

Some events that the Trust Group took part in includes, the Silver IT Fest organised by IMDA. The Silver IT Fest was organised with the

aim of promoting digital literacy amongst seniors aged 50 and above. The event saw volunteers coming together to help seniors with questions they might have regarding their smartphones (for both the Android and IOS phones) and how to benefit from apps such as the MyTransport app.



Silver IT Fest



Silver IT Fest



Joy in Every Bundle



Joy in Every Bundle

Staff were also given the opportunity to participate in projects such as the Food Bank's "Joy in Every Bundle" and Food from the Heart's "Community Food Pack" programmes. Both programmes were aimed at helping needy individuals or families who have difficulty putting food on their table.

Joy in Every Bundle is a campaign that provides beneficiaries with better food so that they can perform better at work and at school. Food items were purchased through Food Bank. Staff helped to pack food items into individual bags for distribution and were also involved in distributing these food bundles to the needy families in the allocated districts.

Though also handling food items, Food from the Heart's "Community Food Pack" programme, collects food supplies through donation drives organised by corporations and schools. Volunteers had several tasks to do including checking the expiry date of donated items; sorting and shelving donated



Food from the Heart

items according to their type and weight; and packing the bags into distribution-ready bundles.

Going forward, the Trust Group aims to continue to do more for the community through volunteering opportunities and corporate donations.



Food from the Heart



TRUST GROUP FINANCIAL STATEMENTS

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| 100 | Consolidated Statement of Profit or Loss and Other Comprehensive Income | | |

REPORT OF NETLINK NBN MANAGEMENT PTE. LTD.

(AS TRUSTEE-MANAGER OF NETLINK NBN TRUST)

With effect from 19 June 2017, NetLink NBN Management Pte. Ltd. (the “Trustee-Manager”) has been appointed as the trustee-manager of NetLink NBN Trust (“NetLink NBN Trust” or the “Trust”).

The Directors of the Trustee-Manager 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 period from 19 June 2017 (date of constitution) to 31 March 2018.

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) |
| Mr Tan Tiang Yew Irving | (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

The Trustee-Manager has not been 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 at the end of nor at any time during the financial period from 19 June 2017 (date of constitution) to 31 March 2018.

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 period in 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 19 June 2017 (date of constitution) | At 31 March 2018 | At 19 June 2017 (date of constitution) | At 31 March 2018 |
| Number of units | | | | |
| Mr Chaly Mah Chee Kheong | - | 300,000 | - | - |
| Ms Koh Kah Sek | - | 100,000 | - | - |
| Mr Yeo Wico | - | 300,000 | - | - |
| Mr Lang Tao Yih, Arthur | - | 200,000 | - | - |
| Mr Slattery Sean Patrick | - | 200,000 | - | - |
| Mr Tong Yew Heng | - | 200,000 | - | - |

There are no changes in any of the abovementioned interest in the Trust between the end of the financial period and 21 April 2018.

REPORT OF NETLINK NBN MANAGEMENT PTE. LTD.

(AS TRUSTEE-MANAGER OF NETLINK NBN TRUST)

OPTIONS

There were no options granted during the financial period from 19 June 2017 (date of constitution) to 31 March 2018 by the Trustee-Manager to any person to take up unissued units in the Trust.

No units have been issued during the financial period 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 period.

AUDIT COMMITTEE

As at the date of this report, the members of the Audit Committee are 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 financial period from 19 June 2017 (date of constitution) to 31 March 2018;
- 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 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 2018, 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 financial period from 19 June 2017 (date of constitution) to 31 March 2018 before their submission to the Board of Directors of the Trustee-Manager.

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.

The Board of Directors, on the date of this report, authorised this Report for issue.

On behalf of the Board of Directors of the Trustee-Manager

Chaly Mah Chee Kheong
Chairman

Koh Kah Sek
Director

Singapore
14 May 2018

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 100 is drawn up so as to give a true and fair view of the results of the business of the Group for the financial period from 19 June 2017 (date of constitution) to 31 March 2018;
- (b) the statement of financial position set out on page 101 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 2018;
- (c) the consolidated cash flow statement set out on pages 103 to 104 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 period from 19 June 2017 (date of constitution) to 31 March 2018; 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 period 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 period from 19 June 2017 (date of constitution) to 31 March 2018 for issue.

On behalf of the Board of Directors of the Trustee-Manager

Chaly Mah Chee Kheong
Chairman

Koh Kah Sek
Director

Singapore
14 May 2018

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
14 May 2018

INDEPENDENT AUDITOR'S REPORT

TO THE UNITHOLDERS OF NETLINK NBN TRUST
FOR THE FINANCIAL PERIOD FROM 19 JUNE 2017 (DATE OF CONSTITUTION) TO 31 MARCH 2018

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 2018, 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 financial period from 19 June 2017 (date of constitution) to 31 March 2018, and the notes to the financial statements, including a summary of significant accounting policies, as set out on pages 100 to 147.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position and statement of changes in Unitholders' funds of the Trust are properly drawn up in accordance with the provisions of the Business Trusts Act, Chapter 31A of Singapore (the "Act") and Financial Reporting Standards in Singapore ("FRSs") 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 2018, 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 financial period from 19 June 2017 (date of constitution) to 31 March 2018.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

INDEPENDENT AUDITOR'S REPORT

TO THE UNITHOLDERS OF NETLINK NBN TRUST
FOR THE FINANCIAL PERIOD FROM 19 JUNE 2017 (DATE OF CONSTITUTION) TO 31 MARCH 2018

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.

| Key Audit Matters | Our audit performed and responses thereon |
|--|--|
| <p>Purchase Price Allocation relating to the Acquisition of NetLink Trust</p> <p>In July 2017, the Trust completed the acquisition of NetLink Trust ("NetLink") in conjunction of the Initial Public Offering of the Trust. FRS 103 <i>Business Combinations</i> requires the Group to recognise the identifiable assets, liabilities and contingent liabilities at fair value at the date of acquisition, with the excess of the acquisition cost over the identified fair values recognised as goodwill.</p> <p>This requires a significant amount of management estimation, particularly in relation to the valuation of the plant, property and equipment ("PPE") and intangible assets acquired. The PPE, intangible assets and goodwill recognised amounted to \$3,110.6 million, \$96.0 million and \$746.9 million, respectively at the date of acquisition.</p> <p>The Group's disclosure of the acquisition of NetLink is set out in Note 19 to the financial statements.</p> | <p>We discussed with management and their external specialists on the purchase price allocation, and engaged our valuation specialists to assist in the audit of the purchase price allocation, including the valuation of PPE acquired, and the identification and valuation of intangible assets acquired.</p> <p>Based on our procedures, we noted that the purchase price allocation has been performed in accordance with FRS 103 <i>Business Combinations</i>, including the disclosures thereon, and that the intangible assets identified are appropriate. We also noted management's key assumptions applied in the purchase price allocation in arriving at the fair value of the assets acquired and liabilities assumed to be within a reasonable range of our audit expectations.</p> |
| <p>Goodwill Impairment Review</p> <p>Under FRS 36 <i>Impairment of Assets</i>, 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.</p> <p>As at 31 March 2018, goodwill recorded on acquisition of NetLink amounted to \$746.9 million, constituting approximately 17% of the Group's total assets.</p> <p>The key assumptions to the impairment test and the sensitivity of changes in these assumptions to the risk of impairment are disclosed in Note 19 to the financial statements.</p> | <p>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.</p> <p>We challenged the cash flow forecasts used by management, with comparison to recent performance and trend analysis.</p> <p>We also assessed and validated the adequacy and appropriateness of the disclosures made in the financial statements.</p> <p>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.</p> |

INDEPENDENT AUDITOR'S REPORT

TO THE UNITHOLDERS OF NETLINK NBN TRUST
FOR THE FINANCIAL PERIOD FROM 19 JUNE 2017 (DATE OF CONSTITUTION) TO 31 MARCH 2018

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 FRSs, 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.

INDEPENDENT AUDITOR'S REPORT

TO THE UNITHOLDERS OF NETLINK NBN TRUST
FOR THE FINANCIAL PERIOD FROM 19 JUNE 2017 (DATE OF CONSTITUTION) TO 31 MARCH 2018

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.

INDEPENDENT AUDITOR'S REPORT

TO THE UNITHOLDERS OF NETLINK NBN TRUST
FOR THE FINANCIAL PERIOD FROM 19 JUNE 2017 (DATE OF CONSTITUTION) TO 31 MARCH 2018

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 Shariq Barmaky.

Deloitte & Touche LLP
Public Accountants and
Chartered Accountants
Singapore

14 May 2018

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL PERIOD FROM 19 JUNE 2017 (DATE OF CONSTITUTION) TO 31 MARCH 2018

| | | Group |
|--|-------------|---|
| | Note | 19 June 2017 to 31 March 2018 \$'000 |
| Revenue | 4 | 228,587 |
| Other income | 6 | 1,521 |
| Expenses | | |
| Operation and maintenance costs | | (9,400) |
| Installation costs | | (11,340) |
| Depreciation and amortisation | | (111,811) |
| Staff costs | 7 | (12,848) |
| Finance costs | 8 | (12,180) |
| Management fee | 9 | (948) |
| Other operating expenses | | (27,772) |
| Total expenses | | (186,299) |
| Profit before income tax | 10 | 43,809 |
| Income tax credit | 11 | 6,141 |
| Profit after income tax | | 49,950 |
| Profit attributable to: | | |
| Unitholders of the Trust | | 49,950 |
| Other comprehensive Income | | |
| Items that may be subsequently reclassified to profit or loss | | |
| Cash flow hedges | 30 | 7,250 |
| Total comprehensive income attributable to: | | |
| Unitholders of the Trust | | 57,200 |
| Earnings per unit: | | |
| - Basic and diluted | 29 | 1.28 cents |

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2018

| | | Group | Trust |
|-----------------------------------|------|------------------|------------------|
| | Note | 2018 \$'000 | 2018 \$'000 |
| ASSETS | | | |
| Current assets | | | |
| Cash and bank deposits | 12 | 166,449 | 861 |
| Trade and other receivables | 13 | 63,511 | 81,102 |
| Finance lease receivables | 14 | 208 | - |
| Inventories | 15 | 3,889 | - |
| Other current assets | 16 | 4,076 | 360 |
| | | <u>238,133</u> | <u>82,323</u> |
| Non-current assets | | | |
| Finance lease receivables | 14 | 87,880 | - |
| Property, plant and equipment | 17 | 3,210,668 | - |
| Rental deposits | 18 | 713 | - |
| Goodwill | 19 | 746,854 | - |
| Licence | 20 | 92,802 | - |
| Investment in subsidiaries | 21 | - | 2,013,673 |
| Subordinated loan to a subsidiary | 22 | - | 1,100,000 |
| | | <u>4,138,917</u> | <u>3,113,673</u> |
| Total assets | | <u>4,377,050</u> | <u>3,195,996</u> |
| LIABILITIES | | | |
| Current liabilities | | | |
| Trade and other payables | 23 | 48,374 | 685 |
| Deferred revenue | 24 | 12,485 | - |
| | | <u>60,859</u> | <u>685</u> |
| Non-current liabilities | | | |
| Derivative financial instruments | 25 | 244 | - |
| Loans | 26 | 588,742 | - |
| Deferred tax liabilities | 27 | 552,827 | - |
| | | <u>1,141,813</u> | <u>-</u> |
| Total liabilities | | <u>1,202,672</u> | <u>685</u> |
| NET ASSETS | | <u>3,174,378</u> | <u>3,195,311</u> |
| UNITHOLDERS' FUNDS | | | |
| Units in issue | 28 | 3,117,178 | 3,117,178 |
| Retained earnings | | 49,950 | 78,133 |
| Hedging reserves | 30 | 7,250 | - |
| Total Unitholders' funds | | <u>3,174,378</u> | <u>3,195,311</u> |

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN UNITHOLDERS' FUNDS

FOR THE FINANCIAL PERIOD FROM 19 JUNE 2017 (DATE OF CONSTITUTION) TO 31 MARCH 2018

| | Units in issue | Retained earnings | Hedging reserves | Total |
|--|-------------------|----------------------|---------------------|-----------|
| | \$'000 | \$'000 | \$'000 | \$'000 |
| Group | | | | |
| 2018 | | | | |
| At 19 June 2017 | * | - | - | * |
| 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

| | Units in issue | Retained earnings | Total |
|---|-------------------|----------------------|-----------|
| | \$'000 | \$'000 | \$'000 |
| Trust | | | |
| 2018 | | | |
| At 19 June 2017 | * | - | * |
| 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

CONSOLIDATED CASH FLOW STATEMENT

FOR THE FINANCIAL PERIOD FROM 19 JUNE 2017 (DATE OF CONSTITUTION) TO 31 MARCH 2018

| | Group |
|---|--|
| | 19 June 2017 to 31 March 2018 \$'000 |
| Note | |
| Operating activities | |
| Profit before income tax | 43,809 |
| Adjustments for: | |
| - Depreciation and amortisation | 111,811 |
| - Amortisation of transaction fees | 8 573 |
| - Write-back of allowance of impairment for trade receivables | 13 (58) |
| - Provision for stock obsolescence | 15 59 |
| - Recognition of deferred revenue | 24 (4,017) |
| - Interest expense | 8 11,607 |
| - Interest income | 6 (525) |
| - Property, plant and equipment written off | 17 1,514 |
| | 164,773 |
| Operating cash flows before working capital changes | |
| Changes in working capital: | |
| - Trade and other receivables | 16,445 |
| - Trade and other payables | 6,653 |
| - Inventories | 1,977 |
| | 189,848 |
| Cash generated from operations | |
| Interest received | 525 |
| Interest paid | (20,407) |
| Income tax paid | (11,510) |
| | 158,456 |
| Net cash generated from operating activities | |
| Investing activities | |
| Acquisition of subsidiaries, net of cash | 19 (1,095,044) |
| Purchase of property, plant and equipment (Note 1) | (212,181) |
| | (1,307,225) |
| Financing activities | |
| Repayment of Unitholder's loan | (1,100,477) |
| Proceeds from bank loans | 26 81,000 |
| Payment of loan arrangement fee | (23) |
| Proceeds from issuance of units, net of listing expenses (Note 2) | 2,334,718 |
| | 1,315,218 |
| Net cash generated from financing activities | |
| Net increase in cash and cash equivalents | |
| Cash and cash equivalents at beginning of financial period | - |
| | 166,449 |
| Cash and cash equivalents at end of financial period | 166,449 |

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED CASH FLOW STATEMENT

FOR THE FINANCIAL PERIOD FROM 19 JUNE 2017 (DATE OF CONSTITUTION) TO 31 MARCH 2018

NOTE 1

| | | GROUP |
|--|-------------|---|
| | Note | 19 June 2017 to 31 March 2018 \$'000 |
| Purchase of property, plant and equipment | 17 | 210,190 |
| Less: Accruals for property, plant and equipment at 31 March 2018 | 23 | (14,530) |
| Add: Payment of accruals for property, plant and equipment on acquisition date | | 16,521 |
| | | <u>212,181</u> |

NOTE 2

This is net of the issuance to Singapore Telecommunications Limited ("Singtel") consideration units of 965,999,998 units issued at S\$0.81 (Note 19).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD FROM 19 JUNE 2017 (DATE OF CONSTITUTION) TO 31 MARCH 2018

1. CORPORATE INFORMATION

NetLink NBN Trust (“**NetLink NBN Trust**” or the “**Trust**”) was constituted by a trust deed dated 19 June 2017 (the “**Trust Deed**”). It was registered as a business trust with the Monetary Authority of Singapore on 29 June 2017. NetLink NBN 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.

