**PROSPECTUS DATED 10 JULY 2017**
**(Registered with the Monetary Authority of Singapore on 10 July 2017)**

**This document is important. If you are in any doubt as to the action you should take, you should consult your legal, financial, tax or other professional adviser.**

**OFFER FOR SUBSCRIPTION BY**
**NetLink NBN Management Pte. Ltd.**
(Registration Number: 201704783K)
**2,898,000,001 Units (subject to the Over-Allotment Option)**
**(3,021,456,001 Units where the Over-Allotment Option is exercised in full)**

## Offering Price: S$0.81 per Unit

# NetLinkNBN

*the fibre of a smart nation*

## 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 (the "BTA") (Registration Number: 2017002)) (the "Trust")**
**Managed by NetLink NBN Management Pte. Ltd. (the "Trustee-Manager")**

The Trustee-Manager is a company incorporated in Singapore on 21 February 2017 under the Companies Act, Chapter 50 of Singapore. The Trustee-Manager has an issued and paid-up capital of S$5.00 comprising five ordinary shares in the capital of the Trustee-Manager (the "**TM Shares**"). From and after the listing of the Units (as defined herein) on the Main Board of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") ("**Listing**"), all the TM Shares will be held by DBS Trustee Limited (the "**Share Trustee**") on trust (such trust, the "**TM Shares Trust**") for the benefit of the holders of the units in the Trust (the "**Unitholders**") from time to time in proportion to such Unitholders' respective percentage of Units held or owned in the Trust until the expiry of a perpetuity period of 100 years from the date of establishment of the TM Shares Trust, unless earlier terminated in accordance with the provisions of the TM Shares Trust Deed (as defined herein). The securities offered in this document are units representing undivided interests in the Trust (the "**Units**"). Under the TM Shares Trust, each Unitholder will have an undivided interest in the TM Shares in proportion to such Unitholder's percentage of Units held or owned in the Trust. The voting rights in the TM Shares will, subject to the applicable terms of the TM Shares Trust Deed, be exercised by the Share Trustee in accordance with the relevant resolutions passed by the Unitholders who will each have voting rights proportionate to their unitholdings in the Trust. From and after Listing, changes to a Unitholder's interests in the TM Shares are linked proportionately to changes in a Unitholder's unitholding in the Trust. If a Unitholder ceases to own any Units, it will concurrently cease to own any interest in the TM Shares. For the avoidance of doubt, Unitholders will not derive a significant return in respect of their interests in the TM Shares (see "*The Trustee-Manager – Description of the TM Shares – Dividends*"). In this document, unless the context otherwise requires, references to "Units" shall include a proportionate interest in the TM Shares under the TM Shares Trust.

The Trustee-Manager is making an offering (the "**Offering**") of 2,898,000,001 Units for subscription at the offering price (the "**Offering Price**") of S$0.81 per Unit. The Offering consists of (i) an international placement to investors, including institutional and other investors in Singapore (the "**Placement**") and (ii) an offering to the public in Singapore (the "**Public Offer**"). There is one Unit in issue as at the date of this document. The total number of outstanding Units immediately after the completion of the Offering and the issue of the Singtel Consideration Units (as defined herein) will be 3,864,000,000 Units (assuming that the Over-Allotment Option (as defined herein) is not exercised).

DBS Bank Ltd. ("**DBS Bank**"), Morgan Stanley Asia (Singapore) Pte. and UBS AG, Singapore Branch are the joint issue managers (the "**Joint Issue Managers**") and the joint global coordinators (the "**Joint Global Coordinators**") for the Offering. DBS Bank, 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 are the joint bookrunners and the joint underwriters (the "**Joint Bookrunners and Joint Underwriters**") for the Offering.

No Units shall be allotted or allocated on the basis of this Prospectus later than six months after the date of registration of this Prospectus by the Monetary Authority of Singapore (the "**Authority**" or the "**MAS**"). Prior to the Offering, there has been no market for the Units. The offer of Units under this Prospectus will be by way of an initial public offering in Singapore. Application has been made to the SGX-ST for permission to list on the Main Board of the SGX-ST (i) all the Units in issue prior to the Offering, (ii) all the Units to be issued pursuant to the Offering, (iii) all the Units to be issued to Singtel Interactive Pte. Ltd. ("**Holdco**"), a wholly-owned subsidiary of Singapore Telecommunications Limited ("**Singtel**"), in part settlement of the consideration payable to Singtel for the Trust Acquisition (as defined herein) (the "**Singtel Consideration Units**") and (iv) all the Additional Units (as defined herein). Such permission will be granted when the Trust has been admitted to the Official List of the SGX-ST on the Listing Date. Acceptance of applications for Units will be conditional upon issue of the Units and upon permission being granted by the SGX-ST to list and deal in and for quotation of the Units. In the event that such permission is not granted or if the Offering is not completed for any other reason, application monies will be returned in full, at each investor's own risk, without interest or any share of revenue or other benefit arising therefrom and without any right or claim against any of the Trust, the Trustee-Manager, Singtel, the Joint Issue Managers, the Joint Global Coordinators or the Joint Bookrunners and Joint Underwriters.

The Trust has received a letter of eligibility from the SGX-ST for the listing and quotation of (i) all the Units in issue prior to the Offering, (ii) all the Units to be issued pursuant to the Offering, (iii) the Singtel Consideration Units and (iv) the Additional Units, on the Main Board of the SGX-ST. The Trust's eligibility to list on the Main Board of the SGX-ST does not indicate the merits of the Offering, the Trust, the Trustee-Manager, Singtel, the Joint Issue Managers, the Joint Global Coordinators, the Joint Bookrunners and Joint Underwriters or the Units. The SGX-ST assumes no responsibility for the correctness of any statements or opinions made or reports contained in this Prospectus. Admission to the Official List of the SGX-ST is not to be taken as an indication of the merits of the Offering, the Trust, the Trustee-Manager, Singtel, the Joint Issue Managers, the Joint Global Coordinators, the Joint Bookrunners and Joint Underwriters or the Units.

A copy of this Prospectus has been lodged on 27 June 2017 with, and registered on 10 July 2017 by, the MAS. The MAS assumes no responsibility for the contents of this Prospectus. Registration of this Prospectus by the MAS does not imply that the Securities and Futures Act, Chapter 289 of Singapore (the "**Securities and Futures Act**" or "**SFA**"), or any other legal or regulatory requirements, have been complied with. The MAS has not, in any way, considered the merits of the Units being offered for investment.

See "*Risk Factors*" for a discussion of certain factors to be considered in connection with an investment in the Units.

None of the Trust, the Trustee-Manager, Singtel, the Joint Issue Managers, the Joint Global Coordinators or the Joint Bookrunners and Joint Underwriters guarantees the performance of the Trust, the repayment of capital or the payment of a particular return on the Units.

The Trustee-Manager has granted the Joint Bookrunners and Joint Underwriters an over-allotment option (the "**Over-Allotment Option**") exercisable by Morgan Stanley Asia (Singapore) Pte. (the "**Stabilising Manager**") (or persons acting on behalf of the Stabilising Manager) in consultation with the Joint Global Coordinators, in full or in part, on one occasion, to subscribe for up to an aggregate of 123,456,000 Units (the "**Additional Units**") at the Offering Price representing not more than 4.3% of the total number of Units in the Offering, solely to cover the over-allotment of Units (if any), subject to any applicable laws and regulations, including the SFA and any regulations thereunder, from the date of commencement of trading in the Units on the SGX-ST until the earlier of (i) the date falling 30 days thereafter, or (ii) the date when the Stabilising Manager (or persons acting on behalf of the Stabilising Manager), has bought on the SGX-ST, an aggregate of 123,456,000 Units representing not more than 4.3% of the total number of Units in the Offering, to undertake stabilising actions. The full exercise of the Over-Allotment Option will increase the total number of Units in issue to 3,987,456,000 Units.

Prospective investors applying for Units under the Public Offer by way of Application Forms or Electronic Applications (both as referred to in "*Appendix I—Terms, Conditions and Procedures for Application for and Acceptance of the Units in Singapore*") will have to pay the Offering Price on application, subject to a refund of the full amount or, as the case may be, the balance of the application monies (in each case without interest or any share of revenue or other benefit arising therefrom, and without any right or claim against the Trust, the Trustee-Manager, Singtel, the Joint Issue Managers, the Joint Global Coordinators or the Joint Bookrunners and Joint Underwriters), (i) where an application is rejected or accepted in part only, or (ii) if the Offering does not proceed for any reason.

Nothing in this document constitutes an offer for securities for sale in the United States of America ("**United States**" or "**U.S.**") or any other jurisdiction where it is unlawful to do so. The Units have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**U.S. Securities Act**") or any state securities laws of the United States. The Units may not be offered, sold, or delivered within the United States unless pursuant to an exemption from, or in a transaction not subject to, the registration requirements under the U.S. Securities Act. Accordingly, the Units are being offered and sold only outside of the United States in offshore transactions in reliance on and in compliance with Regulation S under the U.S. Securities Act. For further details about restrictions on offers, sales and transfers of the Units, see "*Plan of Distribution*".


(1) *Based on the Offering Price and the accompanying assumptions in this document. Such yield will vary accordingly for investors who purchase Units in the secondary market at a market price different from the Offering Price*

**JOINT ISSUE MANAGERS AND JOINT GLOBAL COORDINATORS**

DBS Morgan Stanley UBS

**JOINT BOOKRUNNERS AND JOINT UNDERWRITERS**

DBS Morgan Stanley UBS Bank of America Merrill Lynch citi HSBC OCBC Bank UOB

# ABOUT NETLINK NBN TRUST[2]

- The Trust Group's nationwide network is the foundation of the Next Gen NBN, over which ultra-high-speed internet access is delivered throughout mainland Singapore and its connected islands
- Designs, builds, owns and operates passive fibre network infrastructure, (comprising ducts, manholes, fibre cables and central offices) of Singapore's Next Gen NBN
- Sole appointed "Network Company" for Singapore's Next Gen NBN


(2) *This overview section is qualified in its entirety by, and should be read in conjunction with, the full text of this document. Meanings of capitalised terms used may be found in the section entitled "Glossary" of this document.*

# SINGAPORE'S NEXT GEN NBN INDUSTRY STRUCTURE

THE NEXT GEN NBN INDUSTRY WAS DESIGNED BY IMDA TO COMPRISE THREE DISTINCT LAYERS TO ENSURE OPEN ACCESS TO THE NEXT GEN NBN FOR ALL PARTICIPANTS

**CONSUMER / END-USERS**

**RETAIL SERVICES PROVIDERS (RSPs)**

Purchase bandwidth connectivity from OpCo(s) and compete with each other in providing competitive and innovate services to end-users

**SERVICES**

(including services & customer-premises equipment)

**ACTIVE INFRASTRUCTURE COMPANIES (OPCOs)**

Responsible for the design, build and operation of the Network's active infrastructure

**ACTIVE INFRASTRUCTURE**

(including switches & routers)

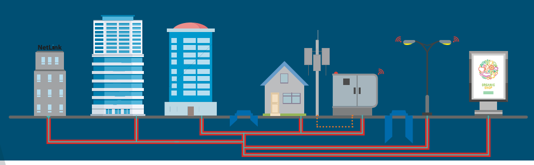
**NetLinkNBN**

**PASSIVE INFRASTRUCTURE COMPANY (NETCO)**

- Owns and deploys all the fibre optic cables and offers wholesale dark fibre services to Qualifying Persons on a non-discriminatory basis
- Fulfils requests to install connectivity to homes, offices and buildings

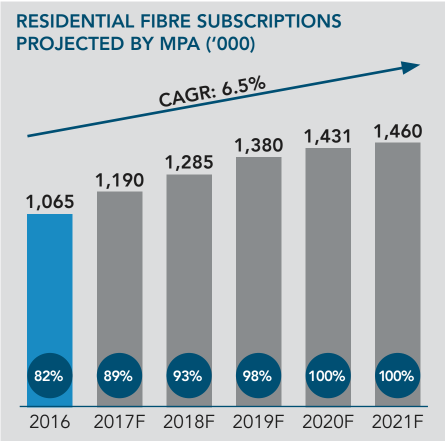
**PASSIVE INFRASTRUCTURE**

(including fibre cables, ducts & manholes)

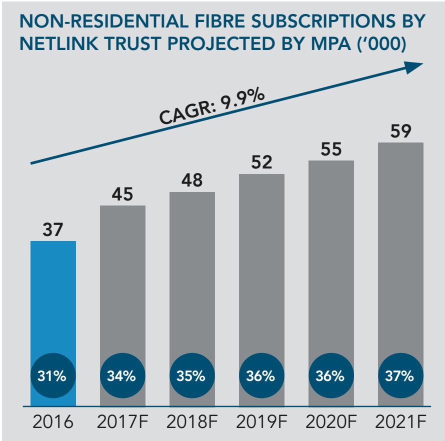


# INDUSTRY OUTLOOK (BY MPA)

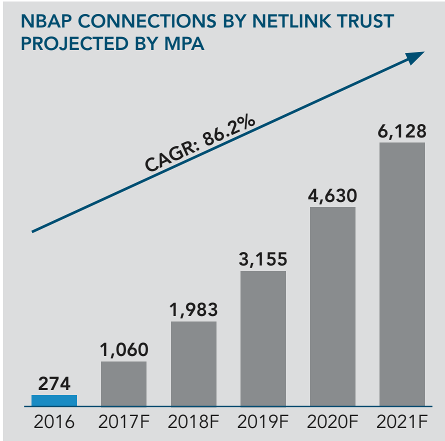
## PROJECTION OF SUBSCRIPTIONS




Residential fibre subscriptions as percentage of total residential wired subscriptions




NetLink Trust's market share




### RESIDENTIAL

- Continued migration to fibre from older technologies
- Increased consumption of online video and audio services
- Growing usage of cloud-based storage and computing services

### NON-RESIDENTIAL

- Increase in the number of SMEs in operation in Singapore
- Government grants to improve productivity through digitalisation
- Increasing demand for cloud-based business applications

### NBAP

- The Singapore government's Smart Nation programme may require the deployment of a network of sensors and monitoring equipment across Singapore to support applications such as autonomous vehicles, high-definition surveillance cameras, parking space management and weather data collection
- Fibre is considered the most ideally suited technology to support future connected services, given its high bandwidth and low latency capabilities

## DRIVERS OF DEMAND FOR FIBRE BROADBAND SERVICES AND FIBRE CONNECTIONS

### 1. GROWTH IN DATA CONSUMPTION

**High speed and/or low latency broadband service for:**

- Online video and audio services
- Video communications
- Cloud service usage
- Internet of Things

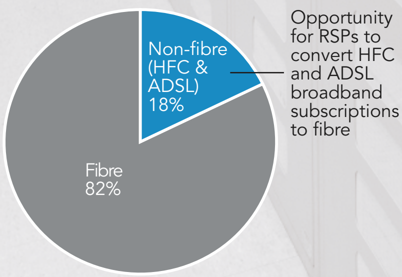
### 2. GROWTH IN MARKET SIZE AND ADDRESSABLE MARKET FOR FIBRE CONNECTIONS

- Economic growth
- Growth in population, household and residential premises
- Demand for multiple fibre broadband subscriptions
- Growth in number of enterprises and office space
- Demand from mobile telco operators
- Provision of VoIP telephony services

### 3. CONTINUED MIGRATION FROM OLDER TECHNOLOGY TYPES TO FIBRE BROADBAND

- Fibre broadband subscription plans are increasingly affordable
- Migration of users from older broadband technology such as HFC and ADSL

TOTAL RESIDENTIAL AND NON-RESIDENTIAL WIRED BROADBAND SUBSCRIPTIONS (DEC 2016)




### 4. GOVERNMENT INITIATIVES

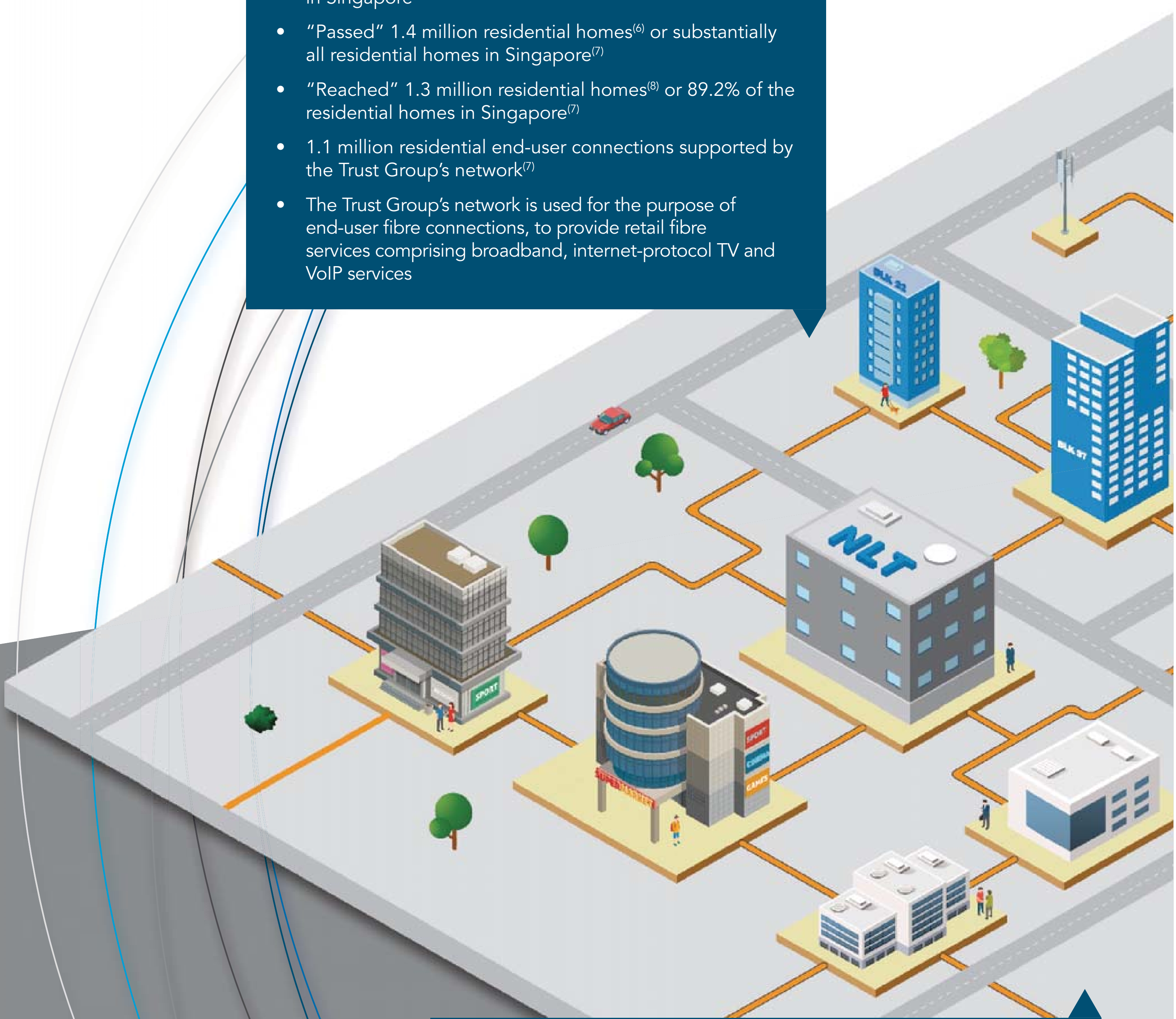
- COPIF 2013: New residential units which have received a planning permit after May 2013 are required to have at least one fibre termination point pre-installed
- Increase in number of hotspots and higher speed requirements for Wireless@SG
- Fibre Ready Scheme: Government-subsidised one-time installation costs of in-building fibre infrastructure for non-residential buildings
- Government grants to improve performance and productivity of SMEs through, among others, implementing and adopting new technology and subsidising fibre broadband subscriptions
- Other ongoing and future government-led initiatives including Smart Nation Programme

*Source: Independent Industry Consultant, MPA*

# NETLINK NBN TRUST'S KEY SERVICES

## RESIDENTIAL SEGMENT

- Only fibre network with nationwide residential coverage in Singapore
- "Passed" 1.4 million residential homes[(6)] or substantially all residential homes in Singapore[(7)]
- "Reached" 1.3 million residential homes[(8)] or 89.2% of the residential homes in Singapore[(7)]
- 1.1 million residential end-user connections supported by the Trust Group's network[(7)]
- The Trust Group's network is used for the purpose of end-user fibre connections, to provide retail fibre services comprising broadband, internet-protocol TV and VoIP services




## NON-RESIDENTIAL SEGMENT

- Independent nationwide network provider for RSPs who do not have an established network
- Deployed[(9)] to 30,000 or substantially all non-residential buildings[(7)]
- 38,500 non-residential end-user connections supported by the Trust Group's network[(7)]
- The Trust Group's network is used for the purpose of end-user fibre connections, to provide retail fibre connections to non-residential end-users such as businesses, shopping malls, transport providers, government departments, hospitals and schools

*(6) Trust Group's network has been deployed up to the distribution point of each floor (for a high-rise building containing two or more residential premises) or to the gatepost or, where applicable, to the nearest manhole for a landed building containing one residential premises*

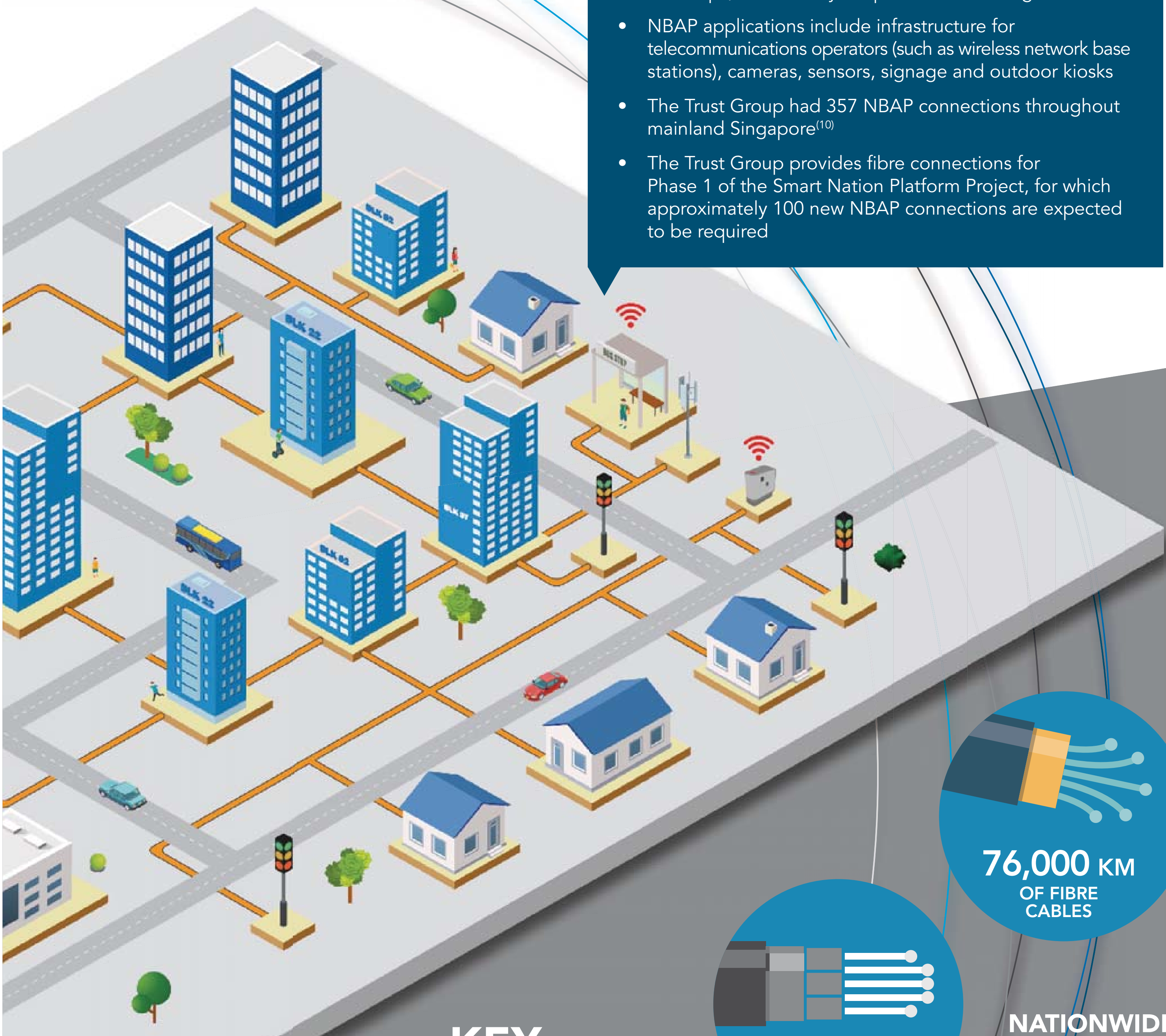
*(7) Figures are approximate and as of 31 March 2017*

*(8) Trust Group's network has been deployed up to the first termination point in the residential premises*

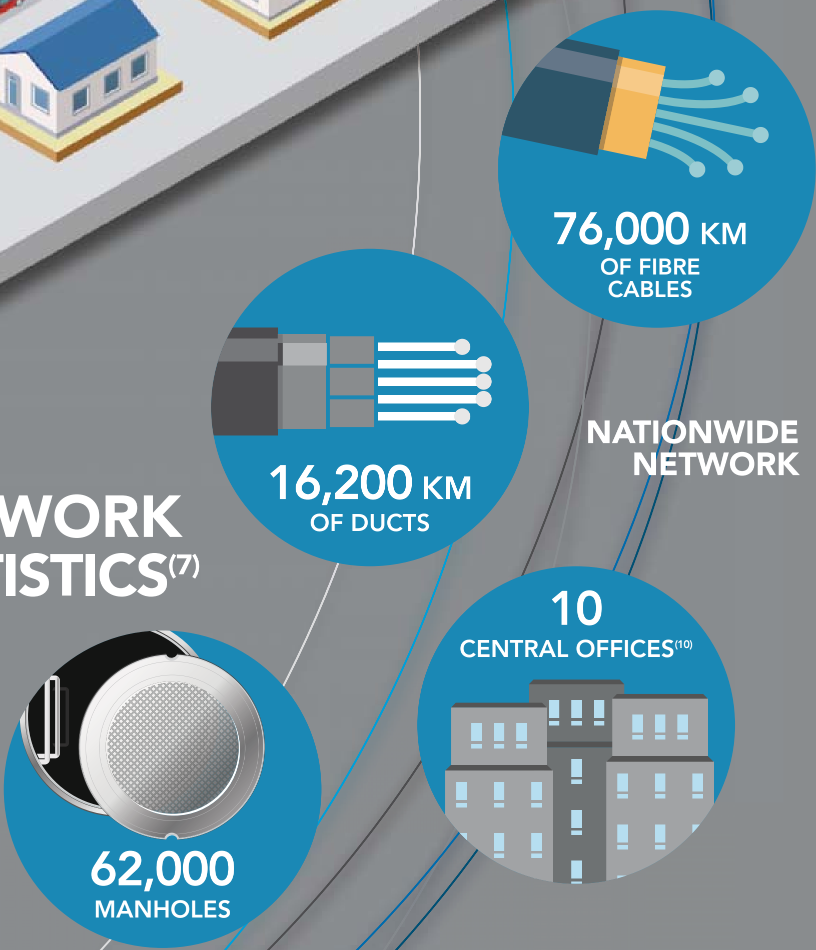
*(9) Trust Group's network has been deployed up to the MDF room of the non-residential premises*

## NBAP SEGMENT

- NBAP services include the connection of any location in mainland Singapore that does not have a physical address or assigned postal code, e.g. roadside points, bus stops, multi-storey car parks and traffic lights
- NBAP applications include infrastructure for telecommunications operators (such as wireless network base stations), cameras, sensors, signage and outdoor kiosks
- The Trust Group had 357 NBAP connections throughout mainland Singapore[10]
- The Trust Group provides fibre connections for Phase 1 of the Smart Nation Platform Project, for which approximately 100 new NBAP connections are expected to be required



# KEY NETWORK STATISTICS[7]




*(10) As of 31 March 2017*

# OTHER BUSINESSES

### SEGMENT FIBRE
Provides "segment" fibre connections to Requesting Licensees, which comprise Central Office to Central Office fibre connections and Central Office to MDF room fibre connections, among others

### 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

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

### CENTRAL OFFICE
Leases remaining spaces in NLT Central Offices to Singtel for housing of certain of Singtel's equipment and operations

# STRATEGIES OF THE TRUST GROUP

### 1. Maintain Investments in Network to Support Residential Fibre Broadband Growth

- Support the continued migration of end-users from older technologies to fibre
- Roll-out new fibre infrastructure to all buildings and developments
- Invest in capital expenditure to roll-out additional fibre to new and existing homes

### 2. Proactively Engage Relevant Stakeholders to Boost Market Share in Non-Residential and NBAP Segments

- Proactive deployment of fibre to improve coverage within selected non-residential buildings
- Work with Requesting Licensees to proactively anticipate demand and increase market share for non-residential segment
- Extend network footprint into other new major developments
- Take advantage of new opportunities in the NBAP segment

### 3. Become a Lead Partner of the Smart Nation Programme

- Work with other Smart Nation participants to develop new opportunities for the Trust Group
- Endeavour to be the network provider of additional phases of the Smart Nation Platform

### 4. Established Business and Asset Management

- Focus on customer satisfaction and work with Requesting Licensees to foster strong, long-term working relationships
- Investment in network to ensure provision of all required services to customers
- Ensure long-term reliability and availability of network
- Enhance operational efficiency while further reducing operating costs

### 5. Capital and Risk Management

- Optimise capital structure and cost of capital
- Have in place medium to long-term debt facilities and adopt hedging strategy to manage interest rate risks
- Ensure sufficient capital to fund future capital expenditure
- Assess and mitigate risks relating to the Trust Group's business to achieve stable cash flows

# KEY INVESTMENT HIGHLIGHTS

### 1. Critical Infrastructure Enabling Singapore's Next Gen NBN

- Nationwide network over which ultra-high-speed internet access is delivered throughout mainland Singapore and its connected islands
- Received S$732 million grant from the Singapore government
- The Singapore government continues to invest in initiatives, including the Smart Nation programme, which supports demand for the Trust Group's network

### 2. Resilient Business Model with Transparent, Predictable and Regulated Revenue Stream

- Ultra-high-speed fibre broadband has become a "necessity"[3]
- The Trust Group's business remains highly resilient through economic cycles, and provides predictability of revenues
- Pricing terms are regulated by IMDA[4]
- The Trust Group's primary customers are established players in the Singapore telecommunications market

### 3. Sole Nationwide Provider of Residential Fibre Network in Singapore

- Singapore is an attractive market with high demand for fibre broadband services – a global leader in broadband penetration, as well as adoption of fibre technology[3]
- MPA expects residential fibre subscriptions to grow at a CAGR of 6.5% to c.1.46 million by 2021, from c.1.07 million in 2016[3]

### 4. Well-Positioned to Benefit from Growth in the Non-Residential Segment

- Extensive nationwide network coverage allows the Trust Group to access non-residential end-users across Singapore, in a timely and cost efficient way
- Expected, in the next 3 to 5 years, to be driven by government grants to improve productivity through digitalisation and increase adoption of fibre broadband[3]
- As an independent network provider, the Trust Group offers an attractive neutral option for RSPs without an established network
- MPA expects the Trust Group's non-residential fibre subscriptions to grow at a CAGR of 9.9% to c.58,680 by 2021, from c.36,640 in 2016[3]

### 5. Well-Positioned to Capitalise on Growth in Connected Services

- Fibre has high bandwidth and low latency capabilities and is considered the most ideally suited transmission medium to support future connected services[3]
- Demand for NBAP connections will continue to grow with the roll-out of Singapore government's Smart Nation programme
- Able to support deployment of Wireless@SG and provide backhaul fibre network infrastructure for HetNet and 5G networks
- MPA expects the Trust Group's NBAP connections to grow at a CAGR of 86.2% to 6,128 by 2021, from 274 in 2016[3]

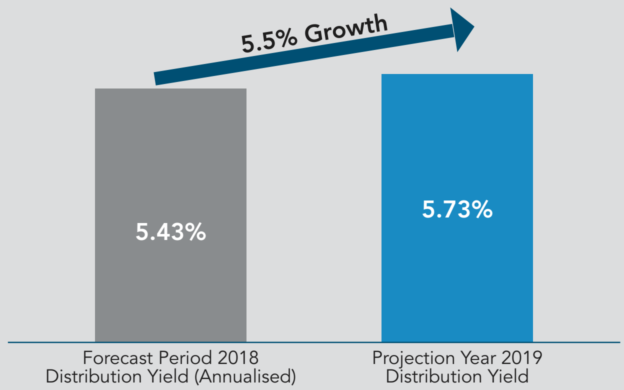
### 6. Extensive Nationwide Network Affording Natural Barrier to Entry

- Invested a significant amount in the designing and building of nationwide network
- Able to cater to future technological developments with limited substitution risk
- Durability and longevity of the Trust Group's fibre cables mean that its existing network will continue to operate for many years without need for material upgrade or replacement

### 7. Highly Scalable Operations and Credit Strength Support Unitholder Returns

- Limited future capital expenditure requirements and low operating costs translate into a high degree of scalability
- Such scalability supports stable cash flow generation
- Conservative capital structure lends further support to the Trust Group's operations and resulting distributions
- Distribution yield expected to grow by 5.5% in Projection Year 2019

**DISTRIBUTION YIELD[5]**




### 8. Experienced Management Team with Proven Track Record

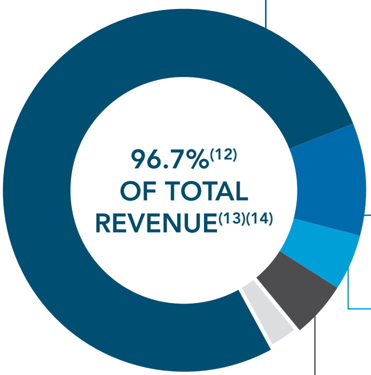
- Strong executive management team with more than 80 years of combined experience in investment management, infrastructure, and/or telecommunications sectors
- Supported by a team comprising professionals with extensive experience in the infrastructure and telecommunications industries

(3) *Source: Independent Industry Consultant, Media Partners Asia Ltd. ("**MPA**")*

(4) *Refers to pricing terms for Mandated Services set forth in the FBO licence*

(5) *Based on the Offering Price and the accompanying assumptions in this document. Such yields and yield growth will vary accordingly for investors who purchase Units in the secondary market at a market price different from the Offering Price*

# TRANSPARENT AND REGULATED REVENUE STREAM




**FIBRE BUSINESS REVENUE[11] (76.9%[12])**

- Pricing terms regulated by IMDA
  - Residential Connections
  - Non-Residential Connections
  - NBAP Connections
  - Segment Fibre Connections
  - Installation Related Revenue

**DUCTS AND MANHOLES SERVICES REVENUE (9.9%[12])**

- Tariffs regulated by IMDA

**CO-LOCATION REVENUE (4.8%[12])**

- Pricing terms regulated by IMDA

**CENTRAL OFFICE REVENUE (5.1%[12])**

- Determined based on commercially agreed terms

*(11) Excluding co-location revenue, diversion income and other revenue*

*(12) Based on the NLT Group's total revenue for the year ended 31 March 2017*

*(13) Remaining 3.3% refers to diversion income and other revenue, both of which are non-regulated revenue*

*(14) Refers to sum of fibre business revenue (including co-location revenue but excluding diversion income and other revenue) and ducts and manholes services revenue, each of which is regulated revenue, and Central Office revenue, which is non-regulated but is determined based on commercially agreed terms*

# HOW TO APPLY

APPLICATIONS FOR THE PUBLIC OFFER UNITS MAY BE MADE THROUGH:

- ATMs or internet banking websites of DBS Bank Ltd. (including POSB), Oversea-Chinese Banking Corporation Limited (OCBC) and United Overseas Bank Limited (and its subsidiary, Far Eastern Bank Limited) (UOB Group)
- Mobile banking interface of DBS Bank Ltd.
- Printed WHITE application form which forms part of the Prospectus

# IMPORTANT DATES AND TIMES

| | |
|---|---|
| Opening Date and Time for the Public Offer | 10 JULY 2017 (MON), 7.00 P.M. |
| Closing Date and Time for the Public Offer | 17 JULY 2017 (MON), 12.00 NOON |
| Commencement of Trading of Units on the SGX-ST | 19 JULY 2017 (WED), 3.00 P.M. |

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## NOTICE TO INVESTORS

No person is authorised to give any information or to make any representation not contained in this document and any information or representation not so contained must not be relied upon as having been authorised by or on behalf of any of the Trust, the Trustee-Manager, Singtel, the Joint Issue Managers, the Joint Global Coordinators or the Joint Bookrunners and Joint Underwriters. If anyone provides you with different or inconsistent information, you should not rely upon it. Neither the delivery of this document nor any offer, subscription, sale or transfer made hereunder shall under any circumstances imply that the information herein is correct as at any date subsequent to the date hereof or constitute a representation that there has been no change or development reasonably likely to involve a material adverse change in the affairs, conditions and prospects of the Trust, the Trustee-Manager or the Units since the date of this document. Where such changes occur and are material or required to be disclosed by law, the SGX-ST and/or any other regulatory or supervisory body or agency, the Trustee-Manager will make an announcement of the same to the SGX-ST and, if required, lodge and issue a supplementary document or replacement document pursuant to Section 282D of the SFA and take immediate steps to comply with the said Section 282D. Investors should take notice of such announcements and documents and upon release of such announcements and documents shall be deemed to have notice of such changes.

None of the Trust, the Trustee-Manager, Singtel, the Joint Issue Managers, the Joint Global Coordinators or the Joint Bookrunners and Joint Underwriters or any of their respective affiliates, directors, officers, employees, agents, representatives or advisers is making any representation or undertaking to any subscriber of Units regarding the legality of an investment by such subscriber under any legal, investment or similar laws. In addition, investors in the Units should not construe the contents of this document as legal, business, financial or tax advice. Investors should be aware that they may be required to bear the financial risks of an investment in the Units for an indefinite period of time. Investors should consult their own professional advisers as to the legal, business, financial or tax and related aspects of an investment in the Units.

Prospective investors should review "*Risk Factors*" for a discussion of certain factors to be considered in connection with an investment in the Units.

Under the SFA, Substantial Unitholders are required to give notice using the forms prescribed by the Authority to the Trustee-Manager of (i) their interest in voting Units within two Business Days after they become aware that they are Substantial Unitholders, (ii) any subsequent change in the percentage level of such holdings (rounded down to the next whole number) within two Business Days after they become aware of such changes, or (iii) their ceasing to hold such number of Units to which is attached not less than five per cent. of the total votes attached to all the voting Units issued for the time being, within two Business Days after becoming aware of such information (see "*The Constitution of the Trust—Substantial Unitholding Notification*").

Further, pursuant to the TM Shares Trust, each Unitholder will have an undivided interest in the TM Shares in proportion to such Unitholder's percentage of Units held or owned in the Trust. From and after Listing, changes to a Unitholder's interests in the TM Shares are linked proportionately to changes in a Unitholder's unitholding in the Trust. Under the SFA, where the percentage of interest of a person in the TM Shares reaches, crosses or falls below 15%, 30%, 50% or 75%, he is required to give notice using the forms prescribed by the Authority to the Trustee-Manager within two Business Days after he becomes aware of this (see "*The Trustee-Manager—Description of the TM Shares—Disclosure by holders of voting shares in the Trustee-Manager*").

**Part VA of the Telecommunications Act, Chapter 323 of Singapore (the "Telecommunications Act") and Section 10 of the Code of Practice for Competition in the Provision of Telecommunication Services (the "Telecom Competition Code") impose certain obligations on the Trustee-Manager and the Trust in relation to the change in control of equity interests (including any change in unitholdings). These obligations include, *inter alia*, (i) requiring that each Designated Telecommunication Licensee, Designated Business Trust or Designated Trust (each as defined under the Telecommunications Act) must give written notice to Info-communications Media Development Authority's ("IMDA") in the event that any person, whether by a series of transactions over a period of time or otherwise, holds 5% or more but less than 12% of the total number of voting shares, units or equity interests in the Designated Telecommunication Licensee, Designated Business Trust or Designated Trust (as the case may be), or is in a position to control 5% or more but less than 12% of the voting power in the Designated Telecommunication Licensee, a Designated Business Trust or a Designated Trust,**

**and (ii) requiring IMDA's approval prior to any person becoming, whether through a series of transactions over a period of time or otherwise, a 12% controller or a 30% controller (each as defined under the Telecommunications Act) of a Designated Telecommunication Licensee, a Designated Business Trust and/or a Designated Trust (see "*Regulatory Environment—Key Codes of Practice Applicable to the Trust Group—Telecom Competition Code—Change in control restrictions imposed upon Designated Telecommunication Licensees, Designated Business Trusts and Designated Trusts*").**

**Under the conditions of the facilities-based operations ("FBO") licence that will be jointly held by the NLT Trustee (as defined herein) and the Trustee-Manager as the Licensee (as defined herein) with effect from the Listing Date, the Licensee will be required, among other things, to notify any other telecommunication licensee or broadcasting licensee and/or its Associates (as defined in the Telecommunications Act) (a "TB Licensee") who wishes to acquire 25.0% or more of the total number of Units (the "TB Licensee Limit") that such unitholding would require the prior written approval of IMDA. For further details on the Licensee's FBO licence, see "*Regulatory Environment—Key Licences held by NLT Trustee/Trustee-Manager—FBO licence*".**

**Investors should note that the Trust Deed (as defined herein) provides that the Trustee-Manager shall, *inter alia*, if it shall come to its notice that (i) any person (or, as the case may be, any person together with his Associates) or TB Licensee has reached or exceeded any of the Prescribed Limits (as defined herein) or the TB Licensee Limit (as the case may be) without first obtaining the prior written approval of the Minister (as defined herein) and/or the applicable regulatory authority (as the case may be) or (ii) any person or TB Licensee is in breach of any term or condition of written approval imposed by the Minister and/or the applicable regulatory authority (as the case may be) in relation to his reaching or exceeding any of the Prescribed Limits or the TB Licensee Limit (as the case may be), at any time serve a notice in writing (the "Written Request") requiring the Unitholder to transfer or dispose of, and/or the person or TB Licensee having an interest in the Units concerned to transfer or dispose of, the interest in any or all of the Units registered in the name of such Unitholder(s) or in which such person or TB Licensee has an interest as the directors of the Trustee-Manager may deem necessary. In the event that such request is not complied with within 21 days after service of the Written Request (or such shorter or longer period as the Trustee-Manager shall consider reasonable), the Trustee-Manager may sell such Units (or any part thereof) upon such terms and in such manner as the Trustee-Manager shall think fit, save that the Trustee-Manager may not sell such Units to interested persons (as defined in the Listing Rules) of the Trust. The Trustee-Manager may additionally take all steps and do all things as it may in its absolute discretion deem necessary to ensure that the Telecommunications Act and the Telecom Competition Code and/or any other legislation to which the Trust is subject from time to time and/or any regulations, directions, directives, guidelines, notices and/or codes of practice promulgated or issued thereunder from time to time and/or any of the Licences (as defined herein), are complied with. The Trustee-Manager shall not be required to give any reason for, and shall not under any circumstances be liable to or be responsible for any losses incurred by, any person as a result of, any decision, declaration or action taken or made in this regard.**

**See "*Risk Factors—The Trust Group operates in a highly regulated environment which may be subject to change*" and "*The Constitution of the Trust—The Trust Deed—Limitation on Right to Own Units—Prescribed Limits and TB Licensee Limit*".**

By applying for the Units on the terms and subject to the conditions in this document, each investor in the Units represents and warrants that, except as otherwise disclosed to the Joint Bookrunners and Joint Underwriters in writing, he is not (i) a director of the Trustee-Manager or a Substantial Unitholder (as defined herein) (as the case may be) of the Trust or a substantial shareholder of the Trustee-Manager, (ii) an associate of any of the persons mentioned in (i), (iii) a connected client (as defined in the listing manual of the SGX-ST (the "**Listing Manual**") of the Joint Bookrunners and Joint Underwriters or lead broker or distributor of the Units, or (iv) a person who in acquiring the Units will reach or exceed any of the Prescribed Limits or the TB Licensee Limit (as the case may be) without first obtaining the prior written approval of the Minister and/or the applicable regulatory authority (as the case may be).

## Supplementary or Replacement Document

We are subject to the provisions of the Securities and Futures Act and the Listing Manual regarding the contents of this Prospectus. In particular, if after this Prospectus is registered but before the close of the Offering, we become aware of:

(i) a false or misleading statement in this Prospectus;

(ii) an omission from this Prospectus of any information that should have been included in it under Section 282F of the Securities and Futures Act; or

(iii) a new circumstance that has arisen since this Prospectus was lodged with the Authority which would have been required by Section 282F of the Securities and Futures Act to be included in this Prospectus if it had arisen before this Prospectus was lodged,

that is materially adverse from the point of view of an investor, we may lodge a supplementary or replacement document with the Authority pursuant to Section 282D of the Securities and Futures Act.

Where applications have been made under this Prospectus to subscribe for and/or purchase the Units prior to the lodgement of the supplementary or replacement document and the Units have not been issued and/or transferred to the applicants, we shall either:

(1) within seven days from the date of lodgement of the supplementary or replacement document, provide the applicants with a copy of the supplementary or replacement document, as the case may be, and provide the applicants with an option to withdraw their applications; or

(2) treat the applications as withdrawn and cancelled and return all monies paid, without interest or any share of revenue or other benefit arising therefrom and at the applicant's own risk, in respect of any application received for the Units, within seven days from the date of lodgement of the supplementary or replacement document.

Where applications have been made under this Prospectus to subscribe for and/or purchase the Units prior to the lodgement of the supplementary or replacement document and the Units have been issued and/or transferred to the applicants, we shall either:

(1) within seven days from the date of lodgement of the supplementary or replacement document, provide the applicants with a copy of the supplementary or replacement document, as the case may be, and provide the applicants with an option to return to us those Units that the applicants do not wish to retain title in; or

(2) treat the issue and/or sale of the Units as void and return all monies paid, without interest or any share of revenue or other benefit arising therefrom and at the applicant's own risk, in respect of any application received for the Units, within seven days from the date of lodgement of the supplementary or replacement document.

Any applicant who wishes to exercise his option to withdraw his application or return the Units issued and/or sold to him shall, within 14 days from the date of lodgement of the supplementary or replacement document, notify the Trustee-Manager and return all documents, if any, purporting to be evidence of title of those Units, whereupon the Trustee-Manager shall, within seven days from the receipt of such notification and documents, return the application monies in respect of such application without interest or any share of revenue or other benefit arising therefrom and at the applicant's own risk, and the Units issued and/or sold to him shall be deemed to be void.

## Stop Order

Under Section 282E of the Securities and Futures Act, the Authority may in certain circumstances issue a stop order (the "**Stop Order**") to us, directing that no or no further Units be allotted, issued or sold. Such circumstances will include a situation where this Prospectus has been registered and:

(i) contains a statement which, in the opinion of the Authority, is false or misleading;

(ii) omits any information that is required to be included in accordance with Section 282F of the Securities and Futures Act; or

(iii) does not, in the opinion of the Authority, comply with the requirements of the Securities and Futures Act.

Where the Authority issues a Stop Order pursuant to Section 282E of the Securities and Futures Act:

(1) in the case where the Units have not been issued to the applicants, the applications for the Units pursuant to the Offering shall be deemed to have been withdrawn and cancelled and we shall,

within 14 days from the date of the Stop Order, pay to the applicants all monies the applicants have paid on account of their applications for the Units; or

(2) in the case where the Units have been issued to the applicants, the issue shall be deemed void and we shall, within seven days from the date of the Stop Order, pay to the applicants all monies paid by them for the Units.

Where monies paid in respect of applications received or accepted are to be returned to the applicants, such monies will be returned at the applicants' own risk, without interest or any share of revenue or other benefit arising therefrom, and the applicants will not have any claim against the Trust, the Trustee-Manager, Singtel, the Joint Issue Managers, the Joint Global Coordinators or the Joint Bookrunners and Joint Underwriters.

**Collection of this document and Application Forms**

Copies of this document and the Application Forms may be obtained on request, subject to availability, during office hours, from:

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| **DBS Bank Ltd.**<br>12 Marina Boulevard<br>Level 3, DBS Asia Central @ Marina Bay Financial Centre Tower 3<br>Singapore 018982 | **Morgan Stanley Asia (Singapore) Pte.**<br>#16-01 Capital Square<br>23 Church Street<br>Singapore 049481 | **UBS AG, Singapore Branch**<br>One Raffles Quay<br>#50-01 North Tower<br>Singapore 048583 | **Merrill Lynch (Singapore) Pte. Ltd.**<br>50 Collyer Quay<br>#14-01 OUE Bayfront<br>Singapore 049321 |
| **Citigroup Global Markets Singapore Pte. Ltd.**<br>8 Marina View<br>#21-00 Asia Square Tower 1<br>Singapore 018960 | **The Hongkong and Shanghai Banking Corporation Limited, Singapore Branch**<br>21 Collyer Quay<br>#10-01 HSBC Building<br>Singapore 049320 | **Oversea-Chinese Banking Corporation Limited**<br>65 Chulia Street<br>OCBC Centre<br>Singapore 049513 | **United Overseas Bank Limited**<br>80 Raffles Place<br>#03-03 UOB Plaza 1<br>Singapore 048624 |

and, where applicable, from members of the Association of Banks in Singapore, members of the SGX-ST and merchant banks in Singapore. A copy of this document is also available on the SGX-ST website http://www.sgx.com.

**Distribution of this document**

The distribution of this document and the offer, subscription, sale or transfer of the Units in certain jurisdictions may be restricted by law. The Trust, the Trustee-Manager, Singtel, the Joint Issue Managers, the Joint Global Coordinators and, the Joint Bookrunners and Joint Underwriters require persons, into whose possession this document comes, to inform themselves about and to observe any such restrictions at their own expense and without liability to any of the Trust, the Trustee-Manager, Singtel, the Joint Issue Managers, the Joint Global Coordinators or the Joint Bookrunners and Joint Underwriters. This document does not constitute, and the Trust, the Trustee-Manager, Singtel, the Joint Issue Managers, the Joint Global Coordinators and the Joint Bookrunners and Joint Underwriters are not making, an offer of, or an invitation to subscribe for or purchase, any of the Units in any jurisdiction in which such offer or invitation would be unlawful. Persons to whom a copy of this document has been issued must not circulate to any other person, reproduce or otherwise distribute this document or any information herein for any purpose whatsoever nor permit or cause the same to occur.

The Units have not been and will not be registered under the U.S. Securities Act or any state securities laws of the United States. The Units may not be offered, sold, or delivered within the United States unless pursuant to an exemption from, or in a transaction not subject to, the registration requirements under the U.S. Securities Act. Accordingly, the Units are being offered and sold only outside of the United States in offshore transactions in reliance on and in compliance with Regulation S under the U.S. Securities Act.

In connection with the Offering, the Stabilising Manager (or persons acting on behalf of the Stabilising Manager) may, in consultation with the Joint Global Coordinators, over-allot or otherwise effect transactions which stabilise or maintain the market price of the Units at levels which might not otherwise prevail in the open market. Such transactions may be effected on the SGX-ST and in other jurisdictions where it is permissible to do so, in each case in compliance with all applicable laws and regulations, including the SFA and any regulations thereunder. However, there is no assurance that the Stabilising Manager (or persons acting on behalf of the Stabilising Manager) will undertake stabilising action. Such transactions may commence on or after the date of commencement of trading in the Units on the SGX-ST and, if commenced, may be discontinued at any time and must not be effected after the earlier of (i) the date falling 30 days thereafter, or (ii) the date when the Stabilising Manager (or persons acting on behalf of the Stabilising Manager) has bought on the SGX-ST, an aggregate of 123,456,000 Units, representing not more than 4.3% of the total number of Units in the Offering, to undertake stabilising actions.

## PRESENTATION OF FINANCIAL INFORMATION

The Unaudited Pro Forma Financial Information (as defined herein) and the profit and cash flow forecast for Forecast Period 2018 (as defined herein) (the "**Profit and Cash Flow Forecast**") and the profit and cash flow projection for Projection Year 2019 (as defined herein) (the "**Profit and Cash Flow Projection**") included in this document have been prepared by the Trustee-Manager in relation to the Trust and its subsidiaries (the "**Trust Group**").

The Unaudited Pro Forma Financial Information of the Trust Group as included in Appendix B of this document has been prepared by the Trustee-Manager to present the (i) unaudited pro forma balance sheets of the Trust Group as at 31 March 2016 and 31 March 2017, (ii) unaudited pro forma statements of profit or loss and other comprehensive income of the Trust Group, for the years ended 31 March 2016 and 31 March 2017 and (iii) unaudited pro forma cash flow statements of the Trust Group for the years ended 31 March 2016 and 31 March 2017 (together with the notes comprising a summary of significant accounting policies and other explanatory information, the "**Unaudited Pro Forma Financial Information**").

The historical audited consolidated financial statements of NetLink Trust ("**NLT**") included herein are presented in Singapore dollars and are prepared in accordance with Singapore Financial Reporting Standards ("**SFRS**"). The Unaudited Pro Forma Financial Information of the Trust Group included herein are presented in Singapore dollars and are prepared based on the historical audited consolidated financial statements of NLT. The Profit and Cash Flow Forecast and Profit and Cash Flow Projection included herein are presented in Singapore dollars and are prepared in accordance with SFRS. On 19 January 2017, the MAS announced that Registered Business Trusts (as defined herein) will be required to prepare financial statements in accordance with a new Singapore financial reporting framework that is identical to the International Financial Reporting Standards ("**IFRS-identical Financial Reporting Standards**") for annual periods beginning on or after 1 January 2018. The Trustee-Manager does not expect any material impact to the Profit and Cash Flow Forecast and the Profit and Cash Flow Projection on transition to IFRS-identical Financial Reporting Standards.

In making an investment decision, prospective investors must rely upon their own examination of the Trust and the terms of the Offering. Prospective investors who are not familiar with SFRS, IFRS and IFRS-identical Financial Reporting Standards are urged to consult with their own professional advisers (see "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Basis of Presentation*" for more details).

## NON-SFRS FINANCIAL MEASURES

EBITDA is a non-SFRS financial measure and represents operating profit before depreciation and amortisation expense, net finance cost and income tax expense. EBITDA and EBITDA margin in this document are supplemental financial measures of the NLT Group's (as defined herein) performance and liquidity and are not required by, or presented in accordance with, SFRS, IFRS, IFRS-identical Financial Reporting Standards, U.S. GAAP or any other generally accepted accounting principles. Furthermore, EBITDA and EBITDA margin are not measures of financial performance or liquidity under SFRS, IFRS, IFRS-identical Financial Reporting Standards, U.S. GAAP or any other generally accepted accounting principles and should not be considered as alternatives to net income, operating income or any other performance measures derived in accordance with SFRS, IFRS, IFRS-identical Financial Reporting Standards, U.S. GAAP or any other generally accepted accounting principles.

You should not consider EBITDA and EBITDA margin in isolation from, or as a substitute for, analysis of the financial condition or results of operation of the NLT Group, as reported under SFRS. Further, EBITDA and EBITDA margin may not reflect all of the financial and operating results and requirements of the NLT Group. In particular, EBITDA and EBITDA margin do not reflect the NLT Group's needs for capital expenditures, debt servicing or additional capital that may be required to replace assets that are fully depreciated or amortised. Other companies may calculate EBITDA and EBITDA margin differently, limiting their usefulness as comparative measures.

The Trustee-Manager believes that these supplemental financial measures facilitate operating performance comparisons for the NLT Group from period to period by eliminating potential differences caused by variations in capital structures (affecting interest expense), tax positions (such as the impact on periods of changes in effective tax rates or net operating losses), the age and book depreciation of tangible assets (affecting relative depreciation expense), and the amortisation of deferred grant. In particular, EBITDA eliminates the non-cash depreciation expense that arises from the capital-intensive nature of the NLT Group's businesses and the non-cash amortisation of deferred grant. The Trustee-Manager presents these supplemental financial measures because it believes these measures are frequently used by securities analysts and investors in evaluating similar issuers.

## FORWARD-LOOKING STATEMENTS

Certain statements in this document constitute "forward-looking statements". This document also contains forward-looking financial information in "*Profit and Cash Flow Forecast and Profit and Cash Flow Projection*". All statements other than statements of historical facts included in this document, including those regarding future financial position and results, business strategy, plans and objectives of management for future operations (including development plans and dividends) and statements on future industry growth, are forward-looking statements. These forward-looking statements and financial information involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of the Trust Group or the Trustee-Manager, or industry results to be materially different from any future results, performance or achievements expressed or implied by these forward-looking statements and financial information. These forward-looking statements and financial information are based on numerous assumptions regarding the Trustee-Manager's present and future business strategies and the environment in which the Trust Group and the Trustee-Manager will operate in the future. Because these statements and financial information reflect the Trustee-Manager's current views concerning future events, these statements and financial information necessarily involve risks, uncertainties and assumptions. Actual future performance could differ materially from these forward-looking statements and financial information. You should not place undue reliance on these forward-looking statements.

The important factors that could cause the Trust Group's or the Trustee-Manager's actual results, performance or achievements to differ materially from those in the forward-looking statements and financial information include, but are not limited to:

- changes in laws or regulations, including licensing laws affecting the telecommunications industry in Singapore;
- the regulatory environment in which the Trust Group operates;
- competition in the provision of fibre services;
- dependence on Requesting Licensees/Retail Service Providers (each as defined herein) for marketing activities and growth in demand for the use of the network;
- developments in the overall economic environment and general market and economic conditions in Singapore;
- changes in the need for capital and the availability of financing and capital to fund these needs;
- man-made or natural disasters, including fire, flooding, heavy rainfall, power loss, vandalism, acts of terrorism, cyber-attacks and computer viruses, cable cuts and other events beyond the Trust Group's control that affect the business or assets of the Trust Group;
- the ability of the Trustee-Manager or the Trust Group to anticipate and respond to changes in the fibre broadband industry and the broader telecommunications industry and in customer demands, trends and preferences;
- the loss of key personnel of the Trust Group and the inability to replace such personnel on a timely basis or on terms acceptable to the Trustee-Manager or the Trust Group;
- changes in interest rates or rates of inflation;
- the ability of the Trustee-Manager to successfully implement its investment and growth strategies;

- breaches of laws or regulations in the operation and management of the Trust Group and other future businesses and assets;
- legal, regulatory and other proceedings arising out of the operations of the Trust Group;
- other factors beyond the control of the Trust Group; and
- other matters not yet known to the Trust Group.

Additional factors that could cause actual results, performance or achievements to differ materially include, but are not limited to, those discussed in "*Risk Factors*", "*Profit and Cash Flow Forecast and Profit and Cash Flow Projection*", "*Distributions*", "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" and "*Business*". These forward-looking statements and financial information speak only as at the date of this document. The Trust, the Trustee-Manager, Singtel, the Joint Issue Managers, the Joint Global Coordinators, and the Joint Bookrunners and Joint Underwriters expressly disclaim any obligation or undertaking to release publicly any updates of or revisions to any forward-looking statement or financial information contained herein to reflect any change in the Trustee-Manager's expectations with regard thereto or any change in events, conditions or circumstances on which any such statement or information is based, subject to compliance with all applicable laws and regulations and/or the rules of the SGX-ST and/or any other relevant regulatory or supervisory body or agency.

## MARKET AND INDUSTRY INFORMATION

This document includes market and industry data and forecasts that have been obtained from internal surveys, reports and studies, where appropriate, as well as market research, publicly available information and industry publications. Industry publications, surveys and forecasts generally state that the information they contain has been obtained from sources believed to be reliable, but there can be no assurance as to the accuracy or completeness of such included information. The Trustee-Manager has commissioned Media Partners Asia Ltd. (the "**Independent Industry Consultant**") to prepare a report on the fibre broadband industry in Singapore for the purpose of inclusion in this document, including data (actual, estimated and forecast) relating to, among other things, supply-side and demand-side drivers for growth of fibre broadband services in Singapore. The report (the "**Independent Industry Consultant Report**") is included in "*Appendix D—Independent Industry Consultant Report*" of this document. You should not assume that the information and data contained in the Independent Industry Consultant Report is accurate as at any date other than the date of the Independent Industry Consultant Report. The Independent Industry Consultant Report contains forward-looking statements, which necessarily involve risks, uncertainties and assumptions. Forward-looking statements are provided for illustrative purposes only and are not intended to serve as, and must not be relied upon by any prospective Unitholder as a guarantee, an assurance, a prediction or a definitive statement of fact or probability. Due to various risks and uncertainties, actual events, circumstances and results are difficult or impossible to predict and may differ materially from these forward-looking statements. There can be no assurance that any particular forward-looking statement will be realised and you should not place any undue reliance on these forward-looking statements. You should also be aware that since the date of this document, there may have been changes in the fibre broadband industry or the broader telecommunications industry which could affect the accuracy or completeness of the information in the Independent Industry Consultant Report.

While the Trustee-Manager has taken reasonable steps to ensure that the third party information and data contained in this document are extracted accurately and in their proper context, the Trustee-Manager cannot ensure the accuracy of the information or data, and the Trust, the Trustee-Manager, Singtel, the Joint Issue Managers, the Joint Global Coordinators, the Joint Bookrunners and Joint Underwriters, and any of their affiliates or advisers have not independently verified such information or data or ascertained the underlying economic assumptions relied upon therein.

## CERTAIN DEFINED TERMS AND CONVENTIONS

In this document, references to the "NLT Group" are to NLT and its subsidiaries taken as a whole.

In this document, references to the "Trust Group", "we", "us" and "our" and other grammatical variations thereof are to the Trust and its subsidiaries taken as a whole, as if the Trust Acquisition and the TM Acquisition have been completed (and includes, as the context requires, NLT and/or its subsidiaries). Similarly in this document, references to "subsidiaries of the Trust" and other grammatical variations thereof are to the Trust's subsidiaries as if the Trust Acquisition and the TM Acquisition have been completed.

Each of the Trust and NLT is not a separate legal entity. The terms "Trust Group", "we", "us" and "our" include, as the context requires, the Trustee-Manager acting as the trustee-manager of the Trust. The term "NLT" includes, as the context requires, CityNet Infrastructure Management Pte. Ltd. (as the former trustee-manager of NLT) ("**CityNet**") or the NLT Trustee, acting as the trustee-manager or trustee (as the case may be) of NLT. References to the Trust Group offering or providing services to Qualifying Persons/Requesting Licensees, or receiving fees from Requesting Licensees, are to the offer or provision of such services through the Licensee, or the receipt of such fees through the Licensee.

Any references to the Trustee-Manager, the NLT Trustee or the Share Trustee are to them acting in their capacity as trustee-manager of the Trust, as trustee-manager or trustee (as the case may be) of NLT or as trustee of the TM Shares Trust, respectively, unless otherwise specified or the context of the statement otherwise requires.

The forecast and projected Distributions per Unit ("**DPU**") yields are calculated based on the Offering Price. Such yields and yield growth will vary accordingly for investors who purchase Units in the secondary market at a market price different from the Offering Price. In addition, unless we indicate otherwise, all information in this document assumes that no Units have been re-allocated between the Placement and the Public Offer and the Over-Allotment Option is not exercised by the Stabilising Manager (or persons acting on behalf of the Stabilising Manager).

All references to the number or percentages of Units that are "owned" or "held" by a Unitholder are references to percentages held, or the number of Units as stated in this document, before the exercise of the Over-Allotment Option, unless otherwise specified or the context of the statement otherwise requires.

The Trust will publish its financial statements in Singapore dollars. In this document, references to "S$" or "Singapore dollars" and "cents" are to the lawful currency of Singapore.

Capitalised terms used in this document have the meanings set out in the Glossary. Any discrepancies in the tables, graphs and charts included in this document between the listed amounts and totals thereof are due to rounding. Save in the case of figures in S$ which are rounded to the nearest thousand and percentages which are rounded to one decimal place, where applicable, figures are rounded to the nearest whole number. References to "Appendix" or "Appendices" are to the appendices set out in this document. All references in this document to dates and times shall mean Singapore dates and times unless otherwise specified.

The information on the Trust's or Singtel's websites or any website directly or indirectly linked to such websites is not incorporated by reference into this document and should not be relied on in connection with the Offering or any investment in the Units.

The latest practicable date (the "**Latest Practicable Date**") prior to the lodgement of this document with the MAS is 13 June 2017.

## CORPORATE INFORMATION

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| **TRUSTEE-MANAGER** | NetLink NBN Management Pte. Ltd.<br>750E Chai Chee Road<br>#07-03<br>Viva Business Park<br>Singapore 469005 |
| **JOINT ISSUE MANAGERS AND JOINT GLOBAL COORDINATORS** | DBS Bank Ltd.<br>12 Marina Boulevard<br>Level 46, DBS Asia Central @ Marina Bay<br>Financial Centre Tower 3<br>Singapore 018982 |
| | Morgan Stanley Asia (Singapore) Pte.<br>#16-01 Capital Square<br>23 Church Street<br>Singapore 049481 |
| | UBS AG, Singapore Branch<br>One Raffles Quay<br>#50-01 North Tower<br>Singapore 048583 |
| **JOINT BOOKRUNNERS AND JOINT UNDERWRITERS** | DBS Bank Ltd.<br>12 Marina Boulevard<br>Level 46, DBS Asia Central @ Marina Bay<br>Financial Centre Tower 3<br>Singapore 018982 |
| | Morgan Stanley Asia (Singapore) Pte.<br>#16-01 Capital Square<br>23 Church Street<br>Singapore 049481 |
| | UBS AG, Singapore Branch<br>One Raffles Quay<br>#50-01 North Tower<br>Singapore 048583 |
| | Merrill Lynch (Singapore) Pte. Ltd.<br>50 Collyer Quay<br>#14-01 OUE Bayfront<br>Singapore 049321 |
| | Citigroup Global Markets Singapore Pte. Ltd.<br>8 Marina View<br>#21-00 Asia Square Tower 1<br>Singapore 018960 |
| | The Hongkong and Shanghai Banking<br>Corporation Limited, Singapore Branch<br>21 Collyer Quay<br>#10-01 HSBC Building<br>Singapore 049320 |
| | Oversea-Chinese Banking Corporation Limited<br>63 Chulia Street #10-00<br>Singapore 049514 |
| | United Overseas Bank Limited<br>80 Raffles Place<br>UOB Plaza<br>Singapore 048624 |

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| **LEGAL ADVISER TO SINGTEL AND THE TRUSTEE-MANAGER AS TO SINGAPORE LAW** | Allen & Gledhill LLP<br>One Marina Boulevard<br>#28-00<br>Singapore 018989 |
| **LEGAL ADVISER TO SINGTEL AND THE TRUSTEE-MANAGER AS TO U.S. FEDERAL SECURITIES AND ENGLISH LAWS** | Milbank, Tweed, Hadley & McCloy LLP<br>12 Marina Boulevard<br>#36-03 Marina Bay Financial Centre Tower 3<br>Singapore 018982 |
| **LEGAL ADVISER TO THE JOINT ISSUE MANAGERS, THE JOINT GLOBAL COORDINATORS AND THE JOINT BOOKRUNNERS AND JOINT UNDERWRITERS AS TO SINGAPORE, U.S. FEDERAL SECURITIES AND ENGLISH LAWS** | Clifford Chance Pte. Ltd.<br>Marina Bay Financial Centre<br>25th Floor, Tower 3<br>12 Marina Boulevard<br>Singapore 018982 |
| **UNIT REGISTRAR AND UNIT TRANSFER OFFICE** | Boardroom Corporate & Advisory Services Pte. Ltd.<br>50 Raffles Place<br>#32-01 Singapore Land Tower<br>Singapore 048623 |
| **RECEIVING BANK** | DBS Bank Ltd.<br>12 Marina Boulevard<br>Level 46, DBS Asia Central @ Marina Bay Financial Centre Tower 3<br>Singapore 018982 |
| **INDEPENDENT AUDITORS AND REPORTING ACCOUNTANTS** | Deloitte & Touche LLP<br>6 Shenton Way<br>#33-00 OUE Downtown 2<br>Singapore 068809<br><br>Partner in-charge: Shariq Barmaky<br>Public Accountant and Chartered Accountant |
| **INDEPENDENT TAX ADVISER** | Ernst & Young Solutions LLP<br>One Raffles Quay<br>Level 18, North Tower<br>Singapore 048583 |
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## SUMMARY

*The following summary is qualified in its entirety by, and is subject to, the more detailed information contained in or referred to elsewhere in this document. The meanings of terms not defined in this summary can be found in the Glossary or in the Trust Deed. A copy of the Trust Deed can be inspected at the registered office of the Trustee-Manager, which is located at 750E Chai Chee Road, #07-03 Viva Business Park, Singapore 469005.*

*Statements contained in this summary that are not historical facts may be forward-looking statements. Such statements are based on certain assumptions and are subject to certain risks, uncertainties and assumptions that could cause actual results of the Trust to differ materially from those forecast or projected in this document (see "Notice to Investors—Forward-Looking Statements"). Under no circumstances should the inclusion of such forward-looking statements herein be regarded as a representation, warranty or prediction with respect to the accuracy of the underlying assumptions by any of the Trust, the Trustee-Manager, Singtel, the Joint Issue Managers, the Joint Global Coordinators, the Joint Bookrunners and Joint Underwriters or any other person, or that these results will be achieved or are likely to be achieved. Investing in the Units involves risks. Prospective investors are advised not to rely solely on this summary, but should read this document in its entirety and, in particular, the sections from which the information in this summary is extracted and "Risk Factors" to better understand the Offering and the Trust's businesses and risks, before making a decision to invest in the Units.*

### OVERVIEW

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

Through its network, the Trust Group provides a number of services to Requesting Licensees. Requesting Licensees provide fibre services to Retail Service Providers, 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 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.

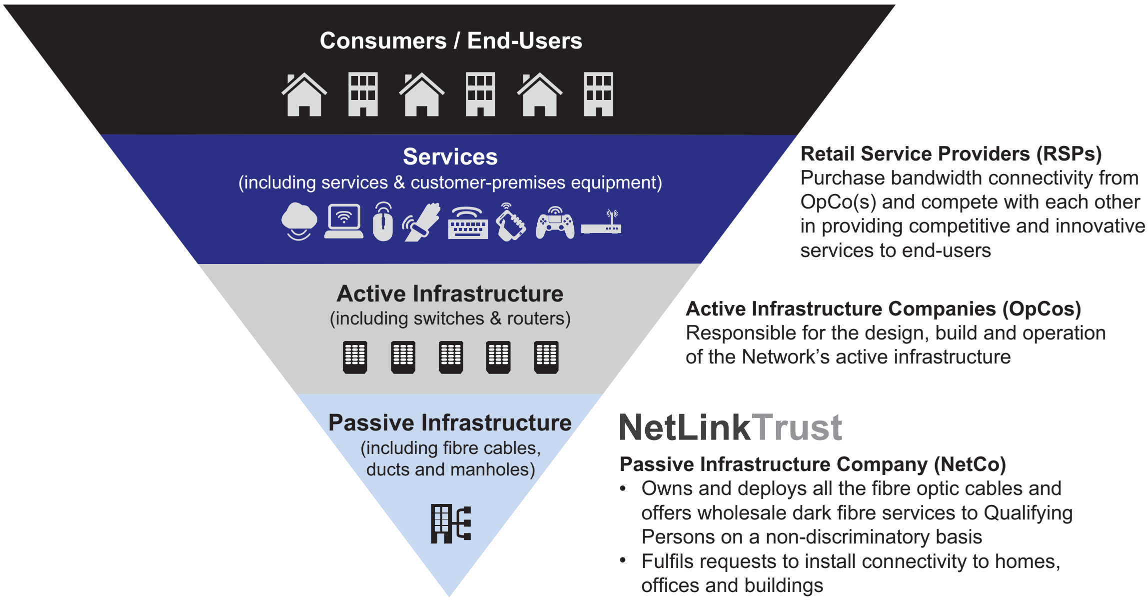
With respect to the use of the Trust Group's network for the purpose of end-user fibre connections, the network provides three separate connections: (a) residential end-user connections, (b) non-residential end-user connections, and (c) non-building address point ("**NBAP**") connections. The provision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

The operations of the Trust Group and the roll-out of the Next Gen NBN commenced in 2009, through OpenNet. The Trust Group's network has been developed with the financial assistance of the Singapore government, in conjunction with Singapore's Intelligent Nation 2015 Masterplan ("**iN2015**"), with the aim of enhancing the competitiveness of the Singapore economy as a whole. The Next Gen NBN provides nationwide ultra-high-speed broadband access to all physical addresses in mainland Singapore and its connected islands. Singtel established NLT in 2011 to hold the passive non-fibre infrastructure assets (comprising ducts, manholes and Central Offices) used to support OpenNet's deployment of the fibre network for the Next Gen NBN. NLT subsequently acquired OpenNet in November 2013.

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

As of 31 March 2017, the Trust Group's network consisted of ten Central Offices and approximately 76,000 km of fibre cable, 16,200 km of ducts, and 62,000 manholes. See "*Business—The Trust Group's Network and Properties*". There were approximately 1.1 million residential end-user connections that the Trust Group's network supported, while the Trust Group's network had "passed" approximately 1.4 million residential homes (meaning that the Trust Group's network has been deployed up to the distribution point of each floor for a high-rise building containing two or more residential premises or to the gatepost or, where applicable, to the nearest manhole for a landed building containing one residential premises), or substantially all of the residential homes in Singapore, and "reached" approximately 1.3 million residential homes (meaning that the Trust Group's network has been deployed up to the first termination point in the residential premise), or 89.2% of the residential homes in Singapore, as of 31 March 2017. There were approximately 38,500 non-residential end-user connections that the Trust Group's network supported, while the Trust Group's network was deployed to approximately 30,000 or substantially all of the non-residential buildings as of 31 March 2017 (meaning that the Trust Group's network has been deployed up to the MDF room of the non-residential premises).

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

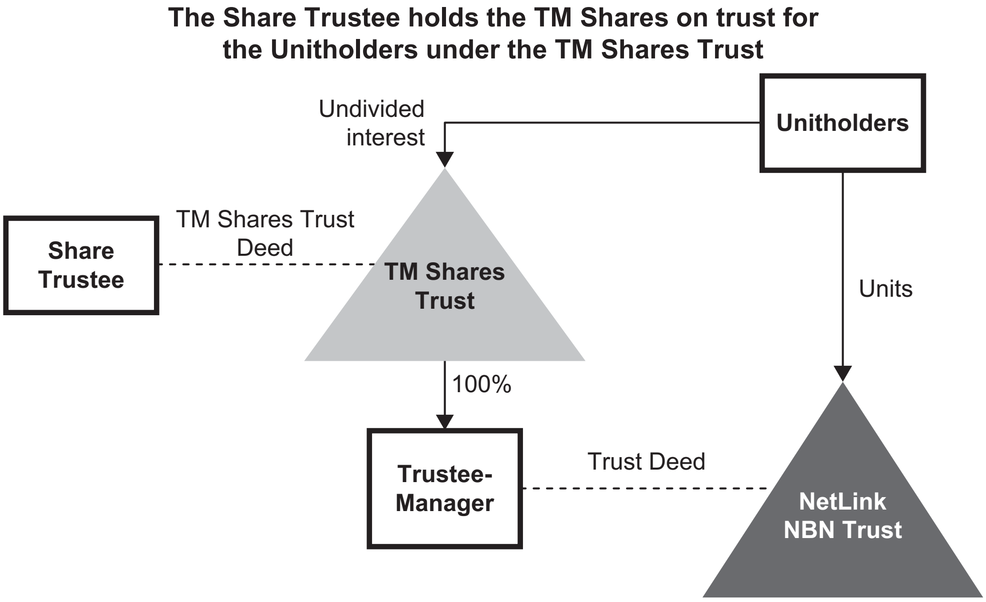



The Trust, the units of which are being offered as part of the Offering, was established in 2017 primarily for the purpose of owning all of the units of NLT. NLT was constituted as a business trust in July 2011. On the Listing Date, the Trust will own 100% of the units in NLT. The Trust is a business trust to be listed on the Main Board of the SGX-ST. The management of the Trust is undertaken by the Trustee-Manager, the shares of which are held on trust for the benefit of Unitholders. The Trust Group is managed by experienced telecommunications professionals. See "*The Trustee-Manager*".

The revenues of the Trust Group prepared on a pro forma basis were S$257.0 million and S$299.2 million for the financial years ended 31 March 2016 and 31 March 2017, respectively. The EBITDA of the Trust Group prepared on a pro forma basis were S$186.4 million and S$223.8 million for the financial years ended 31 March 2016 and 31 March 2017, respectively. As of 31 March 2017, the total assets of the Trust Group prepared on a pro forma basis were S$4,237.6 million. See "*Unaudited Pro Forma Financial Information*".

The trustee-manager of the Trust is NetLink NBN Management Pte. Ltd. The Trustee-Manager was incorporated in Singapore and has an issued and paid-up capital of S$5.00 comprising five TM Shares. From and after Listing, all the TM Shares will be held by the Share Trustee on trust for the benefit of the Unitholders from time to time in proportion to such Unitholders' respective percentage of Units held or owned in the Trust until the expiry of a perpetuity period of 100 years from the date of establishment of the TM Shares Trust, unless earlier terminated in accordance with the provisions of the TM Shares Trust Deed. Investors holding Units in the Trust will also have an undivided interest in the TM Shares in proportion to such Unitholders' respective percentage of Units held or owned in the Trust. For the avoidance of doubt, Unitholders will not derive a significant return in respect of their interests in the TM Shares. See "*The Trustee-Manager—Description of the TM Shares—Dividends*".

The diagram below illustrates the ownership of the Trust and the Trustee-Manager upon completion of the Offering.




**KEY INVESTMENT HIGHLIGHTS OF THE TRUST GROUP**

The Trustee-Manager believes that the Trust Group offers a number of key investment highlights which are underpinned by the quality of NLT's underlying network assets, its resilient business model, its track record, its position as a key participant in the growth in connected services, and the experience of the management team.

***Critical Infrastructure Enabling Singapore's Next Gen NBN***

The Trust Group's nationwide network is the foundation of the Next Gen NBN, over which ultra-high-speed internet access is delivered throughout mainland Singapore and its connected islands. The 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. The Licensee is the sole appointed "Network Company" or ''Netco'' for Singapore's Next Gen NBN. As of 31 March 2017, the Trust Group's network had "passed" 1.4 million residential homes, or substantially all of the residential homes in Singapore, and "reached" 1.3 million residential homes. The Trust Group's network was deployed to approximately 30,000, or substantially all of the non-residential premises in Singapore as of 31 March 2017.

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

The Trust Group's network has been developed with the financial assistance of the Singapore government, in conjunction with iN2015, with the aim of enhancing the competitiveness of the Singapore economy as a whole. As part of its support, the Singapore government provided funds under the grant established by the Singapore government to fund the Next Gen NBN, which were received by the Trust Group upon the achievement of certain prescribed milestones, in particular, the level of connections completed by the Trust Group. The Trust Group received an aggregate of S$732 million under the grant. The Singapore government also continues to invest in initiatives, including the Smart Nation programme, which supports demand for wireless and wired high-speed broadband and therefore demand for the Trust Group's network as the enabling infrastructure. One of the Trust Group's key stakeholders is Singtel, a global communications company, which was instrumental to the establishment of the Trust Group. Immediately after the Offering, Singtel will hold approximately 24.99%[1] unitholding in the Trust.

***Resilient Business Model with Transparent, Predictable and Regulated Revenue Stream***

MPA believes that ultra-high-speed fibre broadband has become a "necessity" and is no longer "discretionary", as many end-users are reliant on fibre broadband services for their day-to-day activities. Fibre broadband services are increasingly becoming essential to residential and non-residential end-users, driven by growing demand for connectivity and rapid growth in data consumption. As such, the Trustee-Manager believes that the Trust Group's business remains highly resilient through economic cycles, and provides predictability of revenues.

The provision of the Trust Group's principal services is subject to, *inter alia*, the terms and conditions of the FBO licence held by the Licensee, and to be held by NLT Trustee and the Trustee-Manager on a joint and several basis following the Listing. 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 and the Reference Access Offer ("**RAO**"). As a result, the Trust Group receives a transparent and predictable revenue stream. As of 31 March 2016 and 31 March 2017, on a pro forma basis, revenue generated from residential end-user connections, non-residential end-user connections and NBAP connections, as well as installation charges, represented 72.8% and 75.1% of the Trust Group's total revenue respectively. 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) a one-off installation charge for each termination point (upon the initial connection), and (ii) a recurring monthly connection charge. The prices that the Trust Group is able to charge under the Interconnection Offer were most recently reviewed and revised in May 2017, and substantially all of the revised prices are set to take effect from the New Pricing Date (as defined herein). See "*Business—Pricing of the Trust Group's Services*" and "*Regulatory Environment—Key Codes of Practice Applicable to the Trust Group—ICO Review Procedures*".

The Trust Group's primary customers are Requesting Licensees. Requesting Licensees provide fibre services to Retail Service Providers, who in turn provide retail fibre services to residential and non-residential end-users. Such Requesting Licensees are made up of established players in the Singapore telecommunications market, including Singtel, Nucleus Connect (which is owned by StarHub), M1, MyRepublic and ViewQwest. As the provision of residential fibre services is undertaken by Retail Service Providers and not the Trust Group, competition or churn among Retail Service Providers does not adversely affect the number of connections that the Trust Group provides, as all Retail Service Providers utilise the Trust Group's network (although not exclusively) in delivery of their active fibre services. To the extent that competition between Retail Service Providers reduces prices, such competition may lead to a higher number of fibre connections requested by end-users. The Trustee-Manager believes these factors further provide the Trust Group's business with an additional degree of resiliency.

Additionally, the Trust Group generates a sizeable portion of revenue from the provision of services to Requesting Licensees in connection with its other non-fibre passive infrastructure, which is also regulated by IMDA. As of 31 March 2016 and 31 March 2017, on a pro forma basis, ducts and manholes service revenue contributed 11.0% and 10.0% of the Trust Group's total revenue respectively. With respect to the ducts and manholes service revenue, in 2011, the Trust Group entered into a ducts and manholes services agreement with Singtel, for the provision of services to Singtel in respect of Singtel's cables which fall within the scope of the agreement, including the right to use, occupy and physically access the space in respect of the Trust Group's ducts and manholes. The agreement also sets out agreed principles with respect to access by Singtel and the Trust Group to the Trust Group's ducts and manholes. Under the terms of the ducts and manholes services agreement, the tariffs under which are regulated by IMDA under the Telecom Competition Code, Singtel is required to acquire a minimum amount of ducts and manholes services from the Trust Group for an agreed period commencing in 2021. The services agreement has an initial year term of 25 years and shall be extended for an additional 25-year period (or such other period as the parties may agree in writing) if proposed by the Trust Group and agreed by Singtel.

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1 The Unit Purchase Agreement provides that the Singtel Consideration Units shall be such number of Units which will, together with the Unit currently held by Holdco, amount to 25% less one Unit (rounded up to the nearest whole number) of the total number of Units in issue at the Listing Date (assuming that the Over-Allotment Option is not exercised).

In relation to revenue from the provision of co-location services, the Trust Group provides co-location services under which space in co-location rooms within the Central Offices is made available to Requesting Licensees, enabling Requesting Licensees to host active network equipment, servers and any other interconnecting equipment in order to deliver fibre services to end-users. As of 31 March 2016 and 31 March 2017, on a pro forma basis, co-location service revenue contributed 5.6% and 4.9% of the Trust Group's total revenue respectively.

A further portion of the Trust Group's revenue is received from Singtel for the leasing of spaces in the NLT Central Offices to Singtel and for the provision of certain ancillary services arising from such leasing of spaces (including security, maintenance and administration services) at the NLT Central Offices. The Trust Group has granted to Singtel leases in respect of spaces in the NLT Central Offices for a period ending September 2021 with multiple options to renew (each term for the option to renew typically being 10 years). Each option to renew is exercisable by Singtel by giving at least 12 months' prior written notice to the Trust Group. As of 31 March 2016 and 31 March 2017, on a pro forma basis, Central Office revenue contributed 5.5% and 4.8% of the Trust Group's total revenue respectively.

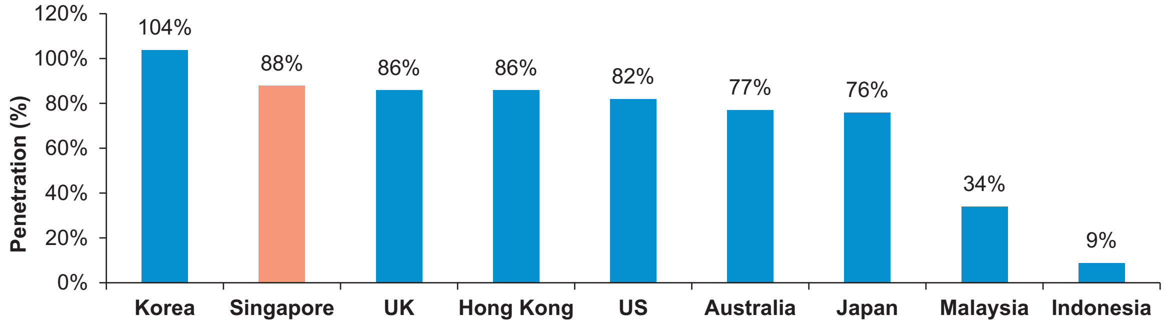
The Trustee-Manager believes that revenue from ducts and manholes services, co-location services and Central Offices are additional streams of income which contribute to the stability of the Trust Group's cash flows.

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

Currently, the Trust Group's network is the only fibre network with nationwide residential coverage in Singapore. As of 31 March 2017, there were approximately 1.1 million residential end-user connections supported by the Trust Group's network, representing approximately 76.3% of all residential home passed premises in Singapore. Accordingly, the Trust Group is well positioned to support new residential end-user connections as and when requested for in the future.

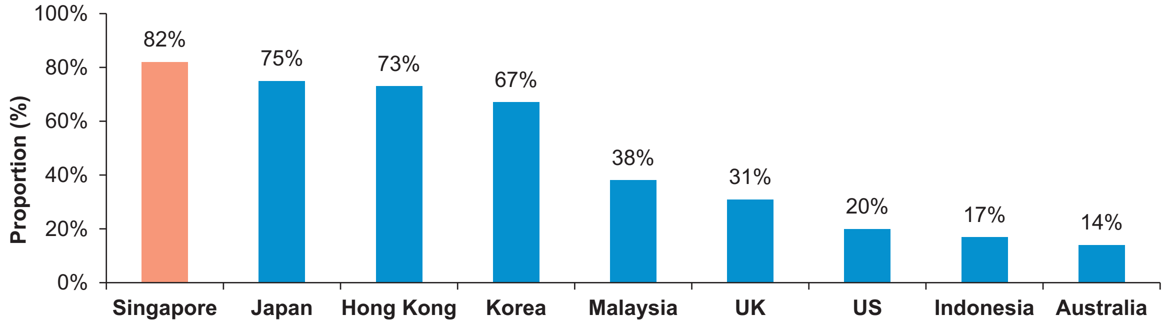
According to MPA, Singapore is a global leader in terms of broadband penetration, as well as the adoption of fibre technology. According to MPA, as of December 2016, Singapore had a residential wired broadband penetration of total households of 88%, higher than other developed markets such as the United Kingdom (86%), the United States (82%) and Japan (76%). As of December 2016, the proportion of residential wired broadband subscriptions via fibre-based connections was also the highest in Singapore among other developed countries, with an estimated 82% of total residential wired broadband subscriptions served via fibre according to MPA. This compares to just 31% and 20% in the United Kingdom and the United States, respectively, and 75% and 67% in Japan and Korea, respectively.

**Fixed Residential Wired Broadband Household Penetration in December 2016**




*Source: MPA*

**Proportion of Residential Wired Broadband Subscriptions on Fibre-Based Connections in December 2016**



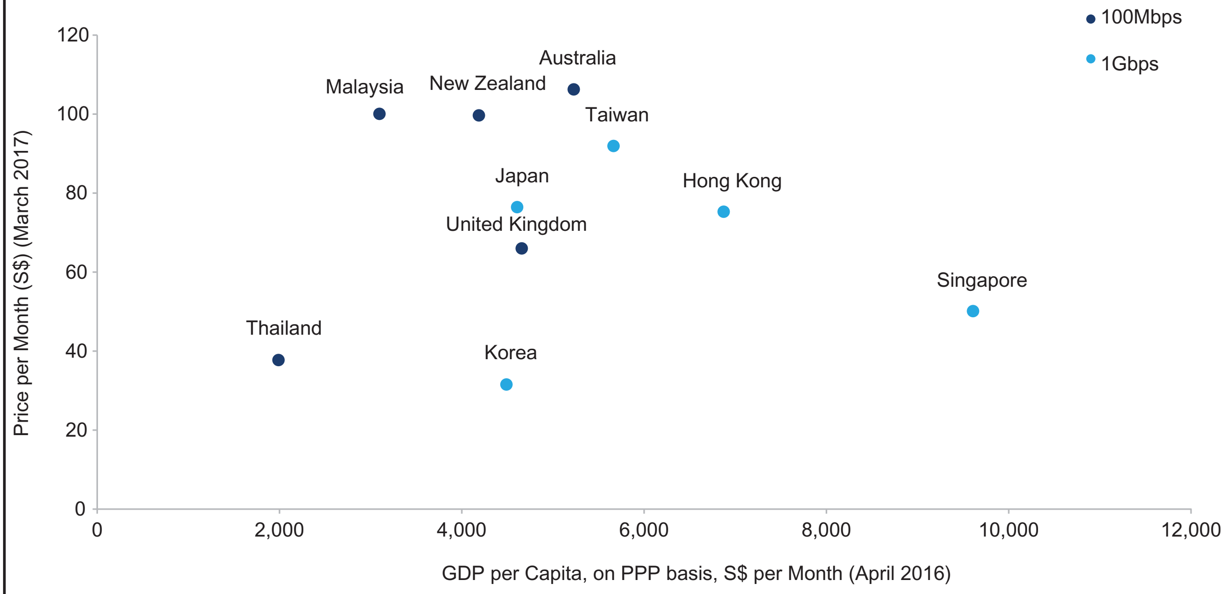

*Source: MPA*

Singapore's high rate of adoption of fibre broadband technology is evident from the globally competitive broadband speeds. The average peak connection speed in Singapore during the third quarter of 2016, as measured by Akamai[2], was 162 Mbps, placing Singapore as the top country globally for this period (see "*Appendix D—Independent Industry Consultant Report*"). The Trust Group's fibre network is well positioned compared to other older wired broadband technologies, such as asymmetric digital subscriber line ("**ADSL**") and hybrid fibre coaxial ("**HFC**"), to deliver the highest broadband speeds to end-users.

Singapore's continued need for fibre connectivity is supported by the relatively high purchasing power among the Singapore population and affordable fibre broadband services offered by Retail Service Providers. Average monthly residential wired broadband internet subscription prices in Singapore is less than many other markets such as Australia, Hong Kong, Japan, Malaysia, New Zealand, Taiwan, and the United Kingdom, even though Singapore has a higher GDP per capita, according to MPA. The Trustee-Manager believes that affordable fibre broadband services will continue to support demand for fibre connections.

2 As extracted from the Independent Industry Consultant Report in Appendix D of this document. Akamai has not provided its consent, for purposes of Section 282I of the SFA, to the inclusion of the information cited and attributed to it, in the Independent Industry Consultant Report prepared by MPA and is therefore not liable for such information under Sections 282N and 282O of the SFA. As the Independent Industry Consultant Report has been prepared by MPA for the purposes of incorporation in the prospectus to be issued by the Trustee-Manager in connection with the offering and listing of units of the Trust on the SGX-ST, the Trust, the Trustee-Manager, the Joint Issue Managers, the Joint Global Coordinators, the Joint Bookrunners and Joint Underwriters have relied on MPA to ensure that the relevant information from the relevant source has been reproduced in its proper form and context and that the information is extracted accurately and fairly from the relevant source. None of the Trust, the Trustee-Manager, the Joint Issue Managers, the Joint Global Coordinators, the Joint Bookrunners and Joint Underwriters or any other party has conducted an independent review of the information from such source or verified the accuracy or completeness of the relevant information.

**Average Price of 100Mbps and 1Gbps Residential Wired Broadband Subscriptions Per Month by Country Relative to GDP per Capita on PPP Basis**

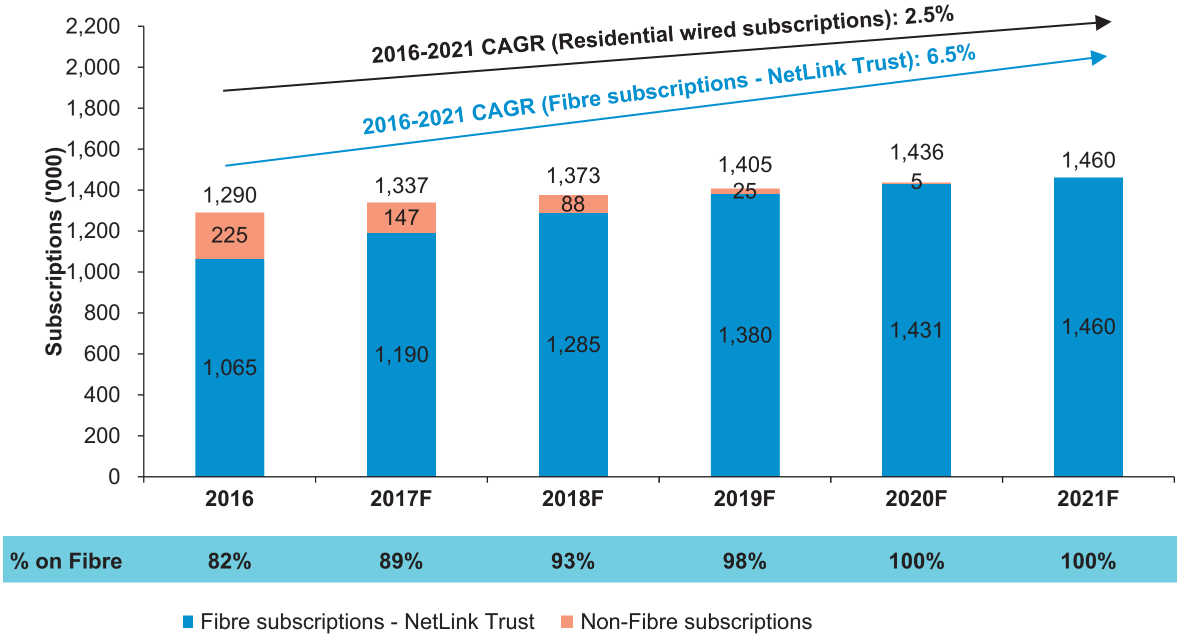



*Source: MPA*

MPA expects that demand for additional residential end-user connections has been and will continue to be driven by the continued migration from HFC and ADSL to fibre connections, the increased consumption of online video and audio services and growing usage of cloud-based storage and computing services. For example, increased availability of high definition online video and audio services (such as YouTube, Netflix, Amazon Prime Video, Spotify) continues to change the way residential end-users consume both video and audio content and users' demand for data. As such, end-users are increasingly attracted to wired solutions that can support these high data consumption trends as older technologies such as ADSL and HFC are unable to deliver such services at the same speed that can be achieved on fibre networks. Further, with respect to the residential segment, MPA believes that ADSL subscribers will migrate to fibre connections by December 2021, and HFC-based services will cease by December 2021. Accordingly, the Trust Group's network is well positioned as the provider of the key infrastructure for the foreseeable future to service consumers' increased demand for ultra-high-speed internet services and data.

According to MPA, the total number of residential wired subscriptions[3] is estimated to grow from approximately 1.29 million in December 2016 to approximately 1.46 million in December 2021, representing a CAGR of 2.5%. Over the same period, the number of residential fibre subscriptions[3] is expected to grow at a higher CAGR of 6.5% from approximately 1.07 million to approximately 1.46 million. Residential fibre subscriptions[3] is estimated to represent 82% of total residential wired subscriptions[3] in 2016 and is expected to progressively increase to 100% by 2021.

***Residential Wired Subscriptions Projected by MPA***




*Source: MPA*

***Well Positioned to Benefit from Growth in the Non-Residential Segment as the Independent Nationwide Network Provider***

In accordance with the terms of the Universal Service Obligation imposed under the Licensee's FBO licence, the Trust Group is required to offer non-residential connections to all non-residential premises. The Trust Group's network supported approximately 38,500 non-residential end-user connections as of 31 March 2017, representing an estimated market share of approximately 32% of the estimated 121,300[4] corporate wired broadband connections. The scale of the network allows the Trust Group to capture future growth in the non-residential segment. As of 31 March 2017, five Requesting Licensees who were actively requesting non-residential connections from the Trust Group predominantly utilised the Trust Group's network in providing non-residential connections. The remaining Requesting Licensees predominantly utilised their own non-residential networks. Such incumbent networks are mainly concentrated in the CBD and large business parks.

According to MPA, demand for wired broadband services in the non-residential segment over the next three to five years is expected to be largely driven by increases in the number of SMEs in operation in

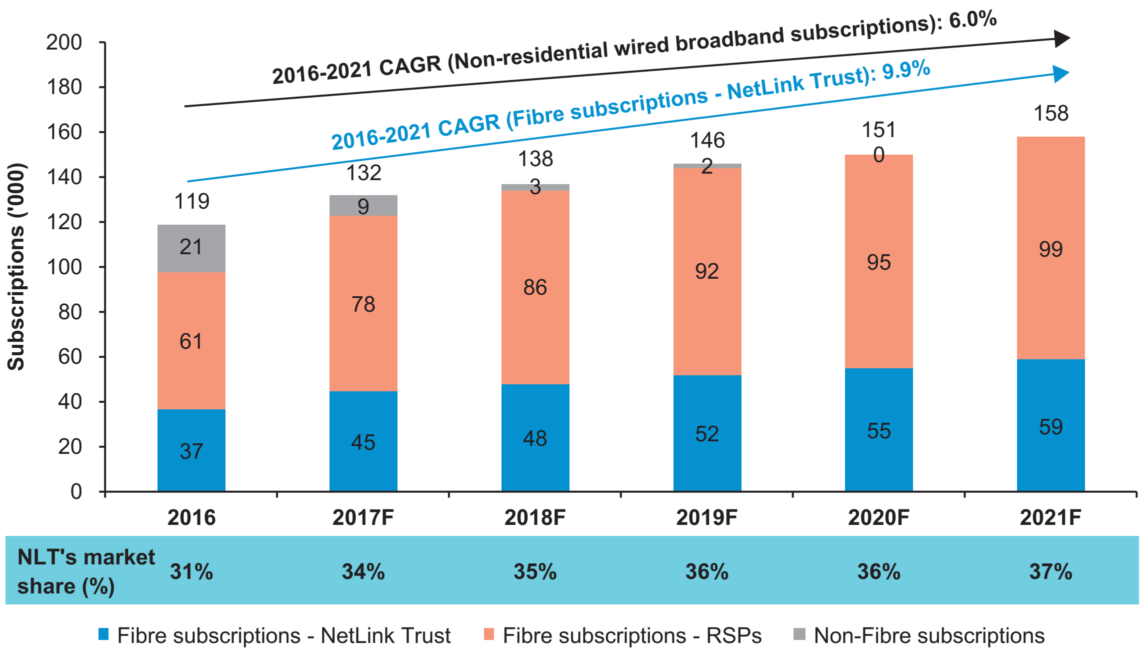
3 Includes fibre broadband and standalone fibre IPTV subscriptions.

4 Source: IMDA, Statistics on Telecom Services for 2017 (Jan - Jun) as published on the website of IMDA at https://www.imda.gov.sg/industry-development/facts-and-figures/telecommunications/statistics-on-telecom-services/statistic-on-telecom-service-for-2017-jan last accessed in June 2017. IMDA has not provided its consent, for purposes of Section 282I of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 282N and 282O of the SFA. While the Trust, the Trustee-Manager, the Joint Issue Managers, the Joint Global Coordinators, the Joint Bookrunners and Joint Underwriters have taken reasonable actions to ensure that the information is reproduced in its proper form and context and that the information is extracted accurately and fairly from the relevant source, none of the Trust, the Trustee-Manager, the Joint Issue Managers, the Joint Global Coordinators, the Joint Bookrunners and Joint Underwriters or any other party has conducted an independent review of the information from such source or verified the accuracy or completeness of the relevant information.

Singapore, government grants to improve productivity through digitalisation and increase adoption of fibre broadband, and increasing demand for cloud-based business applications designed for enterprises. In this regard, the Trust Group's nationwide network is well positioned to take advantage of any future growth in this segment. The Trustee-Manager believes one of the Trust Group's competitive advantages in its non-residential business is its extensive nationwide network coverage, as compared to the networks of its competitors, which are concentrated in the CBD and large business parks. This also 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 network provider, the Trustee-Manager believes that the Trust Group offers an attractive neutral option for Retail Service Providers who do not have an established network, as compared to competitor networks affiliated with certain Retail Service Providers. The Trustee-Manager believes that such Retail Service Providers would likely use 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. As such, the Trust Group has the potential to benefit from an increase in competition among Retail Service Providers operating within the non-residential segment. If Retail Service Providers without their own networks expand their businesses to serve more non-residential end-users, these additional connections and services may be requested through the Trust Group.

MPA estimates that the total number of non-residential wired broadband subscriptions are expected to grow from approximately 118,800 in 2016 to approximately 158,230 in 2021 representing a CAGR of approximately 6.0%. Over the same period, the Trust Group's non-residential fibre broadband subscriptions is expected to grow from approximately 36,640 in 2016 to approximately 58,680 by 2021, representing a comparatively higher CAGR of 9.9%. MPA expects the Trust Group to capture a larger share of the total non-residential wired broadband subscriptions, growing from approximately 31% in 2016 to approximately 37% in 2021.

***Non-residential Wired Broadband Subscriptions Projected by MPA***




*Source: MPA*

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

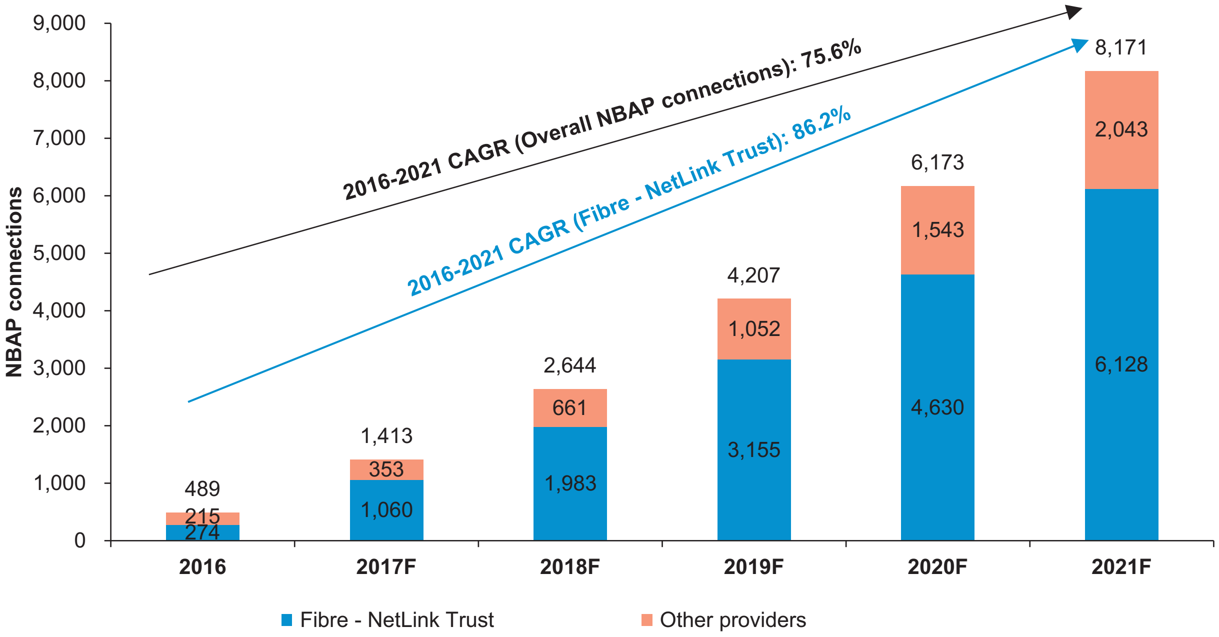
As the owner and operator of a nationwide network that provides non-discriminatory and effective open access to passive fibre network infrastructure, the Trustee-Manager believes that the Trust Group is well positioned to capitalise and serve as the fibre network infrastructure provider for initiatives that require fibre connections, such as the Singapore government's Smart Nation initiatives, which aims to enhance the lives of Singapore citizens through the use of technology, the next phase of "Wireless@SG", and the introduction of Heterogeneous Network ("**HetNet**"). A core requisite of future connected services requirements is the availability of high-speed and low-latency broadband internet connections. Fibre, both for direct connections and as backhaul for wireless connections, is considered the most ideally suited transmission medium to support future connected services, given its high bandwidth and low latency capabilities, according to MPA.

During the year ended 31 March 2017, the Trust Group provided 49 new NBAP connections to the successful bidder for "Phase 1" of the Smart Nation Platform Project for the purpose of connectivity to AG Boxes. For this phase, approximately 100 new NBAP connections are expected to be required. Future Smart Nation initiatives are expected in the coming years, and may include the deployment of a network of sensors and monitoring equipment at potential locations across the island to support applications such as autonomous vehicles, high-definition surveillance cameras, parking space management and weather data collection, according to MPA. The Trustee-Manager anticipates that the demand for NBAP connections will continue to grow with the roll-out of the Singapore government's Smart Nation programme. Further, the Trustee-Manager believes fibre remains the most suitable medium for ultra-high-speed transmission of data which is required for the Smart Nation programme. With its wide network reach, the Trust Group is well-placed to support current and future Smart Nation initiatives.

In relation to Singapore's public wi-fi hotspot initiative, or "Wireless@SG", the Singapore government has mandated both an increase in speeds offered, as well as a doubling of the number of hotspots from 10,000 to 20,000. The Trust Group expects to be able to support the current and future deployment of Wireless@SG. Additionally, MPA believes that HetNet, or communication networks that integrate multiple interoperable wireless access technologies, including mobile and localised wireless networks, to provide a seamless on-the-go high-speed internet experience, will be vital in supporting Smart Nation initiatives and understands that the Singapore mobile telecommunication providers are assessing plans to roll-out HetNet across Singapore, subject to commercial viability. As the Trust Group will be able to provide backhaul fibre network infrastructure for such localised wireless initiatives and for mobile telecommunications providers to roll-out their HetNet and 5G networks, MPA believes this will have a positive impact on the Trust Group's NBAP connections.

MPA estimates that the total market size for NBAP connections that may potentially be addressed by the Trust Group will grow to 8,171 by 2021, representing a CAGR of 75.6% from 2016 to 2021. Over a similar period, MPA expects the Trust Group's NBAP connections to grow from 274 to 6,128 by December 2021, representing a higher CAGR of 86.2%.

***NBAP Connections Projected by MPA*[5]**




*Source: MPA*

5 Excluding existing cellular base stations belonging to Singtel, StarHub and M1.

***Extensive Nationwide Network Affording Natural Barrier to Entry***

The Trust Group's extensive nationwide network provides it with a highly scalable platform to deliver its services. Since 2009, the Trust Group has invested a significant amount in the designing and building of its nationwide network. As of 31 March 2017, the Trust Group's network is located throughout mainland Singapore and its connected islands and made up of ten Central Offices and approximately 76,000 km of fibre cables, 16,200 km of ducts and 62,000 manholes. See "*The Trust Group's Network and Properties*". In MPA's view, building another nationwide fibre network infrastructure to achieve the same extent of coverage to that of the Trust Group would be both logistically and financially challenging. As such, the Trustee-Manager believes that there are high barriers to entry in the creation of similar or competitor networks.

The Trustee-Manager believes that the network is able to transmit data to support advanced technological applications and meet the requirements of sophisticated end-users with high bandwidth requirements. The Trustee-Manager expects that the Trust Group's network will be able to cater to future technological developments with limited substitution risk for the foreseeable future. While the typical accounting lives of fibre cables are 25 years, in practice, these physical assets last much longer, especially in the case of the Trust Group, as large components of the fibre network infrastructure are buried underground in Singapore and therefore less exposed to weather and other elements that cause wear and tear, according to MPA. Hence, the Trustee-Manager believes that the durability and longevity of the Trust Group's fibre cables means that its existing network will continue to operate for many years to come without the need for any material upgrade or replacement of fibre cables. Higher bandwidth can be achieved by upgrading the active data transmission equipment, which are deployed on the Trust Group's fibre network. Further, in MPA's view, wireless broadband connection is complementary and not a substitute for fibre, as it cannot provide the same reliability and average speeds of a wired broadband service provided via fibre. Wireless broadband services such as the current 4G and potentially future 5G networks may suffer from network congestion as well as signal degradation caused by physical obstructions to the cellular signals, such as buildings and walls, especially in a heavily built-up environment in Singapore. As such, MPA believes that wired connections will continue to be the most common type of connection and potentially future 5G networks, which will require a relatively large number of base stations for optimal performance, will require fibre network infrastructure backhaul.

***Highly Scalable Operations and Credit Strength Support Unitholder Returns***

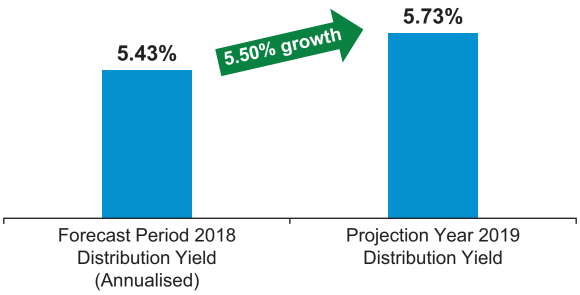
The Trust Group operates an extensive nationwide network. Consequently, future capital expenditure is largely limited to network maintenance and network expansion to cover additional residential homes, non-residential premises and NBAPs, with the exception of a higher portion of capital expenditure expected to be incurred in the years ending 31 March 2018 and 31 March 2019, all of which are expected to be completed by 2019. See "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Planned Capital Expenditure*". Further, under the regulatory model adopted by IMDA to determine pricing for the Trust Group's services, the Trust Group is able to generate additional returns from incremental capital expenditure. Additionally, as the provision of retail fibre services is undertaken by Retail Service Providers and not the Trust Group, the Trust Group is not required to undertake any substantial marketing activities to residential and non-residential end-users, thus keeping operating costs low. The resulting combination of limited future capital expenditure requirements and low operating costs translates into a high degree of scalability for the Trust Group's business, enabling the Trust Group to grow connection revenue and provide additional services to Requesting Licensees with limited incremental cost. The Trustee-Manager believes that such scalability supports stable cash flow generation. The Trust Group achieved an EBITDA margin of 73.5% in FY2017 and the Trust Group expects to achieve an EBITDA margin of 69.3% and 70.2% for Forecast Period 2018 and Projection Year 2019 respectively.

The Trust Group had total external debt of S$510.0 million as at 31 March 2017 and generated an EBITDA of S$223.8 million for the financial year ended 31 March 2017 prepared on a pro forma basis, translating to a conservative total debt / EBITDA ratio of 2.3x. The Trust Group expects to drawdown up to an additional S$210 million under its bank loans to fund capital expenditure during the years ending 31 March 2018 and 31 March 2019. See "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Indebtedness*". Following the drawdown, the Trustee-Manager believes that the Trust Group will continue to have a strong balance sheet and a conservative debt position, which provides sufficient additional debt headroom for the Trust Group to utilise debt financing for the purpose of funding future capital expenditure or working capital requirements, as required. The Trustee-Manager believes that its conservative capital structure lends further support to the Trust Group's operations and resulting distributions, as it affords the Trust Group flexibility to raise additional debt if and when required to execute future growth strategies.

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

For Forecast Period 2018, the Trust is expected to pay an annualised distribution yield of 5.43% based on the Offering Price. The distribution yields are expected to grow by approximately 5.50% to a distribution yield of 5.73% in Projection Year 2019 based on the Offering Price. See "*Profit and Cash Flow Forecast and Profit and Cash Flow Projection*".

**Forecast and Projection DPU Yield (%)[6]**




***Experienced Management Team with Proven Track Record***

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

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

## STRATEGIES OF THE TRUST GROUP

***Maintain Investments in Network to Support Residential Fibre Broadband Growth***

The Trustee-Manager intends to leverage its nationwide network to increase fibre penetration into residential homes. This includes supporting the continued migration of end-users from older technologies such as ADSL and HFC to fibre. According to MPA, fibre broadband penetration was 72% of the total households, amounting to an estimated 1.0 million fibre broadband subscriptions, as of December 2016. By December 2021, this is forecasted to reach 92% of total households, amounting to an estimated 1.4 million fibre broadband subscriptions, according to MPA. As such, the Trustee-Manager believes that there remains significant potential for near-term increase in new fibre connections within the existing population.

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6 If the Over-Allotment Option is exercised, the intention is for the Trust to maintain the same DPU for Forecast Period 2018 and Projection Year 2019.

Such potential is further enhanced as the number of residential homes in Singapore continues to expand over the medium to long term. The Trustee-Manager intends to continue to roll-out new fibre infrastructure to all new buildings and developments as and when completed. For example, the Trust Group is targeting to expand its network coverage to upcoming townships such as the new Tengah estate in Singapore. The first batch of HDB homes in Tengah is expected to be launched in 2018 and further developed over the next two decades, with an estimated 42,000 new residential homes. Additionally, the Trustee-Manager intends to invest in capital expenditure to roll-out additional fibre to new and existing homes. The additional fibre would allow the Trust Group to be able to accommodate more than one fibre connection per household, catering to the increasing number of multi-generational and multi-tenanted homes.

The Trust Group’s fibre network, as a wired network, offers the highest potential speeds for data transmission as compared to existing alternative technologies. Currently, typical speeds for subscriptions using ADSL and HFC connections range from 10 Mbps to 100 Mbps. Accordingly, the Trustee-Manager believes that fibre offers the best solution as a wired technology compared to other wired alternatives to meet the demand for high data usage applications, including online high definition video and audio services. Further, MPA believes that ADSL subscribers, both in the residential and non-residential segments, will migrate to fibre connections by December 2021 and HFC-based services will cease by December 2021. MPA estimates that Retail Service Providers have the opportunity to grow fibre broadband subscriptions by targeting users of such non-fibre broadband services to convert to fibre subscriptions, thereby further increasing fibre penetration.

***Proactively Engage Relevant Stakeholders to Boost Market Share in Non-Residential and NBAP Segments***

With respect to the non-residential segment, as of 31 December 2016, NLT serviced a market share of approximately 31% of the non-residential wired broadband subscription market according to MPA. With its nationwide network, the Trustee-Manager believes that the Trust Group is well positioned to take advantage of new non-residential connections and it will continue to pursue this strategy. The Trustee-Manager believes one of the Trust Group’s competitive advantages in its non-residential business is its extensive nationwide network coverage, as compared to the networks of its competitors, which are concentrated in the CBD and large business parks. This also 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. Additionally, the Trustee-Manager has been proactively deploying its fibre to improve coverage within selected non-residential buildings. Under such deployment, the Trustee-Manager brings its fibre from the MDF room of the non-residential premises to each floor within the premises, speeding up the delivery time for fibre connections when the Trustee-Manager receives non-residential orders from Requesting Licensees. The Trustee-Manager will continue such deployment as part of its initiative to proactively anticipate demand, working with Requesting Licensees and thereby increase its market share for non-residential segment. Finally, the Trust Group is also looking to extend its network footprint into other new major developments such as (i) the Greater Southern Waterfront project, which is expected to be developed on land made available when the ports in Pasir Panjang and Tanjong Pagar are relocated to Tuas, (ii) the continued development of the Jurong area, which is expected to be an area focusing on industrial research and innovation activities, and (iii) potential new developments to be built on the land occupied by the Paya Lebar Airbase, which is estimated to be relocated around 2030.

With respect to the NBAP segment, the Trust Group will continue to take advantage of new opportunities as and when they arise. While NBAP deployment remains in its early stages, the Trust Group’s nationwide network gives it the flexibility to be able to quickly respond to any such opportunity. NBAP applications include infrastructure for telecommunications operators (such as wireless network base stations), cameras, sensors, signage and outdoor kiosks. Further, in 2016, the entry of a fourth mobile telecommunications operator in Singapore was announced. Such operator is expected to establish a mobile network with nationwide outdoor coverage by December 2018. As part of the roll-out of its mobile network, the fourth mobile telecommunications operator may require new NBAP connections and backhaul connections. With its nationwide fibre network, the Trustee-Manager believes that the Trust Group will be the leading provider of fibre for new NBAP opportunities.

***Become a Lead Partner of the Smart Nation Programme***

The Trustee-Manager intends to utilise the Trust Group's nationwide fibre network in order to become a lead partner in the development of new fibre based initiatives, including the Singapore government's Smart Nation programme. The Trustee-Manager intends to work with other Smart Nation participants in order to develop new opportunities in which the Trust Group's network can serve as a platform on which Smart Nation programme technology can be delivered. The Trust Group has already been involved in "Phase 1" of the Smart Nation Platform Project. As additional phases of the Smart Nation Platform are rolled out, the Trust Group shall endeavour to be the network provider of such phases. According to MPA, some of the proposed initiatives include the Smart Mobility 2030 by the Land Transport Authority, Smart HDB Towns and Estates by HDB, Surveillance Cameras by the Ministry of Home Affairs, Smart Metering by Energy Market Authority and SP Power, Waste Eco by National Environmental Agency and the Integrated Estate Management System by Jurong Town Corporation. The Trustee-Manager believes that the Trust Group is well positioned to provide fibre connection for future programmes through its extensive existing nationwide network.

***Established Business and Asset Management***

The Trustee-Manager has an established business and asset management framework that it seeks to implement in respect of the Trust Group. The framework is focused on ensuring that appropriate business planning, performance reporting, operational efficiency, governance and risk management are put in place and maintained.

The Trustee-Manager intends to enhance returns from the Trust Group's established network and will continue to provide all required services to all Qualifying Persons in Singapore without preference or discrimination in accordance with the terms of its FBO licence. The Trust Group will also continue to focus on customer satisfaction and to work with Requesting Licensees in order to foster strong, long-term working relationships.

The Trust Group will continue to invest in the network in order to ensure the provision of all required services to its customers. This commitment can be seen through, among other things, the Trust Group's proactive commitment to ensure sufficient capacity in its network, whereby it is currently laying additional fibre cable sufficient to increase the spare fibre capacity to each residential home and non-residential premises. Efficient management of capital expenditure will remain a key objective of the Trustee-Manager. As the Trust Group's network has already achieved nationwide coverage, the significant level of capital expenditure incurred by the Trust Group in the past in rolling out its nationwide network will not be required in the future. The Trust Group's future capital expenditure needs will primarily relate to the expansion of existing network capacity and ongoing maintenance, with such amounts expected to be substantially less than the Trust Group's historical capital expenditure. The Trustee-Manager intends to fund the Trust Group's future capital expenditure requirements through funds generated from operations and the use of debt financing.

The Trust Group adopts and will continue to maintain an extensive system of network planning to ensure long-term reliability and availability of its network. For the financial years ended 31 March 2015, 31 March 2016 and 31 March 2017, the Trust Group's network availability was 99.99% for all three years. See "*Business—The Trust Group's Network and Properties—Network*".

The Trustee-Manager expects to continue to enhance operational efficiency while further reducing operating costs. The Trustee-Manager believes that the completion of the IT Project which involves the migration of the existing IT systems into one integrated system will assist in achieving such operational efficiency.

***Capital and Risk Management***

The Trustee-Manager aims to optimise returns on the Trust Group's network and distributions to Unitholders while maintaining appropriate levels of financial prudence. To do so, the Trustee-Manager intends to optimise the capital structure and cost of capital of the Trust Group.

The Trustee-Manager intends to pay distributions to Unitholders out of operating cash flows and aims to provide Unitholders with regular and predictable distributions. As part of its capital management strategy, the Trustee-Manager seeks to have in place medium to long term debt facilities. Where applicable, the Trustee-Manager intends to also adopt a hedging strategy to manage the risks associated with changes in interest rates relating to its borrowings. See "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Market Risks—Interest Rate Risk*". The Trustee-Manager also aims to ensure that the Trust Group has sufficient capital to fund any future capital expenditures. See "*—Established Business and Asset Management*".

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

**FEES PAYABLE TO THE TRUSTEE-MANAGER**

The Trustee-Manager shall be entitled to receive for its own account out of the Trust Property, in relation to any financial year, a management fee (the "**Management Fee**") of an amount equal to S$900,000 per annum. The Management Fee shall be paid to the Trustee-Manager in the form of cash out of the Trust Property.

The Management Fee shall be payable quarterly in arrears for every three months ending on 30 June, 30 September, 31 December and 31 March of each year. For the avoidance of doubt, the first Management Fee shall be payable in respect of the period from the Listing Date to 31 March 2018 and shall be calculated on a *pro rata* basis for such period.

See "*The Trustee-Manager—Fees payable to the Trustee-Manager*".