With effect from 19 June 2017 (date of constitution), NetLink NBN Management Pte. Ltd. (the “**Trustee-Manager**”) has been appointed as the trustee-manager of the Trust. Under the Trust Deed, 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 Trustee-Manager is entitled under the Trust Deed to receive a management fee of \$900,000 per annum for the provision of management services.

The principal activities of the Trust is that of investment holding.

The principal activities of the Trust’s subsidiaries are disclosed in Note 21 to the financial statements.

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 Financial Reporting Standards in Singapore (“**FRSs**”).

This set of financial statements is prepared for the financial period from 19 June 2017 (date of constitution) to 31 March 2018.

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 FRS 17 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in FRS 2 *Inventories* or value in use in FRS 36 *Impairment of Assets*.

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

- 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD FROM 19 JUNE 2017 (DATE OF CONSTITUTION) TO 31 MARCH 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.1 Basis of preparation (cont'd)

Adoption of new and revised standards – On 19 June 2017, the Group adopted all the new and revised FRSs and Interpretations of FRS (“INT FRS”) that are effective from that date and are relevant to its operations. The adoption of these new/revised FRSs and INT FRSs does not result in changes to the Group’s accounting policies and has no material effect on the amounts reported for the current period.

2.2 Standards issued but not yet effective

Adoption of a new financial reporting framework in 2018 - In December 2017, the Accounting Standards Council (“ASC”) has issued a new financial reporting framework - Singapore Financial Reporting Standards (International) (“SFRS(I)”), which is to be adopted by Singapore-incorporated companies and business trusts listed on the Singapore Exchange (“SGX”), for annual periods beginning on or after 1 January 2018. SFRS(I) is identical to the International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”). The Group and the Trust will be adopting the new framework for the first time for financial year ending 31 March 2019 and SFRS(I) 1 *First-time Adoption of Singapore Financial Reporting Standards (International)* will be applied in the first set of SFRS(I) financial statements.

SFRS(I) 1 *First-time Adoption of Singapore Financial Reporting Standards (International)*

As a first-time adopter, the Group and the Trust are to apply retrospectively, accounting policies based on each SFRS(I) effective as at end of the first SFRS(I) reporting period (31 March 2019), except for areas of exceptions and optional exemptions set out in SFRS(I) 1. In the first set of SFRS(I) financial statements for the financial year ending 31 March 2019, an additional opening statement of financial position as at date of transition (19 June 2017) will be presented, together with related notes. Reconciliation statements from previously reported FRS amounts and explanatory notes on transition adjustments are required for equity as at date of transition (19 June 2017) and as at end of last financial period under FRS (31 March 2018), and for total comprehensive income and cash flows reported for the last financial period under FRS (for the financial period ended 31 March 2018). Additional disclosures may also be required for specific transition adjustments if applicable.

Management has performed a detailed analysis of the transition options and other requirements of SFRS(I) and has determined that there will be no change to the Group’s and the Trust’s current accounting policies under FRS or material adjustments on the initial transition to the new framework, other than those that may arise from implementing certain new SFRS(I) pronouncements effective at the same time (see below).

As SFRS(I) 1 requires a first-time-adopter to apply accounting policies based on each SFRS(I) effective as at end of the first SFRS(I) reporting period (31 March 2019), it is not possible to know all possible effects as at date of authorisation of current period’s financial statements. If there are any subsequent pronouncements on SFRS(I) that are effective as at 31 March 2019, they may impact the disclosures of estimated effects described below.

The following SFRS(I) pronouncements are expected to have an impact to the Group and the Trust in the periods of their initial application under the new SFRS(I) framework:

- SFRS(I) 9 *Financial Instruments*¹
- SFRS(I) 15 *Revenue from Contracts with Customers (with clarifications issued)*¹
- SFRS(I) 16 *Leases*²

¹ Applies to annual periods beginning on or after 1 January 2018.

² Applies to annual periods beginning on or after 1 January 2019.

Consequential amendments were also made to various standards as a result of these new/revised standards.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD FROM 19 JUNE 2017 (DATE OF CONSTITUTION) TO 31 MARCH 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Standards issued but not yet effective (cont'd)

SFRS(I) 9 *Financial Instruments*

FRS 109 introduces new requirements for (i) the classification and measurement of financial assets and financial liabilities (ii) general hedge accounting; and (iii) impairment requirements for financial assets.

Key requirements of SFRS(I) 9 that are currently relevant to the Group:

- All recognised financial assets that are within the scope of SFRS(I) 9 are now required to be subsequently measured at amortised cost or fair value. Specifically, debt instruments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at fair value through other comprehensive income (FVTOCI). All other debt instruments and equity investments are measured at fair value through profit or loss (FVTPL) at the end of subsequent accounting periods. In addition, under SFRS(I) 9, entities may make an irrevocable election, at initial recognition, to measure an equity investment (that is not held for trading) at FVTOCI, with only dividend income generally recognised in profit or loss.
- With some exceptions, financial liabilities are generally subsequently measured at amortised cost. With regard to the measurement of financial liabilities designated as at FVTPL, SFRS(I) 9 requires that the amount of change in fair value of such financial liability that is attributable to changes in the credit risk be presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch to profit or loss. Changes in fair value attributable to the financial liability's credit risk are not subsequently reclassified to profit or loss.
- In relation to the impairment of financial assets, SFRS(I) 9 requires an expected credit loss model to be applied. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.
- The new general hedge accounting requirements retain the three types of hedge accounting mechanisms. Under SFRS(I) 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

The Trustee-Manager anticipates that the initial application of the new SFRS(I) 9 is not expected to result in any material changes to the accounting policies relating to the impairment provision of financial assets and hedge accounting. Additional disclosures may be made with respect to trade and other receivables, including any significant judgement and estimation made. The Trustee-Manager has assessed the impact of implementing SFRS(I) 9 is not material.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD FROM 19 JUNE 2017 (DATE OF CONSTITUTION) TO 31 MARCH 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Standards issued but not yet effective (cont'd)

SFRS(I) 15 Revenue from Contracts with Customers

SFRS(I) 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers.

The core principle of SFRS(I) 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchanges for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer.
- Step 2: Identify the performance obligations in the contract.
- Step 3: Determine the transaction price.
- Step 4: Allocate the transaction price to the performance obligations in the contract.
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

Under SFRS(I) 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in SFRS(I) 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by SFRS(I) 15.

The Trustee-Manager anticipates that the initial application of the new SFRS(I) 15 is not expected to result in material changes to the accounting policies relating to revenue recognition except for extensive disclosures. The Trustee-Manager is currently evaluating on any additional disclosures required in respect of revenue recognition.

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 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 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, recognise a corresponding liability to make lease payments. Additional disclosures may be made with respect of the Group's exposure to asset risk and credit risk, where the Group is the lessor. The Trustee-Manager has commenced an assessment of the possible impact of implementing SFRS(I) 16. It is currently impracticable to disclose any further information on the known or reasonably estimable impact to the Group's financial statements in the period of initial application as the Trustee-Manager has yet to complete its detailed assessment.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD FROM 19 JUNE 2017 (DATE OF CONSTITUTION) TO 31 MARCH 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

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 period 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD FROM 19 JUNE 2017 (DATE OF CONSTITUTION) TO 31 MARCH 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Basis of consolidation and business combinations (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 FRS 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 FRS 12 *Income Taxes* and FRS 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD FROM 19 JUNE 2017 (DATE OF CONSTITUTION) TO 31 MARCH 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 Property, plant and equipment (cont'd)

(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 revision are recognised in the profit or loss 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD FROM 19 JUNE 2017 (DATE OF CONSTITUTION) TO 31 MARCH 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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 assets are reviewed for impairment on an annual basis. The amortisation expense has been 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD FROM 19 JUNE 2017 (DATE OF CONSTITUTION) TO 31 MARCH 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.8 Impairment of tangible and intangible assets excluding goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

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.

(i) Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial instrument, or where appropriate, a shorter period. Income and expense is recognised on an effective interest basis for debt instruments.

(ii) Financial assets

All financial assets are recognised and de-recognised on a trade date basis where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value plus transaction costs.

Financial assets are classified into the following specified categories: "loans and receivables". The classification depends on the nature and purpose of financial assets and is determined at the time of initial recognition.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD FROM 19 JUNE 2017 (DATE OF CONSTITUTION) TO 31 MARCH 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.9 Financial instruments (cont'd)

(ii) Financial assets (cont'd)

Loans and receivables

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as "loans and receivables". Loans and receivables (including trade and other receivables, bank balances and cash are measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest method, except for short-term receivables when the effect of discounting is immaterial.

Impairment of financial assets

The Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired.

Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

Objective evidence of impairment could include:

- Significant financial difficulty of the issuer or counterparty; or
- Default or delinquency in interest or principal payments; or
- It becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 30 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

For financial assets that are carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account. When a trade receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD FROM 19 JUNE 2017 (DATE OF CONSTITUTION) TO 31 MARCH 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.9 Financial instruments (cont'd)

(ii) 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 it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

(iii) Financial liabilities and equity instruments

Classification as debt or equity

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

Other financial liabilities

Trade and other payables are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, using the effective interest method, with interest expense recognised on an effective yield basis.

Interest-bearing bank loans and overdrafts are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest method. Interest expense calculated using the effective interest method is recognised over the term of the borrowings in accordance with the Group's accounting policy for borrowing costs (see below).

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD FROM 19 JUNE 2017 (DATE OF CONSTITUTION) TO 31 MARCH 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.10 Derivative financial instruments and hedge accounting

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.

Hedge accounting

The Group designates certain hedging instruments, which include derivatives, embedded derivatives and non-derivatives in respect of interest rate risk, as cash flow hedges.

At the inception of the hedge relationship, the Group documents the relationship between the hedging instrument and 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 that is used in a hedging relationship is highly effective in offsetting changes in fair values or cash flows of the hedged item.

Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss as part of other gains and losses.

Amounts recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item is recognised in profit or loss in the same line of the statement of profit or loss and other comprehensive income as the recognised hedged item.

Hedge accounting is discontinued when the Group revokes the hedging relationship, the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD FROM 19 JUNE 2017 (DATE OF CONSTITUTION) TO 31 MARCH 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.12 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.

2.13 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.

2.14 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.

2.15 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 date.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD FROM 19 JUNE 2017 (DATE OF CONSTITUTION) TO 31 MARCH 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.16 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 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD FROM 19 JUNE 2017 (DATE OF CONSTITUTION) TO 31 MARCH 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.17 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 period. 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 at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD FROM 19 JUNE 2017 (DATE OF CONSTITUTION) TO 31 MARCH 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.17 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 statement of financial position.

2.18 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. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the end of the reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income. For such non-monetary items, any exchange component of that gain or loss is also recognised in other comprehensive income.

2.19 Units in issue

Proceeds from issuance of units are recognised in unitholders' funds, net of issue costs.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD FROM 19 JUNE 2017 (DATE OF CONSTITUTION) TO 31 MARCH 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.20 Related parties

A related party is defined as follows:

- (a) A person or a close member of that person's family is related to the Group and the Trust if that person:
 - (i) Has control or joint control over the Group and Trust;
 - (ii) Has significant influence over the Group and Trust;
 - (iii) Is a member of the key management personnel of the Group and Trust;
- (b) An entity is related to the Group and Trust if any of the following conditions applies:
 - (i) The entity and the Group and Trust are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
 - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
 - (iii) Both entities are joint ventures of the same third party;
 - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - (v) The entity is a post-employment benefit plan for the benefit of employees of either the Trust or an entity related to the Group and Trust. If the Group and Trust is itself such a plan, the sponsoring employers are also related to the Group and Trust;
 - (vi) The entity is controlled or jointly controlled by a person identified in (a);
 - (vii) A person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD FROM 19 JUNE 2017 (DATE OF CONSTITUTION) TO 31 MARCH 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.22 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable for the rendering of services in the ordinary course of the Group's activities. Amounts disclosed as revenue are net of rebates and discounts, and after eliminating sales within the Group.

The Group recognises revenue when the amount of revenue and related cost can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities as described below:

- (a) Ducts and manholes service, central office revenue, service income and charges are recognised over time while diversion and fibre related revenue is recognised at the time when the services are rendered.
- (b) Revenue from connection is recognised on a straight line basis over the subscription period.
- (c) Revenue from the installation of network fibre is recognised upon completion of the installation of the network fibre for each customer.
- (d) Accounting policy for recognising finance lease income is stated in Note 2.16.
- (e) Revenue from co-location includes the following:
 - (i) Rental income from operating leases is recognised on a straight line basis over the lease term;
 - (ii) Revenue from the provision of project study and site preparation work is recognised upon completion of the study/work;
- (f) Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.
- (g) Dividend/distribution income from subsidiaries is recognised when the shareholders/unitholders' rights to receive payment have been established.

Deferred revenue relates to unearned revenue and is recognised in the profit or loss when the services are rendered.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD FROM 19 JUNE 2017 (DATE OF CONSTITUTION) TO 31 MARCH 2018

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 17)

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 19.

(c) Fair value of derivative financial instruments

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.

(d) Purchase price allocation

The Group completed the acquisition of NetLink Trust ("NLT") on 19 July 2017. Purchase price allocation exercise requires a significant amount of management estimation, particularly in relation to the valuation of property, plant and equipment, and the identification and valuation of intangible asset acquired. The Group's disclosure on the above is set out in Note 19.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD FROM 19 JUNE 2017 (DATE OF CONSTITUTION) TO 31 MARCH 2018

4. REVENUE

| | Group |
|--------------------------------------|---|
| | 19 June 2017 to 31 March 2018 \$'000 |
| Ducts and manholes service | 22,195 |
| Central office service revenue | 3,774 |
| Finance lease income | 3,687 |
| Service income and charges | 4,885 |
| Connection revenue – Residential | 141,675 |
| Connection revenue – Non-residential | 18,602 |
| Connection revenue – NBAP | 742 |
| Connection revenue – Segment fibre | 4,861 |
| Co-location revenue | 11,169 |
| Installation-related revenue | 10,261 |
| Diversion revenue | 3,655 |
| Fibre related revenue | 2,886 |
| Other revenue | 195 |
| | <hr/> 228,587 <hr/> |

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.