## THE OFFERING

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| **The Trust** | NetLink NBN Trust |
| **The Trustee-Manager** | NetLink NBN Management Pte. Ltd. |
| **The Units** | The Units represent undivided interests in the Trust.<br><br>From and after the Listing, under the TM Shares Trust, Unitholders will also have an undivided interest in the TM Shares in proportion to such Unitholders' percentage of Units held or owned in the Trust. The voting rights in the TM Shares will, subject to the applicable terms of the TM Shares Trust Deed, be exercised by the Share Trustee in accordance with the relevant resolutions passed by the Unitholders who will each have voting rights which are proportionate to their unitholdings in the Trust. From and after Listing, changes in a Unitholder's interest in the TM Shares are linked proportionately to changes in a Unitholder's unitholding in the Trust. If a Unitholder ceases to hold any Units, he will concurrently cease to own any interest in the TM Shares. For the avoidance of doubt, Unitholders will not derive a significant return in respect of their interests in the TM Shares (see "*The Trustee-Manager—Description of the TM Shares—Dividends*"). |
| **The Offering** | 2,898,000,001 Units offered under the Placement and the Public Offer, subject to the Over-Allotment Option, and 3,021,456,001 Units where the Over-Allotment Option is exercised in full. |
| **The Placement** | 2,713,000,001 Units offered by way of an international placement to investors, including institutional and other investors in Singapore.<br><br>The Units have not been and will not be registered under the U.S. Securities Act or any state securities laws of the United States. The Units may not be offered, sold, or delivered within the United States unless pursuant to an exemption from, or in a transaction not subject to, the registration requirements under the U.S. Securities Act. Accordingly, the Units are being offered and sold only outside of the United States in offshore transactions in reliance on and in compliance with Regulation S under the U.S. Securities Act.<br><br>See "*Plan of Distribution*". |
| **The Public Offer** | 185,000,000 Units offered by way of a public offer in Singapore. |
| **Clawback and Re-allocation** | The Units may be re-allocated between the Placement and the Public Offer at the discretion of the Joint Issue Managers and the Joint Global Coordinators (in consultation with the Trustee-Manager), subject to any applicable laws and the Listing Rules. |
| **Offering Price** | S$0.81 per Unit. |
| **Subscription for Units in the Public Offer** | Investors applying for Units under the Public Offer by way of Application Forms or Electronic Applications will pay the Offering Price of S$0.81 per Unit in respect of the number of Units applied for, subject to a refund of the full amount or, as the case may be, the balance of the application monies (in each case, without interest or any share of revenue or other benefit arising therefrom, and without any right or claim against the Trust, the Trustee-Manager, Singtel, the Joint Issue Managers, the Joint Global Coordinators or the Joint |

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| | Bookrunners and Joint Underwriters) (i) where an application is rejected or accepted in part only, or (ii) if the Offering does not proceed for any reason. For the purpose of illustration, an investor who applies for 1,000 Units by way of an Application Form or an Electronic Application under the Public Offer will have to pay S$810, which is subject to a refund of the full amount or the balance thereof (without interest or any share of revenue or other benefit arising therefrom), as the case may be, upon the occurrence of any of the foregoing events.<br><br>Investors in Singapore must follow the application procedures set out in "*Appendix I—Terms, Conditions and Procedures for Application for and Acceptance of the Units in Singapore*". Subscriptions under the Public Offer must be paid for in Singapore dollars. The minimum initial application is for 1,000 Units. An applicant may apply for a larger number of Units in integral multiples of 100 Units.<br><br>No fee is payable by applicants for the Units under the Public Offer, save for an administration fee of S$2.00 for each application made through the automated teller machines, the Internet banking websites of the Participating Banks (as defined herein) and the mobile banking interface of DBS Bank. |
| **Over-Allotment Option** . . . . . . . . . . . | The Trustee-Manager has granted the Joint Bookrunners and Joint Underwriters the Over-Allotment Option. The Over-Allotment Option is exercisable by the Stabilising Manager (or persons acting on behalf of the Stabilising Manager), in consultation with the Joint Global Coordinators, in full or in part, on one occasion, to subscribe for up to an aggregate of 123,456,000 Additional Units at the Offering Price for each Additional Unit, solely to cover the over-allotment of Units (if any), subject to any applicable laws and regulations, including the SFA and any regulations thereunder, from the date of commencement of trading in the Units on the SGX-ST until the earlier of (i) the date falling 30 days thereafter, or (ii) the date when the Stabilising Manager (or persons acting on behalf of the Stabilising Manager) has bought on the SGX-ST, an aggregate of 123,456,000 Units, representing not more than 4.3% of the total number of Units in the Offering, to undertake stabilising actions. The total number of outstanding Units immediately after the completion of the Offering and the issue of the Singtel Consideration Units will be 3,864,000,000 Units. The full exercise of the Over-Allotment Option will increase the total number of Units in issue to 3,987,456,000 Units. |
| **Singtel Consideration Units** . . . . . . | Concurrently with, but separate from, the Offering, 965,999,998 Singtel Consideration Units will be delivered to Holdco (see "*Trust Acquisition—Unit Purchase Agreement*"). |
| **Lock-ups** . . . . . . . . . . . . . . . . . . . . . . | The Trustee-Manager, Holdco and Singtel have agreed to certain lock-up arrangements subject to certain exemptions (see "*Plan of Distribution—Lock-up Arrangements*" for further information on the lock-up arrangements between the Joint Issue Managers, the Joint Global Coordinators and each of the Trustee-Manager, Holdco and Singtel). |
| **Capitalisation** . . . . . . . . . . . . . . . . . . | The market capitalisation of the Trust will be S$3,129.8 million immediately following the close of the Offering (assuming the Over-Allotment Option is not exercised) (see "*Capitalisation and Indebtedness*"). |

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| **Use of Proceeds** | The proceeds from the Offering will be used for:<br>(i) settlement of the cash component of the aggregate consideration payable to Singtel for the Trust Acquisition (see "*Trust Acquisition—Unit Purchase Agreement*");<br>(ii) repayment of the principal amount due and owing under the ST Facility Agreement (as defined herein) (see "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Indebtedness—Unitholder Loans*" for information regarding loans made under the ST Facility Agreement)[7];<br>(iii) funding the consideration for the purchase by the Trust Group of approximately 27,000 lead-in ducts pursuant to the Ducts SPA (as defined herein) (see "*General and Statutory Information—Material Contracts*");<br>(iv) funding the consideration for (a) the purchase by the Trust of the shares of the NLT Trustee, 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 (as defined herein) (see "*Trust Acquisition—TM Sale and Purchase Agreement*");<br>(v) 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 Agreement (see "*Trust Acquisition—TM Sale and Purchase Agreement*"); and<br>(vi) payment of the Equity Issue Expenses (as defined herein).<br>If the Over-Allotment Option is exercised in full, the estimated additional net proceeds of S$97.9 million may be used for capital expenditure and general corporate purposes.<br>See "*Use of Proceeds*" and "*Trust Acquisition*". |
| **Listing and Trading** | Prior to the Offering, there has been no market for the Units.<br>Application has been made to the SGX-ST for permission to list on the Main Board of the SGX-ST (i) all the Units in issue prior to the Offering, (ii) all the Units to be issued pursuant to the Offering, (iii) the Singtel Consideration Units and (iv) the Additional Units. Such permission will be granted when the Trust is admitted to the Official List of the SGX-ST on the Listing Date.<br>For the avoidance of doubt, no application has been or will be made for the listing of the TM Shares. |

[7] Part of the proceeds from the Offering will be used to subscribe for the NLT Notes to be issued by NLT (see "*Corporate Structure of the Trust—NLT Notes*" for details regarding the NLT Notes), and NLT will in turn use the full proceeds from issuance of the NLT Notes to repay S$1,100,000,000 of the principal amount due and owing under the ST Facility Agreement.

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| | The Units will, upon their issue, listing and quotation on the SGX-ST, be traded in Singapore dollars under the book-entry (scripless) settlement system of The Central Depository (Pte) Limited ("**CDP**"). The Units will be traded in board lot sizes of 100 Units. Persons holding Units in a Securities Account with CDP may withdraw the number of Units they own from the book-entry settlement system in the form of physical confirmation notes. Such confirmation notes will not, however, be valid for delivery pursuant to trades transacted on the SGX-ST, although they will be *prima facie* evidence of title and may be transferred in accordance with the Trust Deed.<br><br>See "*Clearance and Settlement*". |
| **Stabilisation** . . . . . . . . . . . . . . . . . . . | In connection with the Offering, the Stabilising Manager (or persons acting on behalf of the Stabilising Manager) may, in consultation with the Joint Global Coordinators, over-allot or otherwise effect transactions which stabilise or maintain the market price of the Units at levels which might not otherwise prevail in the open market. Such transactions may be effected on the SGX-ST and in other jurisdictions where it is permissible to do so, in each case in compliance with all applicable laws and regulations, including the SFA and any regulations thereunder. However, there is no assurance that the Stabilising Manager (or persons acting on behalf of the Stabilising Manager) will undertake stabilising actions.<br><br>Such transactions may commence on or after the date of commencement of trading in the Units on the SGX-ST and, if commenced, may be discontinued at any time and must not be effected after the earlier of (i) the date falling 30 days thereafter, or (ii) the date when the Stabilising Manager (or persons acting on behalf of the Stabilising Manager) has bought on the SGX-ST, an aggregate of 123,456,000 Units, representing not more than 4.3% of the total number of Units in the Offering, to undertake stabilising actions.<br><br>See "*Plan of Distribution—Over-Allotment and Stabilisation*". |
| **No Redemption by Unitholders** . . . | Unitholders have no right to request the Trustee-Manager to redeem their Units while the Units are listed. It is intended that Unitholders may only deal in their listed Units through trading on the SGX-ST.<br><br>Unitholders have no right to request the Trustee-Manager to transfer legal title to the TM Shares to the Unitholders. The TM Shares will not be listed on the SGX-ST. From and after Listing, changes in a Unitholder's interest in the TM Shares are linked proportionately to changes in a Unitholder's unitholding in the Trust. If a Unitholder ceases to hold any Units, it will concurrently cease to own any interest in the TM Shares. |
| **Distribution Policy** . . . . . . . . . . . . . | Any proposed distributions by the Trust will be paid from its cash available for distribution ("**CAFD**") and available cash as determined by the Trustee-Manager. CAFD is a non-SFRS financial measure and represents cash flows from distributions received by the Trust from NLT, principal and interest payments (net of applicable taxes and expenses) received by the Trust from NLT pursuant to the NLT Notes, and any other cash |

received by the Trust from NLT, after such cash flows have been applied to:

- pay the expenses of the Trust, the Trustee-Manager and the TM Shares Trust, including the Trustee-Manager's fees;
- repay any principal amounts (including any premium or fee) under any debt or financing arrangement of the Trust, excluding any debt or financing arrangement that is refinanced with new debt incurrence;
- provide for the working capital requirements of the Trust as well as for any reserves and provisions deemed appropriate by the Trustee-Manager; and
- pay any interest or other financing expense on any debt or financing arrangement of the Trust.

In addition to interest payments on the NLT Notes, NLT will pay cash distributions to the Trust from NLT's consolidated profit before tax for that distribution period adjusted for:

- non-cash adjustments such as depreciation of property, plant and equipment, amortisation of intangibles and the Singapore government grant, unrealised income and unrealised losses and provisions;
- cash adjustments such as increase or decrease in working capital when compared to the working capital for the previous distribution period, taxes paid in that distribution period, capital expenditure not funded through incurrence of debt, non-recurring expenses and non-recurring income (as deemed appropriate by the NLT Trustee) and repayment of any principal amounts (including any premium or fee) under any debt or financing arrangement of any member of the NLT Group, excluding any debt or financing arrangement that is refinanced with new debt incurrence; and
- net reserves set aside (as deemed appropriate by the NLT Trustee) for purposes such as future capital expenditure (including the funding of the capital expenditure reserve fund pursuant to the Capex Reserve Requirement), debt repayment and working capital as may be required,

(“**Distributable Income**”).

NLT's distribution policy is to distribute at least 90% of its Distributable Income to the Trust.

The Trust's distribution policy is to distribute 100% of its CAFD. Distributions by the 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. The Trust's first distribution period will be for the period from the Listing Date to 31 March 2018.

The Trustee-Manager will pay the distributions no later than 90 days after the end of each distribution period.

The foregoing are statements of the present intentions of the Trustee-Manager and the NLT Trustee and may be subject to modification (including the reduction or cancellation of any proposed distribution) in the sole and absolute discretion of the Trustee-Manager and the NLT Trustee. The form, frequency and amount of future distributions (if any) on the Units will

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| | depend on the earnings, financial position and results of operations of the Trust, as well as contractual restrictions, provisions of applicable law and other factors that the Trustee-Manager may deem relevant. In addition, under the BTA, the Trustee-Manager may make distributions only if the Board makes a written statement, in accordance with a resolution of the Board and signed by not less than two of the Directors, that the Board is satisfied on reasonable grounds that, immediately after making the distribution, the Trustee-Manager will be able to fulfil, from the Trust Property, the liabilities of the Trust as these liabilities fall due.<br><br>See "*Risk Factors*" and "*Distributions*" for a discussion of factors that may adversely affect the ability of the Trust to make distributions to Unitholders. |
| **Tax Considerations** . . . . . . . . . . . . | See "*Taxation*". |
| **Governing Law** . . . . . . . . . . . . . . . . | The Trust Deed, pursuant to which the Trust was constituted, is governed by Singapore law. |
| **Underwriting, Selling and Management Commission** . . . . . . | See "*Plan of Distribution*" for the underwriting, selling and management commission (the "**Underwriting, Selling and Management Commission**") payable to the Joint Bookrunners and Joint Underwriters. |
| **Risk Factors** . . . . . . . . . . . . . . . . . . . . | Prospective investors should carefully consider certain risks connected with an investment in the Units, as discussed in "*Risk Factors*". |

## INDICATIVE TIMETABLE

An indicative timetable for the Offering is set out below for the reference of applicants for the Units:

| Date and time | | Event |
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| 10 July 2017, 7.00 p.m. | : | Opening date and time for the Public Offer. |
| 17 July 2017, 12.00 noon | : | Closing date and time for the Public Offer. |
| 18 July 2017 | : | Balloting of applications, if necessary. Commence returning or refunding of application monies to unsuccessful or partially successful applicants, if necessary. |
| 19 July 2017 | : | Completion of the Trust Acquisition. |
| 19 July 2017, 3.00 p.m. | : | Commence trading on a "ready" basis. |
| 24 July 2017 | : | Settlement date for all trades done on a "ready" basis. |

The above timetable is indicative only and is subject to change. The above timetable and procedure may also be subject to such modifications as the SGX-ST may in its discretion decide, including the commencement of trading of the Units on the SGX-ST.

It assumes that (i) the closing of the application list for the Public Offer (the "**Application List**") is at 12.00 noon on 17 July 2017, (ii) the Listing Date is 19 July 2017, (iii) there has been compliance with the unitholding spread requirement of the SGX-ST and (iv) the Units will be issued and fully paid up prior to 3.00 p.m. on 19 July 2017. All dates and times referred to above are Singapore dates and times.

Trading in the Units through the SGX-ST on a "ready" basis will commence at 3.00 p.m. on 19 July 2017 (subject to the SGX-ST being satisfied that all conditions necessary for the commencement of trading in the Units through the SGX-ST on a "ready" basis have been fulfilled). There will be no trading of the Units through the SGX-ST on a "when-issued" basis.

If the Trust is terminated by the Trustee-Manager under the circumstances specified in the Trust Deed prior to the Offering, the Offering will not proceed and the application monies will be returned in full (without interest or any share of revenue or other benefit arising therefrom and at each applicant's own risk and without any right or claim against the Trust, the Trustee-Manager, Singtel, the Joint Issue Managers, the Joint Global Coordinators or the Joint Bookrunners and Joint Underwriters).

The Trustee-Manager may, at its discretion, in consultation with the Joint Issue Managers and the Joint Global Coordinators and subject to all applicable laws and regulations and/or the rules of the SGX-ST, agree to extend or shorten the Public Offer period, provided that the Public Offer may not be less than two Market Days (as defined herein).

In the event of any early or extended closure of the Application List or the shortening or extension of the time period during which the Offering is open, the Trustee-Manager will publicly announce the same:

- via SGXNET, with the announcement to be posted on the Internet at the SGX-ST website http://www.sgx.com; and
- in one or more major Singapore newspapers, such as *The Straits Times*, *The Business Times* and/or *Lianhe Zaobao*.

For the date on which trading on a "ready" basis will commence, investors should monitor the SGXNET, the newspapers, or check with their brokers.

The Trustee-Manager will provide details and results of the Public Offer through the SGXNET and in one or more major Singapore newspapers, such as *The Straits Times*, *The Business Times* and/or *Lianhe Zaobao*.

The Trustee-Manager reserves the right to reject or accept, in whole or in part, or to scale down or ballot any application for Units, without assigning any reason for it, and no enquiry and/or correspondence on the decision of the Trustee-Manager will be entertained. In deciding the basis of allotment, due consideration will be given to the desirability of allotting the Units to a reasonable number of applicants with a view to establishing an adequate market for the Units.

Where an application is rejected or accepted in part only, or if the Offering does not proceed for any reason, the full amount or the balance of the application monies, as the case may be, will be refunded (without interest or any share of revenue or other benefit arising therefrom) to the applicant, at his own risk, and without any right or claim against the Trust, the Trustee-Manager, Singtel, the Joint Issue Managers, the Joint Global Coordinators, or the Joint Bookrunners and Joint Underwriters.

Where the application is unsuccessful, the return of the full amount of the application monies (without interest or any share of revenue or other benefit arising therefrom) to the applicant is expected to be completed at his own risk, within 24 hours after balloting (provided that such refunds in relation to applications in Singapore are made in accordance with the procedures set out in "*Appendix I—Terms, Conditions and Procedures for Application for and Acceptance of the Units in Singapore*").

Where an application is accepted in part only, any balance of the application monies will be refunded (without interest or any share of revenue or other benefit arising therefrom) to the applicant, at his own risk, within 14 Market Days after the completion of the Offering (provided that such refunds in relation to applications in Singapore are made in accordance with the procedures set out in "*Appendix I—Terms, Conditions and Procedures for Application for and Acceptance of the Units in Singapore*").

If, following the receipt by the Trustee-Manager of the proceeds from the Offering under the Underwriting Agreements, the Authority issues a Stop Order preventing the listing of the Units on the SGX-ST, or the listing of the Units on the SGX-ST does not otherwise occur by 3.00 p.m. on 19 July 2017, all of the Units issued or sold in the Offering will either be returned to the Trustee-Manager for cancellation, repurchase or redemption or be deemed to be void under Singapore law. Upon the occurrence of such an event, the Trustee-Manager will refund the applicants' payments for the Units (without interest or any share of revenue or other benefit arising therefrom) in accordance with all applicable laws, rules and directives of any governmental or regulatory agency, or otherwise within 14 days of such occurrence.

Where the Offering does not proceed for any reason, the full amount of application monies (without interest or any share of revenue or other benefit arising therefrom) will, within three Market Days after the Offering is discontinued, be returned to the applicants at their own risk (provided that such refunds in relation to applications in Singapore are made in accordance with the procedures set out in "*Appendix I—Terms, Conditions and Procedures for Application for and Acceptance of the Units in Singapore*").

Applications and acceptances under the Placement will be determined by the Joint Issue Managers, the Joint Global Coordinators and the Joint Bookrunners and Joint Underwriters at their discretion.

### SUMMARY FINANCIAL INFORMATION OF THE NLT GROUP

*The following selected historical audited financial statements have been derived from the historical audited consolidated financial statements of NLT for the financial years ended 31 March 2015, 31 March 2016 and 31 March 2017 included elsewhere in this document. The historical audited consolidated financial statements of NLT for the financial years ended 31 March 2015, 31 March 2016 and 31 March 2017 are reported in Singapore dollars and prepared and presented in accordance with SFRS. The financial statements included in this document are not indicative of the NLT Group's or the Trust Group's future financial position, results of operations and cash flows, and the NLT Group's past operating results are not indicative of the NLT Group's or the Trust Group's future operating performance.*

*The following information should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations", the historical audited consolidated financial statements of NLT, the related notes and the related auditors' report, which are included elsewhere in this document.*

**Consolidated Balance Sheet**
**As at 31 March 2015, 2016 and 2017**

| | Group | | |
|---|---|---|---|
| | **2015** | **2016** | **2017** |
| | **S$'000** | **S$'000** | **S$'000** |
| **ASSETS** | | | |
| **Current assets** | | | |
| Cash and bank deposits | 87,540 | 124,873 | 92,406 |
| Trade and other receivables | 33,192 | 48,609 | 55,532 |
| Finance lease receivables | 185 | 196 | 209 |
| Inventories | 4,962 | 4,508 | 5,499 |
| Other current assets | 1,569 | 1,769 | 2,928 |
| | 127,448 | 179,955 | 156,574 |
| **Non-current assets** | | | |
| Finance lease receivables | 94,717 | 94,521 | 94,312 |
| Property, plant and equipment | 2,681,312 | 2,621,355 | 2,625,624 |
| Rental deposits | 493 | 538 | 733 |
| | 2,776,522 | 2,716,414 | 2,720,669 |
| **Total assets** | 2,903,970 | 2,896,369 | 2,877,243 |
| **LIABILITIES** | | | |
| **Current liabilities** | | | |
| Trade and other payables | 79,615 | 59,176 | 62,784 |
| Deferred financial support grant | 29,053 | 29,053 | 29,053 |
| Deferred revenue | 759 | 1,065 | 2,155 |
| Current tax liabilities | 43 | 5,190 | 13,159 |
| | 109,470 | 94,484 | 107,151 |
| **Non-current liabilities** | | | |
| Deferred financial support grant | 592,551 | 563,498 | 534,445 |
| Derivative financial instruments | — | — | 2,045 |
| Loans | 1,610,477 | 1,607,479 | 1,608,081 |
| Deferred tax liabilities | 296,637 | 359,517 | 360,467 |
| | 2,499,665 | 2,530,494 | 2,505,038 |
| **Total liabilities** | 2,609,135 | 2,624,978 | 2,612,189 |
| **NET ASSETS** | **294,835** | **271,391** | **265,054** |
| **UNITHOLDER'S FUNDS** | | | |
| Units in issue | 578,780 | 578,780 | 578,780 |
| Accumulated losses | (283,945) | (307,389) | (311,681) |
| Hedging reserve | — | — | (2,045) |
| **Total unitholder's funds** | **294,835** | **271,391** | **265,054** |

**Consolidated Statements of Profit or Loss and Other Comprehensive Income**
**For the financial years ended 31 March 2015, 2016 and 2017**

| | 2015 | 2016 | 2017 |
|---|---|---|---|
| | S$'000 | S$'000 | S$'000 |
| **Revenue** | 217,931 | 258,000 | 300,144 |
| Other income | 428 | 1,987 | 1,016 |
| Amortisation of financial support grant | 29,030 | 29,053 | 29,053 |
| **Expenses** | | | |
| Operation and maintenance costs | (46,358) | (10,201) | (11,604) |
| Installation costs | (12,551) | (12,749) | (15,221) |
| Depreciation | (114,655) | (127,909) | (122,680) |
| Staff costs | (16,508) | (16,127) | (19,843) |
| Finance costs | (35,281) | (40,560) | (37,697) |
| Management fee | (4,191) | (4,136) | (4,136) |
| Other operating expenses | (35,302) | (32,732) | (29,312) |
| Total expenses | (264,846) | (244,414) | (240,493) |
| **(Loss)/Profit before income tax** | (17,457) | 44,626 | 89,720 |
| Income tax credit/(expense) | 1,703 | (8,070) | (14,012) |
| **(Loss)/Profit after income tax** | (15,754) | 36,556 | 75,708 |
| **Other comprehensive income** | | | |
| Item that may be reclassified subsequently to profit or loss: | | | |
| Cash flow hedges | — | — | (2,045) |
| **Total comprehensive (loss)/income** | (15,754) | 36,556 | 73,663 |

**Consolidated Cash Flow Statements**
**For the financial years ended 31 March 2015, 2016 and 2017**

| | 2015 | 2016 | 2017 |
|---|---|---|---|
| | S$'000 | S$'000 | S$'000 |
| **Operating activities** | | | |
| (Loss)/Profit before income tax | (17,457) | 44,626 | 89,720 |
| Adjustments for: | | | |
| –Depreciation | 114,655 | 127,909 | 122,680 |
| –Amortisation of financial support grant | (29,030) | (29,053) | (29,053) |
| –Amortisation of transaction fees on bank loans | — | 2 | 602 |
| –Allowance for impairment of trade receivables, net | 634 | 719 | 304 |
| –Provision for stock obsolescence | 35 | 78 | 65 |
| –Recognition of deferred revenue | (259) | (256) | (712) |
| –Finance costs | 35,281 | 40,560 | 37,697 |
| –Interest income | (210) | (705) | (420) |
| –Property, plant and equipment written off | 1,371 | — | — |
| **Operating cash flows before working capital changes** | 105,020 | 183,880 | 220,883 |
| Changes in working capital: | | | |
| –Trade and other receivables | 14,830 | (16,196) | (6,583) |
| –Trade and other payables | 9,288 | (6,901) | (6,141) |
| –Inventories | (4,990) | 376 | (1,056) |
| **Cash generated from operations** | 124,148 | 161,159 | 207,103 |
| Interest received | 210 | 705 | 420 |
| Interest paid | (31,757) | (59,882) | (37,622) |
| Income tax paid | (5) | (43) | (5,093) |
| **Net cash generated from operating activities** | 92,596 | 101,939 | 164,808 |
| **Investing activities** | | | |
| Purchase of property, plant and equipment | (482,259) | (61,613) | (117,275) |
| Proceeds from sale of property, plant and equipment | — | 7 | — |
| **Net cash used in investing activities** | (482,259) | (61,606) | (117,275) |
| **Financing activities** | | | |
| Unitholder's loans | 280,000 | (510,000) | — |
| Proceeds from bank loans, net of transaction fees | — | 507,000 | — |
| Proceeds from financial support grant | 17,467 | — | — |
| Distribution paid to Unitholder | — | — | (80,000) |
| **Net cash generated from/(used in) financing activities** | 297,467 | (3,000) | (80,000) |
| **Net (decrease)/increase in cash and cash equivalents** | (92,196) | 37,333 | (32,467) |
| Cash and cash equivalents at beginning of the year | 179,736 | 87,540 | 124,873 |
| **Cash and cash equivalents at end of the year** | 87,540 | 124,873 | 92,406 |

**Non-SFRS Financial Measures**

| | Year ended 31 March | | |
|---|---|---|---|
| | 2015 | 2016 | 2017 |
| EBITDA(1) (S$'000) | 103,239 | 183,337 | 220,624 |
| EBITDA margin(1) (%) | 47.4 | 71.1 | 73.5 |

*Note:*

(1) EBITDA is a non-SFRS financial measure and represents operating profit before depreciation and amortisation expense, net finance cost and income tax expense. EBITDA and EBITDA margin are supplemental financial measures of the NLT Group's performance and liquidity and are not required by, or presented in accordance with, SFRS, IFRS, IFRS-identical Financial Reporting Standards, U.S. GAAP or any other generally accepted accounting principles. Furthermore, EBITDA and EBITDA margin are not measures of financial performance or liquidity under SFRS, IFRS, IFRS-identical Financial Reporting Standards, U.S. GAAP or any other generally accepted accounting principles and should not be considered as alternatives to net income, operating income or any other performance measures derived in accordance with SFRS, IFRS, IFRS-identical Financial Reporting Standards, U.S. GAAP or any other generally accepted accounting principles. EBITDA and EBITDA margin may not reflect all of the financial and operating results and requirements of the NLT Group. In particular, EBITDA

and EBITDA margin do not reflect the NLT Group's needs for capital expenditures, debt servicing or additional capital that may be required to replace assets that are fully depreciated or amortised. Other companies may calculate EBITDA and EBITDA margin differently, limiting their usefulness as comparative measures.

The Trustee-Manager believes that these supplemental financial measures facilitate operating performance comparisons for the NLT Group from period to period by eliminating potential differences caused by variations in capital structures (affecting interest expense), tax positions (such as the impact on periods of changes in effective tax rates or net operating losses), the age and book depreciation of tangible assets (affecting relative depreciation expense) and the amortisation of deferred grant. In particular, EBITDA eliminates the non-cash depreciation expense that arises from the capital-intensive nature of the NLT Group's businesses and the non-cash amortisation of deferred grant. The Trustee-Manager presents these supplemental financial measures because it believes these measures are frequently used by securities analysts and investors in evaluating similar issuers.

Set forth below is a reconciliation of the NLT Group's profit for the year to EBITDA:

| | Year ended 31 March | | |
|---|---|---|---|
| | **2015** | **2016** | **2017** |
| | **S$'000** | **S$'000** | **S$'000** |
| (Loss)/Profit After Tax | (15,754) | 36,556 | 75,708 |
| (Less)/Add: Income Tax (Credit)/Expense | (1,703) | 8,070 | 14,012 |
| Add: Finance Costs | 35,281 | 40,560 | 37,697 |
| Less: Interest Income | (210) | (705) | (420) |
| Add: Depreciation | 114,655 | 127,909 | 122,680 |
| Less: Amortisation of financial support grant | (29,030) | (29,053) | (29,053) |
| **EBITDA** | **103,239** | **183,337** | **220,624** |

**SUMMARY UNAUDITED PRO FORMA FINANCIAL INFORMATION**

*The Unaudited Pro Forma Financial Information has been derived from the Unaudited Pro Forma Financial Information included in "Appendix B—Reporting Accountants' Report on the Compilation of the Unaudited Pro Forma Financial Information of NetLink NBN Trust and its Subsidiaries for the Financial Years ended 31 March 2016 and 2017". The Unaudited Pro Forma Financial Information should be read in conjunction with the report and the Unaudited Pro Forma Financial Information included in "Appendix B—Reporting Accountants' Report on the Compilation of the Unaudited Pro Forma Financial Information of NetLink NBN Trust and its Subsidiaries for the Financial Years ended 31 March 2016 and 2017".*

*See Notes 3(d) and 4 of the Unaudited Pro Forma Financial Information included in "Appendix B—Reporting Accountants' Report on the Compilation of the Unaudited Pro Forma Financial Information of NetLink NBN Trust and its Subsidiaries for the Financial Years ended 31 March 2016 and 2017" for the key adjustments and assumptions made for the preparation of the Unaudited Pro Forma Financial Information.*

**Unaudited Pro Forma Balance Sheets**
**As at 31 March 2016 and 31 March 2017**

| | 2016 | 2017 |
|---|---|---|
| | S$'000 | S$'000 |
| **ASSETS** | | |
| **Current assets** | | |
| Cash and bank deposits | 48,396 | 15,929 |
| Trade and other receivables | 48,609 | 55,532 |
| Finance lease receivables | 182 | 194 |
| Inventories | 4,508 | 5,499 |
| Other current assets | 1,769 | 2,928 |
| | 103,464 | 80,082 |
| **Non-current assets** | | |
| Finance lease receivables | 87,905 | 87,710 |
| Property, plant and equipment | 2,995,423 | 3,059,509 |
| Intangible assets | 1,028,777 | 1,009,569 |
| Rental deposits | 538 | 733 |
| | 4,112,643 | 4,157,521 |
| **Total assets** | 4,216,107 | 4,237,603 |
| **LIABILITIES** | | |
| **Current liabilities** | | |
| Trade and other payables | 83,614 | 87,222 |
| Deferred revenue | 1,297 | 2,387 |
| Current tax liabilities | 5,190 | 13,159 |
| | 90,101 | 102,768 |
| **Non-current liabilities** | | |
| Deferred revenue | 7,768 | 7,768 |
| Loans | 507,002 | 507,604 |
| Deferred tax liabilities | 540,421 | 546,603 |
| Derivative financial instruments | — | 2,045 |
| | 1,055,191 | 1,064,020 |
| **Total liabilities** | 1,145,292 | 1,166,788 |
| **Net assets** | 3,070,815 | 3,070,815 |
| **Unitholders' funds** | | |
| Units in issue | 3,070,901 | 3,070,901 |
| Accumulated losses | (86) | (86) |
| **Total unitholders' funds** | 3,070,815 | 3,070,815 |

**Unaudited Pro Forma Statements of Profit or Loss and Other Comprehensive Income**
**For the financial years ended 31 March 2016 and 31 March 2017**

| | 2016 | 2017 |
|---|---|---|
| | S$'000 | S$'000 |
| **Revenue** | 257,016 | 299,160 |
| Other income | 1,987 | 1,016 |
| **Expenses** | | |
| Operation and maintenance costs | (9,283) | (10,668) |
| Installation costs | (12,749) | (15,221) |
| Depreciation | (138,544) | (133,315) |
| Amortisation of licence fees | (10,004) | (10,004) |
| Staff costs | (16,127) | (19,843) |
| Finance costs | (12,874) | (10,087) |
| Management fee | (900) | (900) |
| Other operating expenses | (32,818) | (29,344) |
| Total expenses | (233,299) | (229,382) |
| **Profit before income tax** | 25,704 | 70,794 |
| Income tax credit | 14,577 | 8,636 |
| **Profit after income tax representing total comprehensive income** | 40,281 | 79,430 |
| **Earnings per unit attributable to unitholders (cents)** | 1.04 | 2.06 |

**Unaudited Pro Forma Cash Flow Statements**
**For the financial years ended 31 March 2016 and 31 March 2017**

| | 2016 | 2017 |
|---|---|---|
| | S$'000 | S$'000 |
| **Operating activities** | | |
| Profit before income tax | 25,704 | 70,794 |
| Adjustments for: | | |
| –Depreciation | 138,544 | 133,315 |
| –Amortisation of licence fees | 10,004 | 10,004 |
| –Amortisation of transaction fee | 2 | 602 |
| –Allowance for impairment of trade receivables | 719 | 304 |
| –Provision for stock obsolescence | 78 | 65 |
| –Recognition of deferred revenue | (256) | (712) |
| –Finance costs | 12,874 | 10,087 |
| –Interest income | (705) | (420) |
| **Operating cash flows before working capital changes** | 186,964 | 224,039 |
| Changes in working capital: | | |
| –Trade and other receivables | (16,196) | (6,584) |
| –Trade and other payables | (6,901) | (6,141) |
| –Inventories | 376 | (1,056) |
| **Cash generated from operations** | 164,243 | 210,258 |
| Interest received | 705 | 420 |
| Interest paid | (32,196) | (10,012) |
| Income tax paid | (43) | (5,092) |
| **Net cash generated from operating activities** | 132,709 | 195,574 |
| **Investing activities** | | |
| Purchase of property, plant and equipment | (154,613) | (117,275) |
| Acquisition of subsidiaries | (1,866,752) | — |
| Proceeds from sale of property, plant and equipment | 7 | — |
| **Net cash used in investing activities** | (2,021,358) | (117,275) |
| **Financing activities** | | |
| Unitholder's loans | (1,610,477) | — |
| Proceeds from bank loans | 507,000 | — |
| Distribution paid to unitholder | (76,000) | (80,000) |
| Proceeds from issuance of units, net of transaction costs | 3,070,901 | — |
| **Net cash from/(used in) financing activities** | 1,891,424 | (80,000) |
| **Net increase/(decrease) in cash and cash equivalents** | 2,775 | (1,701) |
| Cash and cash equivalents at beginning of the year | — | 48,396 |
| Effects of difference in basis of preparation between pro forma balance sheet and statement of profit or loss | 45,621 | (30,766) |
| **Cash and cash equivalents at end of the year** | 48,396 | 15,929 |

## SUMMARY PROFIT AND CASH FLOW FORECAST AND PROFIT AND CASH FLOW PROJECTION INFORMATION

*Statements contained in this section that are not historical facts may be forward-looking statements. Such statements are based on the assumptions set out on pages 83 to 89 of this document and are subject to certain risks and uncertainties which could cause actual results to differ materially from those projected. Under no circumstances should the inclusion of such information herein be regarded as a representation, warranty or prediction with respect to the accuracy of the underlying assumptions by any of the Trust, the Trustee-Manager, Singtel, the Joint Issue Managers, the Joint Global Coordinators, the Joint Bookrunners and Joint Underwriters, or any other person, or that these results will be achieved or are likely to be achieved (see "Forward-looking Statements" and "Risk Factors" for further details). Investors in the Units are cautioned not to place undue reliance on these forward-looking statements which are made only as at the date of this document.*

***None of the Trust, the Trustee-Manager, Singtel, the Joint Issue Managers, the Joint Global Coordinators, the Joint Bookrunners and Joint Underwriters or any other person guarantees the performance of the Trust, the repayment of capital or the payment of any distributions, or any particular return on the Units.***

The forecast yields stated in the following table(s) are calculated based on:

- the Offering Price;
- the assumption that the Listing Date is 1 August 2017; and
- the assumption that the Over-Allotment Option is not exercised

*Such yields will vary accordingly if the Listing Date is not 1 August 2017, or for investors who purchase Units in the secondary market at a market price that differs from the Offering Price. Unitholders should note that in respect of Forecast Period 2018, they will only be entitled to a pro rata share of distributions declared and paid for the period from the Listing Date to 31 March 2018.*

*The following tables set forth the Trust's projected consolidated income statements and statements of cash flow for Forecast Period 2018 and Projection Year 2019. The financial year end of the Trust is 31 March. The Trust's first accounting period is for the period from 19 June 2017, being the date of its establishment, to 31 March 2018.*

*The DPU for Forecast Period 2018 is calculated on the assumption that the Units are issued on 1 August 2017 and are eligible for distributions for the period from 1 August 2017 to 31 March 2018. However, since the Units will be issued at an earlier date, being the Listing Date, the actual DPU for the period from the Listing Date to 31 March 2018 will differ as investors will be entitled to a pro rata share of distributions declared and paid for the period from the Listing Date to 31 March 2018.*

*The Profit and Cash Flow Forecast and the Profit and Cash Flow Projection are based on the assumptions set out in the section entitled "Profit and Cash Flow Forecast and Profit and Cash Flow Projection". Unitholders should read the whole of the "Profit and Cash Flow Forecast and Profit and Cash Flow Projection" section together with the report set out in "Appendix A—Reporting Accountants' Report on the Profit and Cash Flow Forecast and Profit and Cash Flow Projection".*

**Summary Forecast and Projected Consolidated Income Statement Information for Forecast Period 2018 and Projection Year 2019**

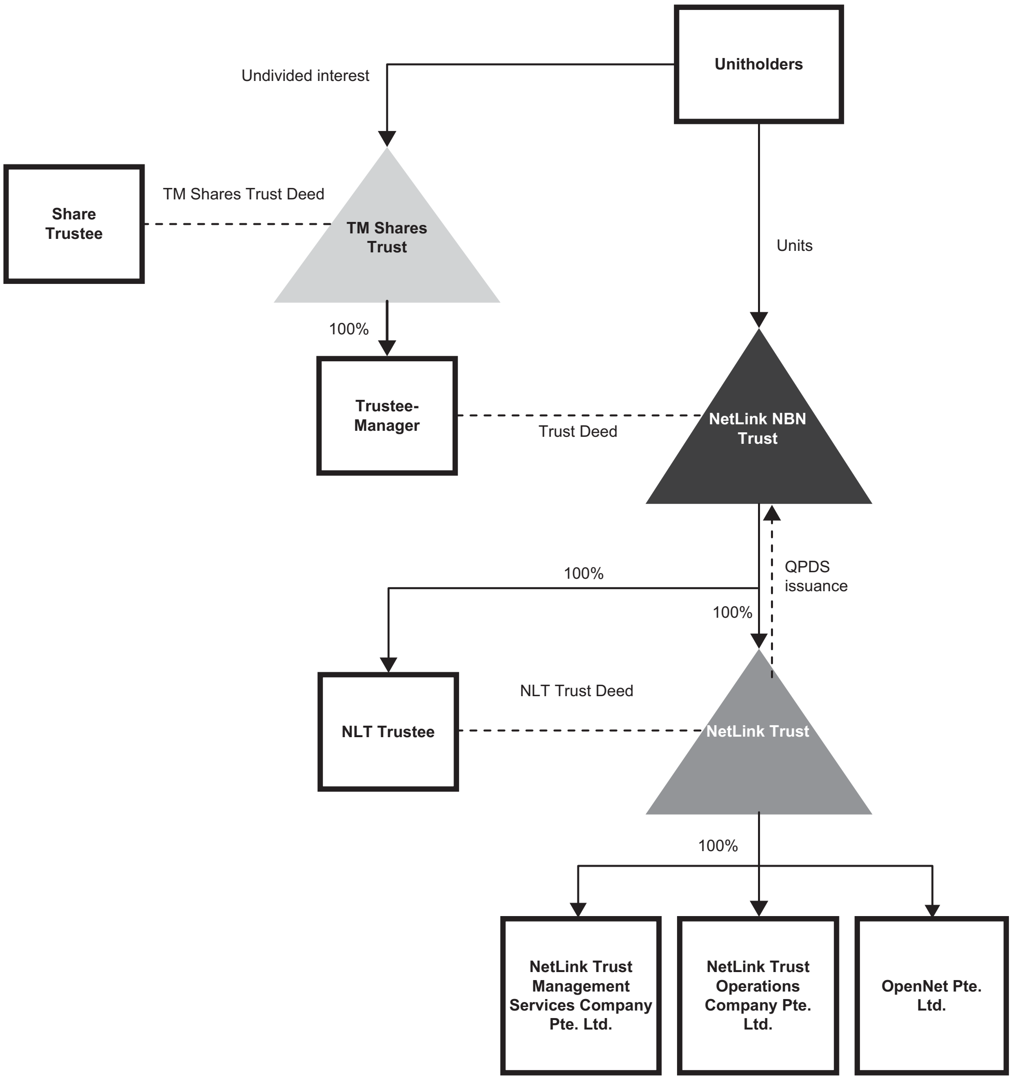
| | Forecast Period 2018 | Projection Year 2019 |
|---|---|---|
| | S$'000 | S$'000 |
| **Revenue** | **221,566** | **341,905** |
| Other income | 200 | 309 |
| **Expenses** | | |
| Operation and maintenance costs | 11,438 | 17,564 |
| Installation costs | 12,023 | 17,714 |
| Depreciation | 97,136 | 153,456 |
| Amortisation of intangible assets | 6,669 | 10,004 |
| Staff costs | 15,468 | 25,603 |
| Finance costs | 12,303 | 21,262 |
| Management fee | 626 | 967 |
| Other operating expenses | 28,754 | 40,188 |
| Total expenses | 184,417 | 286,758 |
| **Profit before income tax** | **37,349** | **55,456** |
| Income tax credit | 6,758 | 10,233 |
| **Profit after income tax** | **44,107** | **65,689** |
| **Earnings per unit attributable to unitholders (cents)** | 1.14 | 1.70 |

**Summary Forecast and Projected Cash Flow Statement Information for Forecast Period 2018 and Projection Year 2019**

| | Forecast Period 2018 | Projection Year 2019 |
|---|---|---|
| | S$'000 | S$'000 |
| **Operating activities** | | |
| Profit before income tax | 37,349 | 55,456 |
| Adjustments for: | | |
| –Depreciation | 97,136 | 153,456 |
| –Amortisation of intangible assets | 6,669 | 10,004 |
| –Finance costs | 12,303 | 21,262 |
| **Operating cash flows before working capital changes** | **153,457** | **240,178** |
| Changes in working capital: | | |
| –Trade and other receivables | (3,111) | (382) |
| –Trade and other payables | 2,674 | (548) |
| –Inventories | — | — |
| –Deferred revenue | (328) | (493) |
| **Cash generated from operations** | **152,692** | **238,755** |
| Interest paid | (12,207) | (21,126) |
| Income tax paid | — | — |
| **Net cash generated from operating activities** | **140,485** | **217,629** |
| **Investing activities** | | |
| Purchase of property, plant and equipment | (217,773) | (111,617) |
| Capex reserve | (8,000) | (8,000) |
| Acquisition of subsidiaries, net of cash acquired | (1,833,968) | — |
| **Net cash used in investing activities** | **(2,059,741)** | **(119,617)** |
| **Financing activities** | | |
| Repayment of loans under ST Facility Agreement | (1,100,477) | — |
| Distributions | — | (203,008) |
| Proceeds from revolving loan facility | 118,400 | 75,000 |
| Proceeds from issuance of Units, net of transaction costs | 3,070,901 | — |
| **Net cash from/(used in) financing activities** | **2,088,824** | **(128,008)** |
| **Net increase/(decrease) in cash and cash equivalents** | **169,568** | **(29,996)** |
| Cash and cash equivalents at beginning of the period / year | — | 169,568 |
| **Cash and cash equivalents at end of the period / year** | **169,568** | **139,572** |
| **Cash and cash equivalents consist of:** | | |
| Cash and bank balances | 177,568 | 155,572 |
| Less: Capex reserve | (8,000) | (16,000) |
| **Cash and cash equivalents at end of the period / year** | **169,568** | **139,572** |

## CORPORATE STRUCTURE AS AT LISTING DATE

The following diagram shows the corporate structure of the Trust Group upon completion of the Trust Acquisition and the TM Acquisition (as defined herein) on the Listing Date. See "*Corporate Structure of the Trust*" for details.



## RISK FACTORS

*Prospective Unitholders should consider carefully, together with all other information contained in this document, the factors described below before deciding to invest in the Units. The risks set forth below are not an exhaustive list of the risks facing the Trust Group or that may develop in the future. There may be additional risks not described below or not presently known to the Trust Group or that the Trust Group currently considers to be immaterial that could turn out to be material in the future. Additional risks, whether known or unknown, may in the future have a material adverse effect on the Trust Group and impair the business operations of the Trust Group. The operations, financial condition, financial performance and prospects of the Trust Group could be materially and adversely affected by any of these risks, which may have a material adverse effect on the trading price of the Units or reduce the ability of the Trust to make distributions to Unitholders.*

*This document also contains forward-looking statements (including profit and cash flow projections) that involve risks, uncertainties and assumptions. The actual results of the Trust Group could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the risks faced by the Trust Group as described below and elsewhere in this document.*

*Unitholders should be aware that the price of the Units, and the income from them, may fall or rise. Unitholders should note that they may not get back their original investment. Before deciding to invest in the Units, prospective unitholders should seek professional advice from the relevant advisers about their particular circumstances.*

### RISKS RELATING TO THE TRUST GROUP'S BUSINESS

**The Trust Group operates in a highly regulated environment which may be subject to change.**

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

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

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

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

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

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

The Licensee is required under the terms of its FBO licence and the Telecommunications Act to meet certain minimum QoS Standards, including the QoS Timeframe Standards imposed by IMDA. See "*Business—Quality of Service Standards*" and "*Regulatory Environment—Key Codes of Practice Applicable to Trust Group—Quality of Service Standards applicable to Trust Group*". OpenNet and CityNet (in its capacity as trustee-manager of NLT) had historically failed to meet these standards and the Trust Group expects to continue to face difficulties doing so in the near term. The principal reasons for the inability and continuing challenge to achieve the QoS Timeframe Standards have been and are expected to be (i) issues or restrictions relating to the Trust Group's contractors' ability to gain necessary access to premises and delays caused by third parties, (ii) end-users requesting second fibre connections, including end-users switching between Retail Service Providers, or "churn", and (iii) general operational issues which may arise from time to time. See "*Business—Quality of Services Standards*" for further details. Failure to meet such QoS Standards may subject the Licensee to financial penalties at the discretion of IMDA. Based on the period of infringement, the financial penalties imposed by IMDA were S$440,000 for calendar year 2013, S$500,000 for calendar year 2014 and S$433,000 for calendar year 2015 (the amount of S$433,000 for calendar year 2015 being derived from pro-rating the fine of S$200,000 imposed on 30 September 2016, which was in respect of a 18-month period from January 2015 to June 2016). See "*Regulatory Environment—Key Codes of Practice Applicable to the Trust Group—Quality of Service Standards applicable to Trust Group*" for further details. Additionally, there can be no assurance that IMDA will not introduce new QoS Standards, increase the level of the existing QoS Standards or change the metrics by which compliance is determined in a manner that is adverse to the Licensee.

The assessment by IMDA of the Licensee's performance of QoS Timeframe Standards and possible enforcement actions is a continuous process. IMDA determines the Licensee's performance of QoS Timeframe Standards on a monthly basis. However, IMDA's assessment as to the sanctions that should be imposed on the Licensee for the failure to meet the QoS Timeframe Standards, to the extent applicable, is only undertaken periodically. IMDA's last assessment of applicable sanctions for QoS Timeframe Standards was completed in September 2016, which related to an assessment period of January 2015 to June 2016 for residential QoS Timeframe Standards, and January 2015 to December 2015 for non-residential QoS Timeframe Standards. While no assurance can be given with respect to the timing or outcome of future assessments, the Licensee expects that an assessment by IMDA as to possible sanctions for the periods following the last relevant assessment periods will be made following the Listing Date, as CityNet (in its capacity as trustee-manager of NLT) and following the replacement of CityNet by NLT Trustee as trustee-manager of NLT, the Licensee, has not met certain QoS Standards since the last assessment periods.

In addition, IMDA is permitted to impose financial penalties, issue directions, or take other enforcement actions in the event that the Licensee fails to meet its obligations under its FBO licence other than meeting QoS Standards. For example, in November 2013, IMDA imposed a financial penalty of S$550,000 on OpenNet in relation to failing to comply with its Universal Service Obligation to ensure the availability of the Next Gen NBN services to all end-users in mainland Singapore and its connected islands under its FBO licence for the six month period from 1 January 2013 to 30 June 2013. See "*Regulatory Environment—Key Licences held by NLT Trustee/Trustee-Manager—FBO licence—Breaches of the conditions of FBO licence and IMDA's directions*". In addition, OpenNet and CityNet (in its capacity as trustee-manager of NLT) had been penalised an aggregate amount of S$500,000 by IMDA in 2014 relating to a fire incident at the Bukit Panjang Central Office caused by a third party that took place in October 2013 which resulted in service disruptions. See "*—Any failure of or damage to the Trust Group's physical infrastructure or services could lead to significant costs and disruptions and, if such disruption is caused by a third party, the Trust Group may be unable to fully recover its remediation costs*".

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

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

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

**Changes in economic conditions in Singapore may have a material adverse effect on the operations and financial performance of the Trust Group.**

The Trust Group's existing business activities are located solely in Singapore and demand for use of the Trust Group's network is dependent, among other things, on economic conditions in Singapore. The Trust Group expects that the primary drivers for additional demand for the use of the Trust Group's network are the growth of the overall population of Singapore and the growth of commercial activity in the country, including through small and medium enterprises. Any downturn in economic conditions in Singapore could reduce the demand for hiring, including hiring from overseas, which in turn could slow the growth of the Singapore population as immigration declines. This decrease in the rate of population growth would also likely result in a decrease in the growth rate of the number of households, which is a key driver of the Trust Group's revenue. Any economic downturn may also slow the conversion to fibre from ADSL or other less advanced connection for certain residential users. Additionally, a decline in commercial activity could reduce demand for non-residential fibre connections. Further, the number of SMEs may decline in line with an overall economic downturn in Singapore. Given that SMEs tend to be located outside of areas that are serviced by the Trust Group's primary competitors with respect to non-residential fibre networks, such businesses are more likely to utilise the Trust Group's network for fibre connections. Any deterioration in the economic conditions in Singapore could have a material adverse effect on the operations and financial performance of the Trust Group.

**The Trust Group faces risks relating to the implementation of its new IT systems and the migration from the systems shared with Singtel.**

As required by IMDA, the Trust Group is currently in the process of implementing new IT systems that will cover most of the key operational aspects of the Trust Group. The new systems are in part to replace the Trust Group's existing systems, which support the Trust Group's business and operations support systems, and in part to migrate away from systems that are shared with Singtel. See "*Business—Business Operations and Information Technology*". The Trust Group has requested for extensions of the deadline that IMDA had set for the completion of this migration. When noting that the Trust Group would not meet the prescribed deadline, IMDA indicated that they expect to take enforcement action in connection with the failure to meet the previously-set deadline. Any enforcement actions in the future may have a material adverse effect on the financial performance of the Trust Group. Any additional delays in the implementation of the new systems may subject the Trust Group to additional or enhanced enforcement action.

Additionally, the Trust Group will rely on the new 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 Requesting Licensees, 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, which may subject the Licensee to additional financial penalties. See "*—The Licensee, under relevant regulations, is subject to QoS Standards and certain conditions in relation to the Licensee's FBO licence, for which there have been instances of non-compliance, both historically and potentially in the future*".

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

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

The fibre network is especially vulnerable to accidental damage by third parties and damage by vandalism and other malicious acts. In particular, those parts of the fibre network which are situated below ground may be subject to accidental damage by third parties undertaking earth works. While the Trust Group has not experienced prolonged disruptions to the fibre network due to damage to the network infrastructure, it has experienced intermittent disruptions due to cable cuts. In connection with certain failures to meet the service level guarantees set forth in the Interconnection Offer, the Requesting Licensees are permitted to claim fixed rebates from the Licensee.

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

In addition, any material network incidents and faults are investigated by IMDA, which has the ability to impose sanctions on the Licensee (including financial penalties), in the event it is determined that the incident or disruption amounts to a breach of the conditions of the Licensee's FBO licence, or any provision of any code of practice or QoS Standards. For example, CityNet (in its capacity as trustee-manager of NLT) and OpenNet were penalised an aggregate of S$500,000 by IMDA in 2014 relating to a fire incident at the Bukit Panjang Central Office caused by a third party that took place in October 2013 which resulted in service disruptions, whereby IMDA deemed that CityNet (in its capacity as trustee-manager of NLT) and OpenNet had, among other things, failed to provide the necessary supervision on the works that were carried out which resulted in the incident, as well as contributed to delays in service restoration following the incident. Further, IMDA is currently investigating the fibre service interruption incident which affected the Tanjong Rhu area on 13 December 2016. The Licensee has made various submissions to IMDA with respect to this incident. In addition, NLT's fibre cables were damaged by a third party on 11 April 2017. The cable cut incident occurred along Boon Lay Avenue and damaged a total of eight fibre cables. As the cable cut affected more than 500 end-user connections, and full service restoration took longer than the 12-hour safe harbour (as required under the Code of Practice for Next Gen NBN NetCo Resiliency ("**Telecom Service Resiliency Code**")) to complete, IMDA is investigating the cause of the incident and will be assessing the appropriate measures to be taken. The Licensee has made various submissions to IMDA with respect to this incident. See "*Regulatory Environment—Key Licences held by NLT Trustee/Trustee-Manager—FBO licence—Breaches of the conditions of FBO licence and IMDA's directions*". Any sanction and/or financial penalties imposed upon the Licensee may have a material adverse effect on the financial performance of the Trust Group and continued network-related issues could have a negative impact on the Trust Group's reputation.

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

IMDA has the authority to impose certain performance standards upon the Licensee to ensure the integrity of the Trust Group's network, including standards with respect to the protection of physical assets and network resiliency, as well as the QoS Standards that the Licensee must meet with respect to services provided to Requesting Licensees. The QoS Standards set, among other things, maximum time frames by which the Licensee must fulfil connection requests from Requesting Licensees, failing which the Licensee may face financial penalties from IMDA. See "*Business—Quality of Service (QoS) Standards*". In order to meet these standards, the Trust Group must ensure that it has adequate spare capacity in the network available to all locations in Singapore. This requirement means that the Trust Group must undertake anticipatory capital expenditure to expand the overall capacity of the network without certainty as to the demand for capacity in any particular area. The Trust Group is currently in the process of laying additional fibre cable sufficient to increase the spare fibre capacity to residential households to at least 50%. The laying of additional fibre arose in part as a result of a directive issued by IMDA, which requires the Trust Group to install additional spare fibre capacity in each relevant residential building once the existing spare capacity falls below certain thresholds. In the event such thresholds are crossed, the directive specifies that NLT is required to install additional spare fibre capacity in the relevant residential building by a prescribed capacity percentage. In areas where there is no available space in the current ducts, manholes or MDF room infrastructure to lay additional fibre cable, capital expenditure is required to be incurred by the Trust Group to address these space constraints as well. However, there can be no assurance that this current project of laying additional fibre cable will be adequate to meet future demand for the network, that IMDA will not require further anticipatory capacity expansion, or that all such excess capacity will be utilised in the future. Accordingly, there may be requirements for unanticipated capital expenditure which could have a material adverse effect on the operations and financial performance of the Trust Group.

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

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

**The Trust Group faces competitive risks, in particular in respect of its non-residential business.**

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

**The Trust Group operates in an environment driven by technological changes.**

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

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

**The Trust Group's strategy to expand its NBAP business is, in part, dependent upon the Trust Group's participation in and the successful roll-out of the 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. Further, the Trustee-Manager believes the Trust Group is well positioned to provide the fibre requirements of future programmes through its extensive existing nationwide network. See "*Business—Strategies of the Trust Group—Become a Lead Partner of the Smart Nation Programme*". The Smart Nation programme is expected to be rolled out in a number of phases in the coming years. However, the roll-out and uptake of the Smart Nation programme is largely dependent on factors outside the control of the Trust Group, including the level of Singapore government funding and government decision making. The Smart Nation programme is coordinated by the Smart Nation and Digital Government Office and implemented by the Government Technology Agency, collectively forming the Smart Nation and Digital Government Group under the Prime Minister's Office. The Trust Group will be required to effectively manage relationships with, and meet the requirements of, these various Government agencies.

In the event that the Trust Group is not selected to participate in or the roll-out and uptake of the Smart Nation programme is not as successful as the Trustee-Manager believes, or to the extent the Trust Group is not able to successfully meet all requirements imposed by government agencies, the Trust Group may not be able to realise the level of NBAP growth that it currently expects to achieve, which could have an adverse effect on the financial performance of the Trust Group.

Additionally, despite the recent growth in demand for NBAP services and anticipated growth due in part to the roll-out of Singapore's Smart Nation programme, revenue generated from NBAP services is and will remain for the foreseeable future a relatively small portion of the Trust Group's total revenue. No assurance is given as to future impact that NBAP services will have on the financial performance of the Trust Group.

**The Trust Group may be subject to tax assessments or inquiries in the future.**

In accordance with the Income Tax Act, the IRAS may make assessments or additional assessments within four years from the end of an assessment year, except in the case of fraud or wilful default, where the IRAS may make assessments at any time. As such, NLT's and its subsidiaries' tax assessments relating to their financial year ended 31 March 2012 through to the year ended 31 March 2017 remain open to review and subject to possible further assessment. Accordingly, while the Trustee-Manager believes that it has properly paid all taxes due for these periods, there can be no assurance that the Trust Group will not be subject to tax assessments in the future with respect to previous periods that remain open to assessment. Any tax assessments in the future with respect to previous periods may have a material adverse effect on the financial performance of the Trust Group.

**The Trust Group receives a material portion of its revenue from a limited number of customers.**

The Trust Group receives a material portion of its revenue from a limited number of customers. The NLT's five largest customers by revenue, in aggregate, contributed 99.4%, 97.9% and 98.0%, respectively, of NLT's total revenue for the years ended 31 March 2015, 2016 and 2017. See "*Business—Customers, Sales and Marketing and Customer Services*". The Trust Group's largest individual customer by revenue was Singtel. Although end-users are expected to migrate between Retail Service Providers, which may impact the composition of customer concentration, the Trust Group anticipates that a limited number of its key customers will continue to account for a material portion of its revenue for the foreseeable future.

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

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

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

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

The Trust Group outsources the majority of its construction work to third-party contractors. This includes the building of new ducts and manholes, the maintenance of existing ducts, manholes and Central Offices, and the installation of fibre cables. The number of qualified, reliable contractors available to perform these works is limited and, accordingly, the Trust Group may face issues with ensuring that contractors are available to perform the construction work that it requires in accordance with its desired timeline and quality. Any shortages of contractors may lead to delays in performing necessary network expansion and maintenance work. Additionally, the Trust Group is ultimately responsible for the upgrading and maintenance of the network, and any failures by any contractor to perform the required works on a satisfactory or timely basis would have a material adverse effect on the operations and financial performance of the Trust Group. These types of failures, along with delays resulting from shortages of contractors, create a risk that the Trust Group may not meet the service standards that the Requesting Licensees and their end-users expect or the QoS Standards, which may subject the Trust Group to potential reputational damage as well as the imposition of financial penalties on the Licensee by IMDA.

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

**The Trust Group depends on key management for the growth and successful implementation of its strategy.**

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

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

The Trust Group's operations rely on the employment of foreign workers. As of 31 March, 2017, approximately 13% of the Trust Group's total employees were classified as foreign workers. Historically, the Ministry of Manpower has changed certain regulations relating to the employment of foreign workers which has required the Trust Group to amend the composition of its workforce. Further changes in such regulations relating to foreign workers, including any restriction imposed on the number of foreign workers an employer is permitted to employ, could result in the Trust Group being unable to fulfil customers' demands in a timely manner or an increase in the cost of labour, resulting in a material adverse effect on the operations and financial performance of the Trust Group.

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

The Trust Group holds leasehold interests in seven NLT Central Offices, and leases and/or has the right to use additional rooms in the three Singtel Central Offices pursuant to certain leases and/or co-location agreements with Singtel. Under IMDA's regulatory framework, the Trust Group is required to make available co-location space in any of the NLT Central Offices and such rooms in the Singtel Central Offices or any other location or building where the Trust Group provides access to the passive infrastructure and co-location facilities to any Requesting Licensee that requires such space. This obligation means that the Trust Group must have sufficient additional space available in the Central Offices to meet this future demand. Currently, the Trust Group addresses this need for excess capacity through the development of additional co-location rooms in the NLT Central Offices, such as the four additional co-location rooms that it is planning to construct in the NLT Central Offices in the next 12 months. The development of these rooms requires capital expenditure, primarily for the installation of power and cooling infrastructure. In the NLT Central Offices, the Trust Group only utilises a portion of the total net lettable floor area and the remaining spaces are leased to Singtel until September 2021 with multiple options to renew (each term for the option to renew typically being 10 years). Each option to renew is exercisable by Singtel by giving at least 12 months' prior written notice to the Trust Group.

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

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

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

In the event that there is insufficient additional available space at these Central Offices, the Trust Group will be required to secure additional space for co-location rooms in other locations. There can be no assurance that the Trust Group will be able to secure all necessary floor space in the future. The development of these new co-location rooms in other locations will require capital expenditure to connect the new co-location rooms to the network, as well as to implement the necessary technical and security infrastructure to meet the requirements of IMDA and the expectations of the Requesting Licensees. To be most efficient, these new co-location rooms will need to be located near the existing Central Offices, failing which, the Trust Group may be required to incur significant capital expenditure to connect the new co-location rooms to the network. There can be no assurance that the Trust Group will be able to secure such new spaces in the most efficient locations or on commercially reasonable terms, and the failure to do so could have a material adverse effect on the financial performance of the Trust Group.

**Changes in certain arrangements with Singtel following the Offering may have a material adverse effect on the financial performance and operations of the Trust Group.**

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

The master framework agreement will expire on the Listing Date. Without such arrangement in place, the Trust Group may face difficulties in establishing residential end-user connections in a timely manner where it does not have existing ducts and manholes that it is able to use. For example, the Trustee-Manager estimates that approximately up to 9,000 existing landed residential homes have yet to be "reached" as of the Latest Practicable Date. In the event that a request is received to establish a fibre connection into one of these landed residential homes and the Trust Group does not have its own applicable ducts and manholes and cannot have access to Singtel's ducts and manholes, the Licensee's ability to meet its QoS Timeframe Standards may be affected as it may take a longer time for the Trust Group to construct and install its own ducts and manholes to connect to such premises. The failure to meet QoS Timeframe Standards may result in the imposition of financial penalties. Any financial penalties in the future may have a material adverse effect on the financial performance of the Trust Group. See "*—The Licensee, under relevant regulations, is subject to QoS Standards and certain conditions in relation to the Licensee's FBO licence, for which there have been instances of non-compliance, both historically and potentially in the future*".

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

Further, the Trust Group has historically conducted joint tenders with Singtel for most of its outsourced cost components and insurances, allowing it to enjoy the benefits of Singtel's pre-existing relationships with certain suppliers and reduced unit pricing due to the size of the overall tender. Following the Listing, the Trust Group may no longer conduct these joint tenders with Singtel and is expected to conduct the majority of its tenders as an independent enterprise. This change in tender process could lead to an increase in operating costs as the Trust Group will no longer benefit from the volume discounts that were offered in the joint tenders. In addition, there may be a reduced response to the Trust Group's independent tenders due to the smaller contract size, leading to less competition, which may also result in higher operational costs.

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

**Any deficiency in billing, credit control, collection and customer management systems could have a material adverse effect on the operations and financial performance of the Trust Group.**

Sophisticated billing, credit control, collection and customer management systems are critical to support the Trust Group's ability to maintain and increase turnover, avoid turnover loss, monitor potential credit problems and bill Requesting Licensees accurately and in a timely manner. These capabilities are part of the new IT systems that the Trust Group is currently designing and implementing. See "*Business—Business Operations and Information Technology*". The Trust Group's billing, credit control, collection and customer management systems may be affected by computer viruses, cyber-attacks, telecommunications failures, software flaws and systems failures. Any deficiency in billing, credit control, collection and customer management systems or delays in upgrades or integration of new systems could have a material adverse effect on the operations and financial performance of the Trust Group. See "*—The Trust Group faces risks relating to the implementation of its new IT systems and the migration from the systems shared with Singtel*".

**The Trust Group is exposed to information technology and cyber security risks.**

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 scale and level of sophistication of cyber security threats have increased especially in recent times. 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 Requesting Licensees, may result in litigation from Requesting Licensees or their end-users, and/or regulatory fines and penalties.

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

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

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

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

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

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

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

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

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

The PDPA also created a regulatory authority, the Personal Data Protection Commission ("**PDPC**"), with the power to give directions to ensure compliance with the PDPA, including the power to require an organisation to pay a penalty of up to S$1 million for breach of PDPA requirements. Apart from this, under the PDPA, individuals have a right of private action, and these are offences for which the penalties upon conviction include imprisonment.

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

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

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

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

## RISKS RELATING TO OWNERSHIP OF THE UNITS

**There are limitations on the ownership of the Units.**

Part VA of the Telecommunications Act and section 10 of the Telecom Competition Code impose certain obligations on Designated Business Trusts, Designated Trusts and Designated Telecommunication Licensees in relation to the change in control of equity interests (including any change in unitholdings). These obligations include the Part VA Prescribed Restrictions which requires the relevant Designated Entity to submit an application jointly with the relevant acquiring party or acquiring parties if such person(s) becomes, whether through a series of transactions over a period of time or otherwise, a 12% controller or a 30% controller (as defined under the Telecommunications Act) of a Designated Entity without IMDA's approval. (See "*Regulatory Environment—Key Codes of Practice Applicable to the Trust Group—Telecom Competition Code—Change in control restrictions imposed upon Designated Telecommunication Licensees, Designated Business Trusts and Designated Trusts*" for further details). Following Listing, the Licensee is required under its FBO licence to notify any TB Licensee who wishes to acquire (i) 25.0% or more of the total number of Units and/or (ii) 25.0% or more of the total number of shares in the Trustee-Manager (the "**TB Licensee Limit**") that such unitholding and/or shareholding (as the case may be) would require the prior written approval of IMDA. For further details on the FBO licence, see "*Regulatory Environment—Key Licences held by NLT Trustee/Trustee-Manager—FBO licence*"). The Trust Deed provides that the Trustee-Manager may, if it becomes aware of a breach of such restrictions, (a) serve a notice requiring the relevant Unitholders to transfer or dispose of the interest in any or all of their Units and, if such notice is not complied with within 21 days after such notice (or such shorter period as the Trustee-Manager shall consider reasonable), the Trustee-Manager shall have the power to arrange for the sale of the Units, (b) additionally, take all steps and do all acts and things as it may in its absolute discretion deem necessary to ensure that such restrictions are complied with and (c) if directed by the Minister and/or the applicable regulatory authority (as the case may be), restrict or suspend the voting rights of such Units, restrict or suspend the issuance or offer of such Units and/or restrict or suspend the payment of any amount in respect of such Units. The Trustee-Manager shall not be required to give any reason for, and shall not under any circumstances be liable to or be responsible for any losses incurred by, any person as a result of, any decision, declaration or action taken or made in this regard. See "*The Constitution of the Trust—The Trust Deed—Limitation on Right to Own Units—Prescribed Limits and TB Licensee Limit*".

**The Trust may not be able to make distributions to Unitholders or the level of distributions may fall.**

The Trust's distributions will be based on the cash flows available for distribution and not on whether the Trust makes an accounting profit or loss. If NLT, which is held by the Trust, does not generate sufficient cash flows, the Trust's cash flow and ability to make distributions will be adversely affected. In addition, the Trust will rely on the receipt of distributions from NLT, and principal or interest payments on the NLT Notes in order to make distributions to Unitholders. There can be no assurance that NLT will be able to make distributions, or pay principal or interest on the NLT Notes, to the Trust, or that the initial distribution will be as forecasted or as projected.

Further, any change in the applicable laws in Singapore or elsewhere including, for example, tax laws relating to income tax, withholding tax, property tax (in this regard, see "*Profit and Cash Flow Forecast and Profit and Cash Flow Projection—Income Statement Assumptions—Expenses—Other Operating Expenses*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Factors Affecting NLT and/or The Trust Group's Business and Results Of Operations—Network related costs—Property Tax*" for details on certain changes to the Singapore property tax regime proposed in the draft Property Tax (Amendment) Bill 2017 which may be relevant to the Trust) and other applicable taxes and foreign exchange controls, may affect the cash flows from NLT, which could in turn limit the Trust's ability to pay or maintain distributions to Unitholders. There can be no assurance that the Trust will be able to pay or maintain the level of distributions or that the level of distributions will increase over time. Any reduction in or elimination of payments of distributions could adversely affect the market price of the Units. See "*Distributions*".

**Market and economic conditions may affect the market price and demand for the Units.**

Movements in domestic and international securities markets, economic conditions, foreign exchange rates and interest rates may affect the market price of, and demand for, the Units. In particular, an increase in interest rates may have a material adverse impact on the market price of the Units.

**The Trustee-Manager may change the Trust's Investment Mandate after three years.**

The Trust's policies with respect to certain activities, including investments and acquisitions, will be determined by the Trustee-Manager. The Trustee-Manager's strategy may not be changed for a period of three years commencing from the Listing Date (as the Listing Manual prohibits a departure from the Trustee-Manager's stated investment mandate for such period unless otherwise approved by an Extraordinary Resolution passed by Unitholders). After this initial period of three years, the Trustee-Manager may change the Trust's Investment Mandate without Unitholders' approval, provided, however, that any change in the Trust's Investment Mandate which causes the Investment Mandate to fall outside the scope of the Trust's authorised business would require an amendment to the Trust Deed, and consequently Unitholders' approval for the amendment of the Trust Deed will be required. There are risks and uncertainties with respect to the selection of investments and the investments made.

The methods of implementing the Trustee-Manager's investment strategies and policies may also vary as new investment and financing techniques are developed or otherwise used. Any such changes could have a material adverse effect on Unitholders' investment in the Trust.

**Investment in the Trust may raise a series of tax-related risks.**

There are a number of tax considerations with respect to an investment in the Trust. Accordingly, prospective Unitholders should consult their own tax and other advisers as to the suitability and tax consequences in respect of their particular circumstances regarding an investment in the Trust. The amount of tax due, if any, with respect to gains and income of the Trust may be determined separately for each Unitholder. Each Unitholder will be responsible for keeping its own records and calculating and reporting any gain or loss resulting from a distribution or disposal of its interest in the Trust. The tax rules or their interpretation in relation to an investment in the Trust may change during the life of the Trust. In particular, both the level and basis of taxation may change.

**The Trust Group's actual performance could differ materially from the forward-looking statements and forecasts in this document.**

This document contains forward-looking statements regarding, among other things, the forecast and projected distribution levels for Forecast Period 2018 and Projection Year 2019. These forward-looking statements are based on a number of assumptions that are subject to significant uncertainties and contingencies, many of which are beyond the Trust Group's control. See "*Profit and Cash Flow Forecast and Profit and Cash Flow Projection*".

The Trust's income is dependent on distributions from NLT, whose revenues are largely on a regulated basis and financial performance is dependent on a number of factors, including the number of end-users and costs relating to its network. These could have a material adverse effect on the Trust's ability to achieve the forecast and/or projected distribution levels as some or all of the events and circumstances assumed may not occur as expected, or events and circumstances may arise that are not currently anticipated.

No assurance is given that the assumptions will be realised and/or the actual distributions will be as forecast and/or projected with respect to Forecast Period 2018 and Projection Year 2019 or any future period. The forecast and projected distribution levels should be reviewed in conjunction with the description of the Trust Group, the factors affecting results of operations and discussion of liquidity and market risk, and other information contained in this document, including the information in "*Risk Factors*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*". In addition, the information in "*Selected Financial Information and Operating Data*" contained in this document is not necessarily indicative of future performance.

The forecast and projected distributions assume that the Listing Date is 1 August 2017 and is based on other assumptions that are inherently uncertain and are subject to significant business, economic, financial, regulatory and other competitive risks that could cause actual distributions to differ. The Trustee-Manager does not intend to provide any updated or otherwise revised forecast or projected distribution levels in the event that these or other assumptions differ from actual results.

Further, no forecast is provided in this document with respect to the periods beyond Forecast Period 2018 and Projection Year 2019 and no assurance is given with respect the financial performance in such periods. Future financial performance is dependent on a number of factors, including the number of end-users. In particular, with respect to the growth of residential end-users, MPA estimates that the wired broadband penetration of total households will grow to 92% in 2021 and residential fibre broadband subscriptions will account for 100% of the total residential wired broadband subscriptions in 2021. Further growth may or may not exceed Singapore's household growth rate. See "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Factors Affecting NLT and/or the Trust Group's Business and Results of Operations—Number of residential and non-residential end-user connections and NBAP connections*". The financial performance of the Trust Group for such future periods could differ materially from the historical financial performance of NLT and the forecast and/or projected financial performance of the Trust Group with respect to Forecast Period 2018 and Projection Year 2019. Any differences as a result of these factors could have a material adverse effect on the financial performance of the Trust Group, and consequently on the Trust's ability to make distributions to Unitholders.

**The pro forma financial information included in this document have been prepared based on a number of assumptions which may not accurately reflect the Trust Group's future financial condition and financial performance.**

This document includes pro forma financial information for the years ended 31 March 2016 and 2017. Such pro forma financial information has been prepared based on certain assumptions to show what the financial performance of the Trust Group would have been if the Trust Group structure had been in place since 1 April 2015 and the financial position if the Trust Group had been in place on 31 March 2016 and 2017. See "*Unaudited Pro Forma Financial Information*" for details of the key assumptions and adjustments made for the preparation of the pro forma financial information. However, the pro forma financial information is not necessarily indicative of the actual financial condition and financial performance that would have been attained by the Trust Group on and for the periods shown if the Trust Group structure had been in place since 1 April 2015. As this pro forma financial information is prepared for illustrative purposes only, it does not reflect the Trust Group's actual historic financial condition and financial performance and may not be representative of the Trust Group's future financial condition and financial performance.

**Foreign Unitholders may not be permitted to participate in future rights issues and preferential offerings by us.**

The Trust Deed provides that the Trustee-Manager may, in its absolute discretion, elect not to extend an offer of Units under a rights issue or preferential offering to those Unitholders whose addresses are outside Singapore. The rights or entitlements to the Units to which such Unitholders would have been entitled will be offered for sale and sold in such manner and at such price as the Trustee-Manager may determine, subject to such other terms and conditions as the Trustee-Manager may impose. The proceeds of any such sale, if successful, will be paid to the Unitholders whose rights or entitlements have been so sold, provided that where such proceeds payable to the relevant Unitholders are less than S$10.00, the Trustee-Manager is entitled to retain such proceeds as part of the Trust Property. The holding of the relevant Unitholders may be diluted as a result of such sale.

**The Units are not redeemable at the option of Unitholders.**

It is intended that Unitholders may only deal in their listed Units through trading on the SGX-ST. Unitholders will not have the right to redeem Units or require the redemption of Units by the Trustee-Manager while the Units are listed on the SGX-ST, although the Trust Deed provides that the Trustee-Manager may repurchase Units if it has obtained the prior approval of Unitholders in a general meeting by passing an Ordinary Resolution in accordance with the BTA and the Trust Deed, subject to other requirements of the relevant laws, regulations and guidelines imposed by authorities in Singapore.

**The Units have never been publicly traded and the listing of the Units on the Main Board of the SGX-ST may not result in an active or liquid market for the Units.**

There is no public market for the Units prior to the Offering and an active public market for the Units may not develop or be sustained after the Offering. Although the Trustee-Manager has received a letter of eligibility from the SGX-ST to have the Units listed and quoted on the Main Board of the SGX-ST, listing and quotation does not guarantee that a trading market for the Units will develop or, if a market does develop, the liquidity of that market for the Units. Prospective Unitholders should view the Units as illiquid and must be prepared to hold their Units for an indefinite length of time.

**There is no assurance that the Units will remain listed on the SGX-ST.**

Although it is currently intended that the Units will remain listed on the SGX-ST, there is no guarantee of the continued listing of the Units. Among other factors, the Trust may not continue to satisfy the listing requirements of the SGX-ST. Accordingly, Unitholders will not be able to sell their Units through trading on the SGX-ST if the Units are no longer listed on the SGX-ST.

**Certain provisions of the Singapore Code on Take-overs and Mergers could have the effect of discouraging, delaying or preventing a merger or acquisition, which could adversely affect the market price of the Units.**

Under the Singapore Code on Take-overs and Mergers, an entity is required to make a mandatory offer for all the Units not already held by it or parties acting in concert with it (as defined by the Singapore Code on Take-overs and Mergers) in the event that an increase in the aggregate unitholdings of it and parties acting in concert with it crosses certain specified thresholds. While the Singapore Code on Take-overs and Mergers seeks to ensure an equality of treatment among Unitholders, its provisions could substantially impede the ability of Unitholders to benefit from a change in control and, as a result, may adversely affect the market price of the Units and the ability to realise any potential change of control premium.

**The price of the Units may decline after the Offering.**

The Offering Price is determined by agreement between the Trustee-Manager and the Joint Bookrunners and Joint Underwriters. The Offering Price may not be indicative of the market price of the Units upon completion of the Offering. The market price of the Units may also be highly volatile and could be subject to wide fluctuations. If the market price of the Units declines significantly, Unitholders may be unable to resell their Units at or above their purchase price, if at all. There can be no assurance that the market price of the Units will not fluctuate or decline significantly in the future. The market price of the Units will depend on many factors, including, among others:

- the perceived prospects of the Trust Group's business;
- differences between the Trust Group's actual financial and operating results and those expected by Unitholders and analysts;
- the perceived prospects of future assets and businesses that may be added to the Trust Group's portfolio in accordance with its investment mandate;
- changes in research analysts' recommendations or projections;
- changes in general economic or market conditions;
- the market value of the Trust Group's assets;
- the perceived attractiveness of the Units against those of other business trusts, equity or debt securities;
- the balance of buyers and sellers of the Units;
- the size and liquidity of the Singapore business trust market;

- any changes to laws, regulation or the regulatory system;
- any changes to the tax system, both generally and specifically in relation to Singapore business trusts and the NLT Notes;
- the ability of the Trustee-Manager to implement successfully its investment and growth strategies;
- broad market fluctuations, including increases in interest rates and weakness of the equity and debt markets;
- difficulty in assessing the Trust Group's performance against either domestic or international benchmarks, as there are few listed comparables;
- changes in the distribution payment policy or failure to execute the existing distribution policy;
- actions by Unitholders;
- changes in market valuations of similar business entities or companies;
- speculation in the press or investment community; and
- changes or proposed changes in laws or regulations affecting the telecommunications industry or enforcement of these laws and regulations, or announcements relating to these matters.

In addition, following the Offering, the Trust will have 3,864,000,000 issued Units, of which 965,999,999 Units will be held by Holdco. If Holdco and/or any of its transferees of the Units (following the lapse of the relevant lock-up arrangement, or pursuant to any applicable waivers) sells or is perceived as intending to sell a substantial amount of its Units, or if a secondary offering of the Units is undertaken in connection with an additional listing on another securities exchange, the market price for the Units could be adversely affected. See "*Plan of Distribution—Lock-up Arrangements*" and "*Information Concerning the Units*" for further details. In addition, the Units are not capital-safe products and there is no guarantee that Unitholders can regain the amount invested, in full or in part. If the Trust is terminated or liquidated, it is possible that Unitholders may lose a part or all of their investment in the Units.

To the extent that the Trust Group retains operating cash flow for investment purposes, working capital reserves or other purposes, these retained funds, although they may increase the value of the Trust Group's underlying assets, may not correspondingly increase the market price of the Units. Any failure of the Trust Group to meet market expectations with regard to future earnings and cash distributions may adversely affect the market price of the Units.

**The net asset value per Unit may be diluted if further issues are priced below the current net asset value per Unit as at the time of such issues.**

New issues of Units may occur in the future and the subscription price for such Units may be above, at or below the then prevailing net asset value per Unit. Where new Units are issued at a price which is less than the then prevailing net asset value per Unit, the net asset value of each existing Unit will be diluted.

**Unitholders will have no right to request the Trustee-Manager to transfer legal title of the TM Shares to them.**

Unitholders' interests in the TM Shares are proportionately linked to their unitholding in the Trust, so that their interest in the TM Shares will change proportionately to their interest in the Units. The TM Shares will not be listed on the SGX-ST and Unitholders will not be able to trade or derive a significant return on their interests in the TM Shares. Unitholders will have no right to request the Trustee-Manager to transfer legal title of any of the TM Shares to the Unitholders.

**The rights of the Trust and the Unitholders to recover claims against the Trustee-Manager are limited.**

The Trust Deed excludes liability of the Trustee-Manager to Unitholders by reason of any error of law or any matter or thing done or suffered or omitted to be done by it in good faith in the absence of fraud, wilful default or breach of trust by the Trustee-Manager or where the Trustee-Manager failed to exercise Due Care. In addition, the Trust Deed provides that the Trustee-Manager is entitled to be indemnified out of the Trust Property against any actions, costs, claims, damages, expenses, penalties or demands to which it may be put as the trustee-manager of the Trust save where such action, cost, claim, damages, expense, penalty or demand is occasioned by its fraud, wilful default, breach of trust, or where the Trustee-Manager fails to exercise Due Care. As a result, the rights of the Trust and the Unitholders to recover claims against the Trustee-Manager are limited.

**Third parties may be unable to recover for claims brought against the Trustee-Manager as the Trustee-Manager is not an entity with significant assets.**

Third parties, in particular, Unitholders, may in the future have claims against the Trustee-Manager in connection with the carrying on of its duties as trustee-manager of the Trust (including in relation to the Offering and this document). Under the terms of the Trust Deed, the Trustee-Manager is indemnified from the Trust Property against any liabilities, costs, claims or demands to which it may be put as the trustee-manager of the Trust save where such liability, cost, claim or demand is occasioned by the fraud, wilful default, breach of trust or where the Trustee-Manager fails to exercise Due Care. In the event of any such fraud, wilful default, breach of trust or failure to exercise Due Care, only the assets of the Trustee-Manager itself, the assets of which are not substantial and not the Trust Property, would be available to satisfy a claim.

**The Trust Group may be affected by the introduction of new or revised legislation, regulations, guidelines or directives affecting Registered Business Trusts.**

The Trust Group may be affected by the introduction of new or revised legislation, regulations, guidelines or directives affecting Registered Business Trusts. There is no assurance that new or revised legislation, regulations, guidelines or directives will not adversely affect Registered Business Trusts in general or the Trust specifically.

## RISKS RELATING TO THE TRUST'S TAX POSITION

**Any adverse tax developments, including those resulting from legislative change or interpretation, or failure to meet the conditions for tax exemption and/or tax deduction, could have a material adverse effect on the Trust Group's tax position.**

The interest income derived by the Trust from the NLT Notes is exempt from income tax in the hands of the Trust provided the NLT Notes are qualifying project debt securities and certain conditions, including that the interest income from the NLT Notes is onward declared for distribution to Unitholders within six months from the end of the financial year in which the interest income was received by the Trust, are met. Any change, revocation or cessation of the qualifying project debt securities scheme, or failure to meet the conditions for the tax exemption, could adversely affect the Trust Group's tax position which could in turn adversely affect its ability to make distributions to Unitholders, or the amount of distributions that the Trust will make to Unitholders.

One of the situations which can cause the aforesaid tax exemption not to apply is if 50.0% or more of the NLT Notes which are outstanding at any time during the life of the issue of the NLT Notes is beneficially held or funded, directly or indirectly, by related parties of NLT. In the event a Unitholder is considered to be a related party of NLT and it, or together with other related parties, beneficially holds or funds, directly or indirectly, 50.0% or more of the NLT Notes which are outstanding at any time during the life of the issue of the NLT Notes, interest income derived from the NLT Notes will not qualify for the tax exemption. In such an event, interest income derived from the NLT Notes will be subject to income tax in the hands of the Trust at the prevailing tax rate (currently 17.0%) and this would adversely affect the Trust's ability to make distributions to Unitholders, or the amount of distributions that the Trust will make to Unitholders.

In relation to the interest expense incurred by NLT on the NLT Notes, the IRAS has provided a written confirmation that this would qualify for tax deduction provided certain conditions are met. This confirmation is based on facts and information represented to the IRAS. Where the facts and information turn out to be different from those represented to the IRAS, or where any of the conditions is determined by the IRAS not to be met, this could affect the deductibility of the interest, or reduce the amount of interest expense that is tax deductible, and in turn adversely affect the Trust Group's tax position and its ability to make distributions, or the amount of distributions that it will make to Unitholders. For example, if the interest rate of 10.5% on the NLT Notes is not accepted by the IRAS to be reflective of arm's length rate, the quantum of interest expense qualifying for tax deduction may be reduced.

In addition, any adverse tax developments, including those resulting from legislative change or interpretation, could have a material adverse effect on the tax position and financial performance of the Trust Group.

See "*Taxation*" *and* "*Appendix E—Independent Taxation Report*".

# USE OF PROCEEDS

## ISSUE PROCEEDS

Based on the Offering Price, the Trustee-Manager expects the net proceeds from the Offering (based on the Offering of 2,898,000,001 Units) (after deducting the estimated Equity Issue Expenses (assuming that the Over-Allotment Option is not exercised)) to be approximately S$2,288.5 million.

## USE OF PROCEEDS

The Trustee-Manager intends to use the proceeds from the Offering towards the following:

(i) settlement of the cash component of the aggregate consideration payable to Singtel for the Trust Acquisition (see "*Trust Acquisition—Unit Purchase Agreement*");

(ii) repayment of the principal amount due and owing under the ST Facility Agreement (see "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Indebtedness—Unitholder Loans*" for information regarding loans made under the ST Facility Agreement)[8];

(iii) funding the consideration for the purchase by the Trust Group of approximately 27,000 lead-in ducts pursuant to the Ducts SPA (see "*General and Statutory Information—Material Contracts*");

(iv) funding the consideration for (a) the purchase by the Trust of the shares of the NLT Trustee 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 (see "*Trust Acquisition—TM Sale and Purchase Agreement*");

(v) 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 Agreement (see "*Trust Acquisition—TM Sale and Purchase Agreement*"); and

(vi) payment of the Equity Issue Expenses.

If the Over-Allotment Option is exercised in full, the estimated additional net proceeds of S$97.9 million may be used for capital expenditure and general corporate purposes.

Pending the deployment of the proceeds, as described above, the Trustee-Manager may place the remaining funds in fixed deposits with banks or financial institutions or use the funds for investment in short-term money market instruments, as the Directors may deem appropriate in their absolute discretion.

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8 Part of the proceeds from the Offering will be used to subscribe for the NLT Notes to be issued by NLT (see "*Corporate Structure of the Trust—NLT Notes*" for details regarding the NLT Notes), and NLT will in turn use the full proceeds from issuance of the NLT Notes to repay S$1,100,000,000 of the principal amount due and owing under the ST Facility Agreement.

The following table included for the purpose of illustration, sets out the intended application of the total proceeds from the Offering (assuming that the Over-Allotment Option is not exercised):

| **Application** | **(S$)** | **As a dollar amount for each S$ of the total issue proceeds of the Offering** |
|---|---|---|
| Settlement of the cash component of the aggregate consideration payable to Singtel for the Trust Acquisition (see "*Trust Acquisition—Unit Purchase Agreement*")(1)(2) | 1,095,330,495 | 0.46 |
| Repayment of the principal amount due and owing under the ST Facility Agreement (see "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Indebtedness—Unitholder Loans"* for information regarding loans made under the ST Facility Agreement)(3) | 1,100,000,000 | 0.47 |
| Funding the consideration for the purchase by the Trust Group of approximately 27,000 lead-in ducts pursuant to the Ducts SPA (see "*General and Statutory Information—Material Contracts*") | 93,000,000 | 0.04 |
| Funding the consideration for (i) the purchase by the Trust of the shares of the NLT Trustee and (ii) 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 (see "*Trust Acquisition—TM Sale and Purchase Agreement*") | 50,000 | N.M. |
| 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 Agreement (the "**TM Sale and Purchase Fees and Expenses**") (see "*Trust Acquisition—TM Sale and Purchase Agreement*") | 86,000 | N.M. |
| Payment of the Equity Issue Expenses(4) | 58,913,506 | 0.03 |
| **Total proceeds from the Offering (assuming the Over-Allotment Option is not exercised)** | 2,347,380,001 | 1.00 |

*Notes:*

N.M. - Not meaningful

(1) Pursuant to the Unit Purchase Agreement, the Trustee-Manager will acquire from Singtel on the Listing Date 100% of the units in NLT. The Acquisition Amount (as defined herein) payable by the Trustee-Manager to Singtel on the Listing Date for the Trust Acquisition is S$1,877.8 million, which shall be satisfied partly in cash and partly through the issuance to Holdco of the Singtel Consideration Units (see "*Trust Acquisition*"). The cash component of the Acquisition Amount is subject to certain post-closing adjustments (see "*Trust Acquisition—Unit Purchase Agreement—Post-Closing Adjustments*"). In addition, Singtel will be reimbursed by the Trust for certain Equity Issue Expenses it has paid on behalf of the Trust (the "**Pre-paid Expenses**"). The amounts payable under the Unit Purchase Agreement have been agreed on an arm's length basis.

(2) Assumes (i) S$58.9 million required for the payment of Equity Issue Expenses, and (ii) S$86,000 required for the payment of the TM Sale and Purchase Fees and Expenses. The actual Equity Issue Expenses and the actual TM Sale and Purchase Fees and Expenses will only be determined on or after the Listing Date. Following the determination of the actual Equity Issue Expenses and TM Sale and Purchase Fees and Expenses (each as approved by Singtel), in the event the aggregate approved Equity Issue Expenses and TM Sale and Purchase Fees and Expenses is less than the aggregate estimated Equity Issue Expenses and TM Sale and Purchase Fees and Expenses, the Trust shall pay to Singtel an amount equal to such difference in cash, and in the event the aggregate approved Equity Issue Expenses and TM Sale and Purchase Fees and Expenses is greater than the aggregate estimated Equity Issue Expenses and TM Sale and Purchase Fees and Expenses, Singtel shall pay to the Trust an amount equal to such difference in cash (see "*Trust Acquisition—Unit Purchase Agreement—Post-Closing Adjustments*").

(3) Part of the proceeds from the Offering will be used to subscribe for the NLT Notes to be issued by NLT (see "*Corporate Structure of the Trust—NLT Notes*" for details regarding the NLT Notes), and NLT will in turn use the full proceeds from issuance of the NLT Notes to repay S$1,100,000,000 of the principal amount due and owing under the ST Facility Agreement.

(4) Includes certain Pre-paid Expenses that Singtel had paid on behalf of the Trust and which will be reimbursed by the Trust to Singtel out of proceeds from the Offering.

The foregoing represents the Trustee-Manager's best estimate of the allocation of the total proceeds from the Offering based on its current plans and estimates regarding its anticipated expenditures. Actual expenditures may vary from these estimates, and the Trustee-Manager may find it necessary or advisable to re-allocate the net proceeds within the categories described above or to use portions of the proceeds for other purposes. In the event that the Trustee-Manager decides to re-allocate the proceeds from the Offering and the issue of the Additional Units or use portions of it for purposes other than as set out in this document, the Trustee-Manager will publicly announce its reasons for doing so through an SGXNET announcement to be posted on the Internet at the SGX-ST website http://www.sgx.com.

The Trustee-Manager will make periodic announcements on the utilisation of the proceeds from the Offering, the issue of the Additional Units via SGXNET as and when such funds are materially utilised, and will provide a status report on the use of the proceeds in the annual report of the Trust.

## EQUITY ISSUE EXPENSES

The Trustee-Manager estimates that the costs and expenses payable in connection with the Offering and the application for Listing, including the Underwriting, Selling and Management Commission, professional fees and all other incidental expenses relating to the Offering, but excluding any and all Underwriting, Selling and Management Commission and other incidental expenses in connection with the issuance of the Additional Units (together, the "**Equity Issue Expenses**") will be approximately S$58.9 million (assuming that the Over-Allotment Option is not exercised). A breakdown of these estimated expenses is as follows:

| | (S$ million) | As a percentage of the total issue proceeds of the Offering |
|---|---|---|
| **Underwriting, Selling and Management Commission**(1) | 50.2 | 2.14% |
| **Professional fees and other Offering-related expenses**(2) | 8.7 | 0.37% |
| **Total** | 58.9 | 2.51% |

*Notes:*

(1) Based on the number of Units issued as set out above, the Underwriting, Selling and Management Commission payable in connection with the Offering is up to 2.0% of the gross proceeds of the Offering, excluding GST. This translates to S$50.2 million, which is up to 2.14% of the gross proceeds of the Offering, inclusive of GST.

(2) Includes solicitors' fees and fees for the Independent Auditors and Reporting Accountants, the Independent Tax Adviser, the Independent Industry Consultant, the Independent Valuer and other professionals' fees as well as the cost of the production of this document, roadshow expenses, and certain other expenses incurred or to be incurred in connection with the Offering and the application for Listing.

## INFORMATION CONCERNING THE UNITS

### SUBSCRIPTION BY THE DIRECTORS AND CHIEF EXECUTIVE OFFICER

As at the Latest Practicable Date, none of the Directors or the Chief Executive Officer has an interest in shares in the Trustee-Manager or Units, and none of the Directors or the Chief Executive Officer is expected to have an interest in shares in the Trustee-Manager or Units immediately after the Offering, although the Directors and the Chief Executive Officer may, subject to applicable laws, subscribe for Units under the Public Offer and/or the Placement. In such cases, the Trustee-Manager will make announcements via SGXNET as soon as practicable. Save for the Trustee-Manager's internal policy which prohibits the Directors and the Executive Officers from dealing in the Units at certain times as well as applicable insider trading laws, there is no restriction on the Directors and the Executive Officers disposing of or transferring all or any part of their unitholdings in the Trust (see "*Corporate Governance*"). Under the terms of the Long Term Incentive Plan, to the extent that cash awards are granted to the Chief Executive Officer, the Chief Financial Officer and/or the Chief Operating Officer, such awardee is required, following the vesting of such awards, to purchase and build up a specified minimum unitholding in the Trust within a prescribed period (see "*The Trustee-Manager—The Trustee-Manager of the Trust—Long Term Incentive Plan*" for details).

### SUBSCRIPTION FOR MORE THAN 5.0% OF THE UNITS IN THE OFFERING

To the best of the Trustee-Manager's knowledge, as at the Latest Practicable Date, no person intends to subscribe for more than 5% of the Units in the Offering.

### SINGTEL CONSIDERATION UNITS

Part of the aggregate consideration for the Trust Acquisition payable to Singtel shall be satisfied by the issuance of 965,999,998 Singtel Consideration Units, constituting approximately 24.99%[9] of the Units in issue on the Listing Date (assuming that the Over-Allotment Option is not exercised), to Holdco (see "*Trust Acquisition—Unit Purchase Agreement*").

### OPTIONS ON UNITS

No option to subscribe for Units has been granted to any of the Directors or to the Chief Executive Officer, the Chief Financial Officer or the Chief Operating Officer.

### LOCK-UPS

The Trustee-Manager, Holdco and Singtel have agreed to certain lock-up arrangements subject to certain exemptions.

For further information on such lock-up arrangements, see "*Plan of Distribution—Lock-up Arrangements*".

### PRINCIPAL UNITHOLDERS AND THEIR UNITHOLDINGS

On 19 June 2017, one Unit was issued at an issue price of S$1.00 to Holdco upon the establishment of the Trust. Save for the above, no other Units have been issued as at the Latest Practicable Date.

[9] The Unit Purchase Agreement provides that the Singtel Consideration Units shall be such number of Units which will, together with the Unit currently held by Holdco, amount to 25% less one Unit (rounded up to the nearest whole number) of the total number of Units in issue at the Listing Date (assuming that the Over-Allotment Option is not exercised).

The following table sets out the principal Unitholders who have an interest in the Units and the number and percentage of Units in which each of them has an interest (whether direct or deemed) after the Offering. Under the TM Shares Trust, each Unitholder will have an undivided interest in the TM Shares in proportion to such Unitholder's percentage of Units held or owned in the Trust. All Units owned by the principal Unitholders will carry the same voting rights as the Units to be issued pursuant to the Offering.

| | Units owned after the Offering of 2,898,000,001 Units and the Singtel Consideration Units (assuming that the Over-Allotment Option is not exercised) | | Units owned after the Offering of 3,021,456,001 Units and the Singtel Consideration Units (assuming that the Over-Allotment Option is exercised in full) | |
|---|---|---|---|---|
| | ('000s) | (%) | ('000s) | (%) |
| **Substantial Unitholders** | | | | |
| Holdco | 966,000[(1)] | 24.99 | 966,000[(1)] | 24.23 |
| Singtel[(2)] | 966,000 | 24.99 | 966,000 | 24.23 |
| Temasek Holdings (Private) Limited[(2)] | 966,000 | 24.99 | 966,000 | 24.23 |
| **Others** | | | | |
| Public and Institutional Investors | 2,898,000 | 75.01 | 3,021,456 | 75.77 |

*Note:*

(1) Comprising one Unit issued to Holdco upon establishment of the Trust and the Singtel Consideration Units (see "*Trust Acquisition*" for more information).

(2) Holdco is a wholly-owned subsidiary of Singtel. Temasek Holdings (Private) Limited ("**Temasek**") is the majority shareholder of Singtel. For the purposes of Section 4 of the Securities and Futures Act, each of Singtel and Temasek is deemed to have an interest in the Units held by Holdco.

## OWNERSHIP AND CONTROL OF THE TRUST AND THE TRUSTEE-MANAGER

Pursuant to the Trust Acquisition, the Singtel Consideration Units (representing approximately 24.99% of the Units upon completion of the Offering and the issue of the Singtel Consideration Units (assuming that Over-Allotment Option is not exercised)) will be issued to Holdco.

Singtel owns 100% of the shares of Holdco and is deemed to have an interest in the Units held by Holdco. Accordingly, Singtel will, immediately after the completion of the Offering, have an interest in 965,999,999 Units constituting approximately 24.99%[10] of the total number of Units expected to be in issue then. As an entity licensed by IMDA, the Trustee-Manager and the NLT Trustee (in their capacities as trustee-manager of the Trust and trustee of NLT respectively) as the Licensee is subject to IMDA's regulatory regime, including the need to comply with the control and ownership restrictions under the FBO licence jointly held by them (see "*Regulatory Environment—Key Licences held by NLT Trustee/ Trustee-Manager—FBO licence—Specific terms and conditions*" for more details). Pursuant to these restrictions, the Trustee-Manager and the NLT Trustee (in their capacities as trustee-manager of the Trust and trustee of NLT respectively) as the Licensee must not be under the "effective control" of any other Telecommunication Licensee or Broadcasting Licensee, including Singtel. As such, Singtel does not control the Trust, and is not a controlling unitholder of the Trust for the purposes of the Listing Manual and the SF BT Regulations, notwithstanding that Singtel will be deemed to have an interest in more than 15% of the Units at Listing.

Temasek is the majority shareholder of Singtel and is deemed to have an interest in the Units held by Holdco. As Singtel does not control the Trust, Temasek likewise is not a controlling unitholder of the Trust, notwithstanding that Temasek will be deemed to have an interest in more than 15% of the Units at Listing. Temasek is wholly-owned by the Singapore government through the Minister for Finance (Incorporated), a body corporate constituted under the Minister for Finance (Incorporation) Act, Chapter 183 of Singapore.

From and after Listing, all the TM Shares will be held by the Share Trustee on trust for the benefit of the Unitholders from time to time in proportion to such Unitholders' respective percentage of Units held or owned in the Trust until the expiry of a perpetuity period of 100 years from the date of establishment of the TM Shares Trust, unless earlier terminated in accordance with the provisions of the TM Shares Trust Deed. The Share Trustee is a wholly-owned subsidiary of DBS Bank, which in turn is a wholly-

10 The Unit Purchase Agreement provides that the Singtel Consideration Units shall be such number of Units which will, together with the Unit currently held by Holdco, amount to 25% less one Unit (rounded up to the nearest whole number) of the total number of Units in issue at the Listing Date (assuming that the Over-Allotment Option is not exercised).

owned subsidiary of DBS Group Holdings Ltd, which is listed on the SGX-ST. As of the Latest Practicable Date, Temasek has an interest in more than 20% of the issued shares of DBS Group Holdings Ltd. The Share Trustee is functioning as trustee in a professional capacity. In addition, under the provisions of the deed constituting the TM Shares Trust (the "**TM Shares Trust Deed**"), the Share Trustee is required to exercise its voting rights in respect of the TM Shares in accordance with relevant resolutions passed by the Unitholders. Accordingly, the Share Trustee does not control the Trustee-Manager and each of DBS Bank, DBS Group Holdings Ltd and Temasek does not control the Trustee-Manager.

While Holdco as a Unitholder will have an undivided interest in the TM Shares in proportion to its percentage of Units held or owned in the Trust, neither Holdco nor Singtel controls the Trustee-Manager.

To the best of the knowledge of the Trustee-Manager, save as disclosed in this document, neither the Trustee-Manager nor the Trust is directly or indirectly owned or controlled, whether severally or jointly, by any other person or government.

## CHANGE OF CONTROL OF THE TRUST OR THE TRUSTEE-MANAGER

There is no known arrangement the operation of which may, at a subsequent date, result in a change of control of the Trust or the Trustee-Manager.

# DISTRIBUTIONS

*Statements contained in this "Distributions" section that are not historical facts are forward-looking statements. Such statements are subject to certain risks and uncertainties that could cause actual results to differ materially from those that may be forecast or projected. Under no circumstances should the inclusion of such information herein be regarded as a representation, warranty or prediction with respect to the accuracy of the underlying assumptions by any of the Trust, the Trustee-Manager, Singtel, the Joint Issue Managers, the Joint Global Coordinators, the Joint Bookrunners and Joint Underwriters or any other person or that these results will be achieved or are likely to be achieved. Investing in the Units involves risks. Prospective investors are cautioned not to place undue reliance on these forward-looking statements, which are made only as at the date of this document (see "Notice to Investors—Forward-Looking Statements").*

The following are statements of the present intentions of the Trustee-Manager and NLT Trustee in relation to the Trust and may be subject to modification (including the reduction or cancellation of any proposed distribution) in the sole and absolute discretion of the Trustee-Manager and NLT Trustee. The form, frequency and amount of future distributions (if any) on the Units will depend on the earnings, financial position and results of operations of the Trust, as well as contractual restrictions, provisions of applicable law and other factors that the Trustee-Manager may deem relevant. In addition, under the BTA, the Trustee-Manager may make distributions only if the Board makes a written statement, in accordance with a resolution of the Board and signed by not less than two of the Directors, that the Board is satisfied on reasonable grounds that, immediately after making the distribution, the Trustee-Manager will be able to fulfil, from the Trust Property, the liabilities of the Trust as these liabilities fall due. See "*Risk Factors*" for a discussion of factors that may adversely affect the ability of the Trust to make distributions to Unitholders.

## DISTRIBUTION POLICY

Since the establishment of the Trust, there have not been any distributions made on the Units.

Any proposed distributions by the Trust will be paid from its CAFD and available cash as determined by the Trustee-Manager. CAFD is a non-SFRS financial measure and represents cash flows from distributions received by the Trust from NLT, principal and interest payments (net of applicable taxes and expenses) received by the Trust from NLT pursuant to the NLT Notes, and any other cash received by the Trust from NLT, after such cash flows have been applied to:

- pay the expenses of the Trust, the Trustee-Manager and the TM Shares Trust, including the Trustee-Manager's fees;
- repay any principal amounts (including any premium or fee) under any debt or financing arrangement of the Trust, excluding any debt or financing arrangement that is refinanced with new debt incurrence;
- provide for the working capital requirements of the Trust as well as for any reserves and provisions deemed appropriate by the Trustee-Manager; and
- pay any interest or other financing expense on any debt or financing arrangement of the Trust.

In addition to interest payments on the NLT Notes, NLT will pay cash distributions to the Trust from NLT's Distributable Income, being NLT's consolidated profit before tax for that distribution period adjusted for:

- non-cash adjustments such as depreciation of property, plant and equipment, amortisation of intangibles and the Singapore government grant, unrealised income and unrealised losses and provisions;
- cash adjustments such as increase or decrease in working capital when compared to the working capital for the previous distribution period, taxes paid in that distribution period, capital expenditure not funded through incurrence of debt, non-recurring expenses and non-recurring income (as deemed appropriate by the NLT Trustee) and repayment of any principal amounts (including any premium or fee) under any debt or financing arrangement of any member of the NLT Group, excluding any debt or financing arrangement that is refinanced with new debt incurrence; and
- net reserves set aside (as deemed appropriate by the NLT Trustee) for purposes such as future capital expenditure (including the funding of the capital expenditure reserve fund pursuant to the Capex Reserve Requirement), debt repayment and working capital as may be required.

NLT's distribution policy is to distribute at least 90% of its Distributable Income to the Trust.

The Trust's distribution policy is to distribute 100% of its CAFD.

The Trustee-Manager intends to provide long-term, regular and predictable cash distributions from the business.

For the NLT Notes to be qualifying project debt securities and hence to be able to avail of the tax exemption on interest income derived from qualifying project debt securities granted under section 13(1)(b) of the Income Tax Act, the MAS has approved the waiver of certain conditions. This waiver is effective if, among others, the interest income on the NLT Notes is declared for distribution to Unitholders within six months from the end of the financial year in which the interest income is received by the Trust. As such, the Trust plans to distribute to Unitholders the interest income on the NLT Notes received from NLT.

Distributions by the 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. However, the Trust's first distribution period will be for the period from the Listing Date to 31 March 2018.

The Trustee-Manager will pay the distributions no later than 90 days after the end of each distribution period.

See "*Taxation*" and "*Appendix E—Independent Taxation Report*" for further information on the Singapore income tax consequences of the purchase, ownership and disposition of the Units.

## CAPITALISATION AND INDEBTEDNESS

*The information in the table below should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Use of Proceeds".*

The following table sets forth the pro forma capitalisation and indebtedness of the Trust Group as at the Listing Date and after application of proceeds from the Offering.

The following table is adjusted to give effect to the issue of Units and receipt of proceeds from the Offering and assuming no exercise of the Over-Allotment Option.

The pro forma information below is illustrative only and does not take into account any changes in the Trust Group's short-term borrowings and capitalisation after the Listing Date, other than to give effect to the Offering and after application of proceeds from the Offering to be used for (i) settlement of the cash component of the aggregate consideration payable to Singtel for the Trust Acquisition, (ii) repayment of the principal amount due and owing under the ST Facility Agreement, (iii) funding the consideration for the purchase by the Trust Group of approximately 27,000 lead-in ducts pursuant to the Ducts SPA, (iv) funding the consideration for (a) the purchase by the Trust of the shares of the NLT Trustee 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) paying 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 Agreement and, (vi) payment of the Equity Issue Expenses (see "*Use of Proceeds*").

| | **As at Listing Date** |
|---|---|
| | **S$'000** |
| **Indebtedness** | |
| Bank loans—due within one year (secured and unguaranteed) | — |
| Bank loans—due after one year (secured and unguaranteed) | 510,000 |
| **Total indebtedness** | **510,000** |
| Unitholders' funds | 3,070,815 |
| **Total capitalisation** | **3,070,815** |
| **Total capitalisation and indebtedness** | **3,580,815** |

## SELECTED HISTORICAL FINANCIAL INFORMATION OF THE NLT GROUP

*The following selected historical audited financial statements have been derived from the historical audited consolidated financial statements of NLT for the financial years ended 31 March 2015, 31 March 2016 and 31 March 2017 included elsewhere in this document. The historical audited consolidated financial statements of NLT for the financial years ended 31 March 2015, 31 March 2016 and 31 March 2017 are reported in Singapore dollars and prepared and presented in accordance with SFRS. The financial statements included in this document are not indicative of the NLT Group's or the Trust Group's future financial position, results of operations and cash flows, and the NLT Group's past operating results are not indicative of the NLT Group's or the Trust Group's future operating performance.*

*The following information should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations", the historical audited consolidated financial statements of NLT, the related notes and the related auditors' report, which are included elsewhere in this document.*

**Consolidated Balance Sheets**
**As at 31 March 2015, 2016 and 2017**

| | Group | | |
|---|---|---|---|
| | 2015 | 2016 | 2017 |
| | S$'000 | S$'000 | S$'000 |
| **ASSETS** | | | |
| **Current assets** | | | |
| Cash and bank deposits | 87,540 | 124,873 | 92,406 |
| Trade and other receivables | 33,192 | 48,609 | 55,532 |
| Finance lease receivables | 185 | 196 | 209 |
| Inventories | 4,962 | 4,508 | 5,499 |
| Other current assets | 1,569 | 1,769 | 2,928 |
| | 127,448 | 179,955 | 156,574 |
| **Non-current assets** | | | |
| Finance lease receivables | 94,717 | 94,521 | 94,312 |
| Property, plant and equipment | 2,681,312 | 2,621,355 | 2,625,624 |
| Rental deposits | 493 | 538 | 733 |
| | 2,776,522 | 2,716,414 | 2,720,669 |
| **Total assets** | 2,903,970 | 2,896,369 | 2,877,243 |
| **LIABILITIES** | | | |
| **Current liabilities** | | | |
| Trade and other payables | 79,615 | 59,176 | 62,784 |
| Deferred financial support grant | 29,053 | 29,053 | 29,053 |
| Deferred revenue | 759 | 1,065 | 2,155 |
| Current tax liabilities | 43 | 5,190 | 13,159 |
| | 109,470 | 94,484 | 107,151 |
| **Non-current liabilities** | | | |
| Deferred financial support grant | 592,551 | 563,498 | 534,445 |
| Derivative financial instruments | — | — | 2,045 |
| Loans | 1,610,477 | 1,607,479 | 1,608,081 |
| Deferred tax liabilities | 296,637 | 359,517 | 360,467 |
| | 2,499,665 | 2,530,494 | 2,505,038 |
| **Total liabilities** | 2,609,135 | 2,624,978 | 2,612,189 |
| **NET ASSETS** | **294,835** | **271,391** | **265,054** |
| **UNITHOLDER'S FUNDS** | | | |
| Units in issue | 578,780 | 578,780 | 578,780 |
| Accumulated losses | (283,945) | (307,389) | (311,681) |
| Hedging reserve | — | — | (2,045) |
| **Total unitholder's funds** | **294,835** | **271,391** | **265,054** |

**Consolidated Statements of Profit or Loss and Other Comprehensive Income**
**For the financial years ended 31 March 2015, 2016 and 2017**

| | 2015 | 2016 | 2017 |
|---|---|---|---|
| | S$'000 | S$'000 | S$'000 |
| **Revenue** | 217,931 | 258,000 | 300,144 |
| Other income | 428 | 1,987 | 1,016 |
| Amortisation of financial support grant | 29,030 | 29,053 | 29,053 |
| **Expenses** | | | |
| Operation and maintenance costs | (46,358) | (10,201) | (11,604) |
| Installation costs | (12,551) | (12,749) | (15,221) |
| Depreciation | (114,655) | (127,909) | (122,680) |
| Staff costs | (16,508) | (16,127) | (19,843) |
| Finance costs | (35,281) | (40,560) | (37,697) |
| Management fee | (4,191) | (4,136) | (4,136) |
| Other operating expenses | (35,302) | (32,732) | (29,312) |
| Total expenses | (264,846) | (244,414) | (240,493) |
| **(Loss)/Profit before income tax** | (17,457) | 44,626 | 89,720 |
| Income tax credit/(expense) | 1,703 | (8,070) | (14,012) |
| **(Loss)/Profit after income tax** | (15,754) | 36,556 | 75,708 |
| **Other comprehensive income** | | | |
| Item that may be reclassified subsequently to profit or loss: | | | |
| Cash flow hedges | — | — | (2,045) |
| **Total comprehensive (loss)/income** | (15,754) | 36,556 | 73,663 |

**Consolidated Cash Flow Statements**
**For the financial years ended 31 March 2015, 2016 and 2017**

| | 2015 | 2016 | 2017 |
|---|---|---|---|
| | S$'000 | S$'000 | S$'000 |
| **Operating activities** | | | |
| (Loss)/Profit before income tax | (17,457) | 44,626 | 89,720 |
| Adjustments for: | | | |
| –Depreciation | 114,655 | 127,909 | 122,680 |
| –Amortisation of financial support grant | (29,030) | (29,053) | (29,053) |
| –Amortisation of transaction fees on bank loans | — | 2 | 602 |
| –Allowance for impairment of trade receivables, net | 634 | 719 | 304 |
| –Provision for stock obsolescence | 35 | 78 | 65 |
| –Recognition of deferred revenue | (259) | (256) | (712) |
| –Finance costs | 35,281 | 40,560 | 37,697 |
| –Interest income | (210) | (705) | (420) |
| –Property, plant and equipment written off | 1,371 | — | — |
| **Operating cash flows before working capital changes** | 105,020 | 183,880 | 220,883 |
| Changes in working capital: | | | |
| –Trade and other receivables | 14,830 | (16,196) | (6,583) |
| –Trade and other payables | 9,288 | (6,901) | (6,141) |
| –Inventories | (4,990) | 376 | (1,056) |
| **Cash generated from operations** | 124,148 | 161,159 | 207,103 |
| Interest received | 210 | 705 | 420 |
| Interest paid | (31,757) | (59,882) | (37,622) |
| Income tax paid | (5) | (43) | (5,093) |
| **Net cash generated from operating activities** | 92,596 | 101,939 | 164,808 |
| **Investing activities** | | | |
| Purchase of property, plant and equipment | (482,259) | (61,613) | (117,275) |
| Proceeds from sale of property, plant and equipment | — | 7 | — |
| **Net cash used in investing activities** | (482,259) | (61,606) | (117,275) |
| **Financing activities** | | | |
| Unitholder's loans | 280,000 | (510,000) | — |
| Proceeds from bank loans, net of transaction fees | — | 507,000 | — |
| Proceeds from financial support grant | 17,467 | — | — |
| Distribution paid to Unitholder | — | — | (80,000) |
| **Net cash generated from/(used in) financing activities** | 297,467 | (3,000) | (80,000) |
| **Net (decrease)/increase in cash and cash equivalents** | (92,196) | 37,333 | (32,467) |
| Cash and cash equivalents at beginning of the year | 179,736 | 87,540 | 124,873 |
| **Cash and cash equivalents at end of the year** | 87,540 | 124,873 | 92,406 |

**Non-SFRS Financial Measures**

| | Year ended 31 March | | |
|---|---|---|---|
| | 2015 | 2016 | 2017 |
| EBITDA[(1)] (S$'000) | 103,239 | 183,337 | 220,624 |
| EBITDA margin[(1)] (%) | 47.4 | 71.1 | 73.5 |

*Note:*

(1) EBITDA is a non-SFRS financial measure and represents operating profit before depreciation and amortisation expense, net finance cost and income tax expense. EBITDA and EBITDA margin are supplemental financial measures of the NLT Group's performance and liquidity and are not required by, or presented in accordance with, SFRS, IFRS, IFRS-identical Financial Reporting Standards, U.S. GAAP or any other generally accepted accounting principles. Furthermore, EBITDA and EBITDA margin are not measures of financial performance or liquidity under SFRS, IFRS, IFRS-identical Financial Reporting Standards, U.S. GAAP or any other generally accepted accounting principles and should not be considered as alternatives to net income, operating income or any other performance measures derived in accordance with SFRS, IFRS, IFRS-identical Financial Reporting Standards, U.S. GAAP or any other generally accepted accounting principles. EBITDA and EBITDA margin may not reflect all of the financial and operating results and requirements of the NLT Group. In particular, EBITDA and EBITDA margin do not reflect the NLT Group's needs for capital expenditures, debt servicing or additional capital that may be required to replace assets that are fully depreciated or amortised. Other companies may calculate EBITDA and EBITDA margin differently, limiting their usefulness as comparative measures.

The Trustee-Manager believes that these supplemental financial measures facilitate operating performance comparisons for the NLT Group from period to period by eliminating potential differences caused by variations in capital structures (affecting interest expense), tax positions (such as the impact on periods of changes in effective tax rates or net operating losses), the age and book depreciation of tangible assets (affecting relative depreciation expense) and the amortisation of deferred grant. In particular, EBITDA eliminates the non-cash depreciation expense that arises from the capital-intensive nature of the NLT Group's businesses and the non-cash amortisation of deferred grant. The Trustee-Manager presents these supplemental financial measures because it believes these measures are frequently used by securities analysts and investors in evaluating similar issuers.

Set forth below is a reconciliation of the NLT Group's profit for the year to EBITDA:

| | Year ended 31 March | | |
|---|---|---|---|
| | 2015 | 2016 | 2017 |
| | S$'000 | S$'000 | S$'000 |
| (Loss)/Profit After Income Tax | (15,754) | 36,556 | 75,708 |
| (Less)/Add: Income Tax (Credit)/Expense | (1,703) | 8,070 | 14,012 |
| Add: Finance Costs | 35,281 | 40,560 | 37,697 |
| Less: Interest Income | (210) | (705) | (420) |
| Add: Depreciation | 114,655 | 127,909 | 122,680 |
| Less: Amortisation of financial support grant | (29,030) | (29,053) | (29,053) |
| **EBITDA** | **103,239** | **183,337** | **220,624** |

## UNAUDITED PRO FORMA FINANCIAL INFORMATION

*Investors should read the following Unaudited Pro Forma Financial Information in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the accompanying notes, the financial and other information included in this document.*

The Unaudited Pro Forma Financial Information has been prepared for illustrative purposes only, in accordance with the provisions set out in the SF BT Regulations, and are based on certain assumptions after making adjustments to show what:

- the financial results of the Trust Group for the financial years ended 31 March 2016 and 2017 would have been if the significant events as described in Note 2 to the Unaudited Pro Forma Financial Information (the "**Significant Events**") had occurred at 1 April 2015;
- the financial position of the Trust Group as at 31 March 2016 and 2017 would have been if the Significant Events had occurred at 31 March 2016 and 2017 respectively; and
- the cash flows of the Trust Group for the financial years ended 31 March 2016 and 2017 would have been if the Significant Events had occurred at 1 April 2015.

See "*Trust Acquisition*" and "*Corporate Structure of the Trust*".

The following tables present the Trust Group's unaudited pro forma:

- balance sheets as at 31 March 2016 and as at 31 March 2017;
- statements of profit or loss and other comprehensive income for the financial years ended 31 March 2016 and 31 March 2017; and
- cash flow statements for the financial years ended 31 March 2016 and 31 March 2017.

Such Unaudited Pro Forma Financial Information has been derived from the Unaudited Pro Forma Financial Information included in "*Appendix B—Reporting Accountants' Report on the Compilation of the Unaudited Pro Forma Financial Information of NetLink NBN Trust and its Subsidiaries for the Financial Years ended 31 March 2016 and 2017*". The Unaudited Pro Forma Financial Information should be read in conjunction with the report and the Unaudited Pro Forma Financial Information included in "*Appendix B—Reporting Accountants' Report on the Compilation of the Unaudited Pro Forma Financial Information of NetLink NBN Trust and its Subsidiaries for the Financial Years ended 31 March 2016 and 2017*".

See Notes 3(d) and 4 of the Unaudited Pro Forma Financial Information included in "*Appendix B—Reporting Accountants' Report on the Compilation of the Unaudited Pro Forma Financial Information of NetLink NBN Trust and its Subsidiaries for the Financial Years ended 31 March 2016 and 2017*" for the key adjustments and assumptions made for the preparation of the Unaudited Pro Forma Financial Information.

**Unaudited Pro Forma Balance Sheets**
**As at 31 March 2016 and 31 March 2017**

| | 2016 | 2017 |
|---|---|---|
| | S$'000 | S$'000 |
| **ASSETS** | | |
| **Current assets** | | |
| Cash and bank deposits | 48,396 | 15,929 |
| Trade and other receivables | 48,609 | 55,532 |
| Finance lease receivables | 182 | 194 |
| Inventories | 4,508 | 5,499 |
| Other current assets | 1,769 | 2,928 |
| | 103,464 | 80,082 |
| **Non-current assets** | | |
| Finance lease receivables | 87,905 | 87,710 |
| Property, plant and equipment | 2,995,423 | 3,059,509 |
| Intangible assets | 1,028,777 | 1,009,569 |
| Rental deposits | 538 | 733 |
| | 4,112,643 | 4,157,521 |
| **Total assets** | 4,216,107 | 4,237,603 |
| **LIABILITIES** | | |
| **Current liabilities** | | |
| Trade and other payables | 83,614 | 87,222 |
| Deferred revenue | 1,297 | 2,387 |
| Current tax liabilities | 5,190 | 13,159 |
| | 90,101 | 102,768 |
| **Non-current liabilities** | | |
| Deferred revenue | 7,768 | 7,768 |
| Loans | 507,002 | 507,604 |
| Deferred tax liabilities | 540,421 | 546,603 |
| Derivative financial instruments | — | 2,045 |
| | 1,055,191 | 1,064,020 |
| **Total liabilities** | 1,145,292 | 1,166,788 |
| **Net assets** | 3,070,815 | 3,070,815 |
| **Unitholders' funds** | | |
| Units in issue | 3,070,901 | 3,070,901 |
| Accumulated losses | (86) | (86) |
| **Total unitholders' funds** | 3,070,815 | 3,070,815 |

**Unaudited Pro Forma Statements of Profit or Loss and Other Comprehensive Income**
**For the financial years ended 31 March 2016 and 31 March 2017**

| | 2016 | 2017 |
|---|---|---|
| | S$'000 | S$'000 |
| **Revenue** | 257,016 | 299,160 |
| Other income | 1,987 | 1,016 |
| **Expenses** | | |
| Operation and maintenance costs | (9,283) | (10,668) |
| Installation costs | (12,749) | (15,221) |
| Depreciation | (138,544) | (133,315) |
| Amortisation of licence fees | (10,004) | (10,004) |
| Staff costs | (16,127) | (19,843) |
| Finance costs | (12,874) | (10,087) |
| Management fee | (900) | (900) |
| Other operating expenses | (32,818) | (29,344) |
| Total expenses | (233,299) | (229,382) |
| **Profit before income tax** | 25,704 | 70,794 |
| Income tax credit | 14,577 | 8,636 |
| **Profit after income tax representing total comprehensive income** | 40,281 | 79,430 |
| **Earnings per unit attributable to unitholders (cents)** | 1.04 | 2.06 |

**Unaudited Pro Forma Cash Flow Statements**
**For the financial years ended 31 March 2016 and 31 March 2017**

| | 2016 | 2017 |
|---|---|---|
| | S$'000 | S$'000 |
| **Operating activities** | | |
| Profit before income tax | 25,704 | 70,794 |
| Adjustments for: | | |
| –Depreciation | 138,544 | 133,315 |
| –Amortisation of licence fees | 10,004 | 10,004 |
| –Amortisation of transaction fee | 2 | 602 |
| –Allowance for impairment of trade receivables | 719 | 304 |
| –Provision for stock obsolescence | 78 | 65 |
| –Recognition of deferred revenue | (256) | (712) |
| –Finance costs | 12,874 | 10,087 |
| –Interest income | (705) | (420) |
| **Operating cash flows before working capital changes** | 186,964 | 224,039 |
| Changes in working capital: | | |
| –Trade and other receivables | (16,196) | (6,584) |
| –Trade and other payables | (6,901) | (6,141) |
| –Inventories | 376 | (1,056) |
| **Cash generated from operations** | 164,243 | 210,258 |
| Interest received | 705 | 420 |
| Interest paid | (32,196) | (10,012) |
| Income tax paid | (43) | (5,092) |
| **Net cash generated from operating activities** | 132,709 | 195,574 |
| **Investing activities** | | |
| Purchase of property, plant and equipment | (154,613) | (117,275) |
| Acquisition of subsidiaries | (1,866,752) | — |
| Proceeds from sale of property, plant and equipment | 7 | — |
| **Net cash used in investing activities** | (2,021,358) | (117,275) |
| **Financing activities** | | |
| Unitholder's loans | (1,610,477) | — |
| Proceeds from bank loans | 507,000 | — |
| Distribution paid to unitholder | (76,000) | (80,000) |
| Proceeds from issuance of units, net of transaction costs | 3,070,901 | — |
| **Net cash from/(used in) financing activities** | 1,891,424 | (80,000) |
| **Net increase/(decrease) in cash and cash equivalents** | 2,775 | (1,701) |
| Cash and cash equivalents at beginning of the year | — | 48,396 |
| Effects of difference in basis of preparation between pro forma balance sheet and statement of profit or loss | 45,621 | (30,766) |
| **Cash and cash equivalents at end of the year** | 48,396 | 15,929 |

# PROFIT AND CASH FLOW FORECAST AND PROFIT AND CASH FLOW PROJECTION

*Statements contained in this section that are not historical facts may be forward-looking statements. Such statements are based on the assumptions set out on pages 83 to 89 of this document and are subject to certain risks and uncertainties which could cause actual results to differ materially from those projected. Under no circumstances should the inclusion of such information herein be regarded as a representation, warranty or prediction with respect to the accuracy of the underlying assumptions by any of the Trust, the Trustee-Manager, Singtel, the Joint Issue Managers, the Joint Global Coordinators, the Joint Bookrunners and Joint Underwriters, or any other person, or that these results will be achieved or are likely to be achieved (see "Forward-looking Statements" and "Risk Factors" for further details). Investors in the Units are cautioned not to place undue reliance on these forward-looking statements which are made only as at the date of this document.*

***None of the Trust, the Trustee-Manager, Singtel, the Joint Issue Managers, the Joint Global Coordinators, the Joint Bookrunners and Joint Underwriters or any other person guarantees the performance of the Trust, the repayment of capital or the payment of any distributions, or any particular return on the Units.***

The forecast yields stated in the following table(s) are calculated based on:

- the Offering Price;
- the assumption that the Listing Date is 1 August 2017; and
- the assumption that the Over-Allotment Option is not exercised.

*Such yields will vary accordingly if the Listing Date is not 1 August 2017, or for investors who purchase Units in the secondary market at a market price that differs from the Offering Price. Unitholders should note that in respect of Forecast Period 2018, they will only be entitled to a pro rata share of distributions declared and paid for the period from the Listing Date to 31 March 2018.*

*The following tables set forth the Trust's projected consolidated income statements and statements of cash flow for Forecast Period 2018 and Projection Year 2019. The financial year end of the Trust is 31 March. The Trust's first accounting period is for the period from 19 June 2017, being the date of its establishment, to 31 March 2018.*

*The DPU for Forecast Period 2018 is calculated on the assumption that the Units are issued on 1 August 2017 and are eligible for distributions for the period from 1 August 2017 to 31 March 2018. However, since the Units will be issued at an earlier date, being the Listing Date, the actual DPU for the period from the Listing Date to 31 March 2018 will differ as investors will be entitled to a pro rata share of distributions declared and paid for the period from the Listing Date to 31 March 2018.*

*The Profit and Cash Flow Forecast and the Profit and Cash Flow Projection are based on the assumptions set out in this section of this document. Unitholders should read the whole of this "Profit and Cash Flow Forecast and Profit and Cash Flow Projection" section together with the report set out in "Appendix A—Reporting Accountants' Report on the Profit and Cash Flow Forecast and Profit and Cash Flow Projection".*

## FORECAST AND PROJECTED CONSOLIDATED INCOME STATEMENT

| | Forecast Period 2018 | Projection Year 2019 |
|---|---|---|
| | S$'000 | S$'000 |
| **Revenue** | **221,566** | **341,905** |
| Other income | 200 | 309 |
| **Expenses** | | |
| Operation and maintenance costs | 11,438 | 17,564 |
| Installation costs | 12,023 | 17,714 |
| Depreciation | 97,136 | 153,456 |
| Amortisation of intangible assets | 6,669 | 10,004 |
| Staff costs | 15,468 | 25,603 |
| Finance costs | 12,303 | 21,262 |
| Management fee | 626 | 967 |
| Other operating expenses | 28,754 | 40,188 |
| Total expenses | 184,417 | 286,758 |
| **Profit before income tax** | **37,349** | **55,456** |
| Income tax credit | 6,758 | 10,233 |
| **Profit after income tax** | **44,107** | **65,689** |
| **Earnings per unit attributable to unitholders (cents)** | 1.14 | 1.70 |

## FORECAST AND PROJECTED CASH FLOW STATEMENT

| | Forecast Period 2018 | Projection Year 2019 |
|---|---|---|
| | S$'000 | S$'000 |
| **Operating activities** | | |
| Profit before income tax | 37,349 | 55,456 |
| Adjustments for: | | |
| –Depreciation | 97,136 | 153,456 |
| –Amortisation of intangible assets | 6,669 | 10,004 |
| –Finance costs | 12,303 | 21,262 |
| **Operating cash flows before working capital changes** | **153,457** | **240,178** |
| Changes in working capital: | | |
| –Trade and other receivables | (3,111) | (382) |
| –Trade and other payables | 2,674 | (548) |
| –Inventories | — | — |
| –Deferred revenue | (328) | (493) |
| **Cash generated from operations** | **152,692** | **238,755** |
| Interest paid | (12,207) | (21,126) |
| Income tax paid | — | — |
| **Net cash generated from operating activities** | **140,485** | **217,629** |
| **Investing activities** | | |
| Purchase of property, plant and equipment | (217,773) | (111,617) |
| Capex reserve | (8,000) | (8,000) |
| Acquisition of subsidiaries, net of cash acquired | (1,833,968) | — |
| **Net cash used in investing activities** | **(2,059,741)** | **(119,617)** |
| **Financing activities** | | |
| Repayment of loans under ST Facility Agreement | (1,100,477) | — |
| Distributions | — | (203,008) |
| Proceeds from revolving loan facility | 118,400 | 75,000 |
| Proceeds from issuance of Units, net of transaction costs | 3,070,901 | — |
| **Net cash from/(used in) financing activities** | **2,088,824** | **(128,008)** |
| **Net increase/(decrease) in cash and cash equivalents** | **169,568** | **(29,996)** |
| Cash and cash equivalents at beginning of the period / year | — | 169,568 |
| **Cash and cash equivalents at end of the period / year** | **169,568** | **139,572** |
| **Cash and cash equivalents consist of:** | | |
| Cash and bank balances | 177,568 | 155,572 |
| Less: Capex reserve | (8,000) | (16,000) |
| **Cash and cash equivalents at end of the period / year** | **169,568** | **139,572** |

## RECONCILIATION OF TRUST GROUP'S PROFIT AFTER INCOME TAX TO EBITDA

| | Forecast Period 2018 | Projection Year 2019 |
|---|---|---|
| | S$'000 | S$'000 |
| Profit after income tax | 44,107 | 65,689 |
| Less: Income tax credit | (6,758) | (10,233) |
| Add: Finance costs | 12,303 | 21,262 |
| Add: Depreciation | 97,136 | 153,456 |
| Add: Amortisation of intangible assets | 6,669 | 10,004 |
| **EBITDA** | **153,457** | **240,178** |
| **EBITDA margin (%)** | **69.3** | **70.2** |

EBITDA is projected to grow at a CAGR of 4.3% from FY2017 to Projection Year 2019.

### RECONCILIATION OF TRUST GROUP'S PROFIT BEFORE INCOME TAX TO DISTRIBUTIONS

| | Forecast Period 2018 | Projection Year 2019 |
|---|---|---|
| | S$'000 | S$'000 |
| Profit before income tax | 37,349 | 55,456 |
| Add: Depreciation | 97,136 | 153,456 |
| Add: Amortisation of intangible assets | 6,669 | 10,004 |
| Add: Non-Cash Finance Costs | 96 | 136 |
| Less: Changes in working capital | (765) | (1,423) |
| Less: Purchase of property, plant and equipment | (217,773) | (111,617) |
| Less: Cash taxes | — | — |
| Less: Estimated additional tax liabilities | — | — |
| Less: Regulatory carve-out for capex reserve | (8,000) | (8,000) |
| Less: Principal debt repayment | (477) | — |
| Add: Proceeds from revolving loan facility | 118,400 | 75,000 |
| Add: IPO proceeds utilised for acquisition of lead-in ducts | 93,000 | — |
| **CAFD** | **125,635** | **173,012** |
| Less/Add: (Accumulation) / Utilisation of existing cash balance | (12,302) | 6,338 |
| **Distributions** | **113,333** | **179,350** |

### RECONCILIATION OF DISTRIBUTION PAID IN CURRENT PERIOD / YEAR TO DISTRIBUTION ATTRIBUTABLE FOR THE PERIOD / YEAR

| | Forecast Period 2018 | Projection Year 2019 |
|---|---|---|
| | S$'000 | S$'000 |
| Distribution to Unitholders paid in current period / year | — | 203,008 |
| Less: Distribution paid in current period / year in relation to prior period's / year's August 2017 to March 2018 distribution period | — | (113,333) |
| Add: Distribution to be paid next year in relation to current period's / year's August 2017 to March 2018 distribution period | 113,333 | — |
| Add: Distribution to be paid next year in relation to current period's / year's October 2018 to March 2019 distribution period | — | 89,675[11] |
| **Distribution to Unitholders attributable for the period / year** | **113,333** | **179,350** |

**Projected Yields Based on Offering Price**

The projected yields stated in the following table are calculated based on the Offering Price. Such yields will vary accordingly in relation to investors who purchase Units in the secondary market at a market price that differs from the Offering Price or to investors who do not hold the Units for the whole of Forecast Period 2018 or Projection Year 2019.

| | Based on the Offering Price | |
|---|---|---|
| | Forecast Period 2018 | Projection Year 2019 |
| Issue Price (S$) | 0.81 | |
| Distribution to Unitholders (S$'000) | 113,333 | 179,350 |
| Number of Units (million) | 3,864 | 3,864 |
| DPU (cents) | 2.93 | 4.64 |
| Annualised distribution yield | 5.43% | 5.73% |
| Growth in distribution yield | 5.50% | |

If the Over-Allotment Option is exercised, the intention is for the Trust to maintain the same DPU for Forecast Period 2018 and the Projection Year 2019.

[11] Distribution for the six-month period from October 2018 to March 2019 is estimated based on the projected full year distribution of S$179.35 million for Projection Year 2019.

## ASSUMPTIONS

The Trustee-Manager has prepared the Profit and Cash Flow Forecast and the Profit and Cash Flow Projection based on the material assumptions listed below. The Trustee-Manager considers these assumptions to be appropriate and reasonable as at the Latest Practicable Date. However, investors or Unitholders should consider these assumptions as well as the Profit and Cash Flow Forecast and the Profit and Cash Flow Projection and make their own assessment of the future performance of the Trust.

### INCOME STATEMENT ASSUMPTIONS

### (1) REVENUE

### BREAKDOWN OF REVENUE

| | Forecast Period 2018 | | Projection Year 2019 | |
|---|---|---|---|---|
| | S$'000 | % | S$'000 | % |
| Fibre business revenue: | | | | |
| Residential connections | 133,213 | 60.1 | 203,556 | 59.5 |
| Non-residential connections | 16,835 | 7.6 | 29,390 | 8.6 |
| NBAP connections | 711 | 0.3 | 1,341 | 0.4 |
| Segment fibre connections | 4,463 | 2.0 | 4,963 | 1.5 |
| Co-location revenue | 11,149 | 5.0 | 17,529 | 5.1 |
| Installation revenue | 17,752 | 8.0 | 29,833 | 8.7 |
| Diversion income | 3,000 | 1.4 | 3,200 | 0.9 |
| Other revenue | 2,585 | 1.2 | 3,948 | 1.2 |
| **Total Fibre Business Revenue** | **189,708** | **85.6** | **293,760** | **85.9** |
| Ducts, manholes and Central Office revenue: | | | | |
| Ducts and manholes service revenue | 20,578 | 9.3 | 31,068 | 9.1 |
| Central Office revenue | 11,280 | 5.1 | 17,077 | 5.0 |
| **Total Ducts, Manholes and Central Office Revenue** | **31,858** | **14.4** | **48,145** | **14.1** |
| **Total Revenue** | **221,566** | **100.0** | **341,905** | **100.0** |

RAB-regulated revenue comprises revenue from residential end-user connections, non-residential end-user connections, NBAP connections, segment fibre connections and ducts and manholes service revenue. The Trust Group earns a regulated return on the majority of the Trust Group's ducts and manholes assets through the ICO/RAO pricing. As NLT recovers a portion of its capital expenditure and operating expenditure in relation to the ducts and manholes via the ducts and manholes services agreement with Singtel, IMDA does not include that portion in its computation of the ICO/RAO prices.

Installation revenue and co-location revenue are regulated but the related co-location charge and installation charge are not subject to the RAB model.

Central Office revenue and diversion income are not regulated by IMDA and are determined based on commercially agreed terms.

Revenue is projected to grow at a CAGR of 6.7% from FY2017 to Projection Year 2019.

| | Forecast Period 2018 | | Projection Year 2019 | |
|---|---|---|---|---|
| | S$'000 | % | S$'000 | % |
| Regulated revenue | | | | |
| RAB regulated | 175,800 | 79.3 | 270,318 | 79.1 |
| Non-RAB regulated | 28,901 | 13.1 | 47,362 | 13.8 |
| Non-regulated revenue | 16,865 | 7.6 | 24,225 | 7.1 |
| **Total Revenue** | **221,566** | **100.0** | **341,905** | **100.0** |

**Fibre business revenue**

***Connection Projections***

| | End of Forecast Period 2018 | End of Projection Year 2019 |
|---|---|---|
| Residential end-user connections | 1,183,400 | 1,278,260 |
| Non-residential end-user connections | 42,821 | 47,299 |
| NBAP connections | 1,069 | 1,592 |

***Assumptions on Charges Under the Interconnection Offer***

| | Forecast Period 2018 | Projection Year 2019 |
|---|---|---|
| | S$ | S$ |
| Residential connection charges | 14.6 | 13.8 |
| Non-residential connection charges | 51.9 | 55.0 |
| NBAP connection charges | 143.3 | 73.8 |

Charges assumed in Forecast Period 2018 and Projection Year 2019 are based on the Interconnection Offer. Changes will be made to certain of the Licensee's material installation, connection and co-location charges under the Interconnection Offer with effect from the New Pricing Date. See "*Business—Pricing of the Trust Group's Services".* The charges for residential connections, non-residential connections and NBAP connections for Forecast Period 2018 are a blended rate given these revised charges are set to take effect from the New Pricing Date.

*Residential connections*: Revenue generated from residential end-user connections is projected to be S$133.2 million and S$203.6 million, representing 60.1% and 59.5% of total revenue in Forecast Period 2018 and Projection Year 2019, respectively. The Trustee-Manager has used the following basis to forecast and project residential connection revenue:

- fibre end-user connections as a percentage of homes passed to be 82.1% and 86.7% at the end of Forecast Period 2018 and Projection Year 2019, respectively, primarily driven by migration of end-users from older technology to fibre, growth in households and growth in data consumption; and
- residential end-user connection to be 1,183,400 and 1,278,260 fibre connections at the end of Forecast Period 2018 and Projection Year 2019, respectively.

*Non-residential connections*: Revenue generated from non-residential end-user connections is projected to be S$16.8 million and S$29.4 million, representing 7.6% and 8.6% of total revenue in Forecast Period 2018 and Projection Year 2019, respectively. The Trustee-Manager has used the following basis to forecast and project non-residential connection revenue:

- total corporate wired broadband connection of 135,100 and 146,100 connections at the end of Forecast Period 2018 and Projection Year 2019 respectively, largely driven by increases in connections from small and medium sized enterprise businesses, government grants to improve productivity through digitalisation and adoption of fibre broadband, and increasing demand for video conferencing and cloud-based business applications designed for enterprises;
- fibre end-user connections as a percentage of total corporate wired broadband connections is expected to grow from 31.7% to 32.4% of total corporate wired broadband connections at the end of Forecast Period 2018 and Projection Year 2019 respectively; and
- non-residential end-user connection to be 42,821 and 47,299 connections at the end of Forecast Period 2018 and Projection Year 2019, respectively.

*NBAP connections*: NBAP connection revenue is projected to be S$0.7 million and S$1.3 million representing 0.3% and 0.4% of total revenue in Forecast Period 2018 and Projection Year 2019, respectively. The Trustee-Manager expects NBAP connections to grow to 1,069 and 1,592 connections at the end of Forecast Period 2018 and Projection Year 2019 respectively, as the Trust Group continues to support future Smart Nation initiatives such as the continued deployment of sensors across Singapore. The Trust Group continues to provide the remaining NBAP connections to the successful bidder as part of its agreement for "Phase 1" of the Smart Nation Platform Project entered into in 2016.

*Segment fibre connections*: Segment fibre revenue is projected to be S$4.5 million and S$5.0 million, representing 2.0% and 1.5% of total revenue in Forecast Period 2018 and Projection Year 2019, respectively. The number of segment fibre connections is affected by efforts from existing Requesting Licensees to improve their network configurations and demands from new Requesting Licensees who need to establish their networks, which would require connections to the Trust Group's network. The decrease in segment fibre revenue, on an annualised basis, is due to the lower ICO prices for segment fibre as revised by IMDA on 8 May 2017, which are set to take effect from the New Pricing Date.

*Co-location revenue*: Co-location revenue is projected to be S$11.1 million and S$17.5 million, representing 5.0% and 5.1% of total revenue in Forecast Period 2018 and Projection Year 2019, respectively. The Trustee-Manager expects growth in co-location revenue to be driven by expected increased utilisation of co-location space by Requesting Licensees as a result of increased end-user demand for fibre connection services. The aggregate number of racks is expected to be 867 and 909 racks at the end of Forecast Period 2018 and Projection Year 2019, respectively.

*Installation revenue*: Installation revenue is projected to be S$17.8 million and S$29.8 million, representing 8.0% and 8.7% of total revenue in Forecast Period 2018 and Projection Year 2019, respectively. The Trustee-Manager expects growth in installation related revenue to be driven by increase in residential end-user connections, non-residential end-user connections and NBAP connections, and the introduction of new service activation charges of S$53 per connection for residential end-user connections and S$64 per connection for non-residential end-user connections and NBAP connections. The new service activation charges are set to take effect from the New Pricing Date.

*Diversion income*: Diversion income is projected to be S$3.0 million and S$3.2 million, representing 1.4% and 0.9% of total revenue in Forecast Period 2018 and Projection Year 2019, respectively. The Trustee-Manager has projected diversion income based on diversion work that have been or are expected to be requested from third parties. For example, this includes requests from the Land Transport Authority of Singapore with respect to diversion works required during the construction of new MRT lines in Singapore.

*Other revenue*: Other revenue largely comprises premature termination revenue and cancellation revenue. The Trustee-Manager expects it to be S$2.6 million and S$3.9 million, representing 1.2% in each of total revenue in Forecast Period 2018 and Projection Year 2019, respectively.

**Ducts, manholes and central office revenue**

*Ducts and manholes service revenue*: Ducts and manholes service revenue is projected to be S$20.6 million and S$31.1 million, representing 9.3% and 9.1% of total revenue for Forecast Period 2018 and Projection Year 2019, respectively. The revenue is derived solely from the provision of services to Singtel in respect of Singtel's cables pursuant to the ducts and manholes services agreement with Singtel. The agreement is expected to cover 13,688 km and 13,778 km of Singtel's cables in Forecast Period 2018 and Projection Year 2019, respectively.

*Central Office revenue*: Central Office revenue is projected to be S$11.3 million and S$17.1 million, representing 5.1% and 5.0% of total revenue in Forecast Period 2018 and Projection Year 2019, respectively. The revenue is derived from the leasing of certain spaces in the Trust Group's Central Offices and provision of certain ancillary services to Singtel pursuant to leases with Singtel.

## (2) OTHER INCOME

Other income is expected to be S$0.2 million and S$0.3 million for Forecast Period 2018 and Projection Year 2019, respectively. Other income relates to the recovery of expenses from third parties.

## (3) EXPENSES

**Operation and maintenance costs**

Operation and maintenance costs comprise maintenance expense for ducts and manholes, fibre and Central Offices as well as co-location expense and warehouse management fees. Total maintenance expense is expected to be S$7.6 million and S$11.6 million in Forecast Period 2018 and Projection Year 2019, respectively. On an annualised basis, total maintenance expense is expected to be higher in Forecast Period 2018 and Projection Year 2019 compared to the financial year ended 31 March 2017 mainly due to various reasons below:

- fibre: additional government licensing fee payable to URA for the use of common services tunnel network at Marina Downtown area for the purpose of laying, placing, installing and maintaining within the common services tunnel network NLT's fibre cables for providing fibre services to Marina Downtown area;
- Central Offices: increase in Central Offices' security manning services and due to opening of Hougang Central Office in the financial year ended 31 March 2017.

Total maintenance expense is expected to grow at inflation rate on an annualised basis between Forecast Period 2018 and Projection Year 2019.

Co-location expense is expected to be S$3.9 million and S$6.0 million in Forecast Period 2018 and Projection Year 2019, respectively. On an annualised basis, co-location expense is expected to increase in Forecast Period 2018 as the Trust expands its co-location space in anticipation of additional demand from existing Requesting Licensees. Co-location cost is expected to grow at inflation rate on an annualised basis between Forecast Period 2018 and Projection Year 2019.

**Installation costs**

Installation costs are expected to be S$12.0 million and S$17.7 million in Forecast Period 2018 and Projection Year 2019, respectively. Installation costs are primarily driven by increase in residential end-user connections, non-residential end-user connections and NBAP connections.

**Depreciation**

Depreciation is calculated using a straight-line method to allocate the depreciable amounts of property, plant and equipment over their estimated useful lives, which range from 5 to 50 years. Depreciation is projected to be S$97.1 million and S$153.5 million for Forecast Period 2018 and Projection Year 2019, respectively. The depreciation charge will not affect the DPU for Forecast Period 2018 and Projection Year 2019 because it is a non-cash item.

**Amortisation of intangible assets**

Amortisation of intangible assets is projected to be S$6.7 million and S$10.0 million in Forecast Period 2018 and Projection Year 2019, respectively.

**Staff costs**

Staff costs consist of salaries, wages, Central Provident Fund contributions and other benefits. Staff costs are projected to be S$15.5 million and S$25.6 million for Forecast Period 2018 and Projection Year 2019, respectively.

**Finance costs**

Finance costs are composed mainly of interest on external debt outstanding and on any drawn amount on the Trust's revolving loan facility. Total finance costs are projected to be S$12.3 million and S$21.3 million for Forecast Period 2018 and Projection Year 2019, respectively. The Trust Group currently has a S$510 million bank loan outstanding and 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 million over the period of the bank loan. Accordingly, 100% of the interest in respect of the outstanding amounts under the Trust Group's existing bank loan has been hedged. The all-in blended fixed interest rate is 2.91% per annum. The higher annualised finance cost in Projection Year 2019 compared to Forecast Period 2018 is due to a further drawdown of S$75 million of the revolving loan facility to fund capital expenditure.

**Management fee**

Pursuant to the Trust Deed, the Trustee-Manager is entitled to a Management Fee of S$900,000 per annum, which shall be paid to the Trustee-Manager in the form of cash out of the Trust Property of the Trust. In addition to the Management Fee payable to the Trustee-Manager, the Trust Deed further provides that all fees of and expenses incurred by the Trustee-Manager in maintaining, managing and administering its corporate existence, including but not limited to any fees and expenses payable to the

Board and any fees and expenses incurred as a result of compliance by the Trustee-Manager with any law, regulation, rule or directive applicable to it, may be paid out of the Trust Property. Any increase in the Management Fee of S$900,000 or any change in the formula for calculation of the Management Fee must be approved by an Extraordinary Resolution passed at a Unitholders' meeting duly convened and held in accordance with the provisions of the Trust Deed. Total amounts payable to the Trustee-Manager comprising Management Fee and all fees of and expenses incurred by the Trustee-Manager and reimbursed out of the Trust Property as described above are projected to be S$0.6 million and S$1.0 million in Forecast Period 2018 and Projection Year 2019, respectively.

**Other operating expenses**

Other operating expenses include property tax, IT cost, licence fees, professional fees, insurance cost and rental expense. Other operating expenses are expected to be S$28.8 million and S$40.2 million in Forecast Period 2018 and Projection Year 2019, respectively.

Property tax is projected to be S$10.7 million and S$16.6 million in Forecast Period 2018 and Projection Year 2019, respectively, which comprises property tax on the Trust Group's fibre, ducts and manholes assets and Central Offices. Property tax on the Trust Group's fibre, ducts and manholes assets is 10% of total annual value, to which annual value is calculated as 5% of the sum of the Trust Group's fibre, ducts and manholes assets. Property tax on the Trust Group's Central Offices is expected to grow at inflation rate on an annualised basis between Forecast Period 2018 and Projection Year 2019.[12]

IT cost is projected to be S$8.8 million and S$10.1 million in Forecast Period 2018 and Projection Year 2019, respectively. IT cost is expected to decrease over time as the Trust Group designs and implements a new generation OSS/BSS in order to replace its existing BSS and OSS and migrate away from systems previously shared with Singtel, as part of the ongoing IT Project.

Other operating expenses also include professional fees, licence fees, insurance cost and rental expense which the Trustee-Manager expects to be S$9.3 million and S$13.5 million in Forecast Period 2018 and Projection Year 2019, respectively.

**(4) INCOME TAX CREDIT**

The Trust Group's chargeable income after deduction of allowable expenses and permitted allowances, if any, and after deducting the applicable tax exemption on the first S$300,000 of chargeable income, would be subject to Singapore income tax at the prevailing corporate tax rate, which is currently 17.0%.

The receipts of the Trust will comprise substantially receipts of distributions from NLT and interest payments pursuant to the NLT Notes.

The distributions made by NLT out of its income from trade or business carried on by the NLT Trustee would not be subject to tax in the hands of the Trust as a unitholder of NLT.

On the Listing Date, NLT will issue to the Trust S$1.1 billion in principal amount of the NLT Notes. Interest on the NLT Notes will be payable semi-annually in arrear at a fixed rate of 10.5% per annum. The NLT Notes qualify to be qualifying project debt securities under section 13(16) of the Income Tax Act and it is assumed that the interest income derived by the Trust from the NLT Notes continues to be exempted from tax under section 13(1)(b) of the Income Tax Act. Given that the interest expense paid by NLT to the Trust should be tax deductible and the interest income received by the Trust should be tax exempt, the Trust Group will be able to distribute its cash flow from operations to the extent of the amount of interest paid on the NLT Notes to Unitholders free of Singapore income tax. See *"—Factors Affecting NLT and/or the Trust Group's Business And Results Of Operations—The Corporate Structure of the Trust Group—NLT Notes*" and "*Taxation"*.

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12 The projections on property tax in the Profit and Cash Flow Forecast and the Profit and Cash Flow Projection are based on prevailing property tax laws applicable to the Trust Group as of the date of this document. Amongst the changes to the Singapore property tax regime proposed in the draft Property Tax (Amendment) Bill 2017 is the clarification that machinery that is used for providing the setting / controlled environment for business and industrial processes to take place in the building or for storage of articles is to be assessed, together with the land or building on which it has been affixed, for property tax (in other words, such machinery is not exempted from property tax). If approved by the Parliament, this change is to take effect from 1 January 2018. Public consultations on the draft Property Tax (Amendment) Bill 2017 were concluded in May 2017, and the Ministry of Finance has yet to publish its responses to the public consultation exercise.

Income tax credit is projected to be S$6.8 million and S$10.2 million in Forecast Period 2018 and Projection Year 2019, respectively, mainly due to movements of deferred income tax liabilities credited to the consolidated income statement.

## CASH FLOW STATEMENT ASSUMPTIONS

### Capital expenditure

For Forecast Period 2018 and Projection Year 2019, accrued capital expenditure is forecasted to be S$249.9 million and S$86.6 million representing 112.8% and 25.3% of total revenue, respectively.

| | Forecast Period 2018 | Projection Year 2019 |
|---|---|---|
| | S$'000 | S$'000 |
| Network assets: | | |
| Ducts and manholes | 142,677 | 5,046 |
| Fibre assets | 51,378 | 60,962 |
| Central Office equipment | 29,680 | 13,108 |
| Leasehold improvements | 3,864 | 1,560 |
| Furniture, fittings and equipment | 22,297 | 4,411 |
| Motor vehicles | — | 1,500 |
| **Total** | **249,896** | **86,587** |

The Trustee-Manager deems a large portion of projected capital expenditure in Forecast Period 2018 and Projection Year 2019 to be non-recurring in nature including:

(i) the laying of additional fibre cable to increase spare fibre capacity in the network to at least 50%;

(ii) the planned acquisition of additional lead-in ducts from Singtel;

(iii) the expansion of new co-location rooms in various Central Offices;

(iv) the enhancement of security measures at Central Offices; and

(v) the implementation of the IT Project.

A portion of the planned acquisition of additional lead-in ducts from Singtel will be funded via proceeds from the Listing for a consideration of S$93 million. The Trustee-Manager expects that the Trust Group will complete the projects mentioned in (i) to (v) above by Projection Year 2019.

Excluding non-recurring capital expenditure, the Trustee-Manager expects the annual capital expenditure to be in the range of S$40 million to S$60 million for Forecast Period 2018 and Projection Year 2019.

The Trustee-Manager intends to partially fund its planned capital expenditure during the years ending 31 March 2018 and 2019 primarily through the use of an up to S$210 million bank loan facility. The Trustee-Manager intends to fund the remaining recurring capital expenditure requirements during Forecast Period 2018 and Projection Year 2019, as well as the subsequent years, through funds generated from operations and additional debt financing.

### Debt Drawdown

On the Listing Date, the Trust will repay in full the outstanding amount of S$1,100,477,425 owing to Singtel under the ST Facility Agreement. The Trust expects to drawdown S$118.4 million and S$75.0 million from the revolving loan facility to partially fund its planned capital expenditure for Forecast Period 2018 and Projection Year 2019, respectively.

The Trust expects to have a debt / EBITDA ratio of 3.0x and 3.2x at the end of Forecast Period 2018 and Projection Year 2019, respectively.

### Distributions

Distribution to Unitholders is projected to be S$113.3 million and S$179.4 million for Forecast Period 2018 and Projection Year 2019, respectively. Distributions will be made on a semi-annual basis for the six-month periods ending 31 March and 30 September of each year and will be paid within 90 calendar days from 31 March and 30 September of each year. However, the first distribution will be for the period from the Listing Date to 31 March 2018.

Any proposed distributions by the Trust will be paid from its CAFD and available cash as determined by the Trustee-Manager. See "*Distributions—Distribution Policy*" for the distribution policy of NLT and the Trust.

**OTHER ASSUMPTIONS**

**(1) Accounting standards**

The Trustee-Manager has assumed that there will be no material change in applicable accounting standards or other financial reporting requirements that may have a material effect on Forecast Period 2018 and Projection Year 2019. Significant accounting policies adopted by the Trustee-Manager in the preparation of Forecast Period 2018 and Projection Year 2019 are set out in "*Appendix B—Reporting Accountants' Report on the Compilation of the Unaudited Pro Forma Financial Information of NetLink NBN Trust and its Subsidiaries for the Financial Years ended 31 March 2016 and 31 March 2017*".

**(2) Other assumptions**

The Trustee-Manager has made the following additional assumptions in preparing the Profit and Cash Flow Forecast and the Profit and Cash Flow Projection:

- the asset portfolio of the Trust Group remains unchanged;
- the Over-Allotment Option is not exercised;
- no further capital will be raised during Forecast Period 2018 and Projection Year 2019;
- the Trust Group will not be required to incur additional material capital expenditure, other than those identified in the Profit and Cash Flow Forecast and the Profit and Cash Flow Projection;
- there will be no change in applicable accounting standards or other financial reporting requirements that may have a material effect on the Profit and Cash Flow Forecast and the Profit and Cash Flow Projection;
- there will be no material changes in the cost of supplies, inflation rates and interest rates from those currently prevailing in the context of the Trust Group's operations, other than those which are discussed in this section of this document;
- there will be no material changes in the bases or applicable rates of taxation, surcharges or other government levies except as otherwise disclosed in this section of the Prospectus; and
- there will be no economic crisis, wars, military incidents, pandemic diseases or natural disasters that would have a material impact on the Trust Group's business and operating activities.

**SENSITIVITY ANALYSIS**

This sensitivity analysis does not form part of the Profit and Cash Flow Forecast and Profit and Cash Flow Projection, and is intended only for the purposes as set out below.

The projected distributions included in this document are based on a number of assumptions that have been outlined above. The projected distributions are also subject to a number of risks as set out in "*Risk Factors*".

Investors should be aware that future events cannot be predicted with any certainty and deviations from the figures projected in this document are to be expected. To assist investors in assessing the impact of these assumptions on the Profit and Cash Flow Forecast and Profit and Cash Flow Projection, a series of tables demonstrating the sensitivity of the net profit and CAFD are set out below.

The sensitivity analysis is intended to provide a guide only and variations in actual performance could exceed the ranges shown. Movement in other variables may offset or compound the effect of a change in any variable beyond the extent shown.

**Total revenue**

Changes in the Trust's total revenue will impact its profit after income tax and consequently, its CAFD to Unitholders. The assumptions for the Trust's total revenue have been set out earlier in the section.

The effect of variations in the Trust's total revenue on profit after income tax and CAFD is set out below.

| | Forecast Period 2018 | | Projection Year 2019 | |
|---|---|---|---|---|
| | S$'000 except % | | S$'000 except % | |
| Percentage change in total revenue | +2.5% | -2.5% | +2.5% | -2.5% |
| Change in profit after income tax | 4,597 | (4,597) | 7,095 | (7,095) |
| Change in CAFD | 5,539 | (5,539) | 8,548 | (8,548) |

**Total expenses**

Changes in the Trust's total expenses will impact its profit after income tax and consequently, its CAFD to Unitholders. The assumptions for the Trust's total expenses have been set out earlier in this section of this document.

The effect of variations in the Trust's total expense on profit after income tax and CAFD is set out below.

| | Forecast Period 2018 | | Projection Year 2019 | |
|---|---|---|---|---|
| | S$'000 except % | | S$'000 except % | |
| Percentage change in total expenses | +5.0% | -5.0% | +5.0% | -5.0% |
| Change in profit after income tax | (2,835) | 2,835 | (4,235) | 4,235 |
| Change in CAFD | (3,415) | 3,415 | (5,102) | 5,102 |

## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

*The following discussion and analysis is based on and should be read in conjunction with the NLT Group's audited consolidated financial statements as of and for the years ended 31 March 2015, 2016 and 2017, together with the related notes thereto and other financial information, which are included elsewhere in this document. Such audited financial statements present the consolidated financial condition and results of operations of the NLT Group. The historical audited consolidated financial statements do not include the Trust, the Trustee-Manager and the NLT Trustee. See "—Basis of Presentation". The presentation of the pro forma financial information of the Trust Group as a whole is set out in the section entitled "Unaudited Pro Forma Financial Information". This discussion contains forward-looking statements that involve risks and uncertainties. The Trust Group's actual results may differ significantly from those projected in the forward-looking statements. Factors that might cause future results to differ significantly from those projected in the forward-looking statements include, but are not limited to, those discussed below and elsewhere in this document, particularly in "—Basis of Presentation", "Risk Factors" and "Forward-Looking Statements". The NLT Group's audited consolidated financial statements as of and for the years ended 31 March 2015, 2016 and 2017 have been presented in Singapore dollars and prepared in accordance with SFRS for all periods presented.*

### OVERVIEW

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

Through its network, the Trust Group provides a number of services to Requesting Licensees. Requesting Licensees provide fibre services to Retail Service Providers, 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 and 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.

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

The operations of the Trust Group and the roll-out of the Next Gen NBN commenced in 2009, through OpenNet. The Trust Group's network has been developed with the financial assistance of the Singapore government, in conjunction with iN2015, with the aim of enhancing the competitiveness of the Singapore economy as a whole. The Next Gen NBN provides nationwide ultra-high-speed broadband access to all physical addresses in mainland Singapore and its connected islands. Singtel established NLT in 2011 to hold the passive non-fibre infrastructure assets (comprising ducts, manholes and Central Offices) used to support OpenNet's deployment of the fibre network for the Next Gen NBN. NLT subsequently acquired OpenNet in November 2013.

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

As of 31 March 2017, the Trust Group's network consisted of ten Central Offices and approximately 76,000 km of fibre cable, 16,200 km of ducts, and 62,000 manholes. See "*Business—The Trust Group's Network and Properties*". There were approximately 1.1 million residential end-user connections that the Trust Group's network supported, while the Trust Group's network had "passed" approximately 1.4 million residential homes (meaning that the Trust Group's network has been deployed up to the distribution point of each floor for a high-rise building containing two or more residential premises or to the gatepost or, where applicable, to the nearest manhole for a landed building containing one residential premises), or substantially all of the residential homes in Singapore, and "reached" approximately 1.3 million residential homes (meaning that the Trust Group's network has been deployed up to the first termination point in the residential premises), or 89.2% of the residential homes in Singapore, as of 31 March 2017. There were approximately 38,500 non-residential end-user connections that the Trust Group's network supported, while the Trust Group's network was deployed to approximately 30,000 non-residential premises as of 31 March 2017 (meaning that the Trust Group's network has been deployed up to the MDF room of the non-residential premises).

**BASIS OF PRESENTATION**

The Trust has no operating history and its only material asset from the Listing Date will be its unitholding in NLT and its shareholding in the NLT Trustee. The structure of the Trust Group will be created in connection with the Offering on the Listing Date. The Trust will rely on the receipt of distributions from NLT and principal and/or interest payments on the NLT Notes held by the Trust in order to make distributions to Unitholders. From the Listing Date, there may be certain changes to the Trust's cost structure and level of indebtedness. The Trust's cost structure and level of indebtedness could differ from the historical cost structure and level of indebtedness of NLT. From the Listing Date, the financial condition and results of operations provided to Unitholders will be presented on a consolidated basis comprising the Trust, the NLT Trustee, NLT and NLT's subsidiaries.

The historical financial condition and results of operations included in this document, which relate to the period and dates prior to 31 March 2017 represents the consolidated financial position, results of operations and cash flows of the NLT Group. As a result, such financial condition and results of operations may not be generally comparable with periods from the Listing Date which will present the consolidated financial position and results of operations of the Trust Group. See "*Trust Acquisition*" and "*Unaudited Pro Forma Financial Information*".

The business operations of the Trust Group commenced with the establishment of OpenNet. OpenNet was incorporated in 2008 and was awarded by IMDA the mandate to design, build and operate Singapore's open-access fibre network. NLT was established in 2011 to hold the ducts, manholes and Central Office buildings, previously owned by Singtel, that are used to support the development of the Next Gen NBN. On 28 November 2013, the NLT Group acquired 100% of the share capital in OpenNet from Singtel, Singapore Press Holdings Limited, SP Telecommunications Pte Ltd and Axia NetMedia Corporation. The financial position, results of operations and cash flows of OpenNet were consolidated as a subsidiary into the financial statements of NLT Group with effect from 28 November 2013. In connection with the acquisition of OpenNet, NLT acquired the Key Sub-Contractor. See "*Business—Historical Background of the Trust Group and Singapore's Next Gen NBN—OpenNet and NLT*". NetContractor Pte. Ltd. (which was part of the Key Sub-Contractor) was then amalgamated with NLT's existing subsidiary. The financial position and results of operations of the Key Sub-Contractor were consolidated into the financial statements of the NLT Group with effect from 1 October 2014. For further details, see "*Business—Historical Background of the Trust Group and Singapore's Next Gen NBN*". As a result of the above, the financial condition and results of operations included in this document for the year ended 31 March 2015 may not be comparable with prior or subsequent periods.

The pro forma financial information of the Trust Group as of and for the years ended 31 March 2016 and 2017 is presented in this document under the section entitled "*Unaudited Pro Forma Financial Information*". Such pro forma financial information has been prepared based on certain assumptions to show what the financial results of the Trust Group would have been if the significant events as described in Note 2 to the Unaudited Pro Forma Financial Information has occurred on 1 April 2015. See "*Unaudited Pro Forma Financial Information*" for details of the key assumptions and adjustments made for the preparation of the pro forma financial information. The objective of the pro forma financial information is to illustrate what the financial position of the Trust Group might be at and for the periods shown, on the basis as described above. However, the pro forma financial information is not necessarily indicative of the actual financial position that would have been attained by the Trust Group on and for the periods.

## FACTORS AFFECTING NLT AND/OR THE TRUST GROUP'S BUSINESS AND RESULTS OF OPERATIONS

Set forth below are some of the significant factors that have affected NLT's business and results of operations during the periods under review, as well as factors that are currently expected to affect the Trust Group's business and results of operations in the foreseeable future.

### Number of residential and non-residential end-user connections and NBAP connections

The number of residential and non-residential end-user connections and NBAP connections of NLT's network are the primary drivers of NLT's results of operations, as NLT receives a monthly recurring fee for each of these connections. NLT also receives a one-time fee for fibre installation or activation-related activities including the installation of termination points at end-user premises and related fibre patching and activation services at the Central Offices.

NLT provides access to its fibre network to three primary business segments: residential, non-residential and NBAP. Pursuant to the Interconnection Offer, with effect from the New Pricing Date, NLT will receive recurring monthly fees of S$13.80, S$55.00 and S$73.80 for each residential end-user, non-residential end-user and NBAP connection, respectively. Prior to this, NLT will continue to receive recurring monthly fees of S$15.00, S$50.00 and S$185.00 for each residential end-user, non-residential end-user and NBAP connection, respectively. See *"—Pricing of NLT's Services*".

Demand for the use of the network by end-users is primarily driven by Retail Service Providers, who in turn obtain such fibre connectivity through their Requesting Licensees. In order to access retail fibre services in Singapore, end-users are generally required to enter into service contracts with Retail Service Providers. All but one of the Requesting Licensees also provide the services of and act as Retail Service Providers. Due to the regulatory framework in which NLT operates, with respect to the majority of end-user connection services, NLT does not have any direct relationship with end-users and is reliant on Retail Service Providers in increasing the number of end-users. As of the Latest Practicable Date, NLT had entered into interconnection agreements pursuant to the Interconnection Offer with 13 Requesting Licensees and had entered into reference access offer agreements pursuant to the Reference Access Offer with ten Requesting Licensees. See "*Business—Regulatory Framework, Licences and Permits—Interconnection Offer and Reference Access Offer*" and "*Regulatory Environment*". Of the 13 Requesting Licensees that have entered into interconnection offer agreements with NLT, seven Requesting Licensees collaborate with their Retail Service Provider business units or stand-alone Retail Service Providers to actively provide residential services and non-residential services.

Residential end-user connections represent the most significant source of revenue for NLT. Revenue generated from residential end-user connections represented 51.2%, 57.6% and 61.3% of the NLT Group's total revenue for the years ended 31 March 2015, 2016 and 2017, respectively.

The table below sets forth the number of residential end-user connections, non-residential end-user connections and NBAP connections as of 31 March 2015, 2016 and 2017.

| | As of 31 March | | |
|---|---|---|---|
| | **2015** | **2016** | **2017** |
| Residential end-user connections | 714,875 | 938,005 | 1,094,756 |
| Non-Residential end-user connections | 22,335 | 31,536 | 38,457 |
| NBAP connections | 59 | 142 | 357 |

The number of residential end-user connections has increased primarily as a result of a growth in the percentage of households that have migrated to fibre from cable or ADSL, growth in the number of residential homes in Singapore, as well as growth in broadband penetration in residential homes in Singapore. As of 31 March 2017, the number of residential end-user fibre connections was approximately 1.1 million. MPA believes that the number of residential fibre subscriptions will grow to 1.46 million by 2021, representing a CAGR of 6.5% between December 2016 to December 2021. Further, MPA expects that fibre broadband subscriptions will account for 100% share of the total residential wired broadband subscriptions in 2021. As such, growth in the number of fibre connections is expected to slow leading up to and upon the completion of the migration of end-users from other wired broadband connections to fibre connections.

The number of non-residential end-user connections supported by NLT has increased together with the general increase in corporate and other non-residential end-users. As of 31 December 2015 and 2016, NLT had a market share of approximately 26% and 31% of the non-residential wired broadband subscription market respectively, according to MPA. In the non-residential market, NLT faces competition from Retail Service Providers and wholesale services providers who have wired certain parts of Singapore, primarily the central business district and certain large business parks and data centres, with their own fibre networks, allowing them to provide fibre broadband services to end-users without relying on NLT's network.

The provision of NBAP services remains in its early stages. However, NLT has increased the total number of NBAP connections as and when new applications that require NBAP connections are launched. In 2016, the fourth mobile telecommunications operator in Singapore was announced and it is expected to establish a mobile network with nationwide outdoor coverage by December 2018. As part of the roll-out of its mobile network, the fourth mobile telecommunications provider may require new NBAP connections. Further, the Trust Group also anticipates that the demand for NBAP services will continue to grow with the roll-out of Singapore's "Smart Nation" programme. In 2016, NLT entered into an agreement to provide approximately 100 new NBAP connections to the successful bidder for "Phase 1" of the Smart Nation Platform Project, which commenced during the year ended 31 March 2017. See "*Business—Fibre Connections—NBAP*".

Overall growth in the number of end-user connections also impacts NLT's financial performance through changes in demand for the network support infrastructure provided by NLT to the Requesting Licensees, primarily in the form of the provision of co-location space in its Central Offices to Requesting Licensees and from the provision of point to point connections for Requesting Licensees, known as segment fibre connections. For example, an increase in the number of end-users that a Requesting Licensee serves may require that Requesting Licensee to install more capacity in the Central Office co-location rooms and therefore pay increased fees to NLT for additional space. Further, as part of each Requesting Licensee's network design and planning, a Requesting Licensee may require more segment fibre connections at a Central Office. Additional segment fibre connections may also be requested in respect of the roll-out of the new fourth mobile telecommunications operator's mobile network.

**Pricing of NLT's services**

The provision of NLT's principal services is subject to the terms and conditions of the FBO licence currently held by the NLT Trustee, and to be held by the NLT Trustee and the Trustee-Manager on a joint and several basis following the Listing. These services include the Mandated Services set forth in the FBO licence, which have to be provided on terms (including pricing) approved by IMDA. IMDA is the regulatory body that regulates the provision of telecommunication systems and services in Singapore. See "*Regulatory Environment*".

Under the Interconnection Offer, with respect to each residential end-user connection, non-residential end-user connection and NBAP connection, NLT receives two primary revenue streams: (i) a one-off installation charge for each termination point (upon the initial connection); and (ii) a monthly recurring connection charge. In addition, NLT receives revenue for the provision of co-location space in Central Offices from Requesting Licensees and from the provision of point to point connections, known as segment fibre connections, as part of the Requesting Licensee's network connectivity. These revenues are not received from end-user connections, but are paid under the Interconnection Offer by Requesting Licensees. Under the Reference Access Offer, NLT also receives revenue streams from Requesting Licensees for accessing NLT's lead-in ducts and manholes.

The Interconnection Offer was initially approved by IMDA in October 2009. Under the NetCo Interconnection Code, IMDA has the right to review the terms (including pricing) under which services are provided pursuant to the Licensee's Interconnection Offer. See "*Regulatory Environment—Key Codes of Practice Applicable to the Trust Group*". IMDA holds 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). To assist IMDA in its review, the Licensee is required to provide IMDA with all necessary information and documentation where requested by IMDA, which includes the provision of estimated capital expenditures, operating expenses and end-user connections. IMDA undertook reviews of the pricing terms of the Interconnection Offer in 2013 and 2016. IMDA also has the right to review the terms under which services are provided pursuant to the Licensee's Reference Access Offer, under the Telecom Competition Code.

The most recent review by IMDA of prices under the Interconnection Offer and Reference Access Offer was completed in May 2017. Substantially all of the revised prices will be effective from the New

Pricing Date. IMDA has indicated that the prices under the Interconnection Offer will be regulated using the RAB (as defined herein) model for the five-year period starting on or around January 2018. The RAB model allows NLT to recover the following cost components: (a) return of capital deployed (i.e. depreciation); (b) return on capital employed; and (c) operating expenditure. Key assumptions in the RAB model include the following:

- the base year of the RAB is 2012. Assets purchased up to and including 2012 are valued at 2012 prices, whereas assets purchased after 2012 are valued at actual cost. The annuity method is used for the purpose of regulatory depreciation. In computing the regulatory depreciation, the useful life of ducts and manholes is assumed to be 35 years and fibre (and related infrastructure) is assumed to be 25 years; and

- the return on capital is based on a nominal pre-tax WACC (as defined herein) derived using the CAPM (as defined herein) approach. The pre-tax WACC for the five-year period starting on or around January 2018 is 7%. The formula is as follows:

$$\textit{Nominal Pre-tax WACC} = \textit{Cost of equity} \times \frac{(1 - \textit{gearing})}{(1 - \textit{tax})} + \textit{Cost of debt} \times \textit{gearing}$$

IMDA may change the rate of applicable pre-tax WACC in future periods. See "*Regulatory Environment—NetCo Interconnection Code—ICO Review Procedures*".

The following table sets out certain of the Licensee's material installation, connection and co-location charges under the Interconnection Offer for the period prior to the New Pricing Date and the period from the New Pricing Date onwards. For further details, see "*Regulatory Environment—Key Codes of Practice Applicable to the Trust Group—NetCo Interconnection Code—Pricing of services under the approved ICO*".

| | High-rise Residential Building (pre-New Pricing Date) | Landed Residential homes (pre-New Pricing Date) | High-rise Residential Building (post-New Pricing Date) | Landed Residential homes (post -New Pricing Date) |
|---|---|---|---|---|
| | S$ (excl. tax) | S$ (excl. tax) | S$ (excl. tax) | S$ (excl. tax) |
| **Residential End-User Connection:** | | | | |
| Installation: | | | | |
| Installation charges (per connection) | 220.00 | 450.00 | 150.00 | 270.00 |
| Monthly Recurring Charge (1:24 split) | 15.00 | 15.00 | 13.80 | 13.80 |

| | Price (pre-New Pricing Date) | Price (post-New Pricing Date) |
|---|---|---|
| | S$ (excl. tax) | S$ (excl. tax) |
| **Non-Residential End-User Connection:** | | |
| Installation (per connection): | | |
| Standard installation charges | 150.00 | N/A |
| Installation of network charge | 363.00 | |
| From CO to termination point inside non-residential premises | N/A | 717 |
| From CO to termination point inside vertical telecommunication riser on same floor where non-residential premises is located | N/A | 494 |
| From CO to termination point in FTTB node of the non-residential premises where Next Gen NBN ends | N/A | 41 |
| Monthly Recurring Charge (1:16 split for each term of 12 months) | 50.00 | 55.00 |
| **NBAP Connection:** | | |
| Standard Installation charges (not including digging/trenching work) (per connection) | 150.00 | N/A |
| Monthly Recurring Charge (1:16 split for each term of 12 months) | 185.00 | 73.80 |
| **Co-Location Service[13]:** | | |
| Co-Location Room 1: | | |
| Cost per square meter (per month) (for a 25 year term) | 367.00 | 367.00 |
| Cost per square meter (per month) (for a 2 year term) | 590.19 | 590.19 |
| **Co-Location Supplementary Cooling Service[13] (Applicable to Co-Location Room 1 Only):** | | |
| Monthly recurring charge (per cooling unit) (for all COs except for Tuas CO) | 1,647.38 | 1,647.38 |

[13] Co-Location Service, Requesting Licensee to Requesting Licensee Interconnection Service, Co-Location Supplementary Cooling Service and OSS/BSS Connection & Professional Service were not included in the price review exercise that IMDA concluded in May 2017. The prices of these services will be reviewed by IMDA separately.

The Trust Group provides a number of additional services that are subject to regulated prices. For further details, see "*Regulatory Environment—Key Codes of Practice Applicable to the Trust Group—NetCo Interconnection Code—Pricing of services under the approved ICO*" and "*Regulatory Environment—Key Codes of Practice Applicable to the Trust Group—Telecom Competition Code*". NLT also provides services which are not subject to regulation, such as the leasing of Central Office space to Singtel. With respect to such services, NLT is able to charge arm's length prices which are subject to commercial negotiation between the parties.

**Regulatory environment**

The Trust Group operates in a highly regulated industry that has a significant impact on its business and results of operations. In order to establish, install, maintain, provide or operate telecommunication systems and services in Singapore, the Licensee is required to maintain an FBO licence. The FBO licence imposes a number of terms and conditions upon the Licensee, including a Universal Service Obligation. The Universal Service Obligation is a fundamental licence obligation that requires the Licensee to provide Mandated Services 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, in mainland Singapore and its connected islands. See "*Regulatory Environment—Key Licences held by NLT Trustee/Trustee-Manager*".

In addition, the Licensee is required to meet certain QoS Standards with respect to its provision of residential and non-residential end-user connection services. See "*Business—Quality of Service Standards*". The failure by the Licensee to meet the obligations under the FBO licence, including QoS Standards, may result in the imposition of financial penalties or other enforcement actions by IMDA. See "*Regulatory Environment—Key Licences held by NLT Trustee/Trustee-Manager*" for further details of the material regulations and laws that the Licensee is subject to.

**Network related costs**

The Trust Group's primary objective is to design, build, own and operate a fibre network and related infrastructure. As such, network related costs and expenditure, including capital expenditure and depreciation costs had, and will continue to have, a significant impact on NLT's financial condition and results of operations. As of 31 March 2017, NLT Group's property, plant and equipment was S$2.6 billion.

***Capital expenditure***

NLT's capital expenditure consists primarily of investments to expand and enhance its network infrastructure, as well as maintenance capital expenditure to ensure that the network delivers a high quality of service and meets the Universal Service Obligation imposed under the Licensee's FBO licence. Its network infrastructure comprises assets such as fibre cables as well as ducts and manholes. The initial designing and building of the network was completed by OpenNet, using ducts and manholes originally owned and constructed by Singtel. NLT acquired these network assets and continued to expand its fibre network coverage, including the construction of ducts and manholes. By 2013, the network had covered substantially all of mainland Singapore and its connected islands. With respect to the then available residential homes, the network had been deployed up to the distribution point of each floor (or to the gatepost, where applicable, or if not, to the nearest manhole for a building containing one residential premises). With respect to then available non-residential buildings, the network had been deployed up to the MDF room of the building.

NLT continues to roll-out new fibre infrastructure to all new buildings and developments as and when they are completed. The Trust Group also continues to construct new ducts and manholes as and when necessary and undertake maintenance capital expenditure. In addition, NLT is currently in the process of laying additional fibre cable sufficient to increase the spare fibre capacity to residential households to at least 50%. This fibre top-up programme commenced in 2015 and is expected to be completed by the year ended 31 March 2019. The roll-out of additional fibre arose in part due to a directive issued by IMDA, which requires NLT to install additional spare fibre capacity in each relevant residential building once the existing spare fibre capacity falls below certain thresholds. In the event such thresholds are crossed, the directive specifies that NLT is required to install additional spare fibre capacity in the relevant residential building by a prescribed capacity percentage. Additionally, NLT continues to invest in capital expenditure to improve its network coverage and to upgrade, expand and maintain its network infrastructure. See *"—Capital Expenditure—Planned Capital Expenditure*".

Historically, NLT has funded its capital expenditure and asset acquisitions with unitholder loans, the receipt of Singapore government grants, and funds generated from its operations. See "*Business—Historical Background of the Trust Group and Singapore's Next Gen NBN*". The Trust Group intends to fund its future capital expenditure requirements with funds generated from operations and debt financing. NLT incurred capital expenditure of S$355.6 million, S$68.0 million and S$126.9 million in the years ended 31 March 2015, 2016 and 2017, respectively. Of the S$355.6 million capital expenditure incurred for the year ended 31 March 2015, S$280 million was incurred to acquire ducts and manholes from Singtel. See *"—Capital Expenditure*".

Capital expenditure relating to network assets comprises capital expenditure for ducts, manholes and fibre assets. For the years ended 31 March 2015, 2016 and 2017, capital investment in fibre assets comprised 93.6%, 59.8% and 64.7%, respectively, of total capital expenditure. Capitalised staff costs and contractor costs, constituted 69.6%, 69.0% and 65.6% of the total capital expenditure for fibre assets in the years ended 31 March 2015, 2016 and 2017, respectively. The primary material used for the development of fibre assets is fibre cable, accounting for 30.4%, 31.0% and 34.4% of the capital expenditure for fibre assets in the years ended 31 March 2015, 2016 and 2017, respectively. Fibre cable is an international commodity and is subject to changes in international pricing.

***Depreciation***

Given NLT's significant investment in its network infrastructure, depreciation charges have a significant impact on the NLT Group's results of operations. Depreciation is the largest expense category and comprised 43.3%, 52.3% and 51.0% of the NLT Group's total expenses for the years ended 31 March 2015, 2016 and 2017, respectively. For the year ended 31 March 2016, depreciation included a charge of S$10.0 million for the accelerated depreciation of NLT's IT systems, whereby such IT systems were entirely depreciated as of 31 March 2016. This was due to the migration of the existing IT systems to a new IT system as part of the IT Project. See "*Business—Business Operations and Information Technology*". In particular, depreciation of network assets accounted for 86.5%, 83.8% and 89.9% of NLT's total depreciation charges for the years ended 31 March 2015, 2016 and 2017, respectively. As NLT continues to invest in its network assets, depreciation will continue to increase accordingly. All depreciation charges are calculated on a straight line basis over the estimated useful life of the relevant assets. With respect to acquired network assets, which comprise the majority of NLT's assets, such assets are recognised initially at their fair value at the date of acquisition and then depreciated over their remaining useful lives. The estimated remaining useful life for the purposes of calculating depreciation for NLT's network assets is between 25 and 50 years, depending on the type of assets.

***Operation and maintenance costs***

Operation and maintenance costs consist primarily of costs for the operation and maintenance of NLT's network, including ducts and manholes, fibre and Central Office maintenance costs, co-location related costs, utilities, property management fees and warehouse management fees. Operation and maintenance costs comprised 17.5%, 4.2% and 4.8% of the NLT Group's total expenses for the years ended 31 March 2015, 2016 and 2017, respectively. For the period prior to October 2014, network maintenance services were outsourced to Singtel (as the key sub-contractor to OpenNet). Following the acquisition of the Key Sub-Contractor, NLT's third party network maintenance costs were significantly reduced.

***Property Tax***

NLT incurs and is required to pay property tax on its network assets, including underground ducts and manholes. Property tax is recognised as part of "other operating expenses". Property tax comprised 5.3%, 6.0% and 6.3% of the NLT Group's total expenses for the years ended 31 March 2015, 2016 and 2017, respectively. Property tax is payable in monthly instalments and is computed by applying the applicable tax rate to the "annual value" of the taxable property. The annual value of NLT's network assets is currently 5% of the total asset value while the annual value of the Central Offices is determined based on an IRAS assessment. The amount of tax payable is calculated by multiplying the annual value by the property tax rate, which is currently set at 10%. As the value of NLT's network assets increases, the amount of property tax payable by NLT will increase correspondingly. In addition, any change to property tax rates or regulations could have a significant impact on NLT's results of operations in future periods.[14]

***Staff costs***

Staff costs make up a significant portion of the NLT Group's total expenses. Staff costs consist primarily of salaries and wages of the NLT Group's permanent, contract and temporary staff, employer's contribution to defined contribution plans, including Central Provident Fund, and other benefits such as health insurance and other employee benefits. Staff costs comprised 6.2%, 6.6% and 8.3% of the NLT Group's total expenses for the years ended 31 March 2015, 2016 and 2017, respectively. Staff costs increased for the years ended 31 March 2016 and 2017 as a result of additional contract employees employed for short term projects, such as the IT Project. As such projects are completed, the additional contract employees may no longer be required.

**The Corporate Structure of the Trust Group**

The structure of the Trust Group will be created in connection with the Offering on the Listing Date. The creation of the structure of the Trust Group is expected to affect the results of operations of the Trust Group going forward. See "*Trust Acquisition*".

***NLT Notes***

NLT will repay S$1,100,000,000 of the principal amount due and owing under the ST Facility Agreement using proceeds raised from issuing the NLT Notes (in an aggregate principal amount of S$1,100,000,000) to the Trust. It is intended for the NLT Notes to be qualifying project debt securities under section 13(16) of the Income Tax Act so that the interest income derived by the Trust from the NLT Notes can be exempted from tax under section 13(1)(b) of the Income Tax Act. Upon Listing, the Trustee-Manager will apply part of the issue proceeds of the Units issued by the Trust to subscribe for the NLT Notes to be issued by NLT. Interest on the NLT Notes will be at a fixed rate of 10.5% per annum, payable semi-annually in arrear on 31 March and 30 September of each year, save that the first interest payment date shall be 31 March 2018, for the interest period from and including the issue date of the NLT Notes up to and excluding 31 March 2018. The NLT Notes will mature in 2037, but may be fully redeemed by NLT, prior to its maturity, on any interest payment date from and including 30 September 2020.

Given that the interest expense paid by NLT to the Trust should be tax deductible and the interest income received by the Trust should be tax exempt, the Trust Group will be able to distribute its cash flow from operations to the extent of the amount of interest paid on the NLT Notes to Unitholders free of Singapore income tax.

No amount under the NLT Notes shall be due or paid on any date unless the board of directors of the NLT Trustee is satisfied on reasonable grounds that, immediately after making payment of such amount, NLT will be able to fulfil, from the trust property of NLT, its liabilities as such liabilities fall due ("**solvency condition**"). Additionally, no payment of principal or interest shall be made in respect of the NLT Notes if by reason of making such payment, NLT shall be in breach under any agreement with its senior creditors ("**payment condition**"). Such non-payment due to the solvency condition and/or the payment condition not being satisfied will not constitute a default under the NLT Notes. However, any interest not paid due to the solvency condition and/or the payment condition not being satisfied will continue to accrue and will bear interest at the rate of interest applicable to the NLT Notes. In addition, if the NLT Notes cannot be redeemed in full upon maturity due to the solvency condition and/or the payment condition not being satisfied, the NLT Notes and other obligations ranking *pari passu* with the NLT Notes will be redeemed in equal proportion out of and to the extent of surplus assets available after paying all obligations of NLT ranking senior to the NLT Notes.

The NLT Notes will be direct, unsecured and subordinated obligations of the NLT Trustee. On winding-up, holders of NLT Notes rank senior to the holders of units in NLT.

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[14] Amongst the changes to the Singapore property tax regime proposed in the draft Property Tax (Amendment) Bill 2017 is the clarification that machinery that is used for providing the setting/controlled environment for business and industrial processes to take place in the building or for storage of articles is to be assessed, together with the land or building on which it has been affixed, for property tax. (In other words, such machinery is not exempted from property tax.) If approved by the Parliament, this change is to take effect from 1 January 2018. Public consultations on the draft Property Tax (Amendment) Bill 2017 were concluded in May 2017, and the Ministry of Finance has yet to publish its responses to the public consultation exercise.

### *Amortisation of intangible assets and impairment of goodwill*

As part of the creation of the Trust Group structure, a significant intangible asset and goodwill will be recorded in the assets of the Trust Group as part of the purchase price allocation adjustment for the acquisition of NLT by the Trust. See "*Trust Acquisition*". Such intangible asset will be amortised over the relevant useful life. The amount of goodwill will be subject to an annual impairment test. Such amortisation and impairment is expected to have a significant impact on the results of operation of the Trust Group in future periods.

## KEY COMPONENTS OF NLT GROUP'S STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

### Revenue

Revenue consists primarily of (i) fibre business revenue, and (ii) ducts, manholes and Central Office revenue, both of which include regulated and non-regulated revenues. Regulated revenues comprise revenues received pursuant to the Interconnection Offer, Reference Access Offer and the ducts and manholes services revenue. Revenues received pursuant to the Interconnection Offer and Reference Access Offer are subject to regulated pricing determined by IMDA. The tariff for providing the ducts and manholes services revenue was approved by IMDA. Regulated revenue contributed 92.8%, 92.8% and 93.3% of NLT Group's total revenue for the years ended 31 March 2015, 2016 and 2017, respectively. Non-regulated revenues comprise Central Office revenue, diversion income and other revenue that is not regulated or approved by IMDA.

Fibre business revenue contributed 75.1%, 83.1% and 85.0% of NLT Group's total revenue for the years ended 31 March 2015, 2016 and 2017, respectively.

The following table sets forth the breakdown of NLT Group's revenue and each item as a percentage of NLT Group's total revenues for the years ended 31 March 2015, 2016 and 2017:

| | For the Year Ended 31 March | | | | | |
|---|---|---|---|---|---|---|
| | 2015 | | 2016 | | 2017 | |
| | S$'000 | % | S$'000 | % | S$'000 | % |
| **Revenue:** | | | | | | |
| Fibre business revenue: | | | | | | |
| Residential connections | 111,623 | 51.2 | 148,523 | 57.6 | 184,063 | 61.3 |
| Non-residential connections | 10,511 | 4.8 | 14,959 | 5.8 | 20,923 | 7.0 |
| NBAP connections | 97 | 0.0 | 273 | 0.1 | 507 | 0.2 |
| Segment fibre connections | 4,953 | 2.3 | 5,059 | 2.0 | 6,064 | 2.0 |
| Co-location revenue | 14,131 | 6.5 | 14,483 | 5.6 | 14,532 | 4.8 |
| Installation related revenue | 18,687 | 8.6 | 23,259 | 9.0 | 19,137 | 6.4 |
| Diversion income | 251 | 0.1 | 2,170 | 0.8 | 4,531 | 1.5 |
| Other revenue | 3,507 | 1.6 | 5,763 | 2.2 | 5,286 | 1.8 |
| **Total Fibre Business Revenue** | 163,760 | 75.1 | 214,489 | 83.1 | 255,043 | 85.0 |
| Ducts, manholes and Central Office revenue: | | | | | | |
| Ducts and manholes service revenue | 38,754 | 17.8 | 28,388 | 11.0 | 29,861 | 9.9 |
| Central Office revenue | 15,417 | 7.1 | 15,123 | 5.9 | 15,240 | 5.1 |
| **Total Ducts, Manholes and Central Office Revenue** | 54,171 | 24.9 | 43,511 | 16.9 | 45,101 | 15.0 |
| **Total Revenue** | **217,931** | **100.0** | **258,000** | **100.0** | **300,144** | **100.0** |

### *Fibre business revenue*

- *Residential connections*: revenue from residential connections primarily comprises recurring monthly fees received from Requesting Licensees for each residential end-user connection. The amount that NLT is permitted to charge for each month per connection is set out in the Interconnection Offer, which is subject to approval by IMDA. As of 31 March 2017, standard subscription charges for a residential connection were S$15 per month. Revenue from residential connections is the largest single contributor towards the NLT Group's total revenue, contributing 51.2%, 57.6% and 61.3% of the NLT Group's total revenue for the years ended 31 March 2015, 2016 and 2017, respectively;
- *Non-residential connections*: revenue from non-residential connections primarily comprises recurring monthly fees received from Requesting Licensees for each non-residential end-user

connection. The amount that NLT is permitted to charge for each month per subscription is set out in the Interconnection Offer, which is subject to approval by IMDA. As of 31 March 2017, standard subscription charges for a non-residential subscription were S$50 per month. Revenue from non-residential connections contributed 4.8%, 5.8% and 7.0% of NLT Group's total revenue for the years ended 31 March 2015, 2016 and 2017, respectively;

- *NBAP connections*: revenue from NBAP connections primarily comprises recurring monthly fees received from Requesting Licensees for each NBAP connection. The amount that NLT is permitted to charge for each month per subscription is set out in the Interconnection Offer, which is subject to approval by IMDA. As of 31 March 2017, the standard subscription charge for a NBAP subscription was S$185 per month;
- *Segment fibre connections*: revenue from segment fibre connections primarily comprises recurring monthly fees received from Requesting Licensees for each point to point connection between Central Offices, which support the Requesting Licensee's network. The amount that NLT is permitted to charge for each connection is set out in the Interconnection Offer, which is subject to approval by IMDA;
- *Co-location revenue*: co-location revenue primarily comprises monthly recurring charges received from Requesting Licensees to use space in co-location rooms in Central Offices to house their equipment racks and the provision of ancillary services such as power, cooling, project study works, site preparation and installation, fibre splicing and onsite work and escort services at the Central Offices. The amount that NLT is permitted to charge Requesting Licensees for co-location services is set out in the Interconnection Offer, which is subject to approval by IMDA;
- *Installation related revenue*: installation related revenue primarily comprises one-time charges imposed on Requesting Licensees for the installation of a termination point at residential homes, non-residential premises and/or NBAPs, and charges for the relocation, repair, replacement or removal of existing termination points and/or fibre cables within the same residential home, non-residential premises and/or NBAP location. The amount that NLT is permitted to charge for each installation is set out in the Interconnection Offer, which is subject to approval by IMDA;
- *Diversion income*: diversion income primarily comprises income received from third parties, such as developers and the Land Transport Authority upon their request for the diversion of NLT's ducts, manholes and fibre cables due to events such as road works, the construction of MRT infrastructure and tunnels and building construction; and
- *Other revenue*: other revenue primarily comprises premature termination and cancellation charges received from Requesting Licensees following the termination of a connection, and charges imposed on third parties for the recovery of costs incurred for fibre repair work resulting from such third parties' damage to NLT's network. The amount of early termination and cancellation charges is set out in the Interconnection Offer, which is subject to approval by IMDA.

***Ducts, manholes and Central Office revenue***

- *Ducts and manholes service revenue*: ducts and manholes service revenue primarily comprises revenues received from the provision of space in NLT's ducts and manholes and the provision of Reference Access Offer services, including access to NLT's lead-in ducts and manholes. The majority of ducts and manholes service revenue is from Singtel, which uses the ducts and manholes spaces for its business needs. See "*Business—Use of other Passive Infrastructure—Ducts and Manholes*". The amount that NLT is permitted to charge Requesting Licensees in order for them to access NLT lead-in ducts and lead-in manholes is set out in the Reference Access Offer Agreement, which is subject to approval by IMDA. See "*Regulatory Environment—Key Codes of Practice Applicable to the Trust Group—NetCo Interconnection Code*"; and
- *Central Office revenue*: Central Office revenue primarily comprises revenue received from Singtel for the leasing of space and equipment at the Central Offices (other than co-location space) and ancillary services such as security, maintenance and administration services relating to the Central Offices.

**Other income**

Other income consists primarily of (i) interest income on NLT's bank deposits, (ii) the recovery of expenses from third parties, and (iii) wage credit scheme income from co-funding received from the Singapore government for the employment of certain entitled persons.

### Amortisation of financial support grant

NLT received S$732 million in grants for the construction of passive fibre infrastructure. Funds under the grant were received by NLT upon the achievement of certain prescribed milestones. The financial support grant received is recorded as a deferred financial support grant in NLT's liabilities and is amortised on a straight line basis to profit and loss account over a period of 25 years from when there is reasonable assurance the grant will be received by NLT. There are no further outstanding milestones in respect of such grants and NLT does not expect to receive any additional grants in the future.

On completion of the Trust Acquisition, deferred financial support grant will be derecognised at the Trust Group level as the obligations relating to the grant are deemed to have been fully met. Accordingly, there will no longer be any amortisation of financial support grant post the Trust Acquisition in the Trust Group's consolidated financial statements.

### Operation and maintenance costs

Operation and maintenance costs consist primarily of the operation and maintenance of NLT's network (comprising ducts, manholes and fibre), Central Office maintenance costs, co-location related costs, utilities, property management fees and warehouse management fees.

### Installation costs

Installation costs consist primarily of costs of installation and activation of connections for residential end-user connections, non-residential end-user connections and NBAP connections and segment fibre connections carried out by NLT's contractors, including fibre cable installation works and patching services for establishing new connections.

### Depreciation

Depreciation consists primarily of depreciation of network assets, Central Office equipment, leasehold improvements, furniture fittings and equipment, and motor vehicles. All depreciation charges are calculated on a straight line basis over the estimated useful life of the relevant assets. Assets under construction, such as parts of NLT's network, are not depreciated until such assets are ready for use. Depreciation is the largest expense, accounting for 43.3%, 52.3% and 51.0% of NLT Group's total expenses for the years ended 31 March 2015, 2016 and 2017, respectively.

### Staff costs

Staff costs consist primarily of salaries and wages of the NLT Group's permanent, contract and temporary staff, employer's contribution to defined contribution plans, including Central Provident Fund, and other benefits such as health insurance and other employee benefits.

### Finance costs

Finance costs consist of interest and other costs related to unitholder loans and bank loans. Finance costs attributable to unitholder loans accounted for 100%, 99.9% and 73.3%, of NLT Group's total finance costs for the years ended 31 March 2015, 2016 and 2017, respectively.

### Management fees

Management fees historically consisted of management fees payable to CityNet in accordance with the terms of the NLT Trust Deed. With effect from the Listing Date, management fees will comprise management fees payable to the Trustee-Manager by the Trust, in accordance with the Trust Deed. See "*The Trustee-Manager*". Management fees payable to the NLT Trustee by NLT will not be in the management fees shown in the consolidated statement of profit or loss and other comprehensive income as such fees will be eliminated as part of the consolidation process.

### Other operating expenses

Other operating expenses consists primarily of IT system licences fees payable to Singtel, property taxes on ducts, manholes and Central Offices, the FBO licence fee, penalties paid to IMDA and professional services fees such as consultant fees and legal fees.

## RESULTS OF OPERATIONS

The following table sets forth the breakdown of the NLT Group's results of operations and each revenue and income item as a percentage of the NLT Group's total revenue and income and each expense item as a percentage of the NLT Group's total expenses for the years ended 31 March 2015, 2016 and 2017:

| | For the Year Ended 31 March | | | | | |
|---|---|---|---|---|---|---|
| | 2015 | | 2016 | | 2017 | |
| | S$'000 | % | S$'000 | % | S$'000 | % |
| Revenue | 217,931 | 88.1 | 258,000 | 89.3 | 300,144 | 90.9 |
| Other income | 428 | 0.2 | 1,987 | 0.7 | 1,016 | 0.3 |
| Amortisation of financial support grant | 29,030 | 11.7 | 29,053 | 10.0 | 29,053 | 8.8 |
| **Total Revenue** | **247,389** | **100.0** | **289,040** | **100.0** | **330,213** | **100.0** |
| Expenses: | | | | | | |
| Operation and maintenance costs | (46,358) | 17.5 | (10,201) | 4.2 | (11,604) | 4.8 |
| Installation costs | (12,551) | 4.7 | (12,749) | 5.2 | (15,221) | 6.3 |
| Depreciation | (114,655) | 43.3 | (127,909) | 52.3 | (122,680) | 51.0 |
| Staff costs | (16,508) | 6.2 | (16,127) | 6.6 | (19,843) | 8.3 |
| Finance costs | (35,281) | 13.3 | (40,560) | 16.6 | (37,697) | 15.7 |
| Management fees | (4,191) | 1.6 | (4,136) | 1.7 | (4,136) | 1.7 |
| Other operating expenses | (35,302) | 13.4 | (32,732) | 13.4 | (29,312) | 12.2 |
| **Total Expenses** | **(264,846)** | **100.0** | **(244,414)** | **100.0** | **(240,493)** | **100.0** |
| (Loss)/Profit before income tax | (17,457) | — | 44,626 | — | 89,720 | — |
| Income tax credit/(expense) | 1,703 | — | (8,070) | — | (14,012) | — |
| **Net (Loss)/Profit after income tax** | **(15,754)** | **—** | **36,556** | **—** | **75,708** | **—** |

### Results of operations for the year ended 31 March 2017 compared to the year ended 31 March 2016

#### *Revenue*

Revenue increased by 16.3% to S$300.1 million for the year ended 31 March 2017 from S$258.0 million for the year ended 31 March 2016, primarily due to an increase in fibre business revenue to S$255.0 million for the year ended 31 March 2017 from S$214.5 million for the year ended 31 March 2016.

Fibre business revenue:

- *Residential connections*: residential connections revenue increased by 23.9% to S$184.1 million for the year ended 31 March 2017 from S$148.5 million for the year ended 31 March 2016, primarily due to an increase in end-user connections to 1,094,756 as of 31 March 2017 from 938,005 as of 31 March 2016. The increase in connections was primarily driven by residential end-users migrating from older technology to fibre based services and, to a lesser extent, an increase in the number of new residential homes. Prices charged for residential connections remained unchanged during the years ended 31 March 2016 and 2017;
- *Non-residential connections*: non-residential connections revenue increased by 39.9% to S$20.9 million for the year ended 31 March 2017 from S$15.0 million for the year ended 31 March 2016, primarily due to an increase in non-residential connections to 38,457 as of 31 March 2017 from 31,536 as of 31 March 2016, in part as a result of an increase in connections from small and medium sized enterprise businesses. Prices charged for non-residential connections remained unchanged during the years ended 31 March 2016 and 2017;
- *NBAP connections*: NBAP connections revenue increased by 85.7% to S$0.5 million for the year ended 31 March 2017 from S$0.3 million for the year ended 31 March 2016, primarily due to an increase in NBAP connections to 357 as of 31 March 2017 from 142 as of 31 March 2016. The increase in the number of NBAP connections was due in part to increases in connections relating to new base stations for mobile operators and outdoor sensors, as well as connections relating to "Phase 1" of the Smart Nation Platform Project. Prices charged for NBAP connections remained unchanged during the years ended 31 March 2016 and 2017;

- *Segment fibre connections*: segment fibre connections revenue increased by 19.9% to S$6.1 million for the year ended 31 March 2017 from S$5.1 million for the year ended 31 March 2016, primarily due to an increase in segment fibre connections to 121 as of 31 March 2017 from 110 as of 31 March 2016 as a result of Requesting Licensees' continued roll-out of their networks. Prices charged for segment fibre connections remained unchanged during the years ended 31 March 2016 and 2017;
- *Co-location revenue*: co-location revenue remained stable at S$14.5 million for the years ended 31 March 2017 and 2016. The aggregate number of equipment racks rented by Requesting Licensees increased to 776 as of 31 March 2017 from 727 as of 31 March 2016. The increase in the number of equipment racks was offset by reduction in ancillary co-location services charged to Requesting Licensees during the year ended 31 March 2017 as compared to the year ended 31 March 2016;
- *Installation related revenue*: installation related revenue decreased by 17.7% to S$19.1 million for the year ended 31 March 2017 from S$23.3 million for the year ended 31 March 2016, primarily due to a decrease in the number of new residential end-user termination point installations during the year ended 31 March 2017 as compared to the previous period. Prices charged for installations remained unchanged during the years ended 31 March 2016 and 31 March 2017;
- *Diversion revenue*: diversion revenue increased by 108.8% to S$4.5 million for the year ended 31 March 2017 from S$2.2 million for the year ended 31 March 2016, primarily due to an increase in the number of diversion works requested by third parties such as the Land Transport Authority with respect to works carried out on new MRT lines; and
- *Other revenue*: other revenues decreased by 8.3% to S$5.3 million for the year ended 31 March 2017 from S$5.8 million for the year ended 31 March 2016, primarily due to a reduction in the number of cable cut incidents during the year ended 31 March 2017 as compared to the year ended 31 March 2016, whereby NLT recovers costs relating to repair work resulting from such cable cut incidents.

Ducts, manholes and Central Office revenues:

- *Ducts and manholes service revenue*: ducts and manholes service income increased by 5.2% to S$29.9 million for the year ended 31 March 2017 from S$28.4 million for the year ended 31 March 2016, primarily due to an increase in space used by Singtel in NLT's ducts and manholes; and
- *Central Office revenue*: Central Office revenue increased by 0.8% to S$15.2 million for the year ended 31 March 2017 from S$15.1 million for the year ended 31 March 2016, primarily due to an increase in service charges in line with increase in maintenance cost of Central Offices.

### *Other income*

Other income decreased by 48.9% to S$1.0 million for the year ended 31 March 2017 from S$2.0 million for the year ended 31 March 2016, primarily due to a decrease in interest earned as a result of the reduction in cash balances following the cash distribution of $80.0 million to Singtel on 1 July 2016 and a decrease in other income relating to the recovery of expenses from third parties resulting from the over-accrual of income for the year ended 31 March 2016, with the adjustment to the over-accrual recognised during the year ended 31 March 2017.

### *Amortisation of financial support grant*

Amortisation of financial support grant remained constant at S$29.1 million for each of the years ended 31 March 2017 and 2016.

### *Operation and maintenance costs*

Operation and maintenance costs increased by 13.8% to S$11.6 million for the year ended 31 March 2017 from S$10.2 million for the year ended 31 March 2016, primarily due to increases in costs relating to the operation and maintenance of the network and co-location expenses. Costs relating to the operation and maintenance of the network increased to S$6.8 million for the year ended 31 March 2017 from S$6.3 million for the year ended 31 March 2016, primarily due to increases in maintenance costs associated with Central Offices and costs associated with maintenance contracts for air-conditioners, security and fire protection systems at Central Offices. Co-location expenses increase to S$4.8 million for the year ended 31 March 2017 from S$3.9 million for the year ended 31 March 2016, primarily due to the rental of new co-location rooms during the year ended 31 March 2017.

***Installation costs***

Installation costs increased by 19.4% to S$15.2 million for the year ended 31 March 2017 from S$12.7 million for the year ended 31 March 2016, primarily due to an increase in residential and non-residential end-user connections.

***Depreciation***

Depreciation decreased by 4.1% to S$122.7 million for the year ended 31 March 2017 from S$127.9 million for the year ended 31 March 2016, primarily due to the acceleration of depreciation charges for NLT's IT systems during the year ended 31 March 2016, with no similar expenses during the year ended 31 March 2017.

***Staff costs***

Staff costs increased by 23.0% to S$19.8 million for the year ended 31 March 2017 from S$16.1 million for the year ended 31 March 2016, primarily due to (i) an increase in the number of employees to 363 as of 31 March 2017 from 322 as of March 2016 and (ii) an increase in average wages for the year ended 31 March 2017 compared to the year ended 31 March 2016.

***Finance costs***

Finance costs decreased by 7.1% to S$37.7 million for the year ended 31 March 2017 from S$40.6 million for the year ended 31 March 2016, primarily due to the refinancing of S$510 million outstanding under the ST Facility Agreement on 24 March 2016 with external bank loans, which bore interest at a higher rate.

***Management fees***

Management fees remained stable at S$4.1 million for the years ended 31 March 2017 and 2016.

***Other operating expenses***

Other operating expenses decreased by 10.4% to S$29.3 million for the year ended 31 March 2017 from S$32.7 million for the year ended 31 March 2016, primarily due to a decrease in other expenses, which was partially offset by increases in IT costs and property taxes. Other expenses decreased to S$6.1 million for the year ended 31 March 2017 from S$11.9 million for the year ended 31 March 2016, primarily due to (i) the reversal of a S$4.0 million provision made during the year ended 31 March 2015 relating to a dispute with StarHub that was subsequently settled and (ii) a decrease in professional fees as a result of legal fees with respect to a particular project, economic consultant fees with respect to IMDA's price review process and one-off consultancy fees paid with respect to the IT Project, each of which were paid during the year ended 31 March 2016, with there being no similar payments during the year ended 31 March 2017. IT costs increased to S$8.0 million for the year ended 31 March 2017 from S$6.2 million for the year ended 31 March 2016, primarily as a result of an increase in IT system maintenance costs. Property taxes increased to S$15.2 million for the year ended 31 March 2017 from S$14.6 million for the year ended 31 March 2016, primarily as a result of the expansion of NLT's network.

***Profit before income tax***

As a result of the foregoing, profit before income tax increased by 101.0% to S$89.7 million for the year ended 31 March 2017 from S$44.6 million for the year ended 31 March 2016.

***Income tax expenses***

Income tax expenses increased by 73.6% to S$14.0 million for the year ended 31 March 2017 from S$8.1 million for the year ended 31 March 2016, in line with an increase in profit before income tax.

***Net profit after income tax***

As a result of the foregoing, profit after income tax increased by 107.1% to S$75.7 million for the year ended 31 March 2017 from S$36.6 million for the year ended 31 March 2016.

**Results of operations for the year ended 31 March 2016 compared to the year ended 31 March 2015**

***Revenue***

Revenue increased by 18.4% to S$258.0 million for the year ended 31 March 2016 from S$217.9 million for the year ended 31 March 2015, primarily due to an increase in fibre business revenue to S$214.5 million for the year ended 31 March 2016 from S$163.8 million for the year ended 31 March 2015, which was partially offset by a decrease in ducts and manholes and Central Offices revenue to S$43.5 million for the year ended 31 March 2016 from S$54.2 million for the year ended 31 March 2015.

Fibre business revenue:

- *Residential connections*: residential connections revenue increased by 33.1% to S$148.5 million for the year ended 31 March 2016 from S$111.6 million for the year ended 31 March 2015, primarily due to an increase in the number of residential end-user connections to 938,005 as of 31 March 2016 from 714,875 as of 31 March 2015. The increase in connections was driven by residential end-users migrating from older technology to fibre based services and, to a lesser extent, an increase in the number of new residential homes. Prices charged for residential connections remained unchanged during the years ended 31 March 2015 and 2016;
- *Non-residential connections*: non-residential connections revenue increased by 42.3% to S$15.0 million for the year ended 31 March 2016 from S$10.5 million for the year ended 31 March 2015, primarily due to an increase in the number of non-residential end-user connections to 31,536 as of 31 March 2016 from 22,335 as of 31 March 2015. This higher number of non-residential end-user connections was due in part to an increase in Singapore government contracts and connections from small and medium sized enterprise businesses. Prices charged for non-residential connections remained unchanged during the years ended 31 March 2015 and 2016;
- *NBAP connections*: NBAP connections revenue increased by 181.4% to S$0.3 million for the year ended 31 March 2016 from S$0.1 million for the year ended 31 March 2015, primarily due to an increase in the number of NBAP connections to 142 as of 31 March 2016 from 59 as of 31 March 2015. The increase in the number of NBAP connections was due in part to increases in connections for new base stations for mobile operators and outdoor sensors. Prices charged for NBAP connections remained unchanged during the years ended 31 March 2015 and 2016;
- *Segment fibre connections*: segment fibre connections revenue increased by 2.1% to S$5.1 million for the year ended 31 March 2016 from S$5.0 million for the year ended 31 March 2015, primarily due to an increase in the number of segment connections from Requesting Licensees as part of the roll-out of their networks. Prices charged for segment fibre connections remained unchanged during the years ended 31 March 2015 and 2016;
- *Co-location revenue*: co-location revenue increased by 2.5% to S$14.5 million for the year ended 31 March 2016 from S$14.1 million for the year ended 31 March 2015, primarily due to an increase in the number of equipment racks rented at Central Offices by the Requesting Licensees, in line with increased end-user connections. The aggregate number of equipment racks rented by Requesting Licensees increased to 727 as of 31 March 2016 from 667 as of 31 March 2015;
- *Installation related revenue*: installation related revenue increased by 24.5% to S$23.3 million for the year ended 31 March 2016 from S$18.7 million for the year ended 31 March 2015, primarily due to an increase in the number of new residential end-user installations to 69,536 for the year ended 31 March 2016 from 55,785 for the year ended 31 March 2015, and an increase in non-residential end-user installations. Prices charged for installations remained unchanged during the years ended 31 March 2015 and 2016;
- *Diversion income*: diversion income increased by 764.5% to S$2.2 million for the year ended 31 March 2016 from S$0.3 million for the year ended 31 March 2015, primarily due to the recognition of diversion works commencing from October 2014, where such works were previously undertaken by Singtel (as OpenNet's key sub-contractor); and
- *Other revenue*: other revenue increased by 64.4% to S$5.8 million for the year ended 31 March 2016 from S$3.5 million for the year ended 31 March 2015, primarily due to an increase in charges imposed on third parties in respect of the recovery of costs for repair work resulting from such third parties' damage to NLT's network and an increase in premature and cancellation charges received from Requesting Licensees.

Ducts, manholes and Central Office revenues:

- *Ducts and manholes service revenue*: ducts and manholes service revenue decreased by 26.7% to S$28.4 million for the year ended 31 March 2016 from S$38.8 million for the year ended 31 March 2015, primarily due to the integration of OpenNet into NLT's business in October 2014, following which NLT ceased to receive revenue from the provision of ducts and manholes services to OpenNet. Prior to such consolidation, amounts paid by OpenNet through Singtel to NLT for ducts and manholes services were recognised as revenue of NLT; and
- *Central Office revenue*: Central Office revenue decreased by 1.9% to S$15.1 million for the year ended 31 March 2016 from S$15.4 million for the year ended 31 March 2015, primarily due to the consolidation of OpenNet during the year ended 31 March 2015. Prior to such consolidation, OpenNet acquired services at the Central Offices from NLT through Singtel, which NLT recognised as revenue.

***Other income***

Other income increased by 364.3% to S$2.0 million for the year ended 31 March 2016 from S$0.4 million for the year ended 31 March 2015, primarily due to increases in interest income, other income relating to the recovery of expenses from third parties and wage credit scheme income. Interest income increased to S$0.7 million for the year ended 31 March 2016 from S$0.2 million for the year ended 31 March 2015, primarily due to an increase in bank deposits. Other income relating to the recovery of expenses from third parties increased to S$0.7 million for the year ended 31 March 2016 from S$0.1 million for the year ended 31 March 2015, primarily due to an increase in road works projects in Singapore. Wage credit scheme income increased to S$0.3 million for the year ended 31 March 2016 from S$0.1 million for the year ended 31 March 2015, primarily due to an increase in the number of NLT Group employees for whom NLT Group is entitled to receive work scheme co-funding credits.

***Amortisation of financial support grant***

Amortisation of financial support grant increased by 0.1% to S$29.1 million for the year ended 31 March 2016 from S$29.0 million for the year ended 31 March 2015, primarily due to additional financial support grants received during the year ended 31 March 2015 resulting in an increase in full year amortisation charges for the year ended 31 March 2016 compared to the partial recognition of such additional financial support grants during the year ended 31 March 2015.

***Operation and maintenance costs***

Operation and maintenance costs decreased by 78.0% to S$10.2 million for the year ended 31 March 2016 from S$46.4 million for the year ended 31 March 2015, primarily due to a decrease in costs relating to the operation and maintenance of NLT's network, which was partially offset by an increase in co-location expenses. Costs relating to the operation and maintenance of NLT's network decreased to S$6.3 million for the year ended 31 March 2016 from S$41.7 million for the year ended 31 March 2015, primarily due to the integration into NLT's business of the operation and maintenance services in respect of dark fibre, ducts and co-location space that were previously outsourced to / acquired from Singtel (as the key sub-contractor to OpenNet), prior to the consolidation of OpenNet and the Key Sub-Contractor with NLT in October 2014. Upon consolidation, these operation and maintenance services were performed by NLT itself, therefore reducing the overall operation and maintenance services that were recognised as an expense of NLT in the current year.

***Installation costs***

Installation costs increased by 1.6% to S$12.7 million for the year ended 31 March 2016 from S$12.6 million for the year ended 31 March 2015, primarily due to an increase in residential end-user connections and non-residential end-user connections.

***Depreciation***

Depreciation increased by 11.6% to S$127.9 million for the year ended 31 March 2016 from S$114.7 million for the year ended 31 March 2015, primarily due to increases in depreciation charges associated with network assets and furniture, fittings and equipment. Depreciation charges with respect to network assets increased to S$107.2 million for the year ended 31 March 2016 from

S$99.2 million for the year ended 31 March 2015, primarily due to an increase in the value of network assets as a result of the continued addition to NLT's network in the year ended 31 March 2016. Depreciation charges with respect to furniture, fittings and equipment increased to S$11.6 million for the year ended 31 March 2016 from S$7.1 million for the year ended 31 March 2015, primarily as a result of the acceleration of depreciation charges for NLT's IT systems, whereby such IT systems were entirely depreciated as of 31 March 2016.

***Staff costs***

Staff costs decreased by 2.3% to S$16.1 million for the year ended 31 March 2016 from S$16.5 million for the year ended 31 March 2015, primarily due to the capitalisation of certain staff costs related to the construction of the network following the integration of OpenNet into NLT's business, which was partially offset by (i) an increase in the number of employees to 322 as of 31 March 2016 from 267 as of 31 March 2015, and (ii) an increase in average wages for the year ended 31 March 2016 compared to the year ended 31 March 2015.

***Finance costs***

Finance costs increased by 15.0% to S$40.6 million for the year ended 31 March 2016 from S$35.3 million for the year ended 31 March 2015, primarily due to an increase in interest paid under unitholder loans as a result of an increase in the interest rate of unitholder loans from 2.387% per annum to 2.51% per annum with effect from November 2014, and the increase in the principal amount of unitholder loans of S$280.0 million in November 2014.

***Management fees***

Management fees decreased by 1.3% to S$4.1 million for the year ended 31 March 2016 from S$4.2 million for the year ended 31 March 2015, primarily due to outsourcing costs incurred during the year ended 31 March 2015 with no similar costs in the year ended 31 March 2016.

***Other operating expenses***

Other operating expenses decreased by 7.3% to S$32.7 million for the year ended 31 March 2016 from S$35.3 million for the year ended 31 March 2015, primarily due a decrease in other expenses, which was partially offset by increases in IT costs and property taxes. Other expenses decreased to S$11.9 million for the year ended 31 March 2016 from S$16.0 million for the year ended 31 March 2015, primarily due to a one-time provision of S$4 million taken in the year ended 31 March 2015 relating to a dispute with StarHub that arose during this period, which was partially offset by an increase in consultancy fees paid with respect to the IT Project during the year ended 31 March 2016. This dispute was subsequently settled, and the provision reversed, during the year ended 31 March 2017. Property tax increased to S$14.6 million for the year ended 31 March 2016 from S$14.0 million for the year ended 31 March 2015, primarily as a result of the expansion of NLT's network. IT costs increased to S$6.2 million for the year ended 31 March 2016 from S$5.3 million for the year ended 31 March 2015, primarily as a result of an increase in licence fees paid to Singtel for certain licenced IT systems.

***(Loss)/profit before income tax***

As a result of the foregoing, NLT Group recorded profit before income tax of S$44.6 million for the year ended 31 March 2016 compared to loss before income tax of S$17.5 million for the year ended 31 March 2015.

***Income tax credit/(expense)***

The NLT Group recorded income tax expense of S$8.1 million for the year ended 31 March 2016 compared to income tax credit of S$1.7 million for the year ended 31 March 2015, primarily due to an increase in taxable income as a result of the NLT Group recording a profit before income tax for the year ended 31 March 2016 compared to a loss before income tax for the year ended 31 March 2015.

***Net (loss)/profit after income tax***

As a result of the foregoing, NLT Group recorded profit after income tax of S$36.6 million for the year ended 31 March 2016 compared to loss after income tax of S$15.8 million for the year ended 31 March 2015.

## LIQUIDITY AND CAPITAL RESOURCES

The NLT Group's funding requirements for its working capital, capital expenditure and other costs and expenses have historically been met mainly through cash generated from NLT's operations, unitholder loans, credit facilities from banks and existing cash deposits. Where NLT requires additional funds to support its working capital or capital requirements, it may (subject to restrictions in the NLT Group's existing indebtedness) seek to raise additional funds through public or private financing or other sources.

The NLT Group's working capital requirements consist primarily of trade and other payables. As of the Latest Practicable Date, the NLT Group had cash and bank deposits of S$130.5 million. The Directors are of the reasonable opinion that the working capital available to the Trust Group, after taking into account the anticipated cash flow from its operations, available credit facilities and existing cash deposits, is sufficient for the Trust Group's present requirements. The Trust Group may, however, incur additional indebtedness to finance all or a portion of NLT's planned capital expenditure and other payment obligations or for other purposes.

### Cash Flow Data

The following table sets forth information regarding the NLT Group's cash flows for the years ended 31 March 2015, 2016 and 2017:

| | For the Years Ended 31 March | | |
|---|---|---|---|
| | 2015 | 2016 | 2017 |
| | S$'000 | S$'000 | S$'000 |
| Net cash generated from operating activities | 92,596 | 101,939 | 164,808 |
| Net cash used in investing activities | (482,259) | (61,606) | (117,275) |
| Net cash generated from/(used in) financing activities | 297,467 | (3,000) | (80,000) |
| Net (decrease) / increase in cash and cash equivalents | (92,196) | 37,333 | (32,467) |
| Cash and cash equivalents at beginning of year | 179,736 | 87,540 | 124,873 |
| Cash and cash equivalents at end of year | 87,540 | 124,873 | 92,406 |

### Cash from operating activities

Net cash generated from operating activities was S$164.8 million for the year ended 31 March 2017 compared to S$101.9 million in the year ended 31 March 2016, primarily due to an increase in profits for the year, partially offset by increases in working capital. The increase in working capital was primarily due to an increase in receivables in-line with the increase in revenue from Requesting Licensees over the same period, which was partially offset by an increase in payables as a result of an increase in GST payables and an increase in accrual bonuses payable to employees.

Net cash generated from operating activities was S$101.9 million for the year ended 31 March 2016 compared to S$92.6 million for the year ended 31 March 2015, primarily due to an increase in profits for the year, partially offset by increases in working capital. The increase in working capital was primarily due to an increase in receivables from Singtel and an increase in trade receivables from the Requesting Licensees. Further, the increase was due to increased borrowings under the unitholder loans and an increase in interest rate and a change in interest payment terms, whereby interest became payable at the end of the interest period whereas previously, it was due within 30 days of the end of the interest period.

### Cash from investing activities

Net cash used in investing activities was S$117.3 million for the year ended 31 March 2017 compared to S$61.6 million for the year ended 31 March 2016, primarily due to an increase in cash used for the purchases of lead-in ducts and manholes from Singtel amounting to S$23.0 million and an increase in purchases of network assets, in line with expansion of NLT's network.

Net cash used in investing activities was S$61.6 million for the year ended 31 March 2016 compared to S$482.3 million for the year ended 31 March 2015, primarily due to: (i) a decrease in cash used for the purchases of property, plant and equipment as a result of significant purchases of network assets during the year ended 31 March 2015 relating to the acquisition of passive infrastructure assets from Singtel amounting to S$280.0 million, with no similar acquisition occurring during the year ended 31 March 2016; and (ii) the payment during the year ended 31 March 2015 of outstanding payables for the purchase of property, plant and equipment incurred in prior periods amounting to S$126.6 million.

### Cash from financing activities

Net cash used in financing activities was S$80.0 million for the year ended 31 March 2017 compared to net cash used in financing activities of S$3.0 million for the year ended 31 March 2016, primarily due to cash distribution of S$80 million to Singtel on 1 July 2016.

Net cash used in financing activities was S$3.0 million for the year ended 31 March 2016 compared to net cash generated from financing activities of S$297.5 million for the year ended 31 March 2015, primarily due to the repayment of unitholder loans during the year ended 31 March 2016 compared to the receipt of unitholder loans during the year ended 31 March 2015. During the year ended 31 March 2016, NLT received cash proceeds from bank loans of S$507.0 million. Such cash proceeds were used to repay, together with cash reserves, unitholder loans with an aggregate principal amount of S$510.0 million. During the year ended 31 March 2015, NLT received cash proceeds from additional unitholder loans of S$280.0 million, which were used for the acquisition of passive infrastructure assets from Singtel. See "*—Indebtedness*".

## INDEBTEDNESS

The following table sets forth NLT's outstanding indebtedness for the years ended 31 March 2015, 2016 and 2017:

| | For the Years Ended 31 March | | |
|---|---|---|---|
| | 2015 | 2016 | 2017 |
| | S$'000 | S$'000 | S$'000 |
| Unitholder loans | 1,610,477 | 1,100,477 | 1,100,477 |
| Bank loans | — | 507,002 | 507,604 |
| **Total** | 1,610,477 | 1,607,479 | 1,608,081 |

A description of these facilities are provided below.

### Unitholder Loans

On 22 July 2011, NLT entered into the ST Facility Agreement. NLT used the first instalment of S$1,325.0 million to acquire passive infrastructure assets from Singtel in connection with the establishment of NLT. See "*Business—Historical Background of the Trust Group and Singapore's Next Gen NBN*". On 1 October 2014, the ST Facility Agreement was amended and restated and the aggregate principal amount under the facility was increased by an additional S$280.0 million to S$1,605.0 million. NLT used the second instalment of S$280.0 million to acquire additional passive infrastructure assets from Singtel in November 2014. On 24 March 2016, the ST Facility Agreement was further amended and restated in respect of (among other things) the proposed partial repayment of the unitholder loans. On 31 March 2016, NLT repaid unitholder loans with an aggregate principal amount of S$510.0 million, using proceeds of a term loan facility. See "*—Bank Facility Agreement dated 24 March 2016*" for details of such term loan facility. As at the Latest Practicable Date, the outstanding amount under the ST Facility Agreement is S$1,100,477,425.

The loans under the ST Facility Agreement bore an interest rate of 2.39% per annum for the period from April 2014 to November 2014, and 2.51% per annum for the period from November 2014. The maturity date of the ST Facility Agreement was originally 22 April 2017. In March 2017, in accordance with the terms of the ST Facility Agreement, the maturity date was extended to 22 April 2018.

S$1,100,000,000 of the outstanding amount under the ST Facility Agreement will be repaid on the Listing Date with the proceeds from the Offering. See "*Use of Proceeds*". The balance of S$477,425 due and owing under the ST Facility Agreement will be repaid on the Listing Date using existing cash flows of NLT.

### Bank Facility Agreement dated 24 March 2016

NLT entered into a facility agreement on 24 March 2016 (as further amended on 15 June 2017) (the "**2016 Bank Facility Agreement**") with DBS Bank, Oversea-Chinese Banking Corporation Limited and United Overseas Bank Limited, as arrangers and original lenders, and United Overseas Bank Limited, as facility agent, for: (i) a term loan facility for an aggregate principal amount of up to S$510.0 million, and (ii) a revolving loan facility for an aggregate principal amount of up to S$90.0 million. NLT used the proceeds of the term loan facility to partially repay the unitholder loans. Outstanding amounts under the facilities bear interest at a rate of the Singapore swap offer rate plus a fixed margin per annum. The effective interest rates were 1.90% and 1.97% as of 31 March 2016 and 2017 respectively. The facilities will mature on 24 March 2021. A portion of the interest in respect of the outstanding amounts under these facilities is hedged. See "*—Market Risks—Interest Rate Risk*".

The 2016 Bank Facility Agreement contains covenants requiring NLT to maintain certain financial ratios and limiting, among others, its ability to act as a lender or a guarantor, incur additional indebtedness prior to the Listing Date, and materially change NLT's business.

The covenants to maintain the specified financial ratios are tested semi-annually in line with NLT's financial year end in March, and the NLT Group is in compliance with such covenants as at and for the relevant period ended 31 March 2017 (being the most recent semi-annual testing date).

**Bank Facility Agreement dated 15 June 2017**

On 15 June 2017, NLT entered into a facility agreement (the "**2017 Bank Facility Agreement**") with DBS Bank, Oversea-Chinese Banking Corporation Limited and United Overseas Bank Limited, as arrangers and original lenders, for a revolving loan facility for an aggregate principal amount of up to S$210.0 million. The Trust Group intends to use this facility to partially fund capital expenditure in the years ending 31 March 2018 and 2019 and for general corporate and working capital purpose. See "*—Capital Expenditure*". Outstanding amounts under the facility bear interest at a rate of the Singapore swap offer rate plus a fixed margin per annum. The facility will mature on 15 June 2020.

The 2017 Bank Facility Agreement contains covenants requiring NLT to maintain certain financial ratios and limiting, among others, its ability to act as a lender or a guarantor, incur additional indebtedness prior to the Listing Date, and materially change NLT's business.

As of the Latest Practicable Date, NLT had S$90.0 million of undrawn committed borrowing facilities in respect of which all conditions precedent had been met, and as of 20 June 2017, an additional S$210.0 million of undrawn committed borrowing facilities in respect of which all conditions precedent had been met.

## CONTRACTUAL OBLIGATIONS AND COMMITMENTS

The following table sets forth NLT's contractual principal (excluding interest charges) obligations and commitments as of 31 March 2017, consisting primarily of debt obligations:

| | Payment Due by Period | | | |
|---|---|---|---|---|
| | **Total** | **Less than 1 Year** | **2-5 Years** | **Greater than 5 Years** |
| | **S$'000** | **S$'000** | **S$'000** | **S$'000** |
| Unitholder loans | 1,100,477 | — | 1,100,477 | — |
| Bank Loans | 510,000 | — | 510,000 | — |
| Capital commitment | 18,737 | 18,737 | — | — |
| IT Project contract | 23,745 | 23,745 | — | — |
| **Total** | 1,652,959 | 42,482 | 1,610,477 | — |

As of 31 March 2017, save as disclosed above, the Trustee-Manager is not aware that NLT had any other material outstanding contractual commitments, pending material claims against it or contingent material liabilities.

## CAPITAL EXPENDITURE

NLT's capital expenditure consists primarily of investments in NLT's network infrastructure. Historically, NLT has funded its capital expenditure through the unitholder loans, the receipt of Singapore government grants and cash generated from operations. NLT received grants from the Singapore government to fund the development and construction of its network and infrastructure. See "*Business—Historical Background of the Trust Group and the Next Gen Network—Singapore's Next Gen NBN and iN2015*". In addition, NLT obtained unitholder loans in 2011 and 2014 to acquire passive infrastructure assets from Singtel. See "*—Indebtedness—Unitholder Loans*".

The following table sets forth information regarding NLT's total capital expenditure for the periods indicated:

| | For the Years Ended 31 March | | | 1 April 2017 to the Latest Practicable Date |
|---|---|---|---|---|
| | 2015 | 2016 | 2017 | |
| | S$'000 | S$'000 | S$'000 | S$'000 |
| Network assets: | | | | |
| Ducts and manholes: | | | | |
| Acquired from Singtel | 280,000 | — | 22,995 | — |
| Constructed | 136 | 580 | 1,160 | — |
| Fibre assets | 52,845 | 40,059 | 58,001 | 11,535 |
| Central Office equipment | 7,665 | 1,683 | 6,985 | 4,025 |
| Leasehold improvements | 1,199 | 257 | 517 | — |
| Furniture, fittings and equipment | 1,065 | 2,077 | 2,559 | — |
| Motor vehicles | 156 | 502 | 246 | — |
| Assets under construction | 12,546 | 22,801 | 34,486 | 4,502 |
| **Total** | 355,612 | 67,959 | 126,949 | 20,062 |

Capital expenditure with respect to network assets comprises investments in new fibre cables, ducts, and manholes. Capital expenditure with respect to assets under construction primarily comprises costs associated with the network assets that remain under development as of the applicable date.

**Planned Capital Expenditure**

NLT expects to incur significant capital expenditure during the years ending 31 March 2018 and 2019, including with respect to the following:

- *network assets*: the maintenance, upgrading and continued expansion of its network, including the laying of additional fibre cable sufficient to increase the spare fibre capacity to residential households to at least 50%, which is expected to continue up to 2019, the planned acquisition of additional lead-in ducts from Singtel, and the creation of new ducts and manholes;
- *Central Office equipment*: the addition of new co-location rooms in various Central Offices in accordance with demand projections and the enhancement of security measures at Central Offices;
- *leasehold improvements*: replacement, refurbishment, addition, alteration and upgrading works to Central Offices; and
- *furniture, fittings and equipment*: the continuation of the IT Project, which is expected to be completed during the year ended 31 March 2018. See "*Business—Business Operations and Information Technology*".

Planned capital expenditure that is considered non-recurring in nature for the years ending 31 March 2018 and 2019 includes (i) the laying of additional fibre cable to increase spare fibre capacity to residential households to at least 50%, (ii) the planned acquisition of additional lead-in ducts from Singtel, (iii) the expansion of new co-location rooms in various Central Offices, (iv) the enhancement of security measures at Central Offices, and (v) the implementation of the IT Project. The Trustee-Manager expects these planned expenditures to be completed by 31 March 2019.

With respect to the planned capital expenditure for the acquisition of lead-in ducts from Singtel, NLT proposes to acquire lead-in ducts in which NLT's fibre has been laid from July 2013 to July 2017 but had not been previously transferred to NLT pursuant to the master framework agreement. Such acquisition of Singtel lead-in ducts will be pursuant to an agreed form of sale and purchase agreement (substantially similar in form to that set out in the master framework agreement) to be entered into post-Listing and will be at fair value. As of the Latest Practicable Date, the determination of fair value has not been completed. The Trustee-Manager has estimated that the fair value of such lead-in ducts is S$38.0 million. The acquisition of additional lead-in ducts is expected to be completed (and payment for such additional lead-in ducts will be made upon completion) by December 2017. See "*Business—The Trust Group's Network and Properties—Network*".

The following table sets forth NLT's planned capital expenditure:

| | Forecast Period 2018 | Projection Year 2019 |
|---|---|---|
| | S$'000 | S$'000 |
| Network assets: | | |
| Ducts and manholes[15] | 142,677 | 5,046 |
| Fibre assets | 51,378 | 60,962 |
| Central Office equipment[16] | 29,680 | 13,108 |
| Leasehold improvements | 3,864 | 1,560 |
| Furniture, fittings and equipment[17] | 22,297 | 4,411 |
| Motor Vehicles | — | 1,500 |
| **Total** | 249,896 | 86,587 |

The balance of capital expenditures payable as of the Latest Practicable Date in respect of which NLT has contractual commitments amounted to S$44.2 million. These relate to the planned capital expenditure items explained above.

The Trustee-Manager intends to partially fund its planned capital expenditure during the years ending 31 March 2018 and 2019 primarily through the use of up to S$210.0 million under the 2017 Bank Facility Agreement. The Trustee-Manager intends to fund the remaining recurring capital expenditure requirements during the years ending 31 March 2018 and 2019, as well as the subsequent years, through funds generated from operations and additional debt financing.

The Trustee-Manager does not currently intend to fund any of the planned capital expenditure during the years ending 31 March 2018 and 2019 (as set out in the table above) through drawdowns on the capital expenditure reserve fund. See "*Regulatory Environment—Key Codes of Practice Applicable to the Trust Group—Recent Codes of Practice—Capital Expenditure Reserve Fund*" for details of the Capex Reserve Requirement applicable to NLT.

## MARKET RISKS

NLT is exposed to market risks arising from its operations. The key market risks faced by NLT include credit risk, interest rate risk and liquidity risk. Risk management is integral to the whole business of NLT. NLT's overall risk management programme seeks to minimise potential adverse effects of the unpredictability of markets on the financial performance of NLT.

### Credit risk

NLT is subject to credit risk where NLT's customers or other counterparties fail to discharge their contractual obligations. NLT is subject to a significant concentration of credit risk as it has a limited number of customers. NLT monitors its credit risk primarily by ensuring that payments are received by the contracted payment date.

As of 31 March 2015, 2016 and 2017, NLT recorded receivables past due but not impaired of S$2.6 million, S$13.6 million and S$4.9 million, respectively. Such debts primarily relate to outstanding receivables due from Singtel for revenues arising under the ducts and manholes services agreement. Subsequent to such dates, all receivables past due but not impaired have been received by NLT.

NLT makes specific provision for debts that are 90 days past due.

As of 31 March 2017, NLT has provided an allowance for impairment of S$1,238,000. The allowance for impairment includes (amongst other things) an amount of S$940,000 in relation to the amount due from a subsidiary of a substantial shareholder of Singtel which relates mainly to disputes on supplementary cooling charges, no fault found charges and others such as co-location onsite charges, cancellation charges and ducts and manholes.

15 The significantly high capital expenditure in respect of ducts and manholes for Forecast Period 2018 is mainly due to the planned acquisition of lead-in ducts from Singtel, currently estimated to be: (a) S$38.0 million to acquire lead-in ducts in which NLT's fibre has been laid from July 2013 to July 2017 but had not been previously transferred to NLT pursuant to the master framework agreement; and (b) S$93.0 million for the approximately 27,000 lead-in ducts pursuant to the Ducts SPA.

16 The higher capital expenditure in respect of Central Office equipment for Forecast Period 2018 is mainly due to the addition of new co-location rooms in various Central Offices in accordance with demand projections. The co-location rooms expansion project is expected to be completed during the year ended 31 March 2018.

17 The higher capital expenditure in respect of furniture, fittings and equipment for Forecast Period 2018 is mainly due to the continuation of the IT Project, which is expected to be completed during the year ended 31 March 2018.

### Interest Rate Risk

NLT is exposed to interest rate risk arising from its bank loans and bank deposits. NLT's bank loans are obtained at variable interest rates which expose NLT to interest rate risk. Such bank loans were obtained on 31 March 2016. NLT estimates that if interest rates were 50 basis points higher or lower and all other variables are held constant, NLT's profit for the years ended 31 March 2015, 2016 and 2017 would have increased/decreased by S$nil, S$7,000 and S$637,500, respectively.

As a result of this interest rate risk, NLT has entered into a series of pay-fixed-receive-floating interest rate swaps to convert the variable interest rates on its bank loans into fixed interest rates, for a total notional principal amount of S$510.0 million, for the period until 24 March 2021, being the maturity date of the 2016 Bank Facility Agreement.

Going forward, the Trust Group intends to monitor any debt financing provided under variable interest rates and may enter into additional hedging arrangements with respect to such debt financing.

### Liquidity Risk

Liquidity risk exists if NLT's cash position is insufficient to cover its current liabilities as and when they fall due. NLT's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. NLT manages its liquidity risk by maintaining a sufficient level of cash and cash equivalents, and committed borrowing facilities, deemed adequate by NLT to finance its operations, including servicing of financial obligations and to mitigate the effects of fluctuations in cash flow. This excludes the potential impact of extreme circumstances that cannot be reasonably predicted.

As of 31 March 2017, NLT has S$90.0 million undrawn committed borrowing facilities, in respect of which all conditions precedent had been met, available for working capital and general corporate use.

## CRITICAL ACCOUNTING POLICIES

NLT's preparation of its financial statements requires it to make estimates and assumptions that affect the reported amount of assets and liabilities, the disclosure of contingent liabilities at the date of NLT's financial statements, and the reported amounts of revenues and expenses during the reporting period. These judgements, estimates and assumptions are inherently uncertain, and actual results or outcomes could require a material adjustment to the reported amounts in future periods. Estimates, assumptions and judgements are continually evaluated by NLT and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

### Estimated Useful Lives of Property, Plant and Equipment

NLT annually reviews 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 increase the recorded depreciation and decrease the carrying value of property, plant and equipment.

### Assessing Indicators of Impairment Test on Property, Plant and Equipment

Property, plant and equipment are tested for impairment whenever there are indications of impairment. In determining the existence of indications of impairment at each reporting date, NLT considers and makes judgement based on available internal and external sources of information, including whether there have been significant changes with adverse effects in the technological, market, economic, or legal environment in which NLT operates.

### Income tax

As of 31 March 2015, 2016 and 2017, NLT accounted for deferred tax assets amounting to S$113.1 million, S$100.7 million and S$95.8 million, respectively, on financial support grant, carried forward tax losses and capital allowances. Such assets are accounted for to the extent NLT determines that there are sufficient estimated future taxable profits and/or taxable temporary differences against which the tax losses can be utilised satisfactorily subject to regulatory requirements, or transferred in accordance with applicable law.

## RECENT ACCOUNTING PRONOUNCEMENTS

New accounting standards and interpretations have been published that are mandatory for accounting periods beginning on or after 1 April 2018.

### *FRS 115 Revenue from Contracts with Customers ("FRS 115")*

FRS 115 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. Under FRS 115, an entity recognises revenue when a performance obligation is satisfied. Performance obligation is discharged through the delivery of services to the customer. FRS 115 will be effective for accounting periods commencing on or after 1 April 2018.

The Trustee-Manager anticipates that the initial application of the new FRS 115 is not likely to result in material changes to the accounting policies relating to revenue recognition other than extensive disclosures required in respect of revenue recognition which the Trustee-Manager is currently assessing. The Trustee-Manager does not plan to adopt the new FRS 115 prior to 1 April 2018.

### *FRS 109 Financial Instruments ("FRS 109")*

FRS 109 introduces new requirements for (i) the classification and measurement of financial assets and financial liabilities, (ii) general hedge accounting, and (iii) the impairment requirements for financial assets. FRS 109 will be effective for accounting periods commencing on or after 1 April 2018.

The Trustee-Manager anticipates that the initial application of the new FRS 109 is not likely to result in any material changes to the accounting policies relating to the impairment of financial assets and hedge accounting. The Trustee-Manager has commenced an assessment of the possible impact of implementing FRS 109. It is currently impracticable to disclose any further information on the known or reasonably estimable impact to the Trust Group's financial statements in the period of initial application as the Trustee-Manager has yet to complete its detailed assessment. The Trustee-Manager does not plan to adopt the new FRS 109 prior to 1 April 2018.

### *FRS 116 Leases ("FRS 116")*

FRS 116 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 predecessor FRS 17 Leases. FRS 116 will be effective for accounting periods commencing on or after from 1 April 2019.

The Trustee-Manager anticipates that the initial application of the new FRS 116 will result in changes to the accounting policies relating to operating leases, where the Trust Group is a lessee. A lease asset will be recognised on balance sheet, representing the Trust 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 Trust Group's exposure to asset risk and credit risk, where the Trust Group is the lessor. The Trustee-Manager has commenced an assessment of the possible impact of implementing FRS 116. It is currently impracticable to disclose any further information on the known or reasonably estimable impact to the Trust Group's financial statements in the period of initial application as the Trustee-Manager has yet to complete its detailed assessment. The Trustee-Manager does not plan to adopt the new FRS 116 prior to 1 April 2019.