6. OTHER INCOME

| | Group |
|-------------------------------|---|
| | 19 June 2017 to 31 March 2018 \$'000 |
| Interest income | 525 |
| Wage Credit Scheme | 383 |
| Fibre Readiness Certification | 365 |
| Restoration cost recovery | 125 |
| Plant Route Plans | 73 |
| Others | 50 |
| | <hr/> 1,521 <hr/> |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD FROM 19 JUNE 2017 (DATE OF CONSTITUTION) TO 31 MARCH 2018

7. STAFF COSTS

| | Group |
|--|---|
| | 19 June 2017 to 31 March 2018 \$'000 |
| Salaries and wages | 9,457 |
| Employer's contribution to defined contribution plans including Central Provident Fund | 2,099 |
| Other short-term benefits | 1,292 |
| | <u>12,848</u> |

8. FINANCE COSTS

| | Group |
|--|---|
| | 19 June 2017 to 31 March 2018 \$'000 |
| Interest on bank loans | 7,540 |
| Interest on obligations under finance leases | 102 |
| Financing related costs | 1,235 |
| Realised loss on interest rate swaps | 3,303 |
| | <u>12,180</u> |

For cash flow purposes, finance costs do not include amortisation of commitment fee of \$573,000.

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 |
|---|---|
| | 19 June 2017 to 31 March 2018 \$'000 |
| Depreciation (Note 17) | 108,633 |
| Amortisation of Licence (Note 20) | 3,178 |
| Other operating expenses: | |
| Audit fees paid/payable to auditors of the Trust | 133 |
| Property tax | 11,276 |
| Operating lease expense (Note 31a) | 2,094 |
| Property, plant and equipment written off (Note 17) | 1,514 |
| Provision for stock obsolescence (Note 15) | 59 |
| Write-back of allowance of impairment for trade receivables (Note 13) | (58) |
| | <u>(58)</u> |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD FROM 19 JUNE 2017 (DATE OF CONSTITUTION) TO 31 MARCH 2018

11. INCOME TAX CREDIT

The major components of income tax credit for the period ended 31 March 2018 is:

| | Group |
|--|--|
| | 19 June 2017 to 31 March 2018 \$'000 |
| Income tax is made up of: | |
| - Current income tax credit | 9,149 |
| - Deferred income tax due to origination and reversal of temporary differences (Note 27) | (3,408) |
| - Over provision in prior year | 400 |
| Income tax credit recognised in profit or loss | <u>6,141</u> |

The reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the financial period is as follows:

| | Group |
|---|--|
| | 19 June 2017 to 31 March 2018 \$'000 |
| Profit before income tax | <u>43,809</u> |
| Income tax expense calculated at a tax rate of 17% | (7,448) |
| Effect of: | |
| - Income not subject to taxation | 18 |
| - Expenses not deductible for tax purposes | (775) |
| - Tax relief | 20 |
| - Tax benefit on the tax exempted interest income derived from qualifying project debt securities (Note 22) | 13,771 |
| - Over provision in prior year | 400 |
| - Others | 155 |
| | <u>6,141</u> |

12. CASH AND BANK DEPOSITS

| | Group | Trust |
|--|----------------|----------------|
| | 2018 \$'000 | 2018 \$'000 |
| Cash at bank, representing cash and cash equivalents | <u>166,449</u> | <u>861</u> |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD FROM 19 JUNE 2017 (DATE OF CONSTITUTION) TO 31 MARCH 2018

13. TRADE AND OTHER RECEIVABLES

| | Group | Trust |
|---|--------|--------|
| | 2018 | 2018 |
| | \$'000 | \$'000 |
| Trade receivables due from substantial Unitholder | 25,999 | - |
| Trade receivables: | | |
| - Third parties | 13,944 | 94 |
| - Subsidiary of a substantial shareholder of the substantial Unitholder | 15,209 | - |
| | 55,152 | 94 |
| Other receivables: | | |
| - Third parties | 8,359 | - |
| - Subsidiaries | - | 81,008 |
| | 63,511 | 81,102 |

Trade receivables due from substantial Unitholder, third parties and subsidiary of a substantial shareholder of the substantial Unitholder

Trade receivables due from substantial Unitholder, third parties and subsidiary of a substantial shareholder of the substantial Unitholder are non-interest bearing and are generally receivable on 30 days terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Other receivables due from third parties and subsidiaries

Other receivables due from third parties are unsecured, interest-free and are generally receivable on 30 days terms.

Other receivables due from subsidiaries are unsecured, interest-free and are generally repayable on demand.

The table below is an analysis of trade and other receivables as at 31 March 2018:

| | Group | Trust |
|--|--------|--------|
| | 2018 | 2018 |
| | \$'000 | \$'000 |
| Not past due and not impaired | 57,451 | 81,102 |
| Past due but not impaired | 6,060 | - |
| | 63,511 | 81,102 |
| Impaired receivables – individually assessed | 181 | - |
| Less: Allowance for impairment | (181) | - |
| Total trade and other receivables, net | 63,511 | 81,102 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD FROM 19 JUNE 2017 (DATE OF CONSTITUTION) TO 31 MARCH 2018

13. TRADE AND OTHER RECEIVABLES (CONT'D)

Receivables that are past due but not impaired

The Group has trade and other receivables amounting to \$6.1 million that are past due at the end of the reporting period but not impaired for which the Group has not recognised an allowance for doubtful receivables as there has not been any significant change in credit quality and the amounts are still considered recoverable. These receivables are unsecured and the analysis of their aging at the end of the reporting period is as follows:

| | Group | Trust |
|--|--------|--------|
| | 2018 | 2018 |
| | \$'000 | \$'000 |
| Trade and other receivables past due but not impaired: | | |
| Less than 30 days | 5,695 | - |
| 30 to 60 days | 127 | - |
| 61 to 90 days | 41 | - |
| Over 90 days | 197 | - |
| | 6,060 | - |

Trade and other receivables that are individually determined to be impaired at the end of the reporting period relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables that are not secured by any collateral credit enhancements except for those provided in the agreements with customers.

Movement in the allowance for doubtful debts

| | Group |
|--|--------|
| | 2018 |
| | \$'000 |
| Balance at beginning of the financial period | - |
| Acquisition of subsidiary on 19 July 2017 | 239 |
| Decrease in allowance recognised in profit or loss (Note 10) | (58) |
| Balance at the end of the financial period | 181 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD FROM 19 JUNE 2017 (DATE OF CONSTITUTION) TO 31 MARCH 2018

14. FINANCE LEASE RECEIVABLES

Future minimum finance lease receivables under finance leases together with the present value of the net minimum finance lease receivables are as follows:

| | Group |
|--|---------------|
| | 2018 |
| | \$'000 |

Minimum finance lease receivables:

| | |
|--|-----------|
| Not later than one year | 5,456 |
| Later than one year but not later than five years | 21,825 |
| Later than five years | 276,949 |
| Total minimum lease receivables (Note 31b) | 304,230 |
| Less: Future finance income | (216,142) |
| Present value of minimum lease receivables | 88,088 |
| Net investment in finance lease | 88,088 |
| Less: Present value of finance lease receivables not later than one year | (208) |
| Non-current finance lease receivables | 87,880 |

Present value of the finance lease receivables is analysed as follows:

| | Group |
|---|---------------|
| | 2018 |
| | \$'000 |
| Not later than one year | 208 |
| Later than one year but not later than five years | 968 |
| Later than five years | 86,912 |
| Present value of minimum lease receivables | 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 51 to 71 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%.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD FROM 19 JUNE 2017 (DATE OF CONSTITUTION) TO 31 MARCH 2018

15. INVENTORIES

Movement in provision for stock obsolescence

| | Group |
|--|---------------|
| | 2018 |
| | \$'000 |
| Balance at beginning of the financial period | - |
| Acquisition of subsidiary on 19 July 2017 | 80 |
| Provision during the period (Note 10) | 59 |
| Balance at the end of the financial period | <u>139</u> |

The cost of inventories recognised as an expense and included in operation and maintenance costs amounted to \$157,000, including \$59,000 in respect of write downs of inventory to net realisable value.

16. OTHER CURRENT ASSETS

| | Group | Trust |
|-------------------------|---------------|---------------|
| | 2018 | 2018 |
| | \$'000 | \$'000 |
| Deposits | 117 | - |
| Prepayments | 3,432 | 360 |
| Current tax receivables | 527 | - |
| | <u>4,076</u> | <u>360</u> |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD FROM 19 JUNE 2017 (DATE OF CONSTITUTION) TO 31 MARCH 2018

17. PROPERTY, PLANT AND EQUIPMENT

| | Leasehold land and buildings | Network Assets | Exchange equipment | Leasehold improvements | Furniture, fittings and equipment | Motor vehicles | Asset under construction | Total |
|--|------------------------------------|-------------------|-----------------------|---------------------------|---|-------------------|-----------------------------|-----------|
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Group | | | | | | | | |
| Cost: | | | | | | | | |
| At 19 June 2017 | - | - | - | - | - | - | - | - |
| Acquired on 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) | - |
| 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 |
| Accumulated depreciation: | | | | | | | | |
| At 19 June 2017 | - | - | - | - | - | - | - | - |
| Acquired on 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 |
| Written off | - | (296) | (632) | - | (4) | - | - | (932) |
| At 31 March 2018 | 378 | 581,608 | 47,972 | 1,545 | 20,151 | 294 | - | 651,948 |
| Net carrying amount: | | | | | | | | |
| At 19 June 2017 | - | - | - | - | - | - | - | - |
| At 31 March 2018 | 8,571 | 3,053,552 | 71,276 | 824 | 748 | 592 | 75,105 | 3,210,668 |

The Group's leasehold improvements and asset under construction include a provision for reinstatement cost of \$525,000 and \$16,000 respectively.

18. RENTAL DEPOSITS

| | Group |
|---|---------------|
| | 2018 |
| | \$'000 |
| Subsidiary of a substantial shareholder of the substantial Unitholder | 40 |
| Substantial Unitholder | 160 |
| Third parties | 513 |
| | <u>713</u> |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD FROM 19 JUNE 2017 (DATE OF CONSTITUTION) TO 31 MARCH 2018

19. GOODWILL

| | Group |
|--------------------------------------|---------------|
| | 2018 |
| | \$'000 |
| Cost: | |
| At 19 June 2017 | - |
| Arising on acquisition of subsidiary | 746,854 |
| At 31 March 2018 | 746,854 |
| Carrying amount: | |
| At 31 March 2018 | 746,854 |

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 21.

The aggregate consideration for the Trust Acquisition payable by the Trustee-Manager to Singtel for the Trust Acquisition is \$1,896.7 million. The revenue and profit of the Group is 100% dependable from NLT acquisition. 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 |
|---|------------------|
| | \$'000 |
| Cash and bank deposits | 19,090 |
| Trade and other receivables ⁽¹⁾ | 80,550 |
| 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 | 1,149,819 |
| Goodwill on acquisition | 746,854 |
| Total purchase consideration | 1,896,673 |
| 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 | 1,095,044 |

Footnotes:

⁽¹⁾ The receivables acquired (which principally, comprised trade receivables) in these transactions with a fair value of \$80.6 million had gross contractual amounts of \$80.6 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD FROM 19 JUNE 2017 (DATE OF CONSTITUTION) TO 31 MARCH 2018

19. 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 5.44%. The terminal growth rates used of 1.5% do not exceed the long term average growth rates of the industry in which the Group operates.

As at 31 March 2018, 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.

20. LICENCE

| | Group |
|---------------------------------------|----------------|
| | 2018 \$'000 |
| Cost: | |
| At 19 June 2017 | - |
| Acquired on acquisition of subsidiary | 95,980 |
| At 31 March 2018 | 95,980 |
| Amortisation: | |
| At 19 June 2017 | - |
| Amortisation | (3,178) |
| At 31 March 2018 | (3,178) |
| Carrying amount: | |
| At 19 June 2017 | - |
| At 31 March 2018 | 92,802 |

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD FROM 19 JUNE 2017 (DATE OF CONSTITUTION) TO 31 MARCH 2018

21. INVESTMENT IN SUBSIDIARIES

| | Trust |
|--------------------------------------|----------------|
| | 2018 \$'000 |
| Unquoted equity investments, at cost | 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 (%) |
|--|--|---|
| | | 2018 |
| <i>Held by the Trust:</i> | | |
| NetLink Trust ("NLT") | See note 1 below. (Singapore) | 100 |
| NetLink Management Pte. Ltd. | Provision of management services to NLT. (Singapore) | 100 |
| <i>Held through NetLink Trust:</i> | | |
| NetLink Trust Operations Company Pte. Ltd. ("NTOC") | Provision of manpower services to NLT. (Singapore) | 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 |

All subsidiaries are audited by Deloitte & Touche LLP.

Note 1:

The principal activities are (i) The duct and manhole 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; (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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD FROM 19 JUNE 2017 (DATE OF CONSTITUTION) TO 31 MARCH 2018

22. SUBORDINATED LOAN TO A SUBSIDIARY

On 19 July 2017, the Trust subscribed for \$1.1 billion of subordinated notes due 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.

23. TRADE AND OTHER PAYABLES

| | Group | Trust |
|---|--------|--------|
| | 2018 | 2018 |
| | \$'000 | \$'000 |
| Trade payables | | |
| - Third parties | 13,507 | 6 |
| - Substantial Unitholder | 210 | - |
| - Related parties | 1,266 | 225 |
| - Subsidiaries of a substantial shareholder of the substantial Unitholder | 85 | - |
| Other payables | | |
| - Third parties | 719 | - |
| - Substantial Unitholder | 79 | 79 |
| Accruals: | | |
| - Property, plant and equipment | 9,869 | - |
| - Property, plant and equipment from substantial Unitholder | 4,661 | - |
| - Operating expenses | 16,225 | 375 |
| - Operating expenses from substantial Unitholder | 1,076 | - |
| Interest payable to third parties | 136 | - |
| Provision for reinstatement cost | 541 | - |
| | 48,374 | 685 |

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 \$1,041,000.
- Amount owing to Trustee-Manager is \$225,000.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD FROM 19 JUNE 2017 (DATE OF CONSTITUTION) TO 31 MARCH 2018

24. DEFERRED REVENUE

Movement in deferred revenue is as follows:

| | Group |
|---|----------------|
| | 2018 \$'000 |
| At 19 June 2017 | - |
| Acquired on acquisition of subsidiary | 2,388 |
| Deferred for the period | 14,114 |
| Recognised as revenue in profit or loss | (4,017) |
| At 31 March 2018 | <u>12,485</u> |

25. DERIVATIVE FINANCIAL INSTRUMENTS

| | Group |
|--|----------------|
| | 2018 \$'000 |

Non-current

| | |
|--|------------|
| Interest rate swaps, designated in hedge accounting relationship (net-settled) | <u>244</u> |
|--|------------|

Interest rate swaps

The Group uses interest rate swaps to manage its exposure to interest rate movements on its bank borrowings by swapping a proportion of those borrowings from floating rates to fixed rates. Contracts with nominal values of \$510 million have fixed interest payments at an average rate of 2.91% for periods up until 2021 and have floating interest receipts which approximates an average of 1.99% per annum.

All of the Group's interest rate swaps are designated and effective as cash flow hedges and the fair value of these interest rate swaps, amounting to \$7,250,000 has been recognised in other comprehensive gain during the period.

| Outstanding fixed for floating contracts | Average contracted fixed interest rate | Notional principal amount | Fair value |
|--|--|---------------------------|-------------|
| | 2018 % | 2018 \$'000 | 2018 \$'000 |
| 2 to 3 years | 2.91 | 510,000 | <u>244</u> |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD FROM 19 JUNE 2017 (DATE OF CONSTITUTION) TO 31 MARCH 2018

26. LOANS

| | Effective Average Interest rate | Group |
|--|---------------------------------|----------------|
| | % | 2018 \$'000 |

Unsecured borrowings

Repayable after one year

| | | |
|--------------------------|------|---------|
| - Bank loans (unsecured) | 2.62 | 588,742 |
|--------------------------|------|---------|

Committed revolving credit facility ("RCF") and term loan

| Maturity | Terms | Utilised |
|------------|-----------------------------------|----------------|
| | | 2018 \$'000 |
| March 2021 | \$510 million Five-Year Term Loan | 510,000 |
| March 2021 | \$90 million Five-Year RCF | - |
| June 2020 | \$210 million Three-Year RCF | 81,000* |
| | | 591,000 |
| | Transaction costs | (2,258) |
| | | 588,742 |

* \$81 million was drawn down 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.

| | 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) ⁽ⁱ⁾ | - | - |
| Loans | - | 507,169 | 81,000 ⁽ⁱ⁾ | 573 | 588,742 |
| | - | 1,607,646 | (1,019,477) | 573 | 588,742 |

(i) The cash flows make up the net amount of proceeds from borrowings and repayments of borrowings in the statement of cash flows.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD FROM 19 JUNE 2017 (DATE OF CONSTITUTION) TO 31 MARCH 2018

27. DEFERRED TAX LIABILITIES

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current income tax assets against current income tax liabilities and when the deferred taxes relates to the same fiscal authority.

Group

Movement in deferred tax account is as follows:

| | 2018 \$'000 |
|---------------------------------------|------------------------------|
| At 19 June 2017 | - |
| Acquired on acquisition of subsidiary | 549,419 |
| Charged to profit or loss | 3,408 |
| At 31 March 2018 | <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 period were as follows:

Deferred income tax liabilities

| | Accelerated tax depreciation | Finance lease receivables | Licence | Others | Total |
|--|---|--|----------------|---------------|----------------|
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Group | | | | | |
| 2018 | | | | | |
| At 19 June 2017 | - | - | - | - | - |
| Acquired on 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 | <u>521,692</u> | <u>14,975</u> | <u>15,777</u> | <u>383</u> | <u>552,827</u> |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD FROM 19 JUNE 2017 (DATE OF CONSTITUTION) TO 31 MARCH 2018

28. UNITS IN ISSUE

| | 2018 Number of units | 2018 Units in Issue \$'000 |
|------------------------|-------------------------|----------------------------------|
| Group and Trust | | |
| At 19 June 2017 | 1 | * |
| Issue of units | 3,896,971,099 | 3,156,547 |
| Less: listing expenses | - | (39,369) # |
| At 31 March 2018 | <u>3,896,971,100</u> | <u>3,117,178</u> |

* 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.

29. 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 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 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

| | 2018 \$'000 |
|---|----------------|
| Profit attributable to unitholders of the Trust for basic and diluted earnings per unit computation | <u>49,950</u> |

Number of Units

| | 2018 '000 |
|--|------------------|
| Weighted average number of units on issue applicable for basic and diluted earnings per unit computation | <u>3,892,463</u> |

NOTES TO THE FINANCIAL STATEMENTS

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30. HEDGING RESERVES

The hedging reserves represent 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.

Movement in hedging reserves

| | Group |
|---|---------------|
| | 2018 |
| | \$'000 |
| At 19 June 2017 | - |
| Changes during the period in other comprehensive income | 7,250 |
| At 31 March 2018 | <u>7,250</u> |

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 period ended 31 March 2018 amounted to \$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:

| | 2018 |
|---|---------------|
| | \$'000 |
| Not later than one year | 3,085 |
| Later than one year but not later than five years | 8,073 |
| More than five years | 9,648 |
| | <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 has significant influence which amounted to \$14,939,000 and with subsidiaries of a substantial shareholder of the substantial Unitholder that has significant influence which amounted to \$1,217,000.

(b) Finance lease commitments – as lessor

The Group's finance lease commitments as lessor are shown in Note 14.

Included in the future minimum finance lease receivables comprise future minimum finance lease receivables with substantial Unitholder which amounted to \$304,230,000.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD FROM 19 JUNE 2017 (DATE OF CONSTITUTION) TO 31 MARCH 2018

31. COMMITMENTS (CONT'D)

(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 |
|-------------------------------|--------|
| | 2018 |
| | \$'000 |
| Property, plant and equipment | 41,759 |

There is capital commitment of \$7,652,000 with substantial Unitholder as at 31 March 2018.

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 period:

| | Group |
|--|----------------------------------|
| | 19 June 2017 to 31 March 2018 |
| | \$'000 |
| Services rendered to a substantial Unitholder | 112,137 |
| Services rendered to a subsidiary of a substantial shareholder of a substantial Unitholder | 61,987 |
| Purchase of services and goods from a substantial Unitholder | 155,924 |
| Management fee paid or payable to Trustee-Manager of the Trust | 927 |
| Purchase of services from subsidiaries of a substantial shareholder of a substantial Unitholder | 1,082 |
| Purchases of goods from subsidiaries of a substantial Unitholder | 2,453 |

(b) Compensation of directors and key management personnel compensation are as follows:

| | Group |
|--|----------------------------------|
| | 19 June 2017 to 31 March 2018 |
| | \$'000 |
| Wages and salaries | 1,651 |
| Employer's contribution to defined contribution plans, including Central Provident Fund | 33 |
| Other benefits | 85 |

The remuneration of directors and key management are determined by the remuneration committee having regard to the performance of individuals and market trends.

NOTES TO THE FINANCIAL STATEMENTS

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 25 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD FROM 19 JUNE 2017 (DATE OF CONSTITUTION) TO 31 MARCH 2018

33. FINANCIAL RISK MANAGEMENT POLICIES AND OBJECTIVES (CONT'D)

(a) Market risk management (cont'd)

(ii) Interest rate risk (cont'd)

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 86% of bank loans has been hedged as at 31 March 2018 and the interest rate is fixed at an average of 2.91%.

With regard to the remaining interest from 14% of bank loan, 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) Credit risk management

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

For the Group, there is a significant concentration of credit risk to their major customers which is also 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.

Cash and fixed deposits are placed with banks which are regulated and with high credit ratings.

The maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the statement of financial position.

Financial assets that are neither past due nor impaired

Financial assets that are neither past due nor impaired are mainly deposits with reputable banks. Trade and other receivables that are neither past due nor impaired are substantially due from the substantial Unitholder, with the remaining due from credit worthy debtors with good payment record.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 13.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD FROM 19 JUNE 2017 (DATE OF CONSTITUTION) TO 31 MARCH 2018

33. FINANCIAL RISK MANAGEMENT POLICIES AND OBJECTIVES (CONT'D)

(c) 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 \$219 million of undrawn committed borrowing facilities available for working capital and general corporate use.

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 |
| 31 March 2018 | | | | | |
| Group | | | | | |
| Loans | 2.62 | 14,648 | 618,884 | (44,790) | 588,742 |
| Trade and other payables | - | 48,374 | - | - | 48,374 |
| | | 63,022 | 618,884 | (44,790) | 637,116 |
| Trust | | | | | |
| Trade and other payables | - | 685 | - | - | 685 |
| | | 685 | - | - | 685 |

All non-derivative financial assets are receivable within 1 year except for finance lease receivables disclosed in Note 14.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD FROM 19 JUNE 2017 (DATE OF CONSTITUTION) TO 31 MARCH 2018

33. FINANCIAL RISK MANAGEMENT POLICIES AND OBJECTIVES (CONT'D)

- (d) 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 |
|--|------------------------------|---------------------|-------------------------|--|---|--|
| | 2018 Assets | 2018 Liabilities | | | | |
| Interest rate swaps | - | 244 | Level 2 | Note 1 | NA | NA |

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.

- (e) 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.

- (f) 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(g).

The carrying value less impairment provision 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD FROM 19 JUNE 2017 (DATE OF CONSTITUTION) TO 31 MARCH 2018

33. FINANCIAL RISK MANAGEMENT POLICIES AND OBJECTIVES (CONT'D)

(g) Classification of financial instruments

Set out below is a comparison by category of all the Group's and the Trust's financial instruments that are carried in the financial statements.

| | Loans and Receivables | Non- financial Assets | Total |
|-------------------------------|-----------------------------|-----------------------------|------------------|
| | \$'000 | \$'000 | \$'000 |
| 31 March 2018 | | | |
| Group | | | |
| Assets | | | |
| Current | | | |
| Cash and bank deposits | 166,449 | - | 166,449 |
| Trade and other receivables | 63,511 | - | 63,511 |
| Finance lease receivables | 208 | - | 208 |
| Inventories | - | 3,889 | 3,889 |
| Deposits | 117 | - | 117 |
| Prepayment | - | 3,432 | 3,432 |
| Current tax receivables | - | 527 | 527 |
| Non-current | | | |
| Finance lease receivables | 87,880 | - | 87,880 |
| Property, plant and equipment | - | 3,210,668 | 3,210,668 |
| Rental deposits | 713 | - | 713 |
| Goodwill | - | 746,854 | 746,854 |
| Licence | - | 92,802 | 92,802 |
| | 318,878 | 4,058,172 | 4,377,050 |

| | Liabilities at amortised cost/ fair value | Non- financial liabilities | Total |
|----------------------------------|--|----------------------------------|------------------|
| | \$'000 | \$'000 | \$'000 |
| 31 March 2018 | | | |
| Group | | | |
| Liabilities | | | |
| Current | | | |
| Trade and other payables | 48,374 | - | 48,374 |
| Deferred revenue | - | 12,485 | 12,485 |
| Non-current | | | |
| Derivative financial instruments | 244 | - | 244 |
| Loans | 588,742 | - | 588,742 |
| Deferred tax liabilities | - | 552,827 | 552,827 |
| | 637,360 | 565,312 | 1,202,672 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD FROM 19 JUNE 2017 (DATE OF CONSTITUTION) TO 31 MARCH 2018

33. FINANCIAL RISK MANAGEMENT POLICIES AND OBJECTIVES (CONT'D)

(g) Classification of financial instruments (cont'd)

| | Loans and Receivables | Non-financial assets | Total |
|--|-----------------------|----------------------|--------|
| | \$'000 | \$'000 | \$'000 |

31 March 2018

Trust

Assets

Current

| | | | |
|-----------------------------|--------|-----|--------|
| Cash and bank deposits | 861 | - | 861 |
| Trade and other receivables | 81,102 | - | 81,102 |
| Prepayment | - | 360 | 360 |

Non-current

| | | | |
|-----------------------------------|-----------|-----------|-----------|
| Investment in subsidiaries | - | 2,013,673 | 2,013,673 |
| Subordinated loan to a subsidiary | 1,100,000 | - | 1,100,000 |
| | 1,181,963 | 2,014,033 | 3,195,996 |

| | Liabilities at amortised cost/ fair value | Non-financial liabilities | Total |
|--|---|---------------------------|--------|
| | \$'000 | \$'000 | \$'000 |

31 March 2018

Trust

Liabilities

Current

| | | | |
|--------------------------|-----|---|-----|
| Trade and other payables | 685 | - | 685 |
|--------------------------|-----|---|-----|

34. SUBSEQUENT EVENT

Subsequent to the end of reporting period, the Trustee-Manager approved a distribution of \$126,261,864 or 3.24 Singapore cents per unit in respect of financial period from 19 June 2017 to 31 March 2018 and it has not been adjusted for the current financial period in accordance with FRS 10 Events After the Reporting Period.

35. AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

These financial statements for the financial period ended 31 March 2018 were authorised for issue in accordance with a resolution of the Board of Directors of the Trustee-Manager on 14 May 2018.

ADDITIONAL INFORMATION

REQUIRED UNDER THE BUSINESS TRUSTS ACT, CHAPTER 31A OF SINGAPORE AND THE BUSINESS TRUSTS REGULATIONS 2005

1. INDEPENDENCE OF DIRECTORS

The Board of Directors (the “**Board**”) had conducted an annual review of the independence of the Independent Directors in accordance with the Business Trusts Act, Chapter 31A of Singapore (the “**BTA**”) and the Business Trusts Regulations 2005 (the “**BTR**”).

NetLink NBN Management Pte. Ltd.

Having reviewed the independence of Mr Chaly Mah Chee Kheong, Mr Ang Teik Lim Eric, Ms Koh Kah Sek, Mr Tan Tiang Yew Irving and Mr Yeo Wico, as of the date of this document, the Board is satisfied that the independent Directors are independent from the Trustee-Manager and business relationships with the Trustee-Manager and from DBS Trustee Limited (“**DBS Trustee**”), the substantial shareholder of the Trustee-Manager, and its holding companies based on the reasons set out below.

Mr Chaly Mah Chee Kheong

As NetLink NBN Trust and its subsidiaries (collectively, the “**Group**”) provides essential utilities services in Singapore, there would be and will continue to be business dealings between the Trustee-Manager and its related corporations and companies on which Mr Chaly Mah Chee Kheong serves or had served as a director or an executive officer or partnership of which he was a partner, in the ordinary course of business.