### *IFRS convergence*

Registered business trusts listed on the Singapore Exchange Securities Trading Limited will be required to apply a new Singapore financial reporting framework that is identical to the International Financial Reporting Standards ("**IFRS**") for annual periods beginning on or after 1 January 2018. The Trust Group will be adopting the new framework for the first time for financial year ending 31 March 2019, with retrospective application to the comparative financial year ending 31 March 2018 and the opening balance sheet as at 1 April 2017 (date of transition). Based on a preliminary assessment of the potential impact arising from IFRS 1 First-time adoption of IFRS, the Trustee-Manager does not expect any material changes to the Trust Group's current accounting policies or material impact on transition to the new framework.

## TRUST ACQUISITION

### UNIT PURCHASE AGREEMENT

Pursuant to a Unit Purchase Agreement entered into between Singtel and the Trustee-Manager dated 10 July 2017 (the "**Unit Purchase Agreement**"), the Trustee-Manager will acquire from Singtel on the Listing Date 100% of the units in NLT (the "**Trust Acquisition**").

### Acquisition Amount

The aggregate consideration for the Trust Acquisition (the "**Acquisition Amount**") payable by the Trustee-Manager to Singtel on the Listing Date will be calculated based on the Offering Price.

Based on the Offering Price, the Acquisition Amount is S$1,877,790,494, which shall be satisfied as follows:

| | Consideration | |
|---|---|---|
| Seller | Cash | Number of Singtel Consideration Units (to be held by Holdco) |
| Singtel | S$1,095,330,495 | 965,999,998 |

The cash component of the Acquisition Amount is subject to certain post-closing adjustments (see "*—Unit Purchase Agreement—Post-Closing Adjustments*"). Post-closing adjustments are required as the actual amount of proceeds from the Offering required for the Equity Issue Expenses and the TM Sale and Purchase Fees and Expenses can only be determined on or after Listing Date.

In addition, Singtel will be reimbursed by the Trust for certain Pre-paid Expenses. The Trust will also pay to Singtel any GST charged and paid on the actual Equity Issue Expenses (following its determination and as approved by Singtel) which the Trust is able to recover from IRAS.

### Post-Closing Adjustments

The above cash component of the Acquisition Amount is calculated on the basis of estimated Equity Issue Expenses of S$58.9 million, and estimated TM Sale and Purchase Fees and Expenses of S$86,000 (details of which are set out in *"Use of Proceeds"*). The actual Equity Issue Expenses and TM Sale and Purchase Fees and Expenses will only be determined on or after the Listing Date (within 60 business days of the Listing Date (or such other date as may be agreed by the Trustee-Manager and Singtel)).

Following the determination of the actual Equity Issue Expenses and TM Sale and Purchase Fees and Expenses (each as approved by Singtel, and collectively, the "**Approved Expenses**"), if the estimated Equity Issue Expenses and TM Sale and Purchase Fees and Expenses are different from the Approved Expenses, the following adjustments will be made (within 60 business days from the time the actual Equity Issue Expenses and TM Sale and Purchase Fees and Expenses were notified by the Trustee-Manager to Singtel (or such other date as may be agreed by the Trustee-Manager and Singtel)):

(i) in the event the aggregate Approved Expenses is less than the aggregate estimated Equity Issue Expenses and TM Sale and Purchase Fees and Expenses, the Trust shall pay to Singtel an amount equal to such difference in cash; and

(ii) in the event the aggregate Approved Expenses is greater than the aggregate estimated Equity Issue Expenses and TM Sale and Purchase Fees and Expenses, Singtel shall pay to the Trust an amount equal to such difference in cash.

### Valuation

The Independent Valuer has issued an Independent Valuation Letter (included in this document as Appendix F) which provides that the pro forma enterprise valuation range for 100% of the Units is S$3,747 million to S$4,218 million and the pro forma equity valuation range for 100% of the Units is S$3,304 million to S$3,775 million, after adjusting for external net debt of S$443 million, as at 31 March 2017. The valuation ranges indicated in the Independent Valuation Letter must be read in the context of the Independent Valuation Letter as a whole.

The Acquisition Amount payable by the Trustee-Manager to Singtel on the Listing Date will be calculated based on the Offering Price. Based on the Offering Price, the Acquisition Amount is S$1,877,790,494, which will be satisfied in the manner set out in "*—Acquisition Amount*".

## TM SALE AND PURCHASE AGREEMENT

Pursuant to a sale and purchase agreement entered into between the Share Trustee and the Trustee-Manager (acting as trustee-manager of the Trust and for and on behalf of the Unitholders, respectively) dated 19 June 2017 (the "**TM Sale and Purchase Agreement**"), the Trustee-Manager will acquire on the Listing Date (a) on behalf of the Trust, all of the issued ordinary shares in the capital of the NLT Trustee (the "**NLT Trustee Shares**") and (b) on behalf of the Unitholders, all of that part of the beneficial interests in the Pre-Listing Beneficiaries' trust property of the TM Shares Trust relating to the TM Shares, for an aggregate cash consideration of S$50,000 (the "**TM Acquisition**").

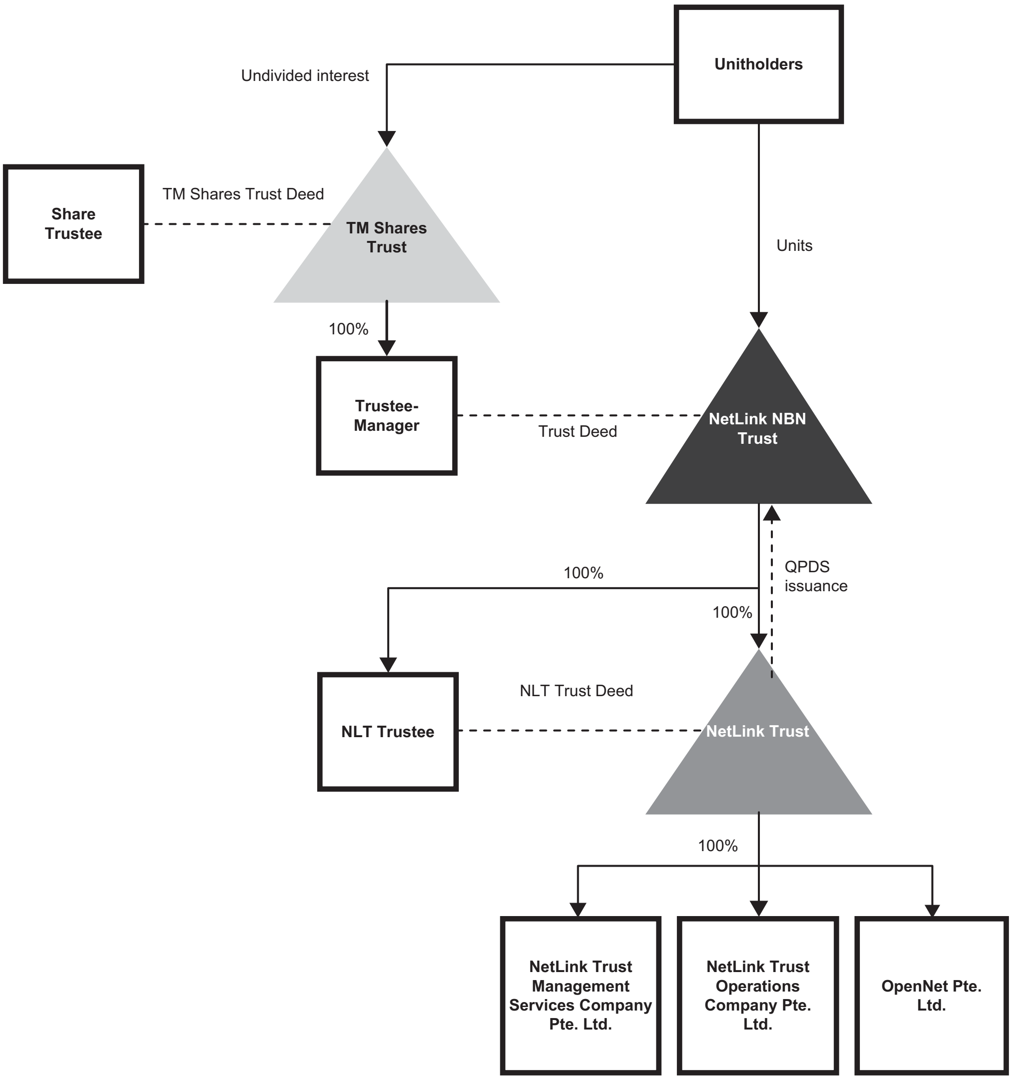
Pursuant to the TM Sale and Purchase Agreement, an undertaking was provided by the Trustee-Manager to the Share Trustee to use part of the proceeds from the Offering towards the payment and/or reimbursement of all fees, costs and other expenses agreed by (or on behalf of) the Trustee-Manager and incurred by the Share Trustee (acting as trustee of the TM Shares Trust) in relation to (a) the Trustee-Manager and the TM Shares Trust (up to the Listing Date) and (b) the NLT Trustee (from incorporation up to the date of its appointment as trustee-manager of NLT in 2017). For further information on the use of proceeds of the Offering, see "*Use of Proceeds*".

## COMPLETION OF THE TRUST ACQUISITION AND THE TM ACQUISITION

The completion of the Trust Acquisition and the TM Acquisition on the Listing Date will result in the corporate structure of the Trust Group set out in "*Corporate Structure of the Trust*".

## CORPORATE STRUCTURE OF THE TRUST

The following diagram shows the corporate structure of the Trust Group upon completion of the Trust Acquisition and the TM Acquisition on the Listing Date:




### NetLink NBN Trust

The Trust is a trust constituted by a trust deed dated 19 June 2017, and registered as a business trust with the Authority on 29 June 2017 (Registration Number 2017002). The Trust is principally regulated by the BTA and the Securities and Futures Act. Pursuant to the Trust Deed, the Trustee-Manager holds all Trust Property on trust for the benefit of Unitholders.

### The Trustee-Manager: NetLink NBN Management Pte. Ltd.

The Trustee-Manager is responsible for safeguarding the interests of Unitholders and for carrying out the Trust's investment and financing strategies and for the overall management of the Trust's assets (including businesses). See "*The Trustee-Manager*" for information on the Trustee-Manager. See "*Business*" for information on the business carried on by the Trust Group (including NLT and its subsidiaries).

The Trustee-Manager was incorporated in Singapore on 21 February 2017 under the Companies Act, and has an issued and paid-up capital of S$5.00 comprising five TM Shares. From and after Listing, all the TM Shares will be held by the Share Trustee on trust for the benefit of the Unitholders from time to time in proportion to such Unitholders' respective percentage of Units held or owned in the Trust until the expiry of a perpetuity period of 100 years from the date of establishment of the TM Shares Trust, unless earlier terminated in accordance with the provisions of the TM Shares Trust Deed. Investors holding Units in the Trust will also have an undivided interest in the TM Shares in proportion to such Unitholders' respective percentage of Units held or owned in the Trust. For the avoidance of doubt, Unitholders will not derive a significant return in respect of their interests in the TM Shares (see "*The Trustee-Manager—Description of the TM Shares—Dividends*").

**NLT**

NLT is a business trust which is currently registered as a business trust under the BTA. Approval will be obtained from the Authority to de-register NLT as a Registered Business Trust (as defined herein) with effect from the Listing Date, when all of the units of NLT will be acquired by the Trust (which is registered as a business trust under the BTA). Following deregistration, the provisions of the BTA relating to Registered Business Trusts will no longer apply to NLT.

**NLT Trustee: NetLink Management Pte. Ltd.**

The NLT Trustee was incorporated in Singapore on 21 February 2017 under the Companies Act, and has an issued and paid-up capital of S$5.00 comprising five NLT Trustee Shares.

All of the NLT Trustee Shares will be acquired by the Trust on the Listing Date pursuant to the TM Sale and Purchase Agreement (see "*Trust Acquisition—TM Sale and Purchase Agreement*"). The board of directors of the NLT Trustee will, upon de-registration as a Registered Business Trust, comprise the Chief Executive Officer and Chief Financial Officer.

**NLT Notes**

On the Listing Date, the Trust will apply part of the issue proceeds of the Offering to subscribe for S$1,100,000,000 in principal amount of subordinated notes due 2037 (the "**NLT Notes**") to be issued by NLT. NLT will use the full proceeds from issuance of the NLT Notes to repay S$1,100,000,000 of the principal amount due and owing under the ST Facility Agreement. See "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Indebtedness—Unitholder Loans*" for more details regarding the ST Facility Agreement.

Set forth below is a summary of the key terms of the NLT Notes.

The NLT Notes will mature in 2037, but may be fully redeemed by NLT, prior to its maturity, on any interest payment date from and including 30 September 2020. Interest on the Notes will be at a fixed rate of 10.5% per annum, payable semi-annually in arrear on 31 March and 30 September of each year, save that the first interest payment date shall be on 31 March 2018, for the interest period from and including the issue date of the NLT Notes up to and excluding 31 March 2018.

No amount under the NLT Notes shall be due or paid on any date unless the board of directors of the NLT Trustee is satisfied on reasonable grounds that, immediately after making payment of such amount, NLT will be able to fulfil, from the trust property of NLT, its liabilities as such liabilities fall due ("**solvency condition**"). Additionally, no payment of principal or interest shall be made in respect of the NLT Notes if, by reason of making such payment, NLT shall be in breach under any agreement with its senior creditors ("**payment condition**"). Such non-payment due to the solvency condition and/or the payment condition not being satisfied will not constitute a default under the NLT Notes. However, any interest not paid due to the solvency condition and/or the payment condition not being satisfied will continue to accrue and will bear interest at the rate of interest applicable to the NLT Notes. In addition, if the NLT Notes cannot be redeemed in full upon maturity due to the solvency condition and/or the payment condition not being satisfied, the NLT Notes and other obligations ranking *pari passu* with the NLT Notes will be redeemed in equal proportion out of and to the extent of surplus assets available after paying all obligations of NLT ranking senior to the NLT Notes.

## SUBSIDIARIES OF THE TRUST AFTER THE TRUST ACQUISITION AND THE TM ACQUISITION

The following sets out the subsidiaries of the Trust following the Trust Acquisition and the TM Acquisition.

| No | Name of Company/ Trust | Date of incorporation/ constitution | Country of incorporation/ constitution | Principal place of business | General nature of business | Ownership interest of the Trustee-Manager |
|---|---|---|---|---|---|---|
| 1. | NetLink Trust | 12 August 2011 | Singapore | Singapore | To design, build, own and operate the passive fibre network infrastructure for Singapore's Next Gen NBN | 100.0% |
| 2. | NetLink Trust Management Services Company Pte. Ltd. | 20 August 2014 | Singapore | Singapore | To provide manpower services to NLT | 100.0% |
| 3. | NetLink Trust Operations Company Pte. Ltd. | 27 August 2013 | Singapore | Singapore | To provide manpower services to NLT | 100.0% |
| 4. | OpenNet Pte. Ltd. | 9 October 2008 | Singapore | Singapore | To provide manpower services to NLT | 100.0% |
| 5. | NetLink Management Pte. Ltd. | 21 February 2017 | Singapore | Singapore | Trustee-manager or trustee (as the case may be) of NLT | 100.0% |

## OVERVIEW

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

Through its network, the Trust Group provides a number of services to Requesting Licensees. Requesting Licensees provide fibre services to Retail Service Providers, 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 and 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.

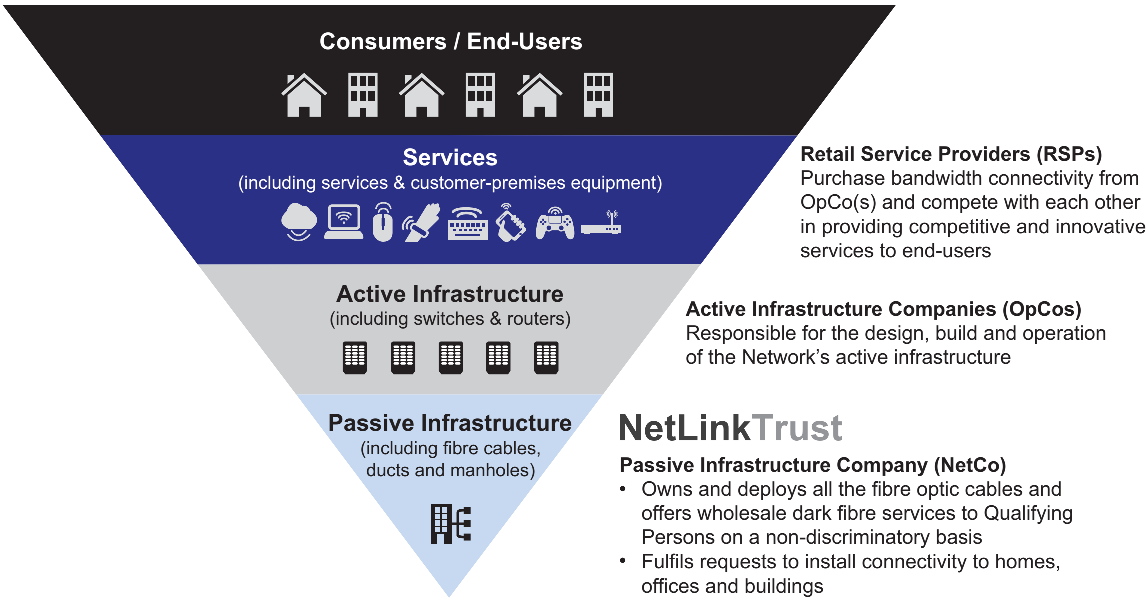
With respect to the use of the Trust Group's network for the purpose of end-user fibre connections, the network provides three separate connections: (a) residential end-user connections, (b) non-residential end-user connections, and (c) NBAP connections. The provision of Mandated Services by the Trust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

The operations of the Trust Group and the roll-out of the Next Gen NBN commenced in 2009, through OpenNet. The Trust Group's network has been developed with the financial assistance of the Singapore government, in conjunction with iN2015, with the aim of enhancing the competitiveness of the Singapore economy as a whole. The Next Gen NBN provides nationwide ultra-high-speed broadband access to all physical addresses in mainland Singapore and its connected islands. Singtel established NLT in 2011 to hold the passive non-fibre infrastructure assets (comprising ducts, manholes and Central Offices) used to support OpenNet's deployment of the fibre network for the Next Gen NBN. NLT subsequently acquired OpenNet in November 2013.

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

As of 31 March 2017, the Trust Group's network consisted of ten Central Offices and approximately 76,000 km of fibre cable, 16,200 km of ducts, and 62,000 manholes. See "*—The Trust Group's Network and Properties*". There were approximately 1.1 million residential end-user connections that the Trust Group's network supported, while the Trust Group's network had "passed" approximately 1.4 million residential homes (meaning that the Trust Group's network has been deployed up to the distribution point of each floor for a high-rise building containing two or more residential premises or to the gatepost or, where applicable, to the nearest manhole for a landed building containing one residential premises), or substantially all of the residential homes in Singapore, and "reached" approximately 1.3 million residential homes (meaning that the Trust Group's network has been deployed up to the first termination point in the residential premise), or 89.2% of the residential homes in Singapore, as of 31 March 2017. There were approximately 38,500 non-residential end-user connections that the Trust Group's network supported, while the Trust Group's network was deployed to approximately 30,000 or substantially all of the non-residential buildings as of 31 March 2017 (meaning that the Trust Group's network has been deployed up to the MDF room of the non-residential premises).

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




The Trust, the units of which are being offered as part of the Offering, was established in 2017 primarily for the purpose of owning all of the units of NLT. NLT was constituted as a business trust in July 2011. On the Listing Date, the Trust will own 100% of the units in NLT. The Trust is a business trust to be listed on the Main Board of the SGX-ST. The management of the Trust is undertaken by the Trustee-Manager, the shares of which are held on trust for the benefit of Unitholders. The Trust Group is managed by experienced telecommunications professionals. See "*The Trustee-Manager*".

The revenues of the Trust Group prepared on a pro forma basis were S$257.0 million and S$299.2 million for the financial years ended 31 March 2016 and 31 March 2017, respectively. The EBITDA of the Trust Group prepared on a pro forma basis were S$186.4 million and S$223.8 million for the financial years ended 31 March 2016 and 31 March 2017, respectively. As of 31 March 2017, the total assets of the Trust Group prepared on a pro forma basis were S$4,237.6 million. See "*Unaudited Pro Forma Financial Information*".

## KEY INVESTMENT HIGHLIGHTS OF THE TRUST GROUP

The Trustee-Manager believes that the Trust Group offers a number of key investment highlights which are underpinned by the quality of NLT's underlying network assets, its resilient business model, its track record, its position as a key participant in the growth in connected services, and the experience of the management team.

### *Critical Infrastructure Enabling Singapore's Next Gen NBN*

The Trust Group's nationwide network is the foundation of the Next Gen NBN, over which ultra-high-speed internet access is delivered throughout mainland Singapore and its connected islands. The 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. The Licensee is the sole appointed "Network Company" or "Netco" for Singapore's Next Gen NBN. As of 31 March 2017, the Trust Group's network had "passed" approximately 1.4 million residential homes, or substantially all of the residential homes in Singapore, and "reached" approximately 1.3 million residential homes. The Trust Group's network was deployed to approximately 30,000, or substantially all of the non-residential premises in Singapore, as of 31 March 2017.

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

The Trust Group's network has been developed with the financial assistance of the Singapore government, in conjunction with iN2015, with the aim of enhancing the competitiveness of the

Singapore economy as a whole. As part of its support, the Singapore government provided funds under the grant established by the Singapore government to fund the Next Gen NBN, which were received by the Trust Group upon the achievement of certain prescribed milestones, in particular, the level of connections completed by the Trust Group. The Trust Group received an aggregate of S$732 million under the grant. The Singapore government also continues to invest in initiatives, including the Smart Nation programme, which supports demand for wireless and wired high-speed broadband and therefore demand for the Trust Group's network as the enabling infrastructure. One of the Trust Group's key stakeholders is Singtel, a global communications company, which was instrumental to the establishment of the Trust Group. Immediately after the Offering, Singtel will hold approximately 24.99%[18] unitholding in the Trust.

***Resilient Business Model with Transparent, Predictable and Regulated Revenue Stream***

MPA believes that ultra-high-speed fibre broadband has become a "necessity" and is no longer "discretionary", as many end-users are reliant on fibre broadband services for their day-to-day activities. Fibre broadband services are increasingly becoming essential to residential and non-residential end-users, driven by growing demand for connectivity and rapid growth in data consumption. As such, the Trustee-Manager believes that the Trust Group's business remains highly resilient through economic cycles, and provides predictability of revenues.

The provision of the Trust Group's principal services is subject to, *inter alia*, the terms and conditions of the FBO licence held by the Licensee, and to be held by NLT Trustee and the Trustee-Manager on a joint and several basis following the Listing. 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 and the Reference Access Offer. As a result, the Trust Group receives a transparent and predictable revenue stream. As of 31 March 2016 and 31 March 2017, on a pro forma basis, revenue generated from residential end-user connections, non-residential end-user connections and NBAP connections, as well as installation charges, represented 72.8% and 75.1% of the Trust Group's total revenue respectively. 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) a one-off installation charge for each termination point (upon the initial connection), and (ii) a recurring monthly connection charge. The prices that the Trust Group is able to charge under the Interconnection Offer were most recently reviewed and revised in May 2017, and substantially all of the revised prices are set to take effect from the New Pricing Date. See "*—Pricing of the Trust Group's Services*" and "*Regulatory Environment—Key Codes of Practice Applicable to the Trust Group—NetCo Interconnection Code—ICO Review Procedures*".

The Trust Group's primary customers are Requesting Licensees. Requesting Licensees provide fibre services to Retail Service Providers, who in turn provide retail fibre services to residential and non-residential end-users. Such Requesting Licensees are made up of established players in the Singapore telecommunications market, including Singtel, Nucleus Connect (which is owned by StarHub), M1, MyRepublic and ViewQwest. As the provision of residential fibre services is undertaken by Retail Service Providers and not the Trust Group, competition or churn among Retail Service Providers does not adversely affect the number of connections that the Trust Group provides, as all Retail Service Providers utilise the Trust Group's network (although not exclusively) in delivery of their active fibre services. To the extent that competition between Retail Service Providers reduces prices, such competition may lead to a higher number of fibre connections requested by end-users. The Trustee-Manager believes these factors further provide the Trust Group's business with an additional degree of resiliency.

Additionally, the Trust Group generates a sizeable portion of revenue from the provision of services to Requesting Licensees in connection with its other non-fibre passive infrastructure, which is also regulated by IMDA. As of 31 March 2016 and 31 March 2017, on a pro forma basis, ducts and manholes service revenue contributed 11.0% and 10.0% of the Trust Group's total revenue respectively. With respect to the ducts and manholes service revenue, in 2011, the Trust Group entered into a ducts and manholes services agreement with Singtel, for the provision of services to Singtel in respect of Singtel's cables which fall within the scope of the agreement, including the right to use, occupy and physically access the space in respect of the Trust Group's ducts and manholes. The agreement also sets out agreed principles with respect to access by Singtel and the Trust Group to the

[18] The Unit Purchase Agreement provides that the Singtel Consideration Units shall be such number of Units which will, together with the Unit currently held by Holdco, amount to 25% less one Unit (rounded up to the nearest whole number) of the total number of Units in issue at the Listing Date (assuming that the Over-Allotment Option is not exercised).

Trust Group's ducts and manholes. Under the terms of the ducts and manholes services agreement, the tariffs under which are regulated by IMDA under the Telecom Competition Code, Singtel is required to acquire a minimum amount of ducts and manholes services from the Trust Group for an agreed period commencing in 2021. The service agreement has an initial year term of 25 years and shall be extended for an additional 25-year period (or such other period as the parties may agree in writing) if proposed by the Trust Group and agreed by Singtel.

In relation to revenue from the provision of co-location services, the Trust Group provides co-location services under which space in co-location rooms within the Central Offices is made available to Requesting Licensees, enabling Requesting Licensees to host active network equipment, servers and any other interconnecting equipment in order to deliver fibre services to end-users. As of 31 March 2016 and 31 March 2017, on a pro forma basis, co-location service revenue contributed 5.6% and 4.9% of the Trust Group's total revenue respectively.

A further portion of the Trust Group's revenue is received from Singtel for the leasing of spaces in the NLT Central Offices to Singtel and for the provision of certain ancillary services arising from such leasing of spaces (including security, maintenance and administration services) at the NLT Central Offices. The Trust Group has granted to Singtel leases in respect of spaces in the NLT Central Offices for a period ending September 2021 with multiple options to renew (each term for the option to renew typically being 10 years). Each option is exercisable by Singtel by giving at least 12 months' prior written notice to the Trust Group. As of 31 March 2016 and 31 March 2017, on a pro forma basis, Central Office revenue contributed 5.5% and 4.8% of the Trust Group's total revenue respectively.

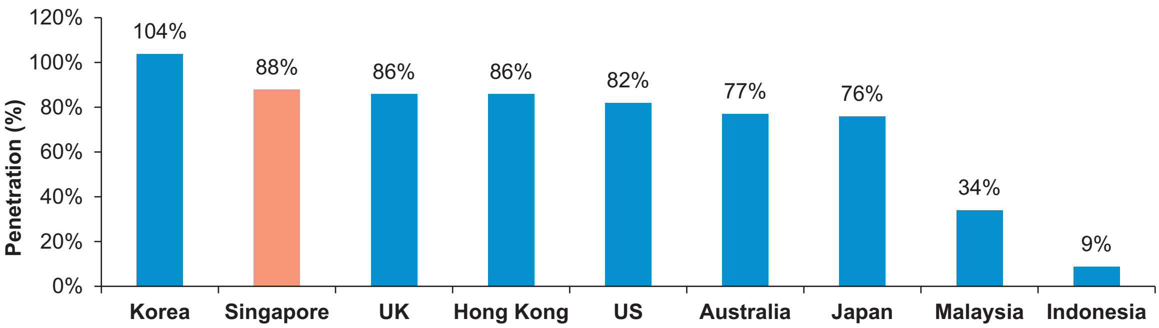
The Trustee-Manager believes that revenues from ducts and manholes services, co-location services and Central Offices are additional streams of income which contribute to the stability of the Trust Group's cash flows.

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

Currently, the Trust Group's network is the only fibre network with nationwide residential coverage in Singapore. As of 31 March 2017, there were approximately 1.1 million residential end-user connections supported by the Trust Group's network, representing approximately 76.3% of all residential home passed premises in Singapore. Accordingly, the Trust Group is well positioned to support new residential end-user connections as and when requested for in the future.

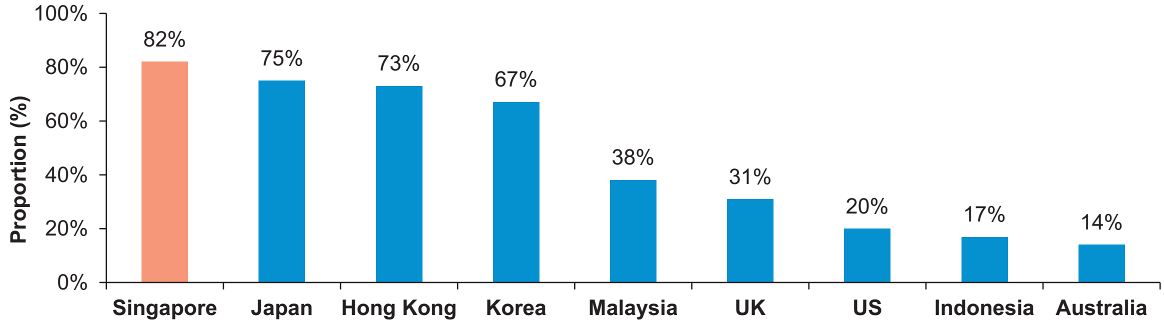
According to MPA, Singapore is a global leader in terms of broadband penetration, as well as the adoption of fibre technology. According to MPA, as of December 2016, Singapore had a residential wired broadband penetration of total households of 88%, higher than other developed markets such as the United Kingdom (86%), the United States (82%) and Japan (76%). As of December 2016, the proportion of residential wired broadband subscriptions via fibre-based connections was also the highest in Singapore among other developed countries, with an estimated 82% of total residential wired broadband subscriptions served via fibre according to MPA. This compares to just 31% and 20% in the United Kingdom and the United States, respectively, and 75% and 67% in Japan and Korea, respectively.

**Fixed Residential Wired Broadband Household Penetration in December 2016**




*Source: MPA*

**Proportion of Residential Wired Broadband Subscriptions on Fibre-Based Connections in December 2016**

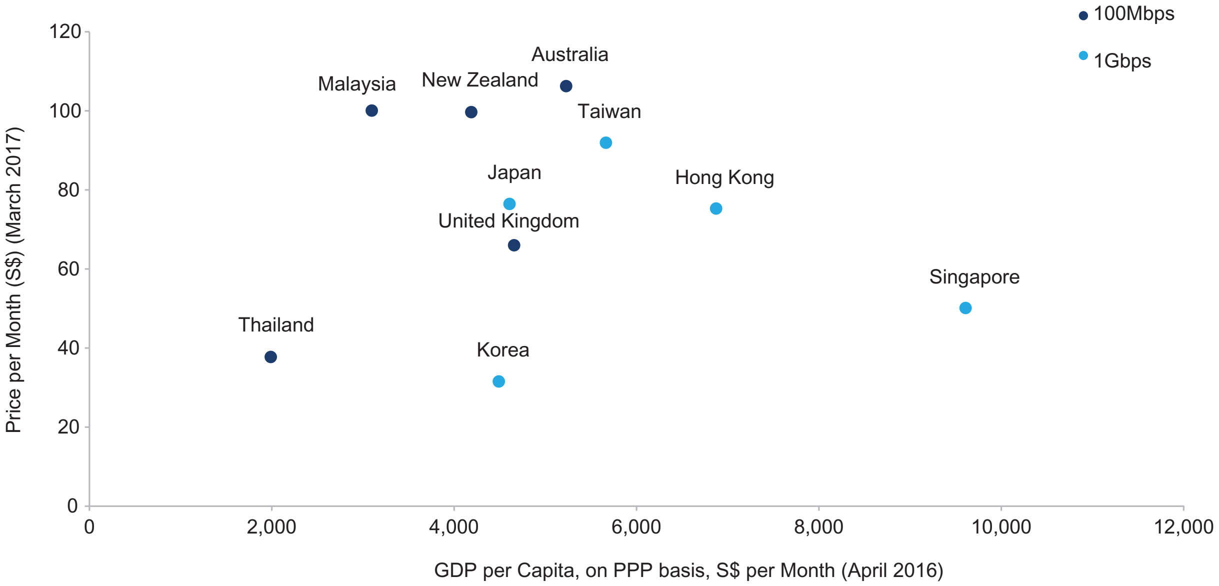



*Source: MPA*

Singapore's high rate of adoption of fibre broadband technology is evident from the globally competitive broadband speeds. The average peak connection speed in Singapore during the third quarter of 2016, as measured by Akamai[19], was 162 Mbps, placing Singapore as the top country globally for this period (see "*Appendix D—Independent Industry Consultant Report*"). The Trust Group's fibre network is well positioned compared to other older wired broadband technologies, such as ADSL and HFC, to deliver the highest broadband speeds to end-users.

Singapore's continued need for fibre connectivity is supported by the relatively high purchasing power among the Singapore population and affordable fibre broadband services offered by Retail Service Providers. Average monthly residential wired broadband internet subscription prices in Singapore is less than many other markets such as Australia, Hong Kong, Japan, Malaysia, New Zealand, Taiwan, and the United Kingdom, even though Singapore has a higher GDP per capita, according to MPA. The Trustee-Manager believes that affordable fibre broadband services will continue to support demand for fibre connections.

**Average Price of 100Mbps and 1Gbps Residential Wired Broadband Subscriptions Per Month by Country Relative to GDP per Capita on PPP Basis**



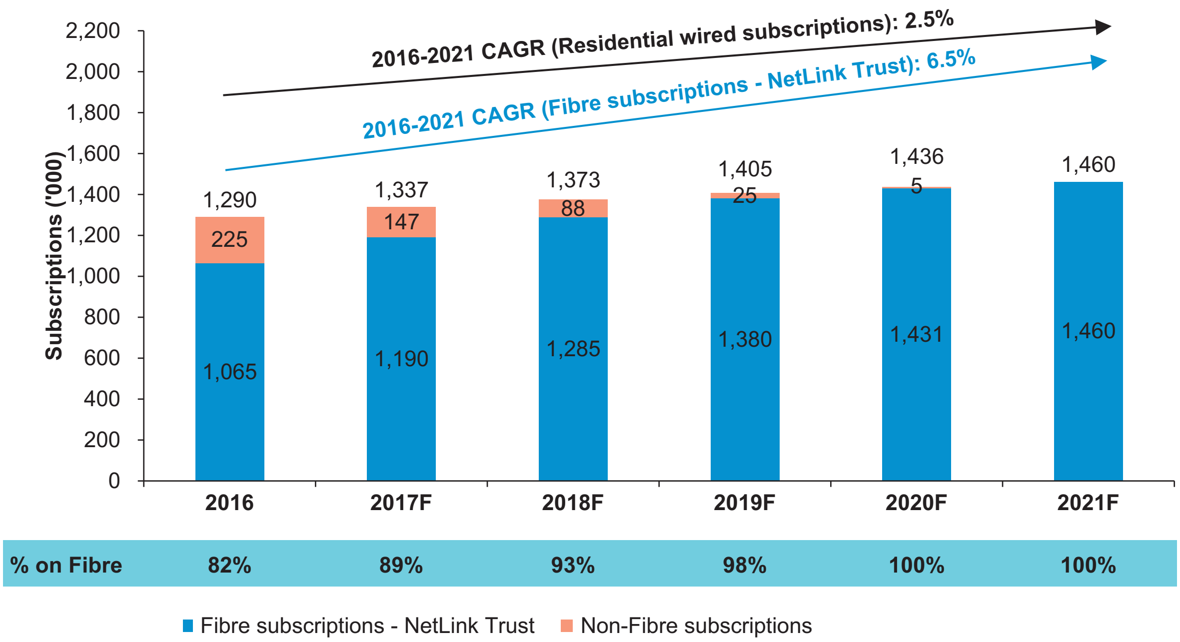

*Source: MPA*

[19] As extracted from the Independent Industry Consultant Report in Appendix D of this document. Akamai has not provided its consent, for purposes of Section 282I of the SFA, to the inclusion of the information cited and attributed to it, in the Independent Industry Consultant Report prepared by MPA and is therefore not liable for such information under Sections 282N and 282O of the SFA. As the Independent Industry Consultant Report has been prepared by MPA for the purposes of incorporation in the prospectus to be issued by the Trustee-Manager in connection with the offering and listing of units of the Trust on the SGX-ST, the Trust, the Trustee-Manager, the Joint Issue Managers, the Joint Global Coordinators, the Joint Bookrunners and Joint Underwriters have relied on MPA to ensure that the relevant information from the relevant source has been reproduced in its proper form and context and that the information is extracted accurately and fairly from the relevant source. None of the Trust, the Trustee-Manager, the Joint Issue Managers, the Joint Global Coordinators, the Joint Bookrunners and Joint Underwriters or any other party has conducted an independent review of the information from such source or verified the accuracy or completeness of the relevant information.

MPA expects that demand for additional residential end-user connections has been and will continue to be driven by the continued migration from HFC and ADSL to fibre connections, the increased consumption of online video and audio services and growing usage of cloud-based storage and computing services. For example, increased availability of high definition online video and audio services (such as YouTube, Netflix, Amazon Prime Video, Spotify) continues to change the way residential end-users consume both video and audio content and users' demand for data. As such, end-users are increasingly attracted to wired solutions that can support these high data consumption trends as older technologies such as ADSL and HFC are unable to deliver such services at the same speed that can be achieved on fibre networks. Further, with respect to the residential segment, MPA believes that ADSL subscribers will migrate to fibre connections by December 2021, and HFC-based services will cease by December 2021. Accordingly, the Trust Group's network is well positioned as the provider of the key infrastructure for the foreseeable future to service consumers' increased demand for ultra-high-speed internet services and data.

According to MPA, the total number of residential wired subscriptions[20] is estimated to grow from approximately 1.29 million in December 2016 to approximately 1.46 million in December 2021, representing a CAGR of 2.5%. Over the same period, the number of residential fibre subscriptions[20] is expected to grow at a higher CAGR of 6.5% from approximately 1.07 million to approximately 1.46 million. Residential fibre subscriptions[20] is estimated to represent 82% of total residential wired subscriptions[20] in 2016 and is expected to progressively increase to 100% by 2021.

***Residential Wired Subscriptions Projected by MPA***




*Source: MPA*

[20] Includes fibre broadband and standalone fibre IPTV subscriptions.

***Well Positioned to Benefit from Growth in the Non-Residential Segment as the Independent Nationwide Network Provider***

In accordance with the terms of the Universal Service Obligation imposed under the Licensee's FBO licence, the Trust Group is required to offer non-residential connections to all non-residential premises. The Trust Group's network supported approximately 38,500 non-residential end-user connections as of 31 March 2017, representing an estimated market share of approximately 32% of the estimated 121,300[21] corporate wired broadband connections. The scale of the network allows the Trust Group to capture future growth in the non-residential segment. As of 31 March 2017, five Requesting Licensees who were actively requesting non-residential connections from the Trust Group predominantly utilised the Trust Group's network in providing non-residential connections. The remaining Requesting Licensees predominantly utilised their own non-residential networks. Such incumbent networks are mainly concentrated in the CBD and large business parks.

According to MPA, demand for wired broadband services in the non-residential segment over the next three to five years is expected to be largely driven by increases in the number of SMEs in operation in Singapore, government grants to improve productivity through digitalisation and increase adoption of fibre broadband, and increasing demand for cloud-based business applications designed for enterprises. In this regard, the Trust Group's nationwide network is well positioned to take advantage of any future growth in this segment. The Trustee-Manager believes one of the Trust Group's competitive advantages in its non-residential business is its extensive nationwide network coverage, as compared to the networks of its competitors, which are concentrated in the CBD and large business parks. This also 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 network provider, the Trustee-Manager believes that the Trust Group offers an attractive neutral option for Retail Service Providers who do not have an established network, as compared to competitor networks affiliated with certain Retail Service Providers. The Trustee-Manager believes that such Retail Service Providers would likely use 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. As such, the Trust Group has the potential to benefit from an increase in competition among Retail Service Providers operating within the non-residential segment. If Retail Service Providers without their own networks expand their businesses to serve more non-residential end-users, these additional connections and services may be requested through the Trust Group.

MPA estimates that the total number of non-residential wired broadband subscriptions are expected to grow from approximately 118,800 in 2016 to approximately 158,230 in 2021 representing a CAGR of approximately 6.0%. Over the same period, the Trust Group's non-residential fibre broadband subscriptions is expected to grow from approximately 36,640 in 2016 to approximately 58,680 by 2021, representing a comparatively higher CAGR of 9.9%. MPA expects the Trust Group to capture a larger share of the total non-residential wired broadband subscriptions, growing from approximately 31% in 2016 to approximately 37% in 2021.

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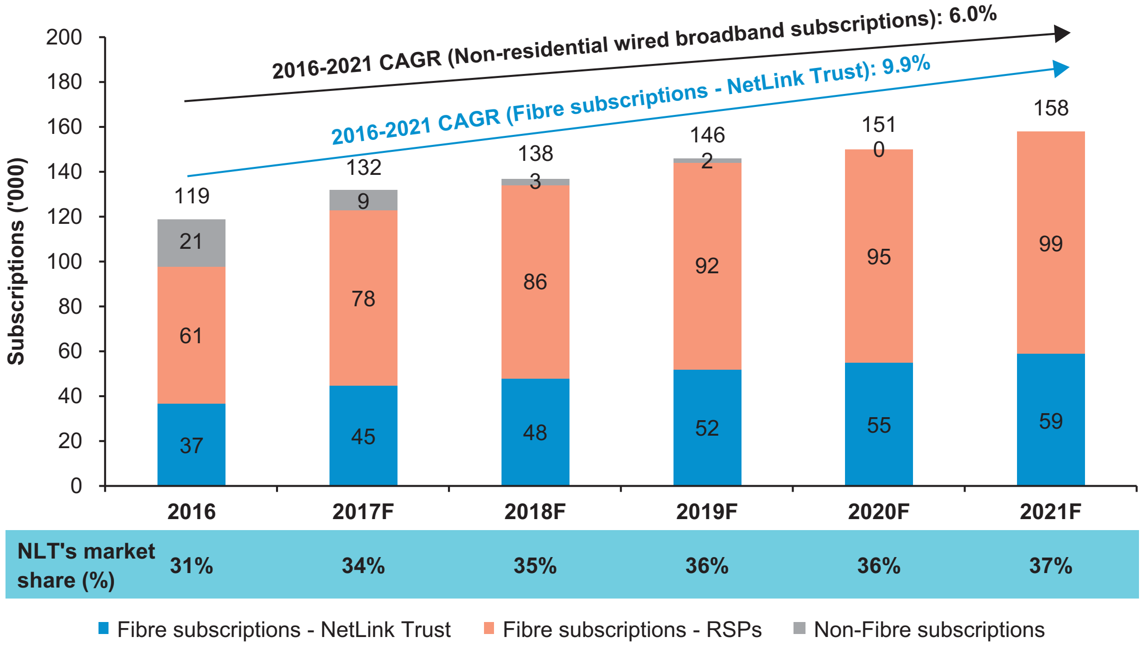
[21] Source: IMDA, Statistics on Telecom Services for 2017 (Jan - Jun) as published on the website of IMDA at https://www.imda.gov.sg/industry-development/facts-and-figures/telecommunications/statistics-on-telecom-services/statistic-on-telecom-service-for-2017-jan last accessed in June 2017. IMDA has not provided its consent, for purposes of Section 282I of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 282N and 282O of the SFA. While the Trust, the Trustee-Manager, the Joint Issue Managers, the Joint Global Coordinators, the Joint Bookrunners and Joint Underwriters have taken reasonable actions to ensure that the information is reproduced in its proper form and context and that the information is extracted accurately and fairly from the relevant source, none of the Trust, the Trustee-Manager, the Joint Issue Managers, the Joint Global Coordinators, the Joint Bookrunners and Joint Underwriters or any other party has conducted an independent review of the information from such source or verified the accuracy or completeness of the relevant information.

***Non-residential Wired Broadband Subscriptions Projected by MPA***




Source: MPA

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

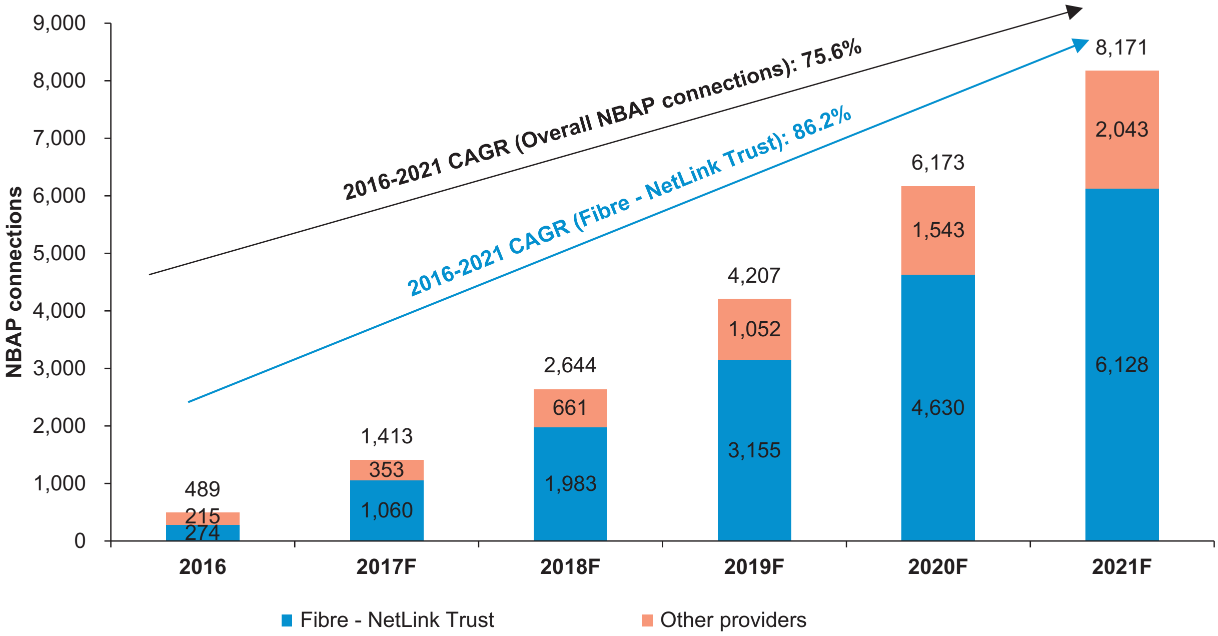
As the owner and operator of a nationwide network that provides non-discriminatory and effective open access to passive fibre network infrastructure, the Trustee-Manager believes that the Trust Group is well positioned to capitalise and serve as the fibre network infrastructure provider for initiatives that require fibre connections, such as the Singapore government's Smart Nation initiatives, which aims to enhance the lives of Singapore citizens through the use of technology, the next phase of "Wireless@SG", and the introduction of HetNet. A core requisite of future connected services requirements is the availability of high-speed and low-latency broadband internet connections. Fibre, both for direct connections and as backhaul for wireless connections, is considered the most ideally suited transmission medium to support future connected services, given its high bandwidth and low latency capabilities, according to MPA.

During the year ended 31 March 2017, the Trust Group provided 49 new NBAP connections to the successful bidder for "Phase 1" of the Smart Nation Platform Project for the purpose of connectivity to aggregation gateway boxes. For this phase, approximately 100 new NBAP connections are expected to be required. Future Smart Nation initiatives are expected in the coming years, and may include the deployment of a network of sensors and monitoring equipment at potential locations across the island to support applications such as autonomous vehicles, high-definition surveillance cameras, parking space management and weather data collection, according to MPA. The Trustee-Manager anticipates that the demand for NBAP connections will continue to grow with the roll-out of the Singapore government's Smart Nation programme. Further, the Trustee-Manager believes fibre remains the most suitable medium for ultra-high-speed transmission of data which is required for the Smart Nation programme. With its wide network reach, the Trust Group is well-placed to support current and future Smart Nation initiatives.

In relation to Singapore's public wi-fi hotspot initiative, or "Wireless@SG", the Singapore government has mandated both an increase in speeds offered, as well as a doubling of the number of hotspots from 10,000 to 20,000. The Trust Group expects to be able to support the current and future deployment of Wireless@SG. Additionally, MPA believes that HetNet, or communication networks that integrate multiple interoperable wireless access technologies, including mobile and localised wireless networks, to provide a seamless on-the-go high-speed internet experience, will be vital in supporting Smart Nation initiatives and understands that the Singapore mobile telecommunication providers are assessing plans to roll-out HetNet across Singapore, subject to commercial viability. As the Trust Group will be able to provide backhaul fibre network infrastructure for such localised wireless initiatives and for mobile telecommunications providers to roll-out their HetNet and 5G networks, MPA believes this will have a positive impact on the Trust Group's NBAP connections.

MPA estimates that the total market size for NBAP connections that may potentially be addressed by the Trust Group will grow to 8,171 by 2021, representing a CAGR of 75.6% from 2016 to 2021. Over a similar period, MPA expects the Trust Group's NBAP connections to grow from 274 to 6,128 by December 2021, representing a higher CAGR of 86.2%.

***NBAP Connections Projected by MPA***[22]




*Source: MPA*

***Extensive Nationwide Network Affording Natural Barrier to Entry***

The Trust Group's extensive nationwide network provides it with a highly scalable platform to deliver its services. Since 2009, the Trust Group has invested a significant amount in the designing and building of its nationwide network. As of 31 March 2017, the Trust Group's network is located throughout mainland Singapore and its connected islands and made up of ten Central Offices and approximately 76,000 km of fibre cables, 16,200 km of ducts and 62,000 manholes. See "*The Trust Group's Network and Properties*". In MPA's view, building another nationwide fibre network infrastructure to achieve the same extent of coverage to that of the Trust Group would be both logistically and financially challenging. As such, the Trustee-Manager believes that there are high barriers to entry in the creation of similar or competitor networks.

The Trustee-Manager believes that the network is able to transmit data to support advanced technological applications and meet the requirements of sophisticated end-users with high bandwidth requirements. The Trustee-Manager expects that the Trust Group's network will be able to cater to future technological developments with limited substitution risk for the foreseeable future. While the typical accounting lives of fibre cables are 25 years, in practice, these physical assets last much longer, especially in the case of the Trust Group, as large components of the fibre network infrastructure are buried underground in Singapore and therefore less exposed to weather and other elements that cause wear and tear, according to MPA. Hence, the Trustee-Manager believes that the durability and longevity of the Trust Group's fibre cables means that its existing network will continue to operate for many years to come without the need for any material upgrade or replacement of fibre cables. Higher bandwidth can be achieved by upgrading the active data transmission equipment, which are deployed on the Trust Group's fibre network. Further, in MPA's view, wireless broadband connection is complementary and not a substitute for fibre, as it cannot provide the same reliability and average speeds of a wired broadband service provided via fibre. Wireless broadband services such as the current 4G and potentially future 5G networks may suffer from network congestion as well as signal degradation caused by physical obstructions to the cellular signals, such as buildings and walls, especially in a heavily built-up environment in Singapore. As such, MPA believes that wired connections will continue to be the most common type of connection and potentially future 5G networks, which will require a relatively large number of base stations for optimal performance, will require fibre network infrastructure backhaul.

22 Excluding existing cellular base stations belonging to Singtel, StarHub and M1.

### *Highly Scalable Operations and Credit Strength Support Unitholder Returns*

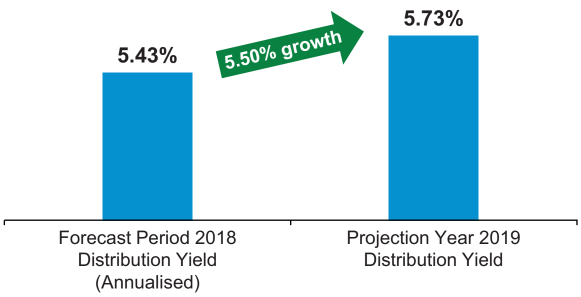
The Trust Group operates an extensive nationwide network. Consequently, future capital expenditure is largely limited to network maintenance and network expansion to cover additional residential homes, non-residential premises and NBAPs, with the exception of a higher portion of capital expenditure expected to be incurred in the years ending 31 March 2018 and 31 March 2019, all of which are expected to be completed by 2019. See "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Capital Expenditure—Planned Capital Expenditure*". Further, under the regulatory model adopted by IMDA to determine pricing for the Trust Group's services, the Trust Group is able to generate additional returns from incremental capital expenditure. Additionally, as the provision of retail fibre services is undertaken by Retail Service Providers and not the Trust Group, the Trust Group is not required to undertake any substantial marketing activities to residential and non-residential end-users, thus keeping operating costs low. The resulting combination of limited future capital expenditure requirements and low operating costs translates into a high degree of scalability for the Trust Group's business, enabling the Trust Group to grow connection revenue and provide additional services to Requesting Licensees with limited incremental cost. The Trustee-Manager believes that such scalability supports stable cash flow generation. The Trust Group achieved an EBITDA margin of 73.5% in FY2017 and the Trust Group expects to achieve an EBITDA margin of 69.3% and 70.2% for Forecast Period 2018 and Projection Year 2019 respectively.

The Trust Group had a total external debt of S$510.0 million as at 31 March 2017 and generated an EBITDA of S$223.8 million for the financial year ended 31 March 2017 prepared on a pro forma basis, translating to a conservative total debt / EBITDA ratio of 2.3x. The Trust Group expects to drawdown up to an additional S$210 million under its bank loans to fund capital expenditure during the years ending 31 March 2018 and 31 March 2019. See "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Indebtedness*". Following the drawdown, the Trustee-Manager believes that the Trust Group will continue to have a strong balance sheet and a conservative debt position, which provides sufficient additional debt headroom for the Trust Group to utilise debt financing for the purpose of funding future capital expenditure or working capital requirements, as required. The Trustee-Manager believes that its conservative capital structure lends further support to the Trust Group's operations and resulting distributions, as it affords the Trust Group flexibility to raise additional debt if and when required to execute future growth strategies.

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

For Forecast Period 2018, the Trust is expected to pay an annualised distribution yield of 5.43% based on the Offering Price. The distribution yields are expected to grow by approximately 5.50% to a distribution yield of 5.73% in Projection Year 2019 based on the Offering Price. See "*Profit and Cash Flow Forecast and Profit and Cash Flow Projection*".

**Forecast and Projection DPU Yield (%)**[23]




### *Experienced Management Team with Proven Track Record*

The Trustee-Manager is led by a strong executive management team, comprising the Chief Executive Officer, Mr. Tong Yew Heng, the Chief Financial Officer, Mr. Wong Hein Jee, and the Chief Operating Officer, Mr. Chye Hoon Pin, who together have more than 80 years of experience in investment management, infrastructure, and/or telecommunications sectors. Mr. Tong, Mr. Wong and Mr. Chye

[23] If the Over-Allotment Option is exercised, the intention is for the Trust to maintain the same DPU for Forecast Period 2018 and Projection Year 2019.

were employed as the Chief Executive Officer, the Chief Financial Officer and the Chief Operating Officer of NLT, respectively, prior to the establishment of the Trust and the Trustee-Manager. The management team is supported by a distinguished, majority independent board of directors, which is made up of eight persons, including the Chief Executive Officer and five independent directors, bringing with them a broad set of complementary skills in a variety of business fields including the infrastructure and telecommunications industries. See "*The Trustee-Manager*".

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

## STRATEGIES OF THE TRUST GROUP

### *Maintain Investments in Network to Support Residential Fibre Broadband Growth*

The Trustee-Manager intends to leverage its nationwide network to increase fibre penetration into residential homes. This includes supporting the continued migration of end-users from older technologies such as ADSL and HFC to fibre. According to MPA, fibre broadband penetration was 72% of the total households, amounting to an estimated 1.0 million fibre broadband subscriptions, as of December 2016. By December 2021, this is forecast to reach 92% of total households, amounting to an estimated 1.4 million fibre broadband subscriptions, according to MPA. As such, the Trustee-Manager believes that there remains significant potential for near-term increase in new fibre connections within the existing population.

Such potential is further enhanced as the number of residential homes in Singapore continues to expand over the medium to long term. The Trustee-Manager intends to continue to roll-out new fibre infrastructure to all new buildings and developments as and when completed. For example, the Trust Group is targeting to expand its network coverage to upcoming townships such as the new Tengah estate in Singapore. The first batch of HDB homes in Tengah is expected to be launched in 2018 and further developed over the next two decades, with an estimated 42,000 new residential homes. Additionally, the Trustee-Manager intends to invest in capital expenditure to roll-out additional fibre to new and existing homes. The additional fibre would allow the Trust Group to be able to accommodate more than one fibre connection per household, catering to the increasing number of multi-generational and multi-tenanted homes.

The Trust Group's fibre network, as a wired network, offers the highest potential speeds for data transmission as compared to existing alternative technologies. Currently, typical speeds for subscriptions using ADSL and HFC connections range from 10 Mbps to 100 Mbps. Accordingly, the Trustee-Manager believes that fibre offers the best solution as a wired technology compared to other wired alternatives to meet the demand for high data usage applications, including online High Definition video and audio services. Further, MPA believes that ADSL subscribers, both in the residential and non-residential segments, will migrate to fibre connections by December 2021 and HFC-based services will cease by December 2021. MPA estimates that Retail Service Providers have the opportunity to grow fibre broadband subscriptions by targeting users of such non-fibre broadband services to convert to fibre subscriptions, thereby further increasing fibre penetration.

### *Proactively Engage Relevant Stakeholders to Boost Market Share in Non-Residential and NBAP Segments*

With respect to the non-residential segment, as of 31 December 2016, NLT serviced a market share of approximately 31% of the non-residential wired broadband subscription market according to MPA. With its nationwide network, the Trustee-Manager believes that the Trust Group is well positioned to take advantage of new non-residential connections and it will continue to pursue this strategy. The Trustee-Manager believes one of the Trust Group's competitive advantages in its non-residential business is its extensive nationwide network coverage, as compared to the networks of its competitors, which are concentrated in the CBD and large business parks. This also 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. Additionally, the Trustee-Manager has been proactively deploying its fibre to improve coverage within selected non-residential buildings. Under such deployment, the Trustee-Manager brings its fibre from the MDF room of the non-residential premises to each floor within the premises, speeding up the delivery time for fibre connections when the Trustee-Manager receives non-residential orders from Requesting Licensees. The Trustee-Manager will continue such deployment as part of its initiative to proactively anticipate demand, working with Requesting Licensees and thereby increase its market share for non-residential segment. Finally, the Trust Group is also looking to extend its network footprint into other new major developments such as (i) the Greater Southern Waterfront project, which is expected to be developed on land made available when the ports in Pasir Panjang and Tanjong Pagar are relocated to Tuas, (ii) the continued development of the Jurong area, which is expected to be an area focusing on industrial research and innovation activities, and (iii) potential new developments to be built on the land occupied by the Paya Lebar Airbase, which is estimated to be relocated around 2030.

With respect to the NBAP segment, the Trust Group will continue to take advantage of new opportunities as and when they arise. While NBAP deployment remains in its early stages, the Trust Group's nationwide network gives it the flexibility to be able to quickly respond to any such opportunity. NBAP applications include infrastructure for telecommunications operators (such as wireless network base stations), cameras, sensors, signage and outdoor kiosks. Further, in 2016, the entry of a fourth mobile telecommunications operator in Singapore was announced. Such operator is expected to establish a mobile network with nationwide outdoor coverage by December 2018. As part of the roll-out of its mobile network, the fourth mobile telecommunications operator may require new NBAP connections and backhaul connections. With its nationwide fibre network, the Trustee-Manager believes that the Trust Group will be the leading provider of fibre for new NBAP opportunities.

***Become a Lead Partner of the Smart Nation Programme***

The Trustee-Manager intends to utilise the Trust Group's nationwide fibre network in order to become a lead partner in the development of new fibre based initiatives, including the Singapore government's Smart Nation programme. The Trustee-Manager intends to work with other Smart Nation participants in order to develop new opportunities in which the Trust Group's network can serve as a platform on which Smart Nation programme technology can be delivered. The Trust Group has already been involved in "Phase 1" of the Smart Nation Platform Project. As additional phases of the Smart Nation Platform are rolled out, the Trust Group shall endeavour to be the network provider of such phases. According to MPA, some of the proposed initiatives include the Smart Mobility 2030 by the Land Transport Authority, Smart HDB Towns and Estates by HDB, Surveillance Cameras by the Ministry of Home Affairs, Smart Metering by Energy Market Authority and SP Power, Waste Eco by National Environmental Agency and the Integrated Estate Management System by Jurong Town Corporation. The Trustee-Manager believes that the Trust Group is well positioned to provide fibre connections for future programmes through its extensive existing nationwide network.

***Established Business and Asset Management***

The Trustee-Manager has an established business and asset management framework that it seeks to implement in respect of the Trust Group. The framework is focused on ensuring that appropriate business planning, performance reporting, operational efficiency, governance and risk management are put in place and maintained.

The Trustee-Manager intends to enhance returns from the Trust Group's established network and will provide all required services to all Qualifying Persons in Singapore without preference or discrimination in accordance with the terms of its FBO licence. The Trust Group will also continue to focus on customer satisfaction and to work with Requesting Licensees in order to foster strong, long-term working relationships.

The Trust Group will continue to invest in the network in order to ensure the provision of all required services to its customers. This commitment can be seen through, among other things, the Trust Group's proactive commitment to ensure sufficient capacity in its network, whereby it is currently laying additional fibre cable sufficient to increase the spare fibre capacity to each residential home and non-residential premises. Efficient management of capital expenditure will remain a key objective of the Trustee-Manager. As the Trust Group's network has already achieved nationwide coverage, the significant level of capital expenditure incurred by the Trust Group in the past in rolling out its nationwide network will not be required in the future. The Trust Group's future capital expenditure needs will primarily relate to the expansion of existing network capacity and ongoing maintenance, with such amounts expected to be substantially less than the Trust Group's historical capital expenditure. The Trustee-Manager intends to fund the Trust Group's future capital expenditure requirements through funds generated from operations and the use of debt financing.

The Trust Group adopts and will continue to maintain an extensive system of network planning to ensure long-term reliability and availability of its network. For the financial years ended 31 March 2015, 31 March 2016 and 31 March 2017, the Trust Group's network availability was 99.99% for all three years. See "*—The Trust Group's Network and Properties—Network*".

The Trustee-Manager expects to continue to enhance operational efficiency while further reducing operating costs. The Trustee-Manager believes that the completion of the IT Project which involves the migration of the existing IT systems into one integrated system will assist in achieving such operational efficiency.

***Capital and Risk Management***

The Trustee-Manager aims to optimise returns on the Trust Group's network and distributions to Unitholders while maintaining appropriate levels of financial prudence. To do so, the Trustee-Manager intends to optimise the capital structure and cost of capital of the Trust Group.

The Trustee-Manager intends to pay distributions to Unitholders out of operating cash flows and aims to provide Unitholders with regular and predictable distributions. As part of its capital management strategy, the Trustee-Manager seeks to have in place medium to long term debt facilities. Where applicable, the Trustee-Manager intends to also adopt a hedging strategy to manage the risks associated with changes in interest rates relating to its borrowings. See "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Market Risks—Interest Rate Risk*". The Trustee-Manager also aims to ensure that the Trust Group has sufficient capital to fund any future capital expenditures. See "*—Established Business and Asset Management*".

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

**THE TRUST GROUP'S BUSINESS**

The Trust Group provides a number of services to Requesting Licensees through its network. The primary 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 and 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.

With respect to the use of the Trust Group's network for the purpose of end-user fibre connections, the network serves three separate connections:

(a) residential end-user connections;

(b) non-residential end-user connections; and

(c) NBAP connections.

The provision of services by the Trust Group is subject to regulation, whereby the Trust Group must offer Mandated Services to all Qualifying Persons in Singapore, at regulated prices, without preference or discrimination. The terms on which the Mandated Services are to be provided are set out in the Interconnection Offer and the Reference Access Offer, each of which is subject to the review and approval of IMDA. See "*Regulatory Environment—Key Codes of Practice Applicable to the Trust Group—NetCo Interconnection Code"*.

The Trust Group offers the following Mandated Services to Requesting Licensees pursuant to the following terms and conditions of the Interconnection Offer:

(A) *residential, non-residential and NBAP connection*s: residential end-user, non-residential end-user and NBAP connections (schedules 1 to 3 of the Interconnection Offer). See "*—Fibre Connections*";

(B) *Central Office related connections*: Central Office to Central Office connections and Central Office to MDF room connections (schedules 4 and 5 of the Interconnection Offer);

(C) *connections within residential buildings*: MDF room to FTTB node connections, FTTB node to distribution point connections and MDF room to residential premises connections (schedules 6 to 8 of the Interconnection Offer);

(D) *connections within non-residential premises*: MDF room to non-residential premises connections (schedule 9 of the Interconnection Offer);

(E) *NBAP connections*: Central Office to NBAP distribution point connections and NBAP distribution point to NBAP termination point connections (schedules 10 and 11 of the Interconnection Offer);

(F) *co-location services:* co-location services, Requesting Licensee to Requesting Licensee connections, supplemental cooling services and access to new co-location rooms (schedules 12, 12A, 12B and 12C of the Interconnection Offer). See "*—Use of other Passive Infrastructure*"; and

(G) *patching:* patching services to implement a connection at a fibre distribution frame located at a connectivity point in the Trust Group's network (schedule 13 of the Interconnection Offer).

The Trust Group is also required to provide Requesting Licensees with:

(1) licences for the shared use of, and access to, the Trust Group's building lead-in ducts and lead-in manholes for the sole purpose of the Requesting Licensee deploying underground equipment to provide telecommunication services; and

(2) access to lead-in facilities and in-building facilities (and other passive infrastructure) for the sole purpose of enabling such Requesting Licensees to provide other FBO licensees with access to the Requesting Licensee's location within the Trust Group's Central Offices for the purpose of obtaining the services provided under the relevant Interconnection Offer.

Such terms and conditions are set out in the Reference Access Offer.

For further details on the Interconnection Offer and the Reference Access Offer, see "*—Regulatory Framework, Licences and Permits—Interconnection Offer and Reference Access Offer*".

## FIBRE CONNECTIONS

### Residential

The Trust Group offers nationwide fibre connection services through its network to residential homes in mainland Singapore and its connected islands. The Trust Group's network had "passed" approximately 1.4 million residential homes, or substantially all of the residential homes in Singapore, and "reached" approximately 1.3 million residential homes, or 89.2% of the residential homes in Singapore, as of 31 March 2017.

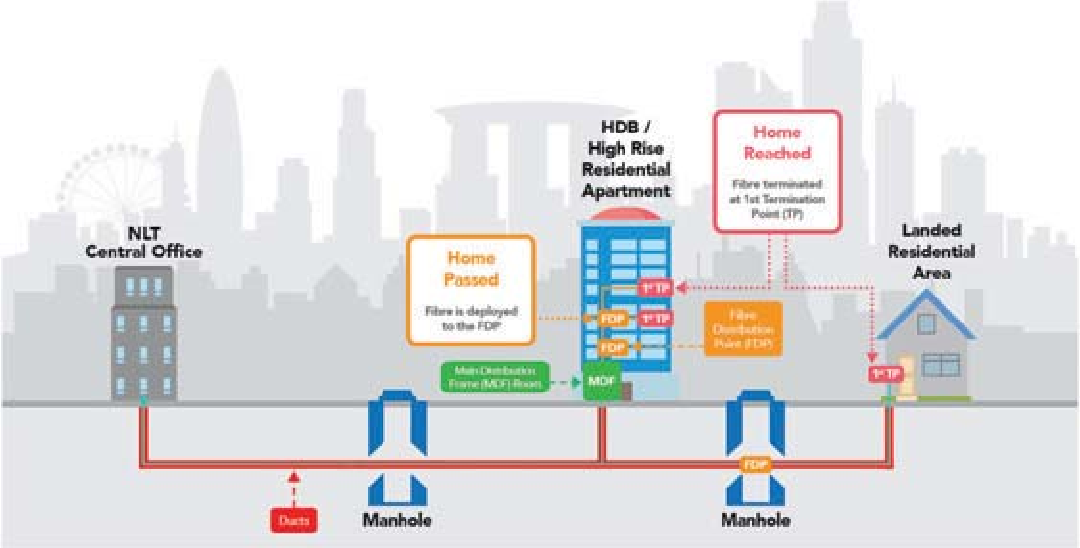
#### *Customers and End-Users*

The Trust Group's residential end-user connections are made through Requesting Licensees. The Trust Group's network is used by Requesting Licensees, who in turn provide services to Retail Service Providers. Retail Service Providers provide retail fibre services to residential end-users, comprising broadband, internet-protocol TV and VoIP services. As of the Latest Practicable Date, there were a total of 13 Requesting Licensees, six of which were actively requesting the Trust Group to provide residential connections, being Singtel, Nucleus Connect (which is owned by StarHub), M1, MyRepublic, ViewQwest and SuperInternet.

As of 31 March 2017, there were approximately 1.1 million residential end-user connections that the Trust Group's network supported. Demand for the use of the network by residential end-users is primarily addressed by Retail Service Providers, who in turn obtain such fibre connectivity through their Requesting Licensees. In order to access retail fibre services in Singapore, a residential end-user is required to enter into a service contract with a Retail Service Provider. Such residential end-user pays an agreed cost to his Retail Service Provider with respect to the connection of fibre services and ongoing connection charges, as determined by the relevant Retail Service Provider. The Trust Group has no influence over the prices that the Retail Service Providers charge to residential end-users. With respect to each residential end-user connection, the Trust Group receives a fixed monthly recurring fee from the relevant Requesting Licensee as set out in the Interconnection Offer. See "*—Pricing of the Trust Group's Services*".

***Residential Network***

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




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

***Residential Customer Orders and Connections***

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

As of 31 March 2017, the Trust Group's network had "reached" approximately 1.3 million residential homes, or 89.2% of all residential homes, meaning that fibre termination points had been installed in the individual residential homes. The Trust Group will continue to progressively install termination points in all remaining residential homes, when these remaining residential homes decide to activate fibre broadband services. Such installations would take place primarily at the time that a relevant order is received from a Requesting Licensee.

In terms of installing termination points in premises without any existing termination points:

(a) for high-rise residential buildings, the Trust Group's appointed contractors will utilise the Trust Group's existing building ducts, cable trays and trunking from the MDF room to bring fibre connection services to the residential home; and

(b) for landed residential homes, the fibre cable will be installed into the home via underground pipes or, if required in limited situations, over-ground pipes from the nearest MDF room or nearest manhole.

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

**Non-Residential**

The Trust Group provides nationwide fibre connection services through its network to non-residential premises in mainland Singapore and its connected islands, save for those premises where the Trust

Group was denied entry. As of 31 March 2017, the Trust Group's non-residential network had been deployed to 30,154 non-residential premises, meaning that the Trust Group's network has been deployed up to the MDF room of the non-residential premises. As of 31 March 2015, 2016 and 2017, the Trust Group's network serviced a market share of approximately 20.7%, 27.6% and 31.7% of the non-residential wired broadband market, respectively.

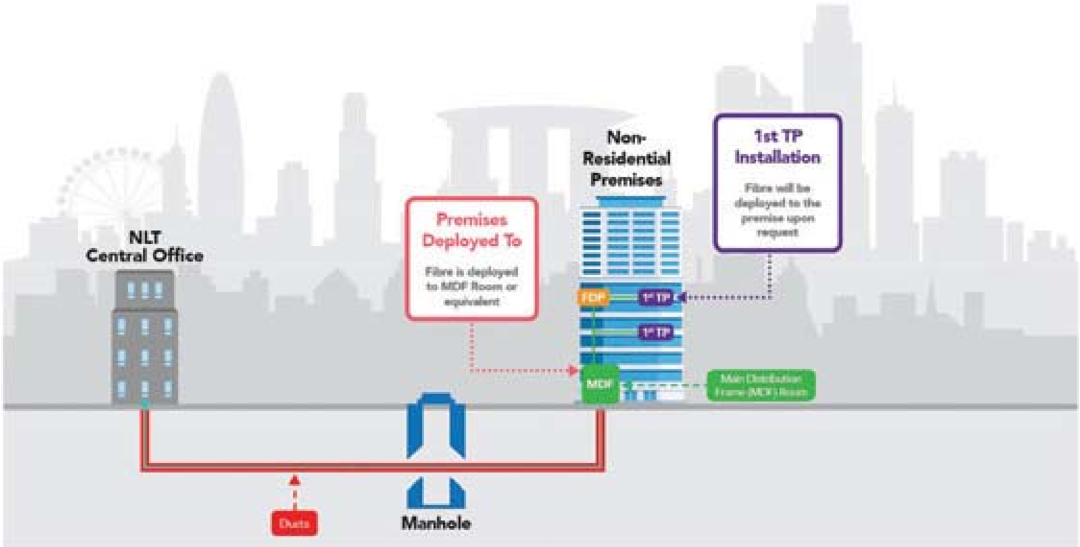
***Customers and End-Users***

The Trust Group's non-residential end-user connections are made through Requesting Licensees. The Trust Group's network is used by Requesting Licensees, who provide services to Retail Service Providers. Retail Service Providers provide retail fibre connections to non-residential end-users such as businesses, shopping malls, transport providers, government departments, hospitals and schools. As of the Latest Practicable Date, of the 13 Requesting Licensees, a total of seven Requesting Licensees were actively requesting non-residential connections from the Trust Group. The Trust Group competes with certain of the Requesting Licensees with respect to its non-residential connection business but is able to provide an attractive neutral option for Retail Service Providers who do not have an established network, as compared to competitor networks affiliated with certain Retail Service Providers. See "—*Competition*".

As of 31 March 2017, there were approximately 38,500 non-residential end-user connections that the Trust Group's network supported. Similar to the residential business, in order to access retail fibre connection services in Singapore, a non-residential end-user is required to enter into a service contract with a Retail Service Provider. Such end-user pays an agreed cost with respect to the connection of fibre services and ongoing connection charges to the relevant Retail Service Provider it has contracted with, as determined by the relevant Retail Service Provider. The Trust Group has no influence over the prices that the Retail Service Providers charge to non-residential end-users. The Trust Group in turn receives fixed monthly recurring fees from the relevant Requesting Licensee as set out in the Interconnection Offer with respect to each non-residential end-user connection. See "—*Pricing of the Trust Group's Services*".

***Non-Residential Network***

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




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. On an ongoing basis, the Trust Group's network is deployed to new non-residential premises as and when they are developed.

***Non-Residential Customer Orders and Connections***

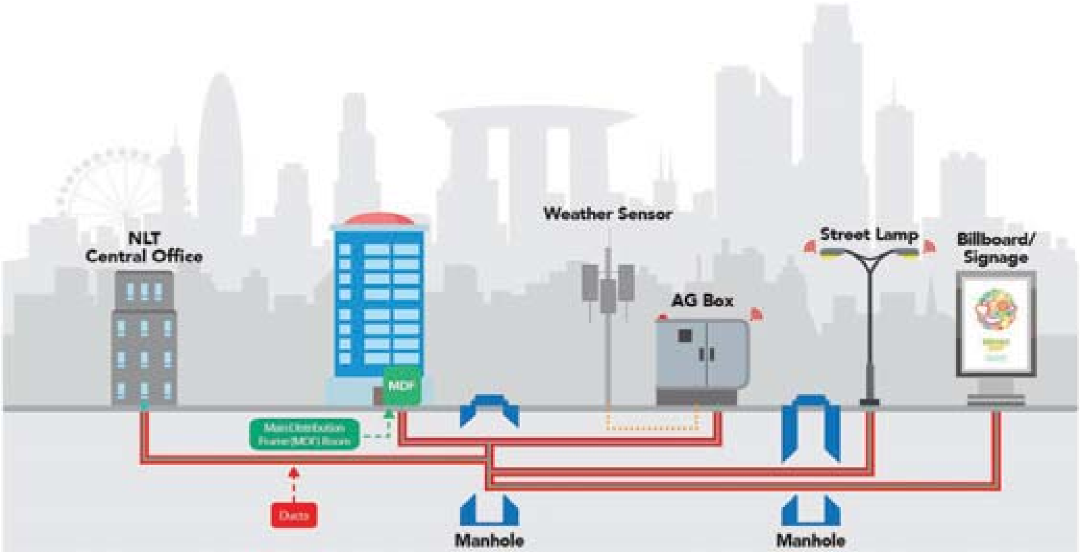
Non-residential end-users receive the Trust Group's fibre connection services through one of the Retail Service Providers. The majority of Retail Service Providers also act as integrated Requesting Licensees, meaning that the Retail Service Provider can request services directly from the Trust Group. Integrated Requesting Licensees do not have to transact through a standalone OpCo. Requesting Licensees can provide the Trust Group with a connection activation order through an online service portal or through a direct connection to the Trust Group's order provisioning system.

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

**NBAP**

The Trust Group provides NBAP connection services throughout mainland Singapore and its connected islands. Currently, NBAP services include the connection of any location in mainland Singapore that does not have a physical address or assigned postal code. Such locations include, for example, roadside points, bus stops, multi-storey car parks and traffic lights. NBAPs are for applications including wireless network base stations, cameras, sensors, signage and outdoor kiosks. Such NBAPs are provided for and installed in response to requests from Requesting Licensees. As of 31 March 2017, the Trust Group had 357 NBAP connections throughout mainland Singapore. Going forward, further NBAP connections are also expected to be established on Singapore's connected islands. There are presently no QoS Standards that are applicable to NBAP connections.

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




The Trustee-Manager 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 HDB, and the Integrated Estate Management System by Jurong Town Council. The Trust Group's fibre network infrastructure serves as a platform on which these initiatives can be delivered. The Trustee-Manager believes that the Trust Group is well positioned to provide the fibre requirements of future initiatives through its extensive nationwide fibre broadband network. During the year ended 31 March 2017, the Trust Group provided 49 new NBAP connections to the successful bidder for "Phase 1" of the Smart Nation Platform Project for the purpose of connectivity to aggregation gateway boxes. See "*Appendix D—Independent Industry Consultant Report*".

The prices that the Trust Group is permitted to charge with respect to its NBAP services are set out in the Interconnection Offer, which is subject to approval by IMDA. See "*—Pricing of the Trust Group's Services*".

### Segment Fibre

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

## USE OF OTHER PASSIVE INFRASTRUCTURE

### Ducts and Manholes

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

(i) licences for the shared use of, and access to, the Trust Group's building lead-in ducts and lead-in manholes for the sole purpose of enabling such Requesting Licensees to deploy underground equipment to provide telecommunication services; and

(ii) access to lead-in facilities and in-building facilities (and other passive infrastructure) for the sole purpose of enabling such Requesting Licensees to provide other FBO licensees access to the Requesting Licensee's location within the Trust Group's Central Offices for the purpose of obtaining the services provided under the relevant Interconnection Offer.

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

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

(a) use, occupy and physically access, on a non-exclusive basis, the Trust Group's ducts and manholes which house Singtel's own ducts and cables and

(b) physically access the Trust Group's "common manholes" to access Singtel's ducts and cables.

These arrangements arose in part due to the historical ownership of the Trust Group's ducts and manholes, which were previously owned and used by Singtel for its own network prior to the establishment of NLT and subsequently transferred to NLT. See "*—Historical Background of the Trust Group and Singapore's Next Gen NBN*".

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

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

#### *Co-location*

The Trust Group provides co-location services under which space in co-location rooms within the Central Offices is made available to Requesting Licensees, enabling Requesting Licensees to host active network equipment, servers and any other interconnecting equipment in order to deliver fibre services to end-users. In addition to providing Requesting Licensees the physical space their equipment requires, the Trust Group also provides power, cooling and related services to Requesting Licensees. Each Central Office has up to three dedicated co-location rooms. See "*—The Trust Group's Network and Properties*".

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

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

### NON-FIBRE RELATED SERVICES

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

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

### HISTORICAL BACKGROUND OF THE TRUST GROUP AND SINGAPORE'S NEXT GEN NBN

The table below sets out the key milestones for the Trust Group:

| Date | Event |
|---|---|
| 2008 | OpenNet was established, as a consortium between Singtel, Singapore Press Holdings Limited, SP Telecommunications Pte Ltd and Axia NetMedia Corporation |
| | OpenNet was selected to install, operate and maintain the passive infrastructure and systems of the Next Gen NBN pursuant to a competitive request for tender by IMDA |

| Date | Event |
|---|---|
| 2009 | OpenNet was issued a licence by IMDA to install, operate and maintain the passive infrastructure and systems of the Next Gen NBN following the award of the competitive request for tender by IMDA in 2008 |
| | Roll-out of fibre network by OpenNet for the Next Gen NBN commenced |
| 2011 | NLT was established |
| | Majority of the passive non-fibre infrastructure assets that were required as part of the roll-out of fibre network for the Next Gen NBN comprising underground ducts, manholes and Central Offices were transferred to NLT from Singtel |
| 2012 | Next Gen NBN reached or deployed to 95% of all residential homes and non-residential premises |
| 2013 | Next Gen NBN reached nationwide coverage with respect to residential homes and non-residential premises |
| | NLT acquired OpenNet as part of a consolidation process and increased its assets to include OpenNet's fibre network |
| 2014 | Additional passive non-fibre infrastructure assets that were required as part of the roll-out of fibre network for the Next Gen NBN were transferred to NLT from Singtel |
| | Integration of the Next Gen NBN fibre infrastructure and the Key Sub-Contractor into NLT was completed |
| 2017 | The TM Shares Trust was established and the Trustee-Manager and the NLT Trustee were incorporated |
| | Remaining passive non-fibre infrastructure assets that were required as part of the roll-out of fibre network for the Next Gen NBN were transferred to NLT from Singtel |
| | NLT Trustee was appointed as the replacement trustee-manager of NLT |
| | The Trust was established |

***OpenNet and NLT***

The roll-out of the Next Gen NBN commenced in 2009 through OpenNet. OpenNet was in effect a "predecessor" in terms of network design and operation before its subsequent acquisition by NLT pursuant to the consolidation exercise in 2013. OpenNet was established in 2008 as part of a consortium bid between Singtel, Singapore Press Holdings Limited, SP Telecommunications Pte Ltd and Axia NetMedia Corporation to operate as the "Network Company" or "Netco" in the Next Gen NBN. OpenNet was declared as the successful bidder by IMDA in 2008 and mandated to establish, install and maintain a nationwide passive fibre network and provide telecommunication services over the network for the Next Gen NBN. 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. See "*—Regulatory Framework, Licences and Permits—Next Gen NBN Industry Structure*".

Singtel established NLT in 2011 to hold the passive non-fibre infrastructure assets (comprising underground ducts, manholes and Central Offices) used to support OpenNet's deployment of the fibre network for the Next Gen NBN. A majority of such passive non-fibre infrastructure assets and network were transferred by Singtel to NLT at this time. NLT was issued a FBO licence in 2011 by IMDA to install, operate and maintain 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 telecommunication system. Accordingly, at this time, the responsibility for the design, building and operation of the fibre on the one hand, and the provision and ownership of the remaining passive infrastructure (comprising underground ducts, manholes and Central Offices) on the other hand, were separated between OpenNet and NLT, respectively.

In 2013, a long form consolidation application was submitted to IMDA, whereby NLT would acquire 100% of the share capital in OpenNet from the four shareholders of OpenNet (the "**Consolidation**"). The Consolidation was approved by IMDA in November 2013 subject to the following conditions, among others:

(i) Singtel would sell more than 75% of its unitholding in NLT;

(ii) Singtel would terminate its agreements with OpenNet with respect to Singtel being OpenNet's key sub-contractor, and would transfer relevant personnel, skills and expertise to NLT;

(iii) a monitoring board would be established by IMDA to monitor the post-Consolidation entity and, where relevant, Singtel's compliance with the control and ownership restrictions. The monitoring board will exist until such time that Singtel divests its unitholdings in NLT to below 25%;

(iv) the post-Consolidation entity would be required to seek IMDA's approval before appointing any telecommunication or broadcasting licensee as its contractor; and

(v) the post-Consolidation entity would have full independence and powers in relation to decisions on prices, terms and conditions for its service offerings, and would not have to seek Singtel's prior approval for matters that do not or are not likely to have a material adverse effect on Singtel's ability to carry out its divestment of its unitholdings in NLT.

The Consolidation was effected in two phases. Phase 1 comprised the acquisition by NLT of 100% of the issued and paid-up share capital of OpenNet from the existing shareholders of OpenNet in November 2013. This was followed by Phase 2, being the operational consolidation, which was completed by October 2014 (involving 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-Contractor (which included the relevant technical and operational 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 NLT's existing subsidiary. Furthermore, OpenNet's FBO licence was terminated and NLT's FBO licence was amended to incorporate all passive infrastructure related to the Central Offices, ducts, manholes and fibre. This in turn enabled NLT to provide comprehensive and integrated services to install, operate and maintain the Next Gen NBN.

**Singapore's Next Gen NBN and iN2015**

In 2006, the Singapore government launched its 10-year master plan, iN2015, with the aim of enhancing the competitiveness of the Singapore economy as a whole. The vision of iN2015 was: "Singapore: An Intelligent Nation, A Global City, Powered By Infocomm". Some of the key goals under iN2015 were:

(a) to be the best in the world in harnessing infocomm to add value to the economy;

(b) a two-fold increase in the value-add of the infocomm industry to S$26 billion;

(c) a three-fold increase in infocomm export revenue to S$60 billion;

(d) to create 80,000 additional jobs;

(e) to achieve 90% broadband usage in all homes; and

(f) to achieve 100% computer ownership in homes with school-going children.

The Next Gen NBN is a critical component of iN2015.

The Next Gen NBN is the wired network of the "Next Generation National Info-communications Infrastructure" under the iN2015 master plan to provide nationwide ultra-high-speed broadband access of up to 1 Gbps and higher to all physical addresses in Singapore including homes, schools, government buildings, businesses and hospitals. The Next Gen NBN achieved nationwide coverage in respect of residential homes and non-residential premises in 2013.

The Singapore government established a grant to fund the Next Gen NBN. Funds under the grant were received by NLT upon the achievement of certain prescribed milestones, in particular, the level of connections completed by NLT. NLT received an aggregate of S$732 million under the grant, which will be amortised over the useful life of the assets purchased. There are no remaining conditions outstanding with respect to the grant. The final amounts that NLT was entitled to receive under the grant were received in 2015. The Trust Group does not anticipate that further grants will be provided by the Singapore government with respect to the Next Gen NBN.

**KEY OPERATING METRICS AND PERFORMANCE INDICATORS**

The Trustee-Manager believes that the Trust Group's operating metrics and key performance indicators are useful metrics for monitoring the operational performance of the Trust Group. The table below sets out the Trust Group's key operating metrics and performance indicators for the dates indicated.

| | As of 31 March | | |
|---|---|---|---|
| | 2015 | 2016 | 2017 |
| **Residential:** | | | |
| Residential home passed (#) | 1,319,162 | 1,374,936 | 1,434,385 |
| Residential home reached: | | | |
| Residential home reached (#) | 959,848 | 1,164,883 | 1,279,308 |
| Residential home reached as a % of home passed | 72.8% | 84.7% | 89.2% |
| Fibre End-user connections: | | | |
| End-user connections (#) | 714,875 | 938,005 | 1,094,756 |
| End-user connections as a % of home passed | 54.2% | 68.2% | 76.3% |
| Broadband connections: | | | |
| Residential wired broadband connections (#) | 1,352,600(1) | 1,357,700(1) | 1,339,500(1) |
| Fibre End-user connections as a % of total residential wired broadband connections | 52.9% | 69.1% | 81.7% |
| **Non-Residential:** | | | |
| Non-residential premises deployed to (#) | 28,192 | 29,047 | 30,154 |
| Fibre End-user connections (#) | 22,335 | 31,536 | 38,457 |
| Total corporate wired broadband: | | | |
| Total corporate wired broadband connections (#) | 107,900(1) | 114,200(1) | 121,300(1) |
| Fibre End-user connections as a % of total corporate wired broadband connections | 20.7% | 27.6% | 31.7% |
| **NBAP:** | | | |
| NBAP connections (#) | 59 | 142 | 357 |

(1) Source: IMDA, Statistics on Telecom Services for 2017 (Jan - Jun) as published on the website of IMDA at https://www.imda.gov.sg/industry-development/facts-and-figures/telecommunications/statistics-on-telecom-services/statistic-on-telecom-service-for-2017-jan last accessed in June 2017. IMDA has not provided its consent, for purposes of Section 282I of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 282N and 282O of the SFA. While the Trust, the Trustee-Manager, the Joint Issue Managers, the Joint Global Coordinators, the Joint Bookrunners and Joint Underwriters have taken reasonable actions to ensure that the information is reproduced in its proper form and context and that the information is extracted accurately and fairly from the relevant source, none of the Trust, the Trustee-Manager, the Joint Issue Managers, the Joint Global Coordinators, the Joint Bookrunners and Joint Underwriters or any other party has conducted an independent review of the information from such source or verified the accuracy or completeness of the relevant information.

These key performance indicators, involving management estimates, are not part of the Trust Group's financial statements or financial reporting systems and have not been audited or otherwise reviewed by an external auditor, consultant or expert.

## PRICING OF THE TRUST GROUP'S SERVICES

The provision of the Trust Group's principal services is subject to, *inter alia*, the terms and conditions of the FBO licence currently held by the NLT Trustee, and to be held by the NLT Trustee and the Trustee-Manager on a joint and several basis following the Listing. These services include the Mandated Services set forth in the FBO licence, which have to be provided on terms (including pricing) approved by IMDA. IMDA is the regulatory body that regulates the provision of telecommunication systems and services in Singapore. See "*Regulatory Environment*".

The Interconnection Offer was initially approved by IMDA in October 2009. Under the Code of Practice for Next Generation Nationwide Broadband Network NetCo Interconnection (the "**NetCo Interconnection Code**"), IMDA has the right to review the terms (including pricing) under which services are provided pursuant to the Licensee's Interconnection Offer. See "*Regulatory Environment—Key Codes of Practice Applicable to the Trust Group*". 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). To assist IMDA in its review, the Licensee is required to provide IMDA with all necessary information and documentation where requested by IMDA, which includes the provision of estimated capital expenditures, operating expenses and end-user connections. Under the Telecom Competition Code, IMDA also has the right to review the terms under which services are provided pursuant to the Licensee's Reference Access Offer. The Reference Access Offer was initially approved by IMDA in September 2011 and was subsequently reviewed by IMDA in September 2015.

The most recent review by IMDA of prices under the Interconnection Offer and Reference Access Offer commenced in 2015 and was completed in May 2017. Substantially all of the revised prices will be effective from the New Pricing Date. See "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Factors Affecting NLT and/or the Trust Group's Business and Results of Operations—Pricing of NLT's Services*".

The following table sets out certain of the Licensee's material installation, connection and co-location charges under the Interconnection Offer for the period prior to the New Pricing Date and the period from the New Pricing Date onwards. For further details, see "*Regulatory Environment—Key Codes of Practice Applicable to the Trust Group—NetCo Interconnection Code—Pricing of services under the approved ICO*".

| | High-rise Residential Building (pre-New Pricing Date) | Landed Residential homes (pre-New Pricing Date) | High-rise Residential Building (post-New Pricing Date) | Landed Residential homes (post-New Pricing Date) |
|---|---|---|---|---|
| | S$ (excl. tax) | S$ (excl. tax) | S$ (excl. tax) | S$ (excl. tax) |
| **Residential End-User Connection:** | | | | |
| Installation: | | | | |
| Installation charges (per connection) | 220.00 | 450.00 | 150.00 | 270.00 |
| Monthly Recurring Charge (1:24 split) | 15.00 | 15.00 | 13.80 | 13.80 |

| | Price (pre-New Pricing Date) | Price (post-New Pricing Date) |
|---|---|---|
| | S$ (excl. tax) | S$ (excl. tax) |
| **Non-Residential End-User Connection:** | | |
| Installation (per connection): | | |
| Standard installation charges | 513.00 | N/A |
| Installation of network charge | 363.00 | |
| From CO to termination point inside non-residential premises | N/A | 717 |
| From CO to termination point inside vertical telecommunication riser on same floor where non-residential premises is located | N/A | 494 |
| From CO to termination point in FTTB node of the non-residential premises where Next Gen NBN ends | N/A | 41 |
| Monthly Recurring Charge (1:16 split for each term of 12 months) | 50.00 | 55.00 |
| **NBAP Connection:** | | |
| Standard Installation charges (not including digging/trenching work) (per connection) | 150.00 | N/A |
| Monthly Recurring Charge (1:16 split for each term of 12 months) | 185.00 | 73.80 |
| **Co-Location Service[24]:** | | |
| Co-Location Room 1: | | |
| Cost per square metre (per month) (for a 25 year term) | 367.00 | 367.00 |
| Cost per square metre (per month) (for a 2 year term) | 590.19 | 590.19 |
| **Co-Location Supplementary Cooling Service[24] (Applicable to Co-Location Room 1 Only):** | | |
| Monthly recurring charge (per cooling unit) (for all COs except for Tuas CO) | 1,647.38 | 1,647.38 |

## THE TRUST GROUP'S NETWORK AND PROPERTIES

### Network

The Trust Group's network consists primarily of fibre cable, ducts, manholes and Central Offices located throughout mainland Singapore and its connected islands. The Trust Group's network was made up of ten Central Offices and approximately 76,000 km of fibre cables, 16,200 km of ducts, and 62,000 manholes as of 31 March 2017.

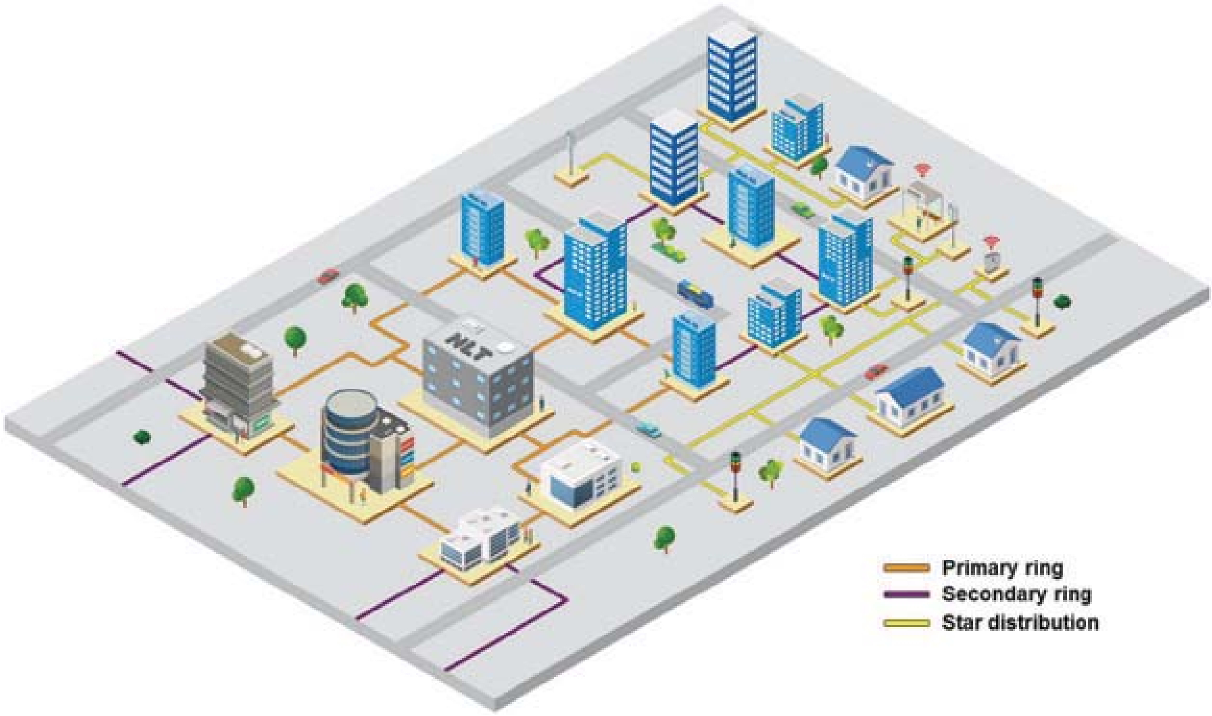
The Trustee-Manager expects that the Trust Group's network will be able to cater to future technological developments with limited substitution risk for the foreseeable future, with future capital expenditure largely limited to network maintenance and network expansion to cover additional residential homes, non-residential premises and NBAPs. Fibre cables are thin strands of glass, about the thickness of a strand of human hair, which permit the transmission of data using light.

Connections between Central Offices, and connections from Central Offices to residential homes, non-residential premises and NBAP locations form the basis of the Trust Group's network. The network

24 Co-Location Service, RL to RL Interconnection Service, Co-Location Supplementary Cooling Service and OSS/BSS Connection & Professional Service were not included in the price review exercise that IMDA concluded in May 2017. The prices of these services will be reviewed by IMDA separately.

uses a combination of "ring" and "star" topology that enables a single fibre cable to serve multiple end-users. From each Central Office, a "ring" topology is deployed to connect network cabinets/nodes in a continuous loop. Further to this, multiple point-to-point network connections are deployed from the network cabinets/nodes to the various surrounding residential and non-residential premises and NBAP locations in a "star" topology. The Trust Group also employs network "springboarding", whereby Central Offices are connected to approximately 2,400 cabinets/nodes throughout Singapore which house certain of the Trust Group's assets, which in turn connect the network to surrounding residential homes and non-residential premises.

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




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

Ducts and manholes form the basis of the Trust Group's network. Ducts are the underground passageways that house the Trust Group's fibre cables. Ducts are typically 110 millimetres in diameter and can house up to eight cables, depending on where in the network such ducts are located. Ducts are typically constructed from polyvinyl chloride (PVC). Ducts are located at least one metre underground. Manholes are top opening underground spaces that provide access to the Trust Group's ducts. Each manhole closing is protected by a manhole cover.

The Trust Group continues to roll-out new fibre infrastructure to all new buildings and developments as and when completed. For example, the Trust Group is targeting to expand its network coverage to upcoming townships such as the new Tengah estate in Singapore. The first batch of HDB homes in Tengah is expected to be launched in 2018 and further developed over the next two decades, with an estimated 42,000 new residential homes. In addition, the Trust Group is also looking to extend its network footprint into other new major developments such as:

(i) the Greater Southern Waterfront project, which is expected to be developed on land made available when the ports in Pasir Panjang and Tanjong Pagar are relocated to Tuas;

(ii) the continued development of the Jurong area, which is expected to be an area focusing on industrial research and innovation activities; and

(iii) potential new developments to be built on the land occupied by the Paya Lebar Airbase, which is estimated to be relocated around 2030.

In addition to expanding the network to cover new developments, the Trust Group continues to install additional fibre cable to existing residential homes and non-residential premises in Singapore to ensure that the network has sufficient additional capacity. In this regard, the Trust Group is currently in the process of laying additional fibre cable sufficient to increase the spare fibre capacity to residential households to at least 50%. The roll-out of additional fibre capacity commenced in 2015 and is expected to be completed by 31 March 2019. This requirement for additional fibre capacity is largely driven by the need to address churn between Retail Service Providers and an increase in second fibre connections for residential homes. The additional fibre capacity is intended to enable end-users to switch between Retail Service Providers without any capacity related delays. In addition, the roll-out of additional fibre capacity is expected to allow the Trust Group to continue to capitalise on increased demand for fibre connections that may arise in Singapore, and new opportunities such as the Smart Nation programme.

Further, the roll-out of additional fibre arose in part due to a directive issued by IMDA, which requires the Trust Group to install additional spare fibre capacity in each relevant residential building once the existing spare capacity falls below certain thresholds. In the event such thresholds are crossed, the directive specifies that NLT is required to install additional spare fibre capacity in the relevant residential building by a prescribed capacity percentage.

The table below sets forth information relating to the Trust Group's network as of 31 March 2015, 2016 and 2017.

| | As of 31 March | | |
|---|---|---|---|
| | **2015** | **2016** | **2017** |
| **Network:** | | | |
| Fibre cable length (km) (approximate) | 63,000 | 68,000 | 76,000 |
| Ducts length (km) (approximate) | 16,000 | 16,100 | 16,200 |
| Manholes (approximate) | 61,000 | 61,300 | 62,000 |
| Central Offices | 9(1) | 9(1) | 10(2) |
| Co-location room space available to the Trust Group (square metres) | 2,251 | 2,406 | 3,312 |
| **Performance:** | | | |
| Network availability(3) | 99.99% | 99.99% | 99.99% |

(1) Including two Central Offices owned by Singtel.

(2) Including three Central Offices owned by Singtel.

(3) Excluding disruptions due to damage to fibre cables caused by third parties.

Historically, the Trust Group has had access to Singtel's existing ducts and manholes. The Trust Group was party to a master framework agreement with Singtel relating to the sale of ducts and manholes owned by Singtel to the Trust Group. The master framework agreement permitted the Trust Group to submit a request to Singtel to install new fibre cables in Singtel's ducts and manholes if the Trust Group needed to lay additional fibre cable and did not have sufficient capacity in its ducts and manholes to do so. Singtel and the Trust Group would then enter into good faith discussions in relation to whether there was sufficient capacity in Singtel's existing ducts and manholes and if so, identification of Singtel's ducts and manholes to be transferred to Trust Group. Such transfer of Singtel's ducts and manholes would be pursuant to an agreed form of sale and purchase agreement, as set out in the master framework agreement and would be at fair value (as defined in the master framework agreement). The master framework agreement will expire on the Listing Date. Without this arrangement in place, in the event the Trust Group does not have its own applicable ducts and manholes, the Trust Group may be required to construct and install its own additional ducts and manholes to connect to premises without an existing connection. In addition, the Trust Group has historically collaborated with Singtel by jointly undertaking projects to construct ducts and manholes in Singapore and sharing the costs in relation to such projects, if mutually agreed to between the Trust Group and Singtel. Following Listing, any such arrangement will be on a case-by-case basis. In the event that the Trust Group needs to undertake construction of any new ducts and manholes on its own, it will not be able to share the costs in relation to such projects with Singtel. See "*Risk Factors—Risks Relating to the Trust Group*'s *Business—Changes in certain arrangements with Singtel following the Offering may have a material adverse effect on the financial performance and operations of the Trust Group*".

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

Requesting Licensees are able to request for and obtain access to the Trust Group's building lead-in ducts and lead-in manholes pursuant to the Reference Access Offer. See "*—Use of Other Passive Infrastructure—Ducts and manholes*". As at the Latest Practicable Date, a number of parties have entered into RAO agreements with the Trust Group. See "*Regulatory Environment – Key Codes of Practice Applicable to the Trust Group – ICO/RAO agreements*". In addition, Telecommunication Licensees may request that NLT provide services similar to those provided to Singtel under the ducts and manholes services agreement, and NLT, being a Dominant Licensee under the Telecom Competition Code, may provide such services, on a non-discriminatory basis and pursuant to tariffs which have been reviewed by IMDA. As at the Latest Practicable Date, no third parties have requested for such services.

***Monitoring and Maintenance***

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

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

(a) maintains a fibre monitoring system for faults in the Trust Group's fibre network;

(b) acts as a liaison between Requesting Licensees and maintenance teams on faults or service outages; and

(c) provides real-time monitoring and reporting of environmental alarms (fire, power and cooling) in the co-location rooms of the Central Offices.

The Trust Group has standard operating procedures for managing faults or service outages and does not typically outsource any of such remedial works. Once a network fault is detected, the Trust Group will rectify the problem by dispatching the Trust Group's own maintenance employees to that location. If a material fault is discovered, such as a cut in the fibre cable, the Trust Group will implement temporary remedial actions such as diverting fibre traffic away from the material fault in order to minimise disruption to its customers and end-users, and provide the Trust Group's maintenance employees the opportunity to effectively remedy the fault. After the problem has been resolved, the Trust Group will continue to monitor network performance, as well as track Requesting Licensee and end-user feedback until the Trust Group is satisfied that the fault has been fully rectified.

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

(a) in October 2013 there was a fire at the Bukit Panjang Central Office, which was caused by a third party. The incident resulted in service disruptions which affected approximately 270,000 end-users for a period of up to eight days; and

(b) the Trust Group has experienced multiple instances where its fibre cables have been cut, primarily as a result of negligent third party actions.

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

**Properties**

***Central Offices***

The Trust Group holds leasehold interests in the seven NLT Central Offices. In addition, the Trust Group leases and/or has the right to use additional rooms in the three Singtel Central Offices pursuant to certain leases and/or co-location agreements with Singtel. Particulars of such leasehold interests and such rights as at the Listing Date are set out in "*Appendix H—Material Properties*".

Together, the NLT Central Offices and such rooms in the Singtel Central Offices serve as the Trust Group's network hubs and house certain parts of the Trust Group's passive network infrastructure and the Requesting Licensees' equipment through the Trust Group's co-location business operations. Each of the NLT Central Offices and such rooms in the Singtel Central Offices has one or more separate co-location rooms / spaces. Under IMDA's regulatory framework, the Trust Group is required to make available co-location space in any of the NLT Central Offices and such rooms in the Singtel Central Offices or any other location or building where the Trust Group provides access to the passive infrastructure and co-location facilities to any Requesting Licensee that requires such space. As demand for space increases, the Trust Group will continue to develop additional co-location rooms in the NLT Central Offices, such as the four additional co-location rooms that it is planning to construct in the NLT Central Offices in the next 12 months.

As of the Latest Practicable Date, the total net lettable floor area of the NLT Central Offices is approximately 32,081 square metres, of which an aggregate floor area of approximately 2,554 square metres is utilised by the Trust Group. The remaining spaces in the NLT Central Offices are leased to Singtel to house and operate certain of Singtel's assets and operations / equipment pursuant to registered leases or subleases for a period ending September 2021 with multiple options to renew (each term for the option to renew typically being 10 years). Each option to renew is exercisable by Singtel by giving at least 12 months' prior written notice to the Trust Group. On the receipt of such notice from Singtel, the Trust Group shall provide to Singtel its assessment of the prevailing market rent of the relevant premises as at the commencement date of the applicable option term (the "**Prevailing Market Rent**"). In the event that Singtel and the Trust Group do not reach an agreement on the Prevailing Market Rent, a valuer will be appointed to determine the Prevailing Market Rent, provided that such rent (payable on a quarterly basis) shall not exceed the sum of (i) 102% of the fixed component of the quarterly rent payable by Singtel in respect of each quarterly period of the term immediately preceding that option term (the "**Rental Cap**") and (ii) a variation rent component (arising from agreed power upgrading works required by Singtel (if any)). In addition, service charges which are subject to adjustment by the Trust Group (which adjustment is in practice currently conducted on an annual basis, depending on the actual cost structure of the Trust Group), are payable by Singtel to the Trust Group. In the event that the Prevailing Market Rent determined by the appointed valuer is not accepted by Singtel in writing, the Trust Group will be free to lease the premises to other third parties. The terms of the options to renew, including the Rental Cap, were commercially agreed on an arm's length basis between Singtel and the Trust Group, taking into consideration the long tenure of the leases.

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

The total floor area of the rooms in the three Singtel Central Offices either leased or used by the Trust Group is approximately 899 square metres as of the Latest Practicable Date.

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

In view of the expected increase in demand by Requesting Licensees for additional co-location space, the Trust Group and Singtel have, on 10 July 2017, entered into a master framework agreement (the

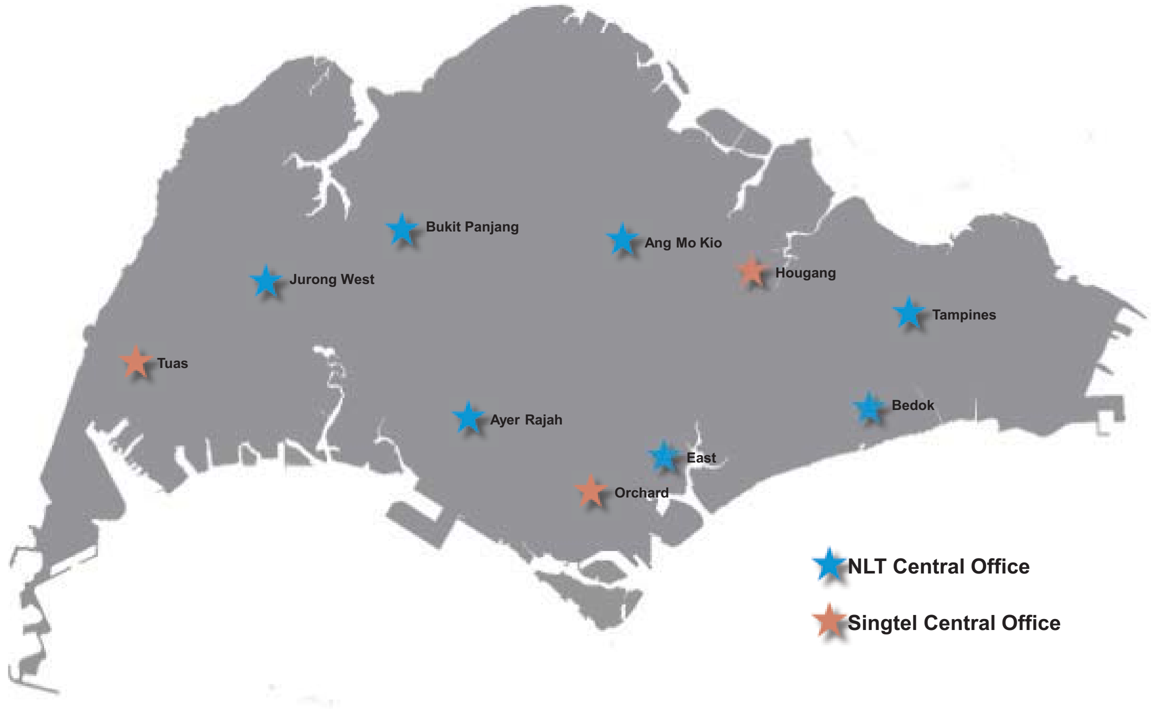
“**Agreement for Additional Space**”) with respect to the availability of additional co-location and other space in the Central Offices for the period up till 2034. Under and subject to the terms of such agreement, Singtel will, *inter alia*, make available to the Trust Group up to a specified amount of additional space (“**Committed Space**”) in accordance with a projected schedule, following the submission of a request (a “**Scheduled Request**”) from the Trust Group.

In respect of the ten Central Offices, it is anticipated that when the Trust Group submits a Scheduled Request for additional space pursuant to the Agreement for Additional Space, Singtel will, in order to fulfil its obligation to make such space available in accordance with and subject to the terms of the Agreement for Additional Space, enter into co-location agreements with the Trust Group, in respect of the requisite amount of space being requested for by the Trust Group. The handover date for the requested space is expected to be not less than 12 months (in the case of a handover date falling in 2018) or 18 months (in the case of a handover date falling in any other year within the projected schedule) from the date of the Trust Group’s request, allowing Singtel sufficient time to make such space available and to enter into a co-location agreement, before the handover date.

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

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

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




***Offices***

The Trust Group leases two permanent offices and one temporary office. The temporary office has been leased since November 2016 in relation to supporting the deployment of the Trust Group’s IT Project, which required the employment of additional temporary staff and, in turn, the leasing of additional space to house such staff.

All leased offices are leased under tenancy agreements which do not contain any covenants, easements, exceptions or reservations of an unusual or unduly onerous nature for an agreement of this nature. The terms of the two permanent office lease agreements expire on 31 July 2020 and 31 August 2019, respectively, and the term of the temporary office lease expires on 30 April 2018. In the event that the Trust Group is not able to renew any of these office leases, the Trustee-Manager believes that the Trust Group could relocate its offices to new properties without undue cost or disruption.

***Warehouse***

The Trust Group maintains warehousing space pursuant to a supply agreement. Such warehousing space is used to store the Trust Group's various supplies, including fibre cable, duct housing and manhole covers. The agreement expires on 31 October 2017. In the event that the Trust Group is not able to renew this agreement, the Trustee-Manager believes that the Trust Group could relocate its current warehousing to new properties without undue cost or disruption.

**Capital Expenditure on Network Assets and Central Office Equipment**

The Trust Group's capital expenditure consists primarily of investments in network assets and Central Office equipment to expand and maintain its network, as well as to ensure that the network delivers a high quality of service and meets the Universal Service Obligation imposed under the Licensee's FBO licence. Broadly, the Trust Group's capital expenditure relates to the investments in fibre cables, ducts and manholes and capitalised staff costs and contractor costs. See "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Factors Affecting NLT and/or the Trust Group's Business and Results of Operations—Capital Expenditure*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Factors Affecting NLT and/or the Trust Group's Business and Results of Operations—Network Related Costs—Capital Expenditure*" for further details.

## CONTRACTORS AND SUPPLIERS

**Contractors**

The Trust Group outsources certain services to the following independent appointed contractors:

(i) installation contractors, who are responsible for, among other things, the installation of the "last mile" in premises from the MDF room to the first termination point in the premises; and

(ii) outside plant contractors performing underground telecommunications work, who are responsible for, among other things, underground works including the drawing-in of sub-ducts and fibre cables through and/or from existing ducts.

As of 31 March 2017, the Trust Group had agreements with 18 installation and outside plant contractors, who each cover different areas within mainland Singapore and its connected islands. The Trust Group seeks to engage contractors in the telecommunications industry with a proven track record. These contractors are selected through a tender process and are required to have passed a comprehensive screening process. The Trust Group negotiates directly with contractors to set the price of key services and components. The Trust Group enters into fixed term agreements with each of its contractors for a period varying between one to three years with an option to extend or renew. The Trust Group reviews the performance of each contractor to assess the quality of the work performed by the contractor against the contractor's specific contractual agreements. The contractual agreements typically include remedial provisions that the Trust Group is able to enforce against the contractors in the event the contractors fail to meet performance standards.

**Suppliers**

The Trust Group's primary suppliers are providers of fibre cable. In addition, the Trust Group purchases duct materials, manhole covers and other passive assets. The Trust Group maintains multiple suppliers for all of its major network materials. Should any of the Trust Group's suppliers be unable to supply the Trust Group in the future, the Trustee-Manager believes that the Trust Group will be able to obtain alternative sources of supply at market prices. Suppliers are typically selected through a tender process and are required to meet comprehensive standards before selection.

Fibre cable is currently supplied by four international suppliers. The Trust Group enters into fixed term agreements with each of its suppliers for a period of typically three years. The Trust Group reviews the performance of each supplier to assess the quality of the work performed by the supplier against the supplier's specific contractual agreements.

The following table shows the total amount of payments made to each of NLT's top five suppliers and contractors for the specified year and the corresponding percentage of payments to all suppliers and contractors for such year that such amounts comprised.

| | Total payments to supplier or contractor | Total payments to supplier or contractor as a percentage of payments to all suppliers and contractors |
|---|---|---|
| | (S$ millions) | (%) |
| **Year ended 31 March 2015** | | |
| Singtel | 397.5[(1)] | 92.8 |
| Alcatel Lucent Singapore Pte Ltd | 3.1 | 0.7 |
| Ntegrator Pte Ltd | 2.3 | 0.5 |
| Lucky Joint Construction Pte Ltd | 1.9 | 0.4 |
| Teledirect Pte Ltd | 1.5 | 0.4 |
| **Year ended 31 March 2016** | | |
| Singtel | 26.6[(2)] | 25.5 |
| Lucky Joint Construction Pte Ltd | 13.4 | 12.9 |
| Ntegrator Pte Ltd | 9.2 | 8.9 |
| Corning Singapore Holdings Pte Ltd | 7.3 | 7.0 |
| Liang & How Contractor Pte Ltd | 5.4 | 5.2 |
| **Year ended 31 March 2017** | | |
| Singtel | 54.9[(3)] | 33.1 |
| Lucky Joint Construction Pte Ltd | 15.7 | 9.4 |
| Ntegrator Pte Ltd | 10.8 | 6.5 |
| Alcatel Lucent Singapore Pte. Ltd. | 8.1 | 4.9 |
| Huawei International Pte. Ltd | 8.1 | 4.9 |

*Notes:*

(1) Of this amount, S$17.7 million, or 4.4% of the total payments to Singtel relates to:

(a) payments for supplies such as fibre cable and fibre cable accessories and manhole covers,

(b) rental payments for the leasing of certain space in Central Offices and provision of power charges and other services, and

(c) the payment of IT license fees,

(together, "**recurring Singtel payments**").

The remaining payments relate to:

(a) the acquisition of ducts and manholes from Singtel,

(b) services outsourced to Singtel (as the key sub-contractor to OpenNet prior to 1 October 2014), and

(c) the acquisition of further ducts and manholes pursuant to the master framework agreement.

See "*—Use of other Passive Infrastructure—Ducts and Manholes*", "*—The Trust Group's Network and Properties—Properties*", and "*—Historical Background of the Trust Group and Singapore's Next Gen NBN*".

(2) Of this amount, S$21.7 million, or 81.3% of the total payments to Singtel relates to recurring Singtel payments. The remaining amounts paid to Singtel relate to the acquisition of ducts and manholes pursuant to the master framework agreement. Total payments to Singtel decreased by S$370.9 million during the year ended 31 March 2016 compared to the year ended 31 March 2015 primarily due to:

(a) the payment of S$280 million to Singtel during the year ended 31 March 2015 relating to the one-off acquisition of ducts and manholes from Singtel with no similar acquisition occurring in the year ended 31 March 2016; and

(b) payments made to Singtel (as the key sub-contractor to OpenNet prior to 1 October 2014) relating to the fibre network roll-out, installation and maintenance services for ducts, manholes, and fibre and Central Office maintenance for the period prior to 1 October 2014 that were outsourced to Singtel (as the key sub-contractor to OpenNet prior to 1 October 2014).

Such outsourcing costs were eliminated upon the completion of the Consolidation in October 2014. See "*—Historical Background of the Trust Group and Singapore's Next Gen NBN*"

(3) Of this amount, S$20.0 million, or 36.4% of the total payments to Singtel relates to recurring Singtel payments. The remaining amounts paid to Singtel relate to:

(a) the one-off acquisition of junction fibre and related ducts and manholes; and

(b) the acquisition of further ducts and manholes pursuant to the master framework agreement.

Total payments to Singtel increased by S$28.3 million during the year ended 31 March 2017 compared to the year ended 31 March 2016 primarily due to matters described in paragraphs (a) and (b) in the preceding sentence.

### Tender Process

All supplier and contractor contracts in excess of S$200,000 are subject to a tender process. The Trust Group maintains comprehensive tender guidelines designed to ensure that best practices are undertaken in each tender process. Historically, the Trust Group has partnered with Singtel and issued joint tenders with respect to the sourcing of its suppliers and contractors. Although tenders were conducted jointly, the Trust Group entered into standalone agreements with each of its suppliers and contractors. However, going forward, the Trust Group intends to tender for its suppliers and contractors on an independent basis, although it may explore options for joint tenders with other parties.

**Payment**

Pursuant to the terms of the Trust Group's master supply terms, payment to suppliers and contractors are typically made within 60 to 90 days of the date of invoice.

## COMPETITION

As the sole appointed "Network Company" or "Netco" for Singapore's Next Gen NBN, the Licensee does not currently have any material direct competition with respect to the provision of fibre infrastructure and services to residential homes. The Trust Group is required to provide residential connections to all residential homes under the Licensee's Universal Service Obligation. Retail Service Providers compete among themselves in order to provide retail fibre services to residential end-users. To the extent that competition between Retail Service Providers reduces prices, such competition may lead to a higher number of fibre connections requested by end-users.

The Trust Group is required to offer non-residential connections to all non-residential premises under the Licensee's Universal Service Obligation. Retail Service Providers compete among themselves in order to provide retail fibre services to non-residential end-users. Each Retail Service Provider has a choice of using its own network (to the extent it has such a network), a network affiliated with another Retail Service Provider or the Trust Group's network. As such, the Trust Group is subject to competition with respect to the provision of fibre infrastructure and services to non-residential premises. In particular, the Trust Group faces competition with respect to CBD buildings and certain large business parks where many of the Trust Group's non-residential competitors have established and continue to build on their own fibre networks. Many such networks were built prior to the establishment of the Trust Group. As of 31 March 2015, 2016 and 2017, the Trust Group's network serviced a market share of approximately 20.7%, 27.6% and 31.7% of the non-residential wired broadband market, respectively. The Trust Group's principal competitors include Singtel and StarHub. The Trustee-Manager believes one of the Trust Group's competitive advantages in its non-residential business is its extensive nationwide network coverage, as compared to the networks of its competitors, which are concentrated in the CBD and large business parks. This also 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 network provider, the Trustee-Manager believes that the Trust Group offers an attractive neutral option for Retail Service Providers who do not have an established network as compared to competitor networks affiliated with certain Retail Service Providers.

Additionally, the Trust Group faces competition from alternative means of data transmission, such as cellular broadband, including future 5G networks. While the Trust Group's network, as a wired solution, offers the highest potential speeds for data transmission and lowest latency among these options, customers and applications that do not require higher speed data connections may choose to rely on these alternative technologies for their data connectivity. Certain end-users may choose to rely exclusively on mobile data networks for accessing the internet. According to MPA, mobile telecommunication operators currently do not offer subscription plans with unlimited mobile data usage. As such, MPA believes that mobile broadband services are not a cost-effective alternative compared to residential and non-residential wired broadband services, including fibre broadband services, which are offered without a limit on data usage.

## CUSTOMERS, SALES AND MARKETING AND CUSTOMER SERVICES

The Trust Group's primary customers are Requesting Licensees. The Trust Group does not have a direct contractual relationship with residential and non-residential end-users.

NLT's top five customers by revenue in aggregate contributed 99.4%, 97.9% and 98.0%, respectively, of NLT's total revenue for the years ended 31 March 2015, 2016 and 2017. The following table shows the total amounts of receipts from each of NLT's top five customers for the specified year and the corresponding percentage of receipts from all customers for such year that such amounts comprised.

| | Revenue contribution (S$ million) | Total receipts from customer as a percentage of receipts from all customers (%) |
|---|---|---|
| **Year ended 31 March 2015** | | |
| Singtel: | | |
| Interconnection Offer and Reference Access Offer revenue | 79.6 | 36.5 |
| Other revenue | 54.2 | 24.9 |
| Total | 133.8 | 61.4 |
| Nucleus Connect | 49.1 | 22.5 |
| M1 | 25.0 | 11.5 |
| MyRepublic | 6.0 | 2.7 |
| ViewQwest | 2.8 | 1.3 |
| **Year ended 31 March 2016** | | |
| Singtel: | | |
| Interconnection Offer and Reference Access Offer revenue | 96.0 | 37.2 |
| Other revenue | 44.0 | 17.0 |
| Total | 140.0 | 54.2 |
| Nucleus Connect | 68.2 | 26.4 |
| M1 | 29.3 | 11.4 |
| MyRepublic | 11.5 | 4.5 |
| ViewQwest | 3.6 | 1.4 |
| **Year ended 31 March 2017** | | |
| Singtel | | |
| Interconnection Offer and Reference Access Offer revenue | 105.2 | 35.1 |
| Other revenue | 47.5 | 15.8 |
| Total | 152.7 | 50.9 |
| Nucleus Connect | 85.3 | 28.4 |
| M1 | 36.1 | 12.0 |
| MyRepublic | 15.4 | 5.1 |
| ViewQwest | 4.6 | 1.6 |

For the years ended 31 March 2015, 2016 and 2017, 75.0%, 81.8% and 83.4%, respectively, of NLT's receipts from customers was derived from the provision of services to Requesting Licensees under the Interconnection Offer and the Reference Access Offer. For the years ended 31 March 2015, 2016 and 2017, 24.9%, 17.0% and 15.8%, respectively, of NLT's receipts from customers was derived from the provision of various other services to Singtel comprising:

(a) provision of services by the Trust Group to Singtel in respect of certain ducts and manholes owned by the Trust Group (including the grant to Singtel of the right to use, occupy and physically access the space in respect of the Trust Group's ducts and manholes, and the provision of maintenance services in respect of such ducts and manholes), which services are provided under a ducts and manholes services agreement; and

(b) rental payments, service charges and charges for the provision of other ancillary services arising from the leasing of space at Central Offices.

See "*—Use of other Passive Infrastructure—Ducts and Manholes*" and "*—The Trust Group's Network and Properties—Properties—Central Offices*".

The Trust Group does not directly engage in marketing to residential and non-residential end-users. Retail Service Providers' retail products, which utilise the Trust Group's network, are directly marketed towards end-users by the Retail Service Providers. Competition within the residential fibre broadband space has been aggressive in recent years, with Retail Service Providers undertaking extensive marketing efforts and offering bundled deals to attract new fibre customers and encourage migration of existing customers to fibre plans.

The Trust Group has a dedicated call centre that operates during working hours, serving residential end-users and the public. Residential end-users are able to contact the call centre in order to request for the installation of a fibre termination point, or the relocation or repair/replacement of an existing fibre termination point. Further, the call centre indirectly enables end-users and the public to communicate with the Trust Group to enquire on the status of services in the event of any network related issues. A portion of the calls received by the call centre relate to the provision of services by Retail Service Providers, which the Trust Group has no control over. For such calls, the call centre staff will typically refer the callers to their Retail Service Provider.

## BUSINESS OPERATIONS AND INFORMATION TECHNOLOGY

### Business Operations and Existing Information Technology (IT) Systems

The Trust Group's IT systems comprise the following:

(a) Business Support Systems ("**BSS**"): billing and collections;

(b) Operations Support Systems ("**OSS**"): customer order service portal, network planning, network inventory; trouble tickets, orders management, manhole access requests management, Requesting Licensee's management and data warehousing; and

(c) Satellite Systems: finance, fibre monitoring, call centre operation, interactive voice response, environment monitoring, electronic visitor management and human resources management.

The Trust Group's IT system comprises systems which are owned and developed by the Trust Group (together with third party IT providers such as Nokia Systems) and systems which are owned and developed by Singtel (together with third party IT providers). The systems owned and developed by Singtel were in place before, and were licensed to the Trust Group as part of, the transfer of passive infrastructure assets from Singtel to the Trust Group in 2011. The Trust Group has entered into certain licence agreements with respect to the use of the Singtel owned IT systems, which expire in May 2018.

The Trust Group maintains a disaster recovery system and data back-up systems to ensure the recovery and/or continuation of its IT infrastructure, systems and data in the event of a disaster.

### IT Project

The Trust Group is currently in the process of designing and implementing a new generation OSS/BSS in order to replace its existing BSS and OSS ("**IT Project**") and to migrate away from systems that were previously shared with Singtel. The IT Project was awarded to Amdocs Software Solutions. The IT Project commenced in 2016 and remains ongoing as of the Latest Practicable Date. The total budgeted capital expenditure for the IT Project is approximately S$46.8 million, of which approximately S$10.3 million had been incurred as of 31 March 2017. Payments to Amdocs Software Solutions is based on the meeting of certain milestones.

The completion of the IT Project is required by IMDA. IMDA originally stipulated that the IT Project was to be completed by September 2016. However, the Trust Group has acknowledged that it has not met this deadline and has requested extensions of the deadline. Following the commissioning of the new IT Project, the Trust Group expects to complete a two month transition period during which all systems are migrated over and tested. When noting that the Trust Group would not meet the prescribed timeline, IMDA has indicated that they expect to take enforcement action in connection with the failure to meet the previously-set deadline. See "*Risk Factors—Risks relating to the Trust Group's Business—The Trust Group faces risks relating to the implementation of its new IT systems and the migration from the systems shared with Singtel*".

The IT Project is ongoing as of the Latest Practicable Date and is scheduled for completion in early 2018.

## BILLING AND COLLECTION

The Trust Group's credit and collection team is responsible for invoicing and prompt payment from its customers. Invoices to Requesting Licences are issued on a monthly basis in arrears, with payment typically due within 30 days. NLT has not experienced any material bad debts in the years ended 31 March 2015, 2016 and 2017.

## EMPLOYEES

As of 31 March 2017, the Trust Group had 363 permanent, contract and temporary employees, all of whom are employed in Singapore. The Trustee-Manager will not have any employees on the Listing Date. The Trust Group hires contract employees on fixed term contracts, typically for a period of two years as and when required to assist with specific projects that the Trust Group is undertaking at such time. For example, the Trust Group has employed 19 contract employees for periods of up to two years per employee to work on the IT Project.

The Trust Group does not currently have a collective labour agreement. However, in January 2017 the Trust Group entered into a memorandum of understanding with the Union of Telecoms Employees of Singapore ("**UTES**"). Under the terms of the memorandum of understanding, the Trust Group has agreed to enter into a collective labour agreement by 31 August 2018. As of 31 March 2017, less than 25% of the Trust Group's employees who are eligible to join UTES are members of UTES.

The table below sets forth the number of employees as of 31 March 2015, 2016 and 2017.

| | As of 31 March | | |
|---|---|---|---|
| | **2015** | **2016** | **2017** |
| Permanent Employees: | | | |
| Executives | 3 | 4 | 3 |
| Heads of Departments and Managers | 43 | 48 | 47 |
| Other | 187 | 215 | 234 |
| Contract | 29 | 51 | 76 |
| Temporary Employees | 5 | 4 | 3 |
| **Total** | 267 | 322 | 363 |

The table below sets forth a breakdown of employees by activity as of 31 March 2015, 2016 and 2017.

| | As of 31 March | | |
|---|---|---|---|
| | **2015** | **2016** | **2017** |
| Management | 14 | 16 | 15 |
| Corporate Services | 57 | 68 | 85 |
| Operations | 191 | 234 | 260 |
| Sub-total | 262 | 318 | 360 |
| Temporary Employees | 5 | 4 | 3 |
| **Total** | 267 | 322 | 363 |

The number of employees has increased over the periods indicated above in conjunction with the expansion of the Trust Group's business and operations. In particular, during the year ended 31 March 2015, the number of employees increased primarily as a result of the employment of contract employees to work on the IT Project, new employees in the areas of procurement and customer service, and additional management employees. During the year ended 31 March 2016, the number of employees increased primarily as a result of the employment of new employees to support Smart Nation programme-related projects and operational employees to assist with improving the Trust Group's QoS Standards performance. During the year ended 31 March 2017, the number of employees increased primarily as a result of the employment of employees to support, among other things, the growth in end-user connections, the establishment of a centralised security monitoring facility, and the IT Project. The Trustee-Manager believes that after the completion of the IT Project and fibre top-up, the number of employees will be maintained at around 300.

The Trust Group provides various forms of training opportunities to develop its employees. Training opportunities provided to staff include courses and seminars in the following areas:

(a) leadership and supervisory;

(b) technical matters;

(c) customer service;

(d) teamwork; and

(e) professional ethics.

**REGULATORY FRAMEWORK, LICENCES AND PERMITS**

The Trust Group operates in a highly regulated industry. The provision of telecommunication services and systems in Singapore is generally regulated under the Telecommunications Act. In order to carry out its business, the relevant entities within the Trust Group are required to have a number of licences and comply with various regulations. IMDA is the regulatory authority responsible for, *inter alia*, administering the Telecommunications Act as well as promoting the development of the info-communications industry in Singapore. See "*Regulatory Environment*" for further details.

### Next Gen NBN Industry Structure

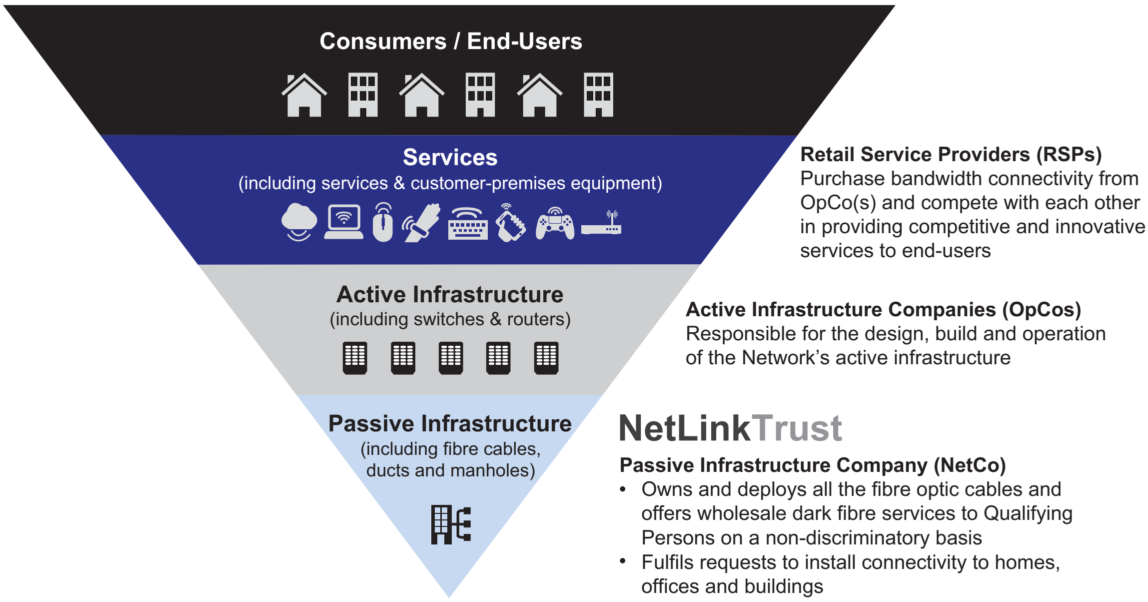
IMDA designed the Next Gen NBN industry to comprise three distinct layers to ensure open access to the Next Gen NBN for all participants:

(a) Layer 1: NetCo, which is responsible for the design, build and operation of the passive infrastructure, which includes the dark fibre network and ducts;

(b) Layer 2: OpCo/Companies, which provides wholesale network services over the active infrastructure, comprising switches and transmission equipment; and

(c) Layer 3: Retail Service Providers, which offer services over the Next Gen NBN to end-users, including businesses and consumers.

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




The Licensee operates as the sole NetCo for the purposes of the Next Gen NBN industry structure. As of Latest Practicable Date, there were 13 Requesting Licensees acting as "OpCos", of which most were integrated Retail Service Providers.

To ensure that the NetCo and the OpCos provide effective open access to downstream operators, and do not discriminate between the downstream operators such as Retail Service Providers, structural separation and operational separation were implemented at the NetCo and OpCo layers respectively. In this regard, the Licensee is required under the terms of its FBO licence not to (whether acting alone or in concert with its associates) have "Effective Control" over any other telecommunications or broadcasting licensee; not to (whether acting alone or in concert with its associates) be under the Effective Control of any other telecommunication or broadcasting licensee; and not to be under the Effective Control of the same controlling entity (whether acting alone or in concert with its associates) as any other telecommunication or broadcasting licensee. As additional safeguards to ensure that the Trust Group remains a neutral upstream provider of Next Gen NBN services, the Licensee is not permitted under the terms of its FBO licence to offer any retail telecommunication systems and/or services to any end-user or wholesale transmission services without IMDA's prior written approval. See "*Regulatory Environment*".

### Interconnection Offer and Reference Access Offer

Under the terms of its FBO licence, the Licensee is required to provide certain Mandated Services to all Requesting Licensees on terms and conditions that are non-discriminatory and to comply with all regulations, directions and codes of practice as IMDA may issue from time to time. The Interconnection Offer was initially approved by IMDA in October 2009.

In fulfilling its obligations, the Licensee shall be guided by the principles and intent of the NetCo Interconnection Code. The Interconnection Offer sets out the procedures necessary for a Qualifying Person to become a Requesting Licensee and accept the Interconnection Offer, allowing such Requesting Licensee to obtain services from the Licensee. As of the Latest Practicable Date, there were a total of 13 Requesting Licensees for the purposes of the Interconnection Offer.

If a Requesting Licensee has any specific customised requirements for the provisioning of Interconnection Offer services by the Licensee, a Requesting Licensee may request to enter into a customised arrangement with the Licensee, the terms of which are subject to the review and approval of IMDA. The NetCo Interconnection Code sets out the procedures that Requesting Licensees must follow to enter into a customised agreement with the Licensee. As of 31 March 2017, the Licensee had entered into 29 customised agreements covering a range of services relating to, amongst others, non-residential connection services, co-location arrangements and data centres.

Further, the Licensee is required to offer a Reference Access Offer, which specifies the prices, terms and conditions at which it will offer:

(i) licences for the shared use of building lead-in duct space and access to building lead-in manholes; and;

(ii) access to its Central Office lead-in facilities and in-building facilities.

The Interconnection Offer and Reference Access Offer are reviewed regularly by IMDA, with input from the industry.

**Facilities Based Operations (FBO) Licence**

Under the Telecommunications Act, all persons who wish to establish, install, maintain, provide or operate telecommunication systems and services in Singapore must obtain a licence from IMDA. Currently, IMDA broadly categorises telecommunication licensees that provide and operate telecommunication services and systems into FBO licensees and SBO licensees.

The Licensee holds an FBO licence to, *inter alia*, establish the Next Gen NBN and to operate and maintain a system of ducts, manholes and Central Offices and to provide certain telecommunication services in connection therewith. The term of the FBO licence expires on 31 March 2034. Under the terms of its FBO licence, the Licensee must offer prescribed Mandated Services set forth in the FBO licence to all Qualifying Persons in Singapore without preference or discrimination. Further, the Licensee is required to pay an annual fee to IMDA which is determined by reference to the Licensee's audited annual gross turnover. See "*Regulatory Environment—Key Licences held by NLT Trustee/ Trustee-Manager*".

**QUALITY OF SERVICE (QoS) STANDARDS**

The Licensee is required to meet prescribed QoS Standards relating to the provision of its residential and non-residential connections, including the QoS Timeframe Standards and QoS Installation Standards. The QoS Standards had previously applied to OpenNet and CityNet (in its capacity as trustee-manager of NLT), and are currently applicable to the Licensee.

The QoS Timeframe Standards relating to the Trust Group's residential business are as follows:

| QoS Standard | Description |
|---|---|
| "T+3"/"RFA" | The Licensee is required to fulfil 98% of all service orders for residential end-user connections within three business days of receipt of the request from a Requesting Licensee or by a stated, later "request for activation" date selected by the Requesting Licensee. |
| "T+7"/"RFA+4" | The Licensee is required to fulfil 100% of all service orders for residential end-user connections within seven business days of receipt of the request from a Requesting Licensee or within four business days of a stated, later "request for activation" date selected by the Requesting Licensee. |

The QoS Timeframe Standards relating to the Licensee's non-residential business are as follows:

| QoS Standard | Description |
|---|---|
| "T+4 weeks"/ "RFA" | The Licensee is required to fulfil 80% of all service orders for non-residential end-user connections within four weeks of receipt of the request from a Requesting Licensee or by a stated, later "request for activation" date selected by the Requesting Licensee. |
| "T+8 weeks"/ "RFA + 4 weeks" | The Licensee is required to fulfil 100% of all service orders for non-residential end-user connections within eight weeks of receipt of the request from a Requesting Licensee or within four weeks of a stated, later "request for activation" date selected by the Requesting Licensee. |

The QoS Installation Standards require the Licensee to deliver 98% of residential end-user connections and 99% of non-residential end-user connections to Requesting Licensees in working condition. The last incident where the Trust Group was found by IMDA to have breached QoS Installation Standards occurred in January 2014 and February 2014.

***QoS Timeframe Standards Assessment***

IMDA assesses the Licensee's performance of QoS Timeframe Standards on a monthly basis. IMDA's assessment is undertaken based on data provided to IMDA by the Licensee. The QoS data provided to IMDA is accompanied by documentation prepared by the Licensee which identifies the instances of QoS Timeframe Standards failures that were due to factors considered to be outside the control of the Licensee and, therefore, should not be regarded by IMDA as a failure for the purposes of assessing QoS Timeframe Standards performance. Such instances of QoS Timeframe Standards failures that were due to factors considered to be outside the Licensee's control typically relate to contractors' inability to gain necessary access to premises (due to an inability to contact residents or restrictions in access imposed by building management). IMDA has discretion to determine whether such instances of QoS Timeframe Standards failures were in fact due to factors outside the control of the Licensee. Historically IMDA has largely accepted the Licensee's various submissions that access issues caused by third parties should not be considered as failures by the Licensee to meet the QoS Timeframe Standards.

The assessment by IMDA of the Licensee's performance of QoS Timeframe Standards is a continuous process. While the Licensee reports performance results monthly, IMDA's assessment as to the penalties that should be imposed on the Licensee for the failure to meet the QoS Timeframe Standards, to the extent applicable, is expected to be undertaken on a 6 to 24 month basis. IMDA's last assessment of applicable sanctions for residential QoS Timeframe Standards was completed in September 2016, which related to an assessment period from January 2015 to June 2016. IMDA's last assessment of applicable sanctions for non-residential QoS Timeframe Standards was completed in September 2016, which related to an assessment period from January 2015 to December 2015. No further assessments of residential or non-residential QoS Timeframe Standards have been made since these dates. While no assurance can be given with respect to the timing or outcome of future assessments, the Licensee expects that an assessment by IMDA as to possible sanctions for the assessment periods since June 2016 and December 2015 for residential or non-residential QoS Timeframe Standards, respectively, will be made in the future. See "*Risk Factors—Risks Relating to the Trust Group's Business—The Licensee, under relevant regulations, is subject to QoS Standards and certain conditions in relation to the Licensee's FBO licence, for which there have been instances of non-compliance, both historically and potentially in the future*".

***Residential* QoS *Performance***

The table below sets out the Trust Group's residential QoS Timeframe Standards performance for the periods indicated, based on published IMDA information. As of the date of the Prospectus, the last residential QoS Timeframe Standards performance information published by IMDA was for June 2016.

| | 2014 | | 2015 | | 2016 | |
|---|---|---|---|---|---|---|
| | "T+3" /"RFA" | "T+7" /"RFA+4" | "T+3" /"RFA" | "T+7" /"RFA+4" | "T+3" /"RFA" | "T+7" /"RFA+4" |
| | | | (%) | | | |
| **Target** | 98 | 100 | 98 | 100 | 98 | 100 |
| **Month:** | | | | | | |
| January | 85.34 | 89.10 | 87.15 | 89.95 | 92.65 | 93.82 |
| February | 89.79 | 93.09 | 90.53 | 92.06 | 93.19 | 94.08 |
| March | 87.49 | 92.73 | 90.02 | 91.67 | 91.20 | 92.19 |
| April | 89.00 | 92.69 | 89.63 | 90.83 | 91.25 | 92.29 |
| May | 90.32 | 93.84 | 91.52 | 93.04 | 91.28 | 92.41 |
| June | 92.48 | 94.85 | 91.46 | 92.82 | 89.65 | 91.17 |
| July | 92.21 | 94.52 | 92.70 | 93.76 | — | — |
| August | 90.35 | 93.41 | 92.19 | 93.41 | — | — |
| September | 89.32 | 91.48 | 90.10 | 91.37 | — | — |
| October | 89.71 | 91.58 | 92.67 | 93.58 | — | — |
| November | 88.46 | 90.28 | 92.40 | 93.49 | — | — |
| December | 90.05 | 91.54 | 92.33 | 93.36 | — | — |
| **Period average (of monthly % amounts)** | 89.54 | 92.43 | 91.06 | 92.45 | 91.54 | 92.66 |

The principal reasons for the inability to achieve these QoS Timeframe Standards have been (i) end-users requesting second fibre connections, including end-users switching between Retail Service Providers, or "churn" and (ii) general operational issues which may arise from time to time. With respect to churn between Retail Service Providers, delays arise when there is an uncoordinated switching process, whereby an end-user switches its Retail Service Provider without first terminating its connection from its existing Retail Service Provider, 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 delays. The Trust Group also encounters issues or restrictions relating to the contractors' ability to gain necessary access to premises (due to an inability to contact residents or restriction in access imposed by building management) and delays caused by third parties (which include end-users, Requesting Licensees and building management). IMDA has largely accepted the Trust Group's position that these issues, restrictions and delays were caused by third parties and hence the resultant service provisioning delays should not be attributed to the Trust Group. IMDA however has reserved its right to review any such third party issue, restriction or delay on a case-by-case basis and there can be no assurance that IMDA would continue to adopt the same approach.

***Non-residential QoS Performance***

The table below sets out the Trust Group's non-residential QoS Timeframe Standards performance for the periods indicated, based on published IMDA information. As of the date of the Prospectus, the last non-residential QoS Timeframe Standards performance information published by IMDA was for December 2015.

| | 2014 | | 2015 | | 2016 | |
|---|---|---|---|---|---|---|
| | "T+4 weeks" /"RFA" | "T+8 weeks" /"RFA+4 weeks" | "T+4 weeks" /"RFA" | "T+8 weeks" /"RFA+4 weeks" | "T+4 weeks" /"RFA" | "T+8 weeks" /"RFA+4 weeks" |
| | (%) | | | | | |
| **Target** | 80 | 100 | 80 | 100 | 80 | 100 |
| **Month:** | | | | | | |
| January | — | — | 33.45 | 47.92 | — | — |
| February | — | — | 37.62 | 55.53 | — | — |
| March | — | — | 33.19 | 45.06 | — | — |
| April | 71.23 | 86.75 | 29.28 | 48.51 | — | — |
| May | 73.75 | 88.28 | 46.54 | 73.28 | — | — |
| June | 70.83 | 85.81 | 49.82 | 67.86 | — | — |
| July | 60.00 | 77.20 | 52.50 | 67.22 | — | — |
| August | 59.89 | 80.08 | 59.55 | 78.25 | — | — |
| September | 45.92 | 75.26 | 67.53 | 86.96 | — | — |
| October | 56.31 | 77.39 | 74.79 | 88.42 | — | — |
| November | 55.04 | 74.45 | 77.77 | 86.45 | — | — |
| December | 38.27 | 62.66 | 82.68 | 90.72 | — | — |
| **Period average (of monthly % amounts)** | 59.03 | 78.65 | 53.73 | 69.68 | — | — |

The principal reasons for the inability to achieve these QoS Timeframe Standards have been:

(a) issues in gaining access (caused by end-users, Requesting Licensees and building management) and obtaining approval from building management to carry out fibre installation works,

(b) operational issues, and

(c) patching and systems issues.

The Trust Group is committed to improving the delivery of its non-residential services and has implemented a number of initiatives aimed at improving its performance.

***Financial Penalties***

The failure to achieve QoS Timeframe Standards has resulted in the imposition of financial penalties by IMDA:

(a) On 30 September 2016, CityNet (in its capacity as trustee-manager of NLT) was penalised S$200,000 for the failure to meet residential QoS Timeframe Standards for the 18-month period from January 2015 to June 2016, and S$300,000 for the failure to meet non-residential QoS Timeframe Standards for the 12-month period from January 2015 to December 2015;

(b) On 8 September 2015, CityNet (in its capacity as trustee-manager of NLT) was penalised S$50,000 for the failure to meet residential QoS Timeframe Standards for the six-month period from July 2014 to December 2014, and S$400,000 for the failure to meet non-residential QoS Timeframe Standards for the nine-month period from April 2014 to December 2014;

(c) On 5 November 2014, CityNet (in its capacity as trustee-manager of NLT) was penalised S$50,000 for the failure to meet residential QoS Timeframe Standards for the six-month period from January 2014 to June 2014; and

(d) On 19 March 2014, OpenNet was penalised S$240,000 for the failure to meet non-residential QoS Timeframe Standards for the six-month period from April 2013 to September 2013.

All the above penalties have been paid.

For further details, see "*Regulatory Environment—Key Licenses held by NLT Trustee/Trustee-Manager—Key Codes of Practice Applicable to the Trust Group–Quality of Service Standards applicable to Trust Group*".

***Actions by the Trust Group to Improve QoS Timeframe Standards Performance***

The Trust Group is committed to improving the delivery of its services in order to meet its QoS Timeframe Standards, and regularly communicates with IMDA in relation to its efforts. Examples of initiatives that the Trust Group has undertaken include the following:

(a) the Trust Group encourages Retail Service Providers to share the same fibre through the "Enhanced Fibre Takeover Process", a solution developed by the Trust Group which allows an incoming Retail Service Provider to 'take over' an end-user's existing fibre connection, to further reduce waiting time for end-users and issues associated with churn;

(b) the Trust Group is in the process of laying additional fibre cable sufficient to increase the spare fibre capacity to residential households to at least 50%. See "*—The Trust Group's Network and Properties—Network*"; and

(c) the Trust Group is undertaking a review of operational processes to improve its provisioning efficiency, including the introduction of processes to more effectively document and report to IMDA instances where failure to achieve QoS Timeframe Standards is caused by matters outside the control of the Trust Group.

Notwithstanding these operational improvements, the Trustee-Manager expects to continue to face difficulty in meeting the QoS Timeframe Standards. See "*Risk Factors—Risks Relating to the Trust Group's Business—The Licensee, under relevant regulations, is subject to QoS Timeframe Standards and certain conditions in relation to the Licensee's FBO licence, for which there have been instances of non-compliance, both historically and potentially in the future*".

## INTELLECTUAL PROPERTY

The Trust Group relies on a combination of trademarks and domain name registrations to establish and protect the Trust Group's brand names and logos and internet domain names. As of 31 March 2017, the Trust Group has registered two trademarks in Singapore.

The Trust Group is not dependent upon any third party patents or licenses other than with respect to its OSS/BSS. Other than its brand, the Trust Group does not develop or own any material intellectual property relating to its network, such as any intellectual property associated with the fibre optic technology. The Trustee-Manager has not been and is not aware of any material violation or infringements of any intellectual property rights owned by the Trust Group or by any third parties.

## RESEARCH AND DEVELOPMENT

The Trust Group does not conduct any material research and development activities.

## SEASONALITY

The Trust Group does not generally experience any significant seasonality patterns in the context of its overall business and operations.

## CORPORATE GOVERNANCE

### Code of Conduct

The Trust Group has adopted a Code of Conduct which sets out the Trust Group's ethical values and business principles applicable to all employees of the Trust Group. All employees of the Trust Group are expected to observe values such as integrity, responsibility and accountability while carrying out their duties and responsibilities in their daily dealings. The Code of Conduct also provides for standards of practice expected of all employees when dealing with conflicts of interests, confidential information, health, safety and environment concerns, fraud and other matters.

As part of its Code of Conduct, the Trust Group has adopted a fraud policy to facilitate the development of controls that will aid in the detection and prevention of fraud against the Trust Group. The fraud policy provides guidance on acts which may constitute fraudulent conduct and sets out procedures to be followed by the Trust Group and its employees when fraud is detected or suspected.

### Whistle-blowing

The Trust Group has adopted a whistle-blowing procedure which provides a platform for employees, external parties such as customers, suppliers and contractors, and the general public, to raise concerns in good faith about any perceived fraud, irregularity or misconduct within the Trust Group, without fear of retaliation.

### Interested person transactions

The Trust Group has adopted an interested person transaction policy which provides a process for determining interested persons, what constitutes an interested person transaction and the review and approval process for interested person transactions. In addition, the interested person transaction policy also stipulates how interested person transactions are to be reported by the Trust Group. See "*Interested Person Transactions and Potential Conflicts of Interest*".

## CORPORATE SOCIAL RESPONSIBILITY

The Trust Group undertakes and is committed to a variety of corporate social responsibility activities that are in line with its corporate values, including the following:

(a) The Trust Group has adopted the vision of "Building Connections For A Better Tomorrow". This is enacted through bridging gaps through knowledge sharing and investing in Singapore's youth. In addition, the Trust Group encourages its employees to help the less privileged.

(b) The Trust Group contributes volunteers and financial sponsorship to IMDA's "Digital Inclusion" programmes, such as the "Silver IT Fest", which helps the elderly with digital education and the "Home Access" programme, which helps low income households gain access to fibre internet connectivity. In 2017, the Trust Group, together with two other private organisations, is partnering with the Singapore government to expand the Home Access programme from 8,000 homes to an additional 16,000 homes through the contribution of additional funding.

(c) The Trust Group sponsored and oversaw a food bundle distribution programme to 150 low income families in 2016.

## HEALTH, SAFETY, SECURITY AND ENVIRONMENT

The Trust Group is committed to ensuring that all its business activities are conducted safely, the health of its employees, contractors, customers and the public are protected and the environmental impact resulting from its activities are within national standards. The Trust Group seeks to achieve this objective through establishing, implementing and maintaining an effective occupational health and safety management programme.

The Trust Group's health, safety, security and environment guidelines were awarded the BS OHSAS 18001: 2007 Occupational Health & Safety Management System, certification by TÜV SÜD PSB Pte Ltd on 25 September 2015 and the bizSAFE STAR by the Workplace, Safety and Health Council on 27 October 2015.

## INSURANCE

The Trust Group maintains insurance policies with reputable insurance providers covering property damage to the Trust Group's network, properties and assets located within such real properties, against events such as terrorism or sabotage, subject to certain exclusions and customary limits based on the relevant asset value and risk exposure.

The Trust Group also carries insurance for product liability, public liability and directors' and officers' liability. The Trust Group conducts periodic reviews of the adequacy of its insurance coverage.

**LEGAL PROCEEDINGS AND DISPUTES**

The Trust Group may be subject to various disputes and legal and regulatory proceedings from time to time. The Trust Group is also subject, from time to time, to inquiries and investigations, some of which may result in financial penalties being imposed or proceedings being instituted against the Trust Group in the future.

None of the members of the Trust Group is engaged in any legal or arbitration proceedings including those which are pending or known to be contemplated, which may have or which have had in the 12 months immediately preceding the date of lodgement of this document with the Authority, a material effect on the financial position or the profitability of the Trust Group.

The Licensee is subject to regulatory penalties from time to time. See "*—Quality of Service (QoS) Standards*" and "*Regulatory Environment—Key Licences held by NLT Trustee/Trustee-Manager—Key Codes of Practice Applicable to the Trust Group—Quality of Service Standards applicable to Trust Group*".

## THE CHARTER AND INVESTMENT MANDATE OF THE TRUST

The Trust is a Registered Business Trust to be listed on the SGX-ST. The Trust will undertake the Trust Acquisition and the TM Acquisition and will invest, directly or indirectly, in the D&M Business (as defined herein) and the Fibre Business (as defined herein).

Pursuant to the Trust Deed, the authorised businesses of the Trust (the "**Authorised Businesses**") refer to:

(i) investing, directly or indirectly, in, and operating, the D&M Business and the Fibre Business (including without limitation investments or participation in units, securities, partnership interests or any other form of economic participation in any trust, entity or unincorporated association that carries on or invests, directly or indirectly, in the D&M Business and the Fibre Business);

(ii) selling, leasing or otherwise disposing of the D&M Business and the Fibre Business and exploring any opportunities for any of 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 paragraphs (i) and (ii) above, including without limitation, the O&M Authorised Business and the CS Authorised Business.

For the purposes of the Trust Deed:

(a) "**Central Office**" means a location or building which houses any telecommunication infrastructure, plant and/or equipment;

(b) "**CS Authorised Business**" means the provision of administrative, corporate and secretarial support services (including, without limitation, finance, legal, human resources, regulatory, business strategy and information technology as well as any other support services required by the Trust or the Trust Group from time to time) to the Trust or the Trust Group;

(c) "**D&M Business**" means the ownership, installation, operation, and maintenance of Ducts, Manholes, Central Offices and space in Central Offices in Singapore for the purposes of telecommunications activities;

(d) "**Duct**" means conduits of various sizes connecting or leading from Manholes and through which cables may be installed, including lead-in ducts;

(e) "**Fibre Business**" means the ownership, installation, operation, and maintenance of the Network for the purposes of providing Mandated Services, and for this purpose,

   (i) "**Mandated Services**" means the provision of services by the Trustee-Manager or any entity within the Trust Group under its licence to provide facilities-based operations granted by IMDA, and such other services that IMDA may specify;

   (ii) "**Network**" means the passive portion of the Next Generation Nationwide Broadband Network owned, installed and implemented and/or to be installed and implemented by the Trustee-Manager or any entity within the Trust Group; and

   (iii) "**Next Generation Nationwide Broadband Network**" means the "wired" component of the proposed info-communications infrastructure for Singapore's new digital super-highway for super-connectivity;

(f) "**Manhole**" means underground utility vaults with openings, usually covered, on the surface through which relevant qualified personnel may obtain access, including for the purposes of installation, operation and maintenance of cables, including lead-in manholes; and

(g) "**O&M Authorised Business**" means the design, construction, installation, operation, and maintenance of (i) Ducts, Manholes, Central Offices and space in Central Offices in Singapore for the purposes of telecommunications activities; and (ii) the Network (as defined in the definition of "Fibre Business") for the purposes of providing Mandated Services (as defined in the definition of "Fibre Business").

*This document includes market and industry data and forecasts that have been obtained from internal surveys, reports and studies, where appropriate, as well as market research, publicly available information and industry publications. Industry publications, surveys and forecasts generally state that the information they contain has been obtained from sources believed to be reliable, but there can be no assurance as to the accuracy or completeness of such included information. The Trustee-Manager has commissioned Media Partners Asia Ltd (the "**Independent Industry Consultant**") to prepare a report on the broadband and fibre network infrastructure in Singapore for the purpose of inclusion in this document, including data (actual, estimated and forecast) relating to, among other things, demand drivers for growth of fibre broadband services in Singapore. The report (the "**Independent Industry Consultant Report**") is included in "Appendix D—Independent Industry Consultant Report" of this document. You should not assume that the information and data contained in the Independent Industry Consultant Report is accurate as at any date other than the date of the Independent Industry Consultant Report. The Independent Industry Consultant Report contains forward-looking statements, which necessarily involve risks, uncertainties and assumptions. Forward-looking statements are provided for illustrative purposes only and are not intended to serve as, and must not be relied upon by any prospective Unitholder as, a guarantee, an assurance, a prediction or a definitive statement of fact or probability. Due to various risks and uncertainties, actual events, circumstances and results are difficult or impossible to predict and may differ materially from these forward-looking statements. There can be no assurance that any particular forward-looking statement will be realised and you should not place any undue reliance on these forward-looking statements. You should also be aware that since the date of this document, there may have been changes in the fibre broadband industry or the broader telecommunications industry which could affect the accuracy or completeness of the information in the Independent Industry Consultant Report.*

*While the Trustee-Manager has taken reasonable steps to ensure that the third party information and data contained in this document are extracted accurately and in their proper context, the Trustee-Manager cannot ensure the accuracy of the information or data, and the Trust, the Trustee-Manager, Singtel, the Joint Issue Managers, the Joint Global Coordinators, the Joint Bookrunners and Joint Underwriters and any of their affiliates or advisers have not independently verified such information or data or ascertained the underlying economic assumptions relied upon therein.*

## 1. OVERVIEW OF SINGAPORE'S BROADBAND MARKET

### 1.1. Wired Broadband

***Available Technology Types in Singapore***

Singapore's wired broadband RSPs provide broadband and related services through a range of technology types with the primary ones listed below:

| Technology Type | Description | Key Owners / Maximum Speed |
|---|---|---|
| **Fibre, or specifically known as Fibre-to-the-x ("FTTx")** | • Any broadband network architecture using optical fibre as the primary medium to provide access to the end-user.<br>• The letter "x" indicates the point at which the fibre terminates, such as H for fibre-to-the-home ("**FTTH**") and P for fibre-to-the-premises ("**FTTP**").<br>• FTTx is often said to be "future-proof" because bandwidth (downstream and upstream) can be substantially improved by upgrading the active data transmission equipment rather than the passive fibre network infrastructure itself. | • NetLink Trust provides FTTH connections to residential segments and FTTP connections to non-residential and NBAP segments.<br>• Residential fibre broadband speeds in Singapore range from 100Mbps-10Gbps (downstream).<br>• Other parties such as Singtel, StarHub and M1 own fibre network infrastructure as well.<br>• Fastest speed and lowest latency among the three available technology types listed in this table. |
| **Hybrid Fibre Coaxial ("HFC")** | • The HFC network combines fibre and coaxial cable. In the HFC architecture, coaxial cables are used | • StarHub's cable broadband service currently offers downstream speeds |

| Technology Type | Description | Key Owners / Maximum Speed |
| --- | --- | --- |
| | in the last mile (from optical node to end-user premises), with the backhaul consisting entirely of fibre. | of 10-100Mbps, and is delivered via DOCSIS 3.0 technology. |
| **Asymmetric Digital Subscriber Line ("ADSL")** | • ADSL technology enables data transmission over copper telephone lines. | • Singtel provides ADSL services and offers download speeds of up to 25Mbps. |

***Key Players (Residential and Non-residential Segments)***

Singapore's wired broadband sector is highly competitive, with several Retail Service Providers or RSPs operating in each of the residential and non-residential segments. The major RSPs currently serving the residential and non-residential segments are:

| Retail Service Providers | Description | Services Provided |
| --- | --- | --- |
| **Singtel** | • Singapore's oldest and largest telco operator by market share and revenue.<br>• Offers residential broadband services via ADSL and FTTH provided by NetLink Trust.<br>• MPA believes that ADSL subscribers, both in the residential and non-residential segments, will migrate to fibre connections by December 2021.<br>• Also Singapore's largest non-residential fibre service provider, and offers such services via its own and NetLink Trust's FTTP network. | • Residential wired broadband (FTTH, ADSL).<br>• Non-residential wired broadband (ADSL, FTTP).<br>• Mobile.<br>• Fixed voice.<br>• Internet Protocol TV (IPTV) (via FTTH and ADSL). |
| **StarHub** | • Singapore's second-largest telco operator by market share and revenue.<br>• Singapore's only cable TV operator and operates a nationwide HFC network.[25]<br>• Offers residential broadband services via HFC and FTTH provided by NetLink Trust.<br>• MPA expects HFC-based services to cease by December 2021.<br>• Provides non-residential fibre services via its own and NetLink Trust's FTTP network. | • Residential wired broadband (FTTH, HFC).<br>• Non-residential wired broadband (HFC, FTTP).<br>• Mobile.<br>• Fixed voice.<br>• Cable TV (via HFC), IPTV (via FTTH). |
| **M1** | • Singapore's third-largest telco operator by market share and revenue.<br>• Offers residential broadband services via FTTH provided by NetLink Trust.<br>• Provides non-residential fibre services via its own and NetLink Trust's FTTP networks. | • Residential wired broadband (FTTH).<br>• Non-residential wired broadband (HFC, FTTP).<br>• Mobile.<br>• Fixed voice. |

[25] StarHub is the only Pay-TV operator in Singapore to offer its services via cable or HFC. Singtel offers its services via IPTV.

| Retail Service Providers | Description | Services Provided |
|---|---|---|
| **MyRepublic and ViewQwest** | • Singapore's latest broadband entrants, launched services in 2010/2011.<br>• Offer residential fibre services via FTTH provided by NetLink Trust.<br>• Provide non-residential fibre services via NetLink Trust and other third party FTTP networks. | • Residential wired broadband (FTTH).<br>• Non-residential wired. broadband (FTTP).<br>• Fixed voice. |
| **Others (such as SP Telecom, Colt)** | • Enterprise-focused RSPs.<br>• Provide non-residential fibre services using their own, NetLink Trust and other third-party FTTP networks. | • Non-residential wired broadband (FTTP). |

MPA understands that, presently, RSPs provide residential FTTH services solely via NetLink Trust's Next Gen NBN infrastructure. For non-residential FTTP services, RSPs may offer fibre services via NetLink Trust's Next Gen NBN infrastructure, their self-owned fibre network or a third party's fibre network. In particular, MPA understands that Singtel, StarHub, M1 and certain smaller RSPs each have self-owned fibre network infrastructure, which cover non-residential premises and are concentrated in selected locations such as the Central Business District ("**CBD**") and selected business parks (e.g. Changi Business Park). Some of these providers also provide connectivity for data centres.

### 1.2. Residential Wired Broadband

***Residential Wired Broadband Subscription Trends***

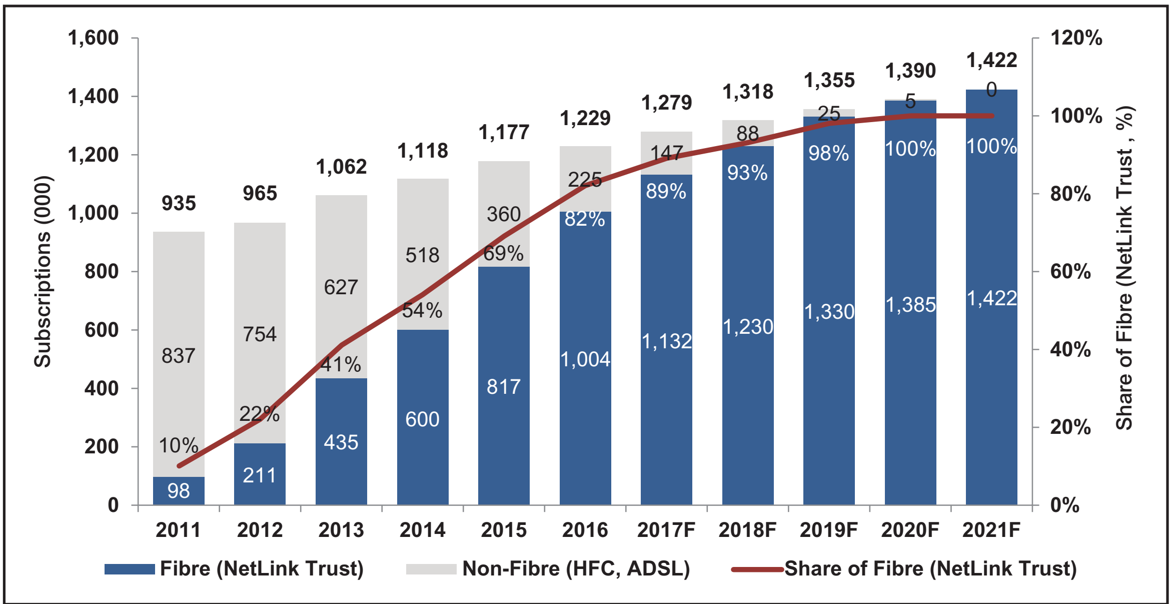
MPA estimates that there were 1.23 million residential wired broadband subscriptions in Singapore as at December 2016, which is forecast to grow to 1.42 million by December 2021, representing a CAGR of 3.0%. This includes subscriptions to all broadband technology types available in the market (fibre, HFC and ADSL).[26]

MPA estimates that there were 1.00 million residential fibre broadband subscriptions in December 2016, which accounted for 82% of total residential wired broadband subscriptions and is expected to grow at a CAGR of 7.2% to 1.42 million by 2021, accounting for 100% of total residential wired broadband subscriptions. In the residential segment, MPA believes that ADSL subscribers will migrate to fibre connections by December 2019, and HFC-based services will cease by December 2021.

[26] *IMDA estimates that total residential wired broadband subscriptions as of December 2016 was 1.34 million. IMDA's data includes "all retail residential wired broadband subscriptions (i.e. for connection speeds equal to, or greater than, 256kbps, in one or both directions) provided over xDSL, cable modems, leased line and optical fibre. Residential wireless broadband subscriptions are excluded." (Source: IMDA Point of Interconnection (POI) data for Residential Wired Broadband Subscriptions obtained from the website of IMDA at https://www.imda.gov.sg/industry-development/facts-and-figures/telecommunications/statistics-on-telecom-services/statistic-on-telecom-service-for-2016—jul last accessed in April 2017. IMDA has not provided its consent, for purposes of Section 282I of the SFA, to the inclusion of the information cited and attributed to it, in the Independent Industry Consultant Report prepared by MPA and is therefore not liable for such information under Sections 282N and 282O of the SFA. As the Independent Industry Consultant Report has been prepared by MPA for the purposes of incorporation in the prospectus to be issued by the Trustee-Manager in connection with the offering and listing of units of the Trust on the SGX-ST, the Trust, the Trustee-Manager, the Joint Issue Managers, the Joint Global Coordinators, the Joint Bookrunners and Joint Underwriters have relied on MPA to ensure that the relevant information from the relevant source has been reproduced in its proper form and context and that the information is extracted accurately and fairly from the relevant source. None of the Trust, the Trustee-Manager, the Joint Issue Managers, the Joint Global Coordinators, the Joint Bookrunners and Joint Underwriters or any other party has conducted an independent review of the information from such source or verified the accuracy or completeness of the relevant information.) The difference between IMDA's published figures and MPA's estimates could be due to a difference in inclusion methodology. MPA considers each account statement billed by an RSP to a subscriber as a single "subscription" regardless of the number of end-user connections provided for within the subscription. For example, under the same subscription, there could be more than one end-user connection for multiple broadband and/or Pay-TV services. Furthermore, MPA does not consider wired connections into Pay-TV set top boxes and other devices to constitute a broadband subscription.*

MPA believes that the continued migration from HFC and ADSL connections to fibre connections, the increased consumption of online video and audio services as well as the growing usage of cloud-based storage and computing services will be key drivers of residential fibre broadband service adoption going forward.

**Exhibit 1.2.1: Residential Wired Broadband Subscriptions by Technology Type and Percentage Share of Fibre (NetLink Trust)**




*Source: MPA*

MPA estimates that residential wired broadband penetration and fibre broadband penetration of total households were 88% and 72%, respectively, as at December 2016. By December 2021, MPA forecasts these to grow to 92% and 92%, respectively.[27]

**Exhibit 1.2.2: Residential Wired Broadband Penetration and Fibre Broadband Penetration of Total Households**

| | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017F | 2018F | 2019F | 2020F | 2021F |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Wired Broadband Penetration** ....... | 74% | 75% | 81% | 83% | 86% | 88% | 89% | 90% | 91% | 92% | 92% |
| **Fibre Broadband Penetration** ....... | 8% | 17% | 33% | 45% | 60% | 72% | 79% | 84% | 89% | 91% | 92% |

*Source: MPA*

MPA estimates that residential wired broadband penetration and fibre broadband penetration of residential premises were at 89% and 72%, respectively, in December 2016.[28] MPA forecasts these to grow to 91% and 91%, respectively, by December 2021.

**Exhibit 1.2.3: Residential Wired Broadband Penetration and Fibre Broadband Penetration of Residential Premises**

| | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017F | 2018F | 2019F | 2020F | 2021F |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Wired Broadband Penetration** ....... | 78% | 79% | 86% | 87% | 88% | 89% | 90% | 90% | 90% | 91% | 91% |
| **Fibre Broadband Penetration** ....... | 8% | 17% | 35% | 46% | 61% | 72% | 79% | 84% | 89% | 90% | 91% |

*Source: MPA*

27 "Total households" is defined as the sum of resident households (as defined by DOS as households that are headed by a Singaporean Citizen or Permanent Resident) and households headed by foreigners. The number of total households is an estimate produced by MPA.

28 "Residential Premises" are defined as units (occupied and unoccupied) that are currently available in the market including HDB units, condominiums (Private and Executive) and landed houses.

***Residential Wired Broadband Speeds***

Depending on the technology type, several broadband plans are available to residential end-users. StarHub's HFC network offers residential customers speeds from 10 to 100Mbps. Singtel's ADSL services are limited to download speeds of up to 25Mbps.

Residential fibre broadband services in Singapore are currently available with speeds ranging from 100Mbps to 10Gbps, with the more common ones being 500Mbps and 1Gbps.

***Residential Wired Broadband Prices***

MPA estimates that residential wired broadband blended monthly Average Revenue Per User ("**ARPU**") declined from S$47.5 in 2013 to S$39.1 in 2015. ARPU has since rebounded marginally to S$40.3 as at December 2016, driven by a combination of non-fibre end-users transitioning to relatively more expensive fibre broadband plans, as well as existing fibre subscribers upgrading to high-priced plans with faster speeds.[29]

By December 2021, blended monthly residential wired broadband ARPU is expected to be marginally higher at S$41.3, growing at a CAGR of 0.5% between 2016 and 2021 and driven by the same factors as mentioned above. In the forecasts for ARPU, MPA has not taken into account any additional price-based competition amongst RSPs in the residential market that may occur following the launch of the fourth telco operator.

**Exhibit 1.2.4: Blended Monthly Residential Wired Broadband ARPU (S$)**

| 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017F | 2018F | 2019F | 2020F | 2021F |
|---|---|---|---|---|---|---|---|---|---|---|
| 47.3 | 46.8 | 47.5 | 45.0 | 39.1 | 40.3 | 41.1 | 41.1 | 41.3 | 41.3 | 41.3 |

*Source: MPA*

**1.3. Pay Television ("Pay-TV")**

Pay-TV services in Singapore are offered by StarHub and Singtel. While StarHub delivers Pay-TV services through both cable TV (via HFC) and Internet Protocol TV ("**IPTV**", via fibre), Singtel offers only IPTV (via fibre and ADSL).

MPA estimates that there were 0.91 million Pay-TV subscriptions in Singapore as at December 2016, of which 0.43 million subscriptions were IPTV subscriptions mainly via fibre connections and a small proportion was served via Singtel's ADSL network. MPA forecasts IPTV subscribers on ADSL and cable TV subscribers on HFC will migrate to fibre by December 2017 and December 2021, respectively.

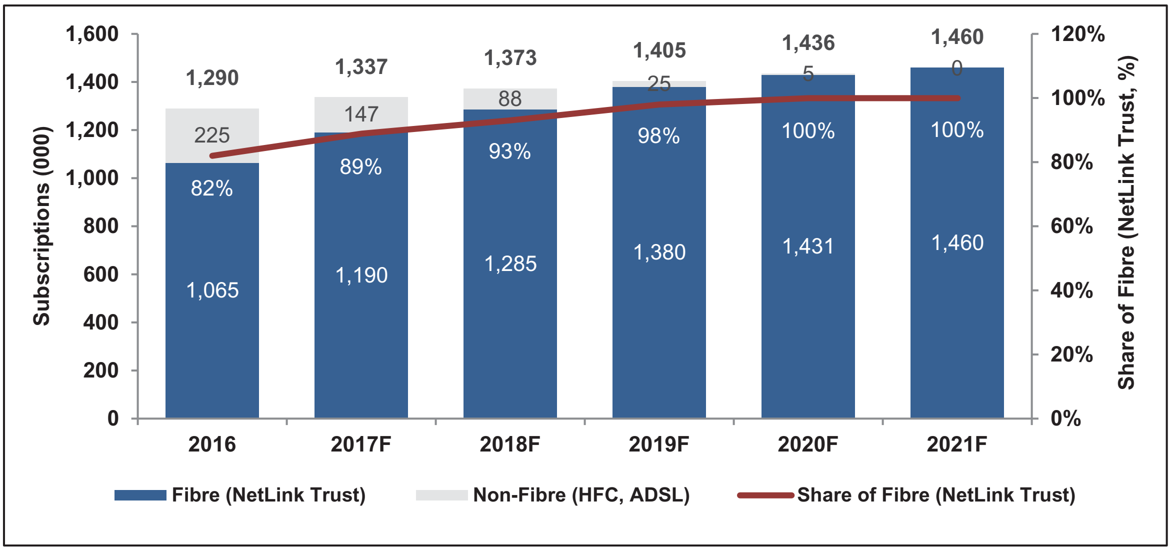
MPA estimates that Pay-TV subscriptions will decline to 0.83 million by December 2021, largely as a result of the prevalence of both legal and illegal online video services. However, MPA does not expect the decline in Pay-TV subscriptions to affect fibre broadband subscriptions.

In particular, MPA estimates that as at December 2016, 61,000 IPTV subscriptions were on a standalone dedicated fibre connection without a corresponding broadband subscription. Standalone fibre IPTV subscriptions are delivered via NetLink Trust's fibre network, and similar to fibre broadband subscriptions, represents a source of revenue for NetLink Trust. Standalone IPTV subscriptions are expected to decline to 38,000 largely due to competition from online video subscription services.

In aggregate, MPA forecasts the total residential wired subscriptions (comprising fibre broadband subscriptions, non-fibre broadband subscriptions and standalone fibre IPTV subscriptions) to grow from 1.29 million in December 2016 to 1.46 million in December 2021, representing a CAGR of 2.5%. MPA expects that the total number of residential fibre subscriptions (comprising both fibre broadband subscriptions and standalone fibre IPTV subscriptions) will grow from 1.07 million in December 2016 to 1.46 million by December 2021, representing a CAGR of 6.5%. MPA estimates that residential fibre subscriptions accounted for 82% share of total residential wired subscriptions in 2016 and will grow to 100% share in 2021.

[29] ARPU is calculated as total estimated annual revenue earned by all RSPs from broadband services, divided by an estimate of the average of subscribers of the opening and closing period, divided by 12 months.

**Exhibit 1.3.1: Total Residential Wired Subscriptions**




*Source: MPA*

## 1.4. Non-Residential Wired Broadband

***Non-Residential Wired Broadband Subscription Trends***

Non-residential wired broadband services are those provided to SMEs, multi-national corporations, retail shops, factories, food centres, schools, military camps, offices of government agencies and other non-residential addresses. MPA believes that demand for wired broadband services in the non-residential segment in the next 3 to 5 years will largely be driven by three factors:

1. An increasing number of SMEs in operation in Singapore, most of which will require internet connectivity and hence drive non-residential wired broadband subscriptions.
2. Increasing demand for cloud-based business applications designed for enterprises and SMEs. These include customer relationship management tools, enterprise resource planning and point of sales ("**POS**") systems for food and beverage ("**F&B**") and retail outlets, accounting services, inventory management services, human resources management services and loyalty points management systems, to name a few. To take advantage of these tools and services, SMEs are expected to sign up for fibre broadband services or switch from older technology types to fibre broadband services, which provide higher speeds.
3. Government grants to improve productivity through digitalisation and increase adoption of fibre broadband. Some examples include the Fibre Ready Scheme and grants which SMEs can apply to offset the costs of wired broadband subscriptions.

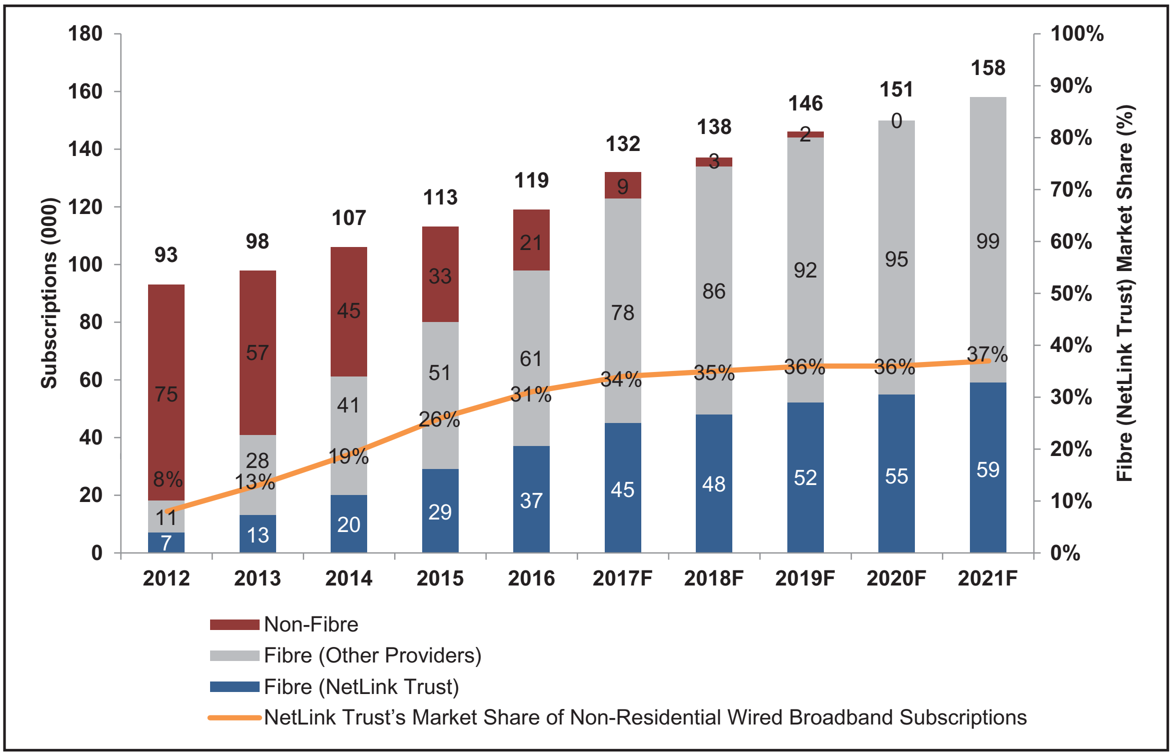
According to IMDA, there were 118,800 total non-residential wired broadband subscriptions in December 2016 of which MPA estimates that 83% were non-residential fibre broadband subscriptions.[30] By December 2021, MPA estimates that total non-residential wired broadband subscriptions will grow to 158,230. This represents a CAGR of 6.0% between 2016 and 2021. Over the same period, MPA projects that non-residential fibre broadband subscriptions will grow to 158,230, representing a CAGR of 10.1% and accounting for 100% of total non-residential wired broadband subscriptions by December 2021. MPA expects that fibre will continue to gain market

30 Source: IMDA, IMDA Business Infocomm usage survey as published on the website of IMDA at https://www.imda.gov.sg/industry-development/facts-and-figures/infocomm-usage-business last accessed in March 2017. IMDA has not provided its consent, for purposes of Section 282I of the SFA, to the inclusion of the information cited and attributed to it, in the Independent Industry Consultant Report prepared by MPA and is therefore not liable for such information under Sections 282N and 282O of the SFA. As the Independent Industry Consultant Report has been prepared by MPA for the purposes of incorporation in the prospectus to be issued by the Trustee-Manager in connection with the offering and listing of units of the Trust on the SGX-ST, the Trust, the Trustee-Manager, the Joint Issue Managers, the Joint Global Coordinators, the Joint Bookrunners and Joint Underwriters have relied on MPA to ensure that the relevant information from the relevant source has been reproduced in its proper form and context and that the information is extracted accurately and fairly from the relevant source. None of the Trust, the Trustee-Manager, the Joint Issue Managers, the Joint Global Coordinators, the Joint Bookrunners and Joint Underwriters or any other party has conducted an independent review of the information from such source or verified the accuracy or completeness of the relevant information.

share within total non-residential wired broadband subscriptions as businesses convert from other technology types to fibre due to a need for higher broadband speeds and active conversion by RSPs to fibre.

MPA estimates NetLink Trust's share of total non-residential wired broadband subscriptions to be 31% or approximately 36,640 subscriptions in 2016. MPA believes that Singtel has the largest share of the non-residential market supported by its self-owned fibre, and to a lesser extent ADSL, network infrastructure. MPA notes that StarHub and M1 also have their own fibre network infrastructure in concentrated business areas, but their overall share is much smaller than Singtel's and NetLink Trust's. MPA estimates that NetLink Trust's non-residential fibre broadband subscriptions will increase to 58,680 by 2021, representing a CAGR of 9.9% for the period between 2016 and 2021. MPA projects that NetLink Trust's share of total non-residential wired broadband subscriptions in 2021 will grow to 37%. This growth in market share will be driven by the growing SME market, which are mainly located outside of the CBD and business parks where NetLink Trust has less competition from other fibre network infrastructure providers. SMEs tend to be more price-sensitive and are attractive to RSPs, which can target them with competitive pricing and innovative solutions using NetLink Trust's fibre network infrastructure.

**Exhibit 1.4.1: Total Non-Residential Wired Broadband Subscriptions**




*Source: IMDA, data for corporate wired subscriptions for 2012 to 2016 from the website of IMDA at https://www.imda.gov.sg /industry-development/facts-and-figures/telecommunications/statistics-on-telecom-services last accessed in March 2017[31]*
*MPA for all other years (2017F to 2021F)*
*Note: Sum of wired subscriptions by technology may not add up to total subscriptions, as they are rounded to the nearest number.*

### *Speeds and Prices of Non-Residential Wired Broadband Subscriptions*

MPA has analysed basic dynamic IP broadband subscription plans for SMEs. For the same speed, broadband subscription prices for SMEs are higher than the prices for residential

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customers, commensurate with the higher service standards that RSPs generally provide to business customers. MPA notes that broadband prices for large corporate customers are not publicly available and could vary as they are generally customised to each customer's specific needs.

**Exhibit 1.4.2: Average Prices of Non-Residential Wired Broadband Subscription Plans for SMEs by Speeds (March 2017)**

| Speed | 100Mbps | 500Mbps | 1Gbps |
|---|---|---|---|
| **Average Monthly Subscription Prices (S$)** | 153 | 228 | 344 |

*Source: Pioneer Management Consulting Asia Pte Ltd ("**PCA**"), PCA database as at March 2017*[32]

***NetLink Trust's Value Proposition to OpCos and RSPs in the Non-Residential Wired Broadband Market***

MPA believes that independent active infrastructure companies ("**OpCos**") who do not have an affiliated fibre network infrastructure provider are likely to use NetLink Trust's fibre network over the fibre network of a third party who operates an OpCo because there remains the possibility (or perception) that commercial decisions by the third party fibre network infrastructure provider may be influenced by the interests of its OpCo arm. Similarly, RSPs in the non-residential broadband market may also prefer to work with OpCos operating on NetLink Trust's fibre network to avoid similar conflicts of interest between themselves and other fibre network infrastructure providers who may be affiliated to an RSP.

MPA believes that NetLink Trust's transparent and regulated terms and conditions, including pricing, are key factors in securing orders from existing and new independent OpCos which do not have an affiliated network infrastructure provider. OpCos have unbiased open access to NetLink Trust's passive fibre network infrastructure and can be confident of competing on an equal-cost basis for connectivity as other OpCos. MPA's view is that a number of smaller OpCos are likely to enter the market, looking to benefit from the availability of the Next Gen NBN platform to provide innovative solutions for multiple market niches. This could increase the utilisation of NetLink Trust's fibre network at very low incremental cost to NetLink Trust.

Overall in the non-residential segment, MPA believes that NetLink Trust has a competitive advantage over other fibre network infrastructure providers due to its transparent and regulated pricing, Universal Service Obligation, nationwide coverage and non-discriminatory network.

**1.5. Comparison of Singapore's Wired Broadband Market with other Countries**

Singapore is a global leader in terms of broadband penetration, as well as adoption of fibre technology. Singapore's wired broadband market, when measured against metrics such as (i) residential wired broadband penetration, (ii) the proportion of residential wired broadband subscriptions on fibre-based connections, (iii) affordability of wired broadband subscriptions and (iv) broadband speeds, is comparable with, and in most cases superior to, the countries listed below.

***Residential Wired Broadband Penetration and Proportion of Residential Wired Broadband Subscriptions on Fibre-Based Connections***

MPA estimates that Singapore had a wired residential broadband penetration of total households of 88% in December 2016, higher than all the markets listed below, including developed markets such as the United Kingdom ("**UK**"), the United States ("**US**") and Japan, except Korea, which registered a wired broadband penetration of 104%.[33]

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33 The penetration above 100% in Korea is due to the highly commoditised nature of the wired broadband market, where some households have multiple wired broadband subscriptions.

MPA estimates that as at December 2016, the proportion of residential wired broadband subscriptions on fibre-based connections in Singapore was 82%, the highest among other developed countries, of which some are listed below.

**Exhibit 1.5.1: Residential Wired Broadband Penetration of Total Households and Proportion of Residential Wired Broadband Subscriptions on Fibre-Based Connections (December 2016)**

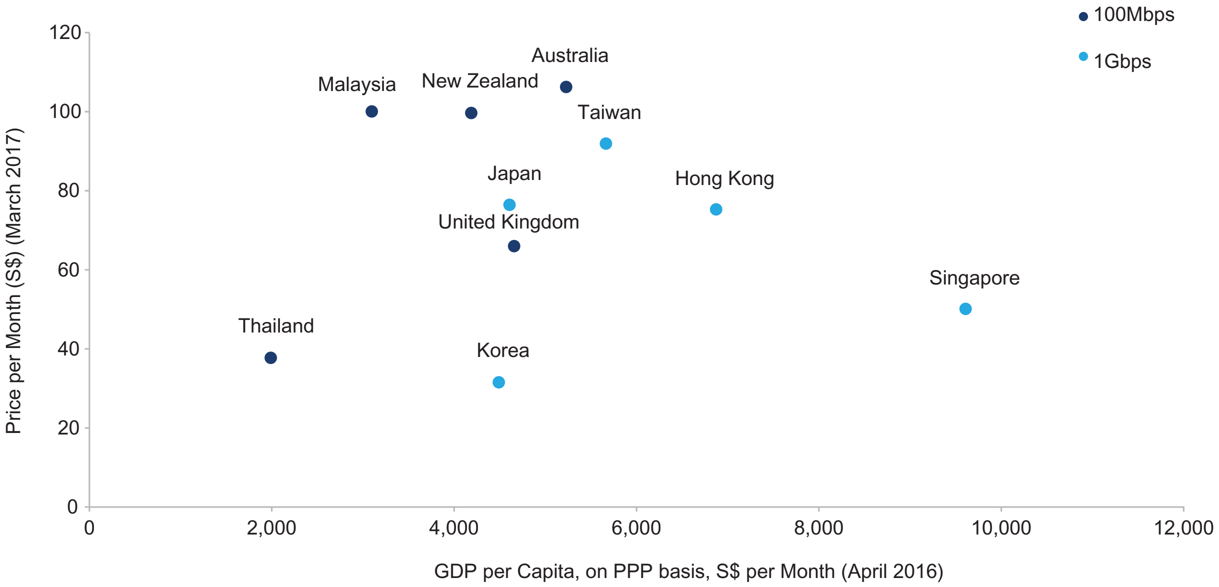
| | Singapore | Australia | Hong Kong | Indonesia | Japan | Korea | Malaysia | UK | US |
|---|---|---|---|---|---|---|---|---|---|
| **Residential Wired Broadband Penetration of Total Households** . . . . . . . . | 88% | 77% | 86% | 9% | 76% | 104% | 34% | 86% | 82% |
| **Proportion of Residential Wired Broadband Subscriptions on Fibre-Based Connections** . . . . . . . . | 82% | 14% | 73% | 17% | 75% | 67% | 38% | 31% | 20% |

*Source: MPA*

***Affordability of Wired Broadband Subscriptions***

A comparison made by MPA of average residential broadband subscription prices across 10 countries (Australia, Hong Kong, Korea, Japan, Malaysia, New Zealand, Singapore, Taiwan, Thailand and the UK) reveals that monthly broadband prices in Singapore are among the lowest available. The low prices in Singapore are particularly noteworthy in the context of a comparatively higher Gross Domestic Product ("**GDP**") per capita on purchasing power parity ("**PPP**") basis, highlighting the relative affordability of broadband subscriptions in Singapore.

**Exhibit 1.5.2: Average Price of 100Mbps and 1Gbps Residential Wired Broadband Subscriptions Per Month by Country Relative to GDP per Capita, on PPP basis**




*Source: PCA, PCA database as at April 2017*[34]
*Source for GDP per capita: IMF World Economic Outlook Database, April 2016 Edition*[35]

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***Broadband Speeds***

Broadband speeds in Singapore are also one of highest, when compared to both Asian and global developed markets. Average peak connection speed in Singapore, as measured by global content delivery network (CDN) provider Akamai, was 162Mbps, placing Singapore ahead of all other countries in the world as at the third quarter of 2016.

**Exhibit 1.5.3: Average Peak Connection Speeds by Country**

| Global Rank | Country | Q3 2016 Peak Mbps |
|---|---|---|
| **1** | **Singapore** | 162.0 |
| **2** | **Hong Kong** | 116.2 |
| **3** | **South Korea** | 114.2 |
| **4** | **Indonesia** | 99.3 |
| **9** | **Japan** | 88.1 |
| **15** | **Thailand** | 75.3 |
| **20** | **United States** | 70.8 |
| **28** | **United Kingdom** | 62.9 |
| **52** | **Malaysia** | 51.7 |
| **57** | **Australia** | 46.9 |

*Source: Third Quarter, 2016 Akamai State of the Internet Report, published on the website of Akamai Technologies at https://www.akamai.com/stateoftheinternet/ last accessed in April 2017*[36]

## 1.6. Non-Building Address Point Connections

A Non-Building Address Point or NBAP is defined as a connection in any location in Singapore that does not have a physical address or assigned postal code. This includes but is not limited to the following: lamp posts, Electronic Road Pricing ("**ERP**") gantries, traffic lights, expressways or roads, bridges, flyovers, carparks, cellular base stations, bus stops or taxi stands, automated teller machines and void decks at Housing Development Board ("**HDB**") blocks.

Moving forward, MPA expects that the primary driver for NBAP connections will be Singapore's Smart Nation Programme, which will require the deployment of a network of sensors and monitoring equipment across Singapore to support applications such as autonomous vehicles, high-definition surveillance cameras, parking space management and weather data collection.

Such sensors and monitoring equipment may use wireless technology to communicate with each other or be connected directly using NBAP connections. Data collated by the sensors and monitoring equipment would need to be aggregated and transmitted over fibre broadband connections due to the large volumes of data to be transmitted, and requirement for high reliability and low latency.

***NBAP Connections Addressable by NetLink Trust***

Existing cellular base stations deployed by incumbent telco operators are not considered as part of the NBAP connections that may be addressable by NetLink Trust as telco operators already have their own fibre connecting these points. The addressable market today includes NBAP connections at traffic lights, ERP gantries, for surveillance cameras in and around public areas such as MRT stations and Aggregation Gateway Boxes ("**AG Boxes**"). MPA estimates that the addressable market by NetLink Trust comprised 489 NBAP connections as at December 2016.

Moving forward, if StarHub and M1 begin to roll-out HetNet base stations, MPA believes they may not have fibre coverage to all designated HetNet areas and could potentially require usage of NetLink Trust's fibre network infrastructure.

[36] As extracted from the Independent Industry Consultant Report in Appendix D of this document. Akamai has not provided its consent, for purposes of Section 282I of the SFA, to the inclusion of the information cited and attributed to it, in the Independent Industry Consultant Report prepared by MPA and is therefore not liable for such information under Sections 282N and 282O of the SFA. As the Independent Industry Consultant Report has been prepared by MPA for the purposes of incorporation in the prospectus to be issued by the Trustee-Manager in connection with the offering and listing of units of the Trust on the SGX-ST, the Trust, the Trustee-Manager, the Joint Issue Managers, the Joint Global Coordinators, the Joint Bookrunners and Joint Underwriters have relied on MPA to ensure that the relevant information from the relevant source has been reproduced in its proper form and context and that the information is extracted accurately and fairly from the relevant source. None of the Trust, the Trustee-Manager, the Joint Issue Managers, the Joint Global Coordinators, the Joint Bookrunners and Joint Underwriters or any other party has conducted an independent review of the information from such source or verified the accuracy or completeness of the relevant information.

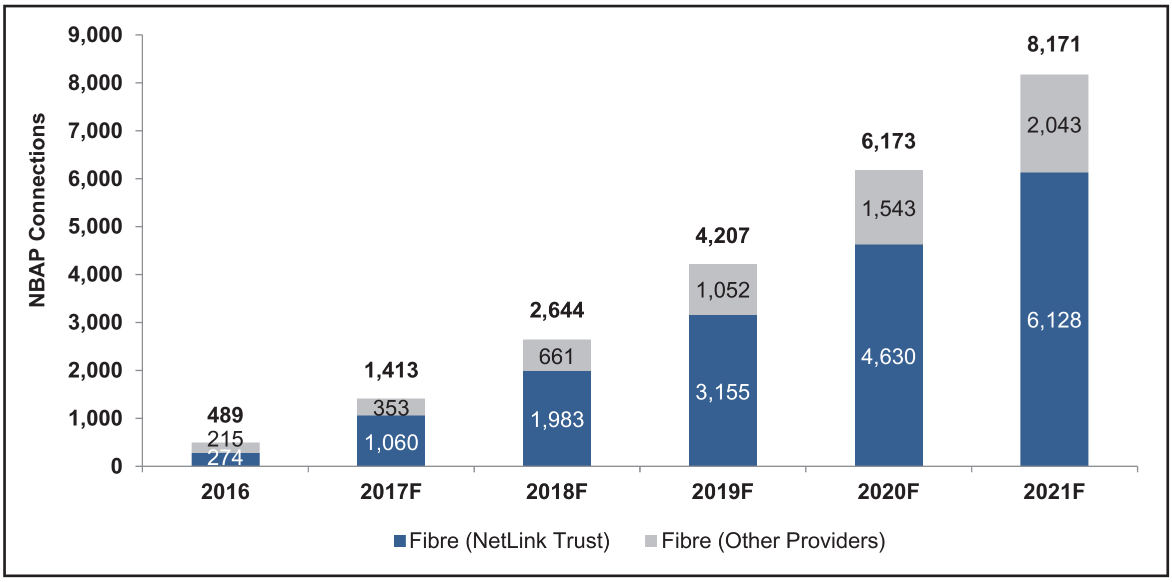
In addition to HetNet-related base stations, MPA believes the below are areas of growth for NBAP connections due to other Smart Nation Programme initiatives. MPA believes that NetLink Trust, with its extensive nationwide fibre coverage, is well suited to meet the connectivity requirements as the provider of passive fibre network infrastructure and fibre connections.

- Street lamp posts/bridges/flyovers: To provide connectivity for environmental and maintenance-related sensors as well as provide sensors that will support an autonomous vehicles road system.
- Carparks: To provide connectivity for sensors that will disseminate information on parking availability via internet applications as well as sensors for security monitoring.
- Within HDB estates: To provide connectivity for surveillance cameras, sensors, and Internet of Things ("**IoT**") devices.
- Connectivity boxes: Under Phase 1 of the Smart Nation Platform Project, AG Boxes have been deployed, which are intended to provide internet connectivity and power availability for the placement of a variety of sensors and probes that will record and collect environmental data. While it is not clear at this point in time if the Singapore government will deploy more AG Boxes or pursue other technology options, MPA believes that the Smart Nation Platform will require a similar type of connectivity box to provide connectivity to the intended network of sensors and probes.

***NetLink Trust's Share of the Addressable Market***

By 2021, MPA estimates that the market size of NBAP connections that may be addressable by NetLink Trust will grow to 8,171. This represents a CAGR of 75.6% from 2016 to 2021. As at March 2017, NetLink Trust had over 300 NBAP connections, of which 49 were used for the purpose of supporting Phase 1 of the Smart Nation Platform Project. NetLink Trust continues to work with the successful bidder of Phase 1 to provide, in total, 100 NBAP connections. By December 2021, MPA expects NetLink Trust to have 6,128 NBAP connections, of which approximately 5,000 are specifically used to support Smart Nation Programme initiatives including HetNet base stations and approximately 1,100 for the backhaul of the fourth mobile network operator. MPA forecasts that the NBAP connections provided by NetLink Trust will grow at a CAGR of 86.2% from 2016 to 2021. In total, this represents 75% of the market size of NBAP connections that may be addressable by NetLink Trust in 2021, having grown from a market share of 56% in 2016.

**Exhibit 1.6.1: NBAP Connections that may be Addressable by NetLink Trust**




*Source: MPA*

## 1.7. Wireless Broadband

### *Overview*

Wireless broadband is delivered via third-generation ("**3G**") and fourth-generation ("**4G**") mobile networks by Singtel, StarHub and M1 to mobile phones, connected devices (such as tablets), mobile Wi-Fi access points (**"MiFi"**) and mobile dongles, as well as public Wi-Fi (e.g. Wireless@SG).

Trials have begun for the fifth variant of mobile technology ("**5G**"). Theoretical speeds of up to 1Gbps can be achieved via 5G networks, depending on the architecture, network density and area of operation. Although telco operators have completed several 5G trials, the industry has not agreed on a common technical architecture for the 5G standard and compatible consumer electronics are rare. Commercial launches of 5G services are not expected earlier than 2020/2021.

Moving forward, MPA expects 5G networks in Singapore to be fully supported by fibre connectivity for backhaul, some of which could be provided by NetLink Trust's Next Gen NBN infrastructure.

### *Limitations of Wireless Broadband*

Despite the growth in wireless broadband services, there are inherent limitations of wireless broadband which makes it complementary to, rather than a substitute for, wired broadband services both in the residential and non-residential segments.

Particularly in Singapore, MPA does not expect wireless broadband services, delivered via 3G or 4G services, to replace wired broadband services in the residential and non-residential segments. A number of factors currently limit the ability of wireless broadband services to serve as a true replacement for wired broadband services in Singapore. These include:

- Limited speeds: Wireless broadband services in Singapore, delivered via 3G and 4G, currently offer limited speeds when compared to wired broadband networks. Median speeds on the 3G and 4G networks in various areas in the country, measured by IMDA My Connection SG, from July to December 2016, were at 4.2Mbps and 33.2Mbps respectively.[37] This is significantly below the speeds delivered via HFC and fibre networks of 50Mbps-10Gbps. While wireless broadband speeds may be sufficient for less data-intensive applications such as email and social media/ messaging, lower speeds are likely to provide inferior quality user experience when using bandwidth-intensive applications such as video streaming, video calls and online gaming.
- Lack of unlimited data plans: At present, wireless broadband providers (i.e., mobile telco operators) do not offer subscription plans with unlimited mobile data usage. Singapore telco operators currently offer data allowances of 300MB-20GB per month, depending on the plan. Prices for these plans, which include voice and SMS services, range from S$15-240 per month. As at December 2016, MPA estimates that the monthly average data consumption per user on mobile networks (3G/4G) in Singapore was 3-3.5GB. In contrast, MPA estimates that average monthly data consumption on wired broadband services is at least 10-20 times higher than that on wireless. As such, MPA believes that wireless broadband services are not a cost-effective alternative compared to residential and non-residential wired broadband services, including fibre broadband services, which are offered without a limit on data usage.
- Network latency: Wireless broadband networks face a higher latency compared to wired broadband networks. High latency reduces the quality of services, especially for time-sensitive applications such as audio and video calls and online gaming. Data released by IMDA indicates

[37] IMDA, 3G and 4G median speed for July-Dec 2016 obtained from the website of IMDA at https://www.imda.gov.sg/~/media/imda/files/community/mobile%20and%20broadband/04%20results%20from%20myconnection%20sg%20jul%202016%20dec%202016.pdf?la=en last accessed in April 2017. IMDA has not provided its consent, for purposes of Section 282I of the SFA, to the inclusion of the information cited and attributed to it, in the Independent Industry Consultant Report prepared by MPA and is therefore not liable for such information under Sections 282N and 282O of the SFA. As the Independent Industry Consultant Report has been prepared by MPA for the purposes of incorporation in the prospectus to be issued by the Trustee-Manager in connection with the offering and listing of units of the Trust on the SGX-ST, the Trust, the Trustee-Manager, the Joint Issue Managers, the Joint Global Coordinators, the Joint Bookrunners and Joint Underwriters have relied on MPA to ensure that the relevant information from the relevant source has been reproduced in its proper form and context and that the information is extracted accurately and fairly from the relevant source. None of the Trust, the Trustee-Manager, the Joint Issue Managers, the Joint Global Coordinators, the Joint Bookrunners and Joint Underwriters or any other party has conducted an independent review of the information from such source or verified the accuracy or completeness of the relevant information.

that average latencies on 3G and 4G services were at 127.8ms and 63.5ms, respectively, from July to December 2016.[38] [39] Wireless@SG services recorded a latency of 80ms. In the same period, latency on wired broadband networks was between 0-4ms.[40]

- Network coverage and reliability: Wireless connections may suffer from network congestion as well as signal degradation caused by obstructions to the mobile signals by buildings, walls and floors. As a result, wireless broadband services are often unable to match the reliability, coverage and average speeds of a wired broadband connection. This is especially so in a heavily built-up environment such as Singapore.

As a result, MPA believes wired broadband connections will continue to be the most common type of connections in both homes and offices.

## 2. DRIVERS OF DEMAND FOR FIBRE BROADBAND SERVICES AND FIBRE CONNECTIONS

In MPA's opinion, Singapore is a highly "connected" country, as evidenced by the high levels of wired and wireless broadband penetration. The increasingly important role of fibre broadband in the daily lives of users, spanning across needs in communication, education, public safety, medicine, commerce and industry, have resulted in fibre broadband becoming a "necessity" and is no longer "discretionary", as many end-users are reliant on fibre broadband services for their day-to-day activities. Broadly, fibre broadband can be used to stream high-definition online video and audio services, facilitate over-the-top media content consumption, play online and multiplayer bandwidth intensive electronic games, facilitate learning over the Internet, make payments and close contracts through the Internet and perform online e-commerce and business transactions, among other uses. The government's efforts in ensuring that users have access to broadband at all times, including public areas, via the development of Next Gen NBN, Wireless@SG and the Smart Nation Platform, are all testaments to this fact.

Overall, the increase in number of fibre broadband subscriptions and fibre connections in Singapore, in the residential, non-residential and NBAP segments, continues to be driven and sustained by several factors. The key drivers of fibre broadband are:

- Growth in data consumption
- Growth in market size and addressable market for fibre connections
- Government initiatives
- Continued migration from older technology types to fibre broadband

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38 Network latency is defined as the time taken for data to travel from the source to destination, and is measured in milliseconds (ms). The data is representative of the time taken for data to travel to a local (i.e. Singapore-based) server and back.

39 Source: IMDA, data for latency for July-Dec 2016 obtained from the website of IMDA at https://www.imda.gov.sg/~/media/imda/files/community/mobile%20and%20broadband/04%20results%20from%20myconnection%20sg%20jul%202016%20dec%202016.pdf?la=en last accessed in April 2017. IMDA has not provided its consent, for purposes of Section 282I of the SFA, to the inclusion of the information cited and attributed to it, in the Independent Industry Consultant Report prepared by MPA and is therefore not liable for such information under Sections 282N and 282O of the SFA. As the Independent Industry Consultant Report has been prepared by MPA for the purposes of incorporation in the prospectus to be issued by the Trustee-Manager in connection with the offering and listing of units of the Trust on the SGX-ST, the Trust, the Trustee-Manager, the Joint Issue Managers, the Joint Global Coordinators, the Joint Bookrunners and Joint Underwriters have relied on MPA to ensure that the relevant information from the relevant source has been reproduced in its proper form and context and that the information is extracted accurately and fairly from the relevant source. None of the Trust, the Trustee-Manager, the Joint Issue Managers, the Joint Global Coordinators, the Joint Bookrunners and Joint Underwriters or any other party has conducted an independent review of the information from such source or verified the accuracy or completeness of the relevant information.

40 Source: IMDA, Singapore (SG) Average Latency (Sep 2016-Nov 2016) obtained from the website of IMDA at https://www.imda.gov.sg/applications/rbs/chart.html last accessed in April 2017. IMDA has not provided its consent, for purposes of Section 282I of the SFA, to the inclusion of the information cited and attributed to it, in the Independent Industry Consultant Report prepared by MPA and is therefore not liable for such information under Sections 282N and 282O of the SFA. As the Independent Industry Consultant Report has been prepared by MPA for the purposes of incorporation in the prospectus to be issued by the Trustee-Manager in connection with the offering and listing of units of the Trust on the SGX-ST, the Trust, the Trustee-Manager, the Joint Issue Managers, the Joint Global Coordinators, the Joint Bookrunners and Joint Underwriters have relied on MPA to ensure that the relevant information from the relevant source has been reproduced in its proper form and context and that the information is extracted accurately and fairly from the relevant source. None of the Trust, the Trustee-Manager, the Joint Issue Managers, the Joint Global Coordinators, the Joint Bookrunners and Joint Underwriters or any other party has conducted an independent review of the information from such source or verified the accuracy or completeness of the relevant information.

### 2.1. Growth in Data Consumption

Growing data consumption fuels the need for stable high-speed broadband access such as that through fibre broadband. Key concepts of data consumption include:

- File size: As image and video files increase in data size, transmitting them through a network or saving them on cloud-based storage requires high-speed broadband connections in order to complete the action in the shortest amount of time.
- Data/bandwidth-intensive applications: Applications and software that consume a lot of data in a short amount of time, such as video and audio streaming, require a robust broadband connection to deliver a smooth quality of service.
- Bandwidth: Refers to the data transfer capacity or speed of the broadband connection, and is measured in bits per second or bps. Higher bandwidth services allow greater amounts of data to be transferred in the same amount of time, compared to lower bandwidth services.
- Latency: The time delay for incoming or outgoing data in a network, measured in milliseconds. Low latency is desired for applications that require near-instant response times such as video conferencing, messaging and gaming. Low latency is a quality of high-speed data connection technologies such as fibre.

***Online Video and Audio Services***

Increased availability of online video and audio services, both domestic (e.g., Toggle, HOOQ, StarHub Go, Singtel CAST and AMPed) and foreign (e.g., YouTube, Netflix, Amazon Prime Video and Spotify), has changed the way consumers consume both video and audio content. Consumers are increasingly drawn to the proposition offered by online video and audio services, which provide attractive, interactive and customised content as well as the ability to watch/listen to it on-demand, both within and outside the home.

MPA estimates that there were 0.1 million subscription video on demand ("**SVOD**") service subscribers in Singapore as at December 2016. MPA expects this to grow to 0.9 million by December 2021, representing a CAGR of 66% between 2016 and 2021.

Video services currently available in the market are typically in either 720p or 1080p video quality, and will require broadband connections with download speeds of 2-8Mbps for a smooth viewing experience. Higher-quality video such as Ultra High Definition (UHD) or 4K will require broadband connections with download speeds of approximately 25-30Mbps, and Virtual and Augmented Reality (VR and AR) services currently being tested in the market may require twice that speed for running two 4K streams for each lens. MPA expects the demand for bandwidth in the home to increase on account of the consumption of such services, intensifying reliance on fibre broadband services and a shift from other broadband technology types (HFC, ADSL) to fibre.

***Video Communications***

Enterprises and individuals are increasingly using video conferencing platforms for communications because they are an efficient way to collaborate and work together visually from different locations. High bandwidth and low latency are required for each video conference call. In particular, for the enterprise sector, video conferencing offers features such as screen-sharing, multi-party connections and full-size high resolution displays, all of which require more bandwidth and low latency.

According to Cisco, the number of business video conference users globally is expected to increase at a CAGR of 21% from 95 million users in 2015 to 248 million users by December 2020.[41]

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[41] Source: Cisco, "Cisco Visual Networking Index (VNI) Complete forecast update, 2015-2020, (2015)" published on the website of Cisco at https://newsroom.cisco.com/press-release-content?articleId=1771211 last accessed in March 2017. Cisco has not provided its consent, for purposes of Section 282I of the SFA, to the inclusion of the information cited and attributed to it, in the Independent Industry Consultant Report prepared by MPA and is therefore not liable for such information under Sections 282N and 282O of the SFA. As the Independent Industry Consultant Report has been prepared by MPA for the purposes of incorporation in the prospectus to be issued by the Trustee-Manager in connection with the offering and listing of units of the Trust on the SGX-ST, the Trust, the Trustee-Manager, the Joint Issue Managers, the Joint Global Coordinators, the Joint Bookrunners and Joint Underwriters have relied on MPA to ensure that the relevant information from the relevant source has been reproduced in its proper form and context and that the information is extracted accurately and fairly from the relevant source. None of the Trust, the Trustee-Manager, the Joint Issue Managers, the Joint Global Coordinators, the Joint Bookrunners and Joint Underwriters or any other party has conducted an independent review of the information from such source or verified the accuracy or completeness of the relevant information.

### *Cloud Service Usage*

Cloud service usage by individuals and enterprises alike has proliferated as a cost-effective and convenient means to store and share large amounts of data. Cloud service usage is expected to be a key driver of data usage over the next five years and will require broadband connections with fast upload and download speeds and low latency.

In 2015, the global average data traffic generated from cloud storage per user per month was 513MB. By December 2020, Cisco forecasts that the traffic generated will increase to 1.7GB per user per month.[42] Overall annual data traffic due to usage of cloud storage is expected to grow more than three-fold from 3.9 Zettabytes (ZB = $10^{21}$ bytes) in 2015 to 14.1ZB in 2020.

Cloud service applications for enterprises include enterprise resource planning, database storage and analytics, including IoT data and collaboration tools.

Cloud service applications for SMEs include those for accounting, human resource management and inventory management, as well as office productivity tools such as Office 365. In addition, with the increasing availability of affordable and scalable cloud-based POS solutions, MPA believes demand by SMEs for wired broadband services will increase.

Adoption rates of Software as a Service (SaaS) in 2013 to 2015 have also shown that starting from a relatively low base, small businesses have the potential to adopt cloud services in the future.[43]

### *Internet of Things*

A fast-growing and important part of many Smart Nation plans is the area of IoT, which refers to technologies that enable networked devices to interact and communicate with one another, often wirelessly. Networked devices such as sensors can be mounted on vehicles, machines, buildings, people, animals, goods or city infrastructure (e.g. lamp posts).[44] The use cases for IoT deployments are expanding across industry verticals and functions.

MPA expects IoT devices to drive demand for fibre broadband in two principal ways:

1. High-bandwidth requirements for big data aggregation: While individual IoT devices may only transmit small amounts of data, they need to communicate in tandem with other IoT devices in their given environment, requiring the central processing unit to cope with high volumes of traffic without any degradation in quality of service. For example, within the constraints of a home, smart appliances providing status updates would transmit multiple streams of data 24/7, some of which are time-critical. The home broadband service would need to handle this IoT-related traffic without any loss in quality of service for other data-heavy applications that might be used simultaneously, such as multiple-streaming 4K high-definition videos, HD video calls and cloud-based storage.

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42 Source: Cisco's media release dated 10 November 2016 and entitled "Cisco Global Cloud Index Projects Cloud Traffic to Nearly Quadruple Representing 92 Percent of Total Data Center Traffic by 2020". Cisco has not provided its consent, for purposes of Section 282I of the SFA, to the inclusion of the information cited and attributed to it, in the Independent Industry Consultant Report prepared by MPA and is therefore not liable for such information under Sections 282N and 282O of the SFA. As the Independent Industry Consultant Report has been prepared by MPA for the purposes of incorporation in the prospectus to be issued by the Trustee-Manager in connection with the offering and listing of units of the Trust on the SGX-ST, the Trust, the Trustee-Manager, the Joint Issue Managers, the Joint Global Coordinators, the Joint Bookrunners and Joint Underwriters have relied on MPA to ensure that the relevant information from the relevant source has been reproduced in its proper form and context and that the information is extracted accurately and fairly from the relevant source. None of the Trust, the Trustee-Manager, the Joint Issue Managers, the Joint Global Coordinators, the Joint Bookrunners and Joint Underwriters or any other party has conducted an independent review of the information from such source or verified the accuracy or completeness of the relevant information.

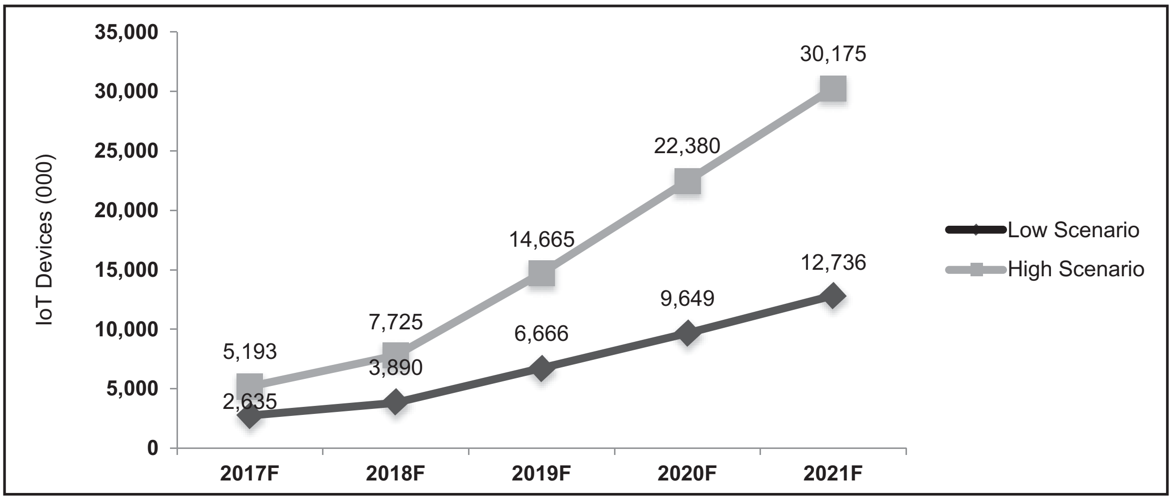
43 Source: Singapore Infocomm Technology Federation ("**SITF**"), "Cloud industry trends in Asia pacific and Singapore (2015)", published on the website of SITF at https://www.rhipe.com/wp-content/uploads/2015/06/RCCS15-SINGAPORE-SITF.pdf last accessed in March 2017. SITF has not provided its consent, for purposes of Section 282I of the SFA, to the inclusion of the information cited and attributed to it, in the Independent Industry Consultant Report prepared by MPA and is therefore not liable for such information under Sections 282N and 282O of the SFA. As the Independent Industry Consultant Report has been prepared by MPA for the purposes of incorporation in the prospectus to be issued by the Trustee-Manager in connection with the offering and listing of units of the Trust on the SGX-ST, the Trust, the Trustee-Manager, the Joint Issue Managers, the Joint Global Coordinators, the Joint Bookrunners and Joint Underwriters have relied on MPA to ensure that the relevant information from the relevant source has been reproduced in its proper form and context and that the information is extracted accurately and fairly from the relevant source. None of the Trust, the Trustee-Manager, the Joint Issue Managers, the Joint Global Coordinators, the Joint Bookrunners and Joint Underwriters or any other party has conducted an independent review of the information from such source or verified the accuracy or completeness of the relevant information.

44 Networked devices are components which enable computers and other electronic devices to be connected to a central network that can facilitate resources sharing and data transmission.

2. A traffic management system that connects all autonomous vehicles on the road with a central network. Autonomous vehicles may travel at high speeds and within close proximity of each other, and transmitting data with a command response time close to zero would be crucial for the safe operation of such a system.

Based on IoT use cases relevant to Singapore, MPA estimates the number of IoT devices in Singapore between 2017 and 2021 as shown in the Exhibit below. The projections are presented as high and low scenarios, given the uncertainty in estimating demand due to uncertainty in standards development, roll-out of network services, availability of devices and adoption of applications/services.

**Exhibit 2.1.1: Estimated IoT Devices in Singapore**




*Source: PCA, PCA Database as at February 2017*[45]
*Note: These estimates count multiple sensors linked to a single device as only one IoT device. For example, a connected car may have several hundred sensors, but PCA has assumed this as a single IoT device*

## 2.2. Growth in Market Size and Addressable Market for Fibre Connections

The increase in market size and addressable market contributes to demand for fibre connections indirectly and the growth can be attributed to a number of factors that include, but are not limited to:

### *Economic Growth*

Singapore's GDP was S$404 billion as at December 2016, having grown 0.4% year-on-year. The International Monetary Fund ("**IMF**") forecasts growth rates to be in the range of 2.5-3% between 2016 and 2021. MPA estimates Singapore's per capita GDP as at December 2016 to be US$52,623, and growing at a CAGR of 2.4% to US$59,180 by 2021, based on nominal GDP

[45] PCA has not provided its consent, for purposes of Section 282I of the SFA, to the inclusion of the information cited and attributed to it, in the Independent Industry Consultant Report prepared by MPA and is therefore not liable for such information under Sections 282N and 282O of the SFA. As the Independent Industry Consultant Report has been prepared by MPA for the purposes of incorporation in the prospectus to be issued by the Trustee-Manager in connection with the offering and listing of units of the Trust on the SGX-ST, the Trust, the Trustee-Manager, the Joint Issue Managers, the Joint Global Coordinators, the Joint Bookrunners and Joint Underwriters have relied on MPA to ensure that the relevant information from the relevant source has been reproduced in its proper form and context and that the information is extracted accurately and fairly from the relevant source. None of the Trust, the Trustee-Manager, the Joint Issue Managers, the Joint Global Coordinators, the Joint Bookrunners and Joint Underwriters or any other party has conducted an independent review of the information from such source or verified the accuracy or completeness of the relevant information.

projections from the IMF and population figures from the Department of Statistics Singapore ("**DOS**").[46] [47]

MPA expects economic growth, both at the country and per capita levels, to provide further impetus for fibre broadband subscriptions in Singapore as the relative affordability of fibre-based services continues to improve.

***Growth in Population and Households***

The total population of Singapore was 5.6 million as at December 2016. By 2021, MPA expects Singapore's population to increase to 6.0 million, growing at a CAGR of 1.3%. The growth in population is expected to directly and indirectly drive demand for fibre broadband subscriptions.

MPA expects total households to grow in line with population. As at December 2016, MPA estimates that there were 1.40 million total households in Singapore. By December 2021, MPA estimates that total households will increase to 1.55 million growing at a CAGR of 2.0% between 2016 and 2021.

**Exhibit 2.2.1: Singapore Total Households ('000)**

| 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017F | 2018F | 2019F | 2020F | 2021F |
|---|---|---|---|---|---|---|---|---|---|---|
| 1,269 | 1,278 | 1,309 | 1,340 | 1,372 | 1,401 | 1,430 | 1,459 | 1,489 | 1,519 | 1,549 |

*Source: MPA*

***Growth in Residential Premises***

MPA forecasts residential premises, defined as units (occupied and unoccupied) that are currently available in the market, including HDB units, condominiums and landed houses, to grow at a CAGR of 2.3% between 2016 and 2021. During this period, approximately 170,000 new residential premises are expected to become available in the market. It is further expected that all new units will be fibre-ready on account of existing regulations governing the deployment of Next Gen NBN in Singapore. The phasing out of older broadband technology types as well as the availability of ready-to-use fibre connection points, among others, are expected to encourage and facilitate the switch and subscription to fibre broadband services.

46 Source for GDP: IMF World Economic Outlook Database, October 2016 Edition. The IMF has not provided its consent, for purposes of Section 282I of the SFA, to the inclusion of the information cited and attributed to it, in the Independent Industry Consultant Report prepared by MPA and is therefore not liable for such information under Sections 282N and 282O of the SFA. As the Independent Industry Consultant Report has been prepared by MPA for the purposes of incorporation in the prospectus to be issued by the Trustee-Manager in connection with the offering and listing of units of the Trust on the SGX-ST, the Trust, the Trustee-Manager, the Joint Issue Managers, the Joint Global Coordinators, the Joint Bookrunners and Joint Underwriters have relied on MPA to ensure that the relevant information from the relevant source has been reproduced in its proper form and context and that the information is extracted accurately and fairly from the relevant source. None of the Trust, the Trustee-Manager, the Joint Issue Managers, the Joint Global Coordinators, the Joint Bookrunners and Joint Underwriters or any other party has conducted an independent review of the information from such source or verified the accuracy or completeness of the relevant information.

47 DOS, Data for Singapore's population for years 2011 to 2016 from the website of DOS at http://www.singstat.gov.sg/docs/default-source/default-document-library/publications/publications_and_papers/population_and_population_structure/population2016.pdf last accessed in April 2017. DOS has not provided its consent, for purposes of Section 282I of the SFA, to the inclusion of the information cited and attributed to it, in the Independent Industry Consultant Report prepared by MPA and is therefore not liable for such information under Sections 282N and 282O of the SFA. As the Independent Industry Consultant Report has been prepared by MPA for the purposes of incorporation in the prospectus to be issued by the Trustee-Manager in connection with the offering and listing of units of the Trust on the SGX-ST, the Trust, the Trustee-Manager, the Joint Issue Managers, the Joint Global Coordinators, the Joint Bookrunners and Joint Underwriters have relied on MPA to ensure that the relevant information from the relevant source has been reproduced in its proper form and context and that the information is extracted accurately and fairly from the relevant source. None of the Trust, the Trustee-Manager, the Joint Issue Managers, the Joint Global Coordinators, the Joint Bookrunners and Joint Underwriters or any other party has conducted an independent review of the information from such source or verified the accuracy or completeness of the relevant information.

**Exhibit 2.2.2: Residential Premises in Singapore ('000)**

| 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017F | 2018F | 2019F | 2020F | 2021F |
|---|---|---|---|---|---|---|---|---|---|---|
| 1,200 | 1,217 | 1,242 | 1,292 | 1,343 | 1,388 | 1,428 | 1,466 | 1,498 | 1,528 | 1,558 |

*Source: MPA analysis, based on information on residential units between the years 2011 to 2016 from the website of DOS at http://www.tablebuilder.singstat.gov.sg/ last accessed in April 2017*[48]

***Demand for Multiple Fibre Broadband Subscriptions***

In the residential segment, there is a small but increasing trend of multiple fibre broadband subscriptions in the same residential premises. This demand is mainly from multi-generation homes which have an extended family living together but in separate areas of the residence, or by multi-tenanted homes in which home owners rent out portions of their homes to other tenants. MPA estimated that while only 2-3% of total households had multiple fibre broadband subscriptions in 2016, this is projected to grow to 5-6% by 2021.

***Growth in Number of Enterprises and Office Space***

DOS states that there were 217,000 businesses in active operation in 2016.[49] Singapore continues to be among the world's easiest places to do business and, with general economic growth forecasted to remain stable over the next five years, MPA expects businesses in active operation in Singapore to grow at a stable rate to 298,000 by 2021, equivalent to a CAGR of 6.6% between 2016 to 2021.

Between 2016 and 2021, MPA expects the total net office space to grow at a CAGR of 1.7%, growing to 8.3 million square metres, indicating the continued expansion of the enterprise/business sector in Singapore.[50]

As businesses require access to stable broadband connectivity which is afforded by wired connections, MPA expects demand for fibre broadband services from the non-residential segment to be stable and growing in tandem with the increased business space in Singapore, particularly outside of the CBD, in areas such as the upcoming Jurong Innovation District (JID), Mapletree Business City II and Mediapolis. MPA expects this to benefit NetLink Trust as the fibre networks of incumbent telco operators are not as comprehensive outside of the CBD.

***Demand from Mobile Telco Operators***

MPA expects mobile telco operators in Singapore to provide faster speeds with lower latency to their subscribers to meet the higher data consumption usage habits. To address these market demands, mobile telco operators must increase network coverage and capacity with additional cellular base stations. Fibre network infrastructure will be the most suitable backhaul to link their

48 DOS has not provided its consent, for purposes of Section 282I of the SFA, to the inclusion of the information cited and attributed to it, in the Independent Industry Consultant Report prepared by MPA and is therefore not liable for such information under Sections 282N and 282O of the SFA. As the Independent Industry Consultant Report has been prepared by MPA for the purposes of incorporation in the prospectus to be issued by the Trustee-Manager in connection with the offering and listing of units of the Trust on the SGX-ST, the Trust, the Trustee-Manager, the Joint Issue Managers, the Joint Global Coordinators, the Joint Bookrunners and Joint Underwriters have relied on MPA to ensure that the relevant information from the relevant source has been reproduced in its proper form and context and that the information is extracted accurately and fairly from the relevant source. None of the Trust, the Trustee-Manager, the Joint Issue Managers, the Joint Global Coordinators, the Joint Bookrunners and Joint Underwriters or any other party has conducted an independent review of the information from such source or verified the accuracy or completeness of the relevant information.

49 Source: DOS, data for businesses 2016 from the website of DOS at http://www.singstat.gov.sg/publications/publications-and-papers/reference/yoscontents last accessed in March 2017. DOS has not provided its consent, for purposes of Section 282I of the SFA, to the inclusion of the information cited and attributed to it, in the Independent Industry Consultant Report prepared by MPA and is therefore not liable for such information under Sections 282N and 282O of the SFA. As the Independent Industry Consultant Report has been prepared by MPA for the purposes of incorporation in the prospectus to be issued by the Trustee-Manager in connection with the offering and listing of units of the Trust on the SGX-ST, the Trust, the Trustee-Manager, the Joint Issue Managers, the Joint Global Coordinators, the Joint Bookrunners and Joint Underwriters have relied on MPA to ensure that the relevant information from the relevant source has been reproduced in its proper form and context and that the information is extracted accurately and fairly from the relevant source. None of the Trust, the Trustee-Manager, the Joint Issue Managers, the Joint Global Coordinators, the Joint Bookrunners and Joint Underwriters or any other party has conducted an independent review of the information from such source or verified the accuracy or completeness of the relevant information.

50 Net office space/total office space is the sum total of private and public office space as defined by URA. It excludes retail, factory and warehouse space.

base stations to their central server networks due to fibre's capacity to handle large volumes of data and support a higher quality of service than other technologies. Leveraging on existing available fibre network infrastructure can be more cost-effective for mobile operators, in particular for new entrants, than building out their own separate networks. This is especially true when the fibre network infrastructure is available nationwide and belongs to an independent party such as NetLink Trust.

The need for fibre connections will arise from existing mobile telco operators and the new fourth operator in Singapore:

- MPA estimates that the existing three mobile telco operators currently operate between 8,000-9,000 cellular base stations in Singapore. This number could double over the next five years from deployments of small cell base stations for HetNet and 5G purposes.
- MPA estimates that for TPG Telecom ("**TPG**") to meet its obligations as the fourth mobile operator in Singapore, it will need to deploy approximately 3,000 base stations by the end of 2020. MPA believes it would be challenging for TPG to meet these infrastructure requirements by building its own backhaul given the timeframes set out by the government. As such, it will likely require an impartial third party's fibre network to connect to between 50-70% of its base stations implying between 1,500 and 2,100 non-residential and NBAP connection points. MPA believes that NetLink Trust is a likely candidate to benefit from TPG's launch.

***Provision of VoIP Telephony Services***

Presently, Singtel is obligated under its Universal Service Obligation to offer fixed line voice services to all residential premises. Since COPIF 2013 requires at least one fibre termination point pre-installed in new residential units, Singtel, as the incumbent provider, has announced that it will rely on fibre connections to provide such fixed land line voice services (known as VoIP telephony) starting from December 2013. Should households in these premises not require broadband services, as long as they require VoIP, they will contribute to additional demand for NetLink Trust's fibre connections.

### 2.3. Government Initiatives

A number of Singapore government initiatives facilitate demand for fibre broadband subscriptions and fibre connections. These include:

***Code of Practice for Info-Communication Facilities in Buildings 2013 ("COPIF 2013")***

According to COPIF 2013, all new residential units that have received a planning permit after May 2013 are required to have at least one fibre termination point pre-installed within the unit. It is the responsibility of the building developers to ensure fibre readiness of the residential units through installation of fibre termination points. This has increased the availability of fibre connections to residential units and reduced the time required for provisioning of fibre services.

***Wireless@SG***

The Singapore government's public Wi-Fi hotspot initiative, named "Wireless@SG", currently covers 10,000 hotspots nationwide. The government has further mandated both an increase in speeds offered on Wireless@SG, as well as a doubling of the number of hotspots to 20,000. For the additional hotspots, IMDA has specified that all newly deployed hotspots must have a fibre connection of at least 100Mbps for sites with one access point, and up to 500Mbps for sites with 10 access points. IMDA further requires each hotspot to be able to support a minimum of twenty concurrent devices at downlink access speeds of up to 5Mbps. These new specifications are expected to drive demand for fibre connections.

***Fibre Ready Scheme ("FiRS")***

The FiRS initiative targets building owners of non-residential buildings, and covers the one-time installation costs of in-building fibre infrastructure (including fibre tubes and trays, but excluding fibre cables and underground ducts). Under the FiRS, building owners are eligible to apply for a subsidy of up to 90% of the cost of new in-building fibre infrastructure, capped at S$300,000.

Under the scheme, building owners can appoint an installer to do a one-time deployment of fibre infrastructure (excluding actual fibre cables). Following this, individual tenants are free to select the fibre network infrastructure provider of their choice to lay the actual fibre network within the building. The FiRS aims to stimulate demand for fibre broadband subscriptions by improving turnaround time and effort required.

***Grants for SMEs***

To improve the performance and productivity of SMEs, the Singapore government has put in place a number of financial grants. Some of these grants, such as the Capability Development Grant (CDG), can be utilised by SMEs to implement and adopt new technology, and will fund up to 70% of the costs of deployment. Others, such as the ICT for Productivity and Growth (IPG) programme, drive demand for fibre broadband subscriptions amongst SMEs by providing a 50% subsidy, capped at S$120 per month for up to 24 months, for businesses that subscribe to a fibre broadband plan with speeds of at least 100Mbps. Public-facing businesses that are keen to deploy Wireless@SG services in their premises are provided an additional grant to offset up to 50% of the cost of their equipment, capped at S$2,400.

***Other Ongoing and Future Government-Led Initiatives Including Smart Nation***

In 2016, the Singapore government formed the Committee for Future Economy ("**CFE**"), and tasked it with outlining plans and initiatives that would ensure the competitiveness of Singapore's economy on a regional and global scale. The CFE published its report in February 2017 and outlined in it a number of new initiatives, which the government and its agencies should embark on. This includes building strong digital capabilities in both the public and private sector, imparting training to government employees in cyber security, and setting up a programme office that focuses on developing regulations which enable greater use of data via establishment of data science projects. MPA expects these initiatives to increase the demand for high-bandwidth broadband networks in both residential and non-residential segments, both of which are currently provided by NetLink Trust.

Implementation of the recommendations outlined in the CFE report has already begun, with the Singapore government earmarking S$80 million in the 2017 budget to enable SMEs to build digital capabilities. To aid these efforts, the SMEs Go Digital programme, led by SPRING Singapore and IMDA, was launched in March 2017. The programme is designed to help SMEs build stronger digital capabilities in the areas of ordering and payment, fleet management, cyber-security, data protection and data analytics. Government grants for adopting infocomm media solutions as well as access to expert advice on deployment of these solutions are also made available to SMEs under this scheme.

Singapore Prime Minister Lee Hsien Loong had also highlighted the importance of technology to the nation's well-being and development in a recent speech. As part of the wider Smart Nation Programme, PM Lee had indicated the need for a nationwide sensor network, connecting various government departments and agencies and linking the various data sets for enhanced analysis. This programme, when implemented, will require a wide-reaching wired broadband network, providing additional opportunities for NetLink Trust to leverage its nationwide fibre broadband network.

MPA has noted that, historically, a number of government tender contracts to provide fibre connectivity to government linked agencies and public spaces such as hawker centres, community centres, and schools included provisions which required the successful bidder to contract Nucleus Connect, as the government-appointed OpCo under the Next Gen NBN. Nucleus Connect in turn procured the fibre connections from NetLink Trust. While it is not certain whether such arrangements will continue in future, MPA believes that NetLink Trust is well-positioned to continue to fulfil government tenders due to its nationwide network coverage and origin as the NetCo of the Next Gen NBN.

### 2.4. Continued Migration from Older Technology Types to Fibre Broadband

The Next Gen NBN platform allows RSPs to offer fibre services to end-users using NetLink Trust's passive fibre network infrastructure, which is rate-regulated and non-discriminatory. Following the launch of the then OpenNet's (now NetLink Trust) services in 2010, aside from the three incumbent telco operators, several new RSPs have commenced fibre broadband services, which resulted in fibre becoming the primary platform of broadband connectivity.

In 2013/2014, in a bid to attract customers and gain market share, new RSPs resorted to aggressive price-based competition, either by cutting prices on their broadband packages or by selling higher speed plans at similar or marginally higher prices than the older, slower-speed plans. These prices were subsequently matched by the incumbent wired broadband RSPs, including Singtel and StarHub, to prevent loss of market share. Incumbent RSPs (Singtel and StarHub) have also been actively migrating customers from their legacy broadband platform (ADSL and HFC respectively) to fibre broadband, which continues to drive the growth of fibre broadband subscriptions.

This price competition has resulted in a noticeable decline in prices of residential wired broadband subscriptions. Cable broadband services, which have speeds of 100Mbps and were priced at approximately S$69 per month in 2010, are currently available for free (as part of a dual-fibre broadband package) or for as low as S$29.90 per month. At the higher end of the market, prices of 1Gbps residential fibre broadband subscriptions have dropped from S$300-400 per month in 2010/2011, to S$32-60 per month in March 2017, becoming more affordable to consumers. While RSPs have ceased direct price-based discounting, customers coming out of contracts have been incentivised to re-contract or switch to a new provider with offers of several months of free broadband access, as well as the bundling of other services such as online video streaming, Pay-TV, mobile and other services.

MPA estimates that as at December 2016, there were 0.25 million non-fibre (HFC and ADSL) wired broadband subscriptions, representing 18%, of the aggregate number of residential and non-residential wired broadband subscriptions of 1.35 million. RSPs have the opportunity to grow fibre broadband subscriptions by targeting users of such non-fibre broadband services to convert to fibre.

MPA notes that neither price competition amongst RSPs, nor residential end-users' switching between RSPs for fibre broadband services will negatively affect NetLink Trust's revenue because the residential fibre connections are in each case provisioned by NetLink Trust, for which it is paid at regulated prices.

## 3. SMART NATION INITIATIVES

### 3.1. Connectivity Requirements

Smart Nation services often require fast networks to support heavy data transfer in real time. Fibre, both for direct connections and as backhaul for wireless connections, is the most ideally suited transmission medium to support Smart Nation services, given its high bandwidth and low latency capabilities. For a city to embrace significant Smart Nation features, the fibre network should be deployed as close as possible to homes and businesses, otherwise there will be compromises which need to be made in terms of the types of services that can be rolled out, limiting the benefits of a Smart Nation implementation. In a brownfield Smart Nation deployment, MPA notes that it is usually exponentially more challenging to deliver a full range of Smart Nation services, as integration of different networks with different technologies are required. In the case of Singapore, it is well-placed to overcome this challenge due to the availability of NetLink Trust's nationwide fibre network.

In line with the above, Singapore's Smart Nation Programme initiatives already include services which require or will require at the time of their implementation high-speed and low-latency broadband internet connections. The provision of such connectivity is proposed in the Infocomm Media 2025 plan, which envisaged the deployment of a wide and dense network of wired and wireless broadband internet access points across the country, largely dependent on fibre.

Broadly, such connectivity allows the fast transfer of a large amount of data for purposes of monitoring and analysis as well as enabling the sharing of data between devices with minimal lag time. For example, the access points can be linked to a variety of data-capturing sensors, including a camera network, which will give public and private organisations the ability to remotely monitor and record everything from the cleanliness of public spaces and the availability of parking spaces, to crowd density and the precise movement of every vehicle. The access points can also be used to serve the communication between autonomous cars and backroom services, where minimal lag time and immediate response are critical.

Specifically, MPA expects the two platforms described below to contribute to increased demand for fibre connections. MPA believes that NetLink Trust will be a beneficiary of Singapore's Smart Nation Programme initiatives, being engaged as the key provider of fibre connections behind the wired and wireless broadband internet access points. NetLink Trust has a ubiquitous nationwide network, transparent fee structure and mandatory quality of standards, all of which, in MPA's view, makes it a more compelling proposition compared to the other fibre infrastructure providers in Singapore.

- Smart Nation Platform: The Smart Nation Platform is an initiative of GovTech to build new pervasive infrastructure with common technical architecture. With common standards in place, public and private organisations would then be able to easily and economically connect to the platform to run services such as a data sharing gateway, video and data analytics.

  The Smart Nation Platform is anchored around the three key areas of “Collect”, “Connect” and “Comprehend”. In the “Collect” area, a mesh of sensors and probes are deployed to sense, capture and register real-time environmental information. In the “Connect” area, resilient wired and wireless connectivity are provided to these sensors to allow them to communicate with each other as well as to transmit the data collected to the back end. Finally, in the “Comprehend” area, there is a Smart Nation operating system to process, fuse and share the data amongst agencies.

  It is in the “Connect” area that NetLink Trust has a role. Under the Infocomm Media 2025 plan, AG Boxes will be deployed throughout Singapore, which will each have power and internet connectivity within them. The internet connectivity may be provided via NetLink Trust’s fibre infrastructure. In turn, sensors and probes can be mounted within or around the AG Boxes.

  The second phase of the Smart Nation Platform is currently being discussed and the authorities are contemplating to deploy up to an additional 10,000 to 12,000 AG Boxes over the course of a 10-year period. While these figures are preliminary and exact numbers are yet to be finalised, the Smart Nation Platform presents positive growth opportunities for NetLink Trust’s NBAP connections segment.

- HetNet: HetNet is a term used for a communication network that incorporates multiple interoperable wireless access technologies allowing seamless switching between different types of networks such as mobile and localised wireless networks to provide an enhanced mobile experience with high connectivity speeds and a more efficient use of spectrum and network. HetNet deployments can combine small cells with existing macro cells to increase capacity. The backhaul required by the additional small cells for HetNet will be provided by fibre network infrastructure.

  MPA believes that HetNet will be vital in supporting Smart Nation Programme initiatives such as autonomous vehicles, remote health monitoring and remote learning. Singtel, StarHub, M1 and MyRepublic, have all participated in the HetNet trials, which were carried out in the Jurong Lake District.

  MPA understands that the HetNet trials were considered successful and all three mobile telco operators (Singtel, StarHub and M1) are assessing plans to roll-out HetNet across Singapore, subject to commercial viability. Again, this is likely to have a positive impact on NetLink Trust’s NBAP connections segment.

### 3.2. Selected Smart Nation Use Cases

MPA identifies certain Smart Nation use cases below that have been implemented or are currently being evaluated, which are selected based on their need for and reliance on the fibre infrastructure and broadband internet connectivity.

- Under Land Transport Authority: Smart Mobility 2030 which includes Transport Information Delivery, Autonomous Vehicles, Transport Data Collection Technologies, Green Intelligent Transport System (“**ITS**”) Infrastructure and Alternative Energy Sources, Advanced Road Usage Demand Management, Intelligent Fleet Management, In-Vehicle ITS Telematics
- Under HDB: Smart HDB Towns and Estates which includes Smart Living and Smart Environment
- Under Ministry of Home Affairs: Surveillance cameras
- Under Energy Market Authority / SP Power: Smart Metering
- Under National Environmental Agency: Waste Eco (waste and energy management)
- Under Jurong Town Corporation: Integrated Estate Management System

## 4. CONCLUSION

As the core foundation of Singapore's Next Gen NBN, NetLink Trust is the platform through which ultra high-speed internet access is delivered throughout mainland Singapore and its connected islands.

With nationwide coverage, MPA expects NetLink Trust to continue to be the main provider of fibre network infrastructure for which RSPs can provide high-speed broadband connections directly into residential homes, non-residential premises and NBAP locations.

The table below summarises MPA's assessment of NetLink Trust's strengths, opportunities, weaknesses and threats.