Further, Mr Chaly Mah Chee Kheong was a partner and chairman of Deloitte & Touche Singapore until 31 May 2016, and Deloitte & Touche Singapore has provided audit, consulting, financial advisory, risk and/or tax services to the Trustee-Manager and its related corporations, and continues to do so from time to time.

The Board has determined that Mr Chaly Mah Chee Kheong is independent from business relationships with the Group and its related corporations, and is therefore an independent Director. The Board has reached this conclusion based on the following reasons:

- the Group provides essential utilities services to individuals and business entities in Singapore on an arm’s length basis and in the ordinary course of business. Therefore, where the business relationships are of such a nature as described above, the Board is of the view that such relationships will not interfere with Mr Chaly Mah Chee Kheong’s independent judgment and ability to act with regard to the interests of all the Unitholders of NetLink NBN Trust as a whole; and
- while Mr Chaly Mah Chee Kheong and Deloitte & Touche Singapore have provided audit, consulting, financial advisory, risk and/or tax services from time to time to the Group and its related corporations, Mr Chaly Mah Chee Kheong had a less than 10 per cent stake in Deloitte & Touche Singapore and in any case has retired from and ceased to have any financial interest in Deloitte & Touche Singapore since 31 May 2016.

ADDITIONAL INFORMATION

REQUIRED UNDER THE BUSINESS TRUSTS ACT, CHAPTER 31A OF SINGAPORE AND THE BUSINESS TRUSTS REGULATIONS 2005

1. INDEPENDENCE OF DIRECTORS (CONT'D)

Mr Ang Teik Lim Eric

As the Group provides essential utilities services in Singapore, there would be and will continue to be business dealings between the Trustee-Manager and its related corporations and companies on which Mr Ang Teik Lim Eric serves or had served as a director, in the ordinary course of business.

Further, DBS Trustee holds all the shares in the Trustee-Manager. DBS Trustee is a wholly-owned subsidiary of DBS Bank Ltd ("**DBS Bank**"), which in turn is a wholly-owned subsidiary of DBS Group Holdings Ltd (together with its subsidiaries, the "**DBS Group**"). Mr Ang Teik Lim Eric has been employed by the DBS Group since 1978. On 1 June 2014, Mr Ang Teik Lim Eric ceased to be the Head of Capital Markets at DBS and assumed the role of Senior Executive Advisor reporting to the Chief Executive Officer. In his advisory role as Senior Executive Advisor, Mr Ang Teik Lim Eric is principally responsible for business origination and high level relationship building for the DBS Group.

The DBS Group has engaged in transactions with, and/or performed services for the Trustee-Manager and its related corporations in the ordinary course of business and have, and may in the future, engage in commercial banking or investment banking transactions and/or other commercial transactions for which they have received or made payment of, or may in the future receive or make payment of, customary fees.

The Board has determined that Mr Ang Teik Lim Eric is independent from business relationships with the Trustee-Manager and its related corporations and independent from the DBS Group, and is therefore an independent Director. The Board has reached this conclusion based on the following reasons:

- the Group provides essential utilities services to individuals and business entities in Singapore on an arm's length basis and in the ordinary course of business. Therefore, where the business relationships are of such a nature as described above, the Board is of the view that such relationships will not interfere with Mr Ang Teik Lim Eric's independent judgment and ability to act with regard to the interests of all the Unitholders of NetLink NBN Trust as a whole;
- the Board noted that in holding the shares of the Trustee-Manager pursuant to the terms of the trust constituting the Singapore NBN Trust dated 21 February 2017 (the "**Share Trust Trust Deed**"), DBS Trustee is acting in its capacity as a professional trustee. In its role as a professional trustee, DBS Trustee will be acting in accordance with the powers and discretions set out in the Share Trust Trust Deed, and such powers and discretions are exercised in accordance with the terms of the Share Trust Trust Deed by employees of DBS Trustee, and not by the board of DBS Trustee nor by the shareholders of DBS Trustee. Mr Ang Teik Lim Eric is not a director nor an employee of DBS Trustee, and has confirmed that he is not accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of DBS Trustee; and
- the Board noted that while Mr Ang Teik Lim Eric is employed by the DBS Group in an advisory capacity and the DBS Group has engaged in transactions with, and/or performed services for the Trustee-Manager and its related corporations in the ordinary course of business, Mr Ang Teik Lim Eric is not a director of the DBS Group and does not take part in the management of the DBS Group on a day-to-day basis. In his advisory role, he maintains high level relationships with DBS Group's clients and the measures described in this paragraph will ensure that Mr Ang Teik Lim Eric will not be involved in any decision-making process which will involve the engagement of the DBS Group. Mr Ang Teik Lim Eric will abstain from the Board's decisions in relation to the engagement of the DBS Group for various matters. There will thus be no interference with his exercise of independent judgment and his ability to act with regard to the interests of the Unitholders of NetLink NBN Trust as a whole or the best interests of the Trustee-Manager.

ADDITIONAL INFORMATION

REQUIRED UNDER THE BUSINESS TRUSTS ACT, CHAPTER 31A OF SINGAPORE AND THE BUSINESS TRUSTS REGULATIONS 2005

1. INDEPENDENCE OF DIRECTORS (CONT'D)

Ms Koh Kah Sek

As the Group provides essential utilities services in Singapore, there would be and will continue to be business dealings between the Trustee-Manager and its related corporations and companies on which she serves or had served as a director or an executive officer, in the ordinary course of business.

The Board has determined that Ms Koh Kah Sek is independent from business relationships with the Trustee-Manager and its related corporations, and is therefore an independent Director. The Board has reached this conclusion based on the following reason:

- the Group provides essential utilities services to individuals and business entities in Singapore on an arm's length basis and in the ordinary course of business. Therefore, where the business relationships are of such a nature as described above, the Board is of the view that such relationships will not interfere with Ms Koh Kah Sek's independent judgment and ability to act with regard to the interests of all the Unitholders of NetLink NBN Trust as a whole.

Mr Tan Tiang Yew Irving

As the Group provides essential utilities services in Singapore, there would be and will continue to be business dealings between the Trustee-Manager and its related corporations and companies on which Mr Tan Tiang Yew Irving serves or had served as an executive officer, in the ordinary course of business.

The Board has determined that Mr Tan Tiang Yew Irving is independent from business relationships with the Group and its related corporations, and is therefore an independent Director. The Board has reached this conclusion based on the following reason:

- the Group provides essential utilities services to individuals and business entities in Singapore on an arm's length basis and in the ordinary course of business. Therefore, where the business relationships are of such a nature as described above, the Board of Directors is of the view that such relationships will not interfere with Mr Tan Tiang Yew Irving's independent judgment and ability to act with regard to the interests of all the Unitholders of NetLink NBN Trust as a whole.

ADDITIONAL INFORMATION

REQUIRED UNDER THE BUSINESS TRUSTS ACT, CHAPTER 31A OF SINGAPORE AND THE BUSINESS TRUSTS REGULATIONS 2005

1. INDEPENDENCE OF DIRECTORS (CONT'D)

Mr Yeo Wico

As the Group provides essential utilities services in Singapore, there would be and will continue to be business dealings between the Trustee-Manager and its related corporations and companies on which Mr Yeo Wico serves or had served as a director or partnership of which he is a partner, in the ordinary course of business.

Mr Yeo Wico is a partner at Allen & Gledhill LLP, a Singapore law firm which has provided corporate secretarial and legal services to the Trustee-Manager and its related corporations, and continues to do so from time to time.

Mr Yeo Wico was a non-executive director of SP Services Limited ("**SP Services**") until 28 July 2017. SP Services is regulated by the Energy Market Authority as a Market Support Services Licensee which provides essential utilities services in Singapore (such as reading of electricity meters, management of meter data and facilitation of access to a wholesale electricity market to contestable consumers, as well as supplying electricity to non-contestable consumers) and accordingly, there would be and will continue to be business dealings between the Trustee-Manager and its related corporations, and SP Services in the ordinary course of business.

Accordingly, the Board has determined that Mr Yeo Wico is independent from business relationships with the Trustee-Manager and its related corporations, and is therefore an independent Director. The Board has reached this conclusion based on the following reasons:

- the Group provides essential utilities services to individuals and business entities in Singapore on an arm's length basis and in the ordinary course of business. Therefore, where the business relationships are of such a nature as described above, the Board is of the view that such relationships will not interfere with Mr Yeo Wico's independent judgment and ability to act with regard to the interests of all the Unitholders of NetLink NBN Trust as a whole;
- while Allen & Gledhill LLP has provided corporate secretarial and/or legal services from time to time to the Trustee-Manager and its related corporations, Mr Yeo Wico has a less than 10 per cent stake in Allen & Gledhill LLP and the measures described in this paragraph will ensure that Mr Yeo Wico will not be involved in any decision-making process which will involve the appointment of Allen & Gledhill LLP. Mr Yeo Wico will abstain from the Board's decisions in relation to the choice of legal counsel for NetLink NBN Trust, where Allen & Gledhill LLP is involved, for various matters. Regardless of whether Mr Yeo Wico is a Director, the Group will appoint its legal counsel based on their expertise and decide on their fees based on market rates. There will thus be no interference with his exercise of independent judgment and his ability to act with regard to the interests of the Unitholders of NetLink NBN Trust as a whole or the best interest of the Trustee-Manager; and
- the Board understands that SP Services provides essential utilities services to individuals and business entities in Singapore on an arm's length basis and in the ordinary course of business. Therefore, where the business relationships are of such a nature as described above, the Board is of the view that such relationships will not interfere with Mr Yeo Wico's independent judgment and ability to act with regard to the interests of all the Unitholders of NetLink NBN Trust as a whole. Further, Mr Yeo Wico was not involved in the day-to-day management of the operations of SP Services and had abstained from voting at SP Services on any matters in relation to the provision of services to the Trustee-Manager and its related corporations when he was a Director of SP Services.

Mr Lang Tao Yih, Arthur and Mr Slattery Sean Patrick are considered to be non-independent Directors under the BTA and the BTR as they are the management representatives of Singapore Telecommunications Limited, a substantial Unitholder of NetLink NBN Trust.

Mr Tong Yew Heng is the Chief Executive Officer of the Trustee-Manager. As an Executive Director of the Trustee-Manager, he is considered to be non-independent under the BTA and the BTR.

ADDITIONAL INFORMATION

REQUIRED UNDER THE BUSINESS TRUSTS ACT, CHAPTER 31A OF SINGAPORE AND THE BUSINESS TRUSTS REGULATIONS 2005

2. STATEMENT OF POLICIES AND PROCEDURES REQUIRED UNDER BUSINESS TRUSTS ACT, CHAPTER 31A OF SINGAPORE AND THE BUSINESS TRUSTS REGULATIONS 2005

The Trustee-Manager has established the following policies and practices in relation to its management and governance of NetLink NBN Trust:

- the trust property of NetLink NBN Trust is properly accounted for and the trust property is kept distinct from the property of the Trustee-Manager in its own capacity. Different bank accounts are maintained for the Trustee-Manager in its personal capacity and in its capacity as the Trustee-Manager of NetLink NBN Trust;
- the Board reviews the business operations of NetLink NBN Trust to ensure it focuses on, (i) investing, directly or indirectly, in, and operating, the ownership, installation, operation and maintenance of ducts, manholes, central offices and space in central offices in Singapore for the purposes of telecommunication activities (the “**D&M Business**”), and the ownership, installation, operation and maintenance of the passive portion of the NGNBN for the purposes of providing services under its licence to provide facilities-based operations granted by the IMDA (the “**Fibre Business**”), (ii) selling, leasing or otherwise disposing of the D&M Business and the Fibre Business and exploring any opportunities for the foregoing purposes; and (iii) any business, undertaking or activity associated with, incidental and/or ancillary to the operation of the businesses referred to in (i) and (ii) as set out in the trust deed constituting NetLink NBN Trust dated 19 June 2017;
- The Trustee-Manager identifies potential conflicts between the interests of the Trustee-Manager and the interests of the Unitholders of NetLink NBN Trust and reviews the measures taken to manage conflicts or potential conflicts and will appoint independent advisors whenever necessary to provide required advice. Non-independent Directors of the Trustee-Manager will abstain from voting whenever there are any conflicts or potential conflicts of interest;
- The Trustee-Manager identifies Interested Person Transactions (“**IPTs**”) in relation to NetLink NBN Trust. IPTs are properly accounted for and the IPTs are transacted on normal commercial terms as those extended to third parties. The Audit Committee examines the reports to satisfy themselves that all IPTs are conducted in accordance with applicable requirements of the BTA and any other guidelines as may be applicable. IPTs in relation to NetLink NBN Trust during the financial period are disclosed on page 153;
- the expenses payable to the trustee-manager of NetLink NBN Trust out of trust property are appropriate and in accordance with the trust deed dated 19 June 2017 and regular internal reviews are carried out to ensure that such expenses payable are in order. Fees and expenses charged to NetLink NBN Trust by NetLink NBN Management Pte. Ltd. out of the trust property are disclosed in Note 32 of the financial statements, and in paragraph 3 below;
- the Trustee-Manager has engaged the services of and obtained advice from professional advisers and consultants from time to time to ensure compliance with the requirements of the Act and the Listing Manual of the Singapore Exchange Securities Trading Limited.

ADDITIONAL INFORMATION

REQUIRED UNDER THE BUSINESS TRUSTS ACT, CHAPTER 31A OF SINGAPORE AND THE BUSINESS TRUSTS REGULATIONS 2005

3. INTERESTED PERSON TRANSACTIONS

The aggregate value of all interested person transactions¹ during the financial period (excluding transactions less than \$100,000) are as follows:

Name of interested person

| | Group |
|-----------------------------------|---|
| | 19 June 2017 to 31 March 2018 \$'000 |
| NetLink NBN Management Pte. Ltd.: | |
| - Management fees | 632 |
| - Reimbursement of expenses | 295 |
| | <hr/> 927 <hr/> |

¹ Excludes transactions which are regulated by IMDA or where prices are publicly quoted.

USE OF IPO PROCEEDS

Capitalised terms used herein, unless otherwise defined, have the meanings defined in the prospectus of NetLink NBN Trust (the “Trust”) dated 10 July 2017 and registered by the Monetary Authority of Singapore on 10 July 2017 (the “IPO Prospectus”).