**Strengths**

- First-mover advantage originating from the Singapore government's iN2015 master plan.
- Only nationwide fibre network infrastructure provider in Singapore.
- NetLink Trust provides an independent alternative for OpCos/RSPs who may otherwise have to engage third party fibre network infrastructure providers with a competing OpCo/RSP arm.
- Price competition amongst the RSPs as well as residential subscriber switching between RSPs do not negatively impact NetLink Trust's revenue base.
- Next Gen NBN's "ring" and "star" topology is a highly future-proof passive infrastructure that can be enhanced to serve increasing bandwidth demands at very low incremental cost.
- Utility-like nature of broadband makes NetLink Trust's business resilient to economic and business cycles.
- NetLink Trust's transparent, predictable and regulated pricing and revenue model provides certainty for OpCos who require the services of a fibre network infrastructure provider.
- Based on currently known and available technology, wired fibre broadband remains the most efficient and effective way of transmitting large amounts of data from point-to-point directly at high bandwidth with low latency. Future-proof with limited substitution risk.
- High durability of fibre and ducts. While the typical accounting lives of fibre cables is 25 years and ducts and manholes are 50 years, in practice these assets last much longer especially in Singapore's case where they are buried underground. R&D for new active data transmission equipment is likely to be based on the capabilities and specifications of existing passive fibre network infrastructure. As such, future capital expenditure requirements for NetLink Trust are relatively limited.

**Opportunities**

- Rising uptake of fibre broadband subscriptions in Singapore from the gradual migration of end-users from older broadband technology types as well as the general growth in economy, population, total households, residential homes and businesses.
- Competition at the RSP level could increase users' awareness of fibre broadband services and bring more end-users to NetLink Trust's network.
- In the non-residential segment, NetLink Trust has competitive advantage over other fibre network infrastructure providers and opportunity to gain market share due to its transparent and regulated pricing, Universal Service Obligation, nationwide coverage and non-discriminatory network.
- Increasing data consumption with high-speed requirements and increase in Smart Nation Programme use cases are expected to drive demand for fibre broadband services and fibre connections.
- Well-positioned to be the lead partner for Singapore's Smart Nation Programme initiatives. Demand for fibre broadband services and fibre connections is facilitated by various government-led initiatives such as the Infocomm Media 2025, Fibre Ready Scheme, COPIF 2013 and CFE.
- Able to provide backhaul fibre network infrastructure for localised wireless initiatives such as Wireless@SG and for mobile telco operators to roll-out their HetNet and 5G networks.
- NetLink Trust is a logical backhaul partner for TPG, Singapore's fourth and newest mobile telco operator.

| Weakness | Threats |
|---|---|
| • NetLink Trust has not been able to comply with IMDA's QoS Timeframe Standards and IMDA will continue to take enforcement actions against such further non-compliance. MPA understands that NetLink Trust is committed to improving the delivery of its services in order to meet its QoS Timeframe Standards, and regularly communicates with IMDA in relation to its efforts. | • There is potential competition in the non-residential and NBAP segments from players using existing infrastructure or newly laid infrastructure. These players may not be subject to the same tariffs, quality of service standards and cost structure of NetLink Trust.<br>• Future wired or wireless technology may affect the reliance on and relevancy of fibre networks, but in the foreseeable future, fibre networks will remain the core infrastructure for high-speed data transmission. While the development of new wired and wireless technologies is likely to increase the demand and use of fibre networks, one cannot rule out the possibility that a new technology may emerge in the future and reduce the relevancy of fibre technology. |

For and on behalf of
Media Partners Asia Ltd.

Vivek Couto
Executive Director
31 May 2017

## REGULATORY ENVIRONMENT

### OVERVIEW

#### Overview of Regulatory Framework

The provision of telecommunication services and systems in Singapore is regulated under the Telecommunications Act, which sets out the broad licensing and regulatory framework for the telecommunications sector. IMDA is the regulatory authority responsible for, *inter alia*, administering the Telecommunications Act as well as promoting the development of the info-communications industry in Singapore. IMDA is a statutory board established under the Info-communications Media Development Authority Act 2016, No. 22 of 2016 and, together with the Government Technology Agency of Singapore, was officially formed as a result of a restructuring of the Info-communications Development Authority and the Media Development Authority.

#### Roles and Powers of IMDA as regulator under the Telecommunications Act

Under the Telecommunications Act, IMDA has the exclusive privilege for the operation and provision of telecommunication systems and services in Singapore.

IMDA may grant licences to persons for, *inter alia*, the operation and provision of telecommunication systems and services that are within the exclusive privilege granted to IMDA under the Telecommunications Act. Licences may be granted subject to such conditions as IMDA may impose in its absolute discretion.

IMDA may also issue codes of practice, quality of service standards and regulations in respect of, *inter alia*, the provision and operation of telecommunication systems and services, and the carrying out of the purposes and provisions of the Telecommunications Act in general. Examples of such codes of practice, quality of service standards and regulations include the Telecom Competition Code and the Quality of Service Standards on Service Provisioning Timeframe for Residential/Non-Residential End-User Connections ("**QoS Timeframe Standards**").

IMDA may also issue directions to be observed by telecommunication licensees to, *inter alia*, ensure the reliability of the provision of any telecommunication service to the public and to ensure fair and efficient market conduct by telecommunication licensees. Such directions require the telecommunication licensee concerned to do, or refrain from doing, such things as are specified in the direction, or as are of a description specified in the direction. Before giving any direction, IMDA will generally give the telecommunication licensee an opportunity to make representations on or objections to the proposed direction, and will consider any such representations or objections that are duly made.

#### Overview of key statutory provisions applicable to telecommunication licensees

The following section sets out an overview of the key statutory provisions under the Telecommunications Act applicable specifically to telecommunication licensees. It does not purport to be an exhaustive or comprehensive description of all the statutory provisions that would be applicable to such licensees.

##### *Key statutory provisions applicable to all telecommunication licensees*

Under the Telecommunications Act, the Minister may issue directions to telecommunication licensees. Such directions may be issued at any time, including (but not limited to) when it appears to the Minister to be requisite or expedient to do so on the occurrence of any public emergency or in the interest of public security. Such directions may provide for, *inter alia*, the prohibition or regulation of such use of telecommunications, the taking of control of telecommunication systems and equipment, and the stopping, delaying, and censoring of messages and the carrying out of any other purposes which the Minister thinks necessary. The Minister's directions take priority over all other duties imposed upon telecommunication licensees by the Telecommunications Act, and contravention of any such direction constitutes a criminal offence that may render a telecommunication licensee liable for a fine (not exceeding the higher of 10% of a licensee's annual turnover of that part of the licensee's business in respect of which the licensee has been granted the licence, as ascertained from the licensee's latest audited accounts, or S$1 million).

The Minister may also issue separation orders under the Telecommunications Act to telecommunication licensees if certain specific conditions relating to market concerns are applicable and the Minister is satisfied that it is in the public interest to do so. Such separation orders may direct a telecommunication licensee to transfer the whole or any part of its business that is conducted pursuant to its telecommunication licence, or the whole or any part of any of its property that is used to provide any telecommunication services, to a separate or independent entity. Such separation orders take effect notwithstanding the provisions of any other written law, rule of law, or the constitution of the telecommunication licensee.

***Key statutory provisions applicable to Public Telecommunication Licensees only***

IMDA may, with the approval of the Minister, designate any telecommunication licensee as a Public Telecommunication Licensee. IMDA has designated the NLT Trustee as a Public Telecommunication Licensee. Following Listing, the NLT Trustee and the Trustee-Manager will be joint holders of the FBO licence and both entities will be jointly designated by IMDA as a Public Telecommunication Licensee.

Public Telecommunication Licensees may be subject to the imposition of basic service obligations by IMDA under the terms of their licences. The Telecommunications Act also grants certain rights to and imposes certain obligations upon Public Telecommunication Licensees, including as follows:

(a) A Public Telecommunication Licensee may, for the purpose of providing any telecommunication service or installing any telecommunication system, at any reasonable time:

    (i) enter upon any State land;

    (ii) subject to the approval of IMDA and the Singapore Land Authority, erect in or upon the State land such installation or plant used for telecommunications or excavate such trenches as may be necessary or proper for the purpose of providing the service or installing the system, as the case may be; and

    (iii) carry out all necessary works in connection therewith, and may, in the course thereof, fell or lop trees, remove vegetation and do all other things necessary for the purpose of providing any telecommunication service or installing any telecommunication system.

    This right to enter State land is subject to the obligation to pay compensation to the State for any damage or disturbance caused where any such work interferes with improvements, buildings, growing trees or crops. Where the land is occupied under a licence for temporary occupation, the compensation shall be paid to the occupant under the licence.

(b) A Public Telecommunication Licensee may also, for the purpose of providing any telecommunication service or system, enter into any land (other than State land) or building on any land in order to:

    (i) lay, place or carry on and erect such installation or plant used for telecommunications, whether under, upon or over the land, or in any building on the land; and

    (ii) take such other action as may be necessary to render such installation or plant safe and efficient.

    The right to enter any land (other than State land) or building may only be exercised after giving notice to the owner or occupier of such land or building. The owner or occupier of such land or building may lodge an objection to IMDA, which shall then notify the Public Telecommunication Licensee concerned. The Public Telecommunication Licensee must, on receipt of IMDA's notice, take genuine steps to resolve the dispute with the objector. If IMDA is satisfied that the Public Telecommunication Licensee has taken such genuine steps and the objection is not withdrawn, IMDA must hold an inquiry to determine if such intended acts should be carried out. A Public Telecommunication Licensee shall pay compensation to any person interested for any damage, disturbance or disability caused by the works, which may include an annual payment for use of the land or building.

(c) The Minister may also direct a Public Telecommunication Licensee to undertake and provide such telecommunication services and facilities as may be necessary for aeronautical, maritime, meteorological, governmental, defence or other purposes. Public Telecommunication Licensees shall provide such services or facilities upon being so directed, and shall be entitled to fair and proper payment therefor.

***Key statutory provisions applicable to Designated Telecommunication Licensees, Designated Business Trusts and Designated Trusts***

IMDA may designate any telecommunication licensee, or any business trust or trust operated by a telecommunication licensee, to be a Designated Telecommunication Licensee, Designated Business

Trust or Designated Trust respectively. IMDA has designated the NLT Trustee as a Designated Telecommunication Licensee and NLT as a Designated Business Trust. Following the Listing, (i) the Trustee-Manager and the Trust will be designated by IMDA as a Designated Telecommunication Licensee and a Designated Business Trust respectively as well, and (ii) NLT will be de-registered as a Registered Business Trust (with effect from the Listing Date), and IMDA will designate NLT as a Designated Trust.

Part VA of the Telecommunications Act sets out provisions relating to the control of equity interests and voting power in Designated Telecommunication Licensees, Designated Business Trusts and Designated Trusts. It also provides that a Designated Telecommunication Licensee shall not appoint a person as its chief executive officer, director or chairman of its board of directors unless it has obtained the approval of IMDA, which approval may be subject to such conditions which IMDA may impose, pursuant to and in accordance with section 32F of the Telecommunications Act.

Section 10 of the Telecom Competition Code specifies the detailed rules and procedures relating to the change in control of equity interests of Designated Telecommunication Licensees, Designated Business Trusts and Designated Trusts. See "*—Key Codes of Practice Applicable to the Trust Group—Telecom Competition Code—Change in control restrictions imposed upon Designated Telecommunication Licensees, Designated Business Trusts and Designated Trusts*" below for a more detailed discussion on the above.

**Overview of Licensing Framework**

Under the Telecommunications Act, all persons who wish to establish, install, maintain, provide or operate telecommunication systems and services in Singapore must obtain a licence from IMDA. Currently, IMDA broadly categorises telecommunication licensees that provide and operate telecommunication services and systems into FBO licensees and services-based operations ("**SBO**") licensees.

FBO licensees are operators who deploy any form of telecommunication networks, systems and/or facilities to offer, *inter alia*, telecommunication switching, transmission capacity and/or services to other telecommunication licensees, businesses or consumers. SBO licensees are operators who lease telecommunication network elements (such as transmission capacity and switching services) from FBO licensees to provide telecommunication services to third-parties or to resell the telecommunication services of FBO licensees. All FBO licensees are individually licensed while SBO licensees may be individually licensed or class licensed, depending on the scope of the SBO licensee's operations and services. An SBO licensee who provides services which fall within the scope of a class licence will be deemed to be granted an SBO class licence upon registration with IMDA.

An applicant for an FBO licence must be a company incorporated under the Companies Act. An applicant for an SBO (Individual) licence must be a company incorporated, or a foreign company registered, under the Companies Act. There are no foreign equity limits imposed on any FBO or SBO licensee.

Under the Telecommunications Act, IMDA has powers to regulate telecommunication licensees. If IMDA is satisfied that a telecommunication licensee is contravening, or has contravened, whether by act or omission, *inter alia*, any of the conditions of its licence or part thereof, or any provision of any code of practice or standard of performance, or any direction given by IMDA under certain sections of the Telecommunications Act, IMDA may, *inter alia*, issue a written order for the purpose of securing compliance, and/or impose a financial penalty (not exceeding the higher of 10% of the annual turnover of that part of the licensee's business in respect of which the licensee is granted the telecommunication licence, as ascertained from the licensee's latest audited accounts, or S$1 million), as it thinks fit. Any person who fails to comply with such written order shall be guilty of an offence and shall be liable on conviction to a fine not exceeding S$100,000 or to imprisonment for a term not exceeding 3 years or both.

IMDA may also, without providing compensation and in lieu of a written order or financial penalty, suspend or cancel the telecommunication licence or part thereof or reduce the period for which the licence is to be in force if IMDA is satisfied that, *inter alia*, (I) the licensee is again likely to contravene, whether by act or omission, any condition or direction, (II) the licensee is no longer in a position to comply with the Telecommunications Act or the conditions of its licence, or (III) the public interest so requires. IMDA also has powers to modify the conditions of a licence.

Any telecommunication licensee aggrieved by a decision or direction of IMDA may make a request to IMDA to reconsider the matter or make an appeal to the Minister. IMDA may determine the reconsideration request by confirming, varying or reversing its earlier decision or direction. A telecommunication licensee who is aggrieved by IMDA's reconsideration decision may appeal the decision to the Minister. The Minister may determine an appeal by confirming, varying or reversing IMDA's earlier decision or direction, and any determination made by the Minister shall be final.

## KEY LICENCES HELD BY NLT TRUSTEE/TRUSTEE-MANAGER

### FBO licence

The NLT Trustee currently holds an FBO licence to, *inter alia*, establish the Next Gen NBN, 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.

Following the Listing, the terms and conditions of the FBO licence held by the NLT Trustee will be modified such that the FBO licence will be jointly held by the Trustee-Manager and the NLT Trustee. Under this arrangement, the obligations under the FBO licence jointly held by the Trustee-Manager and the NLT Trustee shall generally be imposed on the Trustee-Manager and the NLT Trustee on a joint and several basis. While the terms and conditions of such FBO licence will remain substantially similar following the Listing, there will be a number of substantive amendments to the FBO licence, which are set out below in "*—Key amendments to FBO licence following the Listing*".

The FBO licence held by the Licensee expires on 31 March 2034. The Licensee will need to apply to renew its existing FBO licence once it expires as the FBO licence does not provide for any automatic renewal of the FBO licence. The renewal of the Licensee's FBO licence may be subject to further terms and conditions which IMDA may impose at its discretion.

The Licensee is required to pay an annual licence fee which is based on the audited annual gross turnover ("**AGTO**") for the provision of the services during the Licensee's financial year and shall be a total of:

(a) a minimum sum of S$200,000;

(b) 0.8% of such amount of the Licensee's audited AGTO for the provision of the services during the Licensee's financial year that is more than S$50 million up to S$100 million; and

(c) 1% of such amount of the Licensee's audited AGTO for the provision of the services during the Licensee's financial year that is more than S$100 million.

Some of the key terms and conditions of the FBO licence currently held by the Licensee are set out below. It does not purport to be an exhaustive list of the terms and conditions of the FBO licence currently held by the Licensee.

#### *General terms and conditions*

(a) The Licensee shall seek IMDA's approval before entering into any joint venture, association, contract or arrangement with a third party, the effect or purported effect of which would be to permit a person who is not originally a party to its FBO licence to share in the benefit of, or otherwise gain any rights or privileges under the FBO licence, or which would otherwise result in a breach or circumvention of the condition described in paragraph (c) below.

(b) The Licensee shall seek IMDA's written approval at least one month in advance of any change in the appointment of its chairman, board of directors or chief executive officer and provide IMDA with details of any such change and any further information requested by IMDA.

(c) The Licensee shall not assign, transfer, sublet or otherwise dispose of its rights, duties, liabilities, obligations and privileges under its FBO licence to any person or persons except with the prior approval of IMDA.

(d) The Licensee shall not enter into any agreement or arrangement (whether legally enforceable or not) which shall in any way prevent or restrict competition in relation to the operation of the Systems (being the telecommunication systems described and set out in Schedule A of the Licensee's FBO licence) or the provision of the Services (being the telecommunication services described and set out in Schedule B of the Licensee's FBO licence) by the Licensee or any other telecommunication system and/or services licensed by IMDA.

(e) The Licensee shall provide the means of access to its Systems to any person licensed by IMDA to provide facilities-based operations in Singapore.

(f) The Licensee shall comply with the codes of practice, directions and guidelines which IMDA may issue from time to time.

(g) The Licensee shall, where it has available ducts and associated manholes, provide access to and use of such ducts and manholes and, where it has no available ducts and associated manholes, procure or deploy such ducts and manholes and provide access to and use thereof, to any Public Telecommunication Licensee that requests for such ducts and associated manholes (as the case may be).

(h) The Licensee is under a Universal Service Obligation to provide certain services (such services, as set out in Schedule C of the Licensee's FBO licence, the "**Mandated Services**") to:

  (i) basic mandated services qualifying persons, being any persons licensed by IMDA to provide facilities-based operations; and/or

  (ii) ancillary mandated services qualifying persons, being any persons licensed by IMDA to provide facilities-based operations or service-based operations or any Broadcasting Licensee who intends to acquire or has acquired the provision of any service (including without limitation any Basic Mandated Service (as described herein)) that is provided using the Next Gen NBN,

  (the basic mandated services qualifying persons and ancillary mandated services qualifying persons, collectively the "**Qualifying Persons**" and each a "**Qualifying Person**") who requests the provision of such Mandated Services to any residential premises, non-residential premises or other location as may reasonably be requested, within mainland Singapore and connected Singapore islands.

  The Universal Service Obligation is a fundamental licence obligation that ensures the availability of Next Gen NBN services to all end-users in mainland Singapore and its connected islands.

***Specific terms and conditions***

(a) The Licensee shall offer the Mandated Services to Qualifying Persons. The Mandated Services comprise:

  (i) Basic Mandated Services, being:

    (A) Layer 1 Services (services provided by the Licensee for the use of passive fibre cable):

      1. between various connectivity points within the Next Gen NBN, such as:

        a. from a main distribution frame in a Central Office to the first termination point of a residential premises or non-residential premises;

        b. from a main distribution frame in a Central Office to a non-building address point termination point;

        c. from a main distribution frame in a Central Office to a main distribution frame in a main distribution frame room; and

        d. from a main distribution frame in a main distribution frame room to the first termination point of a residential premises or non-residential premises; and

      2. on such other basis as may be approved by IMDA; and

    (B) any other services that IMDA may determine to be Basic Mandated Services;

  (ii) Ancillary Mandated Services, being the services ancillary to and reasonably required for the provision of any service (including without limitation any Basic Mandated Service) that is provided using the Next Gen NBN, including without limitation:

    (A) co-location services;

    (B) patching services;

    (C) Layer 1 Redundancy (as such term is defined in Schedule C of the Licensee's FBO licence);

    (D) OSS/BSS Connection Services (as such term is defined in Schedule C of the Licensee's FBO licence); and

    (E) any other services that IMDA may determine to be Ancillary Mandated Services; and

(iii) such other services that IMDA may specify.

(b) The Licensee shall ensure that it:

(i) acting alone or in concert with its Associates, has no effective control over any other telecommunication licensee or broadcasting licensee;

(ii) is not under the effective control of any other telecommunication licensee or broadcasting licensee, whether acting alone or in concert with its Associates; and

(iii) is not under the effective control of the same controlling entity, acting alone or in concert with its Associates, as any other telecommunication licensee or broadcasting licensee.

For the purpose of this paragraph (b), the term "Associate" shall have the meaning given to it in paragraph 2.2(b) of Schedule C of the Licensee's FBO licence[51].

(c) The Licensee must obtain IMDA's prior approval for:

(i) any change in the direct or indirect shareholding in the Licensee;

(ii) any change in the legal or beneficial ownership in the shares of the Licensee;

(iii) any change in the voting power in the Licensee, whether in relation to shareholding or unitholding;

(iv) any change in the direct or indirect unitholding in NLT; or

(v) any change in the legal or beneficial ownership in the units of NLT.

The requirement in this paragraph (c) will cease to apply following the Listing (see "*—Key amendments to FBO licence following the Listing*").

Approval has been sought and obtained from IMDA for the (1) divestment of Singtel's unitholdings in NLT to the Trust at Listing and (2) transfer of NLT Trustee Shares from the Share Trustee to the Trustee-Manager at Listing.

(d) The Licensee must obtain IMDA's prior approval for:

(i) any winding up or application for the winding up of NLT;

(ii) any amalgamation, reconstruction or change to the structure or set-up of NLT, or any change in the manner in which the property of NLT is held;

(iii) any merger of NLT with any other entity;

(iv) engaging in, carrying out, and/or approving any matters requiring IMDA's prior approval under the NLT Trust Deed;

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51 An Entity A, is an "**Associate**" of another Entity B, if:

(i) A is the spouse or a parent, remoter lineal ancestor or step-parent or a son, daughter, remoter issue, step-son, step-daughter or a brother or sister, of B;

(ii) A is a corporation whose directors are accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of B or, where B is a corporation, of the directors of B;

(iii) B is a corporation whose directors are accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of A or, where A is a corporation, of the directors of A;

(iv) A is a person who is accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of B or, where B is a corporation, of the directors of B;

(v) B is a person who is accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of A or, where A is a corporation, of the directors of A;

(vi) A is a related corporation of B;

(vii) A is a corporation in which B, alone or together with other associates of B as described in sub-paragraphs (ii) to (vi), is in a position to control not less than 30%, as the case may be, of the voting power in A;

(viii) B is a corporation in which A, alone or together with other associates of A as described in sub-paragraphs (ii) to (vi), is in a position to control not less than 30%, as the case may be, of the voting power in B; or

(ix) A is a person with whom B has an agreement or arrangement, whether oral or in writing and whether express or implied, to act together with respect to acquisition, holding or disposal of shares or other interests in, or with respect to the exercise of their voting power in relation to, the telecommunication licensee or holder of a broadcasting licence (as the case may be).

(v) any de-registration of NLT under the BTA; and

(vi) any appointment of any telecommunication licensee or broadcasting licensee (and/or their Associates) as the Licensee's contractor. For the purpose of this sub-paragraph (d)(vi), the term "Associate" shall have the meaning given to it in paragraph 2.2(b) of Schedule C of the Licensee's FBO licence[52].

Approval has been sought and obtained from IMDA for the (1) appointment of the NLT Trustee as the replacement trustee-manager of NLT and (2) de-registration of NLT from Listing.

(e) The Licensee's board of directors:

(i) shall consist of no more than eight (8) directors, of which not more than two (2) directors shall be appointed by Singtel as the 100% unitholder in NLT, with the remaining 75% or more comprising directors who must be independent from the management and business relationships with Singtel and its subsidiaries (other than NLT and the Licensee) (which for the avoidance of doubt shall include the director not having responsibilities for, or within, any telecommunication licensee or broadcasting licensee, other than NLT and the Licensee);

(ii) shall be chaired by a person who does not have any responsibilities for, or within, any other telecommunication licensee or broadcasting licensee; and

(iii) shall direct the Licensee in a way designed to secure compliance with the control and ownership restrictions set out in its FBO licence.

(f) The Licensee's key management shall be wholly independent and separate from the key management of any other telecommunication licensee or broadcasting licensee. The Licensee's key management shall work solely on matters pertaining to the Licensee, and shall not have responsibilities for, or within, any other telecommunication licensee or broadcasting licensee.

(g) The Licensee shall ensure that its employees do not work for any other telecommunication licensee or broadcasting licensee in any capacity whatsoever and that the employees of other telecommunication licensees or broadcasting licensees do not work for the Licensee in any capacity whatsoever.

(h) The Licensee shall not offer for sale, sell or otherwise provide the following services without IMDA's prior written approval:

(i) retail telecommunication systems and/or services to any end-user; or

(ii) wholesale transmission services.

(i) The Licensee shall continue to be responsible, and liable to IMDA, for any obligations and responsibilities to be discharged by CityNet on or before the date on which CityNet's FBO licence was transferred to the Licensee (the "**Licence Transfer Date**"). This includes, without limitation, any contravention by CityNet of its FBO licence and/or any failure to comply with its regulatory obligations arising therefrom.

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[52] An Entity A, is an "**Associate**" of another Entity B, if:

(i) A is the spouse or a parent, remoter lineal ancestor or step-parent or a son, daughter, remoter issue, step-son, step-daughter or a brother or sister, of B;

(ii) A is a corporation whose directors are accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of B or, where B is a corporation, of the directors of B;

(iii) B is a corporation whose directors are accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of A or, where A is a corporation, of the directors of A;

(iv) A is a person who is accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of B or, where B is a corporation, of the directors of B;

(v) B is a person who is accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of A or, where A is a corporation, of the directors of A;

(vi) A is a related corporation of B;

(vii) A is a corporation in which B, alone or together with other associates of B as described in sub-paragraphs (ii) to (vi), is in a position to control not less than 30%, as the case may be, of the voting power in A;

(viii) B is a corporation in which A, alone or together with other associates of A as described in sub-paragraphs (ii) to (vi), is in a position to control not less than 30%, as the case may be, of the voting power in B; or

(ix) A is a person with whom B has an agreement or arrangement, whether oral or in writing and whether express or implied, to act together with respect to acquisition, holding or disposal of shares or other interests in, or with respect to the exercise of their voting power in relation to, the telecommunication licensee or holder of a broadcasting licence (as the case may be).

(j) The Licensee shall ensure that any amendment to the NLT Trust Deed:

   (i) in relation to the provisions in the NLT Trust Deed which are stated to require IMDA's approval prior to any amendment being effected, shall not be effected without the prior approval of IMDA; and

   (ii) shall be notified to IMDA.

***Key amendments to FBO licence following the Listing***

As discussed above, following the Listing, the obligations imposed under the NLT Trustee's FBO licence (as set out in *"—FBO licence—General terms and conditions*" and *"—FBO licence—Specific terms and conditions*" above) will generally apply to the Trustee-Manager and the NLT Trustee on a joint and several basis. IMDA may take action against, or release or compromise the liability of, or grant time or other indulgence to, any one such person, without affecting the liability of the other person who constitutes the Licensee.

Some of the key amendments to the terms and conditions of the FBO licence held jointly by the Trustee-Manager and the NLT Trustee following the Listing are set out below. It does not purport to be an exhaustive list of the amendments to the terms and conditions of the FBO licence held jointly by the Trustee-Manager and the NLT Trustee:

(a) The annual licence fee payable shall be based on the audited AGTO for the provision of the services during the Trust's financial year, which includes the audited AGTO for the provision of services during NLT's financial year.

(b) The requirements to obtain IMDA's prior approval for changes to the shareholding and/or unitholding in the Licensee and/or NLT, as set out in paragraph (c) in "*—FBO licence—Specific terms and conditions*" above, shall cease to apply following the Listing.

(c) The requirements to obtain IMDA's prior approval for any winding up, application for winding up, amalgamation, reconstruction, change to structure or set-up or manner in which property is held, merger or de-registration of NLT, or the engaging in, carrying out and/or approving any matters requiring IMDA's prior approval under the NLT Trust Deed, as set out in paragraph (d) in "*—FBO licence—Specific terms and conditions*" above, shall also apply in relation to the Trust.

(d) The requirements to obtain IMDA's approval or to notify IMDA for amendments to the NLT Trust Deed, as set out in paragraph (j) in "*—FBO licence—Specific terms and conditions*" above, shall also apply in respect of any amendments to the Trust Deed.

(e) The Trustee-Manager's board of directors shall adhere to the following restrictions:

   (i) for so long as a Relevant Licensee has an interest in 5% or more, but less than 20% of the units in the Trust (the "**Relevant Percentage**"), no more than one director or the Relevant Percentage of the directors (rounded down to the nearest whole number) of the Trustee-Manager's board of directors may be a nominee of that Relevant Licensee to the Trustee-Manager's board of directors; and

   (ii) for so long as a Relevant Licensee has an interest of 20% or more of the units in the Trust, no more than 25% of the directors (rounded down to the nearest whole number) of the Trustee-Manager's board of directors may be a nominee of that Relevant Licensee to the Trustee-Manager's board of directors.

(f) The Trustee-Manager's board of directors shall also be chaired by a person who does not have responsibilities for, or within, any other telecommunication licensee or broadcasting licensee (other than NLT, the Trust and the Licensee), and shall direct the Trustee-Manager in a way designed to secure compliance with the control and ownership restrictions set out in the FBO licence jointly held by the Trustee-Manager and the NLT Trustee.

(g) The NLT Trustee's board of directors shall comprise wholly of directors who must be independent from the management and business relationships with any Relevant Licensee (other than the Trust, NLT, the Trustee-Manager and/or the NLT Trustee) (which for the avoidance of doubt shall include the Director not having responsibilities for, or within any Relevant Licensee, other than the Trust, NLT, the Trustee-Manager and/or the NLT Trustee), and shall direct the NLT Trustee in a way designed to secure compliance with the control and ownership restrictions set out in the FBO licence jointly held by the Trustee-Manager and the NLT Trustee.

(h) The Licensee is required to notify any other TB Licensee who is looking to acquire:

    (i) at least 25% of the unitholding in the Trust; or

    (ii) at least 25% of the shareholding in the Trustee-Manager;

    that no such unitholding and/or shareholding (as the case may be) shall be acquired, unless IMDA's prior written approval has been obtained.

In addition to the above, the amendments to the terms and conditions of the FBO licence jointly held by the Trustee-Manager and the NLT Trustee following the Listing will include a clarificatory amendment to provide that references to "any other telecommunication licensee or broadcasting licensee" within the FBO licence jointly held by the Trustee-Manager and the NLT Trustee shall not include such persons who are the Licensee, the Trust or NLT.

If a person contravenes any of the conditions of its FBO licence (including failing to comply with any direction issued by IMDA), the enforcement measures which IMDA may take are set out in the fourth and fifth paragraphs of "*—Overview—Overview of Licensing Framework*".

***Breaches of the conditions of FBO licence and IMDA's directions***

The incidents of breaches by CityNet and/or OpenNet of the conditions of their respective FBO licences in respect of which IMDA has imposed penalties, are set out below.

On 8 February 2011, IMDA imposed a financial penalty of S$10,000 on OpenNet for breach of Condition 6.1(a) of Schedule C of OpenNet's FBO licence, for failing to conduct end-to-end fibre testing as required under its interconnection offer. In order to reduce the likelihood of recurrence of such breaches, the Trust Group had introduced an alternative fault investigation and rectification scheme, which IMDA had accepted, in place of the said requirement on end-to-end fibre testing.

On 6 March 2012, IMDA imposed a financial penalty of S$100,000 on OpenNet for contravention of IMDA's direction on Co-Location Supplementary Cooling Service, as OpenNet had failed to submit its proposed modifications to the OpenNet interconnection offer as required in the direction.

On 14 November 2013, IMDA imposed a financial penalty of S$550,000 on OpenNet for breach of Condition 7 of OpenNet's FBO licence, for failing to comply with its Universal Service Obligation to ensure the availability of Next Gen NBN services to all end-users in mainland Singapore and its connected islands under OpenNet's FBO licence from 1 January 2013 to 30 June 2013. While OpenNet had fulfilled its 95% roll-out obligation in 2012, OpenNet had faced some delay in deploying fibre to the remaining homes and businesses, over and above the 95% roll-out obligation by 1 January 2013. The delay was primarily due to the longer than expected time needed to work out the roll-out arrangements with its subcontractor. The parties eventually made arrangements to continue the roll-out to the remaining homes and businesses, and by 1 July 2013, OpenNet enabled the provisioning of OpenNet's fibre services to any and all addresses as and when requests for such services were received from its customers. Nevertheless, the Trust Group currently seeks to engage contractors in the telecommunications industry with a proven track record. These contractors are selected through a tender process and are required to have passed a comprehensive screening process. The Trust Group reviews the performance of each contractor to assess the quality of the work performed by the contractor against the contractor's specific contractual agreements. The contractual agreements typically include remedial provisions that the Trust Group is able to enforce against the contractor in the event the contractor fails to meet performance standards (see also "*Business—Contractors and Suppliers—Contractors*").

On 31 December 2013, IMDA issued a stern warning to OpenNet for the breach of Condition 6.1(a) of Schedule C of OpenNet's FBO licence, for its inability to provision residential end-user connections that required the activation of the second fibre in the first termination point, within the relevant service activation period stipulated in OpenNet's interconnection offer. The Trust Group has taken or proposes to take the following steps to address the foregoing: (i) encouraging RSPs to re-use the same fibre through the Enhanced Fibre Takeover ("**EFTO**") process, a solution developed by the Trust Group which allows the new RSP to 'take over' the existing fibre connection, to further reduce waiting time for end-users. The EFTO solution involves the Trust Group unpatching and patching the fibre from the existing RSP to the new RSP at the MDF room, the new RSP going to the end-user's home later in the day to install the new equipment and activate the new connection, and new connectivity being established over the same fibre connection, (ii) accelerating the nationwide fibre capacity top-up programme in residential estates, (iii) review of operational processes to improve provisioning efficiency and in this regard, the Trust Group believes that the current IT Project will assist the Trust Group in enhancing its performance levels and further improve its ability to meet the QoS Timeframe Standards; and (iv) proactive engagement with key industry stakeholders including IMDA on mandatory adoption of the EFTO process to address service provisioning delays affecting residential churn orders. In addition, the Trust Group also proactively engages with building owners and building management to facilitate on-site and building access and in order to minimise the inconvenience to the building management of non-residential buildings, the Trust Group also tops up fibre capacity in selected non-residential buildings ahead of demand.

On 29 April 2014, IMDA imposed a financial penalty of S$300,000 on CityNet for its failure to meet its licence obligation to maintain and operate telecommunication systems in an adequate and satisfactory manner. A fire at the Bukit Panjang Central Office on 9 October 2013 had caused damage to fibre cables and disrupted telecommunication services provided by multiple operators in the northern and western parts of Singapore. A financial penalty of S$200,000 was also imposed on OpenNet under the Telecom Service Resiliency Code for contributing to the delay in service restoration following the incident. IMDA's investigations concluded that the fire was most likely caused by hot works carried out by Singtel on its cables, and could have been prevented had Singtel enforced its standard operating procedures and work safety practices. While OpenNet was not a direct contributor to the cause of the incident, IMDA found that OpenNet could have expedited the service restoration and recovery process and that CityNet's procedural lapses (such as a lack of a robust approval process for hot works) contributed to the incident. In any event, the Trust Group had since implemented a host of corrective measures including, but not limited to, (i) replacing the lead-in duct seals in all cable chambers, (ii) installing gas suppression systems and more fire extinguishers in all cable chambers, (iii) installing a centralised alarm monitoring system to monitor critical building alarms, including smoke detectors (and other fire warning alarm systems), and (iv) installing an electronic access system, together with CCTVs located at the entrance of each cable chamber. All such procedural lapses by CityNet have since been rectified.

In addition to the above breaches for which IMDA had imposed financial penalties, there are three further incidents of breach of FBO licence conditions which may result in enforcement actions by IMDA.

Under the direction issued by IMDA on 3 December 2013, CityNet was required to replace its existing BSS and OSS ("**IT Project**") by 30 September 2016. However, CityNet had requested for two extensions of the deadline. The latest revised deadline proposed by CityNet to IMDA for the completion of the IT Project is 30 November 2017. When acknowledging CityNet's proposal for extensions to the project timeline, IMDA had indicated that enforcement action is likely against CityNet for breach of IMDA's direction in connection with the failure to complete the IT Project by 30 September 2016, the original deadline committed to IMDA. IMDA had also cautioned that failure to meet the 30 November 2017 deadline may constitute an aggravating factor that IMDA may take into consideration in determining the appropriate penalties to be imposed on the Licensee.

The delays were primarily due to the time required to select an appropriate IT system vendor, subsequent complications arising from negotiation of the commercial terms with the originally selected vendor and the mutual decision by CityNet and the originally selected vendor to discontinue negotiations and to declare void the agreement which had been signed by CityNet and the originally selected vendor. CityNet then had to spend considerable time and effort to assess the capabilities of, and to select, another IT system vendor.

In view of the design phase of the IT Project taking longer than expected, the Trust Group does not currently expect to be able to meet the 30 November 2017 deadline previously communicated to IMDA by CityNet. IMDA has been verbally informed regarding this further delay. The new implementation deadline will be further discussed. The Trust Group is of the view that time and effort is required in selecting an appropriate IT vendor, in order to ensure that the replacement of the existing BSS and OSS can be executed with less risk of disruptions, and will lead to significant enhancement of the processes handled by these systems. In addition, the Trust Group has tightened the terms in its standard contract template with suppliers to remove any ambiguities and to specify requirements more clearly, so as to prevent disputes both during contractual negotiations and after agreements have been executed.

On 13 December 2016, there was a fibre service interruption incident affecting Tanjong Rhu. This was caused by an unintended splicing of a new secondary cable segment to the egress cable of a secondary cabinet, instead of to the ingress cable of the said cabinet. Investigations by IMDA are ongoing, which may lead to an enforcement action by IMDA for breach of the service restoration timeframe stipulated in the Telecom Service Resiliency Code. The Trust Group has since enhanced its operational procedures to prevent a recurrence of the said breach. The operational enhancements made include improving the clarity of diversion plans by clearly indicating in single-line diagram(s) the precise location where cable splicing is to take place (i.e. whether cable segment is to be spliced at the ingress or egress cable of a particular serving cabinet), and conducting a pre-diversion survey to trace and verify the cable route(s), in order to ascertain the ingress and egress cables of a particular cabinet.

NLT's fibre cables were damaged by a third party on 11 April 2017. The cable cut incident occurred along Boon Lay Avenue and damaged a total of eight fibre cables. An estimated 3,684 end-user connections were affected by the incident. The affected services were fully restored at around 21:08 hours on 12 April 2017. As the cable cut affected more than 500 end-user connections, and full service restoration took longer than the 12-hour safe harbour (as required under the Telecom Service Resiliency Code) to complete, IMDA is investigating the cause of the incident and will be assessing the appropriate measures to be taken.

It should be noted that, under the terms and conditions of its FBO licence, the Licensee shall continue to be responsible, and liable to IMDA, for any obligations and responsibilities to be discharged by CityNet (including, without limitation, any contravention by CityNet of its FBO licence and/or any failure to comply with its regulatory obligations arising therefrom) on or before the Licence Transfer Date.

## KEY CODES OF PRACTICE APPLICABLE TO THE TRUST GROUP

The following section sets out various key codes of practice applicable to the Trust Group's business. It does not purport to be an exhaustive list of the codes of practice applicable to the Trust Group.

### Telecom Competition Code

The Telecom Competition Code sets out IMDA's regulatory principles relating to competition and contains provisions relating to, *inter alia*, duties of telecommunication licensees to their end-users, required cooperation amongst telecommunication licensees to promote competition, duty to interconnect with other telecommunication licensees, infrastructure sharing, competition rules and enforcement mechanisms. IMDA has the right to review and modify the Telecom Competition Code on its own initiative at any time, and to exempt any FBO licensee from any or all provisions of the Telecom Competition Code subject to such terms as IMDA may specify.

#### *Regulatory principles*

The key regulatory principles guiding IMDA's implementation of the Telecom Competition Code include:

(a) reliance on market forces;

(b) promotion of effective and sustainable competition;

(c) proportionate regulation;

(d) technological neutrality; and

(e) transparent and reasoned decision making.

#### *Classification of licensees*

The Telecom Competition Code distinguishes between FBO licensees, and SBO licensees that use switching or routing equipment to provide telecommunication services to the public, that are subject to competitive market forces ("**Non-Dominant Licensees**") and FBO licensees, and SBO licensees that use switching or routing equipment to provide telecommunication services to the public, whose conduct are not adequately constrained by competitive market forces ("**Dominant Licensees**"). In keeping with the principle of relying on market forces, IMDA generally imposes minimal *ex ante* regulation on Non-Dominant Licensees. In contrast, IMDA requires Dominant Licensees to comply with more stringent regulatory requirements ("**Dominant Licensee Requirements**").

An FBO licensee, or SBO licensee that uses switching or routing equipment to provide telecommunication services to the public, would be classified as a Dominant Licensee if:

(a) it is licensed to operate facilities used for the provision of telecommunication services in Singapore that are sufficiently costly or difficult to replicate such that requiring new entrants to do so would create a significant barrier to rapid and successful entry into the telecommunication market in Singapore by an efficient competitor; or

(b) it has the ability to exercise Significant Market Power (as such term is defined in the Telecom Competition Code) in any market in which it provides telecommunication services pursuant to its licence.

Dominant Licensees may apply for exemptions from specific provisions of the Dominant Licensee Requirements, though it must be shown that such provisions are not necessary to protect end-users or promote effective competition amongst telecommunication licensees.

IMDA has designated the NLT Trustee, Singtel and Starhub Cable Vision Ltd ("**SCV**") as Dominant Licensees. Following Listing, IMDA will designate the Trustee-Manager as a Dominant Licensee. Singtel and SCV have both been granted exemptions in respect of certain Dominant Licensee Requirements.

***Key obligations imposed upon licensees***

*Duties to end-users*

FBO licensees and SBO licensees owe general duties to end-users to, *inter alia*, comply with any Quality of Service Standards issued by IMDA, disclose the prices of any service, refrain from imposing disproportionate early termination charges, refrain from terminating a service agreement without reason and to prevent unauthorised use of end-user service information.

FBO licensees and SBO licensees must also include in their service agreements with their end-users certain provisions such as those relating to the specification of billing periods, clear and comprehensive specification of prices, procedures to contest charges, private dispute resolution procedures and procedures regulating the FBO licensees' and SBO licensees' use of end-user service information.

*Interconnection obligations*

In order to ensure seamless any-to-any communication throughout Singapore, FBO licensees, and SBO licensees that use switching or routing equipment to provide telecommunication services to the public, are required to interconnect with each other pursuant to written interconnection agreements, which must be submitted to IMDA. IMDA will not generally involve itself in negotiations between Non-Dominant Licensees, and will not reject any interconnection agreement between Non-Dominant Licensees so long as such agreement fulfils the minimum interconnection duties specified under the Telecom Competition Code. The minimum interconnection duties include, *inter alia*, providing non-discriminatory interconnection quality, preventing technical harm to the network, preserving confidential information and compliance with Singapore law.

The Telecom Competition Code also specifies additional obligations that FBO licensees, and SBO licensees that use switching or routing equipment to provide telecommunication services to the public, must fulfil even in the absence of an interconnection agreement, such as publicly disclosing its network interfaces as necessary to allow deployment of telecommunication services and equipment that can interconnect with its network, complying with mandatory technical standards, facilitating the change of service providers and rejecting certain discriminatory preferences.

*Infrastructure sharing*

Infrastructure sharing refers to an arrangement where an FBO licensee that controls infrastructure used to provide telecommunication services allows other FBO licensees to jointly use the same infrastructure. Generally, FBO licensees are not mandated to share infrastructure, unless IMDA determines that such infrastructure constitutes critical support infrastructure or that it is in the public interest. An FBO licensee who is unsuccessful in its request to share infrastructure controlled by another FBO licensee may ask IMDA to make a determination as to whether the infrastructure must be shared. If such a determination is made, the FBO licensee that controls such infrastructure must share such infrastructure at cost-based prices and on non-discriminatory terms and conditions.

*Competition rules*

In line with the principle of reliance on market forces, IMDA will generally not intervene in a telecommunication licensee's day-to-day operations, unless the telecommunication licensee has engaged in anti-competitive conduct. The Telecom Competition Code sets out non-exhaustive lists of such anti-competitive conduct, which may be broadly categorised into abuses of dominant position, anti-competitive preferences and unfair methods of competition. Such examples of anti-competitive conduct include, *inter alia*, predatory pricing, price squeezing, degradation of competitors' service quality and provision of false or misleading information to competitors.

Additionally, all telecommunication licensees are prohibited from entering into agreements that unreasonably restrict, or are likely to unreasonably restrict, competition in any telecommunication market in Singapore. Certain types of agreements between telecommunication licensees that provide or have the potential to provide competing services ("**Competing Licensees**") are so clearly anti-competitive that IMDA will determine that a telecommunication licensee that has entered into such an agreement has contravened the Telecom Competition Code, regardless of the actual competitive effect of the agreement. Examples of such agreements include price fixing agreements, bid rigging agreements, market/customer division agreements and/or group boycott agreements. For other types of agreements between Competing Licensees, IMDA will assess whether the agreements contravene the Telecom Competition Code based on their actual or likely competitive effect on competition.

***Key obligations imposed upon Dominant Licensees***

*Duty to provide services on just, reasonable and non-discriminatory terms*

The Telecom Competition Code sets out requirements to ensure that Dominant Licensees provide services, both to end-users and other telecommunication licensees, on just, reasonable and non-discriminatory prices, terms and conditions. Some of these requirements include, *inter alia*, the duty to provide unbundled services, the duty to provide services to any end-user upon reasonable request and the duty to allow resale of end-user services.

Additionally, a Dominant Licensee must file a tariff with IMDA and obtain IMDA's approval prior to offering certain services such as end-user telecommunication services. In determining whether to approve a proposed tariff, IMDA will assess whether the prices, terms and conditions are excessive or inadequate, and may compare the prices to those in other countries and markets. Tariffs must also be published online and include adequate information as to service description, prices (including any discount structure), service suspension and termination provisions, service availability and eligibility requirements. IMDA may, upon petition by a third-party or on its own motion, review the effective tariff periodically to determine whether the prices, terms and conditions remain just, reasonable and non-discriminatory, and may direct a Dominant Licensee to make appropriate modifications.

*Interconnection obligations of Dominant Licensees*

IMDA takes an active role to ensure the adoption of just, reasonable and non-discriminatory interconnection agreements involving Dominant Licensees. A telecommunication licensee that seeks to interconnect with a Dominant Licensee ("**TCC Requesting Licensee**") can choose any of three options:

(a) First, the TCC Requesting Licensee can interconnect with a Dominant Licensee on the terms specified in the Reference Interconnection Offer (as defined under the Telecom Competition Code) ("**RIO**") developed by such Dominant Licensee and approved by IMDA.

(b) Second, the TCC Requesting Licensee can interconnect with a Dominant Licensee on the same prices, terms and conditions that such Dominant Licensee has agreed to with another similarly situated telecommunication licensee.

(c) Third, the TCC Requesting Licensee may interconnect with a Dominant Licensee pursuant to the terms and conditions of an individualised interconnection agreement.

The Telecom Competition Code contains requirements regarding the terms that a Dominant Licensee must include in its RIO, such as the requirement that the RIO must be clear, complete and modular, and that there must be detailed descriptions of the means by which a Dominant Licensee will protect the confidential information of other telecommunication licensees.

The Telecom Competition Code also sets out detailed procedures regarding the negotiation process for an individualised interconnection agreement, such as the possibility of requesting IMDA to provide conciliation in order to facilitate negotiation, and the dispute resolution process if telecommunication licensees are unable to reach agreement. IMDA will apply those provisions to the extent that an issue in dispute is addressed by the prices, terms and conditions of a Dominant Licensee's approved RIO. To the extent that an issue in dispute is not addressed by the RIO, IMDA retains full discretion to impose any solution it deems appropriate.

All interconnection agreements involving a Dominant Licensee will be published by IMDA.

***Change in control restrictions imposed upon Designated Telecommunication Licensees, Designated Business Trusts and Designated Trusts***

In addition to the restrictions imposed upon the Licensee under the terms and conditions of its FBO licence (as set out in the section entitled "*—Key Licences held by NLT Trustee/Trustee-Manager—FBO licence—Specific terms and conditions*" above), Part VA of the Telecommunications Act and section 10 of the Telecom Competition Code impose obligations on Designated Telecommunication Licensees, Designated Business Trusts and Designated Trusts (each a "**Designated Entity**") in relation to any change in control of equity interests. These obligations include the following:

(a) Each Designated Entity must adopt reasonable procedures for monitoring changes in the voting shares, units and voting power in the Designated Entity (as the case may be).

(b) Each Designated Entity must give written notice to IMDA in the event that any person, whether by a series of transactions over a period of time or otherwise, holds 5% or more but less than 12% of the total number of voting shares, units or equity interests in the Designated Entity (as the case may be), or is in a position to control 5% or more but less than 12% of the voting power in the Designated Entity.

(c) No person may become, whether through a series of transactions over a period of time or otherwise, a 12% controller or a 30% controller (as defined under the Telecommunications Act) of a Designated Entity without IMDA's approval (such restrictions, the "**Part VA Prescribed Restrictions**"), the application for which must be submitted jointly by the relevant Designated Entity and the relevant acquiring party or acquiring parties. IMDA's approval may be subject to conditions of approval which IMDA may impose at its discretion.

(d) Non-exhaustive examples of the methods through which an acquiring party may become a 12% controller or 30% controller of a Designated Entity are set out in the Telecom Competition Code, including by way of open market transaction, private agreement, or exercise of option. Under the Telecom Competition Code, in determining the level of control that an acquiring party has over the voting power in a Designated Entity, IMDA will look at both the direct and indirect control, including control that is exercisable as a result or by means of arrangements or practices, whether or not having legal or equitable force and whether or not based on legal or equitable rights, of that percentage of the total number of votes that may be cast in a general meeting of the Designated Entity.

(e) IMDA may issue directions to a Designated Entity to, *inter alia*, restrict the exercise of all or any of the voting rights of a person in respect of the Designated Entity who obtained such voting rights in contravention of Part VA of the Telecommunications Act. IMDA may also direct (1) a person who has acquired shares, units or equity interests in the Designated Entity in contravention of Part VA of the Telecommunications Act or (2) a person who has failed to comply with any conditions of approval imposed by IMDA relating to the transfer or disposal of shares, units or equity interests in the Designated Entity to transfer or dispose of all or any part of said shares, units or equity interests. Before issuing such a direction to any person, IMDA will generally give the person an opportunity to make written representations, and shall consider said written representations in determining whether to issue the direction.

(f) IMDA may issue directions to a Designated Entity, or any shareholder, unitholder, or holder of equity interests of such Designated Entity for the purposes of obtaining information relating to the beneficial interest in the voting shares, units, or equity interests in such Designated Entity.

***Enforcement provisions***

IMDA may enforce the provisions of the Telecom Competition Code either at the request of a private party, or on its own motion, but it has the full discretion to determine whether it will conduct any enforcement action. In either case, enforcement actions must be initiated within 2 years after the date of the occurrence of the action that constitutes the alleged contravention of the Telecom Competition Code, and the telecommunication licensee in question will have the opportunity to respond in writing before IMDA makes its decision as to the appropriate enforcement measures to be taken.

Possible enforcement measures include the issuance of warnings, issuance of directions to cease and desist, imposition of financial penalties and suspension or cancellation of the telecommunication licence. In the exercise of its duties, IMDA may require a telecommunication licensee or any other party to provide specified information by a specified timeframe, and may also require a party to allow IMDA to physically inspect its accounts, documents, records, facilities and operations.

**NetCo Interconnection Code**

As the NetCo for the Next Gen NBN, the Licensee is subject to the NetCo Interconnection Code which governs, *inter alia*, the pricing, terms and conditions offered by the Licensee for access and connectivity, the obligations and responsibilities of the Licensee in relation to its services, and the enforcement measures that IMDA may take against the Licensee for breach. IMDA has the right to review and modify the NetCo Interconnection Code on its own initiative at any time, and to exempt the Licensee from any or all provisions of the NetCo Interconnection Code subject to such terms as IMDA may specify. The obligations imposed on the Licensee under the NetCo Interconnection Code are in addition to the Licensee's obligations under the Telecom Competition Code.

For the avoidance of doubt, following the Listing, the provisions of the NetCo Interconnection Code will apply to both the Trustee-Manager and the NLT Trustee as the Licensee.

***Provision of services***

Pursuant to the NetCo Interconnection Code, the Licensee shall only provide the Mandated Services to Qualifying Persons:

(a) on the terms of the Licensee's ICO;

(b) on the terms of a Customised Agreement approved by IMDA; or

(c) on the same terms as an existing Customised Agreement between the Licensee and a similarly situated Qualifying Person.

The NetCo Interconnection Code also imposes obligations on the Licensee to provide a Qualifying Person that requests Mandated Services with any information that is reasonably necessary to enable the Qualifying Person to understand the process for the provision and use of the Mandated Services and to make an informed decision as to the Mandated Services. The NetCo Interconnection Code also states that the Licensee may not refuse to provide Mandated Services requested by a person entitled to obtain Mandated Services except in certain specific circumstances, and that the Licensee may not unreasonably restrict the manner in which a Qualifying Person utilises the Mandated Services.

***Pricing of Mandated Services***

Under the NetCo Interconnection Code, the Licensee must ensure that its ICO complies with, *inter alia*, the following requirements:

(a) Any one-time charges shall be specified separately from any recurring charges in the ICO.

(b) The ICO may specify one-time charges in addition to recurring charges for the provision of Layer 1 Services (defined as a service provided by the Licensee for the use of passive fibre cable).

(c) The ICO may include one-time charges for the installation of the Next Gen NBN to the first termination point of a residential or non-residential premises where such installation is required for the provision of requested Layer 1 Services.

(d) The ICO may specify different charges for landed residential premises, high-rise residential premises and non-residential premises, but any one-time charge or recurring charge applied within each category must be the same for all premises within that category.

(e) The ICO must clearly state the following recurring charges for non-residential premises:

    (i) Monthly charge for the provision of Layer 1 Services for the segment between the Central Office and main distribution frame.

(ii) Monthly charge for the provision of Layer 1 Services per end-user connection for a fibre split ratio of 1:16.

(iii) Monthly charge for the provision of Layer 1 Services per end-user connection for fibre split ratios other than 1:16, which the Licensee may propose.

(f) The ICO must clearly state and limit the following recurring charges for residential premises:

(i) Monthly charge for the provision of Layer 1 Services for the segment between the Central Office and main distribution frame, which shall be the same as that charged for the same segment for non-residential premises.

(ii) Monthly charge for the provision of Layer 1 Services for the segment between the main distribution frame and the first termination point.

(iii) Monthly charge for the provision of Layer 1 Services per end-user connection for a fibre split ratio of 1:24.

(iv) Monthly charge for the provision of Layer 1 Services per end-user connection for fibre split ratios other than 1:24, which the Licensee may propose.

(g) The Licensee may directly charge the owner or management committee of a non-residential building a one-time charge for installation of the Next Gen NBN from the nearest manhole to the main distribution frame of that non-residential building where such installation is required for the provision of Mandated Services requested by a Qualifying Person, and the Licensee was previously refused access to the main distribution frame of said building.

(h) The Licensee may directly charge the owner or management committee of a high-rise residential building a one-time charge for installation of the Next Gen NBN from the nearest manhole to the distribution points of that high-rise residential building where such installation is required for the provision of Mandated Services requested by a Qualifying Person, and the Licensee was previously refused access to the distribution points of said building.

(i) The Licensee may charge a recurring charge for the provision of Mandated Services to a non-building address point provided that any recurring charge for the segment between a relevant Central Office and a non-building address point distribution point shall be the same for all such segments, and any recurring charge at a non-building address point termination point on a per end-user connection basis shall be the same for a specified split ratio.

(j) The Licensee may charge for co-location services on a per-unit basis and such charges shall be the same for all locations where co-location services are provided.

(k) Save as expressly provided for in the terms of the NetCo Interconnection Code, the Licensee may not offer any discounted pricing or any other form of differentiated pricing of Mandated Services on any basis except where approved by IMDA.

***ICO review procedures***

IMDA may review and require the Licensee to modify the terms of the ICO (other than as to price) at any appropriate time, including upon any review and amendment of the Telecom Competition Code or the Telecommunications Act. Upon such decision, IMDA shall issue a direction requesting the Licensee to submit any proposed modifications within 60 days for IMDA's approval. IMDA will generally seek public comments regarding such proposed modifications, which it shall take into account when deciding whether or not to grant approval. If IMDA rejects any proposed modifications, it will provide the Licensee with an explanation of the basis for the rejection and the modifications required to bring the ICO into compliance with IMDA's requirements.

Following the public consultation issued by IMDA on 26 January 2017 relating to the proposed modifications to the ICO submitted by the Licensee to IMDA on 19 December 2016, IMDA had assessed that further modifications were required to the ICO. IMDA issued a direction to the Licensee on 8 May 2017, requiring the Licensee to, *inter alia*, (a) submit further modifications to the ICO to IMDA for review and approval, and (b) implement the changes to the ICO in two stages, following approval of the revised ICO by IMDA. The Licensee has on 29 May 2017 and 30 June 2017 submitted further modifications to the ICO to IMDA. The modified ICO incorporating such amendments was approved by IMDA and took effect on 1 July 2017. The modifications to the ICO will be implemented in two stages, with the first stage being implemented on 1 August 2017, and the second stage being implemented on 1 January 2018.

The NetCo Interconnection Code sets out the procedures for the review and modification of the prices of the Mandated Services under the ICO. A price review shall be held every five years following the last price review or at such time as IMDA may consider appropriate (which may include a mid-term review in the third year from the last price review) (such price review date, a "**price review point**" and the period between each price review point, a "**price control period**").

At each price review point, IMDA will specify the pricing methodology to be used to review the prices of Mandated Services under the ICO at each price review point and determine the prices to apply at the end of the price control period immediately following each price review point. The Licensee shall file any changes to the prices of Mandated Services under the ICO for IMDA's approval prior to effecting such changes in the ICO. IMDA will either accept or reject the proposed changes to the prices as filed within 30 days and will provide a statement of the basis of any rejection. The Licensee shall, subject to the exercise of IMDA's rights under section 12.9 of the NetCo Interconnection Code, publish any changes to the prices of Mandated Services offered in the ICO within 7 days of IMDA's approval and effect all price changes within 6 months of IMDA's approval unless otherwise directed by IMDA.

Section 12.9 of the NetCo Interconnection Code provides that IMDA reserves the right to require the Licensee to effect any price changes in an incremental and phased manner where, in IMDA's opinion, there is a material change in prices that may have an adverse effect on any segment of the industry, or end-users, or both.

***2017 price review***

The ICO prices of NLT will be regulated using the Regulated Asset Base ("**RAB**") model for the five-year period starting on or around January 2018. The RAB model has been employed taking into consideration that the technology for the underlying passive civil infrastructure network of NLT (mainly ducts, manholes and fibre) is not expected to change significantly over the near term.

The RAB model allows NLT to recover these cost components: (a) return of capital deployed (i.e. depreciation); (b) return on capital employed; and (c) operating expenditure. Key assumptions in the RAB model include the following:

(a) the base year of the RAB is 2012. Assets purchased up to and including 2012 are valued at 2012 prices, whereas assets purchased after 2012 are valued at actual cost. The annuity method is used for the purpose of regulatory depreciation. In computing the regulatory depreciation, the useful life of ducts and manholes is assumed to be 35 years and fibre (and related infrastructure) is assumed to be 25 years; and

(b) the return on capital is based on a nominal pre-tax weighted average cost of capital ("**WACC**") derived using the Capital Asset Pricing Model ("**CAPM**") approach. The pre-tax WACC for the five-year period starting on or around January 2018 is 7%. The formula is as follows:

$$\textit{Nominal Pre-tax WACC} = \textit{Cost of equity} \times \frac{(1 - \textit{gearing})}{(1 - \textit{tax})} + \textit{Cost of debt} \times \textit{gearing}$$

IMDA may change rate of applicable pre-tax WACC in future periods.

As NLT recovers a portion of its capital expenditure and operating expenditure in relation to the ducts and manholes via the ducts and manholes services agreement with Singtel, IMDA does not include that portion in its computation of the ICO/RAO prices.

IMDA may exercise its discretion or NLT may propose to conduct a mid-term adjustment in the third year, in the event that there is any significant change in cost inputs or if any changes to cost or demand forecasts are required due to unforeseen circumstances.

See "*—Pricing of services under the approved ICO*" for a table setting out certain of the material installation and monthly connection charges payable in relation to the Mandated Services provided under the approved ICO, for the period prior to the New Pricing Date and the period from the New Pricing Date onwards.

***ICO/RAO agreements***

The following is a table listing out the parties that the Licensee has entered into agreements for Mandated Services with, as at the Latest Practicable Date. Mandated Services can be provided either on the terms of the ICO or through a Customised Agreement, in each case entered into pursuant to the Licensee's obligations under the NetCo Interconnection Code.

| Agreements for Mandated Services | |
|---|---|
| **Agreements on the same terms as the ICO** | **Customised Agreements** |
| 1) Nucleus Connect Pte Ltd<br>2) Singapore Telecommunications Limited<br>3) BlueTel Networks Pte Ltd<br>4) M1 Limited<br>5) ViewQwest Pte Limited<br>6) StarHub Ltd<br>7) Tata Communications International Pte Ltd<br>8) MyRepublic Limited<br>9) SuperInternet ACCESS Pte Ltd<br>10) SP Telecommunications Pte Ltd<br>11) Colt Technology Services Pte Ltd<br>12) GRID Communications Pte Ltd<br>13) TPG Telecom Pte Ltd | 1) Nucleus Connect Pte Ltd<br>2) Singapore Telecommunications Limited<br>3) ViewQwest Pte Ltd<br>4) M1 Limited<br>5) MyRepublic Limited<br>6) SuperInternet ACCESS Pte Ltd<br>7) Colt Technology Services Pte Ltd |

Separately, access to the Licensee's building lead-in ducts and lead-in manholes can be provided either on the terms of the Reference Access Offer or through an individualised interconnection agreement, in each case entered into pursuant to the Licensee's obligations under the Telecom Competition Code (as a Dominant Licensee).

The following table sets out the parties who have entered into RAO agreements with the Licensee, as at the Latest Practicable Date.

| RAO Agreements |
|---|
| 1) BlueTel Networks Pte Ltd<br>2) ViewQwest Pte Ltd<br>3) M1 Limited<br>4) Telstra Singapore Pte Ltd<br>5) Vodafone Enterprise Singapore Pte Ltd<br>6) Google Singapore Pte Ltd<br>7) SuperInternet ACCESS Pte Ltd<br>8) StarHub Ltd<br>9) Superloop (Singapore) Pte Ltd<br>10) Colt Technology Services Pte Ltd<br>11) SP Telecommunications Pte Ltd |

As at the Latest Practicable Date, the Licensee has not entered into any individualised interconnection agreements.

***Pricing of services under the approved ICO***

The following table sets out certain of the material installation and monthly connection charges payable in relation to each of the Mandated Services provided under the approved ICO, for the period prior to the New Pricing Date and the period from the New Pricing Date onwards.

| | High-rise Residential Building (pre-New Pricing Date) | Landed Residential homes (pre-New Pricing date) | High-rise Residential Building (post-New Pricing Date) | Landed Residential homes (post-New Pricing Date) |
|---|---|---|---|---|
| | S$ (excl. tax) | S$ (excl. tax) | S$ (excl. tax) | S$ (excl. tax) |
| **Residential End-User Connection:** | | | | |
| Installation: | | | | |
| Installation charges (per connection) | 220 | 450 | 150 | 270 |
| Installation of Internal Cabling Charge: | | | | |
| Internal Cabling Charge per five (5) metres | 33 | 33 | 2 | 2 |
| Service activation charge (per connection) | N/A | N/A | 53 | 53 |
| Monthly Recurring Charge | | | | |
| 1:24 split | 15 | 15 | 13.8 | 13.8 |
| 1:1 split | 3,500 | 3,500 | 872.20 | 872.20 |

| | Price (pre-New Pricing Date) S$ (excl. tax) | Price (post-New Pricing Date) S$ (excl. tax) |
|---|---|---|
| **Non-Residential End-User Connection:** | | |
| Installation (per connection): | | |
| Standard installation charges | 150 | N/A |
| Installation of network charge | 363 | |
| From CO to termination point inside non-residential premises | N/A | 717 |
| From CO to termination point inside vertical telecommunication riser on same floor where non-residential premises is located | N/A | 494 |
| From CO to termination point in FTTB node of non-residential premises where Next Gen NBN ends | N/A | 41 |
| Service activation charge (per connection) | N/A | 64 |
| Monthly Recurring Charge | | |
| 1:16 split for each term of 1 month | 150 | 165 |
| 1:16 split for each term of 12 months | 50 | 55 |
| 1:1 split for each term of 12 months | 3,500 | 925.10 |
| **NBAP Connection:** | | |
| Standard Installation charges (not including digging/trenching work) (per connection) | 150 | N/A |
| Site Survey Charge (per site survey) | N/A | 76 |
| Service activation charge (per connection) | N/A | 64 |
| Monthly Recurring Charge | | |
| 1:16 split for each term of 1 month | 555 | 221.40 |
| 1:16 split for each term of 12 months | 185 | 73.80 |
| **CO to CO Connection:** | | |
| Standard Installation charge (per segment) | 50 | 15 |
| Monthly Recurring Charge (per segment fibre) | 6,000 | 4,328.50 |
| **CO to Building MDF Room Connection:** | | |
| Standard Installation charge (per segment) | 180 | 135 |
| Monthly Recurring Charge (per segment fibre) | 2,300 | 518.90 |
| **Building MDF Room to FTTB Node Connection:** | | |
| Standard Installation charge (per segment) | 300 | 128 |
| Monthly Recurring Charge (per segment fibre) | 1,200 | 398.70 |
| **FTTB Node to DP Connection:** | | |
| Standard Installation charge (not including installation of network charge) (per segment): | | |
| Residential | 260 | 128 |
| Non-residential | 440 | 204 |
| Monthly Recurring Charge (per segment fibre): | | |
| Residential | 7.50 | 7.50 |
| Non-residential | 30 | 30 |
| **Building MDF Room to Residential Premises Connection:** | | |
| Standard Installation charge (per premises): | | |
| High-rise residential / non-residential building | 220 | 150 |
| Landed residential premises | 450 | 270 |
| Installation of Internal Cabling Charge: | | |
| Internal Cabling Charge per five (5) metres | 33 | 2 |
| Service activation charge (per connection) | N/A | 64 |
| Monthly Recurring Charge (per segment fibre) | 1,200 | 353.30 |
| **Building MDF Room to Non-Residential Premises Connection:** | | |
| Standard installation charge (per segment) | 220 | N/A |
| Installation of network charge (per connection) | case-by-case | 717 |
| Service activation charge (per connection) | N/A | 64 |
| Monthly Recurring Charge (per segment fibre) | 1,200 | 406.20 |
| **CO to NBAP DP Connection:** | | |
| Standard Installation charge (not including digging/trenching work) (per segment) | 300 | 212 |
| Monthly Recurring Charge (per segment fibre) | 3,500 | 919.70 |

| | Price (pre-New Pricing Date) S$ (excl. tax) | Price (post-New Pricing Date) S$ (excl. tax) |
|---|---|---|
| **NBAP DP to NBAP TP Connection:** | | |
| Standard Installation charge (not including digging/trenching work) (per segment) | 150 | 64 |
| Monthly Recurring Charge (per segment fibre) | 1,325 | 311.30 |
| **Co-Location Service[53]:** | | |
| Ordering Charge per order | 50 | 50 |
| Co-location Room 1: | | |
| Cost per square meter (per month) (for a 25 year term) | 367 | 367 |
| Cost per square meter (per month) (for a 2 year term) | 590.19 | 590.19 |
| New Co-location Room (i.e. Co-Location Room 2 and above): | | |
| Cost per rack space from 1 April 2015 to 31 March 2016 (per month) (for a 2 year term) | 2,039.41 | 2,039.41 |
| Cost per rack space from 1 April 2016 to 31 March 2017 (per month) (for a 2 year term) | 1,826.49 | 1,826.49 |
| Cost per rack space from 1 April 2017 onwards (per month) (for a 2 year term) | 1,613.57 | 1,613.57 |
| **RL to RL Interconnection Service[53]:** | | |
| Request charge (per request) | 50 | 50 |
| **Co-Location Supplementary Cooling Service[53] (Applicable to Co-Location Room 1 Only):** | | |
| Ordering Charge (per order) | 22.14 | 22.14 |
| Monthly recurring charge (per cooling unit) (for all COs except for Tuas CO) | 1,647.38 | 1,647.38 |
| Project Study (per order) | 698.23 | 698.23 |
| Reconnection Charge (per Co-Location Supplementary Cooling Unit) (for all COs except for Tuas CO) | 662.53 | 662.53 |
| **Patching Service:** | | |
| Ordering charge (per order) | 50 | 10 |
| Patching charge (per patch point): | | |
| CO | 40 | 7 |
| MDF Room | 160 | 36 |
| FTTB Node | 160 | 36 |
| NBAP DP | 160 | 113 |
| Termination charge (per patch point): | | |
| CO | 30 | 0 |
| MDF Room | 150 | 29 |
| FTTB Node | 150 | 29 |
| NBAP DP | 150 | 105 |

[53] Co-Location Service, RL to RL Interconnection Service, Co-Location Supplementary Cooling Service and OSS/BSS Connection & Professional Service were not included in the price review exercise that IMDA concluded in May 2017. The prices of these services will be reviewed by IMDA separately.

| | Price (pre-New Pricing Date) S$ (excl. tax) | Price (post-New Pricing Date) S$ (excl. tax) |
|---|---|---|
| **OSS/BSS Connection & Professional Service[54]:** | | |
| Per user account | 150 | 150 |
| Connectivity setup for Client-based public internet secured VPN access by QP (per setup) | 2,000 | 2,000 |
| Connectivity setup for Dedicated Leased Connection (per setup) | 3,300 | 3,300 |
| Express firewall set up charges (for emergency public internet VPN access) (per port) | 4,000 | 4,000 |
| No Fault Found Charge (per man-day) | 330 | 330 |
| Termination Charge (per man-day) | 2,000 | 2,000 |
| Each port required for connection to firewall (per port) | 10,300 | 10,300 |
| Professional Service Charge (per man-day) | 2,000 | 2,000 |

**Quality of Service Standards applicable to Trust Group**

IMDA regulates the performance of key services offered by telecommunication licensees by issuing Quality of Service Standards under the Telecommunications Act and requiring the telecommunication licensees to submit periodic reports of service quality.

In particular, IMDA has, in relation to the Next Gen NBN, issued the QoS Timeframe Standards and the Quality of Service Standards on Installation-Related Service Levels for Residential/Non-Residential End-User Connections ("**QoS Installation Standards**"). The QoS Timeframe Standards and the QoS Installation Standards had previously applied to OpenNet and CityNet and are currently applicable to the Licensee.

The QoS Installation Standards require the Licensee to, *inter alia*, deliver 98% of residential end-user connections and 99% of non-residential end-user connections to Requesting Licensees in working condition.

Please see the table below for more details on the QoS Timeframe Standards:

**QoS Timeframe Standards**

| Standards for Residential | | Standards for Non-Residential | |
|---|---|---|---|
| **Indicator For Compliance** | **QoS Standard** | **Indicator For Compliance** | **QoS Standard** |
| Percentage of residential end-user connection service orders provisioned within 3 business days of the date of service order or by RFA date | 98% | Percentage of non-residential end-user connection service orders provisioned within 4 calendar weeks of the date of service order or by RFA date | 80% |
| Percentage of residential end-user connection service orders provisioned within 7 business days of the date of service order or by RFA date + 4 business days | 100% | Percentage of non-residential end-user connection service orders provisioned within 8 calendar weeks of the date of service order or by RFA date + 4 calendar weeks | 100% |

*RFA denotes "Request for Activation"*

IMDA may impose a financial penalty of S$10,000 per breach per month in respect of breaches of the QoS Timeframe Standards by the Licensee. IMDA may also impose a financial penalty of S$10,000 per standard per month on the Licensee for each instance of non-compliance with the QoS Installation Standards. Additional penalties may be imposed for serious failures and/or continuing or repeated breaches.

If a person contravenes any provision of any standard of performance (including the QoS Timeframe Standards and the QoS Installation Standards) issued by IMDA, IMDA may take enforcement measures against such person as set out in the fourth and fifth paragraphs of "*—Overview—Overview of Licensing Framework*".

54 Co-Location Service, RL to RL Interconnection Service, Co-Location Supplementary Cooling Service and OSS/BSS Connection & Professional Service were not included in the price review exercise that IMDA concluded in May 2017. The prices of these services will be reviewed by IMDA separately.

IMDA had previously issued warnings to and imposed financial penalties upon OpenNet and CityNet for breaching the QoS Timeframe Standards and the QoS Installation Standards. Details of such breaches are set out below:

| Date of Enforcement Decision | Infringing Party | Date/Period of Infringement | Description | Outcome |
|---|---|---|---|---|
| 28 May 2012 | OpenNet | September 2011 and October 2011 | Failure to comply with QoS Installation Standards | Warning |
| 21 May 2013 | OpenNet | October 2012 | Failure to comply with QoS Installation Standards | Warning |
| 20 August 2013 | OpenNet | February 2013 and March 2013 | Failure to comply with QoS Installation Standards | Warning |
| 14 November 2013 | OpenNet | April 2013 to June 2013 | Failure to comply with QoS Timeframe Standards in relation to residential end-user connections | S$200,000 financial penalty |
| 6 December 2013 | OpenNet | August 2013 | Failure to comply with QoS Installation Standards | Warning |
| 14 March 2014 | OpenNet | November 2013 | Failure to comply with QoS Installation Standards | Warning |
| 19 March 2014 | OpenNet | April 2013 to September 2013 | Failure to comply with QoS Timeframe Standards in relation to non-residential end-user connections | S$240,000 financial penalty |
| 13 October 2014 | CityNet | January 2014 to March 2014 | Failure to comply with QoS Installation Standards | Warning |
| 5 November 2014 | CityNet | January 2014 to June 2014 | Failure to comply with QoS Timeframe Standards in relation to residential end-user connections | S$50,000 financial penalty |
| 8 September 2015 | CityNet | April 2014 to December 2014 | Failure to comply with QoS Timeframe Standards in relation to non-residential end-user connections | S$400,000 financial penalty |
| 8 September 2015 | CityNet | July 2014 to December 2014 | Failure to comply with QoS Timeframe Standards in relation to residential end-user connections | S$50,000 financial penalty |
| 30 September 2016 | CityNet | January 2015 to December 2015 | Failure to comply with QoS Timeframe Standards in relation to non-residential end-user connections | S$300,000 financial penalty |
| 30 September 2016 | CityNet | January 2015 to June 2016 | Failure to comply with QoS Timeframe Standards in relation to residential end-user connections | S$200,000 financial penalty |

If aggregated based on the period of infringement (rather than the date of the enforcement decisions by IMDA), the financial penalties were S$440,000 for calendar year 2013, S$500,000 for calendar year 2014 and S$433,000 for calendar year 2015 (the amount of S$433,000 for calendar year 2015 being derived from pro-rating the fine of S$200,000 imposed on 30 September 2016, which was in respect of a 18-month period from January 2015 to June 2016).

There have been further breaches of the QoS Timeframe Standards since June 2016 (in respect of residential end-user connections) and December 2015 (in respect of non-residential end-user connections).

It should be noted that, under the terms and conditions of its FBO licence, the Licensee shall continue to be responsible, and liable to IMDA, for any obligations and responsibilities to be discharged by CityNet (including, without limitation, any contravention by CityNet of its FBO licence and/or any failure to comply with its regulatory obligations arising therefrom) on or before the Licence Transfer Date.

**Recent Codes of Practice**

The TIRA Code came into operation on 18 April 2017. The TIRA Code applies to the Licensee, as the NetCo for the Next Gen NBN. The TIRA Code specifies the essential requirements that the Licensee shall implement to ensure that its telecommunication infrastructure is adequately resilient and the enforcement measures that IMDA may take against the Licensee for a breach of the TIRA Code. These requirements include requiring the Licensee to (i) appoint an external independent auditor to carry out audits of the Licensee's compliance with the controls specified in the applicable schedule of the TIRA Code, (ii) carry out audits at the frequency specified in the applicable schedule of the TIRA Code, and (iii) submit to IMDA the audit reports within the timeframes specified in the applicable schedule of the TIRA Code.

The controls specified in the First Schedule of the TIRA Code are also categorised into controls that are critical in ensuring the resilience of the relevant networks (i.e. mandatory controls) and controls that enhance the resilience of the relevant networks (i.e. monitoring controls).

The Licensee is required to comply with all mandatory controls specified in the TIRA Code, and to undertake remedial actions to rectify any non-compliance with mandatory controls as soon as practicable, with such rectifications to be completed no later than a period of six months after becoming aware of the non-compliance or any shorter duration as may be notified by IMDA. However, even where the Licensee is unable to comply with a mandatory control, IMDA may be prepared to deem that the Licensee has complied with the specific mandatory control if the Licensee is able to demonstrate that it has implemented alternative measures to achieve a similar effective resiliency outcome. As for the monitoring controls specified in the TIRA Code, the Licensee is required to endeavour to meet all such monitoring controls, or to explain to IMDA why it is unable to do so.

Such controls are further categorised into broad categories of (i) fixed network resilience design controls (which includes controls relating to network topology, network dimensioning, network monitoring, service recovery, technical support processes, spare parts management processes and IT infrastructure/configuration), (ii) infrastructure and facilities controls (which includes controls relating to the Central Offices, cable deployment, trenching standards and inventory management), and (iii) business continuity management controls.

The TIRA Code provides that IMDA may impose a financial penalty under section 8(1) of the Telecommunications Act for any breach of the TIRA Code by the Licensee. In determining the appropriate amount of financial penalty to be imposed, IMDA will consider all relevant factors, including any mitigating and aggravating factors.

The Licensee is currently unable to fully comply with a limited number of the controls set out in the TIRA Code. In this regard, the Licensee is of the view that the Trust Group's network (including associated facilities such as Central Offices) was designed and built in accordance with the specifications stipulated in the request for tender for the Next Gen NBN by IMDA and that the TIRA Code imposes new requirements which differ from such specifications. IMDA has indicated that it would be prepared to consider feasible mitigating measures on a case-by-case basis and the Licensee is currently in discussions with IMDA on the potential mitigation measures that IMDA would consider sufficient in respect of the controls that the Licensee is unable to fully comply with.

***Capital Expenditure Reserve Fund***

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**").

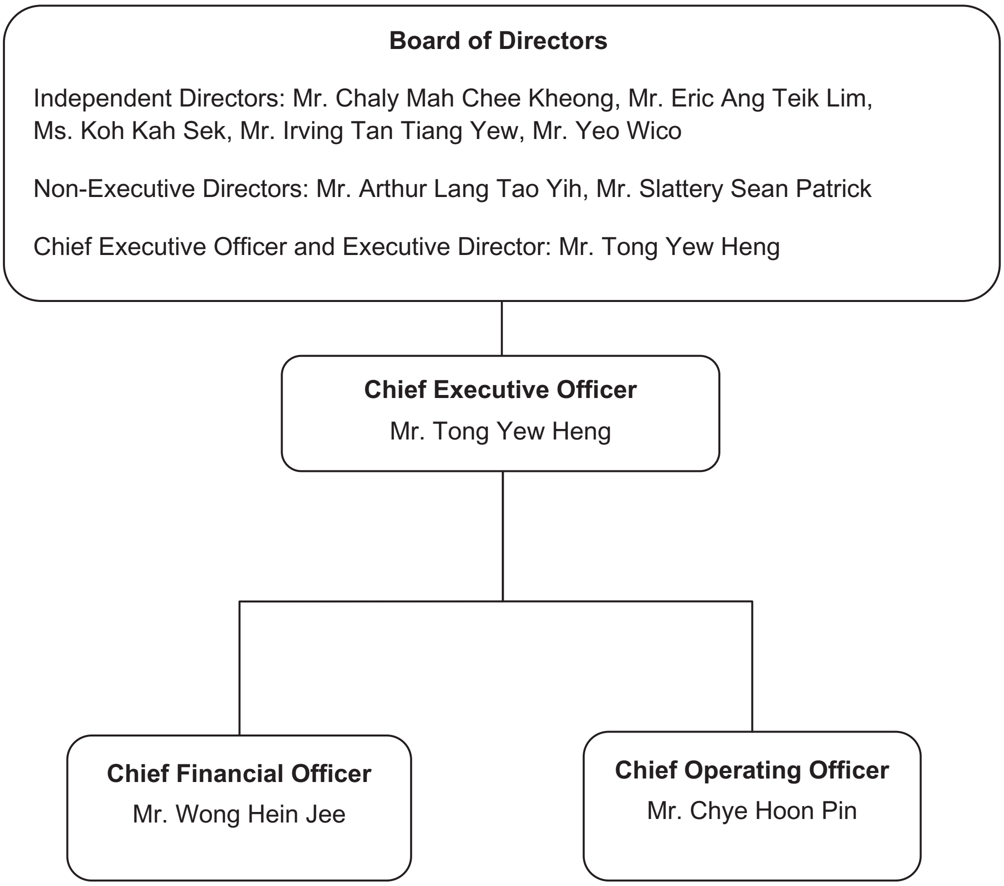
# THE TRUSTEE-MANAGER

## THE TRUSTEE-MANAGER OF THE TRUST

The Trustee-Manager, NetLink NBN Management Pte. Ltd., was incorporated in Singapore under the Companies Act on 21 February 2017. Its registered office is located at 750E Chai Chee Road, #07-03 Viva Business Park, Singapore 469005, and its telephone and facsimile numbers are +65 6718 2828 and +65 6449 0221, respectively.

The Trustee-Manager has an issued and paid-up capital of S$5.00 comprising five TM Shares. From and after Listing, all the TM Shares will be held by the Share Trustee on trust for the benefit of the Unitholders from time to time in proportion to such Unitholders' respective percentage of Units held or owned in the Trust until the expiry of a perpetuity period of 100 years from the date of establishment of the TM Shares Trust, unless earlier terminated in accordance with the provisions of the TM Shares Trust Deed. For the avoidance of doubt, Unitholders will not derive a significant return in respect of their interests in the TM Shares (see "*—Description of the TM Shares—Dividends*").

### Management Reporting Structure of the Trustee-Manager



**Board of Directors**

The Board is entrusted with the responsibility for the overall management of the Trustee-Manager, and has eight members. The following table provides certain information regarding the Directors:

| Name | Age | Address | Position | Date of Appointment as Director |
|---|---|---|---|---|
| Mr. Chaly Mah Chee Kheong . . | 61 | 750E Chai Chee Road #07-03 Viva Business Park Singapore 469005 | Chairman and Independent Director | 21 February 2017 |
| Mr. Eric Ang Teik Lim . . . . . . . . . | 64 | 750E Chai Chee Road #07-03 Viva Business Park Singapore 469005 | Independent Director | 24 March 2017 |
| Ms. Koh Kah Sek . . . . . . . . . . . . | 45 | 750E Chai Chee Road #07-03 Viva Business Park Singapore 469005 | Independent Director | 21 February 2017 |
| Mr. Irving Tan Tiang Yew . . . . . . | 47 | 750E Chai Chee Road #07-03 Viva Business Park Singapore 469005 | Independent Director | 21 February 2017 |
| Mr. Yeo Wico . . . . . . . . . . . . . . . | 50 | 750E Chai Chee Road #07-03 Viva Business Park Singapore 469005 | Independent Director | 21 February 2017 |
| Mr. Arthur Lang Tao Yih . . . . . . . | 45 | 750E Chai Chee Road #07-03 Viva Business Park Singapore 469005 | Non-Executive Director | 21 February 2017 |
| Mr. Slattery Sean Patrick . . . . . . | 50 | 750E Chai Chee Road #07-03 Viva Business Park Singapore 469005 | Non-Executive Director | 28 April 2017 |
| Mr. Tong Yew Heng . . . . . . . . . . | 54 | 750E Chai Chee Road #07-03 Viva Business Park Singapore 469005 | Executive Director and Chief Executive Officer | 21 February 2017 |

Post Listing, none of the Independent Directors will sit on the board of any of the subsidiaries of the Trust.

The composition of the Board shall adhere to the following restrictions:

(a) for so long as a Relevant Licensee has an interest in 5% or more, but less than 20% of the units in the Trust, no more than one Director or the Relevant Percentage of the Directors (rounded down to the nearest whole number) may be a nominee of that Relevant Licensee to the Board; and

(b) for so long as a Relevant Licensee has an interest of 20% or more of the units in the Trust, no more than 25% of the Directors (rounded down to the nearest whole number) may be a nominee of that Relevant Licensee to the Board,

further details of which can be found in "*Regulatory Environment—Key Licences held by NLT Trustee/Trustee-Manager—FBO licence—Specific terms and conditions*" and "*Regulatory Environment—Key Licences held by NLT Trustee/Trustee-Manager—FBO licence—Key amendments to FBO licence following the Listing*".

Any appointment of a director to the Board or change in the appointment of the Chairman of the Board or the Chief Executive Officer is subject to IMDA's prior written approval, further details of which can be found in "*Regulatory Environment—Key Licences held by NLT Trustee/Trustee-Manager—FBO licence—General terms and conditions*".

***Experience and Expertise of the Board of Directors***

Certain information concerning the business and working experience of the Directors is set out below:

**Mr. Chaly Mah** is the Chairman of the Board and an Independent Director of the Trustee-Manager. 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 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** is an Independent Director of the Trustee-Manager. Mr. Ang brings with him more than 30 years of experience in the banking industry. He has been with DBS Bank since 1978 and is currently the Senior Executive Advisor. Mr. Ang graduated with a Bachelor of Business Administration (Honours) degree from the University of Singapore (now known as the National University of Singapore).

**Ms. Koh Kah Sek** is an Independent Director of the Trustee-Manager. Ms. Koh is the Executive Director and CFO of Far East Organization ("**FEO**"), where she is responsible for FEO's financial affairs, including corporate finance, treasury, overseas investments, risk management and capital management. Prior to joining FEO, Ms. Koh worked in Singtel from 2005 to 2011. In Singtel, she held various senior management positions, such as the Group Financial Controller, CFO (Singapore) 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 Price Waterhouse and thereafter she worked at a leading global investment bank before she held a senior management role in a public listed food and beverage company in Singapore. Ms. Koh graduated with a Bachelor of Commerce from the University of Melbourne and is a member of the Institute of Singapore Chartered Accountants and a Fellow of CPA Australia.

**Mr. Irving Tan** is an Independent Director of the Trustee-Manager. He is currently the President, Asia-Pacific and Japan, of Cisco Systems (USA) Pte. Ltd. ("**Cisco**"). Prior to this, Mr. Tan was 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.

**Mr. Yeo Wico** is an Independent Director of the Trustee-Manager. He 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 graduated from the National University of Singapore in 1991 and holds a LLB (Hons) degree. He has been appointed by the Minister for Finance as a member of the Accounting Standards Council. He also serves as a non-executive director of SP Services Limited (a wholly-owned subsidiary of Singapore Power Limited) and as the independent non-executive chairman and director of Vicplas International Ltd.

**Mr. Arthur Lang** is a Non-Executive Director of the Trustee-Manager. He is currently the CEO International of Singtel. Mr. Lang was previously the Group CFO of CapitaLand Limited from 2011 to 2016. Prior to this, he was Co-Head of Investment Banking in South East Asia at Morgan Stanley Singapore from 2009 to 2011 and Chief Operating Officer ("**COO**") for the Asia Pacific Investment Banking Division at Morgan Stanley Hong Kong from 2007 to 2008. Mr. Lang holds a Bachelor of Arts (magna cum laude) from Harvard University and a Master of Business Administration from Harvard Business School. 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. Slattery Sean Patrick** is a Non-Executive Director of the Trustee-Manager. Mr. Slattery is currently the Vice President (Regulatory & Interconnect) at Singtel and is responsible for, among others, managing regulatory and interconnect matters for Singtel. He joined Singtel in 1998, and has been involved in regulatory and network interconnection matters 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. He 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** is an Executive Director of the Trustee-Manager and is the Chief Executive Officer of the Trust Group. He has been the CEO of NLT since January 2016. In this role, he is responsible for the overall leadership and performance of NLT. Mr. Tong brings with him more than 20 years of experience from senior management positions in various industries. Prior to this, 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.

***Listed Company Experience***

Mr. Mah is a director of CapitaLand Limited, which is listed on the SGX-ST. In addition, during his career as a partner at Deloitte, he was the signing partner for many listed companies and provided advisory services to many companies preparing for listing on the SGX-ST and is familiar with the SGX-ST regulations and the Code of Corporate Governance 2012 (the "**COCG**").

Mr. Ang is a director of SembCorp Marine Ltd and Raffles Medical Group Ltd, both of which are listed on the SGX-ST, as well as Hwang Capital (Malaysia) Berhad, which is listed on the Bursa Malaysia Securities Berhad.

Ms. Koh is a director of Far East Orchard Limited, which is listed on the SGX-ST. She also previously sat on the boards of Globe Telecom, Inc., which is listed on The Philippine Stock Exchange, Inc., and Advanced Info Service Public Company Limited, which is listed on The Stock Exchange of Thailand.

Mr. Yeo is the independent non-executive chairman and director of Vicplas International Ltd, which is listed on the SGX-ST. He was previously a director of CitySpring Infrastructure Management Pte. Ltd., the then trustee-manager of CitySpring Infrastructure Trust (now known as Keppel Infrastructure Trust and which is listed on the SGX-ST).

Mr. Lang is a director of Globe Telecom, Inc., which is listed on The Philippine Stock Exchange, Inc. and Bharti Infratel Limited, which is listed on the BSE Limited and the National Stock Exchange of India 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, which are listed on the SGX-ST. He was previously also a director of Tiger Airways Holdings Limited, which was listed on the SGX-ST.

Mr. Tan, Mr. Slattery and Mr. Tong do not have prior experience as a director of a listed company, but have been briefed on the roles and responsibilities of a director of the trustee-manager of a publicly-listed business trust prior to the Listing.

***Family Relationship***

None of the Directors is related to one another or to any of the Executive Officers or to any substantial shareholder of the Trustee-Manager or any person expected to become a Substantial Unitholder as at the Listing Date.

### *Independence of the Independent Directors*

The Board will adhere to the requirements of the BTA with regard to the independence of the Independent Directors. Under the Business Trusts Regulations 2005 (the "**BTR**"), an independent director is either:

(a) a person who is considered to be independent from management and business relationships with the trustee-manager as well as independent from a substantial shareholder of the trustee-manager according to the definitions used in the BTR; or

(b) a person whom, notwithstanding that he has the relationships described above, the board of directors of the trustee-manager is satisfied that his independent judgment and ability to act with regard to the interests of all unitholders of the Registered Business Trust as a whole will not be interfered with, despite such relationships.

Mr. Chaly Mah and Mr. Yeo Wico are considered to be independent from (i) the Share Trustee, which from the initial public offering of the Units and Listing holds all the shares in the Trustee-Manager on trust for the benefit of Unitholders, and (ii) management relationships with the Trustee-Manager according to the definitions used in the BTR. Mr. Eric Ang is considered to be independent from management relationships with the Trustee-Manager according to the definitions used in the BTR.

Ms. Koh Kah Sek and Mr. Irving Tan are considered to be independent from (i) the Share Trustee, which from the Listing holds all the shares in the Trustee-Manager on trust for the benefit of Unitholders, (ii) Singtel, a substantial Unitholder, and (iii) management relationships with the Trustee-Manager according to the definitions used in the BTR.

Each of the Independent Directors is considered to have business relationships with the Trustee-Manager and its related corporations according to the definitions used in the BTR. Under these regulations, a director is considered not to be independent from business relationships with the Trustee-Manager or its related corporations or with any officer of the Trustee-Manager or any of its related corporations if:

(a) he is a substantial shareholder, a director or an executive officer of any corporation, or a sole proprietor or partner of any firm, where such corporation, sole proprietorship or firm carries on business for purposes of profit to which the Trustee-Manager or any of its related corporations has made, or from which the Trustee-Manager or any of its related corporations has received, payments (whether or not the Trustee-Manager is acting for or on behalf of the Registered Business Trust) at any time during the current or immediately preceding financial year of the Trustee-Manager; or

(b) he is receiving or has received compensation from the Trustee-Manager or any of its related corporations, other than remuneration received for his service as a director or as an employee of the Trustee-Manager or any of its related corporations, at any time during the current or immediately preceding financial year of the Trustee-Manager.

Mr. Chaly Mah, Mr. Eric Ang and Mr. Yeo Wico may also be considered not to be independent from Singtel according to the definitions used in the BTR, while Mr. Eric Ang may also be considered not to be independent from the Share Trustee according to the definitions used in the BTR. Under these regulations, a director is considered not to be independent from a substantial shareholder if, among others, he is employed by the substantial shareholder or is accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of the substantial shareholder.

*Mr. Chaly Mah*

Mr. Chaly Mah is currently the Chairman of the Singapore Tourism Board. He is also a director of several companies (see "*Appendix G—List of Present and Past Principal Directorships of Directors and Executive Officers*"). As the Trust Group provides essential utilities services in Singapore, there would be and will continue to be business dealings between the Trustee-Manager and its (current and future) related corporations and companies on which Mr. Mah 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.

Mr. Mah 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 (current and future) related corporations and Singtel, and continues to do so from time to time. Mr. Mah was the engagement partner on the audit resulting in the independent auditors' report for Singtel's annual report for the year ended 31 March 2016. Deloitte & Touche Singapore are the independent auditors and reporting accountants for the Listing.

*Mr. Eric Ang*

Mr. Eric Ang is currently the Senior Executive Advisor of DBS Bank. He is also a director of several companies (see "*Appendix G—List of Present and Past Principal Directorships of Directors and Executive Officers*"). As the Trust Group provides essential utilities services in Singapore, there would be and will continue to be business dealings between the Trustee-Manager and its (current and future) related corporations and companies on which Mr. Ang serves or had served as a director in the ordinary course of business.

The Share Trustee holds all shares in the Trustee-Manager on trust for the benefit of certain charitable organisations registered under the Charities Act, Chapter 37 of Singapore, prior to Listing, and for Unitholders from Listing. The Share Trustee is a wholly-owned subsidiary of DBS Bank, which in turn is a wholly-owned subsidiary of DBS Group Holdings Ltd (together with its subsidiaries, the "**DBS Group**"). Mr. Ang has been employed by the DBS Group since 1978. On 1 June 2014, Mr. Ang ceased to be the Head of Capital Markets at DBS Bank and assumed the role of Senior Executive Advisor reporting to the CEO. In his advisory role as Senior Executive Advisor, Mr. Ang is principally responsible for business origination and high level relationship building for the DBS Group. His specific responsibility is to oversee the progressive winding down of the Islamic Bank of Asia Limited, a subsidiary of DBS Bank.

The DBS Group has engaged in transactions with, and/or performed services for the Trustee-Manager and its (current and future) related corporations and Singtel 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. DBS Bank has also been engaged by Singtel and the Trustee-Manager as a Joint Issue Manager in connection with the Listing.

*Ms. Koh Kah Sek*

Ms. Koh Kah Sek is currently the CFO and an executive director of the Far East Organization. She is also a director of several companies (see "*Appendix G—List of Present and Past Principal Directorships of Directors and Executive Officers*"). As the Trust Group provides essential utilities services in Singapore, there would be and will continue to be business dealings between the Trustee-Manager and its (current and future) related corporations and companies on which Ms. Koh serves or had served as a director or an executive officer, in the ordinary course of business.

*Mr. Irving Tan*

Mr. Irving Tan is currently the President, Asia-Pacific & Japan of Cisco Systems (USA) Pte. Ltd. As the Trust Group provides essential utilities services in Singapore, there would be and will continue to be business dealings between the Trustee-Manager and its (current and future) related corporations and companies on which Mr. Tan serves or had served as an executive officer in the ordinary course of business.

*Mr. Yeo Wico*

Mr. Yeo is a partner at Allen & Gledhill LLP. He is also a director of several companies (see "*Appendix G—List of Present and Past Principal Directorships of Directors and Executive Officers*"). 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 (current and future) related corporations and companies on which Mr. Yeo serves or had served as a director or partnership of which he is a partner, in the ordinary course of business.

Allen & Gledhill LLP is a Singapore law firm which has provided corporate secretarial and legal services to the Trustee-Manager and its related corporations and Singtel, and continues to do so from time to time. Allen & Gledhill LLP are the legal advisers to the Trustee-Manager and Singtel as regards to Singapore law for the Listing.

Mr. Yeo has been a non-executive director of SP Services Limited ("**SP Services**") since September 2008, and after nine years of service, will be retiring from the board of SP Services at the 2017 annual general meeting of SP Services. 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 (current and future) related corporations, and SP Services in the ordinary course of business.

*Review of independence*

In light of the foregoing, the Board has reviewed the independence of Mr. Chaly Mah, Mr. Eric Ang, Ms. Koh Kah Sek, Mr. Irving Tan and Mr. Yeo Wico from business relationships with the Trustee-Manager and its related corporations. The Board has also reviewed the independence of Mr. Chaly Mah, Mr. Eric Ang and Mr. Yeo Wico from Singtel, and the independence of Mr. Eric Ang from the DBS Group. In reviewing the independence of the Independent Directors, the Board has considered the COCG where an Independent Director is one who has no relationship with the Trustee-Manager, its related corporations, its 10% shareholders or its officers that could interfere, or reasonably perceived to interfere, with the exercise of the Director's independent business judgment with a view to the best interests of the Trustee-Manager.

Having reviewed the independence of Mr. Chaly Mah, Mr. Eric Ang, Ms. Koh Kah Sek, Mr. Irving Tan and Mr. Yeo Wico from business relationships with the Trustee-Manager and its related corporations, pursuant to the above, the independence of Mr. Chaly Mah, Mr. Eric Ang and Mr. Yeo Wico from Singtel, and the independence of Mr. Eric Ang from the DBS Group, the Board is satisfied that the business relationships described above will not interfere with their independent judgment and ability to act with regard to the interests of all the Unitholders as a whole. Accordingly, the Board has determined (with Mr. Chaly Mah, Mr. Eric Ang, Ms. Koh Kah Sek, Mr. Irving Tan and Mr. Yeo Wico each abstaining from each determination of independence relating to himself or herself) that Mr. Chaly Mah, Mr. Eric Ang, Ms. Koh Kah Sek, Mr. Irving Tan and Mr. Yeo Wico are independent from business relationships with the Trustee-Manager and its related corporations, that Mr. Chaly Mah, Mr. Eric Ang and Mr. Yeo Wico are independent from Singtel, and that Mr. Eric Ang is independent from the DBS Group, and are therefore Independent Directors.

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 the Independent Directors' independent judgment and ability to act with regard to the interests of all the Unitholders as a whole.
- Mr. Chaly Mah is not independent of business relationships with the Trustee-Manager and its related corporations for the reason outlined in the first bullet point. In addition, he was the partner and chairman of Deloitte & Touche Singapore and he and Deloitte & Touche Singapore have provided audit, consulting, financial advisory, risk and/or tax services to the Trustee-Manager and its (current and future) related corporations and Singtel, and continues to do so from time to time. However, Mr. Mah had a less than 10% 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. In accordance with guideline 12.9 of the COCG (which provides that a former partner or director of the company's existing auditing firm or auditing corporation should not act as a member of the company's audit committee: (a) within a period of 12 months commencing on the date of his ceasing to be a partner of the auditing firm or director of the auditing corporation; and in any case (b) for as long as he has any financial interest in the auditing firm or auditing corporation), Mr. Mah will not be appointed as a member of the Audit Committee at Listing. Mr. Mah's participation in the Board will benefit the Trust given his expertise.
- Mr. Eric Ang is not independent of business relationships with the Trustee-Manager and/or its related corporations for the reason outlined in the first bullet point. In addition, Mr. Ang may also be considered not to be independent from the Share Trustee. However, the Board noted that in holding the shares in the Trustee-Manager pursuant to the TM Shares Trust Deed, the Share Trustee is acting in its capacity as a professional trustee. In its role as a professional trustee, the Share Trustee will be acting in accordance with the terms of the Share Trust Deed. Mr. Ang is not a director nor an employee of the Share 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 the Share Trustee. Further, under the TM Shares Trust Deed, any exercise of powers of the Share Trustee as the shareholder of the Trustee-Manager post-Listing shall, subject to the applicable terms of the TM Shares Trust Deed, be exercised or fulfilled in accordance with a resolution of the Unitholders. Further, the Board noted that while Mr. Ang 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 and Singtel in the ordinary course of business, Mr. Ang 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 will not be involved in any decision-making process which will involve the engagement of the DBS Group. Mr. Ang 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 as a whole or the best interests of the Trustee-Manager. Mr. Ang's participation in the Board will benefit the Trust given his expertise. Mr. Ang 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 Singtel.

- But for the reason outlined in the first bullet point, Ms. Koh Kah Sek is independent of business relationships with the Trustee-Manager and/or its related corporations. Ms. Koh's participation in the Board will benefit the Trust given her expertise.
- But for the reason outlined in the first bullet point, Mr. Irving Tan is independent of business relationships with the Trustee-Manager. Mr. Tan's participation in the Board will benefit the Trust given his expertise.
- Mr. Yeo Wico is not independent of business relationships with the Trustee-Manager and/or its related corporations for the reason outlined in the first bullet point. In addition, he is a partner of Allen & Gledhill LLP that provides corporate secretarial and/or legal services to the Trustee-Manager, its related corporations and Singtel. Mr. Yeo is also a director of SP Services which provides essential utilities services to the Trustee-Manager and its related corporations. The Board noted that while Allen & Gledhill LLP has provided corporate secretarial and/or legal services from time to time to the Trustee-Manager, its related corporations and Singtel, Mr. Yeo has a less than 10% stake in Allen & Gledhill LLP and the measures described in this paragraph will ensure that Mr. Yeo will not be involved in any decision-making process which will involve the appointment of Allen & Gledhill LLP. Mr. Yeo will abstain from the Board's decisions in relation to the choice of legal counsel for the Trust, where Allen & Gledhill LLP is involved, for various matters. Regardless of whether Mr. Yeo is a Director, the Trustee-Manager 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 as a whole or the best interests of the Trustee-Manager. 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's independent judgment and ability to act with regard to the interests of all the Unitholders as a whole. In addition, Mr. Yeo, as a director of SP Services, is not involved in the day to day management of the operations of SP Services and will abstain from voting at SP Services on any matters in relation to the provision of services to the Trustee-Manager and its related corporations. Mr. Yeo's participation in the Board will benefit the Trust given his expertise. Mr. Yeo 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 Singtel.

Mr. Chaly Mah, Mr. Eric Ang, Ms. Koh Kah Sek, Mr. Irving Tan and Mr. Yeo Wico will exercise independent judgment in their roles as Independent Directors and as members of the relevant board committees. Where they are interested in any matter, they shall be required to declare such interest and fulfil the requirements under the BTA in regard to such matters.

***List of Present and Past Principal Directorships of Directors***

A list of the present and past principal directorships of each Director over the last five years preceding the Latest Practicable Date is set out in "*Appendix G—List of Present and Past Principal Directorships of Directors and Executive Officers*".

***Key Roles of the Board of Directors***

The Board is responsible for the overall direction and management of the Trustee-Manager and the formulation of the policies and procedures to be applied by it in the performance of its duties as trustee-manager of the Trust.

The Board will meet to review the key activities and business strategies of the Trustee-Manager. The Board intends to meet regularly, at least once every three months, to deliberate on the strategic policies of the Trust, approve the budgets and review the performance of the Trust. The Board will also review the Trust's key financial risk areas. The outcome of these reviews will be disclosed in the Trust's annual report or, where the findings are material, immediately announced via SGXNET.

Each Director has been appointed on the basis of his professional experience and his potential to contribute to the proper guidance of the Trust.

The Trustee-Manager will operate in accordance with the BTA.

Changes to accounting regulations and standards will be monitored closely by the members of the Audit Committee (see "*Corporate Governance—Corporate Governance of the Trustee-Manager—Audit Committee*"). To keep pace with regulatory changes, where these changes have an important bearing on the Trustee-Manager's or the Directors' disclosure obligations, the Directors will be briefed either during Board meetings or at specially convened sessions involving the relevant professionals.

Management will also provide the Board with complete and adequate information in a timely manner through regular updates on financial results, market trends and business developments.

Seven of the eight Directors, which constitute the majority of the Board, are non-executive Directors and are independent of management. This enables management to benefit from the external, diverse and objective perspectives of these Directors, on issues that are brought before the Board. It also enables the Board to interact and work with management through a robust exchange of ideas and views to help shape the strategic process. This, together with a clear separation of the roles of the Chairman of the Board and the Chief Executive Officer, provides a healthy professional relationship between the Board and management, with clarity of roles and robust oversight as they deliberate on the business activities of the Trustee-Manager.

The positions of Chairman of the Board and Chief Executive Officer are separately held by two persons in order to maintain effective checks and balances. The Chairman of the Board is Mr. Chaly Mah while the Chief Executive Officer is Mr. Tong Yew Heng. The Chairman of the Board shall not have responsibilities for, or within, any telecommunication or broadcasting licensee, further details of which can be found in "*Regulatory Environment—Key Licences held by NLT Trustee/Trustee-Manager—FBO licence—Key amendments to FBO licence following the Listing*". Any appointment of a director to the Board or change in the appointment of the Chairman of the Board or the Chief Executive Officer is subject to IMDA's prior written approval, further details of which can be found in "*Regulatory Environment—Key Licences held by NLT Trustee/Trustee-Manager—FBO licence—General terms and conditions*".

There is a clear separation of the roles and responsibilities between the Chairman of the Board and the Chief Executive Officer. The Chairman of the Board is responsible for the overall management of the Board as well as ensuring that the members of the Board and management work together with integrity and competency, and that the Board engages management in constructive debate on strategy, business operations, enterprise risk and other plans while the Chief Executive Officer has full executive responsibilities over the business directions and operational decisions in the day-to-day management of the Trustee-Manager.

The Board has separate and independent access to senior management and the Company Secretary at all times. The Company Secretary attends to corporate secretarial administration matters and attends regular Board meetings. The Board also has access to independent professional advice where appropriate. As at the date of this document, the Company Secretary is Mr. Lai Kuan Loong Victor, a Public Accountant and a practising member of The Institute of Singapore Chartered Accountants.

### Executive Officers

The Trustee-Manager is led by an executive management team which comprises the Chief Executive Officer, the Chief Operating Officer and the Chief Financial Officer. The following table provides certain information regarding the Executive Officers.

| Name | Age | Address | Position |
|---|---|---|---|
| Tong Yew Heng . . . . . . . . . . . . . | 54 | 750E Chai Chee Road<br>#07-03<br>Viva Business Park<br>Singapore 469005 | Executive Director and Chief Executive Officer |
| Wong Hein Jee . . . . . . . . . . . . . . | 52 | 750E Chai Chee Road<br>#07-03<br>Viva Business Park<br>Singapore 469005 | Chief Financial Officer |
| Chye Hoon Pin . . . . . . . . . . . . . . | 63 | 750E Chai Chee Road<br>#07-03<br>Viva Business Park<br>Singapore 469005 | Chief Operating Officer |

#### *Experience and Expertise of the Executive Officers*

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

Please see "*—Board of Directors—Experience and Expertise of the Board of Directors*" above for further details of the working experience of Mr. Tong Yew Heng.

**Mr. Wong Hein Jee** is the Chief Financial Officer of the Trust Group. He has been the CFO of NetLink Trust Management Services Company Pte. Ltd. and NLT since April 2015. Mr. Wong has more than 20 years of experience in corporate finance and accounting. Prior to joining NLT, Mr. Wong was the CFO at United Engineers Limited from 2011 to 2015. He also served as Group CFO and Corporate Company Secretary at Tat Hong Holdings Ltd from 2009 to 2011, and Group CFO at WBL Corporation Limited from 2006 to 2009. Mr. Wong is a member of the Institute of Singapore Chartered Accountants. He graduated with a Bachelor of Science degree from Indiana University (Bloomington) and obtained his Master of Business Administration from the University of Chicago.

**Mr. Chye Hoon Pin** is the Chief Operating Officer of the Trust Group. He has been the COO of OpenNet and NLT since January 2014. As Chief Operating Officer, Mr. Chye is responsible for driving organisational strategies and optimising resources to deliver maximum value to customers and stakeholders. Mr. Chye brings with him almost 40 years of regional experience in network operations and management, information technology and phone services. Prior to joining OpenNet, Mr. Chye was the Vice President of Singtel's IPTV Infrastructure department. During his time at Singtel, he held leadership positions across engineering, fixed voice, mobile, IP networks, broadband, satellite, submarine cables operations, IPTV and broadcast function, amongst others. He also has extensive regional experience and was the CEO of the cellular company Pacific Bangladesh Telecom Limited from 2005 to 2007. Mr. Chye holds a Bachelor of Engineering (Electrical) degree and a Master of Science (Electrical Engineering) degree from the National University of Singapore.

#### *Family Relationship*

None of the Executive Officers is related to one another or to any of the Directors or to any substantial shareholder of the Trustee-Manager or any persons expected to become a Substantial Unitholder as at the Listing Date.

#### *List of Present and Past Principal Directorships of Executive Officers*

A list of the present and past principal directorships of each Executive Officer over the last five years preceding the Latest Practicable Date is set out in "*Appendix G—List of Present and Past Principal Directorships of Directors and Executive Officers*".

### ***Key Roles of the Executive Officers***

*Chief Executive Officer*

In his role as Chief Executive Officer, Mr. Tong will be committed to the activities of the Trustee-Manager, and will be subject to the requirements of the BTA. In particular, the BTA requires the Trustee-Manager's officers to not make improper use of any information acquired by virtue of his position as an officer of the Trustee-Manager to gain, directly or indirectly, an advantage for himself or for any other person to the detriment of the unitholders of a Registered Business Trust.

The Chief Executive Officer will work with the Board to determine the strategy for the Trust. He is responsible for implementing the strategic direction for the Trust and will work with the CFO to manage and guide the members of the asset level management team in the day-to-day operations of the Trust in order to meet the stated strategic and operational objectives of the Trust. He is also responsible for consulting with and reviewing recommendations and reports from the asset level management team, before presenting his recommendations to the Board.

*Chief Financial Officer*

Mr. Wong is the Chief Financial Officer and will work with the Chief Executive Officer to identify, evaluate and execute strategic plans for the Trust in accordance with the Trustee-Manager's stated investment mandate. In particular, he will provide financial perspective on growth opportunities, integrate this perspective to improve risk-awareness, and translate the expectations of the capital markets into internal business imperatives. The Chief Financial Officer will be responsible for applying the appropriate capital management strategy and overseeing the implementation of the Trust's short-term and medium-term business plans and financial condition.

The Chief Financial Officer is the most senior corporate officer in charge of finance functions of the Trustee-Manager. A qualified and experienced team of finance and accounting professionals and support staff reports to him. In considering the suitability of Mr. Wong for his role with regard to his finance portfolio, the Audit Committee considered a number of factors, including his qualifications and experience and in particular his recent position as CFO of NLT, where his responsibility included overseeing financial and management reporting, financial planning and analysis, undertaking capital management initiatives, enterprise risk management and procurement and warehousing activities. The Audit Committee has opined that, after making all reasonable enquiries, and to the best of their knowledge and belief, nothing has come to the attention of the Audit Committee members to cause them to believe that Mr. Wong does not have the competence, character and integrity expected of a CFO of a listed issuer.

Mr. Wong has confirmed that he is adequately familiar with the business operations, accounting systems and policies of the Trust Group despite only assuming the role of CFO on 21 February 2017.

*Chief Operating Officer*

In his role as Chief Operating Officer, Mr. Chye will be responsible for driving organisational strategies and plans and optimising resources to deliver maximum value to the Trust Group's customers and stakeholders. In particular, Mr. Chye's duties and responsibilities include directing and managing the Operations departments of the Trust Group, designing, developing and implementing business strategies, plans, processes and procedures to achieve business goals, working with the Chief Executive Officer and fellow colleagues to provide the Trust Group with the vision and leadership to achieve the Trust Group's goals, developing strategies for operations, setting key performance indicators for the Operations departments of the Trust Group to achieve the Trust Group's goals, working closely with external organisations and relevant authorities to achieve a conducive and progressive business environment, meeting QoS Standards targets as set by IMDA and providing regular updates to the Board and managing the operations and achieving all set targets within the approved budget.

### Remuneration of the Directors and Executive Officers

The compensation paid or estimated to be paid by the Trustee-Manager or subsidiaries of the Trust for services rendered by the Directors and Executive Officers to the Trustee-Manager, the Trust and the related corporations and entities of the Trust, on an individual basis in remuneration bands for each of the financial years ended 31 March 2016 and 31 March 2017 and the financial year ending 31 March 2018 is as follows:

| | Remuneration for FY2016(1), (3) | Remuneration for FY2017(1), (3) | Estimated Remuneration for FY2018(2), (3) |
|---|---|---|---|
| **Directors** | | | |
| Mr. Chaly Mah Chee Kheong | Nil | Nil | A |
| Mr. Eric Ang Teik Lim | Nil | Nil | A |
| Ms. Koh Kah Sek | Nil | Nil | A |
| Mr. Irving Tan Tiang Yew | Nil | Nil | A |
| Mr. Yeo Wico | Nil | Nil | A |
| Mr. Arthur Lang Tao Yih | Nil | Nil | A |
| Mr. Slattery Sean Patrick | Nil | Nil | A |
| Mr. Tong Yew Heng | A | C | B |
| **Executive Officers** | | | |
| Mr. Wong Hein Jee | C | C | B |
| Mr. Chye Hoon Pin | C | C | B |

*Notes:*

(1) Compensation includes any benefits in kind and any deferred compensation (including variable cash bonuses, if any) accrued for the relevant financial year and payable at a later date, but does not include any Pre-Amendment Awards granted in FY2016 or any Post-Amendment Awards granted in FY2017, as none of these Pre-Amendment Awards or Post-Amendment Awards have vested. See "*—Long Term Incentive Plan*" for details regarding the Long Term Incentive Plan and the awards which have been granted thereunder.

(2) The estimated amount of compensation payable in the financial year ending 31 March 2018 excludes any bonus or profit-sharing plan or any other profit-linked agreement or arrangement.

(3) "A" refers to remuneration below the equivalent of S$250,000. "B" refers to remuneration between the equivalent of S$250,000 and S$500,000. "C" refers to remuneration between the equivalent of S$500,000 and S$750,000.

From and after Listing, all the TM Shares will be held by the Share Trustee on trust for the benefit of the Unitholders from time to time. As such, in addition to the Management Fee payable to the Trustee-Manager, being a fixed fee of S$900,000 which is based on the initial estimate of the expenses of the Trustee-Manager and the TM Shares Trust, the Trust Deed further provides that all fees of and expenses incurred by the Trustee-Manager in maintaining, managing and administering its corporate existence, including but not limited to any fees and expenses payable to the Board and any fees and expenses incurred as a result of compliance by the Trustee-Manager with any law, regulation, rule or directive applicable to it, may be paid out of the Trust Property.

The Trust Group has not set aside or accrued any amounts to provide for pension, retirement or similar benefits.

Save as described in "*—Service Agreements*" and "*—Long Term Incentive Plan*", no compensation is payable to any Director or Executive Officer in the form of options in Units or pursuant to any bonus or profit-sharing plan or any other profit-linked agreement or arrangement under the service contracts.

### Employees

Please see "*Business—Employees*" for further details on the employees of the Trust Group.

### Service Agreements

The Chief Executive Officer, the Chief Financial Officer and the Chief Operating Officer are employed under employment agreements with NetLink Trust Management Services Company Pte. Ltd., a subsidiary of the Trust.

The employment agreements of the Chief Executive Officer and the Chief Financial Officer do not have fixed terms. As the Chief Operating Officer is above the statutory retirement age of 62 years old, he is currently employed under an employment agreement which is for a period of one year from 3 December 2016, and which is expected to be renewed upon expiry for further periods of one year at a time up till a maximum age of 67, on substantially the same terms.

The employment agreements of the Chief Executive Officer, the Chief Financial Officer and the Chief Operating Officer each provides for compensation in the form of a fixed monthly salary, and a variable bonus where payout is at the discretion of the company and based on a variety of factors including the overall performance of NLT and individual performance and contribution. In addition, the Chief Executive Officer, the Chief Financial Officer and the Chief Operating Officer are eligible for awards under the Long Term Incentive Plan at the employer's discretion and based upon achievement of certain prescribed performance measures (see "*—Long Term Incentive Plan*" for more details).

Each of the Chief Executive Officer, the Chief Financial Officer and the Chief Operating Officer are also entitled to other benefits, including insurance coverage, health and medical benefits and transport allowances.

Under the employment agreement for the Chief Executive Officer, either party may terminate the employment by giving not less than three months' prior notice without assigning any reason for termination, provided that the employer is entitled to terminate employment by paying a sum in lieu of notice or sufficient notice, whereas the period of notice required to be given by the employee may not be shortened or dispensed with without the written consent of the employer. The employment agreements for the Chief Financial Officer and the Chief Operating Officer provide that either party may terminate the employment by giving not less than three months' prior notice without assigning any reason for termination, or by paying the equivalent of three months' salary in lieu of notice or if notice given is short of the three months' period, the pro-rated amount by which the notice given falls short. In each case, employment may also be terminated forthwith on the grounds of misdemeanour, misconduct, negligence or breach of any terms of the employment agreement.

None of the Directors has entered, or proposes to enter, into service agreements with the Trustee-Manager or any subsidiary or subsidiary entity of the Trust which provides for benefits upon termination of employment.

**Long Term Incentive Plan**

The NetLink Trust Long-term Incentive Plan (the "**Long Term Incentive Plan**" or the "**Plan**") is an incentive cash plan established on 25 June 2015, originally with the objective of rewarding, motivating and retaining key senior executives whose contributions are essential to achieve the Listing within the defined timeframe and with a strong financial position. The terms of the Plan were amended with effect from 19 April 2017 (the "**Effective Amendment Date**") in anticipation of the Listing.

The persons eligible to participate in the Plan comprise the Chief Executive Officer, the Chief Financial Officer, the Chief Operating Officer as well as key management personnel who are the heads of their respective departments.

**Awards under the Plan prior to the Effective Amendment Date**

Contingent awards with an aggregate value of S$526,000 have been granted to the Chief Executive Officer, the Chief Financial Officer and the Chief Operating Officer prior to the Effective Amendment Date (the "**Pre-Amendment Awards**").

The final Pre-Amendment Awards will be determined and fully vest at the end of a three-year performance period beginning on 1 June 2015 and ending on 30 June 2018, based on performance against the specified measures of EBITDA growth, revenue growth and performance against a listing readiness scorecard.

A minimum threshold performance is specified in respect of each performance measure, 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.

When vested, the final Pre-Amendment Awards are to be paid out in equal instalments over three years, with the first payment to be made in July 2018.

Following the vesting of the Pre-Amendment Awards, the awardees are required, within two years (subject to the awardee still being in the employment of the Trust Group), to accumulate a minimum unitholding in the Trust equal in value to (i) 6 months of his prevailing annual base salary at the time of vesting of the Pre-Amendment Awards, or (ii) up to the total amount vested and paid out in respect of such Pre-Amendment Awards to him, whichever is lower.

**Awards under the Plan following the Effective Amendment Date**

The terms of the Plan were amended with effect from the Effective Amendment Date, to reflect the post-Listing objectives of rewarding key executives for achieving long-term business performance targets and fostering a culture which aligns the interests of key executives with that of Unitholders.

In particular, the performance measures were modified to reference the level of Free Cash Flow, ROA and Absolute TUR.

Awards granted under the Plan following the Effective Amendment Date are referred to as "**Post-Amendment Awards**".

Post-Amendment Awards are granted on a contingent basis, and the final Post-Amendment 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.

When vested, the final Post-Amendment Awards are to be paid out in cash in full upon vesting. In this regard, the final Post-Amendment Awards which are vested will be notionally converted into a number of Units based on the market price of the Units at the time of grant (except in the case of any Post-Amendment Awards granted prior to Listing, which will be notionally converted into a number of Units based on the Offering Price), and such notional number of Units will then be converted into and paid out in cash based on the average market 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 Post-Amendment Awards are granted to the Chief Executive Officer, the Chief Financial Officer and/or the Chief Operating Officer, such awardee is required, within one year following the vesting of the relevant Post-Amendment Awards (subject to the awardee still being in the employment of the Trust Group), to accumulate a minimum unitholding in the Trust which, when aggregated with any Units accumulated pursuant to the terms of the Pre-Amendment Awards, will equal to such person's prevailing annual base salary at the time of vesting of the Post-Amendment Awards. This obligation to accumulate a minimum unitholding does not apply to other participants in the Plan.

The Board may, in exercising its discretion to grant contingent awards under the Plan in future, take into consideration (amongst other factors) any past failures by awardees of Pre-Amendment Awards and/or Post-Amendment Awards to comply with the obligation to accumulate the requisite minimum unitholding within the relevant prescribed time period.

As of the date of this document, contingent Post-Amendment Awards with an aggregate value of S$589,992 have been granted to the Chief Executive Officer, the Chief Operating Officer and the Chief Financial Officer.

**Constituent Documents of the Trustee-Manager**

Certain key provisions of the Constitution of the Trustee-Manager (the "**TM Constitution**") and the Trust Deed are set out below.

***Each Director shall not vote on a proposal, arrangement or contract in which he is materially interested directly or indirectly***

Each Director shall observe the provisions of section 156 of the Companies Act relating to the disclosure of the interests of the Directors in transactions or proposed transactions with the Trustee-Manager or of any office held or property possessed by a Director which might create duties or interests in conflict with his duties or interests as a Director. Pursuant to the TM Constitution, each Director shall not vote in respect of any proposal, arrangement or contract in which he has any personal material interest, directly or indirectly and shall not be counted in the quorum at a meeting in relation to any resolution on which the Director is debarred from voting. In addition, pursuant to IMDA's requirements, the Trust Deed provides that any Director who is a nominee of a Telecommunication Licensee or Broadcasting Licensee to the Board shall abstain from voting on matters relating to any transaction that is specific and direct between the Trustee-Manager or the NLT Trustee and such Telecommunication Licensee or Broadcasting Licensee.

***The borrowing powers exercisable by the Trustee-Manager (acting in its capacity as trustee-manager of the Trust) and how such borrowing powers may be varied***

Pursuant to the TM Constitution, the Trustee-Manager has full capacity to carry on or undertake any business or activity, do any act or enter into any transaction and for these purposes, full rights, powers and privileges, subject to the provisions of the Companies Act, the BTA and any other written law, in this case, the business of acting as trustee-manager of the Trust.

Section 28(4) of the BTA prohibits the Trustee-Manager from borrowing money on behalf of the Trust unless the power of borrowing is conferred upon it by the Trust Deed. The Trust Deed empowers the Trustee-Manager to, whenever it considers it necessary or desirable for the purpose of enabling the Trustee-Manager to meet any liabilities under or in connection with the trusts of the Trust Deed or with any investment of the Trust or whenever it considers it desirable in the interests of Unitholders to do so or for the purpose of borrowing or raising moneys to finance the conduct, carrying on or furtherance of any Authorised Businesses undertaken by the Trust or for the purpose of financing or facilitating any distributions to Unitholders or for any other purpose deemed desirable by the Trustee-Manager in connection with any Authorised Businesses undertaken by the Trust or any investment of the Trust, or for the purpose of financing or facilitating any distributions to Unitholders, borrow or raise monies upon such terms and conditions as it thinks fit. This includes, without limitation, in particular, by charging, mortgaging or creating security over all or any of the investments of the Trust, assets or rights of the Trust or by issuing debentures and other securities, whether outright or as collateral security for any debt, liability or obligation of the Trustee-Manager, as trustee-manager of the Trust, or entering into swap derivative transactions for the management of foreign exchange and/or interest rate risks and as otherwise permitted under the Trust Deed, secure the repayment of such monies and interest costs and other charges and expenses in such manner and upon such terms and conditions as the Trustee-Manager may think fit and, in particular, by charging or mortgaging all or any of the Investments or provide such priority, subordination or sharing of any liabilities owing to the Trust in such manner and upon such terms and conditions as the Trustee-Manager may think fit. This is provided that (a) the Trustee-Manager shall not be required to execute any instrument, lien, charge, pledge, hypothecation, mortgage or agreement in respect of the borrowing or raising of moneys which (in its opinion) would render its liability to extend beyond it being limited to the Trust Property and (b) the Trustee-Manager shall not be under any obligation to take any action or enter into any transaction if such action or transaction would cause the Trustee-Manager to be in breach of its duties or obligations under the Trust Deed or under any law or regulation.

Any variation of the borrowing powers as contained in the Trust Deed would require the approval of the Unitholders by way of an Extraordinary Resolution held at a Unitholders' general meeting convened in accordance with the Trust Deed and such other regulatory approvals as may be required to vary the terms of the Trust Deed. The Trust Deed does not limit the amount of borrowings that may be raised by the Trustee-Manager.

***The retirement or non-retirement of a Director under an age limit requirement***

The TM Constitution does not specify an age limit beyond which a Director shall retire.

***The number of Units, if any, required for the qualification of a Director***

A Director is not required to hold any Units to qualify as a Director.

***Appointment, Removal and Retirement of Directors***

From and after the Listing, the Share Trustee (as the legal owner of the TM Shares) may, if directed by an ordinary resolution of the Unitholders (as beneficiaries of the TM Shares Trust) in accordance with the TM Shares Trust Deed, by ordinary resolution appoint any person to be a Director either to fill a casual vacancy or as an additional Director. Without prejudice thereto, the Directors shall have power at any time so to do, but any person so appointed by the Directors shall hold office only until the next annual general meeting of the Trustee-Manager, whereupon he shall be eligible for re-election.

Any appointment of a director to the Board is subject to IMDA's prior written approval, further details of which can be found in "*Regulatory Environment—Key Licences held by NLT Trustee/Trustee-Manager —FBO licence—General terms and conditions*".

The appointment of the Directors is allowed to continue until such time as they resign, are required to vacate their office as directors, or are removed by the Share Trustee (as the legal owner of the TM Shares) as directed by an ordinary resolution of the Unitholders (as beneficiaries of the TM Shares Trust), in each case, in accordance with the TM Constitution and the TM Shares Trust Deed.

However, it is currently intended that each Director shall retire from office at least once every three years and for this purpose, at each annual general meeting 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 will be eligible for re-election at that annual general meeting (the Directors so to retire being those longest in office).

See also "*—Description of the TM Shares—Rights of Unitholders under the TM Shares Trust*" and "*—Description of the TM Shares—Meetings of Beneficiaries of the TM Shares Trust*".

### *Annual General Meeting of Trustee-Manager*

Unless otherwise determined by the Trustee-Manager in accordance with section 175A of the Companies Act, an annual general meeting of the Trustee-Manager is required to be convened at a date not later than 18 months after incorporation and subsequently at least once every year and not more than 15 months after the holding of the last preceding annual general meeting. It is intended that the annual general meeting of the Trustee-Manager will be held immediately after the annual general meetings of the Trust and the TM Shares Trust. See also "*—Description of the TM Shares—Meetings of Beneficiaries of the TM Shares Trust*".

## DESCRIPTION OF THE TM SHARES

### General

The TM Shares are ordinary shares in the capital of the Trustee-Manager. As at the date of this document, the total issued and paid up capital of the Trustee-Manager is S$5.00, comprising five TM Shares. The number of TM Shares is fixed, and is not linked to the number of Units. An increase or decrease in the number of issued Units will not result in a corresponding increase or decrease in the number of issued TM Shares.

Under the TM Shares Trust, all the TM Shares will be held by the Share Trustee on trust for the benefit of the Unitholders from time to time in proportion to such Unitholders' respective percentage of Units held or owned in the Trust (from and after Listing, until the expiry of a perpetuity period of 100 years from the date of establishment of the TM Shares Trust, unless earlier terminated in accordance with the provisions of the TM Shares Trust Deed).

The TM Shares Trust is constituted by the TM Shares Trust Deed. The terms and conditions of the TM Shares Trust Deed and all deeds supplemental to it will be binding, to the extent applicable, on each Unitholder (and persons claiming through such Unitholder) as if such Unitholder had been a party thereto and as if the TM Shares Trust Deed and such supplemental deeds contain covenants on the part of each Unitholder to observe and be bound by the provisions of the TM Shares Trust Deed and such supplemental deeds, and an authorisation by each Unitholder to do all such acts and things as the TM Shares Trust Deed and such supplemental deeds may require the Share Trustee to do.

After the Listing, on the earliest of the following events:

(a) the Trust is terminated or wound-up or ceases to be listed on the Main Board of the SGX-ST;

(b) the Trustee-Manager ceases to be the trustee-manager (as defined in the BTA) of the Trust;

(c) the Share Trustee ceases to hold the TM Shares excluding by reason of a change in trustee of the TM Shares Trust; or

(d) the Unitholders terminate the TM Shares Trust established by the TM Shares Trust Deed by way of an extraordinary resolution of the Unitholders,

the TM Shares Trust will terminate and the Share Trustee shall, subject to any extraordinary resolution of the Unitholders to the contrary, distribute the trust property of the TM Shares Trust (or the proceeds of realisation of such trust property of the TM Shares Trust) to the Unitholders at that time in proportion to the number of Units held or owned by each Unitholder in the Trust, save that, if the Share Trustee shall in its discretion decide that it is not possible or commercially feasible to do so, the trust property of the TM Shares Trust (or the proceeds of realisation of such trust property of the TM Shares Trust) shall be distributed in any manner as the Share Trustee in its absolute discretion deems fit, provided that the Share Trustee may not in any event distribute the TM Shares to any beneficiary *in specie* and, where the Share Trustee continues to hold the TM Shares, and the Share Trustee deems it necessary, the Share Trustee shall either (a) take any or all steps to initiate the winding up, liquidation or administration (or any other similar or analogous proceeding under any law) of the Trustee-Manager and the TM Shares Trust, or (b) prior to terminating the TM Shares Trust, dispose of the TM Shares in any manner deemed fit by the Share Trustee and any proceeds from such disposal shall form part of the trust property of the TM Shares Trust to be dealt with in accordance with the TM Shares Trust Deed.

In the event of the removal, resignation or retirement of the Trustee-Manager, the shareholding structure of the replacement trustee-manager may differ from that of the Trustee-Manager, and such shareholding structure may not allow Unitholders to appoint and remove the directors of the replacement trustee-manager.

**Dividends**

The Share Trustee, as the registered holder of the TM Shares, may receive dividends, as and when such dividends are declared by the Trustee-Manager at a general meeting in respect of the TM Shares.

The Trustee-Manager shall be entitled to receive for its own account out of the Trust Property, in relation to any financial year, the Management Fee (see "*—Fees payable to the Trustee-Manager*"). The TM Shares Trust Deed provides that, *inter ali*a, the Share Trustee's fees and all reasonable charges or expenses incurred in connection with the management and administration of the TM Shares Trust (including the charges and expenses of the Share Trustee and charges of any professional advisers appointed by the Share Trustee) shall be paid out of the trust property of the TM Shares Trust (including any dividends paid on the TM Shares) and in the event that such trust property of the TM Shares Trust is insufficient, the outstanding payments or any part thereof shall be paid by the Trustee-Manager. Pursuant to the Trust Deed, all costs, expenses, charges or fees incurred by the Share Trustee may be paid out of Trust Property.

Accordingly, Unitholders will not derive a significant return in respect of their interests in the TM Shares. Unitholders will instead derive a return on their investment in the Units through distributions on the Units. See "*Distribution—Distribution Policy*".

**Liquidation**

In the event that the Trustee-Manager ceases, for whatever reason, to be the trustee-manager (as defined in the BTA) of the Trust, Unitholders are automatically deemed (without a meeting of the Unitholders being required) to have passed the relevant resolution to approve the winding-up or liquidation of the Trustee-Manager, and authorised the Share Trustee to take all necessary actions (including the holding of or attendance at any meeting, passing of any resolutions, executing any documents and filing of any notices or other documents) to wind-up or liquidate the Trustee-Manager.

**Rights of Unitholders under the TM Shares Trust**

A Unitholder is not entitled to the transfer to it of the legal title to the TM Shares. However, under the terms of the TM Shares Trust Deed, after Listing, any exercise of the powers of the Share Trustee (as the legal owner of the TM Shares) shall, subject to the applicable terms of the TM Shares Trust Deed, be directed by a resolution of the Unitholders (as the beneficiaries of the TM Shares Trust) and in particular, all rights of voting conferred by the TM Shares shall, subject to the applicable terms of the TM Shares Trust Deed, be exercised by the Share Trustee in accordance with the relevant resolutions passed by the Unitholders (as beneficiaries of the TM Shares Trust). The TM Shares Trust Deed further provides that where any matter on which the Share Trustee is required to exercise the voting rights conferred by the TM Shares requires an ordinary resolution under the Companies Act, the BTA or TM Constitution, such exercise shall, subject to the applicable terms of the TM Shares Trust Deed, be directed by an ordinary resolution of the Unitholders (as beneficiaries of the TM Shares Trust). In particular, any appointment or removal of a Director after Listing must be in accordance with an ordinary resolution of the Unitholders (as beneficiaries of the TM Shares Trust). Similarly, where any matter on which the Share Trustee is required to exercise the voting rights conferred by the TM Shares requires a special resolution under the Companies Act, the BTA or the TM Constitution, such exercise shall be directed by an extraordinary resolution of the Unitholders (as beneficiaries of the TM Shares Trust).

Accordingly, after Listing, all rights of voting conferred by the TM Shares shall be exercised, subject to the applicable terms of the TM Shares Trust Deed, by the Share Trustee (as the legal owner of the TM Shares) in accordance with relevant resolutions of the Unitholders (as beneficiaries of the TM Shares Trust), including the voting rights in respect of the appointment and removal of Directors.

**Meetings of Beneficiaries of the TM Shares Trust**

The TM Shares Trust Deed provides that meetings and proceedings of the beneficiaries of the TM Shares Trust from and after Listing, being the Unitholders, shall, for the purposes of the TM Shares Trust Deed, be requisitioned, called and held in accordance with the procedures for meetings and proceedings of the Unitholders under the Trust Deed[55], and such meetings and proceedings shall be deemed to be meetings and proceedings of the beneficiaries of the TM Shares Trust from and after Listing, being the Unitholders, for the purposes of the TM Shares Trust Deed. The Trustee-Manager agrees and undertakes to requisition for, call and hold meetings and proceedings of the beneficiaries of the TM Shares Trust for the purposes of the TM Shares Trust Deed in accordance with the Trust Deed.

It is intended that the annual general meeting of the TM Shares Trust will be held immediately after the annual general meeting of the Trust, and will then be immediately followed by the annual general meeting for the Trustee-Manager, and that any matter on which the Share Trustee is required to exercise the voting rights conferred by the TM Shares at the annual general meeting of the Trustee-Manager (including the appointment or re-election of Directors) shall be put before the Unitholders (as beneficiaries of the TM Shares Trust) at the immediately preceding annual general meeting of the TM Shares Trust.

Any statement made by the Trustee-Manager in any notice calling a meeting or the minutes of such meeting shall be conclusive as to whether the meeting was called for the benefit of the Unitholders (as beneficiaries of the TM Shares Trust after Listing) or the Unitholders (as unitholders of the Trust) for the purposes of the TM Shares Trust Deed or the Trust Deed, respectively.

**Disclosure by holders of voting shares in Trustee-Manager**

Under the TM Shares Trust, each Unitholder will have an undivided interest in the TM Shares in proportion to such Unitholder's percentage of Units held or owned in the Trust. From and after Listing, changes to a Unitholder's interests in the TM Shares are linked proportionately to changes in a Unitholder's unitholding in the Trust.

Under the SFA, where the percentage of interest of a person in the TM Shares reaches, crosses or falls below 15%, 30%, 50% or 75%, he is required to give notice using the forms prescribed by the Authority (which are available at www.mas.gov.sg) to the Trustee-Manager within two Business Days after he becomes aware of this.

Failure to comply with such notification requirement is an offence under the SFA and will render such person liable (in the case of an individual or corporation) to a fine or (in the case of an individual) to imprisonment for a term not exceeding two years, or (in the case of an individual) to both, on conviction.

## ROLES AND RESPONSIBILITIES OF THE TRUSTEE-MANAGER

The Trustee-Manager has the dual responsibility of safeguarding the interests of Unitholders, and managing the business conducted by the Trust. The Trustee-Manager has powers of management over the business and assets of the Trust and its main responsibility is to manage the Trust's assets and liabilities for the benefit of the Unitholders as a whole.

The successful management of the Trust and its investments requires a unique and specialised set of capabilities, which the Trustee-Manager shall be able to provide the Trust. In addition, the Trustee-Manager will provide active asset management, manage various stakeholder relationships and also undertake capital and risk management strategies for the benefit of the Trust.

The Trustee-Manager is also obliged to exercise the degree of care and diligence required of a trustee-manager of a Registered Business Trust ("**Due Care**") to comply with the applicable provisions of all relevant legislation and regulations, as well as the Listing Manual, and is responsible for ensuring compliance with the Trust Deed and all relevant contracts entered into by the Trustee-Manager on behalf of the Trust.

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

[55] Pursuant to the Trust Deed, requisition of general meetings and calling of general meetings shall be in accordance with the BTA and any other relevant laws, regulations and guidelines.

The Trustee-Manager, in exercising its powers and carrying out its duties as the trustee-manager of the Trust, is required to:

- treat Unitholders who hold Units in the same class fairly and equally;
- ensure that all payments out of the Trust Property are made in accordance with the BTA and the Trust Deed;
- report to the Authority any contravention of the BTA or the BTR by any other person that:
  - relates to the Trust; and
  - has had, has or is likely to have, a material adverse effect on the interests of all Unitholders, or any class of Unitholders, as a whole,

  as soon as practicable after the Trustee-Manager becomes aware of the contravention;
- ensure that the Trust Property is properly accounted for; and
- ensure that the Trust Property is kept distinct from the property held in its own capacity.

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

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

- at all times act honestly and exercise reasonable diligence in the discharge of its duties as the trustee-manager of the Trust in accordance with the BTA and the Trust Deed;
- act in the best interests of all Unitholders as a whole and give priority to the interests of all Unitholders as a whole over its own interests in the event of a conflict between the interests of all the Unitholders as a whole and its own interests;
- not make improper use of any information acquired by virtue of its position as the trustee-manager of the Trust to gain, directly or indirectly, an advantage for itself or for any other person to the detriment of the Unitholders; and
- hold the Trust Property on trust for all Unitholders as a whole in accordance with the terms of the Trust Deed.

Should the Trustee-Manager contravene any of the provisions setting out the aforesaid duties, it:

- is liable to all Unitholders as a whole for any profit or financial gain directly or indirectly made by it or any of its related corporations or for any damage suffered by all Unitholders as a whole as a result of the contravention; and
- shall be guilty of an offence and shall be liable on conviction to a fine not exceeding S$100,000.

Pursuant to section 42 of the BTA, a complainant may apply to the court for leave to bring an action in the name and on behalf of all Unitholders as a whole or intervene in an action to which the Trustee-Manager is a party for the purpose of prosecuting, defending or discontinuing the action on behalf of the Trustee-Manager, provided that (i) the complainant has given 14 days' notice to the directors of the Trustee-Manager of his intention to do so if the directors of the Trustee-Manager do not bring, diligently prosecute or defend or discontinue, the action, (ii) the complainant is acting in good faith, and (iii) it appears to be prima facie in the interests of all the Unitholders as a whole that the action be brought, prosecuted, defended or discontinued.

While the Trustee-Manager is required to be dedicated to the conduct of the business of the Trust, it is not prohibited from delegating its duties and obligations to third parties. Save for an instance of fraud, wilful default or breach of trust by the Trustee-Manager or where the Trustee-Manager fails to exercise Due Care, it shall not incur any liability to the Unitholders by reason of any error of law or any matter or thing done or suffered to be done or omitted to be done by it in good faith under the Trust Deed. In addition, the Trustee-Manager shall be entitled, for the purpose of indemnity against any actions, costs, claims, damages, expenses, penalties or demands to which it may be put as the trustee-manager of the Trust, to have recourse to the Trust Property or any part thereof save where such action, cost, claim, damage, expense, penalty or demand is occasioned by the fraud, wilful default or breach of trust by the Trustee-Manager or by the failure of the Trustee-Manager to exercise Due Care. The Trustee-Manager may, in managing the Trust and in carrying out and performing its duties and obligations under the Trust Deed, appoint such person to exercise any or all of its powers and discretions and to perform all or any of its obligations under the Trust Deed, provided that the Trustee-Manager shall be liable for all acts and omissions of such persons as if such acts or omissions were its own acts or omissions, except that where the Trustee-Manager appoints and engages any legal practitioners, accountants, bankers, auditors, valuers, surveyors, contractors, investment managers, investment advisers, qualified advisers, service providers and such other persons as may be necessary, usual or desirable for the purpose of exercising its powers and performing its obligations under the Trust Deed, the Trustee-Manager shall, in the absence of fraud, wilful default, breach of trust or failure of the Trustee-Manager to exercise Due Care, not be liable for the acts of such persons or for relying on any proposal, advice or recommendation made by such persons.

## FEES PAYABLE TO THE TRUSTEE-MANAGER

The fees payable to the Trustee-Manager in respect of its services to the Trust are set out below.

The Trustee-Manager is entitled under the Trust Deed to receive a Management Fee.

The Management Fee in relation to any financial year shall be an amount equal to S$900,000 per annum, and shall be paid to the Trustee-Manager in the form of cash out of the Trust Property.

From and after Listing, all the TM Shares will be held by the Share Trustee on trust for the benefit of the Unitholders from time to time. As such, in addition to the Management Fee payable to the Trustee-Manager, being a fixed fee of S$900,000 which is based on the initial estimate of the expenses of the Trustee-Manager and the TM Shares Trust, the Trust Deed further provides that all fees of, and expenses incurred by the Trustee-Manager in maintaining, managing and administering its corporate existence, including but not limited to any fees and expenses payable to the Board and any fees and expenses incurred as a result of compliance by the Trustee-Manager with any law, regulation, rule or directive applicable to it, may be paid out of the Trust Property.

The Management Fee shall be payable quarterly in arrears for every three months ending on 30 June, 30 September, 31 December and 31 March of each year. For the avoidance of doubt, the first Management Fee shall be in respect of the period from the Listing Date to 31 March 2018 and shall be calculated on a *pro rata* basis for such period.

## RETIREMENT OR REMOVAL OF THE TRUSTEE-MANAGER

### *BTA*

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

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

(a) the Unitholders to be the trustee-manager of the Trust; or

(b) the court under section 21(1) of the BTA to be the temporary trustee-manager of the Trust,

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

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

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

***Trust Deed***

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

(i) IMDA has approved such appointment or removal; and

(ii) such appointment or removal is not contrary to the control and ownership restrictions under the FBO licence jointly held by the Trustee-Manager and the NLT Trustee.

**ANNUAL REPORTS**

An annual report will be issued by the Trustee-Manager to Unitholders within four months from the end of each accounting period of the Trust and at least 14 days before the annual general meeting of the Unitholders (which must be held within four months from the end of the financial year), containing, among other things, the following key items:

(a) details of all material transactions in respect of the Trust entered into for the relevant accounting period;

(b) a general description of each investment owned by the Trust;

(c) an operational and financial review of the Trust;

(d) the amount of CAFD held pending distribution to Unitholders;

(e) the amount of fees paid to the Trustee-Manager;

(f) details of amounts outstanding under any financing arrangements;

(g) the highest and lowest prices at which the Units were traded on the SGX-ST during the relevant accounting period;

(h) the volume of trade in the Units during the relevant accounting period;

(i) the aggregate value of all transactions entered into by the Trustee-Manager, for and on behalf of the Trust, with an "interested person" (as defined in the Listing Manual); and

(j) details of the Trust's exposure to derivatives.

The Board is also required under section 86 of the BTA to make a written statement, in accordance with a Board resolution and signed by not less than two Directors on behalf of the Board, certifying that:

(a) fees or charges paid or payable out of the Trust Property to the Trustee-Manager are in accordance with the Trust Deed;

(b) interested person transactions are not detrimental to the interests of all the Unitholders as a whole based on the circumstances at the time of the transaction; and

(c) the Board is not aware of any violation of duties of the Trustee-Manager which would have a material adverse effect on the business of the Trust or on the interests of all the Unitholders as a whole.

Such statement must be attached to the profit and loss accounts of the Trust.

The Trust's first accounting period will be from 19 June 2017, being the date of its establishment, to 31 March 2018. The first annual report of the Trust will cover the period from the date of its establishment to 31 March 2018.

The Trust will also issue quarterly reports in accordance with the requirements of the Listing Manual. These quarterly reports will contain, among other things, (i) the financial statements of the Trust for the relevant quarter, (ii) the earnings per Unit (calculated in accordance with the requirements of the SGX-ST) and (iii) a review of the performance of the Trust that contains significant factors affecting turnover, costs, and earnings of the Trust for the financial period reported on, and any material factors that affected the cash flow, working capital, assets or liabilities of the Trust during the financial period reported on.

## CORPORATE GOVERNANCE

The regime under the BTA stipulates requirements and obligations in respect of corporate governance. For example, the BTR sets out the requirements for, among other things, board composition of a trustee-manager, audit committee composition of a trustee-manager and independence of directors of a trustee-manager. The following is a summary of the material provisions of the BTA insofar as they relate to the Board.

### COMPOSITION OF THE BOARD

The Board must consist of[56]:

- 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.[57]

### Independence of Directors[58]

***Independence from management and business relationships***

To be considered to be independent from management and business relationships with the Trustee-Manager (whether or not the Trustee-Manager is acting for or on behalf of the Trust), a Director must not have any:

- management relationships with the Trustee-Manager or with any of its subsidiaries; and
- business relationships with the Trustee-Manager or with any of its related corporations, or with any officer of the Trustee-Manager or any of its related corporations,

that could interfere with the exercise of his independent judgment with regard to the interests of all the Unitholders as a whole.

***Independence from management relationships***

A Director is not considered to be independent from management relationships with the Trustee-Manager if:

- he is employed by the Trustee-Manager or by any of its subsidiaries, or has been so employed, at any time during the current financial year or any of the preceding three financial years of the Trustee-Manager;
- any member of his immediate family:
  - is being employed by the Trustee-Manager or by any of its subsidiaries as an executive officer whose compensation is determined by the Board or the subsidiary, as the case may be; or
  - has been so employed at any time during the current financial year or any of the preceding three financial years of the Trustee-Manager; or
- he is accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of the management of the Trustee-Manager or any of its subsidiaries.

56 Section 14(2) of the BTA provides that contravention of the provision on board composition is an offence and renders the Trustee-Manager liable on conviction to a fine not exceeding S$100,000 and in the case of a continuing offence, to a further fine not exceeding S$10,000 for every day or part thereof during which the offence continues after conviction.

57 Where a single substantial shareholder has an interest in 50.0% or more of the voting shares in the Trustee-Manager, this requirement shall not apply to the Trustee-Manager in respect of the independence of its Directors from that substantial shareholder.

58 Regulations 3 and 4 of the BTR.

***Independence from business relationships***

A Director is not considered to be independent from business relationships with the Trustee-Manager or with any of its related corporations, or with any officer of the Trustee-Manager or any of its related corporations, if:

- he is a substantial shareholder, a director or an executive officer of any corporation, or a sole proprietor or partner of any firm, where such corporation, sole proprietorship or firm carries on business for purposes of profit to which the Trustee-Manager or any of its related corporations has made, or from which the Trustee-Manager or any of its related corporations has received, payments (whether or not the Trustee-Manager is acting for or on behalf of the Trust) at any time during the current or immediately preceding financial year of the Trustee-Manager; or
- he is receiving or has received compensation from the Trustee-Manager or any of its related corporations, other than remuneration received for his service as a director or as an employee of the Trustee-Manager or any of its related corporations, at any time during the current or immediately preceding financial year of the Trustee-Manager.

***Independence from substantial shareholder***

A Director is considered to be independent from a substantial shareholder of the Trustee-Manager if he is not a substantial shareholder of the Trustee-Manager or is not connected to that substantial shareholder of the Trustee-Manager.

The Director is connected to the substantial shareholder if:

- in the case where the substantial shareholder is an individual, the Director is:
  - a member of the immediate family of the substantial shareholder;
  - a partner of a firm of which the substantial shareholder is also a partner; or
  - accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of the substantial shareholder; or
- in the case where the substantial shareholder is a corporation, the Director is:
  - employed by the substantial shareholder;
  - employed by a subsidiary or an associated company of the substantial shareholder;
  - a director of the substantial shareholder;
  - an executive director of a subsidiary or an associated company of the substantial shareholder;
  - a non-executive director of a subsidiary or an associated company of the substantial shareholder, where the subsidiary or associated company is not the Trustee-Manager;
  - a partner of a firm of which the substantial shareholder is also a partner; or
  - accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of the substantial shareholder.

## CORPORATE GOVERNANCE OF THE TRUSTEE-MANAGER

The following outlines the main corporate governance practices of the Trustee-Manager.

### Board of Directors

The Board is responsible for the overall corporate governance of the Trustee-Manager including establishing goals for management and monitoring the achievement of these goals. The Trustee-Manager is also responsible for the strategic business direction and risk management of the Trust. All Board members participate in matters relating to corporate governance, business operations and risks, financial performance and the nomination and review of Directors.

The Board consists of eight members, five of whom are Independent Directors for the purposes of the BTA.

In addition to compliance with requirements under the BTA, the composition of the Board is determined using the following principles:

- the Chairman of the Board should be a non-executive Director; and
- the Board should consist of Directors with a broad range of commercial experience including expertise in the fibre broadband industry and the wider telecommunications industry.

The composition will be reviewed regularly to ensure that the Board has the appropriate mix of expertise and experience.

The Board will meet quarterly or more often if necessary and will review the financial performance of the Trustee-Manager and the Trust against a previously approved budget. The Board will also review the business risks of the Trust, examine liability management and will act upon any comments from the auditor of the Trust.

**Audit Committee**

The Audit Committee is required to be composed of three or more 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 Audit Committee, are independent of management and business relationships with the Trustee-Manager and independent from every substantial shareholder of the Trustee-Manager.[59]

The members of the Audit Committee are Ms. Koh Kah Sek, Mr. Eric Ang and Mr. Yeo Wico. Ms. Koh Kah Sek has been appointed as the Chairman of the Audit Committee.

The role of the Audit Committee is to develop, maintain and monitor an effective system of internal controls. The Audit Committee 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 Audit Committee'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;

59 Section 15(4) of the BTA provides that contravention of the aforesaid requirements is an offence and renders the Trustee-Manager liable on conviction to a fine not exceeding S$100,000 and in the case of a continuing offence, to a further fine not exceeding S$10,000 for every day or part thereof during which the offence continues after conviction.

(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 Audit Committee. 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 Audit Committee will consider whether a conflict of interest does in fact exist. A Director who is a member of the Audit Committee will not participate in any proceedings of the Audit Committee 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 Audit Committee may deem reasonably necessary. Where a conflict of interest does exist, the Audit Committee 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 Audit Committee 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 Audit Committee becomes aware or that it suspects;

(h) reporting to the MAS if the Audit Committee 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 Audit Committee'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 and approving all hedging policies to be implemented by the Trust Group and monitoring the implementation of such policies, including reviewing the instruments, processes and practices in accordance with such policies approved by the Board; and

(q) meeting with the external and internal auditors, without the presence of the Executive Officers, at least on an annual basis.

See also "—*Risk Management and Internal Controls*"

The Board is of the opinion, having made all reasonable enquiries and to the best of its knowledge and belief, and the Audit Committee and the Risk and Regulatory Committee concur, having evaluated the sufficiency of the Trust Group's internal controls systems, that the internal controls are adequate to address the financial, operational and compliance risks and information technology controls of the Trust Group.

**Nominating and Remuneration Committee**

The charter of the nominating and remuneration committee of the Trustee-Manager (the "**Nominating and Remuneration Committee**") provides that the Nominating and Remuneration Committee 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 members of the Nominating and Remuneration Committee are Mr. Chaly Mah, Mr. Irving Tan and Mr. Arthur Lang. Mr. Chaly Mah has been appointed as Chairman of the Nominating and Remuneration Committee. The Nominating and Remuneration Committee'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 as part of the process for the selection, appointment and re-appointment of Directors, 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, its Board committees and Directors, to ensure that the size and diversity of the Board and mix of skills and experience of Directors continue to meet the needs of the Trustee-Manager and the 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 (including being independent of management and business relationships with the Trustee-Manager and independent from every substantial shareholder of the Trustee-Manager);

(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, taking into consideration the Director's number of listed company board representations and other principal commitments;

(e) 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;

(f) 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, to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous, and considering the use of contractual provisions to allow the Trustee-Manager or the Trust Group (as the case may be) to reclaim incentive components of remuneration from executive Directors and key management personnel in exceptional circumstances of misstatement of financial results or of misconduct resulting in financial loss to the Trust Group; and

(g) administering and approving awards under the Long Term Incentive Plan and/or other long term incentive schemes to Directors and/or senior executives of the Trust Group.

The Nominating and Remuneration Committee will decide how the Board's performance is to be evaluated and propose objective performance criteria which address how the Board has enhanced long-term Unitholder value. The Nominating and Remuneration Committee will also carry out a performance evaluation process for assessing the effectiveness of the Board as a whole and for assessing the contribution by the Chairman of the Board and each individual Director to the effectiveness of the Board and decide whether or not a Director is able to and has been adequately carrying out his duties as a Director. The Chairman of the Nominating and Remuneration Committee will act on the results of the performance evaluation of the Board, and selections of members of the Board, in consultation with the Nominating and Remuneration Committee.

In addition, the Nominating and Remuneration Committee 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.

Each member of the Nominating and Remuneration Committee shall abstain from voting on any resolutions in respect of the matter in which he has an interest.

**Risk and Regulatory Committee**

The charter of the risk and regulatory committee of the Trustee-Manager (the "**Risk and Regulatory Committee**") provides that the Risk and Regulatory Committee shall comprise at least three Directors, the majority of whom shall be non-executives 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 Risk and Regulatory Committee are Mr. Sean Slattery, Mr. Chaly Mah and Mr. Eric Ang. Mr. Chaly Mah and Mr. Eric Ang are considered to be independent of management and business relationships with the Trustee-Manager and independent from every substantial shareholder of the Trustee-Manager (see "*The Trustee-Manager—The Trustee-Manager of the Trust—Independence of the Independent Directors*"). Mr. Sean Slattery has been appointed as Chairman of the Risk and Regulatory Committee. The Risk and Regulatory Committee'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 in respect of:

  (i) the control and ownership restrictions set out in the FBO licence granted jointly to the Trustee-Manager and the NLT Trustee by IMDA;

  (ii) the Capex Reserve Requirement; and

  (iii) the restrictions on services offered by the Trust as set out in the FBO licence granted jointly to the Trustee-Manager and the NLT Trustee by IMDA; and

(f) providing guidance and recommendations to the Board on strategic regulatory matters.

Each member of the Risk and Regulatory Committee shall abstain from voting on any resolutions in respect of the matter in which he has an interest.

**Risk Management and Internal Controls**

The Trust Group has implemented an enterprise risk management 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:

(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 Trust Group has established a Risk and Regulatory Committee, which 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 Risk and Regulatory Committee, the Audit Committee is involved in monitoring management's efforts in managing financial and financial reporting-related risks, and internal controls, and liaises closely with the Risk and Regulatory Committee. Information is shared on a regular basis between the Audit Committee and the Risk and Regulatory Committee, and in this regard, the appointment of Mr. Eric Ang as a member of both the Audit Committee and the Risk and Regulatory Committee enhances information sharing between these two board committees.

KPMG Services Pte. Ltd. was engaged by the Trust Group to assist in the development and implementation of an enterprise risk management framework that, among other things, aims to identify the significant risks facing the Trust Group, 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. Further, the Trust Group maintains a risk register that sets out the key risks and key risk indicators that the Trust Group faces. The Risk and Regulatory Committee also ensures that the risks relevant to the Trustee-Manager and the Trust Group are properly identified, including those risks inherent in the Trustee-Manager's and the Trust Group's business model and strategy, and reviews the risk management processes of the Trustee-Manager and the Trust Group to mitigate and manage such risks. See "*—Risk and Regulatory Committee"*.

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 Audit Committee. Any material non-compliance or failures in internal controls and recommendations for improvements are reported by the internal auditors to the Audit Committee. The Trust Group's external auditor prepares 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 Audit Committee for its review and concurrence. The Trust Group's external auditor also reports to the Audit Committee 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 Audit Committee 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 external audit and its cost effectiveness. See "*—Audit Committee*".

**Dealings in Units**

Under the SFA, each Director and the Chief Executive Officer is required to give notice in writing to the Trustee-Manager using the forms prescribed by the Authority (which are available at www.mas.gov.sg) of, among other things, particulars of his interest in Units or of changes in the number of Units which he has an interest, within two Business Days after the date on which the Director or Chief Executive Officer became a director or CEO of the Trustee-Manager or the date on which he acquires an interest in the Units or he becomes aware of the occurrence of the event giving rise to changes in the number of Units in which he has an interest.

All dealings in Units by Directors and the Chief Executive Officer will be announced via SGXNET, with the announcement to be posted on the Internet at the SGX-ST website http://www.sgx.com.

The Directors and employees of the Trustee-Manager are, as a matter of internal policy, prohibited from dealing in the Units:

- in the period commencing one month before the public announcement of the Trust's annual results and two weeks before the public announcement of the Trust's quarterly results, and expiring on the date of announcement of the relevant results; and
- at any time while in possession of price sensitive information.

Where the Trustee-Manager has been notified by a Director or Chief Executive Officer pursuant to the unitholding disclosure requirements of the SFA as set out above, the Trustee-Manager will announce such information on SGXNET as soon as practicable and in any case no later than the end of the Business Day following the day on which the Trustee-Manager received the notice.

In addition, the SFA requires the Trustee-Manager to announce to the SGX-ST the particulars of its holdings in the Units and any changes thereto as soon as practicable and in any case no later than the end of the Business Day following the day on which it acquires or, as the case may be, disposes of any Units.

## INTERESTED PERSON TRANSACTIONS AND POTENTIAL CONFLICTS OF INTEREST

### INTERESTED PERSON TRANSACTIONS

In general, a transaction between:

- an entity at risk (in this case, the Trustee-Manager (acting in its capacity as the trustee-manager of the Trust) or any of the subsidiaries or subsidiary entities of the Trust or (if certain conditions set out in the definition of "entity at risk" in the SF BT Regulations are satisfied) any of the associated companies or associated entities of the Trust and together referred to as the "**Trust EAR Group**") on the one hand; and
- any of the interested persons of the Trust (in this case (i) the Trustee-Manager (acting in its own capacity), (ii) a related corporation or related entity of the Trustee-Manager (other than a subsidiary or subsidiary entity of the Trust), (iii) an associated company or associated entity of the Trustee-Manager (other than an associated company or associated entity of the Trust), (iv) a Director, CEO or controlling shareholder of the Trustee-Manager, (v) a controlling unitholder of the Trust or (vi) an associate of any such Director, CEO, controlling shareholder or controlling unitholder) on the other hand,

would constitute an interested person transaction.

Certain terms such as "**associate**", "**associated company**", "**control**", "**controlling shareholder**", "**interested person**" and "**interested person transaction**" used in this section have the meanings as provided in the Listing Manual and the SF BT Regulations, unless the context specifically requires the application of the definitions in one or the other, as the case may be.

See *"Glossary"* for the meanings of "**associated entity**", "**controlling unitholder**", "**related corporation**", "**related entity**", "**subsidiary**" and "**subsidiary entity**".

Singtel does not control the Trust, and is not a controlling unitholder of the Trust for the purposes of the Listing Manual and the SF BT Regulations, notwithstanding that Singtel will have an interest in more than 15% of the Units at Listing. Further, Singtel is not a controlling shareholder of the Trustee-Manager, notwithstanding that Singtel will have an interest in more than 15% of the Units at Listing and will pursuant to the TM Shares Trust have a corresponding undivided interest in the TM Shares at Listing (see "*Information Concerning the Units—Ownership and Control of the Trust and the Trustee-Manager*" for details). Therefore, Singtel and its associates will not be interested persons pursuant to Chapter 9 of the Listing Manual. As such, a transaction between (i) any member of the Trust EAR Group and (ii) Singtel and/or any of its associates would not constitute an interested person transaction that may be subject to Chapter 9 of the Listing Manual as well as the BTA and such other guidelines relating to interested person transactions as may be prescribed by the MAS or the SGX-ST applying to business trusts.

In line with the rules set out in Chapter 9 of the Listing Manual, a transaction with a value of less than S$100,000 is not considered material in the context of the Offering and is not taken into account for the purposes of aggregation in this section.

Save for the Trust Deed, the Trust EAR Group did not undertake and is not involved in any material transactions with its interested persons during the period between the beginning of the three most recent completed financial years and up to the Latest Practicable Date.

See "*The Constitution of the Trust*" for a description of the terms of the Trust Deed. No amounts were paid to the Trustee-Manager pursuant to the Trust Deed from the date of the Trust Deed to the Latest Practicable Date.

The Directors (including the Independent Directors) believe that the Trust Deed, including the fees and charges payable under it, has been entered into on arm's length commercial terms and is not prejudicial to the interests of the Trust and the Unitholders.

The Trust Deed is deemed to have been specifically approved by the Unitholders upon subscription for the Units and are therefore not subject to Rules 905 and 906 of the Listing Manual to the extent that there is no subsequent change to the rates and/or bases of the fees charged or other terms of the Trust Deed that will adversely affect the Trust.

The review procedures under "*—Future Interested Person Transactions*" will apply to any changes to the rates and/or bases of the fees charged or other terms of the Trust Deed that will adversely affect the Trust. See "*—Future Interested Person Transactions*" for further details of the review procedures.

Except as mentioned above, any changes to the rates and/or bases of the fees charged or other terms of the Trust Deed that will adversely affect the Trust will be subject to Rules 905 and 906 of the Listing Manual.

**Future Interested Person Transactions**

The Trust is regulated by the Listing Manual and the BTA. The Listing Manual and the BTA regulate all interested person transactions. Depending on the materiality of the transaction, the Trust may be required to make a public announcement of the transaction (pursuant to Rule 905 of the Listing Manual), or to make a public announcement of and to obtain Unitholders' prior approval for the transaction (pursuant to Rule 906 of the Listing Manual). Section 86 of the BTA further requires (a) the Board to make a written statement in accordance with a resolution of the Board and signed by not less than two Directors on behalf of the Board certifying that, among other things, the relevant interested person transaction is not detrimental to the interests of all the Unitholders as a whole based on the circumstances at the time of the transaction, and (b) the Chief Executive Officer to, in his personal capacity, make a written statement certifying that he is not aware of any violation of duties of the Trustee-Manager that would have a material adverse effect on the business of the Trust and/or the interests of all the Unitholders as a whole. These statements must be annexed to the profit and loss accounts of the Trust in its annual financial statements.

In addition to these written statements, section 87 of the BTA also requires the Board to attach to the Trust's profit and loss accounts, a statement of policies and practices in relation to its management and governance of the Trust containing such information as prescribed by regulation 20 of the BTR including, among other things, a description of measures put in place by the Trustee-Manager to review interested person transactions in relation to the Trust.

The Trust Deed requires the Trustee-Manager to comply with the provisions of the Listing Manual relating to interested person transactions as well as the BTA and such other guidelines relating to interested person transactions as may be prescribed by the MAS or the SGX-ST applying to business trusts.

Both the BTA and the Listing Manual requirements would have to be complied with in respect of a proposed interested person transaction that is prima facie governed by both sets of rules. Where matters concerning the Trust relate to transactions entered or to be entered into by the Trustee-Manager for and on behalf of the Trust with an "interested person" as defined under the Listing Manual and/or the BTA, the Trustee-Manager is required to ensure that such transactions are conducted in accordance with applicable requirements of the Listing Manual, the BTA and/or such other applicable guidelines relating to the transaction in question.

The Trustee-Manager will incorporate into its internal audit plan a review of all interested person transactions entered into by the Trust EAR Group during the financial year. Further, the Audit Committee shall review at least quarterly in each financial year the interested person transactions entered into during such quarterly period to ascertain that the guidelines and procedures established to monitor interested person transactions have been complied with.

The review will include the examination of the nature of the transaction and its supporting documents or such other data that the Audit Committee deems necessary. If a member of the Audit Committee has an interest in a transaction, he or she is to abstain from participating in the review and approval process in relation to that transaction.

The Trustee-Manager will maintain a register to record all interested person transactions which are entered into by the Trust and the bases, including any quotations from unrelated parties obtained to support such bases, on which they are entered into.

The Trustee-Manager will establish an internal control system to ensure that all future interested person transactions will be undertaken on an arm's length basis and on normal commercial terms and will not be prejudicial to the interests of the Trust and its minority Unitholders.

The following procedures will be undertaken:

- transactions (either (i) individually or (ii) as part of a series or (iii) if aggregated with other transactions involving the same interested person during the same financial year) equal to or exceeding S$100,000 in value but below 3.0% of the Trust Group's latest audited net tangible assets will be subject to review by the Audit Committee at regular intervals;

- transactions (either (i) individually or (ii) as part of a series or (iii) if aggregated with other transactions involving the same interested person during the same financial year) equal to or exceeding 3.0% but below 5.0% of the Trust Group's latest audited net tangible assets will be subject to the review and prior approval of the Audit Committee. Such approval shall only be given if the transactions are on normal commercial terms; and
- transactions (either (i) individually or (ii) as part of a series or (iii) if aggregated with other transactions involving the same interested person during the same financial year) equal to or exceeding 5.0% of the Trust Group's latest audited net tangible assets will be reviewed and approved prior to such transactions being entered into by the Board which may, as it deems fit, request advice on the transaction from independent sources or advisers. Such approval shall only be given if the transactions are on normal commercial terms. Furthermore, under the Listing Manual, such transactions would have to be approved by the Unitholders at a meeting of Unitholders duly convened and held in accordance with the provisions of the Trust Deed.

As a general rule, the Trustee-Manager must demonstrate to the Audit Committee that such transactions satisfy the foregoing criteria. This may entail obtaining (where practicable) review of the transaction by an independent third party appointed by the Audit Committee. All such transactions, other than any with a value of less than S$100,000, are subject to the review and (if applicable) prior approval of the Audit Committee.

In addition, pursuant to the provisions of the Listing Manual, transactions, other than any with a value of less than S$100,000 which shall be disregarded (either (i) individually or (ii) as part of a series or (iii) if aggregated with other transactions involving the same interested person during the same financial year), equal to or exceeding 5.0% of the value of the Trust's net tangible assets based on the latest audited consolidated accounts have to be approved by the Unitholders at a meeting of Unitholders duly convened and held in accordance with the provisions of the Trust Deed.

Given that the Trustee-Manager and the Trust will be newly established entities and historical audited consolidated financial information for the Trust Group are not available, SGX-ST has allowed the Trustee-Manager to calculate the materiality of the Trust's interested person transactions under Chapter 9 of the Listing Manual based on NLT's most recent audited consolidated net tangible assets value, from the Listing Date until the audited consolidated financial statements of the Trust for the financial year ending 31 March 2018 are available.

In the event that a transaction requires the approval of the Unitholders:

- additional information may be required for the preparation of the circular to Unitholders for which an independent financial adviser may be appointed for an opinion; and
- Unitholders' approval must be obtained either prior to the transaction being entered into or, if the transaction is expressed to be conditional on such approval, prior to the completion of the transaction.

Save for the Trust Deed, the Trustee-Manager will comply with Rule 905 of the Listing Manual by announcing any interested person transaction in accordance with the Listing Manual if such transaction, by itself or when aggregated with other interested person transactions entered into with the same interested person during the same financial year, is 3.0% or more of the Trust's net tangible assets based on the latest audited consolidated accounts (or from the Listing Date until the audited consolidated financial statements for the financial year ending 31 March 2018 are available, 3.0% or more of NLT's net tangible assets based on the most recent audited consolidated financial statements of NLT).

The aggregate value of all interested person transactions which are subject to Rules 905 and 906 of the Listing Manual in a particular financial year will be disclosed in the Trust's annual report for the relevant financial year.

## POTENTIAL CONFLICTS OF INTEREST

The Trust's predominant source of revenue and profit is the provision of fibre based connectivity to residential end-users. While Singtel is currently not engaged in this business, like other licensees, it is not precluded from engaging in this business under the regulatory framework governed by IMDA. As permitted under the regulatory framework, Singtel currently competes and is expected to continue to compete with NLT as regards the provision of fibre based connectivity to non-residential end-users (see "*Business—Competition*" for more details).

As the holder of a telecommunications licence issued by IMDA, Singtel is subject to regulation under the Telecom Competition Code and, having been designated by IMDA as a dominant licensee, is subject to the additional duties which are imposed on dominant licensees. IMDA, through the Telecom Competition Code, regulates telecommunication licensees to ensure the competitiveness of the communications industry in Singapore and seeks to ensure that telecommunication services are reasonably accessible to all people in Singapore and to promote fair and efficient market conduct and effective competition. As a telecommunication licensee (and in particular, as a dominant licensee), Singtel is highly regulated by IMDA to ensure that it does not abuse its market power or otherwise engage in anti-competitive behaviour in breach of the Telecom Competition Code.

Singtel is also a supplier of the Trust Group (see "*Business—Contractors and Suppliers—Suppliers*").

While the provisions relating to conflicts of interest in the Listing Manual and the SF BT Regulations do not apply in respect of Singtel (as Singtel is not a controlling unitholder), Mr. Arthur Lang and Mr. Sean Slattery hold senior positions at Singtel and were nominated for appointment to the Board by Singtel.

Mr. Arthur Lang holds the position of CEO International at Singtel. In this position, he is primarily responsible for the growth of Singtel Group's regional associates across India, Indonesia, Philippines and Thailand. He is also a member of the management committee of Singtel.

Mr. Sean Slattery holds the position of Vice President (Regulatory & Interconnect) at Singtel. In this position, he is responsible for managing regulatory and interconnect matters for Singtel and providing advice on regulatory and interconnect matters to Singtel's regional partners. In addition, he is involved in regulatory, interconnect and network access issues, including the negotiation of interconnection agreements and other wholesale agreements. However, he is not involved in operational decisions relating to the building or roll-out of ducts, manholes or fibre cables by Singtel.

While Mr. Arthur Lang and Mr. Sean Slattery hold senior positions at Singtel, the Trustee-Manager believes that potential conflicts of interest (including, but not limited to, conflicts of interests issues arising from Mr. Arthur Lang's and Mr. Sean Slattery's roles as Singtel nominee directors on the Board) will be managed for the following reasons:

(i) although Singtel will, immediately after the completion of the Offering, have an interest in approximately 24.99%[60] of the total number of Units expected to be in issue then, the Board comprises eight Directors, of whom five (i.e. majority of the Board) are independent;

(ii) all resolutions in writing of the Directors in relation to matters concerning the Trust must be approved by a majority of the Directors, including at least one Independent Director;

(iii) neither Mr. Arthur Lang nor Mr. Sean Slattery will have any executive role in the Trust or involvement in the day-to-day management of the Trust;

(iv) while Singtel may nominate directors to the Board, such nomination and appointment would still be subject to the requirements and provisions of the TM Constitution, the TM Shares Trust Deed as well as the written approval of IMDA (see "*Regulatory Environment—Key Licences held by NLT Trustee/Trustee-Manager—FBO licence—General terms and conditions*" and "*The Trustee-Manager—The Trustee-Manager of the Trust—Constituent Documents of the Trustee-Manager—Appointment, Removal and Retirement of Directors*");

(v) the Nominating and Remuneration Committee will review and recommend nomination for re-appointment or re-election or renewal of appointment of the Directors;

(vi) under section 11 of the BTA, a Director has certain statutory duties, including the duty to act honestly and exercise reasonable diligence in the discharge of the duties of his office. In addition, an officer or agent of the Trustee-Manager shall not make improper use of any information acquired by virtue of his position as an officer or agent of the Trustee-Manager to gain, directly or indirectly, an advantage for himself or for any other person to the detriment of the Unitholders;

(vii) section 12 of the BTA further requires every Director to declare the nature of his interest in a transaction of the Trustee-Manager on the Trust's behalf. A Director who holds any office or possesses any property whereby duties or interests might be in conflict with the Trustee-Manager's duties in relation to the Trust must provide details of the conflict;

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60 The Unit Purchase Agreement provides that the Singtel Consideration Units shall be such number of Units which will, together with the Unit currently held by Holdco, amount to 25% less one Unit (rounded up to the nearest whole number) of the total number of Units in issue at the Listing Date (assuming that the Over-Allotment Option is not exercised).

(viii) in respect of matters in which Singtel and/or its subsidiaries have an interest, Mr. Arthur Lang, Mr. Sean Slattery and any other nominees appointed by Singtel and/or its subsidiaries to the Board to represent its/their interests, will abstain from voting on the relevant decisions of the Board. In such matters, the quorum must comprise a majority of the Independent Directors and must exclude any nominee directors of Singtel and/or its subsidiaries. Further, Mr. Arthur Lang, Mr. Sean Slattery and any other nominees appointed by Singtel and/or its subsidiaries to the Board will abstain from voting on any decision of Singtel or its subsidiaries involving any sale or lease of asset to the Trust by Singtel and/or its subsidiaries and any purchase or lease of asset from the Trust by Singtel and/or its subsidiaries;

(ix) pursuant to IMDA's requirements, the Trust Deed provides that any Director who is a nominee of a Telecommunication Licensee or Broadcasting Licensee to the Board shall abstain from voting on matters relating to any transaction that is specific and direct between the Trustee-Manager or the NLT Trustee and such Telecommunication Licensee or Broadcasting Licensee;

(x) the Audit Committee will review 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 Audit Committee will consider whether a conflict of interest does in fact exist. A Director who is a member of the Audit Committee will not participate in any proceedings of the Audit Committee 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 Audit Committee may deem reasonably necessary. Where a conflict of interest does exist, the Audit Committee will resolve or propose, where appropriate, the relevant measures for the management of such conflicts;

(xi) the Audit Committee is required to examine the internal guidelines and procedures put in place by the Trust 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; and

(xii) upon the listing of the Units on the SGX-ST, the Trust will be subject to Chapter 9 of the Listing Manual and the relevant provisions of the BTA in relation to interested person transactions. The objective of these rules and provisions is to ensure that interested person transactions do not prejudice the interests of Unitholders as a whole. These rules and provisions require the Trustee-Manager to make prompt announcements, disclosures in the annual report of the Trust and/or seek Unitholders' approval for certain material interested person transactions.

# THE CONSTITUTION OF THE TRUST

*The Trust Deed is a complex document and the following is a summary only and is qualified in its entirety by, and is subject to, the contents of the Trust Deed. Recipients of this document and all prospective investors should refer to the Trust Deed itself to confirm specific information or for a detailed understanding of the Trust (Registration Number: 2017002). The Trust Deed is available for inspection at the registered office of the Trustee-Manager at 750E Chai Chee Road, #07-03 Viva Business Park, Singapore 469005.*

*Certain terms of the Trust Deed, and certain rights and obligations of the Trustee-Manager and the Unitholders under the Trust Deed have been prescribed by the BTA. The BTA is a complex statute and not all the provisions of the BTA that may affect your rights as a Unitholder are embodied in the Trust Deed. Prospective investors should refer to the BTA itself to confirm specific information or for a detailed understanding of the business trust regulatory framework in Singapore.*

## BACKGROUND OF THE TRUST

The Trust was constituted as a business trust on 19 June 2017 by a declaration of trust by the Trustee-Manager, as trustee-manager of the Trust, under the trust deed dated 19 June 2017 (the "**Trust Deed**") for the principal purpose of engaging in the Authorised Businesses and seeking a Listing. As part of such purpose, the Trust will provide support for the establishment and continued operation of the TM Shares Trust.

## UNIT ISSUE MANDATE

As at the date of this document, Holdco is the sole Unitholder. Holdco has approved, and investors by subscribing for the Units pursuant to or in connection with the Offering, are (A) deemed to have approved the issuance of the Units pursuant to or in connection with the Offering and the issuance of the Singtel Consideration Units and the Additional Units, under section 36 of the BTA and (B) deemed to have given the authority (the "**Unit Issue Mandate**") to the Trustee-Manager, pursuant to section 36 of the BTA, 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

(b) issue Units in pursuance of any Instrument made or granted by the Trustee-Manager while the Unit Issue Mandate is in force (notwithstanding that the authority conferred by the Unit Issue Mandate may have ceased to be in force at the time such Units are issued), provided that:

(A) the aggregate number of Units to be issued pursuant to the Unit Issue Mandate (including Units to be issued according to Instruments made or granted pursuant to the Unit Issue Mandate) must not exceed 50% of the total number of issued Units (excluding treasury Units, if any) (as calculated in accordance with sub-paragraph (B) below), of which the aggregate number of Units to be issued other than on a pro rata basis to Unitholders must not exceed 10% of the total number of issued Units (excluding treasury Units, if any) (as calculated in accordance with sub-paragraph (B) below);

(B) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Units that may be issued under sub-paragraph (A) above, the total number of issued Units (excluding treasury Units, if any) will be based on the number of issued Units (excluding treasury Units, if any) after completion of the Offering, after adjusting for the Additional Units arising from the exercise of the Over-Allotment Option and for any subsequent bonus issue, consolidation or subdivision of Units;

(C) in exercising the Unit Issue Mandate, the Trustee-Manager must comply with the provisions of the Listing Manual for the time being in force (unless such compliance has been waived by the SGX-ST) and the Trust Deed for the time being in force (unless otherwise exempted or waived by the MAS);

(D) (unless revoked or varied by the Unitholders in a general meeting) the authority conferred by the Unit Issue Mandate will continue in force until (i) the conclusion of the first annual general meeting of the Trust or (ii) the date by which the first annual general meeting of the Trust is required by applicable regulations to be held, whichever is earlier;

(E) 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 the Unit Issue Mandate may have ceased to be in force at the time the Instruments or Units are issued; and

(c) 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 authority conferred by the Unit Issue Mandate.

The Trust's first accounting period will be from 19 June 2017, being the date of its establishment, to 31 March 2018. Accordingly, the Trust will hold its first annual general meeting by 31 July 2018, which is within four months from the end of the first accounting period. The Unit Issue Mandate will be in force until that date.

## THE UNITS ARE PRIMARILY NOT REDEEMABLE

It is intended that Unitholders may only deal in their Units through trading on the SGX-ST. Unitholders will not have the right to redeem Units or require the redemption of Units by the Trustee-Manager, though it is provided in the Trust Deed that the Trustee-Manager may repurchase Units in accordance with applicable laws, regulations and guidelines.

## THE TRUST DEED

The Trust is a Registered Business Trust constituted by the Trust Deed and is principally regulated by the SFA and the BTA.

The terms and conditions of the Trust Deed and all supplemental deeds shall be binding on each Unitholder (and all persons claiming through such Unitholder) as if such Unitholder had been a party to the Trust Deed and as if the Trust Deed and such supplemental deeds contain covenants on the part of each Unitholder to observe and be bound by all the provisions of the Trust Deed and such supplemental deeds, and an authorisation by each Unitholder to do all such acts and things as the Trust Deed and such supplemental deeds may require the Trustee-Manager to do.

The provisions of the BTA prescribe certain terms of the Trust Deed and certain rights, duties and obligations of the Trustee-Manager and Unitholders under the Trust Deed.

### Operational Structure

The Trust Deed currently provides that Authorised Businesses refers to:

(a) investing, directly or indirectly, in, and operating, the D&M Business and the Fibre Business (including without limitation investments or participation in units, securities, partnership interests or any other form of economic participation in any trust, entity or unincorporated association that carries on or invests, directly or indirectly, in the D&M Business and the Fibre Business);

(b) selling, leasing or otherwise disposing of the D&M Business and the Fibre Business and exploring any opportunities for any of the foregoing purposes; and

(c) any business, undertaking or activity associated with, incidental and/or ancillary to the operation of the businesses referred to in paragraphs (i) and (ii) above, including without limitation, the O&M Authorised Business and the CS Authorised Business.

### The Units and Unitholders

The rights and interests of Unitholders are contained in the Trust Deed. Under the Trust Deed, these rights and interests are safeguarded by the Trustee-Manager.

Each Unit represents an undivided interest in the Trust. A Unitholder has no equitable or proprietary interest in the Trust Property and is not entitled to the transfer to it of the Trust Property (or any part thereof) or of any estate or interest in the Trust Property (or in any part thereof). A Unitholder's right is limited to the right to require due administration of the Trust in accordance with the provisions of the Trust Deed, including, without limitation, by suit against the Trustee-Manager.

Under the TM Shares Trust, each Unitholder will also have an undivided interest in the TM Shares in proportion to such Unitholder's percentage of Units held or owned in the Trust. The voting rights in the TM Shares will, subject to the applicable terms of the TM Shares Trust Deed, be exercised by the Share Trustee in accordance with the relevant resolutions passed by the Unitholders who will each have voting rights which are proportionate to his or her unitholding in the Trust. From and after Listing, changes to a Unitholder's voting rights in the TM Shares are linked proportionately to changes in a Unitholder's unitholding in the Trust. If a Unitholder ceases to own any Units, it will concurrently cease to own any interest in the TM Shares. For the avoidance of doubt, Unitholders will not derive a significant return in respect of their interests in the TM Shares (see "*The Trustee-Manager—Description of the TM Shares—Dividends*"). A Unitholder is not entitled to the transfer to it of the legal title to the TM Shares.

Under the Trust Deed, each Unitholder acknowledges and agrees that it will not commence or pursue any action against the Trustee-Manager seeking an order for specific performance or for injunctive relief in respect of the Trust Property (or any part thereof), and waives any rights it may otherwise have to such relief. If the Trustee-Manager breaches or threatens to breach its duties or obligations to a Unitholder under the Trust Deed, the Unitholder's recourse against the Trustee-Manager is limited to a right to recover damages or compensation from the Trustee-Manager in a court of competent jurisdiction, and each Unitholder acknowledges and agrees that damages or compensation is an adequate remedy for such breach or threatened breach.

Further, unless otherwise expressly provided in the Trust Deed, a Unitholder may not interfere or seek to interfere with the rights, powers, authority or discretion of the Trustee-Manager, exercise any right in respect of the Trust Property (or any part thereof) or lodge any caveat or other notice affecting the Trust Property (or any part thereof), or require that any part of the Trust Property be transferred to such Unitholder.

Pursuant to IMDA's requirements, the Trust Deed provides that any Director who is a nominee of a Telecommunication Licensee or Broadcasting Licensee to the Board shall abstain from voting on matters relating to any transaction that is specific and direct between the Trustee-Manager or the NLT Trustee and such Telecommunication Licensee or Broadcasting Licensee.

For so long as the Trust is listed on the SGX-ST, the Trustee-Manager shall appoint CDP as the unit depository for the Trust in respect of all scripless Units in accordance with the requirements imposed by CDP in relation to the trading of units in business trusts on the SGX-ST which are applicable to the Trust. All Units issued will be represented by entries in the register of Unitholders kept by the Trustee-Manager or the agent appointed by the Trustee-Manager in the name of CDP as the registered holder of such Units which are deposited with CDP and, as the case may be, in the name of Unitholders (other than CDP) whose Units are not deposited with CDP. In the case of Units which are represented by entries in the register of Unitholders in the name of CDP, the Trustee-Manager or the agent appointed by the Trustee-Manager shall issue to CDP not more than 10 Business Days after the issue of Units a confirmation note confirming the date of issue and the number of Units so issued and, if applicable, stating that the Units are issued under a moratorium and the expiry date of such moratorium and for the purposes of the Trust Deed, such confirmation note will constitute a certificate evidencing title to the Units issued.

There are no restrictions under the Trust Deed or BTA on who may purchase (or subscribe for) Units and on the ownership of Units except as set out in "*—The Trust Deed—Limitation on Right to Own Units—Prescribed Limits and TB Licensee Limit*" and in relation to any rights issue or preferential offering where the Trustee-Manager may in its absolute discretion elect not to extend an offer of Units under the rights issue or preferential offering to Unitholders whose addresses are outside Singapore.

**Changes in Unitholders' equity**

The Trustee-Manager may at any time and on prior written notice (such notice period to be determined by the Trustee-Manager in its absolute discretion) to each Unitholder or, when the Units are listed on the SGX-ST and are represented by entries in the register of Unitholders in the name of CDP and the Unitholders (other than CDP), by the Trustee-Manager delivering such notice in writing to CDP for onward delivery to the Unitholders, determine that each Unit shall be sub-divided into two or more Units or consolidated with one or more other Units and the Unitholders shall be bound accordingly.

The register of Unitholders shall be altered accordingly to reflect the new number of Units held by each Unitholder as a result of such sub-division or consolidation. The Trustee-Manager shall cause CDP to alter the Depository Register accordingly, in respect of each relevant Unitholder's Securities Account with CDP to reflect the new number of Units held by such Unitholder as a result of such sub-division or consolidation.

**Rights, preferences and restrictions attaching to each class of Units**

Without prejudice to any special right previously conferred on the Unitholders of any existing Units or class of Units but subject to applicable laws, regulations and guidelines and the Trust Deed, any Units may be issued by the Trustee-Manager with such preferred rights in the payment of distributions or in a winding up, or deferred or other special rights, as the Trustee-Manager may determine, provided that for the avoidance of doubt, the Trustee-Manager does not have the right to issue Units of the same class with different rights.

The Trustee-Manager shall not allot or issue any Units conferring upon a Unitholder any preferred rights in priority to the Units in issue on the date of the establishment of the Trust unless the rights attached to Units with such preferred rights with respect to the following matters are set out in the Trust Deed or have been otherwise approved by the Unitholders by an Extraordinary Resolution:

(a) repayment of capital;

(b) participation in surplus assets and profits;

(c) cumulative or non-cumulative distributions;

(d) voting; and

(e) priority of payment of capital and distributions in relation to other Units or other classes of Units.

For the avoidance of doubt, the detailed terms of such Units are not required to be set out in the Trust Deed and may be set out in the aforesaid Extraordinary Resolution. See "*—Issue of Units*" regarding the approval from Unitholders for the issuance of Units.

If at any time, different classes of Units are issued, the rights attached to any class (unless otherwise provided by the terms of issue of the Units of that class) may, subject to the provisions of any applicable laws, regulations and guidelines, whether or not the Trust is being wound up, be varied or abrogated with the sanction of an Extraordinary Resolution passed at a separate meeting of Unitholders of that class.

Currently, there is only one class of Units and every Unit carries the same voting rights. Under the BTA, only the persons registered in the statutory register maintained by the Trustee-Manager are recognised as registered holders of the Units in issue. For so long as the Trust is listed on the SGX-ST, the Trustee-Manager shall appoint CDP as the unit depository for the Trust in respect of all scripless units in accordance with the requirements imposed by CDP in relation to the trading of units in business trusts on the SGX-ST which are applicable to the Trust.

Under the Trust Deed, each Unitholder named in the Depository Register maintained by CDP in respect of scripless units shall for such period as the Units are entered against his or her name in the Depository Register, be deemed to be the owner in respect of the number of Units entered against such Unitholder's name in the Depository Register and the Trustee-Manager shall be entitled to rely on any and all such information in the Depository Register.

The entries in the Depository Register shall (save in the case of manifest error) be conclusive evidence of the number of Units held by each Unitholder named in the Depository Register and, in the event of any discrepancy between the entries in the Depository Register and the details appearing in any confirmation note or monthly statement issued by CDP, the entries in the Depository Register shall prevail unless such Unitholder proves to the satisfaction of the Trustee-Manager and CDP that the Depository Register is incorrect.

**Distributions**

Subject to applicable laws, regulations and guidelines and the Trust Deed, the Trustee-Manager may, regardless of whether there are any profits or losses, or retained earnings or accumulated losses in respect of a given period, from time to time, declare a distribution in cash to the Unitholders out of the Trust Property in respect of such period, of such amounts and on such dates as it may think fit. All distributions are paid *pro rata* among Unitholders in proportion to the number of fully paid-up Units held by the relevant Unitholder, unless the rights attached to an issue of any Unit provide otherwise.

In the case where any Unit is not fully paid-up, the distribution declared shall be allocated and paid in such proportions as provided for in the terms of issue of such partially paid-up Units, and failing such provision, in such proportions as the Trustee-Manager may think fit.

Unitholders on such record dates determined by the Trustee-Manager will be entitled to receive such distribution declared by the Trustee-Manager in respect of such given period.

The Trustee-Manager shall, from time to time, make payments to any Unitholder claiming any Unclaimed Moneys (as defined herein) if claimed within six years after the date on which such Unclaimed Moneys are due to be paid. For the avoidance of doubt, no interest shall be payable to a Unitholder on such Unclaimed Moneys.

Subject to the winding-up provisions of the Trust Deed, the Trustee-Manager may, at its absolute discretion and if practicable, cause such sums which represent Unclaimed Moneys which remain unclaimed for six years after the date on which such Unclaimed Moneys are due to be paid, to be:

(a) paid into the courts of Singapore after deducting from such sums all fees, costs and expenses incurred in relation to such payment into the courts of Singapore provided that if the said moneys are insufficient to meet the payment of all such fees, costs and expenses, the Trustee-Manager may at its absolute discretion choose not to pay such moneys into the courts of Singapore and instead apply such moneys to form part of the Trust Property; or

(b) forfeited and the Trustee-Manager may, at any time thereafter at its absolute discretion and if practicable, annul any such forfeiture and pay the moneys so forfeited to the Unitholder entitled thereto prior to the forfeiture. For the avoidance of doubt, the moneys so forfeited shall revert to the Trust and form part of the Trust Property, and the relevant Unitholder shall not have any right or claim in respect of such moneys against the Trust or the Trustee-Manager if a period of six years has elapsed from the date such moneys are first payable.

**Voting Rights**

A Unitholder is entitled to attend and vote at any meeting of the Unitholders in person or by proxy and a Unitholder may appoint not more than two proxies to attend and vote at the same meeting provided that in the case of a Unitholder who is named in the Depository Register, the Trustee-Manager shall be entitled and bound to reject any instrument of proxy lodged if his or her name does not appear on the Depository Register as at 48 hours before the time of the relevant meeting as certified by CDP to the Trust and to accept as the maximum number of votes which in aggregate the proxy or proxies appointed by the Unitholder who is named in the Depository Register is or are able to cast on a poll a number which is the number of Units entered against his or her name in the Depository Register as at 48 hours before the time of the relevant meeting as certified by CDP to the Trust, whether that number is greater or smaller than the number specified in any instrument of proxy executed by or on behalf of that Unitholder who is named in the Depository Register. Except as otherwise provided in the Trust Deed, not less than two Unitholders must be present in person or by proxy to constitute a quorum at any general meeting.

At any meeting a resolution put to the vote of the meeting shall, subject to the requirements of the prevailing applicable laws, regulations and guidelines, be decided on a poll. Under the Trust Deed, on a poll, every Unitholder who is present in person or by proxy shall have one vote for every Unit which he or she holds or represents.

Voting rights in respect of the relevant Units may be restricted or suspended by the Trustee-Manager in its absolute discretion in certain circumstances, including in the event that a person or TB Licensee acquires Units in excess of the Prescribed Limits or the TB Licensee Limit, as the case may be, without obtaining the prior written approval of the relevant regulatory authority (see "*—Limitation on Right to Own Units—Prescribed Limits and TB Licensee Limit*" for more details).

**Variation of rights of respective classes of Units**

If at any time different classes of Units are issued, the rights attached to any class (unless otherwise provided by the terms of issue of the Units of that class) may, subject to any applicable laws, regulations and guidelines, whether or not the Trust is being wound up, be varied or abrogated with the sanction of an Extraordinary Resolution passed at a separate meeting of Unitholders of that class. To every such separate meeting of Unitholders of that class, the provisions of the Trust Deed relating to general meetings of the Unitholders shall apply *mutatis mutandis*, provided that the necessary quorum shall be two persons at least holding or representing by proxy or by attorney at least one-third of the issued Units of the class and that any Unitholder of that class present in person or by proxy or by attorney may demand a poll, provided that in the event there is only one Unitholder in respect of Units of that class, the necessary quorum shall be that sole Unitholder.

The rights conferred upon the Unitholders of any class of Units issued with preferred or other rights shall not, unless otherwise expressly provided by the terms of issue of the Units of that class or by the Trust Deed as are in force at the time of such issue, be deemed to be varied by the creation or issue of further Units ranking equally therewith.

The Trust Deed does not impose more stringent conditions for variation of rights of various classes of Units than those required by the BTA.

**Issue of Units**

The Trustee-Manager may issue Units, subject to the provisions of the Listing Manual (so long as the Trust is listed on the SGX-ST), the Trust Deed, the BTA and any other applicable laws, regulations and guidelines.

In particular, the issuance of Units will be subject to section 36 of the BTA, which requires the approval by a majority of the number of votes of Unitholders who, being entitled to do so, vote in person or by proxy present at a general meeting of Unitholders.

If in connection with an issue of a Unit, any requisite payment of the issue price for such Unit has not been received by the Trustee-Manager before the seventh Business Day after the date on which the Unit was agreed to be issued (or such other date as the Trustee-Manager may decide), the Trustee-Manager may cancel its agreement to issue such Unit by giving notice to that effect to the investor or the Unitholder (as the case may be), and such Unit will thereupon be deemed never to have been issued or agreed to be issued. In such an event, the Trustee-Manager shall be entitled (under the Trust Deed) to charge the investor (and retain the same for its own account) a cancellation fee of such amount as the Trustee-Manager may from time to time determine to represent the administrative costs involved in processing the application for such Unit.

**Rights and Liabilities of Unitholders**

The key rights of Unitholders include rights to:

(a) receive distributions attributable to the Units held;

(b) receive audited accounts and the annual reports of the Trust; and

(c) participate in the winding up or liquidation of the Trust by receiving a share of all net cash proceeds derived from the realisation of the Trust Property, less any liabilities, in accordance with their proportionate interests in the Trust.

No Unitholder has a right to require that the Trust Property (or part thereof) of the Trust be transferred to him or her.

Further, Unitholders cannot give any directions to the Trustee-Manager (whether at a meeting of Unitholders or otherwise) if it would require the Trustee-Manager to do or omit doing anything which may result in:

(a) the Trust or the Trustee-Manager, in its capacity as trustee-manager of the Trust, ceasing to comply with applicable laws, regulations and guidelines; or

(b) the interference in the exercise of any discretion expressly conferred on the Trustee-Manager by the Trust Deed or the determination of any matter which under the Trust Deed requires the agreement of the Trustee-Manager, provided that this shall not limit the right of a Unitholder to require the due administration of the Trust in accordance with the Trust Deed.

The Trust Deed contains provisions that are designed to limit the liability of a Unitholder to the amount paid or payable for any Unit. The provisions seek to ensure that if the issue price of the Units held by a Unitholder has been fully paid, no such Unitholder, by reason alone of being a Unitholder, will be personally liable to indemnify the Trustee-Manager in the event that the Trust Property is insufficient for the purposes of indemnifying the Trustee-Manager.

Under the Trust Deed, every Unit carries the same voting rights.

**Limitation on Right to Own Units—Units Issued to Persons Outside Singapore**

The BTA and the Trust Deed do not impose any limitations on the right of non-resident or foreign Unitholders to hold or exercise voting rights attached to the Units.

In relation to any rights issue or preferential offering, the Trustee-Manager may in its absolute discretion elect not to extend an offer of Units under the rights issue or preferential offering to those Unitholders whose addresses are outside Singapore.

In such an event, the rights or entitlements to the Units to which such Unitholders would have been entitled will be offered for sale by the Trustee-Manager as the nominee and authorised agent of each such relevant Unitholder in such manner and at such price as the Trustee-Manager may determine. Where necessary, the Trustee-Manager has the discretion to impose such other terms and conditions in connection with the sale. The proceeds of any such sale, if successful, will be paid to the relevant Unitholders whose rights and entitlements have been thus sold, provided that where such proceeds payable to any Unitholder is less than S$10, the Trustee-Manager may retain such proceeds as part of the Trust Property.

**Limitation on Right to Own Units—Prescribed Limits and TB Licensee Limit**

Part VA of the Telecommunications Act and section 10 of the Telecom Competition Code impose certain obligations on the Trustee-Manager and the Trust in relation to the change in control of equity interests (including any change in unitholdings). These obligations include, *inter alia*, requiring IMDA's approval prior to any person becoming, whether through a series of transactions over a period of time or otherwise, a 12% controller or a 30% controller (each as defined under the Telecommunications Act) of a Designated Telecommunication Licensee, a Designated Business Trust and/or a Designated Trust (each as defined under the Telecommunications Act) (see "*Regulatory Environment—Key Codes of Practice Applicable to the Trust Group—Telecom Competition Code—Change in control restrictions imposed upon Designated Telecommunication Licensees, Designated Business Trusts and Designated Trusts*").

Under the conditions of the FBO licence that will be jointly held by the NLT Trustee and the Trustee-Manager as the Licensee with effect from the Listing Date, the Licensee will be required, among other things, to notify any TB Licensee who wishes to acquire 25.0% or more of the total number of Units that such unitholding would require the prior written approval of IMDA. For further details on the Licensee's FBO licence, see "*Regulatory Environment—Key Licences held by NLT Trustee/Trustee-Manager—FBO licence*".

In view of the above, the Trust Deed provides that the Trustee-Manager shall:

(i) if it shall come to its notice that:

  (a) any person (or, as the case may be, any person together with his Associates (as defined in the Telecommunications Act)) or TB Licensee has reached or exceeded any of the Prescribed Limits or the TB Licensee Limit (as the case may be) without first obtaining the prior written approval of the Minister and/or the applicable regulatory authority (as the case may be); or

  (b) any person or TB Licensee is in breach of any term or condition of written approval imposed by the Minister and/or the applicable regulatory authority (as the case may be) in relation to his reaching or exceeding any of the Prescribed Limits or the TB Licensee Limit (as the case may be); or

(ii) if required:

  (a) under the Telecommunications Act and/or any other legislation to which the Trust is subject from time to time and/or any regulations, directions, directives, guidelines, notices and/or codes of practice promulgated or issued thereunder from time to time and/or any of the Licences, as the case may be; or

  (b) by the Minister and/or the applicable regulatory authority (as the case may be),

at any time serve a Written Request on the Unitholder concerned requiring that Unitholder to transfer or dispose of, and/or the person or TB Licensee having an interest in the Units concerned (such

Unitholder or person or TB Licensee having an interest in the Units concerned, the "**Affected Person**") to transfer or dispose of, the interest in any or all of the Units registered in the name of such Unitholder(s) or in which such person or TB Licensee has an interest as the Directors may deem necessary. In the event that such request is not complied with within 21 days after service of the Written Request (or such shorter or longer period as the Trustee-Manager shall consider reasonable), the Trustee-Manager may sell such Units (or any part thereof) upon such terms and in such manner as the Trustee-Manager shall think fit, save that the Trustee-Manager may not sell such Units to interested persons (as defined in the Listing Rules) of the Trust. For this purpose, the Trustee-Manager may authorise in writing any officer or employee of the Trustee-Manager or any other person to execute or effect on behalf of the Affected Person a transfer or transfers (if required) of any of such Units to any purchaser or purchasers. The net proceeds of the sale of any of such Units shall be received by the Trustee-Manager which receipt shall be a good discharge for the purchase moneys and (subject, where relevant, to any direction by the Minister and/or the applicable regulatory authority (as the case may be)) shall be paid over by the Trustee-Manager (after deduction of any expenses incurred by the Trustee-Manager in the sale) to the Affected Person but such proceeds shall under no circumstances carry any interest against the Trustee-Manager.

The Trustee-Manager may additionally take all steps and do all things as it may in its absolute discretion deem necessary to ensure that the Telecommunications Act and the Telecom Competition Code and/or any other legislation to which the Trust is subject from time to time and/or any regulations, directions, directives, guidelines, notices and/or codes of practice promulgated or issued thereunder from time to time and/or any of the Licences, are or will be complied with. The Trustee-Manager shall also take such action as may be directed by the Minister and/or the applicable regulatory authority (as the case may be), including, without limitation, restricting or suspending all or any of the voting rights of all or any of such Units, restricting or suspending the issuance or offer of all or any of such Units and/or restricting or suspending payment of any amount in respect of all or any of such Units.

If at any one time the Trustee-Manager is entitled to serve the Written Request to more than one Affected Person, it shall be for the Trustee-Manager to decide the Affected Persons and (if more than one person, the proportion of) the Units which shall be the subject of such Written Request. In making any such decision, the Trustee-Manager shall consult with the applicable regulatory authority and apply such criterion or criteria as the Trustee-Manager shall consider appropriate (having regard to the views of the applicable regulatory authority pursuant to the consultation). The Trustee-Manager's decision shall be final and conclusive.

The Trustee-Manager shall not be required to give any reason for, and shall not under any circumstances be liable to or be responsible for any losses incurred by, any person as a result of, any decision, declaration or action taken or made in this regard.

**Amendments to the Trust Deed**

For so long as the Trust is registered as a Registered Business Trust under the BTA, the Trustee-Manager shall be entitled, by deed supplemental to the Trust Deed to modify, alter or add to the provisions of the Trust Deed in such a manner and to such an extent as it may consider expedient for any purpose, subject to and in accordance with, applicable laws, regulations and guidelines.

The BTA currently provides that the trust deed of a Registered Business Trust may be amended by a resolution passed by the unitholders of that trust holding in the aggregate not less than 75.0% of the voting rights of all the unitholders of that trust who, being entitled to do so, vote in person or by proxy present at a general meeting of which not less than 21 days' written notice specifying the intention to propose the resolution as a special resolution has been duly given.

**Circumstances under which the Trustee-Manager may be indemnified out of the Trust Property of the Trust**

In general, subject to any express provision under the Trust Deed and without prejudice to any right of indemnity at law given to the Trustee-Manager, the Trustee-Manager is entitled, for the purpose of indemnity against any actions, costs, claims, damages, expenses, penalties or demands to which it may be put as the Trustee-Manager, to have recourse to the Trust Property or any part thereof and this shall be without prejudice to its obligation to be indemnified and/or reimbursed on account of the Trust Property pursuant to the provisions of the Trust Deed, save where such action, cost, claim, damage, expense, penalty or demand is occasioned by the fraud, wilful default or breach of trust by the Trustee-Manager or where the Trustee-Manager failed to exercise Due Care.

### Circumstances under which the Trustee-Manager may exclude liability in relation to carrying out of its duties with respect to the Trust

Subject to the duties and obligations of the Trustee-Manager under the Trust Deed, the Trustee-Manager is not liable for any act or omission in relation to the Trust save where there is, on the part of the Trustee-Manager, fraud, wilful default or breach of trust or where the Trustee-Manager fails to exercise Due Care.

In the absence of fraud, wilful default or breach of trust by the Trustee-Manager or a failure on the part of the Trustee-Manager to exercise Due Care, the Trustee-Manager shall not incur any liability to the Unitholders by reason of any error of law or any matter or thing done or suffered or omitted to be done by it in good faith under the Trust Deed.

### Appointment, Removal, Resignation or Retirement of the Trustee-Manager

The Trust Deed provides that when the Trust is registered as a Registered Business Trust under the BTA, appointment, removal, resignation and retirement of the Trustee-Manager shall be in accordance with applicable laws, regulations and guidelines and the provisions of the Trust Deed (see "*The Trustee-Manager—Retirement or Removal of the Trustee-Manager*").

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

(i) IMDA has approved such appointment or removal; and

(ii) such appointment or removal is not contrary to the control and ownership restrictions under the FBO licence jointly held by the Trustee-Manager and the NLT Trustee.

### Changes in the fees and charges payable to the Trustee-Manager

Any increase in the rates or any change in the formula for calculation of the fees payable to the Trustee-Manager must be approved by an Extraordinary Resolution passed at a Unitholders' meeting duly convened and held in accordance with the provisions of the Trust Deed.

### Amalgamation or Reconstruction of the Trust Structure

Pursuant to IMDA's requirements, the Trust Deed provides that the Trustee-Manager shall not engage in or carry out any amalgamation, reconstruction, or change to the structure or set-up of the Trust or the manner in which any Trust Property is held, or enter into any merger of the Trust with any other body, without IMDA's approval.

### Winding-up

The duration of the trust constituted by the Trust Deed is of indefinite duration and the Trust may be wound up in accordance with applicable laws, regulations and guidelines. The BTA provides that notwithstanding the time, circumstances or event specified in the Trust Deed, the winding up of the Trust would still be subject to approval by way of an Extraordinary Resolution duly passed by the Unitholders.

There is no provision in the Trust Deed which provides that the Trust shall be wound up at a specified time, in specified circumstances or on the happening of a specified event.

## SUBSTANTIAL UNITHOLDING NOTIFICATION

Under the SFA, Substantial Unitholders are required to give notice using the forms prescribed by the Authority to the Trustee-Manager of (i) their interest in voting Units within two Business Days after they become aware that they are Substantial Unitholders, (ii) any subsequent change in the percentage level of such holdings (rounded down to the next whole number) within two Business Days after they become aware of such changes, or (iii) their ceasing to hold such number of Units to which is attached not less than five per cent. of the total votes attached to all the voting Units issued for the time being, within two Business Days after becoming aware of such information.

Failure to comply with such notification requirement is an offence under the SFA and will render a Substantial Unitholder liable (in the case of an individual or corporation) to a fine or (in the case of an individual) to imprisonment for a term not exceeding two years, or (in the case of an individual) to both, on conviction.

# TAXATION

*The following summary of certain Singapore tax consequences of the subscription, ownership and disposition of the Units is based upon laws, regulations, rulings and decisions now in effect, all of which are subject to change (possibly with retroactive effect). It is also based on certain measures announced in the 2017 Singapore Budget which have yet to be enacted as laws and is thus subject to the precise wordings of the relevant provisions when enacted. The summary does not purport to be a comprehensive description of all of the tax considerations that may be relevant to a decision to subscribe for, own or dispose of the Units and does not purport to apply to all investors, some of whom may be subject to special rules either in Singapore or in the tax jurisdictions where their place of residence is located. Investors should consult their own tax advisers concerning the application of Singapore tax laws to their particular situations as well as any consequences of the subscription, ownership and disposal of the Units arising under the laws of any relevant taxing jurisdiction. The following summary in relation to Singapore taxation should be read in conjunction with the Independent Taxation Report as set out in Appendix E of this document.*

## TAXATION OF TRUST GROUP

### Income Tax

#### *Taxation of the Trust*

Being a trust registered under the BTA, the Trust is treated like a company for Singapore income tax purposes. Accordingly, it is subject to income tax in accordance with the same provisions of the income tax law applicable to a company.

The Trust's chargeable income after deduction of allowable expenses and permitted allowances under the Income Tax Act, if any, and after deducting the applicable tax exemption on the first S$300,000 of chargeable income, would be subject to Singapore income tax at the prevailing tax rate, which is currently 17.0%.

The receipts of the Trust will comprise substantially receipts of distributions from NLT, interest income received on the NLT Notes and dividends from the NLT Trustee.

*Distributions from NLT*

Based on sections 35(15) and 35(16)(c) of the Income Tax Act, distributions made by NLT out of its income from trade or business carried on by the NLT Trustee would not be subject to tax in the hands of the Trust as a unitholder of NLT.

*Interest income from the NLT Notes*

Pursuant to section 13(1)(b) of the Income Tax Act, interest income derived from qualifying project debt securities will be exempt from Singapore income tax. Debt securities will qualify as qualifying project debt securities if they meet the following conditions:

(a) the interest and other income directly attributable to the debt securities are funded primarily by cash flows from an infrastructure asset or project prescribed by the Income Tax (Qualifying Project Debt Securities) Regulations 2008 (referred to as a "**prescribed asset or project**");

(b) the proceeds from the issue of the debt securities are only used to acquire, develop or invest in a prescribed asset or project, or to refinance a previous borrowing which was only used for that purpose;

(c) the debt securities are arranged:

    (i) by any financial institution in Singapore and issued during the period from 1 November 2006 to 31 December 2013 (both dates inclusive);

    (ii) by any Financial Sector Incentive (Project Finance) company or Financial Sector Incentive (Bond Market) company and issued during the period from 1 November 2006 to 31 March 2017 (both dates inclusive); or

    (iii) by any Financial Sector Incentive (Standard Tier) company or Financial Sector Incentive (Capital Market) company and issued during the period from 1 January 2014 to 31 March 2017 (both dates inclusive);

(d) the debt securities are issued during the period from 1 November 2006 to 31 March 2017 (both dates inclusive);

(e) the gearing ratio of such prescribed asset or project has been approved by the MAS in a case where the debt securities are issued by a person in Singapore, or the prescribed asset or project is in Singapore;

(f) less than 50.0% of the issue of the debt securities is beneficially held or funded, directly or indirectly, by related parties of the issuer of the debt securities; and

(g) the debt securities are issued to four or more persons.

It was announced in the 2017 Singapore Budget that the tax incentive schemes for project and infrastructure finance, which includes the tax exemption on income from qualifying project debt securities, will be extended to 31 December 2022. Accordingly, under this proposed tax change, the date "31 March 2017" in conditions (c) and (d) would be changed to "31 December 2022".

If condition (g) cannot be met, the tax exemption on interest income from qualifying project debt securities will nevertheless apply if (i) a waiver has been granted by the MAS; (ii) all the persons holding the securities are companies (which includes Registered Business Trusts) resident in Singapore and listed on the Singapore Exchange either on the date of issue of the securities or within 6 months from that date; and (iii) the interest income from the debt securities received by such companies (which includes Registered Business Trusts) is declared to be distributable to their shareholders (which includes unitholders of Registered Business Trusts) within 6 months from the end of the financial year in which it is received (the "**onward-declaration of interest income condition**").

With regard to the NLT Notes, approval has been obtained from the MAS regarding the waiver of condition (g), as well as regarding the appropriate level of gearing under condition (e). With this approval, the NLT Notes should qualify as qualifying project debt securities if conditions (a), (b), (c), (d) (as extended in the 2017 Singapore Budget) and (f), and the onward-declaration of interest income condition, are met.

However, even though the NLT Notes are qualifying project debt securities, the tax exemption on interest income from qualifying project debt securities under section 13(1)(b) of the Income Tax Act shall not apply if:

(a) 50.0% or more of the NLT Notes which are outstanding at any time during the life of the issue is beneficially held or funded, directly or indirectly, by related parties of NLT; or

(b) NLT, or such other person as the MAS may direct, has not furnished to the MAS a return on the qualifying project debt securities within such period as the MAS may specify and such other particulars in connection with the qualifying project debt securities as the MAS may require.

The term "related party", in relation to a person, means any other person who, directly or indirectly, controls that person, or is controlled, directly or indirectly, by that person, or where he and that other person, directly or indirectly, are under the control of a common person.

*Dividends from the NLT Trustee*

Provided the NLT Trustee is a tax resident of Singapore, dividends from the NLT Trustee will be exempt from Singapore income tax in the hands of the Trustee-Manager (in its capacity as the trustee-manager of the Trust) under section 13(1)(za) of the Income Tax Act.

*Gain on disposal of units in NLT and/or the NLT Trustee Shares*

Singapore currently does not impose tax on capital gains. In the event that the Trust disposes of its units in NLT and/or the NLT Trustee Shares, any gain derived from the disposal will not be liable to Singapore income tax unless such gain is considered income derived from a trade or business. Such gain may also be liable to Singapore income tax if the units in NLT and/or the NLT Trustee Shares were acquired with the intent or purpose of making a profit from their subsequent sale and not for long-term investment purposes.

However, gains from disposal of ordinary shares (irrespective of their nature) are exempt from Singapore income tax in certain circumstances. This tax exemption generally applies to gains derived from the disposal of ordinary shares by companies during the period from 1 June 2012 to 31 May 2022 (both dates inclusive), if immediately prior to the date of disposal:

(a) the divesting company legally and beneficially owns a minimum ordinary shareholding of 20.0% in the company whose ordinary shares are being disposed of; and

(b) the divesting company maintains the minimum 20.0% ordinary shareholding for a continuous period of at least 24 months prior to the date of disposal.

***Taxation of NLT***

The income of NLT will be derived mainly from the carrying on of the Fibre Business and the D&M Business. NLT may claim deduction on allowable expenses and permitted allowances under the Income Tax Act, if any, against the income derived from the said business. In this connection, the IRAS has provided a written confirmation that it is prepared to accept the commercial reasons represented for the refinancing of the principal amounts outstanding under the ST Facility Agreement using the proceeds from the issuance of the NLT Notes and agrees that the interest expense incurred on the NLT Notes would qualify for tax deduction provided that:

(a) the interest expense incurred on the NLT Notes will be subject to transfer pricing adjustments if the amounts are not reflective of arm's length conditions;

(b) the quantum of the interest expense qualifying for tax deduction will be restricted to the amount attributable to the finance of income-producing assets; and

(c) the avoidance or reduction of tax is not one of the main purposes for the proposed arrangement.

NLT may also earn interest income from the placement of its income that is not immediately distributed in fixed deposits with banks located in Singapore and dividends from the Singapore Subsidiaries.

Provided the Singapore Subsidiaries are tax residents of Singapore, dividends from the Singapore Subsidiaries will be exempt from Singapore income tax in the hands of the NLT Trustee (in its capacity as trustee of NLT) under section 13(1)(za) of the Income Tax Act.

In the event that NLT disposes of its shares in the Singapore Subsidiaries, any gain derived from the disposal will not be liable to Singapore income tax unless such gain is considered income derived from a trade or business. Such gain may also be liable to Singapore income tax if the shares in the Singapore Subsidiaries were acquired with the intent or purpose of making a profit from their subsequent sale and not for long-term investment purposes.

The chargeable income of NLT, after deduction of allowable expenses and permitted allowances under the Income Tax Act, would be subject to Singapore income tax at the prevailing tax rate, which is currently 17.0%.

Any tax on the chargeable income of NLT is assessed on the NLT Trustee. The after-tax amount may subsequently be distributed to the Trust free of Singapore withholding tax or tax deduction at source.

***Taxation of the NLT Trustee and the Singapore Subsidiaries***

The NLT Trustee and the Singapore Subsidiaries are liable to Singapore income tax on income accruing in or derived from Singapore and unless otherwise exempt, income derived from outside Singapore which is received in Singapore or deemed to have been received in Singapore by the operation of law.

These companies' chargeable income after deduction of allowable expenses and permitted allowances under the Income Tax Act, if any, and after deducting the applicable tax exemption on the first S$300,000 of chargeable income, would be subject to Singapore income tax at the prevailing tax rate, which is currently 17.0%.

**Stamp Duty**

Singapore stamp duty is payable on any instrument of conveyance, assignment or transfer of any interest (including any contract or agreement for sale) in, any stocks or shares of either a Singapore incorporated company, or a foreign incorporated company the register of which is kept in Singapore. The applicable rate of stamp duty is 0.2% of the consideration payable for the transfer of the shares or the market value of the shares, whichever is higher. Additional stamp duties may be payable by the transferor and/or the transferee in the case where the conveyance, assignment or transfer is of an equity interest in an entity that owns primarily residential properties in Singapore in certain circumstances.

The Commissioner of Stamp Duties has confirmed that based on certain terms of the NLT Trust Deed:

(a) any agreement(s) for the sale and purchase of, and transfer of, any or all of the units in NLT, and any transfer form(s) executed by the transferor and/or the transferee to effect such transfer will not be subject to any stamp duty; and

(b) the repurchase, redemption and cancellation of the units in NLT, and the issue of new units in NLT (including any document executed by the trustee of NLT and the unitholder(s) of NLT for such repurchase, redemption, cancellation and/or new issue) will not be subject to any stamp duty.

In addition, the Commissioner of Stamp Duties has also confirmed that in the event of any replacement of the trustee-manager of the Trust or the trustee of NLT, the instrument(s) to effect the vesting of chargeable properties comprised in the Trust or NLT (as the case may be) from the retiring trustee to the replacement trustee will not be subject to any stamp duty.

**GST**

Pursuant to a GST remission granted by the Minister for Finance, the Trust as a Singapore-listed Registered Business Trust carrying on qualifying business (namely infrastructure business), is allowed to claim GST on its business expenses even if the Trust is not GST-registered or not eligible for GST registration. However, the GST claims are subject to conditions governing the GST remission and the general input tax claims conditions prescribed under the GST legislation. These conditions include, among others, the following:

(a) the Trust is listed or to be listed on the SGX-ST; and

(b) the underlying assets of the Trust make taxable supplies or out-of-scope supplies which would have been taxable supplies if made in Singapore.

The aforementioned GST remission is applicable for expenses incurred up to and including 31 March 2020.

**TAXATION OF THE TM SHARES TRUST AND THE TRUSTEE-MANAGER**

**Income Tax**

***Taxation of the TM Shares Trust***

The income of the TM Shares Trust will likely be in the form of dividends from the Trustee-Manager.

Provided the Trustee-Manager is a tax resident of Singapore, dividends from the Trustee-Manager will be exempt from Singapore income tax in the hands of the Share Trustee (in its capacity as trustee of the TM Shares Trust) under section 13(1)(za) of the Income Tax Act.

In the event that the TM Shares Trust disposes of its shares in the Trustee-Manager, any gain derived from the disposal will not be liable to Singapore income tax unless such gain is considered income derived from a trade or business. Such gain may also be liable to Singapore income tax if the shares in the Trustee-Manager were acquired with the intent or purpose of making a profit from their subsequent sale and not for long-term investment purposes.

***Taxation of the Trustee-Manager***

The Trustee-Manager is liable to Singapore income tax on income accruing in or derived from Singapore and unless otherwise exempt, income derived from outside Singapore which is received in Singapore or deemed to have been received in Singapore by the operation of law.

The Trustee-Manager's chargeable income after deduction of allowable expenses and permitted allowances under the Income Tax Act, if any, and after deducting the applicable tax exemption on the first S$300,000 of chargeable income, would be subject to Singapore income tax at the prevailing tax rate, which is currently 17.0%.

**Stamp Duty**

The Commissioner of Stamp Duties has confirmed that based on certain terms of the TM Shares Trust Deed, in the event of any replacement of the trustee of the TM Shares Trust, the instrument(s) to effect the vesting of chargeable properties comprised in the TM Shares Trust from the retiring trustee to the successor trustee will not be subject to any stamp duty.

The transfer of the NLT Trustee Shares and all of that part of the beneficial interests in the Pre-Listing Beneficiaries' trust property of the TM Shares Trust relating to the TM Shares will be subject to stamp duty at 0.2% of the value or consideration of the transfer, whichever is higher.

## TAXATION OF UNITHOLDERS

### Income Tax

***Distributions from Units***

Distributions made by the Trust are exempt from Singapore income tax in the hands of all Unitholders. These distributions are also not subject to Singapore withholding tax. Unitholders are not entitled to tax credits in Singapore for any taxes paid by the Trustee-Manager (in its capacity as the trustee-manager of the Trust) on the income of the Trust.

***Distributions from the TM Shares Trust***

Distributions made by the TM Shares Trust out of its dividend income from the Trustee-Manager (if any), which has been exempted from Singapore income tax under section 13(1)(za) of the Income Tax Act, are exempt from Singapore income tax in the hands of all Unitholders. No tax will be deducted at source or withheld on such distributions.

***Gain on disposal of Units***

Singapore currently does not impose tax on capital gains. Therefore, gains on disposal of the Units that are capital in nature will not be subject to Singapore income tax. However, such gains may be considered income in nature and thus subject to Singapore income tax if they arise from or are otherwise connected with the activities of a trade or business carried on in Singapore. Such gains may also be considered income in nature, even if they do not arise from an activity in the ordinary course of trade or business or an ordinary incident of some other business activity, if the intention of the Unitholder was not to hold the Units as long-term investment.

As the precise tax status of one Unitholder will vary from another, Unitholders are advised to consult their own professional advisers on the Singapore tax consequences that may apply to their individual circumstances.

Unitholders who have adopted or are required to adopt FRS 39 for financial reporting purposes may, for Singapore income tax purposes, be required to recognise gains or losses (not being gains or losses in the nature of capital) on the Units, irrespective of disposal. Unitholders should consult their own accounting and tax advisers regarding the Singapore income tax consequences of their acquisition, holding or disposal of the Units arising from the adoption of FRS 39.

The Accounting Standards Council has issued a new financial reporting standard for financial instruments, FRS 109—Financial Instruments, which will become mandatorily effective for annual periods beginning on or after 1 January 2018. The IRAS has issued a consultation paper titled “Proposed Income Tax Treatment Arising from the Adoption of FRS 109—Financial Instruments” on 1 July 2016 and the closing date for submission of comments was 1 August 2016. It is at present unclear whether, and to what extent, the replacement of FRS 39 by FRS 109 will affect the tax treatment of financial instruments which currently follows FRS 39.

### Stamp Duty

The Commissioner of Stamp Duties has confirmed that based on certain terms of the Trust Deed and the TM Shares Trust Deed, upon the listing of the Units, any document(s) or contract(s) to effect a sale and purchase of, and transfer of the Units, and consequently a change in the beneficiaries of the TM Shares Trust, will not be subject to any stamp duty. This is on the basis that no separate document or contract will be executed to effect the transfer of the TM Shares between the transferor and transferee of the sale and purchase of, and transfer of the Units.

### GST

The sale of the Units by a GST-registered investor belonging in Singapore for GST purposes through a SGX-ST member or to another person belonging in Singapore is an exempt supply not subject to GST. Any input GST (e.g. GST on brokerage) incurred by the GST-registered investor in making such an exempt supply is generally not recoverable from the Singapore Comptroller of GST unless the investor satisfies certain conditions prescribed under the GST legislation or certain GST concessions.

Where the Units are supplied by a GST-registered investor in the course or furtherance of a business carried on by such investor to a person who belongs outside Singapore for GST purposes, the sale should generally, subject to the satisfaction of certain conditions, be subject to GST at 0%. Any input

GST (e.g. GST on brokerage) incurred by a GST-registered investor in making such a zero-rated supply for the purpose of a business carried on by him may, subject to the provisions of the GST legislation, be recoverable from the Singapore Comptroller of GST.

Investors should seek their own tax advice on the recoverability of GST incurred on expenses in connection with the purchase and disposition of the Units.

Services such as arranging, broking, underwriting or advising on the issue, allotment or transfer of ownership in the Units rendered by a GST-registered person to an investor belonging in Singapore for GST purposes will be subject to GST at the prevailing rate applicable under the Goods and Services Tax Act, Chapter 117A of Singapore (currently 7.0%). Similar services supplied to an investor who belongs outside Singapore for GST purposes should generally, subject to satisfaction of certain conditions, be subject to GST at 0%.

## PLAN OF DISTRIBUTION

The Trustee-Manager is making an offering of 2,898,000,001 Units at the Offering Price representing approximately 75% of the total number of Units in issue after the Offering (assuming that the Over-Allotment Option is not exercised) for subscription at the Offering Price under the Placement and the Public Offer.

The Offering Price was determined, following a book-building process, by agreement between the Joint Bookrunners and Joint Underwriters and the Trustee-Manager. Among the factors that were taken into account in determining the Offering Price were the demand for the Units under the Offering and the prevailing conditions in the securities markets.

2,713,000,001 Units will be offered under the Placement. 185,000,000 Units will be offered under the Public Offer. Units may be re-allocated between the Placement and the Public Offer at the discretion of the Joint Bookrunners and Joint Underwriters (in consultation with the Trustee-Manager).

### PLACEMENT

Under the Placement, the Trustee-Manager intends to offer 2,713,000,001 Units by way of an international placement through the Joint Bookrunners and Joint Underwriters to investors, including institutional and other investors in Singapore. Pursuant to and subject to the terms and conditions to be set forth in the International Placement Agreement, the Trustee-Manager is expected to effect for the account of the Trust the issue of, and the Joint Bookrunners and Joint Underwriters are expected to on a several basis subscribe for, or procure subscribers for, at the Offering Price and in the amounts set forth opposite their respective names below, 2,713,000,001 Units (excluding the Over-Allotment Option).

| Joint Bookrunners and Joint Underwriters | Number of Units |
|---|---|
| DBS Bank | 723,466,667 |
| Morgan Stanley Asia (Singapore) Pte. | 723,466,667 |
| UBS AG, Singapore Branch | 723,466,667 |
| Merrill Lynch (Singapore) Pte. Ltd. | 108,520,000 |
| Citigroup Global Markets Singapore Pte. Ltd. | 108,520,000 |
| The Hongkong and Shanghai Banking Corporation Limited, Singapore Branch | 108,520,000 |
| Oversea-Chinese Banking Corporation Limited | 108,520,000 |
| United Overseas Bank Limited | 108,520,000 |

Concurrently with but separate from the Offering, 965,999,998 Singtel Consideration Units will be issued to Holdco in part settlement of the consideration payable to Singtel for the Trust Acquisition.

Investors subscribing for Units in the Placement will do so based on a maximum number of Units allocated to them on or shortly after the date of this document, which may be reduced by the Joint Bookrunners and Joint Underwriters in their sole discretion, to adjust for any re-allocation between the Placement and the Public Offer at the discretion of the Joint Bookrunners and Joint Underwriters (in consultation with the Trustee-Manager), subject to any applicable laws.

Each investor subscribing for Units in the Placement will be deemed to have acknowledged and agreed to purchase such final number of Units allocated to them as described above which may be less than the maximum number of Units allocated to them on or shortly after the date of this document, such final number to be determined by the Joint Bookrunners and Joint Underwriters in their sole discretion as aforesaid.

### PUBLIC OFFER

The Trustee-Manager and the Joint Bookrunners and Joint Underwriters have entered into an offer agreement dated 10 July 2017 (the "**Singapore Offer Agreement**" and together with the International Placement Agreement, the "**Underwriting Agreements**") in connection with the Public Offer. The Public Offer is open to members of the public in Singapore. Subject to the terms and conditions set forth in the Singapore Offer Agreement, the Trustee-Manager is expecting to effect for the account of the Trust the issue of, and the Joint Bookrunners and Joint Underwriters are expected to subscribe for, or procure subscribers for, 185,000,000 Units, in the amounts set forth opposite their respective names below.

| Joint Bookrunners and Joint Underwriters | Number of Units |
|---|---|
| DBS Bank | 49,333,333 |
| Morgan Stanley Asia (Singapore) Pte. | 49,333,334 |

| Joint Bookrunners and Joint Underwriters | Number of Units |
|---|---|
| UBS AG, Singapore Branch | 49,333,333 |
| Merrill Lynch (Singapore) Pte. Ltd. | 7,400,000 |
| Citigroup Global Markets Singapore Pte. Ltd. | 7,400,000 |
| The Hongkong and Shanghai Banking Corporation Limited, Singapore Branch | 7,400,000 |
| Oversea-Chinese Banking Corporation Limited | 7,400,000 |
| United Overseas Bank Limited | 7,400,000 |

The Trustee-Manager will pay the Joint Bookrunners and Joint Underwriters, as compensation for their services in connection with the Offering, out of the gross proceeds of the Offering, the Underwriting, Selling and Management Commission amounting to a maximum of 2.0% of the total gross proceeds from the issue of Units pursuant to the Placement, the issue of Units pursuant to the Public Offer.

In the event the Over-Allotment Option is exercised, the Trustee-Manager will pay the Joint Bookrunners and Joint Underwriters, the Underwriting, Selling and Management Commission amounting to a maximum of 2.0% of the total gross proceeds from the sale of the Additional Units pursuant to the exercise of the Over-Allotment Option.

Purchasers of the Units, other than those in the Public Offer, will be required to pay to the Joint Bookrunners and Joint Underwriters a brokerage fee of 1.00% of the Offering Price, stamp taxes and other similar charges in accordance with the laws and practices of the country of purchase, at the time of settlement.

The closing of the Public Offer is conditional upon the conditions to the Placement set out in the International Placement Agreement being satisfied and vice versa. The closing of the Offering is conditional upon, among other things, the closing of the transactions contemplated in the International Placement Agreement and the Singapore Offer Agreement, including, among others, the fulfilment or waiver by the SGX-ST of all conditions contained in the letter of eligibility from the SGX-ST for the listing and quotation of the Units on the Main Board of the SGX-ST. The Singapore Offer Agreement will terminate in the event that the International Placement Agreement is terminated.

The Joint Bookrunners and Joint Underwriters are offering the Units or undertaking their obligations thereunder on the terms and conditions of the International Placement Agreement and the Singapore Offer Agreement, subject to certain conditions precedent including the receipt by them of officer's certificates from the Trustee-Manager, legal opinions and comfort letters and on the basis of certain representations, warranties and covenants of the Trustee-Manager and Singtel.

The Trustee-Manager has agreed in the International Placement Agreement and the Singapore Offer Agreement to indemnify the Joint Bookrunners and Joint Underwriters against certain liabilities. The International Placement Agreement and the Singapore Offer Agreement each contains a contribution clause which provides that where the respective indemnification is unavailable to a Joint Bookrunner and Joint Underwriter or is insufficient in respect of any losses, damages, expenses, liabilities or claims (or any actions, suits or proceedings in respect thereof) referred to therein, then the Trustee-Manager shall contribute to the amount paid or payable by such Joint Bookrunner and Joint Underwriter as a result of such losses, damages, expenses, liabilities or claims (or any actions, suits or proceedings in respect thereof) (a) in such proportion as is appropriate to reflect the relative benefits received by the Trustee-Manager on the one hand, and by the Joint Bookrunners and Joint Underwriters on the other hand, from the Public Offer or the Placement, as the case may be, or (b) if the allocation provided by (a) above is not permitted by applicable law, in such proportion as is appropriate to reflect not only the relative benefits referred to in (a) above, but also the relative fault of the Trustee-Manager on the one hand and of the Joint Bookrunners and Joint Underwriters on the other hand, in connection with the statements or omissions, inaccuracies in the representations and warranties in the International Placement Agreement or the Singapore Offer Agreement, as the case may be, that resulted in such losses, damages, expenses, liabilities or claims (or any actions, suits or proceedings in respect thereof), as well as any other relevant equitable considerations. The relative benefits received by the Trustee-Manager on the one hand, and the Joint Bookrunners and Joint Underwriters on the other hand, shall be deemed to be in the same respective proportions as the net proceeds (before deducting expenses) received by the Trustee-Manager from the subscriptions for the Placement or the Public Offer, as the case may be, and the total commissions received by the Joint Bookrunners and Joint Underwriters in connection therewith, as provided in the International Placement Agreement and the Singapore Offer Agreement, bear to the aggregate Offering Price of the Units offered in the Public Offer and in the Placement, respectively. The relative fault of the Trustee-Manager on the one hand and of the Joint Bookrunners and Joint Underwriters on the other shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the Trustee-Manager on the one hand, or by the Joint Bookrunners and Joint Underwriters on the other hand, and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission or inaccuracy. No Joint Bookrunner and Joint Underwriter is required to contribute any amount in excess of the amount by which the total commissions received by such Joint Bookrunner and Joint Underwriter with respect to the offering of the Units under the International Placement Agreement or the Singapore Offer Agreement, as the case may be, exceeds the amount of any damages that such Joint Bookrunner and Joint Underwriter has otherwise been required to pay under the International Placement Agreement or the Singapore Offer Agreement, respectively, by reason of such untrue or alleged untrue statement or omission or alleged omission. No person guilty of fraudulent misrepresentation shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation.

The International Placement Agreement and the Singapore Offer Agreement may be terminated by the Joint Bookrunners and Joint Underwriters at any time prior to the issue and delivery of the Units, upon the occurrence of certain events including, among other things, certain force majeure events pursuant to the terms of the International Placement Agreement and the Singapore Offer Agreement, respectively.

The Joint Bookrunners and Joint Underwriters may make sub-underwriting arrangements in respect of their obligations under the International Placement Agreement and the Singapore Offer Agreement upon such terms and conditions as they deem fit.

The Units may be re-allocated between the Placement and the Public Offer at the discretion of the Joint Bookrunners and Joint Underwriters (in consultation with the Trustee-Manager), subject to any applicable laws.

## OTHER RELATIONSHIPS

The Joint Bookrunners and Joint Underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, investment research, principal investment, hedging, financing and brokerage activities. Certain of the Joint Bookrunners and Joint Underwriters and their respective affiliates have, from time to time, performed and may in the future perform, various financial advisory and investment banking services for the Trust, the Trustee-Manager and their respective affiliates for which they received or will receive customary fees and expenses.

In the ordinary course of their various business activities, the Joint Bookrunners and Joint Underwriters and their respective affiliates (or any of them) may make, issue or hold a broad array of investments and enter into secondary market transactions or actively trade debt and equity securities (including but not limited to equity derivatives, warrants and other structured instruments) and financial instruments (including debt financing) for their own account and for the account of their customers, and in or after the Offering such investment and securities activities may involve securities (including but not limited to Units) and/or instruments of the Trust or its affiliates. Such transactions would be carried out as bilateral trades with selected counterparties separately from any sale or issue of the Units to which this document relates, which might require the Joint Bookrunners and Joint Underwriters to take long or short positions in the Units. The Joint Bookrunners and Joint Underwriters and their respective affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or instruments and may at any time hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

## OVER-ALLOTMENT AND STABILISATION

The Trustee-Manager has granted the Joint Bookrunners and Joint Underwriters the Over-Allotment Option exercisable by the Stabilising Manager (or persons acting on behalf of the Stabilising Manager) in consultation with the Joint Global Coordinators, in full or in part, on one occasion, to subscribe for up to an aggregate of 123,456,000 Additional Units at the Offering Price representing not more than 4.3% of the total number of Units in the Offering, solely to cover the over-allotment of Units (if any), subject to any applicable laws and regulations, including the SFA and any regulations thereunder, from the date of commencement of trading in the Units on the SGX-ST until the earlier of (i) the date falling 30 days thereafter, or (ii) the date when the Stabilising Manager (or persons acting on behalf of the Stabilising Manager) has bought on the SGX-ST, an aggregate of 123,456,000 Units representing not more than 4.3% of the total number of Units in the Offering, to undertake stabilising actions.

The Joint Bookrunners and Joint Underwriters are expected to purchase the Units in respect of which the Over-Allotment Option has been exercised in the same proportion as described in the table under *"—Placement"* above. The full exercise of the Over-Allotment Option will increase the total number of Units in issue to 3,987,456,000 Units.

In connection with the Over-Allotment Option, the Stabilising Manager has entered into a unit lending agreement with Holdco (the "**Unit Lending Agreement**") pursuant to which the Stabilising Manager (or persons acting on behalf of the Stabilising Manager) may borrow up to an aggregate of 123,456,000 Units from Holdco, which will be borrowed before the commencement of trading of the Units on the SGX-ST, to cover over-allotments, if any. Any Units that may be borrowed by the Stabilising Manager under the Unit Lending Agreement will be returned by the Stabilising Manager to Holdco either through the purchase of Units in the open market by the Stabilising Manager in the conduct of stabilising activities or through the exercise of the Over-Allotment Option by the Stabilising Manager on behalf of itself and the Joint Bookrunners and Joint Underwriters.

In connection with the Offering, the Stabilising Manager (or persons acting on behalf of the Stabilising Manager) may, in consultation with the Joint Global Coordinators, over-allot or otherwise effect transactions that stabilise or maintain the market price of the Units at levels which might not otherwise prevail in the open market. Such transactions may be effected on the SGX-ST and in other jurisdictions where it is permissible to do so, in each case in compliance with all applicable laws and regulations, including the SFA and any regulations thereunder. However, there is no assurance that the Stabilising Manager (or persons acting on behalf of the Stabilising Manager) will undertake stabilising actions. Such transactions may commence on or after the date of commencement of trading in the Units on the SGX-ST and, if commenced, may be discontinued at any time and must not be effected after the earlier of (i) the date falling 30 days thereafter, or (ii) the date when the Stabilising Manager (or persons acting on behalf of the Stabilising Manager) has bought on the SGX-ST, an aggregate of 123,456,000 Units, representing not more than 4.3% of the total number of Units in the Offering, to undertake stabilising actions. Any profit after expenses derived, or any loss sustained, as a consequence of the Over-Allotment Option or stabilising activities shall be for the account of the Joint Global Coordinators.

None of the Trust, the Trustee-Manager, Singtel, the Joint Issue Managers, the Joint Global Coordinators, the Joint Bookrunners and Joint Underwriters or the Stabilising Manager makes any representation or prediction as to the magnitude of any effect that the transactions described above may have on the price of the Units. In addition, none of the Trust, the Trustee-Manager, Singtel, the Joint Issue Managers, the Joint Global Coordinators, the Joint Bookrunners and Joint Underwriters or the Stabilising Manager makes any representation that the Stabilising Manager will engage in these transactions or that these transactions, once commenced, will not be discontinued without notice (unless such notice is required by law). The Stabilising Manager will be required to make a public announcement via SGXNET in relation to the total number of Units purchased by the Stabilising Manager, not later than 12 noon on the next trading day of the SGX-ST after the transactions are effected. The Stabilising Manager will also be required to make a public announcement through the SGX-ST in relation to the cessation of stabilising actions and the number of Units in respect of which the Over-Allotment Option has been exercised not later than 8.30 a.m. on the next trading day of the SGX-ST after the cessation of stabilising actions.

## LOCK-UP ARRANGEMENTS

### The Trustee-Manager

The Trustee-Manager has agreed with the Joint Issue Managers and the Joint Global Coordinators that, from the date of the International Placement Agreement until the date falling six months from the Listing Date, it will not, without the prior written consent of the Joint Issue Managers and the Joint Global Coordinators:

(a) issue, offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option or right or warrant to purchase, lend, hypothecate or encumber or otherwise transfer or dispose of, directly or indirectly, any Units or any securities convertible into or exercisable or exchangeable for or which carry rights to subscribe or purchase any Units;

(b) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of Units or any securities convertible into or exercisable or exchangeable for or which carry rights to subscribe or purchase Units;

(c) deposit any Units or any securities convertible into or exchangeable for or which carry rights to subscribe or purchase Units in any depository receipt facilities, whether any such transaction described above is to be settled by delivery of Units or such other securities, in cash or otherwise; or

(d) publicly disclose its intention to do any of the above.

This restriction shall not apply in respect of (i) Units issued pursuant to the Offering (including pursuant to the exercise of the Over-Allotment Option), and (ii) the Singtel Consideration Units.

**Relevant Unitholder and Singtel**

Holdco has agreed with the Joint Issue Managers and the Joint Global Coordinators that, from the date of the lock-up letter until the date falling six months from the Listing Date (the "**Lock-Up Period**"), it will not, without the prior written consent of the Joint Issue Managers and the Joint Global Coordinators:

(a) offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option or right or warrant to purchase, lend, hypothecate or encumber or otherwise transfer or dispose of, directly or indirectly, any Singtel Consideration Units or any securities convertible into or exercisable or exchangeable for or which carry rights to subscribe or purchase any Singtel Consideration Units;

(b) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of the Singtel Consideration Units or any securities convertible into or exercisable or exchangeable for or which carry rights to subscribe or purchase the Singtel Consideration Units;

(c) deposit any Singtel Consideration Units or any securities convertible into or exchangeable for or which carry rights to subscribe or purchase the Singtel Consideration Units in any depository receipt facilities, whether any such transaction described above is to be settled by delivery of the Singtel Consideration Units or such other securities, in cash or otherwise; or

(d) publicly disclose its intention to do any of the above.

The above restrictions shall not apply to:

(i) the transfer of any Singtel Consideration Units between members of the Singtel Group, provided that the transferor procures that each such transferee gives a similar undertaking for the remainder of the Lock-up Period;

(ii) the transfer of any Singtel Consideration Units pursuant to the Unit Lending Agreement, provided that these restrictions will apply to such Singtel Consideration Units once they are returned to Holdco pursuant to the Unit Lending Agreement; and

(iii) the transfer of any Singtel Consideration Units where such transfer is required pursuant to any applicable law, regulation, rule or directive issued by any administrative, governmental or regulatory commission, board, body, authority or agency, or any stock exchange, self-regulatory organisation or other non-governmental regulatory authority, or any court, tribunal or arbitrator, in each case whether national, central, federal, provincial, state, regional, municipal, local, domestic, foreign or supranational.

In addition, Singtel has agreed to a similar lock-up with respect to its effective interest in the Singtel Consideration Units.

## SGX-ST LISTING

The Trust has received a letter of eligibility from the SGX-ST for the listing and quotation of the Units on the Main Board of the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any statements or opinions made or reports contained in this document. Admission to the Official List of the SGX-ST is not to be taken as an indication of the merits of the Offering, the Trust, the Trustee-Manager or the Units. It is expected that the Units will commence trading on the SGX-ST on a "ready" basis on or about 19 July 2017.

Prior to this Offering, there has been no trading market for the Units. There can be no assurance that an active trading market will develop for the Units, or that the Units will trade in the public market subsequent to this Offering at or above the Offering Price.

## DISTRIBUTION AND SELLING RESTRICTIONS

The distribution of this document or any offering material, the Offering, and the sale or delivery of the Units is restricted by law in certain jurisdictions. Therefore, persons who may come into possession of this document or any offering material are advised to consult with their own legal advisers as to what restrictions may be applicable to them and to observe such restrictions. This document may not be used for the purpose of an offer or invitation in any circumstances in which such offer or invitation is not authorised.

No action has been or will be taken in any jurisdiction that would permit a public offering of the Units or the possession, circulation or distribution of this document or any other offering or publicity material relating to the Trust or the Units in any country or jurisdiction (other than Singapore, where action for the purpose is required). Accordingly, the Units may not be offered or sold, directly or indirectly, and neither this document nor any other offering material, circular, form of application or advertisement in connection with the Units may be distributed or published, in or from any country or jurisdiction except under circumstances that will result in compliance with all applicable laws and regulations of any such country or jurisdiction.

**Australia**

The offer of Units in the Trust is only made in circumstances under which no disclosure is required under Chapter 6D or Chapter 7 (as the case may be) of the Corporations Act 2001 (Cth) ("**Australian Corporations Act**"). Nothing in this document is, or purports to be, an offer to a person to whom an Australian regulated prospectus under Chapter 6D of the Australian Corporations Act or a product disclosure document under Chapter 7 of the Australian Corporations Act (as the case may be) (each an "**Australian Regulated Disclosure Document**"), would be required to be given.

***On sale restrictions***

If the Units in the Trust are to be on sold to investors in Australia within 12 months of the issue of the Units in the Trust, they may only be on sold to investors in Australia in circumstances where an Australian Regulated Disclosure Document is not required to be given.

***No investment advice***

This document is provided for general information purposes only and is not intended to constitute, and does not constitute, the provision of any financial product advice or recommendation to acquire, an offer or invitation for issue or sale, an offer or invitation to arrange the issue or sale, or an issue or sale, of Units in Australia and must not be relied upon as such. This document is not intended to influence a person in making a decision in relation to a particular financial product or class of financial products, or an interest in a particular financial product or class of financial products. The Trustee-Manager is not licensed to provide financial product advice in Australia.