Upon listing of the Trust on the Main Board of the SGX-ST on 19 July 2017 and as disclosed in the announcement dated 19 July 2017, the total proceeds of approximately S\$2,347.4 million raised by the Trustee-Manager from the initial public offering of 2,898,000,001 units in the IPO had been utilised as follows:

- (i) S\$1,114.2 million in settlement of the cash component (the “**Cash Consideration**”) of the aggregate consideration payable to Singapore Telecommunications Limited for the Trust Acquisition (compared to S\$1,095.3 million in the IPO Prospectus). This includes approximately S\$18.9 million in post-closing adjustments to account for the actual TM Sale and Purchase Fees and Expenses and Equity Issue Expenses (as defined below);
- (ii) S\$1,100.0 million for the repayment of the principal amount due and owing under the ST Facility Agreement;
- (iii) S\$93.0 million for the funding of the consideration for the purchase by the Group of approximately 27,000 lead-in ducts pursuant to the Ducts SPA;
- (iv) S\$50,000 for the funding of the consideration for (a) the purchase by the Trust of the shares of NetLink Management Pte. Ltd. (as trustee of NLT) and (b) the purchase by Unitholders of all of that part of the beneficial interests in the Pre-Listing Beneficiaries’ trust property of the TM Shares Trust relating to the shares of the Trustee-Manager, pursuant to the TM Sale and Purchase Agreement;
- (v) S\$86,000 for the fees, costs and other expenses incurred by the Share Trustee in relation to (a) the Trustee-Manager and the TM Shares Trust (up to the Listing Date), and (b) NetLink Management Pte. Ltd. (from incorporation up to the time it was appointed as the trustee-manager of NLT in 2017), pursuant to the TM Sale and Purchase Agreement¹ (the “**TM Sale and Purchase Fees and Expenses**”); and
- (vi) the remaining proceeds of approximately S\$40.1 million was used for the payment of the Equity Issue Expenses.

The utilisation is in accordance with the intended use of the proceeds of the IPO, and save as disclosed above, is in accordance with the amounts allocated, as set out in the IPO Prospectus.

On 5 December 2017, the Trustee-Manager further announced the utilisation of the total proceeds of S\$26.7 million from the issue of 32,971,100 additional units pursuant to the exercise of the Over-Allotment Option (the “**Over-Allotment Proceeds**”), where (i) S\$24.0 million was used to subscribe for an additional 24,000,000 units in NetLink Trust and (ii) S\$0.4 million was used to pay for underwriting fees incurred by the Trustee-Manager in connection with the exercise of the Over-Allotment Option. The subscription monies received by NLT for the additional 24,000,000 units was used to fund the purchase of additional lead-in ducts by NLT from Singapore Telecommunications Limited. As of 31 March 2018, S\$1.7 million of the Over-Allotment Proceeds was used for the general corporate purposes of the Trust. The remaining S\$0.6 million of the Over-Allotment Proceeds will be used for general corporate purposes of the Trust.

The use of the Over-Allotment Proceeds is in accordance with the intended use of such proceeds as set out in the IPO Prospectus.

¹ It was previously disclosed in the announcement dated 19 July 2017 that S\$92,020 was utilised for the TM Sale and Purchase Fees and Expenses. As the Trustee-Manager has been refunded the goods and services tax that was payable in respect of the S\$86,000 stated in the IPO Prospectus, the final TM Sale and Purchase Fees and Expenses has been determined as S\$86,000 which is in accordance with the amount allocated as set out in the IPO Prospectus.

TRUSTEE-MANAGER FINANCIAL STATEMENTS

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NETLINK NBN MANAGEMENT PTE. LTD.**DIRECTORS' STATEMENT**

FOR THE FINANCIAL PERIOD FROM 21 FEBRUARY 2017 (DATE OF INCORPORATION) TO 31 MARCH 2018

The Directors of NetLink NBN Management Pte. Ltd. (the "Company") are pleased to present their statement together with the audited financial statements of the Company for the financial period from 21 February 2017 (date of incorporation) to 31 March 2018.

In the opinion of the Directors, the accompanying financial statements of the Company as set out on pages 160 to 172 are drawn up to give a true and fair view of the financial position of the Company as at 31 March 2018, and the financial performance, changes in equity and cash flows of the Company for the financial period then ended and at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts when they fall due.

DIRECTORS

The Directors of the Company in office at the date of this statement are:

| | |
|--------------------------------------|--|
| 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) |
| Mr Tan Tiang Yew Irving | (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 BENEFITS BY MEANS OF THE ACQUISITION OF SHARES AND DEBENTURES

Neither at the end of the financial period nor at any time during the financial period did there subsist any arrangement whose object is to enable the Directors of the Company to acquire benefits by means of the acquisition of shares or debentures in the Company or any other body corporate.

DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

None of the Directors who held office at the end of the financial period had an interest in shares or debentures of the Company and related corporations either at the beginning or at the end of the financial period.

SHARE OPTIONS**(a) Options to take up unissued shares**

During the financial period, no options to take up unissued shares of the Company were granted.

(b) Options exercised

During the financial period, there were no shares of the Company issued by virtue of the exercise of an option to take up unissued shares.

(c) Unissued shares under option

At the end of financial period, there were no unissued shares of the Company under option.

NETLINK NBN MANAGEMENT PTE. LTD.**DIRECTORS' STATEMENT**

FOR THE FINANCIAL PERIOD FROM 21 FEBRUARY 2017 (DATE OF INCORPORATION) TO 31 MARCH 2018

AUDITORS

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

On behalf of the Directors,

Chaly Mah Chee Kheong
Chairman

Tong Yew Heng
Director

Singapore
14 May 2018

NETLINK NBN MANAGEMENT PTE. LTD.**INDEPENDENT AUDITOR'S REPORT**

TO THE MEMBERS OF NETLINK NBN MANAGEMENT PTE. LTD.
FOR THE FINANCIAL PERIOD FROM 21 FEBRUARY 2017 (DATE OF INCORPORATION) TO 31 MARCH 2018

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS**Opinion**

We have audited the financial statements of NetLink NBN Management Pte. Ltd. (the "Company"), which comprise the statement of financial position of the Company as at 31 March 2018, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the financial period from 21 February 2017 (date of incorporation) to 31 March 2018 (the "financial period"), and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, as set out on pages 160 to 172.

In our opinion, the accompanying financial statements of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the financial position of the Company as at 31 March 2018 and of the financial performance, changes in equity and cash flows of the Company for the financial period.

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 Company in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the Directors' Statement set out on pages 156 to 157.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and FRSs, 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, management is responsible for assessing the Company'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 Company or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Company's financial reporting process.

NETLINK NBN MANAGEMENT PTE. LTD.
INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF NETLINK NBN MANAGEMENT PTE. LTD.
FOR THE FINANCIAL PERIOD FROM 21 FEBRUARY 2017 (DATE OF INCORPORATION) TO 31 MARCH 2018

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 financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- (a) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- (d) Conclude on the appropriateness of management'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 Company'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 Company to cease to continue as a going concern.
- (e) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors 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.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

Deloitte & Touche LLP
Public Accountants and
Chartered Accountants
Singapore

14 May 2018

NETLINK NBN MANAGEMENT PTE. LTD.**STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME**

FOR THE FINANCIAL PERIOD FROM 21 FEBRUARY 2017 (DATE OF INCORPORATION) TO 31 MARCH 2018

| | | Financial period from 21 February 2017 to 31 March 2018 |
|---|------|--|
| | Note | \$ |
| Revenue | 4 | 927,209 |
| Operating expenses | | (881,876) |
| Profits before tax | 5 | 45,333 |
| Income tax | 6 | (2,743) |
| Profits after tax representing total comprehensive income for the financial period | | 42,590 |

NETLINK NBN MANAGEMENT PTE. LTD.
STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2018

| | Note | 2018 \$ |
|---------------------------------------|------|----------------------|
| ASSET | | |
| Current assets | | |
| Cash and bank balances | 7 | 14,629 |
| Prepayments | | 13,616 |
| Trade receivable from a related party | 8 | 246,400 |
| | | <u>274,645</u> |
| LIABILITY | | |
| Current liabilities | | |
| Accrued operating expenses | | 229,307 |
| Income tax payable | | 2,743 |
| | | <u>232,050</u> |
| Net Assets | | <u>42,595</u> |
| SHAREHOLDER'S EQUITY | | |
| Share capital | 9 | 5 |
| Accumulated profits | | 42,590 |
| Total Equity | | <u>42,595</u> |

NETLINK NBN MANAGEMENT PTE. LTD.**STATEMENT OF CHANGES IN EQUITY**

FOR THE FINANCIAL PERIOD FROM 21 FEBRUARY 2017 (DATE OF INCORPORATION) TO 31 MARCH 2018

| | | Share capital | Accumulated profits | Total |
|--|------|------------------|------------------------|---------------|
| | Note | \$ | \$ | \$ |
| Balance as at 21 February 2017 (date of incorporation) | 9 | 5 | - | 5 |
| Profits for the period representing total comprehensive income for the financial period | | - | 42,590 | 42,590 |
| Balance as at 31 March 2018 | | 5 | 42,590 | 42,595 |

NETLINK NBN MANAGEMENT PTE. LTD.
STATEMENT OF CASH FLOWS

FOR THE FINANCIAL PERIOD FROM 21 FEBRUARY 2017 (DATE OF INCORPORATION) TO 31 MARCH 2018

| | Financial period from 21 February 2017 to 31 March 2018 |
|--|--|
| | \$ |
| Cash flows from operating activities | |
| Profits before tax | 45,333 |
| Changes in operating assets and liabilities: | |
| Prepayments | (13,616) |
| Trade receivable from a related party | (246,400) |
| Accrued operating expenses | 229,307 |
| Cash generated from operations | <u>14,624</u> |
| Issue of share capital | 5 |
| Cash generated from financing activities | <u>5</u> |
| Net increase in cash and cash equivalents | 14,629 |
| Cash and cash equivalents at beginning of financial period | - |
| Cash and cash equivalents at end of financial period (Note 7) | <u><u>14,629</u></u> |

NETLINK NBN MANAGEMENT PTE. LTD.**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE FINANCIAL PERIOD FROM 21 FEBRUARY 2017 (DATE OF INCORPORATION) TO 31 MARCH 2018

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1 GENERAL

The Company (Registration No. 201704783K) was incorporated in the Republic of Singapore with its principal place of business and registered office at 750E Chai Chee Road, #07-03 Viva Business Park, Singapore 469005.

The principal activity of the Company is to act as Trustee-Manager of NetLink NBN Trust (the “Trust”). The Trust is a business trust constituted by a trust deed and 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.

DBS Trustee Limited (as share trustee of Singapore NBN Trust) holds all shares of the Company (being the trustee-manager of the Trust) on trust for the benefit of the beneficiaries of Singapore NBN Trust (being the unitholders of the Trust) *pari passu*, each of whom has an undivided interest in the Company in proportion to their respective percentage of units held or owned by each of them in the Trust. Singapore NBN Trust is a business trust constituted by a trust deed dated 21 February 2017.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**2.1 Basis of preparation**

The financial statements have been prepared in accordance with the historical cost basis, except as disclosed in the accounting policies below, and are drawn up in accordance with the provisions of the Companies Act, Chapter 50 and Financial Reporting Standards in Singapore (“FRSs”).

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 Company takes into account the characteristics of the asset or liability which market participants would take into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of FRS 102 *Share-based Payments*, leasing transactions that are within the scope of FRS 17 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in FRS 2 *Inventories* or value in use in FRS 36 *Impairment of Assets*.

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

- 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

On 21 February 2017, the Company adopted all the new and revised FRSs and Interpretations of FRS (“INT FRS”) that are effective from that date and are relevant to its operations. The adoption of these new/revised FRSs and INT FRSs does not result in changes to the Company’s accounting policies and has no material effect on the amounts reported for the current period.

NETLINK NBN MANAGEMENT PTE. LTD.**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE FINANCIAL PERIOD FROM 21 FEBRUARY 2017 (DATE OF INCORPORATION) TO 31 MARCH 2018

2.2 Standards issued but not yet effective

The following FRSs, INT FRSs and amendments to FRS that are relevant to the Company were issued but not yet effective:

- FRS 109 *Financial Instruments*¹
- FRS 115 *Revenue from Contracts with Customers (with clarifications issued)*¹

¹ Applies to annual periods beginning on or after January 1, 2018, with early application permitted.

Consequential amendments were also made to various standards as a result of these new/revised standards.

FRS 109 *Financial Instruments*

FRS 109 was issued in December 2014 to replace FRS 39 *Financial Instruments: Recognition and Measurement* and introduced new requirements for (i) the classification and measurement of financial assets and financial liabilities (ii) general hedge accounting; and (iii) impairment requirements for financial assets.

Key requirements of FRS 109 that are currently relevant to the Company:

- All recognised financial assets that are within the scope of FRS 39 are now required to be subsequently measured at amortised cost or fair value. Specifically, debt instruments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at fair value through other comprehensive income (FVTOCI). All other debt instruments and equity investments are measured at fair value through profit or loss (FVTPL) at the end of subsequent accounting periods. In addition, under FRS 109, entities may make an irrevocable election, at initial recognition, to measure an equity investment (that is not held for trading) at FVTOCI, with only dividend income generally recognised in profit or loss.
- With some exceptions, financial liabilities are generally subsequently measured at amortised cost. With regard to the measurement of financial liabilities designated as at FVTPL, FRS 109 requires that the amount of change in fair value of such financial liability that is attributable to changes in the credit risk be presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch to profit or loss. Changes in fair value attributable to the financial liability's credit risk are not subsequently reclassified to profit or loss.
- In relation to the impairment of financial assets, FRS 109 requires an expected credit loss model, as opposed to an incurred credit loss model under FRS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

The Company anticipates that the initial application of FRS 109 is not expected to result in any material changes to the accounting policies relating to the impairment provision of financial assets. Additional disclosures may be made with respect to trade and other receivables, including any significant judgement and estimation made.

NETLINK NBN MANAGEMENT PTE. LTD.**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE FINANCIAL PERIOD FROM 21 FEBRUARY 2017 (DATE OF INCORPORATION) TO 31 MARCH 2018

FRS 115 Revenue from Contracts with Customers

In November 2014, FRS 115 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. FRS 115 will supersede the current revenue recognition guidance including FRS 18 *Revenue*, FRS 11 *Construction Contracts* and the related Interpretations when it becomes effective. Further clarifications to FRS 115 were also issued in June 2016.

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

- Step 1: Identify the contract(s) with a customer.
- Step 2: Identify the performance obligations in the contract.
- Step 3: Determine the transaction price.
- Step 4: Allocate the transaction price to the performance obligations in the contract.
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

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

The Company anticipates that the initial application of the new FRS 115 is not expected to result in material changes to the accounting policies relating to revenue recognition except for extensive disclosures. The Company is currently evaluating on any additional disclosures required in respect of revenue recognition.

2.3 Financial instruments

Financial assets and financial liabilities are recognised on the statement of financial position when the Company becomes a party to the contractual provisions of the instruments.

(i) Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial instrument, or where appropriate, a shorter period. Income and expense is recognised on an effective interest basis for debt instruments other than those financial instruments “at fair value through profit or loss”.

(ii) Financial assets

All financial assets are recognised and de-recognised on a trade date basis where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value plus transaction costs, except for those financial assets classified as at fair value through profit or loss which are initially measured at fair value.

Financial assets are classified into the following specified categories: financial assets “at fair value through profit or loss”, “held-to-maturity investments”, “available-for-sale” financial assets and “loans and receivables”. The classification depends on the nature and purpose of financial assets and is determined at the time of initial recognition.

NETLINK NBN MANAGEMENT PTE. LTD.**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE FINANCIAL PERIOD FROM 21 FEBRUARY 2017 (DATE OF INCORPORATION) TO 31 MARCH 2018

Trade receivable from a related party

The Company has only one category of financial assets – trade receivable from a related party.

Trade receivable from a related party are measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest method, except for short-term receivables when the effect of discounting is immaterial.

Impairment of financial assets

The Company assesses for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

Objective evidence of impairment could include:

- Significant financial difficulty of the issuer or counterparty; or
- Default or delinquency in interest or principal payments; or
- It becoming probable that the borrower will enter bankruptcy or financial re-organisation.

Loans and receivables that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

The amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account. When a trade receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Derecognition of financial assets

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that has been recognised directly in equity is recognised in the profit or loss.

NETLINK NBN MANAGEMENT PTE. LTD.**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE FINANCIAL PERIOD FROM 21 FEBRUARY 2017 (DATE OF INCORPORATION) TO 31 MARCH 2018

(iii) Financial liabilities and equity instruments**Classification as debt or equity**

Financial liabilities and equity instruments issued by the Company are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

Financial liabilities

Financial liabilities are classified as either "fair value through profit or loss" or other financial liabilities. Financial liabilities include "accrued operating expenses".

Other financial liabilities

Accrued operating expenses are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, using the effective interest method, with interest expense recognized on an effective yield basis.

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire.

2.4 Offsetting arrangements

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when the Company 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.

2.5 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new equity shares are taken to equity as a deduction, net of tax, from the proceeds.

2.6 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company 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.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate.

NETLINK NBN MANAGEMENT PTE. LTD.**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE FINANCIAL PERIOD FROM 21 FEBRUARY 2017 (DATE OF INCORPORATION) TO 31 MARCH 2018

2.7 Revenue recognition

Revenue recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The Company assesses its revenue arrangements to determine if it is acting as principal or agent. The Company has concluded that it is acting as a principal in all of its revenue arrangements.

Management fee revenue from the provision of management services are recognised when the services are rendered.

2.8 Income tax

Income tax expense represents the sum of the tax currently payable.

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

2.9 Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which it operates ("functional currency"). The financial statements of the Company are presented in Singapore Dollars, which is the functional and presentation currency of the Company.

2.10 Related parties

A related party is defined as follows:

- (a) A person or a close member of that person's family is related to the Company if that person:
 - (i) Has control or joint control over the Company;
 - (ii) Has significant influence over the Company; or
 - (iii) Is a member of the key management personnel of the Company or of a parent of the Company.
- (b) An entity is related to the Company if any of the following conditions applies:
 - (i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
 - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
 - (iii) Both entities are joint ventures of the same third party;
 - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - (v) The entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company;
 - (vi) The entity is controlled or jointly controlled by a person identified in (a); and
 - (vii) A person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

NETLINK NBN MANAGEMENT PTE. LTD.**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE FINANCIAL PERIOD FROM 21 FEBRUARY 2017 (DATE OF INCORPORATION) TO 31 MARCH 2018

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**3.1** Critical judgements in applying the Company's accounting policies

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Management has not made any critical judgement which may have a significant effect on the amounts recognised in the financial statements.

3.2 Key sources of estimation uncertainty

There are no key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

4 REVENUE

Revenue relates to management fee which is receivable quarterly in arrears and in accordance with the Trust Deed dated 19 June 2017 which constituted NetLink NBN Trust.

5 PROFITS BEFORE TAX

The following items have been included in arriving at profit before tax:

| | Financial period from 21 February 2017 to 31 March 2018 |
|-----------------|--|
| | \$ |
| Directors' fees | 818,356 |

6 INCOME TAX

The income tax on the results differs from the amount that would arise using the Singapore standard rate of income tax due to the following:

| | Financial period from 21 February 2017 to 31 March 2018 |
|-------------------------------------|--|
| | \$ |
| Profit before tax | 45,333 |
| Tax calculated at a tax rate of 17% | 7,707 |
| Income not subject to tax purposes | (4,278) |
| Effect of tax relief | (686) |
| | 2,743 |

NETLINK NBN MANAGEMENT PTE. LTD.**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE FINANCIAL PERIOD FROM 21 FEBRUARY 2017 (DATE OF INCORPORATION) TO 31 MARCH 2018

7 CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the statement of cash flows comprise the following amounts:

| | 2018 \$ |
|------------------------|--------------------------|
| Cash and bank balances | 14,629 |

8 TRADE RECEIVABLE FROM A RELATED PARTY

The receivable is from NetLink NBN Trust. The receivable is trade in nature, non-interest bearing and on 30 days' terms. They are recognized at their original invoice amounts which represent their fair values on initial recognition. There is no significant change in credit quality and the Company has not recognised any allowance for doubtful receivables.

There are no trade receivables which are past due as at 31 March 2018.

9 SHARE CAPITALIssued and paid up ordinary share capital

| | 2018 Shares and \$ |
|--|-------------------------------------|
| Balance at date of incorporation and end of financial period | 5 |

All issued shares are fully paid, have no par value, and carry one vote per share and a right to dividends as and when declared by the Company.

10 RELATED PARTY TRANSACTIONS

| | 2018 \$ |
|--|--------------------------|
| Management fees received/receivable from NetLink NBN Trust | 927,209 |

NETLINK NBN MANAGEMENT PTE. LTD.**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE FINANCIAL PERIOD FROM 21 FEBRUARY 2017 (DATE OF INCORPORATION) TO 31 MARCH 2018

11 FINANCIAL RISK MANAGEMENT

The main risks arising from the Company's financial instruments are credit risk and liquidity risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below.

(a) Credit risk management

The carrying amount of trade receivable from a related party represent the Company's maximum exposure to credit risk in relation to financial assets. No other financial assets carry a significant exposure to credit risk. Cash is placed with a bank which is regulated and with high credit ratings.

(b) Liquidity risk management

Liquidity risk is the risk that the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Company maintains sufficient cash and cash equivalents and internally generated cash flows to finance its activities.

(c) Foreign currency risk management

All the Company's transactions are transacted in Singapore Dollars. There is no significant foreign currency risk.

(d) Capital risk management

The Company manages its capital to ensure that it will be able to continue as a going concern. The capital requirements of the capital structure of the Company consists of equity attributable to shareholders, comprising share capital and accumulated profits.

(e) Fair values

The fair value of a financial instrument is the amount at which the instrument could be exchanged or settled between knowledgeable and willing parties in an arm's length transaction, other than in a forced or liquidation sale.

Management has determined that the carrying amounts of trade receivable from a related party, and accrued operating expenses reasonably approximate their fair values because they are mostly short-term in nature.

12 COMPARATIVE FIGURES

There are no comparative figures as this is the first set of financial statements for the financial period from date of incorporation on 21 February 2017 to 31 March 2018.

13 AUTHORISATION OF FINANCIAL STATEMENTS

These financial statements for the financial period ended 31 March 2018 were authorised for issue in accordance with a resolution of the Board of Directors on 14 May 2018.

STATISTICS OF UNITHOLDINGS

AS AT 4 JUNE 2018

ISSUED AND FULLY PAID UNITS

3,896,971,100 Units (Voting rights: 1 vote per Unit)
There is only one class of units in NetLink NBN Trust

DISTRIBUTION OF UNITHOLDINGS

| Size of Unitholdings | No. of Unitholders | % | No. of Units | % |
|----------------------|--------------------|---------------|----------------------|---------------|
| 1 – 99 | 4 | 0.01 | 142 | 0.00 |
| 100 – 1,000 | 3,584 | 13.16 | 3,542,999 | 0.09 |
| 1,001 – 10,000 | 15,965 | 58.62 | 68,728,700 | 1.76 |
| 10,001 – 1,000,000 | 7,637 | 28.04 | 344,088,378 | 8.83 |
| 1,000,001 and above | 45 | 0.17 | 3,480,610,881 | 89.32 |
| Total | 27,235 | 100.00 | 3,896,971,100 | 100.00 |

TWENTY LARGEST UNITHOLDERS

| No. | Name | No. of Units | % |
|--------------|--|----------------------|--------------|
| 1. | SINGTEL INTERACTIVE PTE. LTD. | 965,999,999 | 24.79 |
| 2. | DBS NOMINEES (PRIVATE) LIMITED | 891,741,377 | 22.88 |
| 3. | CITIBANK NOMINEES SINGAPORE PTE LTD | 852,122,403 | 21.87 |
| 4. | HSBC (SINGAPORE) NOMINEES PTE LTD | 266,399,445 | 6.84 |
| 5. | RAFFLES NOMINEES (PTE) LIMITED | 133,864,517 | 3.44 |
| 6. | MORGAN STANLEY ASIA (SINGAPORE) SECURITIES PTE LTD | 78,351,000 | 2.01 |
| 7. | UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED | 61,012,945 | 1.57 |
| 8. | DBSN SERVICES PTE. LTD. | 54,483,662 | 1.40 |
| 9. | OCBC SECURITIES PRIVATE LIMITED | 24,365,800 | 0.63 |
| 10. | GUTHRIE VENTURE PTE LTD | 17,000,000 | 0.44 |
| 11. | BNP PARIBAS NOMINEES SINGAPORE PTE LTD | 15,650,000 | 0.40 |
| 12. | NTUC FAIRPRICE CO-OPERATIVE LTD | 12,000,000 | 0.31 |
| 13. | DB NOMINEES (SINGAPORE) PTE LTD | 11,677,700 | 0.30 |
| 14. | UOB KAY HIAN PRIVATE LIMITED | 11,150,300 | 0.29 |
| 15. | CGS-CIMB SECURITIES (SINGAPORE) PTE. LTD. | 8,199,581 | 0.21 |
| 16. | PHILLIP SECURITIES PTE LTD | 6,140,100 | 0.16 |
| 17. | OCBC NOMINEES SINGAPORE PRIVATE LIMITED | 5,105,800 | 0.13 |
| 18. | INDIA INTERNATIONAL INSURANCE PTE LTD - SIF | 5,000,000 | 0.13 |
| 19. | CHIN KIAM HSUNG | 4,700,000 | 0.12 |
| 20. | DBS VICKERS SECURITIES (SINGAPORE) PTE LTD | 4,666,500 | 0.12 |
| Total | | 3,429,631,129 | 88.04 |

STATISTICS OF UNITHOLDINGS

AS AT 4 JUNE 2018

SUBSTANTIAL UNITHOLDERS

Based on the Register of Substantial Unitholders' Unitholdings maintained by the Trustee-Manager as at 4 June 2018, the Substantial Unitholders of NetLink NBN Trust and their interests in the Units of NetLink NBN Trust are as follows:

| Name | Direct Interest | | Deemed interest | |
|---|-----------------|-------|-----------------|-------|
| | No. of Units | % | No. of Units | % |
| Singtel Interactive Pte. Ltd. | 965,999,999 | 24.79 | - | - |
| Singapore Telecommunications Limited ¹ | - | - | 965,999,999 | 24.79 |
| Temasek Holdings (Private) Limited ² | - | - | 1,070,261,999 | 27.46 |

Notes:

- ¹ Singtel Interactive Pte. Ltd. is a wholly-owned subsidiary of Singtel Telecommunications Limited ("**Singtel**"). Accordingly, Singtel is deemed to have an interest in the 965,999,999 units of NetLink NBN Trust that Singtel Interactive Pte. Ltd. holds.
- ² Temasek Holdings (Private Limited) ("**Temasek**") is the majority shareholder of Singtel. Accordingly, Temasek is deemed to be interested in the 965,999,999 units in which Singtel has a deemed interest. In addition, under the Securities and Futures Act, Chapter 289 of Singapore, Temasek is deemed to be interested in a further 104,262,000 units through an associated company and an investment fund in which Temasek has an indirect interest. Singtel and the associated company referred to above are independently-managed Temasek portfolio companies. The investment fund referred to above is an independently-managed investment fund in which Temasek has an indirect interest. Temasek is not involved in their business or operating decisions, including those regarding their positions in units of NetLink NBN Trust.

PUBLIC UNITHOLDERS

Based on the information available to the Trustee-Manager as at 4 June 2018, approximately 72.50% of the issued Units in NetLink NBN Trust is held by the public and therefore, pursuant to Rule 723 of the Listing Manual of the Singapore Exchange Securities Trading Limited, it is confirmed that at least 10% of the issued Units in NetLink NBN Trust is at all times held by the public.

As at 4 June 2018, there are no treasury units held and there are no subsidiary holding.

NOTICE OF ANNUAL GENERAL MEETING

NetLink NBN Trust

(a business trust constituted on 19 June 2017 under the laws of the Republic of Singapore and registered under the Business Trusts Act, Chapter 31A of Singapore (Registration Number: 2017002))

Managed by NetLink NBN Management Pte. Ltd.
(Company Registration Number: 201704783K)
(the “Trustee-Manager”)

NOTICE IS HEREBY GIVEN that the First Annual General Meeting of NetLink NBN Trust will be held at Stephen Riady Auditorium, NTUC Centre, No. 1 Marina Boulevard, One Marina Boulevard, Level 7, Singapore 018989 on Wednesday, 25 July 2018 at 2.00 p.m. to transact the following business:

AS ORDINARY BUSINESS

1. To receive and adopt the Report of the Trustee-Manager, Statement by the Trustee-Manager and the Audited Financial Statements of NetLink NBN Trust for the financial period from 19 June 2017 (date of constitution) to 31 March 2018 together with the Independent Auditor’s Report therein. **(Ordinary Resolution 1)**
2. To re-appoint Deloitte & Touche LLP as Auditors of NetLink NBN Trust to hold office until the conclusion of the next Annual General Meeting and to authorise the Directors of the Trustee-Manager to fix their remuneration. **(Ordinary Resolution 2)**

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass with or without any modifications, of which Resolution (3) will be proposed as an Ordinary Resolution and Resolution (4) will be proposed as an Extraordinary Resolution:

3. Ordinary Resolution – General mandate to issue units in NetLink NBN Trust (“Units”)

That pursuant to Clause 6.1 of the deed of trust constituting NetLink NBN Trust (the “Trust Deed”), Section 36 of the Business Trusts Act, Chapter 31A of Singapore (the “BTA”), and Rule 806 of the Listing Manual of Singapore Exchange Securities Trading Limited (the “SGX-ST”), authority be and is hereby given to the Trustee-Manager to:

- (a) (i) issue Units, whether by way of rights, bonus or otherwise; and/or
- (ii) make or grant offers, agreements or options (collectively, “Instruments”) that might or would require Units to be issued, including but not limited to the creation and issue of (as well as adjustments to) securities, warrants, debentures or other instruments convertible into Units,

at any time and upon such terms and conditions and for such purposes and to such persons as the Trustee-Manager may in its absolute discretion deem fit; and

The joint issue managers of the initial public offering and listing of NetLink NBN Trust were DBS Bank Ltd., Morgan Stanley Asia (Singapore) Pte., and UBS AG, Singapore Branch. The joint underwriters of the initial public offering and listing of NetLink NBN Trust were DBS Bank Ltd., Morgan Stanley Asia (Singapore) Pte., UBS AG, Singapore Branch, Merrill Lynch (Singapore) Pte. Ltd., Citigroup Global Markets Singapore Pte. Ltd., The Hongkong and Shanghai Banking Corporation Limited, Singapore Branch, Oversea-Chinese Banking Corporation Limited, and United Overseas Bank Limited. The joint issue managers and joint underwriters of the initial public offering assume no responsibility for the contents of this Notice.

NOTICE OF ANNUAL GENERAL MEETING

- (b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force at the time such Units are issued) issue Units in pursuance of any Instruments made or granted by the Trustee-Manager while this Resolution was in force,

provided that:

- (i) the aggregate number of Units to be issued pursuant to this Resolution (including Units to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) shall not exceed 50% of the total number of issued Units (excluding treasury Units and subsidiary holdings, if any) (as calculated in accordance with sub-paragraph (ii) below), of which the aggregate number of Units to be issued other than on a pro rata basis to existing Unitholders shall not exceed 10% of the total number of issued Units (excluding treasury Units and subsidiary holdings, if any) (as calculated in accordance with sub-paragraph (ii) below);
- (ii) (subject to such manner of calculation as may be prescribed by SGX-ST) for the purpose of determining the aggregate number of Units that may be issued under sub-paragraph (i) above, the total number of issued Units (excluding treasury Units and subsidiary holdings, if any) shall be based on the total number of issued Units (excluding treasury Units and subsidiary holdings, if any) at the time of the passing of this Resolution, after adjusting for:
- (aa) any new Units arising from the conversion or exercise of any Instruments which are outstanding at the time this Resolution is passed; and
- (bb) any subsequent bonus issue, consolidation or subdivision of Units;
- (iii) in exercising the authority conferred by this Resolution, the Trustee-Manager shall comply with the provisions of the Listing Manual of SGX-ST for the time being in force (unless such compliance has been waived by SGX-ST), the Trust Deed and the BTA for the time being in force (unless otherwise exempted or waived by the Monetary Authority of Singapore); and
- (iv) unless revoked or varied by the Unitholders of NetLink NBN Trust in a general meeting, such authority shall continue in force until (i) the conclusion of the next Annual General Meeting of the Unitholders or (ii) the date by which the next Annual General Meeting of the Unitholders is required by law to be held, whichever is earlier;
- (v) where the terms of the issue of the Instruments provide for adjustment to the number of Instruments or Units into which the Instruments may be converted, in the event of rights, bonus or other capitalisation issues or any other events, the Trustee-Manager is authorised to issue additional Instruments or Units pursuant to such adjustment notwithstanding that the authority conferred by this Resolution may have ceased to be in force at the time the Instruments or Units are issued; and
- (vi) the Trustee-Manager be and is hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) as the Trustee-Manager may consider expedient or necessary or in the interest of NetLink NBN Trust to give effect to the authority conferred by this Resolution.

[See Explanatory Note 1]

(Ordinary Resolution 3)

NOTICE OF ANNUAL GENERAL MEETING

4. Extraordinary Resolution – Proposed amendment and restatement of the NetLink NBN Trust Deed to provide for the Proposed Multiple Proxies Trust Deed Amendments

That:

- (a) approval be and is hereby given to amend the deed of trust dated 19 June 2017 constituting NetLink NBN Trust (the “**Trust Deed**”) in the manner set out in paragraph 2.3 of the appendix to the Notice of Annual General Meeting (the “**Appendix**”) dated 29 June 2018 (the “**Proposed Multiple Proxies Trust Deed Amendments**”); and
- (b) the Trustee-Manager be and is hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) as the Trustee-Manager may consider expedient or necessary or in the interest of the Trust to give effect to the Proposed Multiple Proxies Trust Deed Amendments.

[See Explanatory Note 2]

(Extraordinary Resolution 4)

By Order of the Board

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

Lai Kuan Loong, Victor
Albert Lim Aik Seng
Company Secretaries

Singapore, 29 June 2018

NOTICE OF ANNUAL GENERAL MEETING

EXPLANATORY NOTES:

- (1) Ordinary Resolution 3, if passed, will empower the Trustee-Manager, from the date of this Annual General Meeting until the date of the next Annual General Meeting, or the date by which the next Annual General Meeting is required by law to be held, or the date on which such authority is varied or revoked by NetLink NBN Trust in a general meeting of Unitholders, whichever is the earliest, to issue Units, make or grant Instruments convertible into Units and to issue Units pursuant to such Instruments, up to a number not exceeding, in total, 50% of the total number of issued Units (excluding treasury Units and subsidiary holdings, if any) of which up to 10% of the total number of issued Units (excluding treasury Units and subsidiary holdings, if any) may be issued other than on a pro rata basis to existing Unitholders.

For determining the aggregate number of Units that may be issued, the total number of issued Units (excluding treasury Units and subsidiary holdings, if any) will be calculated based on the total number of issued Units (excluding treasury Units and subsidiary holdings, if any) at the time Resolution 3 is passed, after adjusting for (a) any new Units arising from the conversion or exercise of any Instruments which are outstanding or subsisting at the time when this Resolution is passed and (b) any subsequent bonus issue, consolidation or subdivision of Units.

- (2) Extraordinary Resolution 4, if passed, will approve the Proposed Multiple Proxies Trust Deed Amendments which are set out in the Appendix. The Proposed Multiple Proxies Trust Deed Amendments are intended to amend the Trust Deed to allow Unitholders who are Relevant Intermediaries (as defined in the Appendix) to appoint more than two proxies at a meeting of Unitholders. Please see the Appendix for further details.

Notes:

1. A Unitholder entitled to attend and vote at this Annual General Meeting is entitled to appoint not more than two proxies to attend and vote in his/her stead. A proxy need not be a Unitholder.
2. The instrument appointing a proxy or proxies must be deposited at the office of NetLink NBN Trust's Unit Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623 not less than 48 hours before the time appointed for the Annual General Meeting.
3. A corporation, being a Unitholder, may by resolution of its directors or other governing body authorise such person as it thinks fit to act as its representative at any meeting of Unitholders and the person so authorised shall upon production of a copy of such resolution certified by a director of the corporation to be a true copy, be entitled to exercise the powers on behalf of the corporation so represented as the corporation could exercise in person if it were an individual, in accordance with the Trust Deed.

PERSONAL DATA PRIVACY:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a Unitholder (i) consents to the collection, use and disclosure of the Unitholder's personal data by the Trustee-Manager (or its agents or service providers) for the purpose of the processing and administration by the Trustee-Manager (or its agents or service providers) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, proxy lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Trustee-Manager (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the Unitholder discloses the personal data of the Unitholder's proxy(ies) and/or representative(s) to the Trustee-Manager (or its agents or service providers), the Unitholder has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Trustee-Manager (or its agents or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the Unitholder will indemnify the Trustee-Manager in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the Unitholder's breach of warranty.

PROXY FORM

IMPORTANT:

1. PLEASE READ THE NOTES TO THE PROXY FORM OVERLEAF.
2. Coffee, tea and bottled water will be served at the AGM.

NetLink NBN Trust

(a business trust constituted on 19 June 2017 under the laws of the Republic of Singapore and registered under the Business Trusts Act, Chapter 31A of Singapore (Registration Number: 2017002))

Managed by NetLink NBN Management Pte. Ltd.
(Company Registration Number: 201704783K)
(the "Trustee-Manager")

I/We, _____ NRIC/Passport No./Co. Reg. No. _____

of _____

being a unitholder/unitholders of NetLink NBN Trust, hereby appoint:

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

and/or (delete as appropriate)

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

or failing the person, or either or both of the persons, referred to above, the Chairman of the Annual General Meeting ("AGM") of NetLink NBN Trust as my/our proxy/proxies to vote for me/us on my/our behalf at the AGM to be held at Stephen Riady Auditorium, NTUC Centre, No. 1 Marina Boulevard, One Marina Boulevard, Level 7, Singapore 018989 on Wednesday, 25 July 2018 at 2.00 p.m. and at any adjournment thereof.

I/We direct my/our proxy/proxies to vote for or against the Resolutions proposed at the AGM as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the AGM and at any adjournment thereof, the proxy/proxies will vote or abstain from voting at his/her discretion.

| No. | Resolutions relating to: | No. of Votes For* | No. of Votes Against* |
|--------------------------|---|-------------------|-----------------------|
| ORDINARY BUSINESS | | | |
| 1 | Receive and Adopt the Report of the Trustee-Manager, Statement by the Trustee-Manager and the Audited Financial Statements of NetLink NBN Trust for the financial period from 19 June 2017 (date of constitution) to 31 March 2018 together with the Independent Auditor's Report therein | | |
| 2 | Re-appoint Deloitte & Touche LLP as Auditors of NetLink NBN Trust and authorise Directors to fix their remuneration | | |
| SPECIAL BUSINESS | | | |
| 3 | Authority to issue new units in NetLink NBN Trust | | |
| 4 | Proposed amendment and restatement of the NetLink NBN Trust Deed to provide for the Proposed Multiple Proxies Trust Deed Amendments | | |

* If you wish to exercise all your votes "For" or "Against", please tick (V) within the box provided. Alternatively, please indicate the number of votes as appropriate.

Dated this _____ day of _____ 2018

| Total number of Units in: | No. of Units |
|-----------------------------|--------------|
| (a) CDP Register | |
| (b) Register of Unitholders | |

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



Notes:

1. Please insert the total number of units in NetLink NBN Trust (“Units”) held by you. If you have Units entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289 of Singapore), you should insert that number of Units. If you have Units registered in your name in the Register of Holders, you should insert that number of Units. If you have Units entered against your name in the Depository Register and Units registered in your name in the Register of Holders, you should insert the aggregate number of Units entered against your name in the Depository Register and registered in your name in the Register of Holders. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Units held by you.
2. A Unitholder of NetLink NBN Trust entitled to attend and vote at a meeting of NetLink NBN Trust is entitled to appoint one or two proxies to attend and vote in his/her stead. A proxy need not be a Unitholder of NetLink NBN Trust.
3. Where a Unitholder appoints two proxies, he/she must specify the proportion of his/her unitholding (expressed as a percentage of the whole) to be represented by each proxy. Where a Unitholder appoints two proxies and does not specify the proportion of his/her unitholding to be represented by each proxy, then the Units held by the Unitholder are deemed to be equally divided between the proxies.
4. Completion and return of this instrument appointing a proxy shall not preclude a Unitholder from attending and voting at the AGM. Any appointment of a proxy or proxies shall be deemed to be revoked if a Unitholder attends the meeting in person, and in such event, the Trustee-Manager reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the AGM.
5. The instrument appointing a proxy or proxies must be deposited at the office of NetLink NBN Trust’s Unit Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623 not less than 48 hours before the time appointed for the AGM.

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6. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument, failing which the instrument may be treated as invalid. No instrument appointing a proxy or proxies shall be valid after the expiration of 12 months from the date named in it as the date of its execution.
7. A corporation, being a Unitholder, may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the AGM and the person so authorised shall upon production of a copy of such resolution certified by a director of the corporation to be a true copy, be entitled to exercise the powers on behalf of the corporation so represented as the corporation could exercise in person if it were an individual, in accordance with the Trust Deed.

PERSONAL DATA PRIVACY:

By submitting an instrument appointing a proxy(ies) and/or representative(s), the Unitholder accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 29 June 2018.

GENERAL:

The Trustee-Manager shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible, or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of Units entered in the Depository Register, the Trustee-Manager may reject any instrument appointing a proxy or proxies lodged if the Unitholder, being the appointor, is not shown to have Units entered against his name in the Depository Register as at 48 hours before the time appointed for holding the AGM, as certified by The Central Depository (Pte) Limited to the Trustee-Manager.

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NetLink NBN Management Pte. Ltd.
(as Trustee-Manager of NetLink NBN Trust)
c/o Boardroom Corporate & Advisory Services Pte. Ltd.
50 Raffles Place
#32-01 Singapore Land Tower
Singapore 048623

Glue all sides firmly

Glue all sides firmly

Glue all sides firmly

CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr Chaly Mah Chee Kheong (Chairman)
Mr Eric Ang Teik Lim
Ms Koh Kah Sek
Mr Irving Tan Tiang Yew
Mr Yeo Wico
Mr Arthur Lang Tao Yih
Mr Slattery Sean Patrick
Mr Tong Yew Heng

AUDIT COMMITTEE

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

NOMINATING AND REMUNERATION COMMITTEE

Mr Chaly Mah Chee Kheong (Chairman)
Mr Irving Tan Tiang Yew
Mr Arthur Lang Tao Yih

RISK AND REGULATORY COMMITTEE

Mr Slattery Sean Patrick (Chairman)
Mr Chaly Mah Chee Kheong
Mr Eric Ang Teik Lim

COMPANY SECRETARIES

Mr Lai Kuan Loong, Victor
Mr Albert Lim Aik Seng

REGISTERED OFFICE

750E Chai Chee Road, #07-03
Viva Business Park
Singapore 469005
Tel: 6718 2828
Fax: 6449 0221
Website: www.netlinknbn.com

UNIT REGISTRAR

Boardroom Corporate & Advisory Services Pte. Ltd.
50 Raffles Place, #32-01
Singapore Land Tower
Singapore 048623
Tel: 6536 5355
Fax: 6536 1360
Website: www.boardroomlimited.com

AUDITORS

Deloitte & Touche LLP
6 Shenton Way
#33-00 OUE Downtown 2
Singapore 068809
Tel: 6224 8288
Fax: 6538 6166
Partner-in-charge: Mr Shariq Barmaky
(Appointed with effect from 21 June 2017)

IR CONTACT

For enquiries on the Group's business performance,
contact the Investor Relations team at
investor@netlinknbn.com.

NETLINK NBN TRUST

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