The information included in this document does not take into account your investment objectives, financial situation or needs. You should read this document in its entirety and seek your own independent Australian legal, financial and taxation advice before making any decisions in respect of Units in the Trust. There is no cooling off regime that applies in relation to the acquisition of any Units in the Trust in Australia.

The Trustee-Manager does not hold an Australian financial services licence under the Australian Corporations Act.

The Trustee-Manager is authorised and regulated by the MAS under the laws of Singapore, which differ from those applicable in Australia.

**Canada**

The Units may only be offered or sold, directly or indirectly, in the provinces of Alberta, British Columbia, Ontario and Quebec (the "**Private Placement Provinces**") or to residents thereof and not in, or to the residents of, any other province or territory of Canada. Such offers or sales will be made pursuant to an exemption from the requirement to file a prospectus with the regulatory authorities in the Private Placement Provinces and will be made only by a dealer duly registered under the applicable securities laws of such provinces, as the case may be, or in accordance with an exemption from the applicable registered dealer requirements.

***Notice to Investors in Canada***

Prospective Canadian investors are advised that the information contained within this document has not been prepared with regard to matters that may be of particular concern to Canadian investors. Accordingly, prospective Canadian investors should consult with their own legal, financial and tax advisers concerning the information contained within the Prospectus and as to the suitability of an investment in the Units in their particular circumstances.

The offer and sale of the Units in Canada will only be made in the provinces of Alberta, British Columbia, Ontario and Québec or to residents thereof and not in, or to the residents of, any other province or territory of Canada. Such offers and sales will be made only under exemptions from the requirement to file a prospectus in the above mentioned provinces.

The Units may be sold only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 Prospectus Exemptions ("**NI-45-106**") or subsection 73.3(1) of the Securities Act (Ontario), and are permitted clients, as defined in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations. Any resale of the Units must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this document (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal advisor.

We hereby notify prospective Canadian purchasers that: (a) we may be required to provide personal information pertaining to the purchaser as required to be disclosed in Schedule I of Form 45-106F1 under NI-45-106 (including its name, address, telephone number and the aggregate purchase price of any Units purchased) ("**personal information**"), which Form 45-106F1 may be required to be filed by us under NI-45-106, (b) such personal information may be delivered to the Ontario Securities Commission (the "**OSC**") in accordance with NI-45-106, (c) such personal information is collected indirectly by the OSC under the authority granted to it under the securities legislation of Ontario, (d) such personal information is collected for the purposes of the administration and enforcement of the securities legislation of Ontario, and (e) the public official in Ontario who can answer questions about the OSC's indirect collection of such personal information is the Administrative Support Clerk at the OSC, Suite 1903, Box 55, 20 Queen Street West, Toronto, Ontario M5H 3S8, Telephone: (416) 593-3684. Prospective Canadian purchasers that purchase Units in the Offering will be deemed to have authorised the indirect collection of the personal information by the OSC, and to have acknowledged and consented to its name, address, telephone number and other specified information, including the aggregate purchase price paid by the purchaser, being disclosed to other Canadian securities regulatory authorities, and to have acknowledged that such information may become available to the public in accordance with requirements of applicable Canadian laws.

Upon receipt of this document, each Canadian purchaser hereby confirms that it has expressly requested that all documents evidencing or relating in any way to the sale of the securities described herein (including for greater certainty any purchase confirmation or any notice) be drawn up in the English language only. Par la réception de ce document, chaque acheteur canadien confirme par les présentes qu'il a expressément exigé que tous les documents faisant foi ou se rapportant de quelque manière que ce soit à la vente des valeurs mobilières décrites aux présentes (incluant, pour plus de certitude, toute confirmation d'achat ou tout avis) soient rédigés en anglais seulement.

**Dubai International Financial Centre**

This document relates to a fund which is not subject to any form of regulation or approval by the Dubai Financial Services Authority ("**DFSA**").

The DFSA has no responsibility for reviewing or verifying any document or other documents in connection with this fund. Accordingly, the DFSA has not approved this document or any other associated documents nor taken any steps to verify the information set out in this document, and has no responsibility for it.

The Units to which this document relates may be illiquid and/or subject to restrictions on their resale. Prospective purchasers should conduct their own due diligence on the Units.

If you do not understand the contents of this document you should consult an authorised financial adviser."

This document is intended for only Professional Clients as defined in the DFSA Rulebook Conduct of Business Module ("**COB Module**") and must not, therefore, be delivered to, or relied on by, a Retail Client (as defined in the COB Module).

### Hong Kong

***Notice to residents of Hong Kong***

The Trust has not been authorised as collective investment scheme by Hong Kong's Securities and Futures Commission ("**SFC**") pursuant to section 104 of Hong Kong's Securities and Futures Ordinance (CAP. 571) ("**SFO**"), nor has this document been approved by the SFC pursuant to section 105(1) of SFO. Accordingly, (i) the Units may not be offered or sold in Hong Kong by means of any document other than to persons who are "professional investors" within the meaning of the SFO and the Securities and Futures (Professional Investor) Rules made thereunder or as otherwise permitted under the SFO, and (ii) no person may issue, circulate or distribute, or have in its possession for the purposes of issue, circulation or distribution, whether in Hong Kong or elsewhere, any invitation, advertisement or other document relating to the Units, which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to the Units which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" within the meaning of the SFO and the Securities and Futures (Professional Investor) Rules made thereunder.

**WARNING:** The content of this document has not been reviewed by any regulatory authority in Hong Kong. You are advised to exercise caution in relation to this document and the Offering. If you are in any doubt about any content of this document, you should obtain independent professional advice.

### Japan

The Units have not been and will not be registered in Japan pursuant to Article 4, Paragraph 1 of the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended, the "**FIEA**") in reliance upon the exemption from the registration requirements since the offering constitutes the small number private placement as provided for in "*ha*" of Article 2, Paragraph 3, Item 2 of the FIEA.

A transferor of the Units shall not transfer or resell the Units except where the transferor transfers or resells all the Units en bloc to one transferee.

### Korea

The Units have not been and will not be registered with the Financial Services Commission of Korea for public offering in Korea under the Financial Investment Services and Capital Markets Act (the "**FSCMA**"), and none of the Units may be offered, sold or delivered, or offered or sold to any person for re-offering or resale, directly or indirectly in Korea or to any resident of Korea except pursuant to applicable laws and regulations of Korea, including the FSCMA and the Foreign Exchange Transaction Act and the decrees and regulations thereunder (the "**FETL**"). Furthermore, the Units may not be re-sold to Korean residents unless the purchaser of the Units in the Offering complies with all applicable regulatory requirements (including, but not limited to governmental approval requirements under the FETL) in connection with the purchase of the Units in the Offering.

### Kuwait

This document is not for general circulation to the public in Kuwait. The Units have not been licensed for offering in Kuwait by the Kuwait Capital Markets Authority or any other relevant Kuwaiti government agency. The offering of the Units in Kuwait on the basis of a private placement or public offering is, therefore, restricted in accordance with Law No. 7 of 2010 and the bylaws thereto (as amended). No private or public offering of the Units is being made in Kuwait, and no agreement relating to the sale of the Units will be concluded in Kuwait. No marketing or solicitation or inducement activities are being used to offer or market the Units in Kuwait.

### Malaysia

No recognition from the Securities Commission of Malaysia has been applied for or will be obtained for the Offering under the Capital Markets and Services Act 2007. Neither has a prospectus been or will be registered with the Securities Commission of Malaysia in connection with such Offering. Accordingly, this document or any amendment or supplement hereto or any other offering document relating to this Offering must not be distributed in Malaysia, directly or indirectly, for the purpose of any offer of any Units in this Trust and no person may offer or make available any of the Units in this Trust, directly or indirectly, to anyone in Malaysia. By reason of the foregoing, whether or not you invest in this Offering, if you are in Malaysia, you may not distribute this document to anyone other than your own financial and legal advisors, nor may you make copies of this or any other document you receive, except to the extent necessary to consult with your financial and legal advisors who are advising you in connection with this potential investment (and only so long as such advisors agree to hold this information confidential and not use it for purposes other than advising you in connection herewith). Any other reproduction or distribution of this document in Malaysia, in whole or in part, or the disclosure of its contents in Malaysia, without the Trustee-Manager's prior written consent, is prohibited.

**Oman**

The Trust is incorporated and registered under the laws of Singapore. Neither this document nor the Units has / have been registered with or approved by the Central Bank of Oman ("**CBO**") or the Oman Capital Market Authority ("**CMA**") and neither the CBO nor the CMA assume responsibility for the contents of this document or assume liability to any person for damage or loss resulting from reliance on any statement or information contained in this document.

The Units will not be offered, issued, sold or delivered at any time, directly or indirectly, in the Sultanate of Oman in a manner that would constitute a public offering of shares in Oman as contemplated by the Commercial Companies Law (Royal Decree 4/74, as amended), the Capital Market Law (Royal Decree 80/98, as amended), or the Executive Regulations of the Capital Market Law (Decision 1/2009, as amended) and this document does not constitute an offer (or an invitation to offer) to persons to purchase or subscribe for securities in any circumstances in which such offer or invitation would be unlawful. Additionally, neither this document nor any other materials concerning the Offering are intended to lead to the conclusion of a contract of any nature whatsoever within the territory of Oman.

**PRC**

This document has not been and will not be circulated or distributed in the PRC, and the Units may not be offered or sold, and will not be offered or sold to any person for re-offering or resale, directly or indirectly, to any resident of the PRC except pursuant to applicable laws and regulations of the PRC, including but not limited to the laws and regulations applicable to the Qualified Domestic Institutional Investors (as defined in the Tentative Measures for the Administration of Securities Investment Outside the PRC by Qualified Domestic Institutional Investors promulgated by the China Securities Regulatory Commission on 18 June 2007), the sovereignty wealth fund of China (namely, the China Investment Corporation), the National Social Security Fund, domestic insurance companies, and qualified domestic banks (collectively, the "**Qualified Domestic Investors**") which have been approved by relevant PRC government authorities to engage in investment in the offshore stock markets. For the purpose of this paragraph only, the PRC does not include Hong Kong Special Administrative Region, Macau Special Administrative Region and Taiwan.

**Qatar**

THIS DOCUMENT IS PROVIDED ON AN EXCLUSIVE BASIS TO THE SPECIFICALLY INTENDED RECIPIENT THEREOF, UPON THAT PERSON'S REQUEST AND INITIATIVE, AND FOR THE RECIPIENT'S PERSONAL USE ONLY.

NOTHING IN THIS DOCUMENT CONSTITUTES, IS INTENDED TO CONSTITUTE, SHALL BE TREATED AS CONSTITUTING OR SHALL BE DEEMED TO CONSTITUTE, ANY OFFER OR SALE OF SECURITIES IN THE STATE OF QATAR OR IN THE QATAR FINANCIAL CENTRE OR THE INWARD MARKETING OF SECURITIES OR AN ATTEMPT TO DO BUSINESS, AS A BANK, AN INVESTMENT COMPANY OR OTHERWISE IN THE STATE OF QATAR OR IN THE QATAR FINANCIAL CENTRE OTHER THAN IN COMPLIANCE WITH ANY LAWS APPLICABLE IN THE STATE OF QATAR OR IN THE QATAR FINANCIAL CENTRE GOVERNING THE ISSUE, OFFERING AND SALE OF SECURITIES.

THIS DOCUMENT AND THE UNDERLYING INSTRUMENTS HAVE NOT BEEN APPROVED, REGISTERED OR LICENSED BY THE QATAR CENTRAL BANK, THE QATAR FINANCIAL CENTRES REGULATORY AUTHORITY, THE QATAR FINANCIAL MARKETS AUTHORITY OR ANY OTHER REGULATOR IN THE STATE OF QATAR.

RECOURSE AGAINST THE DEALER, AND THOSE INVOLVED WITH IT, MAY BE LIMITED OR DIFFICULT AND MAY HAVE TO BE PURSUED IN A JURISDICTION OUTSIDE QATAR AND THE QATAR FINANCIAL CENTRE.

THIS DOCUMENT AND ANY RELATED DOCUMENTS HAVE NOT BEEN REVIEWED OR APPROVED BY THE QATAR FINANCIAL CENTRE'S REGULATORY AUTHORITY OR THE QATAR CENTRAL BANK.

ANY DISTRIBUTION OF THIS DOCUMENT BY THE RECIPIENT TO THIRD PARTIES IN QATAR OR THE QATAR FINANCIAL CENTRE BEYOND THE TERMS HEREOF IS NOT AUTHORISED AND SHALL BE AT THE LIABILITY OF SUCH RECIPIENT.

**Saudi Arabia**

This document may not be distributed in the Kingdom except to such persons as are permitted under the Offers of Securities Regulations issued by the Capital Market Authority.

The Capital Market Authority does not make any representation as to the accuracy of completeness of this document, and expressly disclaims any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of this document. Prospective purchasers of the securities offered hereby should conduct their own due diligence on the accuracy of the information relating to the securities. If you do not understand the contents of this document, you should consult an authorised financial adviser.

**Switzerland**

The Units may not be publicly offered in Switzerland and will not be listed on the SIX Swiss Exchange ("**SIX**") or on any other stock exchange, multilateral or organised trading facility in Switzerland. This document has been prepared without regard to the disclosure standards for issuance prospectuses under art. 652a or art. 1156 of the Swiss Code of Obligations or the disclosure standards for listing prospectuses under art. 27ff. of the listing rules of the SIX or the listing or admission rules of any other stock exchange, multilateral or organized trading facility in Switzerland.

Neither this document nor any other offering or marketing material relating to the Units or the Offering may be publicly distributed or otherwise made publicly available in Switzerland.

Neither this document nor any other offering or marketing material relating to the Offering, the Trust or the Units have been or will be filed with or approved by any Swiss regulatory authority. In particular, this document will not be filed with, and the Offering of Units will not be supervised by, the Swiss Financial Market Supervisory Authority FINMA ("**FINMA**"), and neither the Trust nor the Units have been or will be authorised under the Swiss Federal Act on Collective Investment Schemes ("**CISA**"). The investor protection affected to acquirers of interests in collective investment schemes under the CISA does not extend to acquirers of the Units.

**Thailand**

The Joint Issue Managers, the Joint Global Coordinators and the Joint Bookrunners and Joint Underwriters have represented, warranted and agreed that it has not offered or sold and will not offer or sell any Units in the Kingdom of Thailand and has not made and will not make any invitation or solicitation in the Kingdom of Thailand to subscribe for the Units.

**United Arab Emirates**

In the United Arab Emirates (the "**UAE**") (outside of the financial free zones established pursuant to UAE Federal Law No. 8 of 2004), the Units are not subject to regulation under the laws or regulations of the UAE relating to the issue, offering and sale of Units. Neither the Units nor this document have been approved by the Securities and Commodities Authority of the UAE (the "**SCA**") under the SCA Board Resolution No. 9 of 2016 on the Regulation of Investment Funds (as amended). Accordingly, this document is not intended for circulation or distribution in or into the UAE, other than to persons in the UAE to whom such circulation or distribution is permitted by, or is exempt from the requirements of, the SCA's Board of Directors Decision No. 3 of 2017 Concerning the Organisation of Promotion and Introduction, and any other applicable UAE laws and regulations.

It should not be assumed that any of the Joint Bookrunners and Joint Underwriters, if any, is a licensed broker, dealer or investment advisor under the laws applicable in the UAE and the SCA regulations, or that it advises individuals resident in the UAE as to the appropriateness of investing in or purchasing or selling the securities or other financial products. Nothing contained in this document is intended to constitute investment, legal, tax, accounting or other professional advice. This document is for your information only and nothing in this document is intended to endorse or recommend a particular course of action. Any person considering acquiring the Units should consult with an appropriate professional for specific advice rendered based on their personal situation.

**United Kingdom**

This document does not constitute an approved prospectus for the purposes of and as defined in section 85 of FSMA, has not been prepared in accordance with the prospectus rules issued by the FCA pursuant to section 73A of the FSMA and has not been approved by or filed with the FCA or by any other authority which would be a competent authority for the purposes of Directive 2003/71/EC (the "**Prospectus Directive**"). The Units may not be offered or sold and will not be offered or sold to the public in the United Kingdom (within the meaning of section 85 and 102B of the FSMA) save in the circumstances where it is lawful to do so without an approved prospectus (within the meaning of section 85 of the FSMA) being made available to the public before the offer is made.

This document is not to be distributed, delivered or passed on to any person resident in the United Kingdom, unless it is being made only to, or directed only at (a) persons falling within the categories of "investment professionals" as defined in Article 19(5) of the Financial Services and Markets Act (Financial Promotion) Order 2005 as amended (the "**Financial Promotion Order**"), (b) persons falling within any of the categories of persons described in Article 49(2) of the Financial Promotion Order (high net worth companies, unincorporated associations etc), or (c) any other person to whom it may otherwise lawfully be made (all such persons together being referred to as "relevant persons").

This document must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this communication relates is available only to relevant persons and will be engaged in only with relevant persons. Persons of any other description in the United Kingdom may not receive and should not act or rely on this document or any other marketing materials relating to the Units.

Potential investors in the United Kingdom are advised that all, or most, of the protections afforded by the United Kingdom regulatory system will not apply to an investment in the Units and that compensation will not be available under the United Kingdom Financial Services Compensation Scheme.

If the recipient of this document is in any doubt about the investment to which this document relates, they should consult a person authorised under the Financial Services and Markets Act 2000 who specialises in advising on investing in securities.

**United States**

The Units have not been and will not be registered under the U.S. Securities Act or any state securities laws of the United States. The Units may not be offered, sold, or delivered within the United States unless pursuant to an exemption from, or in a transaction not subject to, the registration requirements under the U.S. Securities Act. Accordingly, the Units are being offered and sold only outside of the United States in offshore transactions in reliance on and in compliance with Regulation S under the U.S. Securities Act.

**General**

Subscribers of Units under the Offering may be required to pay stamp taxes and/or other charges in accordance with the laws and practice of the country of purchase in addition to the Offering Price of the Units on the cover of this document.

No action has been or will be taken in any jurisdiction that would permit a public offer of the Units being offered outside of Singapore as described herein, or the possession, circulation or distribution of this document or any other material relating to the Trust or the Units, in any jurisdiction where action for the purpose is required. Accordingly, the Units may not be offered or sold, directly or indirectly, and neither this document nor any other offering material or advertisements in connection with the Units may be distributed or published, in or from any country or jurisdiction except under circumstances that will result in compliance with any applicable rules and regulations of any such country or jurisdiction.

It is expected that delivery of the Units offered in the Offering will be made through the facilities of CDP (scripless system) on or about 19 July 2017.

## CLEARANCE AND SETTLEMENT

### INTRODUCTION

The Trust has received a letter of eligibility from the SGX-ST for the listing and quotation of the Units on the Main Board of the SGX-ST. For the purpose of trading on the SGX-ST, a board lot for the Units will comprise 100 Units.

Upon listing and quotation on the SGX-ST, the Units will be traded under the electronic book-entry clearance and settlement system of CDP. All dealings in and transactions of the Units through the SGX-ST will be effected in accordance with the terms and conditions for the operation of Securities Accounts, as amended from time to time.

CDP, a wholly-owned subsidiary of Singapore Exchange Limited, is incorporated under the laws of Singapore and acts as a depository and clearing organisation. CDP holds securities for its account-holders and facilitates the clearance and settlement of securities transactions between account-holders through electronic book-entry changes in the Securities Accounts maintained by such accountholders with CDP.

It is expected that the Units will be credited into the Securities Accounts of applicants for the Units within four Market Days after the closing date for applications for the Units.

### CLEARANCE AND SETTLEMENT UNDER THE DEPOSITORY SYSTEM

The Units will be registered in the name of CDP or its nominee and held by CDP for and on behalf of persons who maintain, either directly or through depository agents, Securities Accounts with CDP. Persons named as direct Securities Account holders and depository agents in the Depository Register will be treated as Unitholders in respect of the number of Units credited to their respective Securities Accounts.

Transactions in the Units under the book-entry settlement system will be reflected by the seller's Securities Account being debited with the number of Units sold and the buyer's Securities Account being credited with the number of Units acquired and no transfer stamp duty is currently payable for the transfer of Units that are settled on a book-entry basis.

Units credited to a Securities Account may be traded on the SGX-ST on the basis of a price between a willing buyer and a willing seller. Units credited into a Securities Account may be transferred to any other Securities Account with CDP, subject to the terms and conditions for the operation of Securities Accounts and a S$10.00 transfer fee payable to CDP. All persons trading in the Units through the SGX-ST should ensure that the relevant Units have been credited into their Securities Account, prior to trading in such Units, since no assurance can be given that the Units can be credited into the Securities Account in time for settlement following a dealing. If the Units have not been credited into the Securities Account by the due date for the settlement of the trade, the buy-in procedures of the SGX-ST will be implemented.

### CLEARING FEE

A clearing fee for the trading of Units on the SGX-ST is payable at the rate of 0.0325% of the transaction value. The clearing fee, deposit fee and unit withdrawal fee may be subject to the prevailing GST.

Dealings in the Units will be carried out in Singapore dollars and will be effected for settlement in CDP on a scripless basis. Settlement of trades on a normal "ready" basis on the SGX-ST generally takes place on the third Market Day following the transaction date and payment for the securities is generally settled on the following Market Day. CDP holds securities on behalf of investors in Securities Accounts. An investor may open a direct account with CDP or a sub-account with any CDP depository agent. A CDP depository agent may be a member company of the SGX-ST, bank, merchant bank or trust company.

## EXPERTS

Ernst & Young Solutions LLP, the Independent Tax Adviser, was responsible for preparing the Independent Taxation Report found in Appendix E of this document.

PricewaterhouseCoopers Advisory Services Pte Ltd, the Independent Valuer, was responsible for preparing the Independent Valuation Letter found in Appendix F of this document.

Media Partners Asia Ltd., the Independent Industry Consultant, was responsible for preparing the statements attributed to it appearing on pages 14 to 24, 58, 93, 94, 122 to 128, 130, 131, and 150 of this document, the section of this document entitled "Industry Overview" and the Independent Industry Consultant Report found in Appendix D of this document.

The Independent Tax Adviser, the Independent Valuer and the Independent Industry Consultant have each given and have not withdrawn their written consents to the issue of this document with the inclusion herein of their names and their respective write-ups, statements and reports in the form and context in which they respectively appear in this document, and to act in such capacity in relation to this document. The above-mentioned write-ups, statements and reports were prepared for the purpose of incorporation in this document.

None of the experts named in this document:

- is employed on a contingent basis by the Trustee-Manager or any member of the Trust Group;
- has a material interest, whether direct or indirect, in the Units or the shares or equity interests of any member of the Trust Group; or
- has a material economic interest, whether direct or indirect, in the Trust, including an interest in the success of the Offering.

## LEGAL MATTERS

Certain legal matters in connection with the Offering will be passed upon for the Trustee-Manager as to Singapore law by Allen & Gledhill LLP and as to U.S. federal securities and English laws by Milbank, Tweed, Hadley & McCloy LLP, and for the Joint Global Coordinators, the Joint Issue Managers and the Joint Bookrunners and Joint Underwriters as to Singapore law and U.S. federal securities and English laws by Clifford Chance Pte. Ltd.

None of Allen & Gledhill LLP, Milbank, Tweed, Hadley & McCloy LLP and Clifford Chance Pte. Ltd. makes, or purports to make, any statement in this document and none of them is aware of any statement in this document that purports to be based on a statement made by it and it makes no representation, express or implied, regarding, and takes no responsibility for, any statement in or omission from this document.

## INDEPENDENT AUDITORS AND REPORTING ACCOUNTANTS

Deloitte & Touche LLP, the Independent Auditors and Reporting Accountants for the purpose of complying with the Securities and Futures Act only, has given and has not withdrawn its written consent to the issue of this document with the inclusion herein of, and all references to:

- its name and all references thereto;
- its report dated 10 July 2017 titled "Reporting Accountants' Report on the Profit and Cash Flow Forecast and Profit and Cash Flow Projection";
- its report dated 10 July 2017 titled "Reporting Accountants' Report on the Compilation of the Unaudited Pro Forma Financial Information of NetLink NBN Trust and its Subsidiaries for the Financial Years ended 31 March 2016 and 2017"; and
- its report dated 10 July 2017 titled "Independent Auditors' Report on the Consolidated Financial Statements of NetLink Trust and its Subsidiaries for the Financial Years ended 31 March 2015, 31 March 2016 and 31 March 2017",

in the form and context in which they are respectively included in this document and to act in such capacity in relation to this document. The above-mentioned reports were prepared for the purpose of incorporation in this document.

# GENERAL AND STATUTORY INFORMATION

## RESPONSIBILITY STATEMENT BY THE DIRECTORS

1. The Directors collectively and individually accept full responsibility for the accuracy of the information given in this document and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this document constitutes full and true disclosure of all material facts about the Offering, the Trustee-Manager, the Trust and subsidiaries of the Trust, and the Directors are not aware of any facts the omission of which would make any statement in this document misleading. The Directors are satisfied that the Profit and Cash Flow Forecast and Profit and Cash Flow Projection contained in "*Profit and Cash Flow Forecast and Profit and Cash Flow Projection*" have been stated after due and careful enquiry. Where information in this document has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this document in its proper form and context.

## MATERIAL BACKGROUND INFORMATION

2. Save as disclosed below, none of the Directors, key executives or controlling shareholder of the Trustee-Manager, or the controlling Unitholder, was or is involved in any of the following events:

   (a) at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within two years from the date he ceased to be a partner;

   (b) at any time during the last 10 years, an application or a petition under any law of any jurisdiction filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive or at any time within two years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a Registered Business Trust, that Registered Business Trust, on the ground of insolvency;

   (c) any unsatisfied judgment against him;

   (d) a conviction of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose;

   (e) a conviction of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach;

   (f) at any time during the last 10 years, judgment having been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or having been a subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part;

   (g) a conviction in Singapore or elsewhere of any offence in connection with the formation or management of any entity or Registered Business Trust;

   (h) disqualification from acting as a director or an equivalent person of any entity (including the trustee of a Registered Business Trust), or from taking part directly or indirectly in the management of any entity or Registered Business Trust;

   (i) any order, judgment or ruling of any court, tribunal or governmental body permanently or temporarily enjoining him from engaging in any type of business practice or activity;

   (j) to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:

      (i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere;

(ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere;

(iii) any Registered Business Trust which has been investigated for a breach of any law or regulatory requirement governing Registered Business Trusts in Singapore or elsewhere; or

(iv) any entity or Registered Business Trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere,

in connection with any matter occurring or arising during the period when he was so concerned with the entity or Registered Business Trust; or

(k) having been the subject of any current or past investigation or disciplinary proceedings, or having been reprimanded or issued any warning, by the Authority or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere.

***Mr. Chaly Mah Chee Kheong***

Mr. Mah was the subject of an inquiry by the Public Accountants Board Singapore under Part IV of the Accountants Act, 1987 in relation to the conduct of the audit of Baring Futures (Singapore) Pte Ltd by his previous firm, Deloitte & Touche, Singapore, for the financial years ended 31 December 1992 and 1993 (the "**PAB Inquiry**"). The Public Accountants Board Singapore accepted the determination of the inquiry committee that Mr. Mah was not guilty of professional misconduct, and the PAB Inquiry concluded in 2001 with no further action taken against him.

***Ms. Koh Kah Sek***

Ms. Koh is on the board of directors of various entities within the Far East Organization group and the Sino Group, which entities operate within the food and beverage and/or hospitality industries. Such entities are subject to various laws and regulations governing their day-to-day operations and may be investigated by regulatory authorities (for example, the National Environment Agency, the Energy Market Authority, the IRAS and the Competition Commission of Singapore) for breaches of such laws and regulations from time to time in the ordinary course of business, and such entities have been, and may be, subject to fines (such as fines in relation to vector control, unlicensed electrical installation operation and overdue GST payment relating to vehicles) from time to time in the ordinary course of business. To Ms. Koh's knowledge, none of the fines imposed on such entities (in connection with matters occurring or arising during the period when she was a director of such entities) are material.

***Mr. Slattery Sean Patrick***

Mr. Slattery is the Vice President (Regulatory & Interconnect) of Singtel and has held this position since 2005. As a telecommunication services provider, Singtel is subject to various laws and regulations governing its day-to-day operations and may be investigated by IMDA for breaches of such laws and regulations from time to time in the ordinary course of business, and has been, and may be, subject to, among others, fines, warnings and/or directions issued from time to time by IMDA in the ordinary course of business.

During the periods for which Mr. Slattery was the Vice President (Regulatory & Interconnect) of Singtel, there had been an incident of material breach by Singtel, the details of which are that on 6 May 2014, the Infocomm Development Authority of Singapore (the predecessor to IMDA) announced that it had completed its investigation into the service disruption caused by a fire at the Singtel Bukit Panjang Exchange on 9 October 2013. Singtel was found to have breached its obligations under the Code of Practice for Telecommunication Service Resiliency (Service Resiliency Code) for the disruption to its services and a financial penalty of S$6 million was imposed on Singtel. Singtel has paid the financial penalty.

***Mr. Slattery Sean Patrick, Mr. Tong Yew Heng, Mr. Wong Hein Jee and Mr. Chye Hoon Pin***

Mr. Slattery has been a non-executive director of CityNet (in its capacity as the then trustee-manager of NLT) since 2011 and was a non-executive director of OpenNet (a wholly-owned subsidiary of NLT) from 2013 to 2014. Mr. Tong, Mr. Wong and Mr. Chye have been the CEO, CFO and COO, respectively of CityNet (in its capacity as the then trustee-manager of NLT) from January 2016 (in respect of Mr. Tong), from April 2015 (in respect of Mr. Wong) and from January 2014 (in respect of Mr. Chye). In addition, Mr. Tong was a non-executive director of CityNet (in its capacity as the then trustee-manager of NLT) from 2011 to May 2015, and an executive director of OpenNet since January 2016 and Mr. Wong and Mr. Chye have been executive directors of OpenNet since 2015 and 2014 respectively.

From time to time, CityNet (in its capacity as the then trustee-manager of NLT) and OpenNet have been investigated for and been subject to financial penalties for breaches of the conditions of their respective FBO licences. In addition, CityNet (in its capacity as the then trustee-manager of NLT) and OpenNet have been investigated for and either have been issued warnings or been subject to financial penalties for failing to comply with QoS Standards on a number of occasions.

The incidents of breaches by CityNet (in its capacity as the then trustee-manager of NLT) and OpenNet of the conditions of their respective FBO licences in respect of which IMDA has imposed penalties as well as the further incidents of breach of FBO licence conditions which may result in enforcements actions by IMDA (which include those incidents occurring during the periods for which the above-mentioned individuals were concerned with the management or conduct of CityNet and/or OpenNet (as the case may be)) are set out in "*Regulatory Environment—Key Licences held by NLT Trustee/Trustee-Manager—FBO licence*".

The instances where CityNet (in its capacity as the then trustee-manager of NLT) and OpenNet have been investigated for and either issued warnings or been subject to financial penalties, for failing to comply with QoS Standards (which include those instances occurring during the periods for which the above-mentioned individuals were concerned with the management or conduct of CityNet and/or OpenNet (as the case may be)) are set out in "*Regulatory Environment—Key Codes of Practice Applicable to the Trust Group—Quality of Service Standards applicable to Trust Group*".

Background on these breaches as well as the operational measures being taken by the Trust Group to reduce the occurrence of such breaches are set out in "*Business—Quality of Service (QoS) Standards*".

In addition, NLT is subject to various laws and regulations governing its day-to-day operations and may be investigated by regulatory authorities (for example, the National Environment Agency and the Ministry of Manpower) for breaches of such laws and regulations from time to time in the ordinary course of business. NLT has paid (and may have to pay) fines to compound offences arising from such breaches (such as in relation to vector control and a workplace health and safety incident). To the knowledge of each of Mr. Slattery, Mr. Tong, Mr. Wong and Mr. Chye, none of the fines imposed on NLT in relation to such breaches occurring or arising during the period when he was concerned with the management or conduct of CityNet and/or OpenNet (as the case may be) is material.

***Mr. Chye Hoon Pin***

Mr. Chye was the CEO of Pacific Bangladesh Telecom Limited ("**CityCell**"), one of Singtel's joint venture companies, from 2005 to 2007. CityCell was Bangladesh's fourth largest mobile operator at the time. In early 2008 (shortly after Mr. Chye left CityCell), CityCell was fined BDT1.5 billion by the Bangladesh Telecommunication Regulatory Commission ("**BTRC**") for its involvement in the provision of unlicensed international VoIP telephony services. CityCell was one of the mobile operators in Bangladesh to allow part of its international voice traffic to terminate via VoIP operators, bypassing the exclusive right of Bangladesh Telegraph and Telephone Board to terminate international voice traffic into Bangladesh. Bangladesh's three larger mobile operators at the time were also fined approximately similar amounts by BTRC for the same offence.

**LITIGATION**

3. None of the members of the Trust Group is engaged in any legal or arbitration proceedings including those which are pending or known to be contemplated, which may have or which have had in the 12 months immediately preceding the date of lodgement of this document with the Authority, a material effect on the financial position or the profitability of the Trust Group.

## EXCHANGE CONTROLS

4. There are currently no exchange controls in effect in Singapore. As at the date of this document, there is no governmental law, decree or regulatory requirement or any other requirement which may affect the repatriation of capital and the remittance of profits by or to the Trustee-Manager.

## MATERIAL CONTRACTS

5. The material contracts entered into by the Trust Group within the two years preceding the date of lodgement of this document (not being contracts entered into in the ordinary course of the business of the Trust Group), are as follows:

   (a) the Trust Deed (see "*The Constitution of the Trust*");

   (b) the TM Shares Trust Deed (see *"The Trustee-Manager—Description of the TM Shares*");

   (c) the sale and purchase agreement between Singtel and the NLT Trustee dated 27 June 2017 pursuant to which Singtel agreed to transfer to NLT approximately 27,000 lead-in ducts for a consideration of S$93 million (the "**Purchase Price**") payable from the proceeds from the Offering (the "**Ducts SPA**") (see "*Use of Proceeds*"), where such Purchase Price represents the consideration of S$101 million payable by the NLT Trustee to Singtel in relation to the purchase of such assets net of the value of future service revenue of S$8 million payable by Singtel to the NLT Trustee in respect of Singtel cables which have been installed and which continue to remain in the ducts sold to the NLT Trustee pursuant to the Ducts SPA;

   (d) the TM Sale and Purchase Agreement (see "*Trust Acquisition—TM Sale and Purchase Agreement*");

   (e) the NLT Notes Subscription Deed (as defined herein); and

   (f) the master agreement in relation to qualifying deductions for years of assessment 2014, 2015 and 2016 dated 14 March 2016 between Singtel and CityNet (in its capacity as the then trustee-manager of NLT), pursuant to which NLT agreed to (i) transfer to Singtel and / or any of its subsidiary corporations, subsidiary trusts or subsidiary entities qualifying deductions of S$350 million for a consideration of S$60 million payable by Singtel (which NLT would set-off against a S$60 million distribution to Singtel), and (ii) consolidate and record the implementation of an earlier agreement entered into in respect of qualifying deductions for years of assessment 2014 and 2015.

## DOCUMENTS FOR INSPECTION

6. Copies of the following documents are available for inspection at the registered office of the Trustee-Manager at 750E Chai Chee Road, #07-03 Viva Business Park, Singapore 469005, for a period of six months from the date of registration by the Authority of this document:

   (a) the Trust Deed (which will be available for inspection for so long as the Trust is in existence and listed on the SGX-ST);

   (b) the other material contracts referred to in paragraph 5 above;

   (c) the Unit Purchase Agreement (see "*Trust Acquisition—Unit Purchase Agreement*");

   (d) the employment agreement of the Chief Executive Officer referred to in "*The Trustee-Manager—The Trustee-Manager of the Trust—Service Agreements*";

   (e) the Reporting Accountants' Report on the Profit and Cash Flow Forecast and Profit and Cash Flow Projection as set out in Appendix A of this document;

   (f) the Reporting Accountants' Report on the Compilation of the Unaudited Pro Forma Financial Information of NetLink NBN Trust and its Subsidiaries for the Financial Years ended 31 March 2016 and 2017 as set out in Appendix B of this document;

   (g) the Independent Auditors' Report on the Consolidated Financial Statements of NetLink Trust and its Subsidiaries for the Financial Years ended 31 March 2015, 31 March 2016 and 31 March 2017 as set out in Appendix C of this document;

   (h) the Independent Industry Consultant Report as set out in Appendix D of this document;

   (i) the Independent Taxation Report as set out in Appendix E of this document;

(j) the Independent Valuation Letter as set out in Appendix F of this document;

(k) the respective audited financial statements of NLT and each of the subsidiaries of NLT for the financial years ended 31 March 2016 and 31 March 2017; and

(l) the written consents referred to in paragraphs 19 to 20 below and in the sections "*Experts*" and "*Independent Auditors and Reporting Accountants*".

**MISCELLANEOUS**

7. The financial year end of the Trust is 31 March.

8. While the Trust is listed on the SGX-ST, investors may check the SGX-ST website http://www.sgx.com, for the prices at which Units are being traded on the SGX-ST. Investors may also check one or more major Singapore newspapers, such as *The Straits Times, The Business Times and Lianhe Zaobao*, for the price range within which Units were traded on the SGX-ST on the preceding day.

9. Save as disclosed in this document, unless otherwise permitted under the Listing Manual, neither the Trustee-Manager nor any of its associates will be entitled to receive any part of any brokerage charged to the Trust, or any part of any fees, allowances or benefits received on purchases charged to the Trust.

10. There have been no public takeover offers by third-parties in respect of the Units or by the Trustee-Manager in respect of the shares of a corporation or the units of another business trust, that have occurred between 19 June 2017, being the date of establishment of the Trust, and up to the Latest Practicable Date.

11. Mr. Sean Slattery and Mr. Arthur Lang were nominated for appointment as Directors by Singtel. Save for the foregoing, there is no arrangement or understanding with a substantial shareholder of the Trustee-Manager, Substantial Unitholder, customer or supplier of the Trustee-Manager or other person, pursuant to which any Director or any Executive Officer was selected as a Director or Executive Officer.

12. The principal bankers of the Trustee-Manager are:

    DBS Bank
    12 Marina Boulevard
    DBS Asia Central @ Marina Bay Financial Centre Tower 3
    Singapore 018982

    Oversea-Chinese Banking Corporation Limited
    63 Chulia Street #10-00
    Singapore 049514

    United Overseas Bank Limited
    80 Raffles Place
    UOB Plaza
    Singapore 048624

13. The Trustee-Manager has appointed Deloitte & Touche LLP as Independent Auditors and Reporting Accountants of the Trust in accordance with the requirements of the BTA.

14. Except as disclosed in "*Unaudited Pro Forma Financial Information*", "*Business*" and elsewhere in this document, no event has occurred since 31 March 2017 and up to the Latest Practicable Date that may have a material effect on the financial position and results of the Trust Group.

15. Dilution is the difference between the Offering Price per Unit and the net asset value per Unit, as at the latest balance sheet date after adjusting for the effects of the Offering, and any disposal or acquisition which occurred between the latest balance sheet date and the date of the registration of this Prospectus by the Authority on the net asset value per Unit. Dilution cannot be computed in the case of the Trust, as the net asset value of the Trust is approximately equivalent to the value of the net proceeds from the Offering.

**TREND INFORMATION AND PROFIT FORECAST**

16. Save as disclosed in "*Risk Factors*", "*Capitalisation and Indebtedness*", "*Profit and Cash Flow Forecast and Profit and Cash Flow Projection*", "*Management's Discussion and Analysis of*

*Financial Condition and Results of Operations*" and "*Business*" of this document, the financial condition and operations of the Trust is not likely to be affected by any of the following:

(a) known trends or demands, commitments, events or uncertainties that will result in or are reasonably likely to result in the Trust's liquidity increasing or decreasing in any material way;

(b) material commitments for capital expenditure;

(c) unusual or infrequent events or transactions or any insignificant economic changes that materially affect the amount of reported income from operations; and

(d) known trends or uncertainties that have had or that the Trust reasonably expects will have a material favourable or unfavourable impact on revenues or operating income.

17. Due to the nature of the business of the Trust, an order book is not maintained.

**WAIVERS FROM THE SGX-ST**

18. The Trustee-Manager has obtained the following waivers of the Listing Manual from the SGX-ST:

(a) Rule 246(5)(a) which requires the listing application to include declarations (the "**Declaration Forms**") by each controlling unitholder of the Trust and each controlling shareholder of the Trustee-Manager, in the form set out in paragraph 8, Part VIII of the Fourth Schedule, Securities and Futures (Offers of Investments)(Business Trusts) (No. 2) Regulations 2005, with respect to the provision of the Declaration Forms by the Share Trustee and the charitable organisations who are the Pre-Listing Beneficiaries;

(b) Rule 246(6) which requires the directors, executive officers, controlling shareholders and partners of the controlling shareholders (the "**Relevant Persons**") to provide their resumes and particulars (the "**Resume Forms**") together with the submission of the new listing application, with respect to the provision of the Resume Forms by the Relevant Persons of the Share Trustee and the charitable organisations who are the Pre-Listing Beneficiaries;

(c) Rule 404(3) which states that an investment fund which is denominated in Singapore dollars (other than a venture capital fund or a hedge fund) must: (i) limit its investments in companies which are related to the investment fund's substantial shareholders, investment managers or management companies, to a maximum of 10% of gross assets; (ii) abide by the same investment and borrowing restrictions prescribed by the Code on Collective Investment Schemes; and (iii) restrict investments in unlisted securities to 30% of gross assets, subject to compliance with (A) the requirements under Chapter 9 of the Listing Manual and (B) the BTA;

(d) Rule 404(5) which requires the management company (or if there is no management company, the sponsor or trustee) to be reputable and have an established track record in managing investments, subject to the management team in the Trustee-Manager having the relevant experience as required under Rule 404(6) of the Listing Manual;

(e) Rule 407(4) which requires the submission of the financial track record of the investment manager, the investment adviser and persons employed by them in the listing application, subject to the management team in the Trustee-Manager having the relevant experience as required under Rule 404(6) of the Listing Manual;

(f) Rule 409(3) which requires the annual accounts of the investment fund for each of the last three financial years to be submitted with the listing application, subject to disclosure in this document of (i) the historical audited consolidated financial statements of NLT for the financial years ended 31 March 2015, 31 March 2016 and 31 March 2017; (ii) the Unaudited Pro Forma Financial Information; (iii) the Profit and Cash Flow Forecast and Profit and Cash Flow Projection; and (iv) the reason(s) for the waiver granted;

(g) Rule 609(b) which requires the proforma income statement or statement of comprehensive income to be presented for the latest 3 financial years and for the most recent interim period to be submitted with the application, subject to disclosure in this document of (i) the historical audited consolidated financial statements of NLT for the financial years ended 31 March 2015, 31 March 2016 and 31 March 2017; (ii) the Unaudited Pro Forma Financial Information; (iii) the Profit and Cash Flow Forecast and Profit and Cash Flow Projection; and (iv) the reason(s) for the waiver granted;

(h) Rule 748(1) which requires an investment fund to announce via SGXNET its net tangible assets per share or per unit at the end of each week, subject to the Trust announcing its net asset value per Unit on a quarterly basis via SGXNET; and

(i) Rule 748(3) which requires the Trust to disclose certain information in its annual report, subject to disclosure of the information set out under "The Trustee-Manager—Annual Reports".

Waivers were sought in respect of Rule 409(3) and Rule 609(b) as pro forma financial statements in respect of the latest two financial years ended 31 March 2016 and 31 March 2017 (as opposed to the latest three financial years) would provide investors with a more representative and comparative view of the financial statements of NLT following the consolidation of OpenNet and NLT.

NLT's acquisition of OpenNet was effected in two phases—the acquisition by NLT of 100% of the shares of OpenNet from the existing shareholders of OpenNet in November 2013 ("**Phase 1**") was followed by operational consolidation in October 2014 (involving the transfer of the assets and business of OpenNet to NLT, the termination by Singtel of its agreements with OpenNet to be its key sub-contractor in relation to the Next Gen NBN and the corresponding transfer by Singtel of the relevant technical and operational personnel, tools and equipment and fibre inventory, and novation of vendor/supplier agreements related to the provision by Singtel of key sub-contractor services to OpenNet, to NLT) ("**Phase 2**").

As Phase 2 took effect during the financial year ended 31 March 2015, pro forma financial statements for the financial year ended 31 March 2015 would not be representative of the financial statements of NLT post-consolidation, or be meaningful to investors in the Offering.

## CONSENTS OF THE JOINT ISSUE MANAGERS AND THE JOINT GLOBAL COORDINATORS, AND THE JOINT BOOKRUNNERS AND JOINT UNDERWRITERS

19. Each of DBS Bank, Morgan Stanley Asia (Singapore) Pte. and UBS AG, Singapore Branch, named as a Joint Issue Manager and a Joint Global Coordinator, has given and has not withdrawn its written consent to the issue of this document with the inclusion hereof of its name and all references thereto in the form and context in which it appears in this document and to act in such capacity in relation to this document.

20. Each of DBS Bank, 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, named as a Joint Bookrunner and Joint Underwriter, has given and has not withdrawn its written consent to the issue of this document with the inclusion hereof of its name and all references thereto in the form and context in which it appears in this document and to act in such capacity in relation to this document.

## CHANGES IN ISSUED UNITHOLDERS' EQUITY AND SHARE CAPITAL

21. The Trust is a Registered Business Trust. On 19 June 2017, one Unit was issued to Holdco upon the establishment of the Trust. The issue price of this Unit was S$1.00. No other Units have been issued.

Except as disclosed below, there were no changes in the issued and paid up unitholders' equity or share capital (as the case may be) of the subsidiaries of the Trust within the three years preceding the Latest Practicable Date.

**NetLink Trust Management Services Company Pte. Ltd.**

| Date | No. of Shares Issued/Reduced | Price Per Share | Purpose of Issue/Reduction | Resultant Issued Share Capital |
|---|---|---|---|---|
| 20 August 2014 . . . . . . | 2 ordinary shares issued | S$1.00 | Incorporation | S$2.00 |

**NetLink Management Pte. Ltd.**

| Date | No. of Shares Issued/Reduced | Price Per Share | Purpose of Issue/Reduction | Resultant Issued Share Capital |
|---|---|---|---|---|
| 21 February 2017 . . . . | 5 ordinary shares issued | S$1.00 | Incorporation | S$5.00 |

## GLOSSARY

| | | |
|---|---|---|
| "**%**" or "**per cent.**" | : | Per centum or percentage |
| "**Absolute TUR**" | : | The nominal capital growth (Unit price increase plus Distributions) that would have been achieved by a Unitholder over a specified time period assuming all Distributions were reinvested |
| "**Acquisition Amount**" | : | The aggregate consideration for the Trust Acquisition payable by the Trust Group to Singtel for the Trust Acquisition |
| "**Additional Units**" | : | The 123,456,000 Units to be issued to the Joint Bookrunners and Joint Underwriters pursuant to the exercise of the Over-Allotment Option |
| "**AGTO**" | : | Annual gross turnover |
| "**Application Forms**" | : | The printed application forms to be used for the purpose of the Offering and which form part of this document |
| "**Application List**" | : | The list of applicants subscribing for Units that are the subject of the Public Offer |
| "**Applicable Taxes**" | : | All applicable GST and all other applicable sales tax, government impositions, duties and levies whatsoever imposed thereon by the relevant authorities in Singapore or elsewhere, excluding any tax on the income of the Trustee-Manager |
| "**Approved Expenses**" | : | Actual Equity Issue Expenses and TM Sale and Purchase Fees and Purchase Fees and Expenses, each as approved by Singtel |
| "**associate**" | : | Has the meaning ascribed to it in the Listing Manual |
| "**associated company**" | : | Has the meaning ascribed to it in the BTA |
| "**associated entity**" | : | Has the meaning ascribed to it in the SF BT Regulations |
| "**Audit Committee**" | : | The audit committee of the Trustee-Manager |
| "**Authorised Businesses**" | : | Has the meaning ascribed to it in the Trust Deed |
| "**Bloomberg**" | : | Bloomberg L.P. |
| "**Board**" | : | The board of Directors of the Trustee-Manager |
| "**Broadcasting Act**" | : | Broadcasting Act, Chapter 28 of Singapore |
| "**Broadcasting Licensee**" | : | Any holder of a licence granted under the Broadcasting Act but excludes class licensees |
| "**BSS**" | : | Business Support Systems used by a telecommunications operator to run its business operations towards customers |
| "**BTA**" | : | Business Trusts Act, Chapter 31A of Singapore |
| "**BTR**" | : | Business Trusts Regulations 2005 |
| "**Business Day**" | : | Any day (other than a Saturday, Sunday or gazetted public holiday) on which commercial banks are open for business in Singapore and the SGX-ST is open for trading |
| "**CAFD**" | : | CAFD is cash available for distribution and represents cash flows from distributions received by the Trust from NLT, principal and interest payments (net of applicable taxes and expenses) received by the Trust from NLT pursuant to the NLT Notes, and any other cash received by the Trust from NLT, after such cash flows have been applied to:<br>• pay the expenses of the Trust, the Trustee-Manager and the TM Shares Trust, including the Trustee-Manager's fees; |

- repay any principal amounts (including any premium or fee) under any debt or financing arrangement of the Trust, excluding any debt or financing arrangement that is refinanced with new debt incurrence;
- provide for the working capital requirements of the Trust as well as for any reserves and provisions deemed appropriate by the Trustee-Manager; and
- pay any interest or other financing expense on any debt or financing arrangement of the Trust

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| "**CAGR**" | : | Compound annual growth rate |
| "**Capex Reserve Requirement**" | : | The requirement for NLT 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 |
| "**CAPM**" | : | Capital Asset Pricing Model |
| "**CBD**" | : | Central business district |
| "**CDP**" | : | The Central Depository (Pte) Limited |
| "**Central Office**" or "**CO**" | : | A location or building which houses any telecommunication infrastructure, plant and/or equipment |
| "**CEO**" | : | Chief executive officer |
| "**CFO**" | : | Chief financial officer |
| "**COO**" | : | Chief operating officer |
| "**Chief Executive Officer**" | : | The chief executive officer of the Trust Group |
| "**Chief Financial Officer**" | : | The chief financial officer of the Trust Group |
| "**Chief Operating Officer**" | : | The chief operating officer of the Trust Group |
| "**CityNet**" | : | CityNet Infrastructure Management Pte. Ltd., the trustee-manager of NLT until 13 April 2017 |
| "**COCG**" | : | Code of Corporate Governance 2012 |
| "**Companies Act**" | : | Companies Act, Chapter 50 of Singapore |
| "**Competing Licensees**" | : | Telecommunication licensees that provide or have the potential to provide competing telecommunication services and telecommunication equipment |
| "**controlling shareholder**" | : | Has the meaning ascribed to it in the SF BT Regulations |
| "**controlling unitholder**" | : | Has the meaning ascribed to it in the SF BT Regulations |
| "**CS Authorised Business**" | : | The provision of administrative, corporate and secretarial support services (including, without limitation, finance, legal, human resources, regulatory, business strategy and information technology as well as any other support services required by the Trust or the Trust Group from time to time) to the Trust or the Trust Group |
| "**Customised Agreement**" | : | An agreement for the provision of Mandated Services on prices, terms and conditions that differ from the prices, terms and conditions of the ICO |
| "**D&M Business**" | : | The ownership, installation, operation, and maintenance of Ducts, Manholes, Central Offices and space in Central Offices in Singapore for the purposes of telecommunications activities |
| "**DBS Bank**" | : | DBS Bank Ltd. |

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| "**DBS Group**" | : | DBS Group Holdings Ltd, together with its subsidiaries |
| "**Depository Register**" | : | The depository register maintained by CDP |
| "**Depository Services Terms and Conditions**" | : | CDP's depository services terms and conditions relating to the deposit of Units in CDP |
| "**Designated Entity**" | : | A Designated Telecommunication Licensee, Designated Business Trust or Designated Trust (as such terms are defined under the Telecommunications Act) |
| "**Director**" | : | A director of the Trustee-Manager |
| "**Distributable Income**" | : | NLT's consolidated profit before tax for that distribution period adjusted for:<br>• non-cash adjustments such as depreciation of property, plant and equipment, amortisation of intangibles and the Singapore government grant, unrealised income and unrealised losses and provisions;<br>• cash adjustments such as increase or decrease in working capital when compared to the working capital for the previous distribution period, taxes paid in that distribution period, capital expenditure not funded through incurrence of debt, non-recurring expenses and non-recurring income (as deemed appropriate by the NLT Trustee) and repayment of any principal amounts (including any premium or fee) under any debt or financing arrangement of any member of the NLT Group, excluding any debt or financing arrangement that is refinanced with new debt incurrence; and<br>• net reserves set aside (as deemed appropriate by the NLT Trustee) for purposes such as future capital expenditure (including the funding of the capital expenditure reserve fund pursuant to the Capex Reserve Requirement), debt repayment and working capital as may be required |
| "**Dominant Licensees**" | : | FBO licensees, and SBO licensees that use switching or routing equipment to provide telecommunication services to the public, whose conduct are not adequately constrained by competitive market forces |
| "**DPU**" | : | Distributions per Unit |
| "**Duct**" | : | Conduits of various sizes connecting or leading from Manholes and through which cables may be installed, including lead-in ducts |
| "**Ducts SPA**" | : | The sale and purchase agreement between Singtel and the NLT Trustee dated 27 June 2017 pursuant to which Singtel agreed to transfer to NLT approximately 27,000 lead-in ducts for a consideration of S$93 million payable from the proceeds from the Offering |
| "**Due Care**" | : | The degree of care and diligence required of a trustee-manager of a Registered Business Trust |
| "**EBITDA**" | : | EBITDA is a non-SFRS financial measure and represents operating profit before depreciation and amortisation expense, net finance cost and income tax expense |
| "**Effective Amendment Date**" | : | 19 April 2017, being the effective date of the amendment of the terms of the Long Term Incentive Plan in anticipation of the Listing |
| "**EFTO**" | : | Enhanced Fibre Takeover |

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| "**Equity Issue Expenses**" | : | Costs and expenses payable in connection with the Offering and the application for Listing, including the Underwriting, Selling and Management Commission, professional fees and all other incidental expenses relating to the Offering, but excluding any and all Underwriting, Selling and Management Commission and other incidental expenses in connection with the issuance of Additional Units, if any |
| "**Executive Officers**" | : | The executive officers of the Trustee-Manager |
| "**Extraordinary Resolution**" | : | A resolution proposed and passed as such by a majority consisting of 75.0% or more of the total number of votes cast for and against such resolution at a meeting of Unitholders or, to the extent not prohibited by law, a resolution in writing signed by or on behalf of 75.0% or more of the Unitholders for the time being entitled to receive notice of any meeting of Unitholders |
| "**FATCA**" | : | Foreign Account Tax Compliance Act, as amended, or pursuant to any agreements and any official pronouncements with respect thereto or any intergovernmental agreement or legislation or other guidance adopted in connection therewith |
| "**FBO**" | : | Facilities-based operations |
| "**Fibre Business**" | : | The ownership, installation, operation, and maintenance of the Network for the purposes of providing Mandated Services, and for this purpose,<br>(i) "**Mandated Services**" means the provision of services by the Trustee-Manager or any entity within the Trust Group under its licence to provide facilities-based operations granted by IMDA, and such other services that IMDA may specify;<br>(ii) "**Network**" means the passive portion of the Next Generation Nationwide Broadband Network owned, installed and implemented and/or to be installed and implemented by the Trustee-Manager or any entity within the Trust Group; and<br>(iii) "**Next Generation Nationwide Broadband Network**" means the "wired" component of the proposed info-communications infrastructure for Singapore's new digital super-highway for super-connectivity |
| "**Financial Year**" or "**FY**" | : | Financial year ended or, as the case may be, ending 31 March |
| "**Forecast Period 2018**" | : | The financial period from 1 August 2017 to 31 March 2018 |
| "**FPO**" | : | The Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 of the United Kingdom |
| "**Free Cash Flow**" | : | Cash Flow from Operations less cash capital expenditure, and for the purposes of this definition, "**Cash Flow from Operations**" means EBITDA as adjusted by (i) the addition of changes in working capital, and (ii) the deduction of cash tax payments |
| "**FRS 39**" | : | Singapore Financial Reporting Standard 39—Financial Instruments: Recognition and Measurement |
| "**FSMA**" | : | The United Kingdom Financial Services and Markets Act 2000 |
| "**Gbps**" | : | Gigabit(s) per second |
| "**Government**" | : | Government of Singapore |
| "**GST**" | : | Goods and services tax |

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| "**HDB**" | : | Housing and Development Board |
| "**HetNet**" | : | Heterogeneous Network |
| "**high-rise residential building**" | : | A residential building, including HDBs, other than a landed residential premises |
| "**Holdco**" | : | Singtel Interactive Pte. Ltd., a wholly-owned subsidiary of Singtel |
| "**IFRS**" | : | International Financial Reporting Standards |
| "**IFRS-identical Financial Reporting Standards**" | : | A new reporting Singapore financial reporting framework that is identical to the IFRS, in accordance with which the financial statements of Registered Business Trusts will be required to be prepared for annual periods beginning on or after 1 January 2018, pursuant to the MAS's announcement on 19 January 2017 |
| "**IMDA**" | : | Info-communications Media Development Authority, a statutory board constituted under the Info-communications Media Development Authority Act (No. 22 of 2016) of Singapore, or its successor-in-title, and its predecessor the Info-communications Development Authority of Singapore, "**IDA**" |
| "**iN2015**" | : | Intelligent Nation 2015 Masterplan |
| "**Income Tax Act**" | : | Income Tax Act, Chapter 134 of Singapore |
| "**Independent Auditors and Reporting Accountants**" | : | Deloitte & Touche LLP |
| "**Independent Directors**" | : | Directors of the Trustee-Manager who are independent for the purposes of the BTA |
| "**Independent Industry Consultant**" or "**MPA**" | : | Media Partners Asia Ltd. |
| "**Independent Tax Adviser**" | : | Ernst & Young Solutions LLP |
| "**Independent Valuer**" or "**PwC**" | : | PricewaterhouseCoopers Advisory Services Pte Ltd |
| "**Instruments**" | : | Offers, agreements or options 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 |
| "**Interconnection Offer**" or "**ICO**" | : | The standard interconnection offer submitted by the Licensee and approved by IMDA pursuant to the NetCo Interconnection Code |
| "**International Placement Agreement**" | : | The international placement agreement dated 10 July 2017, entered into between the Trustee-Manager and the Joint Bookrunners and Joint Underwriters |
| "**Investment Mandate**" | : | The investment mandate of the Trust is to invest, directly or indirectly, in the D&M Business and the Fibre Business |
| "**IRAS**" | : | Inland Revenue Authority of Singapore |
| "**IT**" | : | Information technology |
| "**IT Project**" | : | The project to replace NLT's existing BSS and OSS |
| "**Joint Bookrunners and Joint Underwriters**" | : | DBS Bank, 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 |

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| "**Joint Global Coordinators**" | : | DBS Bank, Morgan Stanley Asia (Singapore) Pte., UBS AG, Singapore Branch |
| "**Joint Issue Managers**" | : | DBS Bank, Morgan Stanley Asia (Singapore) Pte., UBS AG, Singapore Branch |
| "**Key Sub-Contractor**" | : | NetContractor Pte. Ltd. and the fixed assets, fibre and its associated inventories, and related vendor/supplier agreements relating to the installation, operation and maintenance of the fibre network, acquired by NLT from Singtel on 1 October 2014 |
| "**landed residential premises**" | : | A residential premises that is one of the following types of houses (but does not include a landed dwelling-house comprised in a development that is strata subdivided or intended for or capable of strata division): (a) detached house; (b) semi-detached house; and/or (c) terrace house |
| "**Latest Practicable Date**" | : | 13 June 2017, being the latest practicable date prior to the lodgement of this document with the MAS |
| "**Licences**" | : | The licences required for the conduct of Authorised Businesses (as defined in the Trust Deed) |
| "**Licence Transfer Date**" | : | The date on which CityNet's FBO licence was transferred to the NLT Trustee, being 13 April 2017 |
| "**Licensee**" | : | The licensee for the time being under the FBO licence granted to CityNet (in its capacity as the then trustee-manager of NLT) on 22 September 2011, as amended on 1 October 2014, and further amended and transferred to the NLT Trustee on 13 April 2017, and as may be further amended from time to time |
| "**Listing**" | : | The listing of the Units on the Main Board of the SGX-ST |
| "**Listing Date**" | : | The date of admission of the Trust to the Official List of the SGX-ST |
| "**Listing Manual**" | : | The Listing Manual of the SGX-ST |
| "**Listing Rules**" | : | The listing rules for the time being applicable to the listing of the Trust on the SGX-ST as the same may be modified, amended, supplemented, revised or replaced from time to time |
| "**Long Term Incentive Plan**" or "**Plan**" | : | NetLink Trust Long-term Incentive Plan |
| "**Management Fee**" | : | The management fee payable to the Trustee-Manager under the Trust Deed |
| "**Mandated Services**" | : | Certain services as set out in Schedule C of the Licensee's FBO licence comprising:<br>(a) Basic Mandated Services, being:<br>(i) Layer 1 Services (services provided by the Licensee for the use of passive fibre cable):<br>(A) between various connectivity points within the Next Gen NBN, such as:<br>1. from a main distribution frame in a Central Office to the first termination point of a residential premises or non-residential premises;<br>2. from a main distribution frame in a Central Office to a non-building address point termination point; |

3. from a main distribution frame in a Central Office to a main distribution frame in a main distribution frame room; and

4. from a main distribution frame in a main distribution frame room to the first termination point of a residential premises or non-residential premises; and

(B) on such other basis as may be approved by IMDA; and

(ii) any other services that IMDA may determine to be Basic Mandated Services;

(b) Ancillary Mandated Services, being the services ancillary to and reasonably required for the provision of any service (including without limitation any Basic Mandated Service) that is provided using the Next Gen NBN, including without limitation:

(i) co-location services;

(ii) patching services;

(iii) Layer 1 Redundancy (as such term is defined in Schedule C of the Licensee's FBO licence);

(iv) OSS/BSS Connection Services (as such term is defined in Schedule C of the Licensee's FBO licence); and

(v) any other services that IMDA may determine to be Ancillary Mandated Services; and

(c) such other services that IMDA may specify

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| "**Manhole**" | : | Underground utility vaults with openings, usually covered, on the surface through which relevant qualified personnel may obtain access, including for the purposes of installation, operation and maintenance of cables, including lead-in manholes |
| "**Market Day**" | : | A day on which the SGX-ST is open for trading in securities |
| "**MAS**" or "**Authority**" | : | Monetary Authority of Singapore |
| "**Mbps**" | : | Megabit(s) per second |
| "**MDF room**" or "**telecommunications equipment room**" | : | The room in a building housing the frame used as the main distribution point for all wire lines within a building or building development on which incoming main wire lines and the local distribution wire lines are terminated and cross-connected and/or equipment for the provision of telecommunication services |
| "**Minister**" | : | The Minister referred to under the Telecommunications Act |
| "**NBAP**" or "**non-building address point**" | : | A location in mainland Singapore or its connected islands other than a physical address or location with a postal code |
| "**NetCo**" | : | The entity responsible for the design, building, ownership and operation of the passive infrastructure portion of the Next Gen NBN, which is NLT |
| "**NetCo Interconnection Code**" | : | Code of Practice for Next Generation Nationwide Broadband Network NetCo Interconnection |
| "**network**" | : | The passive infrastructure portion of the Next Gen NBN, implemented, owned and operated by NLT |

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| "**New Pricing Date**" | : | 1 January 2018 |
| "**Next Gen NBN**" | : | Next Generation Nationwide Broadband Network |
| "**NG-PON**" | : | Next Generation Passive Optical Network |
| "**NLT**" | : | NetLink Trust |
| "**NLT Central Offices**" | : | The Central Offices of NLT as set out in the table under "*Appendix H—Material Properties—Interests in NLT Central Offices*" |
| "**NLT Group**" | : | NLT and its subsidiaries taken as a whole |
| "**NLT Notes**" | : | S$1,100,000,000 in principal amount of subordinated notes due 2037 to be issued by the NLT Trustee to the Trust |
| "**NLT Notes Subscription Deed**" | : | The subscription deed dated 27 June 2017 entered into between the NLT Trustee and the Trustee-Manager, as amended and supplemented from time to time |
| "**NLT Trust Deed**" | : | The deed of trust constituting NLT dated 22 July 2011, as supplemented by a supplemental deed of trust dated 22 August 2013, and as further amended and restated on 28 November 2013, 1 October 2014 and 13 April 2017, and as may be further amended, supplemented or restated from time to time |
| "**NLT Trustee**" | : | NetLink Management Pte. Ltd., acting in its capacity as the trustee-manager or trustee (as the case may be) of NLT |
| "**NLT Trustee Shares**" | : | Ordinary shares in the capital of the NLT Trustee |
| "**Nominating and Remuneration Committee**" | : | The nominating and remuneration committee of the Trustee-Manager |
| "**Non-Dominant Licensees**" | : | FBO licensees, and SBO licensees that use switching or routing equipment to provide telecommunication services to the public, that are subject to competitive market forces |
| "**non-residential end-user**" | : | a user of telecommunication services other than a residential end-user |
| "**non-residential premises**" | : | any premises or building other than a residential premises that has its own postal code |
| "**Nucleus Connect**" | : | Nucleus Connect Pte. Ltd. |
| "**O&M Authorised Business**" | : | The design, construction, installation, operation, and maintenance of (i) Ducts, Manholes, Central Offices and space in Central Offices in Singapore for the purposes of telecommunications activities; and (ii) the Network (as defined in the definition of "**Fibre Business**") for the purposes of providing Mandated Services (as defined in the definition of "**Fibre Business**") |
| "**Offering**" | : | The offering of 2,898,000,001 Units by the Trustee-Manager for subscription at the Offering Price under the Placement and the Public Offer |
| "**Offering Price**" | : | S$0.81, being the subscription price of each Unit under the Offering |
| "**OpenNet**" | : | OpenNet Pte. Ltd. |
| "**Ordinary Resolution**" | : | A resolution proposed and passed as such by a majority being more than 50.0% of the total number of votes cast for and against such resolution at a meeting of Unitholders or, to the extent permitted by law, a resolution in writing signed by or on behalf of more than 50.0% of the Unitholders for the time being entitled to receive notice of any meeting of Unitholder |

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| "**OSS**" | : | Operations Support Systems used by a telecommunications operator to deal with the telecommunications network itself, supporting processes such as maintaining network inventory, provisioning services, configuring network components, and managing faults |
| "**Over-Allotment Option**" | : | An option granted by the Trustee-Manager to Joint Bookrunners and Joint Underwriters to subscribe for up to an aggregate of 123,456,000 Units at the Offering Price, solely to cover the over-allotment of Units (if any) |
| "**Participating Banks**" | : | DBS Bank (including POSB), Oversea-Chinese Banking Corporation Limited and United Overseas Bank Limited (and its subsidiary, Far Eastern Bank Limited) |
| "**Part VA Prescribed Restrictions**" | : | Restrictions imposed under Part VA of the Telecommunications Act that no person may become, whether through a series of transactions over a period of time or otherwise, a 12% controller or a 30% controller (as defined under the Telecommunications Act) of a Designated Entity without IMDA's approval |
| "**Placement**" | : | The international placement of Units to investors, including institutional and other investors in Singapore, pursuant to the Offering |
| "**Post-Amendment Awards**" | : | Contingent awards granted under the Long Term Incentive Plan following the Effective Amendment Date |
| "**Pre-Amendment Awards**" | : | Contingent awards granted under the Long Term Incentive Plan to the Chief Executive Officer, the Chief Financial Officer and the Chief Operating Officer prior to the Effective Amendment Date |
| "**Pre-Listing Beneficiaries**" | : | The beneficiaries of the TM Shares Trust prior to the Listing Date, being charitable organisations registered under the Charities Act, Chapter 37 of Singapore as determined and selected by the Share Trustee in the Share Trustee's absolute discretion, where at least one of the charitable organisations shall be a company (which includes a company limited by guarantee) |
| **"Pre-paid Expenses"** | : | Certain Equity Issue Expenses paid on behalf of the Trust by Singtel |
| "**Prescribed Limits**" | : | The limits applicable in relation to the holding of or having an equity interest in, Units, or the controlling of voting power, in the Trust, in each case as defined in and as prescribed by the Telecommunications Act, the Telecom Competition Code and/or any other legislation to which the Trust is subject from time to time and/or any regulations, directives, guidelines, notices and/or codes of practice promulgated or issued thereunder from time to time, as the case may be.<br><br>For the avoidance of doubt, this includes, as at the date of this document, the Part VA Prescribed Restrictions |
| "**President**" | : | The President of the Republic of Singapore |
| "**Profit and Cash Flow Forecast**" | : | Profit and cash flow forecast of the Trust Group for Forecast Period 2018 |
| "**Profit and Cash Flow Projection**" | : | Profit and cash flow projection of the Trust Group for Projection Year 2019 |
| "**Projection Year 2019**" | : | The financial year ending 31 March 2019 |
| "**Public Offer**" | : | The initial offering to the public in Singapore of the Units |

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| "**QoS Installation Standards**" | : | Quality of Service Standards on Installation-Related Service Levels for Residential/Non-Residential End-User Connections issued by IMDA |
| "**QoS Timeframe Standards**" | : | Quality of Service Standards on Service Provisioning Timeframe for Residential/Non-Residential End-User Connections issued by IMDA |
| "**Quality of Service Standards**" or "**QoS Standards**" | : | Quality of services standards imposed by IMDA on the Trust Group from time to time |
| "**Qualifying Person**" | : | Any person licensed by IMDA to provide facilities-based operations and/or any person licensed by IMDA to provide facilities-based operations or service-based operations or any Broadcasting Licensee who intends to acquire or has acquired the provision of any service (including without limitation any Basic Mandated Service (as described in "*Regulatory Environment—Key Licences held by NLT Trustee/Trustee-Manager—FBO licence—Specific terms and conditions*")) that is provided using the Next Gen NBN |
| "**RAB**" | : | Regulated Asset Base |
| "**Reference Access Offer**" or "**RAO**" | : | The standard reference access offer submitted by NLT and approved by IMDA |
| "**Registered Business Trust**" | : | A business trust registered under the BTA |
| "**Regulation S**" | : | Regulation S under the U.S. Securities Act |
| "**related corporation**" | : | Has the meaning ascribed to it in the Companies Act |
| "**related entity**" | : | Has the meaning ascribed to it in the SF BT Regulations |
| "**Relevant Licensee**" | : | A Telecommunication Licensee or Broadcasting Licensee and/or its Subsidiaries |
| "**Relevant Percentage**" | : | Has the meaning ascribed to it in paragraph (e) of "*Regulatory Environment—Key Licences held by NLT Trustee/Trustee-Manager—FBO licence—Key amendments to FBO licence following the Listing*" |
| "**Requesting Licensee**" | : | An entity that the Trust Group must offer certain Mandated Services to upon request under the terms set out in the Interconnection Offer |
| "**residential end-user**" | : | A user of telecommunication services who is not engaged in commercial activity at a residential premises |
| "**residential home passed**" | : | Residential premises for which the Trust Group's network has been deployed up to the distribution point of each floor (for a building containing two or more residential premises) or to the gatepost, where applicable, or if not, to the nearest manhole for a building containing one residential premises |
| "**residential home reached**" | : | Residential premises for which the Trust Group's network has been deployed up to the first termination point in the residential premises |
| "**residential premises**" | : | A premises designed or adapted or used for human habitation of a residential nature |
| "**Retail Service Provider**" or "**RSP**" | : | A provider of retail services over the Next Gen NBN to end-users, including businesses and consumers |
| "**RIO**" | : | The offer that a Dominant Licensee is required to make under sub-section 6.2.1 of the Telecom Competition Code |
| "**Risk and Regulatory Committee**" | : | The risk and regulatory committee of the Trustee-Manager |

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| "**ROA**" | : | The sum of (i) net profit after tax of the Trust Group and (ii) interest expense of the Trust Group for the relevant financial year, divided by the average total assets for such financial year, expressed as a percentage |
| "**S$**" or "**Singapore dollars and cents**" | : | Singapore dollars and cents, the lawful currency of the Republic of Singapore |
| "**SBO**" | : | Services-based operations |
| "**SCV**" | : | Starhub Cable Vision Ltd |
| "**Securities Account**" | : | Securities account maintained by a Depositor (as defined in section 81SF of the SFA) with CDP |
| "**Securities and Futures Act**" or "**SFA**" | : | Securities and Futures Act, Chapter 289 of Singapore |
| "**Settlement Date**" | : | The date and time on which the Units are issued as settlement under the Offering |
| "**SFRS**" | : | Singapore Financial Reporting Standards |
| "**SF BT Regulations**" | : | Securities and Futures (Offers of Investments) (Business Trusts) (No. 2) Regulations 2005 |
| "**SGX-ST**" | : | Singapore Exchange Securities Trading Limited |
| "**Share Trustee**" | : | DBS Trustee Limited |
| "**Significant Events**" | : | The events described in Note 2 to the Unaudited Pro Forma Financial Information |
| "**Singapore Offer Agreement**" | : | The offer agreement dated 10 July 2017, entered into between the Trustee-Manager and the Joint Bookrunners and Joint Underwriters |
| "**Singapore Subsidiaries**" | : | OpenNet, NetLink Trust Management Services Company Pte. Ltd. and NetLink Trust Operations Company Pte. Ltd. |
| "**Singtel**" | : | Singapore Telecommunications Limited |
| "**Singtel Central Offices**" | : | The Central Offices of Singtel located at the following addresses: (1) 31/31-A Exeter Road Singapore 239732, (2) 9 Tuas Avenue 3 Singapore 639408, and (3) 11 Compassvale Bow Singapore 544996 |
| "**Singtel Group**" | : | Singtel and its subsidiaries taken as a whole |
| "**Singtel Consideration Units**" | : | 965,999,998 Units issued to Holdco, in partial settlement of the consideration payable to Singtel for the Trust Acquisition |
| "**SLA**" | : | Singapore Land Authority |
| "**SME**" | : | Small and medium sized enterprises |
| "**SP Services**" | : | SP Services Limited |
| "**ST Facility Agreement**" | : | The S$1,325,000,000 facility agreement entered into between CityNet and Singtel dated 22 July 2011, as amended and restated on 1 October 2014, and as further amended and restated on 24 March 2016 |
| "**Stabilising Manager**" | : | Morgan Stanley Asia, (Singapore) Pte. |
| "**Stop Order**" | : | The stop order issued by the MAS pursuant to the Securities and Futures Act directing that no or no further Units be allotted, issued or sold |
| "**Subsidiary**" | : | Has the meaning ascribed to it in the Companies Act |
| "**Subsidiary Entity**" | : | Has the meaning ascribed to it in the SF BT Regulations |

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| "**Substantial Unitholder**" | : | Any Unitholder with an interest in Units constituting not less than 5.0% of all Units in issue |
| "**TB Licensee**" | : | A Telecommunication Licensee or Broadcasting Licensee and/or its associates (having the meaning given to it in paragraph 2.2(b) of Schedule C of the Licensee's FBO licence) |
| "**TB Licensee Limit**" | : | 25.0% or more of the total number of Units |
| "**Telecommunications Act**" | : | Telecommunications Act, Chapter 323 of Singapore |
| "**Telecommunication Licensee**" | : | Any holder of a licence granted under the Telecommunications Act for the provision of facilities-based operations and/or services-based operations |
| "**Telecom Competition Code**" | : | Code of Practice for Competition in the Provision of Telecommunication Services 2012, as may be amended from time to time |
| "**Telecom Service Resiliency Code**" | : | Code of Practice for Next Gen NBN NetCo Resiliency, as may be amended or replaced from time to time |
| "**Temasek**" | : | Temasek Holdings (Private) Limited |
| "**termination point**" | : | A network point that is installed within the residential home or in the vertical telecommunication riser on the same level where the non-residential home is located |
| "**TIRA Code**" | : | Code of Practice for Fixed Telecommunication Infrastructure Resilience Audit 2017 |
| "**TM Acquisition**" | : | The acquisition by the Trustee-Manager of (a) on behalf of the Trust, all of the issued NLT Trustee Shares and (b) on behalf of the Unitholders, all of that part of the beneficial interests in the Pre-Listing Beneficiaries' trust property of the TM Shares Trust relating to the TM Shares, for an aggregate cash consideration of S$50,000 on the Listing Date, pursuant to the TM Sale and Purchase Agreement |
| "**TM Constitution**" | : | The Constitution of the Trustee-Manager |
| "**TM Sale and Purchase Agreement**" | : | The sale and purchase agreement dated 19 June 2017 entered into between the Share Trustee and the Trustee-Manager (acting as trustee-manager of the Trust and for and on behalf of the Unitholders) |
| "**TM Sale and Purchase Fees and Expenses**" | : | 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 Agreement |
| "**TM Shares**"" | : | Ordinary shares in the capital of the Trustee-Manager |
| "**TM Shares Trust**"" | : | Singapore NBN Trust, the trust constituted by the TM Shares Trust Deed |
| "**TM Shares Trust Deed**" | : | The trust deed dated 21 February 2017 constituting the TM Shares Trust, as may be amended from time to time |
| "**Trust**" | : | NetLink NBN Trust |
| "**Trust Acquisition**" | : | The acquisition by the Trust of 100% of the units in NLT from Singtel pursuant to the Unit Purchase Agreement |
| "**Trust Deed**" | : | The trust deed dated 19 June 2017 constituting the Trust |
| "**Trust EAR Group**" | : | The entities at risk, as set out in "*Interested Person Transactions and Potential Conflicts of Interest—Interested Person Transactions*", as if the Trust Acquisition and the TM Acquisition have been completed |

“**Trust Group**” : The Trust, and its subsidiaries taken as a whole, as if the Trust Acquisition and the TM Acquisition have been completed, and includes, as the context requires, NLT and/or its subsidiaries

“**Trust Property**” : All property and rights of any kind whatsoever which are held on trust for the Unitholders, in accordance with the terms of the Trust Deed, including:

(a) contributions of money or any other assets to the Trust;

(b) property that forms part of the assets of the Trust under the provisions of the BTA;

(c) property arising in relation to any contract, agreement, or arrangement entered into by or on behalf of the Trustee-Manager;

(d) property arising in relation to any claims or rights held by or on behalf of the Trustee-Manager;

(e) proceeds from money borrowed or raised by the Trustee-Manager for the purposes of the Trust;

(f) property acquired, directly or indirectly, with the contributions or money referred to in paragraphs (a), (b), (c), (d) or (e) or with the proceeds thereof; and

(g) profits, income and property derived, directly or indirectly, from contributions, money or property referred to in paragraphs (a), (b), (c), (d) or (e)

“**Trustee-Manager**” : NetLink NBN Management Pte. Ltd., as trustee-manager of the Trust

“**Unaudited Pro Forma Financial Information**” : The unaudited (a) pro forma balance sheets of the Trust Group as at 31 March 2016 and 31 March 2017, (b) pro forma statements of profit or loss and other comprehensive income of the Trust Group, for the years ended 31 March 2016 and 31 March 2017, and (c) pro forma cash flow statements of the Trust Group for the years ended 31 March 2016 and 31 March 2017, together with the notes comprising a summary of significant accounting policies and other explanatory information

“**Unclaimed Moneys**” : Any moneys payable to Unitholders which remain unclaimed after the applicable time period set out in the Trust Deed

“**Underwriting Agreements**” : The International Placement Agreement and the Singapore Offer Agreement

“**Underwriting, Selling and Management Commission**” : The underwriting, selling and management commission payable to the Joint Bookrunners and Joint Underwriters as set out in “*Plan of Distribution*”

“**Unit**” : An undivided interest in the Trust

“**Unit Issue Mandate**” : The authority deemed to be given by Unitholders to the Trustee-Manager, pursuant to section 36 of the BTA, to:

(a) issue Units whether by way of rights, bonus or otherwise; and/or

(b) make or grant 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

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| "**Unit Lending Agreement**" | : | The unit lending agreement dated 10 July 2017 entered into between the Stabilising Manager and Holdco |
| "**Unit Purchase Agreement**" | : | The unit purchase agreement dated 10 July 2017 entered into between Singtel and the Trustee-Manager |
| "**United States**" or "**U.S.** " | : | United States of America |
| "**Unitholder**" | : | The registered holder for the time being of a Unit including persons so registered as joint holders, except that where the registered holder is CDP, the term "Unitholder" shall, in relation to Units registered in the name of CDP, mean, where the context requires, the depositor whose Securities Account with CDP is credited with Units |
| "**Universal Service Obligation**" | : | The obligation under the Licensee's FBO licence to provide the Mandated Services to any Qualifying Person in Singapore who requests the provision of such services to any residential premises, non-residential premises or any other location as may be reasonably requested, in mainland Singapore and its connected islands, on and from 1 January 2013 |
| "**URA**" | : | Urban Redevelopment Authority |
| "**U.S. GAAP**" | : | United States generally accepted accounting principles |
| "**U.S. Securities Act**" | : | U.S. Securities Act of 1933, as amended |
| "**VoIP**" | : | Voice-over-internet protocol |
| "**WACC**" | : | Weighted average cost of capital |
| "**Written Request**" | : | A notice in writing served or to be served by the Trustee-Manager in accordance with the provisions of the Trust Deed requiring a Unitholder to transfer or dispose of, and/or the person or TB Licensee having an interest in the Units concerned to transfer or dispose of, the interest in any or all of the Units registered in the name of such Unitholder(s) or in which such person or TB Licensee has an interest as the Directors may deem necessary |
| "**XGPON**" or "**10G-PON**" | : | 10 Gigabit capable Passive Optical Network |

Words importing the singular include, where applicable, the plural and *vice versa*. Words importing the masculine gender include, where applicable, the feminine and neuter genders. References to persons include corporations.

Any reference in this document to any enactment is a reference to that enactment for the time being amended or re-acted.

Any reference to a time of day in this document is made by reference to Singapore time unless otherwise stated.

Any discrepancies in the tables, graphs and charts between the listed amounts and totals thereof are due to rounding.

## APPENDIX A
## REPORTING ACCOUNTANTS' REPORT ON THE PROFIT AND CASH FLOW FORECAST AND PROFIT AND CASH FLOW PROJECTION

# REPORTING ACCOUNTANTS' REPORT ON THE PROFIT AND CASH FLOW FORECAST AND PROFIT AND CASH FLOW PROJECTION

10 July 2017

The Board of Directors
NetLink NBN Management Pte. Ltd.
(in its capacity as Trustee-Manager of NetLink NBN Trust)
750E Chai Chee Road
#07-03
Viva Business Park
Singapore 469005

Dear Sirs

**Letter from the Reporting Accountants on the Profit and Cash Flow Forecast for the Eight-Month Financial Period Ending 31 March 2018 and the Profit and Cash Flow Projection for the Financial Year Ending 31 March 2019**

This letter has been prepared for inclusion in the prospectus (the "Prospectus") of NetLink NBN Trust in connection with the initial public offering of the units in NetLink NBN Trust and listing of the units on the Singapore Exchange Securities Trading Limited (the "Offering").

The directors (the "Directors") of the Trustee-Manager are responsible for the preparation and presentation of the forecast and projected consolidated income statements and statements of cash flows of NetLink NBN Trust and its subsidiaries (the "Trust Group") for the eight-month financial period ending 31 March 2018 (the "Profit and Cash Flow Forecast") and for the financial year ending 31 March 2019 (the "Profit and Cash Flow Projection"), as set out on pages 80 to 81 of the Prospectus, which have been prepared on the basis of the assumptions as set out on pages 83 to 89 of the Prospectus.

We have examined the Profit and Cash Flow Forecast and the Profit and Cash Flow Projection as set out on pages 80 to 81 of the Prospectus in accordance with Singapore Standard on Assurance Engagements 3400 *Examination of Prospective Financial Information* applicable to the examination of prospective financial information. The Directors are solely responsible for the Profit and Cash Flow Forecast and Profit and Cash Flow Projection including the assumptions set out on pages 83 to 89 of the Prospectus on which they are based.

## Profit and Cash Flow Forecast

In our opinion, the Profit and Cash Flow Forecast is properly prepared on the basis of the assumptions, is consistent with the accounting policies set out on pages C-8 to C-22 of the Prospectus, and is presented in accordance with Singapore Financial Reporting Standards (but not all the required disclosures) which is the accounting framework to be adopted by NetLink NBN Trust in the preparation of the consolidated financial statements of the Trust Group. Further, based on our examination of the evidence supporting the assumptions, nothing has come to our attention which causes us to believe that these assumptions do not provide a reasonable basis for the Profit and Cash Flow Forecast.

## Profit and Cash Flow Projection

The Profit and Cash Flow Projection is intended to show a possible outcome based on the stated assumptions. As the length of the period covered by the Profit and Cash Flow Projection extends beyond the period covered by the Profit and Cash Flow Forecast, the assumptions used in the Profit and Cash Flow Projection (which included hypothetical assumptions about future events which may not necessarily occur) are more subjective than would be appropriate for the Profit and Cash Flow Forecast. The Profit and Cash Flow Projection does not therefore constitute a Profit and Cash Flow Forecast.

In our opinion, the Profit and Cash Flow Projection is properly prepared on the basis of the assumptions, is consistent with the accounting policies set out on pages C-8 to C-22 of the Prospectus, and is presented in accordance with Singapore Financial Reporting Standards (but not all the required disclosures) which is the accounting framework to be adopted by NetLink NBN Trust in the preparation of the consolidated financial statements of the Trust Group. Further, based on our examination of the evidence supporting the assumptions, nothing has come to our attention which causes us to believe that these assumptions do not provide a reasonable basis for the Profit and Cash Flow Projection.

Events and circumstances frequently do not occur as expected. Even if the events anticipated under the assumptions set out on pages 83 to 89 of the Prospectus occur, actual results are still likely to be different from the Profit and Cash Flow Forecast and Profit and Cash Flow Projection since other anticipated events frequently do not occur as expected and the variation may be material. The actual results may therefore differ materially from those forecast and projected. For these reasons, we do not express any opinion as to the possibility of achievement of the Profit and Cash Flow Forecast and Profit and Cash Flow Projection.

Attention is drawn, in particular, to the risk factors set out on pages 45 to 61 of the Prospectus which describe the principal risks associated with the Offering, to which the Profit and Cash Flow Forecast and Profit and Cash Flow Projection relate and the sensitivity analysis of the Profit and Cash Flow Forecast and Profit and Cash Flow Projection as set out on pages 89 to 90 of the Prospectus.

Yours faithfully,

Deloitte & Touche LLP
Public Accountants and
Chartered Accountants
Singapore

Shariq Barmaky
Partner

# APPENDIX B
# REPORTING ACCOUNTANTS' REPORT ON THE COMPILATION OF THE UNAUDITED PRO FORMA FINANCIAL INFORMATION OF NETLINK NBN TRUST AND ITS SUBSIDIARIES FOR THE FINANCIAL YEARS ENDED 31 MARCH 2016 AND 2017

**REPORTING ACCOUNTANTS' REPORT ON THE COMPILATION OF THE UNAUDITED PRO FORMA FINANCIAL INFORMATION OF NETLINK NBN TRUST AND ITS SUBSIDIARIES FOR THE FINANCIAL YEARS ENDED 31 MARCH 2016 AND 2017**

10 July 2017

The Board of Directors
NetLink NBN Management Pte. Ltd.
(in its capacity as Trustee-Manager of NetLink NBN Trust)
750E Chai Chee Road
#07-03
Viva Business Park
Singapore 469005

Dear Sirs

**Report on the compilation of Unaudited Pro Forma Financial Information**

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of NetLink NBN Trust and its subsidiaries (collectively referred to as the "Trust Group") by NetLink NBN Management Pte. Ltd. (the "Trustee-Manager"). The unaudited pro forma financial statements of the Trust Group consists of the unaudited pro forma statements of profit or loss and other comprehensive income for the financial years ended 31 March 2016 and 2017, the unaudited pro forma balance sheets as at 31 March 2016 and 2017, the unaudited pro forma cash flow statements for the financial years ended 31 March 2016 and 2017, and related notes (collectively the "Unaudited Pro Forma Financial Information") as set out on pages B-4 to B-60 of the prospectus (the "Prospectus") to be issued by the Trustee-Manager in connection with the offering of units in the Trust Group (the "Offering" or the "Listing"). The applicable criteria (the "Criteria") on the basis of which the Trustee-Manager has compiled the Unaudited Pro Forma Financial Information are described in Note 3.

The Unaudited Pro Forma Financial Information has been compiled by the Trustee-Manager to illustrate the impact of what:

(i) the unaudited pro forma financial results of the Trust Group for the financial years ended 31 March 2016 and 2017 would have been if the significant events as described in Note 2 to the Unaudited Pro Forma Financial Information (the "Significant Events") had occurred at 1 April 2015;

(ii) the unaudited pro forma financial position of the Trust Group as at 31 March 2016 and 2017 would have been if the Significant Events had occurred at 31 March 2016 and 2017 respectively; and

(iii) the unaudited pro forma cash flows of the Trust Group for the financial years ended 31 March 2016 and 2017 would have been if the Significant Events had occurred at 1 April 2015.

As part of this process, information about the Unaudited Pro Forma Financial Information has been extracted by the Trustee-Manager from the audited financial statements of NetLink Trust and its subsidiaries for the years ended 31 March 2016 and 2017, on which audit reports have been issued but are not publicly available.

**The Trustee-Manager's responsibility for the Unaudited Pro Forma Financial Information**

The Trustee-Manager is responsible for compiling the Unaudited Pro Forma Financial Information on the basis of the Criteria.

**Our Independence and Quality Control**

We have complied with the independence and other ethical requirements of the Accounting and Corporate Regulatory Authority ("ACRA") Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code"), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

The firm applies Singapore Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

**Reporting Accountants' Responsibility**

Our responsibility is to express an opinion about whether the Unaudited Pro Forma Financial Information has been compiled, in all material respects, by the Trustee-Manager on the basis of the Criteria.

We carried out procedures in accordance with Singapore Standard on Assurance Engagements (SSAE) 3420, *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*, issued by the Institute of Singapore Chartered Accountants. This standard requires that the Reporting Accountants comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the Trustee-Manager has compiled, in all material respects, the Unaudited Pro Forma Financial Information on the basis of the Criteria.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Unaudited Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Unaudited Pro Forma Financial Information.

The purpose of pro forma financial information included in a prospectus is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at the respective dates would have been as presented.

A reasonable assurance engagement to report on whether the Unaudited Pro Forma Financial Information has been compiled, in all material respects, on the basis of the Criteria involves performing procedures to assess whether the Criteria used by the Trustee-Manager in the compilation of the Unaudited Pro Forma Financial Information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those Criteria; and
- The Unaudited Pro Forma Financial Information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the Reporting Accountants' judgment, having regard to his understanding of the nature of the event or transaction in respect of which the Unaudited Pro Forma Financial Information has been compiled and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Unaudited Pro Forma Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

In our opinion:

(a) The Unaudited Pro Forma Financial Information has been compiled:

  (i) from the audited financial statements of NetLink Trust and its subsidiaries for the years ended 31 March 2016 and 2017 which are prepared in accordance with Singapore Financial Reporting Standards;

  (ii) in a manner consistent with the accounting policies adopted by the Trust Group, which are in accordance with Singapore Financial Reporting Standards; and

  (iii) on the basis of the Criteria stated in Note 3 of the Unaudited Pro Forma Financial Information of the Trust Group.

(b) Each material adjustment made to the information used in the preparation of the Unaudited Pro Forma Financial Information is appropriate for the purpose of preparing such financial information.

**Restriction of Use and Distribution**

This report has been prepared for inclusion in the Prospectus of NetLink NBN Trust in connection with the Offering on the Singapore Exchange Securities Trading Limited and for no other purposes.

Yours faithfully,

Deloitte & Touche LLP
Public Accountants and
Chartered Accountants
Singapore

Shariq Barmaky
Partner

## NETLINK NBN TRUST AND ITS SUBSIDIARIES
## UNAUDITED PRO FORMA STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEARS ENDED 31 MARCH 2016 AND 2017

| | Notes | 2016 | 2017 |
|---|---|---|---|
| | | S$'000 | S$'000 |
| **Revenue** | 7 | 257,016 | 299,160 |
| Other income | | 1,987 | 1,016 |
| **Expenses** | | | |
| Operation and maintenance costs | | (9,283) | (10,668) |
| Installation costs | | (12,749) | (15,221) |
| Depreciation | | (138,544) | (133,315) |
| Amortisation of licence fees | | (10,004) | (10,004) |
| Staff costs | 7 | (16,127) | (19,843) |
| Finance costs | | (12,874) | (10,087) |
| Management fee | | (900) | (900) |
| Other operating expenses | | (32,818) | (29,344) |
| Total expenses | | (233,299) | (229,382) |
| **Profit before income tax** | 7 | 25,704 | 70,794 |
| Income tax credit | 8 | 14,577 | 8,636 |
| **Profit after income tax representing total comprehensive income** | | 40,281 | 79,430 |
| **Earnings per unit attributable to unitholders (cents)** | 9 | 1.04 | 2.06 |

The accompanying notes form an integral part of these unaudited pro forma financial statements.

**NETLINK NBN TRUST AND ITS SUBSIDIARIES**
**UNAUDITED PRO FORMA BALANCE SHEETS AS AT 31 MARCH 2016 AND 2017**

| | Notes | 2016 | 2017 |
|---|---|---|---|
| | | S$'000 | S$'000 |
| **ASSETS** | | | |
| **Current assets** | | | |
| Cash and bank deposits | 10 | 48,396 | 15,929 |
| Trade and other receivables | 11 | 48,609 | 55,532 |
| Finance lease receivables | 12 | 182 | 194 |
| Inventories | 13 | 4,508 | 5,499 |
| Other current assets | 14 | 1,769 | 2,928 |
| | | 103,464 | 80,082 |
| **Non-current assets** | | | |
| Finance lease receivables | 12 | 87,905 | 87,710 |
| Property, plant and equipment | 16 | 2,995,423 | 3,059,509 |
| Intangible assets | 17 | 1,028,777 | 1,009,569 |
| Rental deposits | 18 | 538 | 733 |
| | | 4,112,643 | 4,157,521 |
| **Total assets** | | 4,216,107 | 4,237,603 |
| **LIABILITIES** | | | |
| **Current liabilities** | | | |
| Trade and other payables | 19 | 83,614 | 87,222 |
| Deferred revenue | | 1,297 | 2,387 |
| Current tax liabilities | | 5,190 | 13,159 |
| | | 90,101 | 102,768 |
| **Non-current liabilities** | | | |
| Deferred revenue | | 7,768 | 7,768 |
| Loans | 20 | 507,002 | 507,604 |
| Deferred tax liabilities | 21 | 540,421 | 546,603 |
| Derivative financial instruments | 22 | — | 2,045 |
| | | 1,055,191 | 1,064,020 |
| **Total liabilities** | | 1,145,292 | 1,166,788 |
| **Net assets** | | 3,070,815 | 3,070,815 |
| **Unitholders' funds** | | | |
| Units in issue | 23 | 3,070,901 | 3,070,901 |
| Accumulated losses | | (86) | (86) |
| **Total unitholders' funds** | | 3,070,815 | 3,070,815 |

The accompanying notes form an integral part of these pro forma financial statements.

**NETLINK NBN TRUST AND ITS SUBSIDIARIES**
**UNAUDITED PRO FORMA CASH FLOW STATEMENTS**
**FOR THE FINANCIAL YEARS ENDED 31 MARCH 2016 AND 2017**

| | 2016 | 2017 |
|---|---|---|
| | S$'000 | S$'000 |
| **Operating activities** | | |
| Profit before income tax | 25,704 | 70,794 |
| Adjustments for: | | |
| –Depreciation | 138,544 | 133,315 |
| –Amortisation of licence fees | 10,004 | 10,004 |
| –Amortisation of transaction fee | 2 | 602 |
| –Allowance for impairment of trade receivables | 719 | 304 |
| –Provision for stock obsolescence | 78 | 65 |
| –Recognition of deferred revenue | (256) | (712) |
| –Finance costs | 12,874 | 10,087 |
| –Interest income | (705) | (420) |
| **Operating cash flows before working capital changes** | 186,964 | 224,039 |
| Changes in working capital: | | |
| –Trade and other receivables | (16,196) | (6,584) |
| –Trade and other payables | (6,901) | (6,141) |
| –Inventories | 376 | (1,056) |
| **Cash generated from operations** | 164,243 | 210,258 |
| Interest received | 705 | 420 |
| Interest paid | (32,196) | (10,012) |
| Income tax paid | (43) | (5,092) |
| **Net cash generated from operating activities** | 132,709 | 195,574 |
| **Investing activities** | | |
| Purchase of property, plant and equipment | (154,613) | (117,275) |
| Acquisition of subsidiaries (Note 17) | (1,866,752) | — |
| Proceeds from sale of property, plant and equipment | 7 | — |
| **Net cash used in investing activities** | (2,021,358) | (117,275) |
| **Financing activities** | | |
| Unitholder's loans | (1,610,477) | — |
| Proceeds from bank loans | 507,000 | — |
| Distribution paid to unitholder (Note 24) | (76,000) | (80,000) |
| Proceeds from issuance of units, net of transaction costs | 3,070,901 | — |
| **Net cash from/(used in) financing activities** | 1,891,424 | (80,000) |
| **Net increase/(decrease) in cash and cash equivalents** | 2,775 | (1,701) |
| Cash and cash equivalents at beginning of the year | — | 48,396 |
| Effects of difference in basis of preparation between pro forma balance sheet and statement of profit or loss | 45,621 | (30,766) |
| **Cash and cash equivalents at end of year** | 48,396 | 15,929 |

The accompanying notes form an integral part of these pro forma financial statements.

## 1. INTRODUCTION

The Unaudited Pro Forma Financial Information of NetLink NBN Trust ("NLT NBN" or the "Trust") and its subsidiaries (collectively the "Trust Group") consists of the unaudited pro forma statements of profit or loss and other comprehensive income for the financial years ended 31 March 2016 and 2017, the unaudited pro forma balance sheets of the Trust Group as at 31 March 2016 and 2017, the unaudited pro forma cash flow statements for the financial years ended 31 March 2016 and 2017, and a summary of significant accounting policies and other explanatory information (the "Unaudited Pro Forma Financial Information").

The Unaudited Pro Forma Financial Information have been prepared for inclusion in the prospectus to be issued in connection with the proposed listing (the "Listing") of NLT NBN on the Singapore Exchange Securities Trading Limited (the "Prospectus").

NLT NBN is a business trust constituted pursuant to the Trust Deed dated 19 June 2017 and registered with the Monetary Authority of Singapore. NLT NBN is principally regulated by the Business Trusts Act, Chapter 31A of Singapore and the Securities and Futures Act, Chapter 289 of Singapore. NetLink NBN Management Pte. Ltd. (the "Trustee-Manager"), will hold trust property on trust for the benefit of unitholders as the trustee-manager of NLT NBN pursuant to the Trust Deed dated 19 June 2017. The registered address of the Trustee-Manager is 750E Chai Chee Road, #07-03, Viva Business Park, Singapore 469005.

The Trustee-Manager is responsible for safeguarding the interests of Unitholders and for carrying out NLT NBN's investment and financing strategies and for the overall management of NLT NBN's assets (including businesses).

NLT NBN's initial portfolio will comprise 100% interest in NetLink Trust ("NLT") which was constituted as a business trust on 22 July 2011. The principal activities of NLT 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 Nationwide 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, 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).

## 2. SIGNIFICANT EVENTS

Set-up of NetLink NBN Trust

On 19 June 2017, NLT NBN was set up.

Listing of NLT NBN

The Trustee-Manager will make an initial public offering of units in NLT NBN for subscription (the "Offering"). The Trustee-Manager intends to use the proceeds from the Offering (the "Proceeds") towards the following:

(i) settlement of the aggregate consideration payable to Singapore Telecommunications Limited ("Singtel") for the cash component of the acquisition of 100% units in NLT (the "Trust Acquisition");

(ii) repayment of principal amounts outstanding under loans due to Singtel;

(iii) funding the consideration for the purchase by the Trust Group of approximately 27,000 lead-in ducts pursuant to the Ducts Sale and Purchase Agreement;

(iv) funding the consideration for (a) the purchase by NLT NBN of the shares of NetLink Management Pte. Ltd., the 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 under the Share Trustee in relation to the shares of the Trustee-Manager;

(v) 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 date on 21 February 2017 up to the time it was appointed as the trustee-manager of NLT on 13 April 2017); and

(vi) payment of the equity issue expenses.

Pending the deployment of the proceeds, as described above, the Trustee-Manager may place the remaining funds in fixed deposits with banks or financial institutions or use the funds for investment in short-term money market instruments, as the directors of the Trustee-Manager may deem appropriate in their absolute discretion.

Trust Acquisition

Pursuant to a Unit Purchase Agreement entered into between Singtel, NLT NBN and the Trustee-Manager which will be effective on listing date, the Trustee-Manager will acquire from Singtel on the listing date 100% of the units in NLT. The aggregate consideration for the Trust Acquisition payable by the Trustee-Manager to Singtel on the listing date for the Trust Acquisition is S$1,877,790,000.

NLT continues to expand its extension network from 1 April 2017 to latest practicable date. This includes purchase of certain property, plant and equipment from Singtel and other parties, with aggregate consideration of S$24,438,000. For the purpose of this pro forma, the cash settlement for the purchase and the claims of capital allowances on these assets are assumed to be in the period subsequent to end of each reporting period.

Issuance of subordinated notes

On the listing date, NLT NBN will apply part of the issue proceeds of the Offering to subscribe for S$1,100,000,000 in principal amount of subordinated notes due 2037 (the "NLT Notes") to be issued by NLT. NLT will apply the issue proceeds of the NLT Notes, together with internal cash to fully repay the principal amounts outstanding under loans due to Singtel immediately on the listing date. For the purpose of this pro forma, NLT Notes are assumed to qualify as qualifying project debt security with an interest rate of 10.5% and will be effective on the listing date, and that the interest expense paid by NLT to the NLT NBN is assumed to be tax deductible and the interest income received by the NLT NBN is assumed to be tax exempted. As such, the Trust Group will benefit substantially from tax savings on the amount of interest expense incurred by NLT in respect of the NLT Notes.

Distribution of S$76,000,000 to Singtel

The cash position of NLT prior to the acquisition of NLT by NLT NBN as at 31 March 2016 and 2017 is adjusted to take into account the distribution of S$25,000,000 paid to Singtel for the period from 1 April 2016 to 31 March 2017.

The cash position of NLT prior to the acquisition of NLT by NLT NBN as at 31 March 2016 and 2017 is also adjusted to take into account the assumed distribution of S$51,000,000 paid to Singtel for the period from 1 April 2017 to 21 July 2017.

Acquisition of trustee-manager of NLT

Pursuant to a Sale and Purchase Agreement entered into between NLT NBN and DBS Trustee Limited which will be completed on the listing date, NLT NBN will purchase all of the shares of NetLink Management Pte. Ltd., the trustee-manager of NLT, at a consideration of S$25,000 from DBS Trustee Limited.

Acquisition of property, plant and equipment from Singtel

Pursuant to a Ducts Sale and Purchase Agreement entered into between Singtel and NetLink Management Pte. Ltd. (acting in its capacity as trustee-manager of NetLink Trust) which will be completed on the listing date, NLT will purchase approximately 27,000 lead-in ducts from Singtel. The consideration payable of S$93,000,000 by NLT to Singtel represents the consideration of S$101,000,000 payable by the NLT Trustee to Singtel in relation to the purchase of such assets net of the value of future service revenue of S$8,000,000 payable by Singtel to the NLT Trustee in respect of Singtel cables which have been installed and which continue to remain in the ducts sold to the NLT Trustee pursuant to the Ducts Sale and Purchase Agreement. For the purpose of this pro forma, the claims of capital allowances on these assets are assumed to be in the period subsequent to end of each reporting period.

## 3. BASIS OF PRESENTATION AND COMPILATION OF THE UNAUDITED PRO FORMA FINANCIAL INFORMATION

(a) The Unaudited Pro Forma Financial Information have been prepared for illustrative purposes only and are based on certain assumptions after making certain adjustments to show what:

(i) the financial results of the Trust Group for the financial years ended 31 March 2016 and 2017 would have been if the significant events as described in Note 2 to the Unaudited Pro Forma Financial Information (the "Significant Events") had occurred at 1 April 2015;

(ii) the financial position of the Trust Group as at 31 March 2016 and 2017 would have been if the Significant Events had occurred at 31 March 2016 and 2017 respectively; and

(iii) the cash flows of the Trust Group for the financial years ended 31 March 2016 and 2017 would have been if the Significant Events had occurred at 1 April 2015.

The Unaudited Pro Forma Financial Information of the Trust Group, because of their nature, may not give a true picture of the Trust Group's actual financial results, financial position and cash flows.

(b) The Unaudited Pro Forma Financial Information for the years ended 31 March 2016 and 2017 has been compiled based on the audited financial statements of NLT and its subsidiaries (the "Audited Financial Statements") for the years ended 31 March 2016 and 2017 that were prepared in accordance with Singapore Financial Reporting Standards ("SFRS") and audited by Deloitte & Touche LLP, in accordance with Singapore Standards on Auditing. The independent auditor's report on the Audited Financial Statements does not contain any qualification, modification or disclosures.

(c) In arriving at the Unaudited Pro Forma Financial Information, certain adjustments and assumptions, as set out in Notes 3(d) and 4, have been made. The Unaudited Pro Forma Financial Information has been compiled from the Audited Financial Statements stated in Note 3(b) and are based on accounting policies adopted by the Trust Group which are in accordance with Singapore Financial Reporting Standards as disclosed in Note 5.

(d) The following key adjustments and assumptions were made for the preparation of the Unaudited Pro Forma Financial Information:

(i) 3,864,000,000 units are assumed to be issued at the offering price of S$0.81 per unit. Proceeds from the Offering are assumed to be S$3,070,901,000 after deducting estimated equity issue expenses of S$58,939,000.

(ii) The Trust Acquisition is assumed to be completed on 1 April 2015 for the purpose of pro forma statements of profit or loss and other comprehensive income and cash flow statements for the financial years ended 31 March 2016 and 2017; or at 31 March 2016 and 31 March 2017 for the purpose of pro forma balance sheets as at 31 March 2016 and 2017, respectively. The settlement of consideration is estimated to be S$1,877,790,000 and shall be settled by the issuance of Singtel Consideration Units and payment of cash to Singtel, which is funded by the Proceeds. For the purpose of preparation of the pro forma financial statements, it is assumed that the consideration is settled by cash in full. The final consideration for the acquisition of NLT is subject to the adjustment to reflect the subscription of NLT Notes, the purchase of approximately 27,000 lead-in ducts from Singtel, equity issue expenses, the purchase by NLT NBN of the shares of NetLink Management Pte. Ltd., the purchase by Unitholders of all of that part of the beneficial interests in the Pre-Listing Beneficiaries' trust property under the Share Trustee in relation to the shares of the Trustee-Manager and certain expenses incurred by the Share Trustee prior to the listing.

(iii) In accounting for the acquisition of NLT, identifiable assets acquired and liabilities assumed in the acquisitions are measured at their fair values. The fair values of the identifiable assets acquired and the liabilities assumed in the acquisition are assumed to be the net assets of NLT as at date of acquisition adjusted for fair value of property, plant and equipment and intangible assets, reversal of deferred financial support grant and their corresponding effect on deferred tax liabilities, which are based on fair values as at 31 March 2017 for the purposes of preparation of the Unaudited Pro Forma Financial Information for the financial years ended 31 March 2016 and 2017, respectively. This may differ from the fair values of the net assets at the actual date of completion of the acquisition of NLT by NLT NBN.

The excess of the consideration for the acquisition of NLT over the fair values of the identifiable net assets acquired is recorded as goodwill. As the actual goodwill will have to be determined at the completion of the acquisition of NLT, the actual goodwill could be materially different from the amount derived based on assumptions used.

(iv) On the listing date, NLT NBN will apply part of the Proceeds to subscribe for S$1,100,000,000 in principal amount of subordinated notes due 2037 (the "NLT Notes") to be issued by NLT. NLT Notes are assumed to be subscribed on 1 April 2015 for the purpose of pro forma statements of profit or loss and other comprehensive income and cash flow statements for the financial years ended 31 March 2016 and 2017; or at 31 March 2016 and 31 March 2017 for the purpose of pro forma balance sheets as at 31 March 2016 and 2017, respectively.

(v) The Unitholder's loan with carrying value of S$1,100,000,000 which shall be fully repaid immediately on the listing date using the Proceeds from NLT Notes, are assumed to be repaid on 1 April 2015 for the purpose of pro forma statements of profit or loss and other comprehensive income and cash flow statement for the financial years ended 31 March 2016 and 2017; or at 31 March 2016 and 31 March 2017 for the purpose of pro forma balance sheets as at 31 March 2016 and 2017, respectively. The existing interest expenses for the financial year ended 31 March 2016 and 2017 are reversed for the purpose of pro forma statements of profit or loss and other comprehensive income and cash flow statements. The capitalised interest on Unitholder's loan of S$477,425, which is the remaining balance of Unitholder's loan that shall be repaid immediately on the listing date using cash of NLT is adjusted to reflect the cash position of NLT prior to acquisition by NLT NBN as at 31 March 2016 and 2017.

(vi) The Trustee-Manager will be entitled to receive a management fee of S$900,000 per annum and no performance fee is payable. The fee is assumed to be payable from 1 April 2015 for the purpose of pro forma statements of profit or loss and other comprehensive income and cash flow statement for the financial years ended 31 March 2016 and 2017, respectively. Accordingly, management and directors' fees between NLT and CityNet Infrastructure Management Pte. Ltd. of S$4,136,000 prior to the replacement of CityNet Infrastructure Management Pte. Ltd. by NetLink Management Pte. Ltd. as trustee-manager of NLT are reversed at 1 April 2015 for the purpose of pro forma statements of profit or loss and other comprehensive income and cash flow statement for the financial years ended 31 March 2016 and 2017, respectively.

(vii) Other expenses of NLT NBN and NetLink Management Pte. Ltd., the trustee of NLT, amounting to S$320,160, comprise audit, tax and secretarial fees, annual listing fee, costs associated with the preparation and distribution of reports to Unitholders and miscellaneous expenses which are based on estimates provided by the Trustee-Manager.

Other expenses incurred by TM Shares Trust up to the listing date of S$86,000 are based on estimates provided by the Trustee-Manager.

(viii) NLT entered into interest rate swaps with effect from 30 March 2017 to manage its interest rate risk on bank borrowings. For the purpose of this pro forma, the effect of the interest rate swaps is not included in the statements of profit or loss and other comprehensive income and cash flow statement for the financial years ended 31 March 2016 and 2017 and balance sheet as at 31 March 2016 as management is of the view that it is not significant to the Unaudited Pro Forma Financial Information. As the actual fair values of interest rate swaps will have to be estimated at the end of each reporting period, the actual fair value of interest rate swaps could be materially different from the nil effect assumed for the purpose of this pro forma.

(ix) NLT and Singtel have entered into new lease agreements in connection with Singtel's return of co-location space in the 7 Central Offices owned by NLT and the consequential reduction in area leased by Singtel from NLT. Concurrently, existing co-location arrangements for NLT's use of co-location space within areas leased by Singtel in NLT-owned Central Offices were terminated. Co-location agreements remain in place in respect of NLT's use of co-location spaces in Central Offices owned by Singtel (i.e. Hougang, Orchard and Tuas). For the purpose of this pro forma, approximately 7% of total Central Offices space are assumed to be returned by Singtel to NLT. An amount of S$6,630,000 and S$6,617,000 are assumed to be fair values of the finance lease receivables reclassified to property, plant and equipment as at 31 March 2016 and 31 March 2017 for the purpose of pro forma balance sheets respectively. An amount of S$984,000 and S$918,000 are assumed to be the reduction from rental income and rental expense, respectively for the purpose of pro forma statement of profit or loss and other comprehensive income for the financial year ended 31 March 2016. An amount of S$984,000 and S$936,000 are assumed to be the reduction from rental income and rental expense, respectively for the purpose of pro forma statement of profit or loss and other comprehensive income for the financial year ended 31 March 2017.The actual fair values of the finance lease receivables reclassified and the effect of reduction in rental income and rental expense may differ on the actual date of commencement of these agreements.

## 4. STATEMENT OF ADJUSTMENTS

(a) Unaudited pro forma statement of profit or loss and other comprehensive income of the Trust Group for the year ended 31 March 2016 and 31 March 2017

The following adjustments have been made in arriving at the unaudited pro forma statement of profit and loss and other comprehensive income of the Trust Group for the year ended 31 March 2016 based on an assumption that the following significant events had occurred at 1 April 2015.

| | Per Audited Financial Statements | Pro forma adjustments | | | Unaudited Pro forma statement of profit or loss and other comprehensive income |
|---|---|---|---|---|---|
| | S$'000 | S$'000 Note (i) | S$'000 Note (ii) | S$'000 Note (iii) | S$'000 |
| **Revenue** | 258,000 | (984) | — | — | 257,016 |
| Other income | 1,987 | — | — | — | 1,987 |
| Amortisation of financial support grant | 29,053 | (29,053) | — | — | — |
| **Expenses** | | | | | |
| Operation and maintenance costs | (10,201) | 918 | — | — | (9,283) |
| Installation costs | (12,749) | — | — | — | (12,749) |
| Depreciation | (127,909) | (10,635) | — | — | (138,544) |
| Amortisation of licence fees | — | (10,004) | — | — | (10,004) |
| Staff costs | (16,127) | — | — | — | (16,127) |
| Finance costs | (40,560) | — | — | 27,686 | (12,874) |
| Management fee | (4,136) | — | 3,236 | — | (900) |
| Other operating expenses | (32,732) | — | (86) | — | (32,818) |
| Total expenses | (244,414) | (19,721) | 3,150 | 27,686 | (233,299) |
| **Profit before income tax** | 44,626 | (49,758) | 3,150 | 27,686 | 25,704 |
| Income tax (expense)/credit | (8,070) | 8,459 | (740) | 14,928 | 14,577 |
| **Profit for the year, representing total comprehensive income** | 36,556 | (41,299) | 2,410 | 42,614 | 40,281 |

The following adjustments have been made in arriving at the unaudited pro forma statement of profit or loss and other comprehensive income of the Trust Group for the year ended 31 March 2017 based on an assumption that the following significant events had occurred at 1 April 2015.

| | Per Audited Financial Statements | Pro forma adjustments | | | Unaudited Pro forma statement of profit or loss and other comprehensive income |
|---|---|---|---|---|---|
| | S$'000 | S$'000 Note (i) | S$'000 Note (ii) | S$'000 Note (iii) | S$'000 |
| **Revenue** | 300,144 | (984) | — | — | 299,160 |
| Other income | 1,016 | — | — | — | 1,016 |
| Amortisation of financial support grant | 29,053 | (29,053) | — | — | — |
| **Expenses** | | | | | |
| Operation and maintenance costs | (11,604) | 936 | — | — | (10,668) |
| Installation costs | (15,221) | — | — | — | (15,221) |
| Depreciation | (122,680) | (10,635) | — | — | (133,315) |
| Amortisation of licence fees | — | (10,004) | — | — | (10,004) |
| Staff costs | (19,843) | — | — | — | (19,843) |
| Finance costs | (37,697) | — | — | 27,610 | (10,087) |
| Management fee | (4,136) | — | 3,236 | — | (900) |
| Other operating expenses | (29,312) | — | (32) | — | (29,344) |
| Total expenses | (240,493) | (19,703) | 3,204 | 27,610 | (229,382) |
| **Profit before income tax** | 89,720 | (49,740) | 3,204 | 27,610 | 70,794 |
| Income tax (expense)/credit | (14,012) | 8,456 | (749) | 14,941 | 8,636 |
| **Profit after income tax** | 75,708 | (41,284) | 2,455 | 42,551 | 79,430 |
| **Other comprehensive loss** | | | | | |
| Item that may be subsequently reclassified to profit or loss | | | | | |
| Cash flow hedges | (2,045) | 2,045 | — | — | — |
| **Total comprehensive income for the year** | 73,663 | (39,239) | 2,455 | 42,551 | 79,430 |

(a) Unaudited pro forma statement of profit or loss and other comprehensive income of the Trust Group for the year ended 31 March 2016 and 31 March 2017 (cont'd)

Notes:

(i) Being adjustments relating to:

1) Purchase price allocation on acquisition of 100% units in NLT by NLT NBN (Note 3(d)(iii)). These include: (a) amortisation of intangible assets; (b) additional depreciation of property, plant and equipment due to fair value adjustments on these assets; and (c) reversal for amortisation of financial support grant;

2) Impact on revenue and expenses due to reclassification between finance lease receivables and property, plant and equipment (Note 3(d)(ix));

3) Tax effect on (1) and (2) above; and

4) Reversal of interest rate swaps effect (Note 3(d)(viii).

(ii) Being adjustment to reverse current trustee management and directors' fees and to effect new trustee management fee as well as other trust expenses incurred by NLT NBN as disclosed in Notes 3(d)(vi) and 3(d)(vii); and to record expenses incurred by the TM Shares Trust up to the listing date (Note 3(d)(vii)).

(iii) Being adjustment to reverse interest expense from Unitholder's loan as the loan is assumed to be fully repaid on 1 April 2015 (Note 3(d)(v)) and tax effect on interest relating to NLT Notes (Note 2).

(b) Unaudited pro forma balance sheet of the Trust Group as at 31 March 2016 and 31 March 2017

The following adjustments have been made in arriving at the unaudited pro forma balance sheet of the Trust Group for the year as at 31 March 2016 based on an assumption that the following significant events had occurred at 31 March 2016.

| | Per Audited Financial Statements | Pro forma adjustments | | | Unaudited pro forma balance sheet |
|---|---|---|---|---|---|
| | S$'000 | S$'000 Note (i) | S$'000 Note (ii) | S$'000 Note (iii) | S$'000 |
| **Current assets** | | | | | |
| Cash and cash equivalents | 124,873 | (1,953,815) | (1,100,477) | 2,977,815 | 48,396 |
| Trade and other receivables | 48,609 | — | — | — | 48,609 |
| Finance lease receivables | 196 | (14) | — | — | 182 |
| Inventories | 4,508 | — | — | — | 4,508 |
| Other current assets | 1,769 | — | — | — | 1,769 |
| | 179,955 | (1,953,829) | (1,100,477) | 2,977,815 | 103,464 |
| **Non-current assets** | | | | | |
| Finance lease receivables | 94,521 | (6,616) | — | — | 87,905 |
| Property, plant and equipment | 2,621,355 | 273,068 | — | 101,000 | 2,995,423 |
| Other intangible assets and Goodwill | — | 1,028,777 | — | — | 1,028,777 |
| Rental deposits | 538 | — | — | — | 538 |
| | 2,716,414 | 1,295,229 | — | 101,000 | 4,112,643 |
| **Total assets** | 2,896,369 | (658,600) | (1,100,477) | 3,078,815 | 4,216,107 |

| | Per Audited Financial Statements | Pro forma adjustments | | | Unaudited pro forma balance sheet |
|---|---|---|---|---|---|
| | S$'000 | S$'000 Note (i) | S$'000 Note (ii) | S$'000 Note (iii) | S$'000 |
| **Current liabilities** | | | | | |
| Trade and other payables | 59,176 | 24,438 | — | — | 83,614 |
| Deferred financial support grant | 29,053 | (29,053) | — | — | — |
| Deferred revenue | 1,065 | — | — | 232 | 1,297 |
| Current tax liabilities | 5,190 | — | — | — | 5,190 |
| | 94,484 | (4,615) | — | 232 | 90,101 |
| **Non-current liabilities** | | | | | |
| Deferred revenue | — | — | — | 7,768 | 7,768 |
| Loans | 1,607,479 | — | (1,100,477) | — | 507,002 |
| Deferred tax liabilities | 359,517 | 180,904 | — | — | 540,421 |
| Deferred financial support grant | 563,498 | (563,498) | — | — | — |
| | 2,530,494 | (382,594) | (1,100,477) | 7,768 | 1,055,191 |
| **Total liabilities** | 2,624,978 | (387,209) | (1,100,477) | 8,000 | 1,145,292 |
| **Net assets attributable to unitholders** | 271,391 | (271,391) | — | 3,070,815 | 3,070,815 |

The following adjustments have been made in arriving at the unaudited pro forma balance sheet of the Trust Group for the year as at 31 March 2017 based on an assumption that the following significant events had occurred at 31 March 2017.

| | Per Audited Financial Statements | Pro forma adjustments | | | Unaudited pro forma balance sheet |
|---|---|---|---|---|---|
| | S$'000 | S$'000 Note (i) | S$'000 Note (ii) | S$'000 Note (iii) | S$'000 |
| **Current assets** | | | | | |
| Cash and cash equivalents | 92,406 | (1,953,815) | (1,100,477) | 2,977,815 | 15,929 |
| Trade and other receivables | 55,532 | — | — | — | 55,532 |
| Finance lease receivables | 209 | (15) | — | — | 194 |
| Inventories | 5,499 | — | — | — | 5,499 |
| Other current assets | 2,928 | — | — | — | 2,928 |
| | 156,574 | (1,953,830) | (1,100,477) | 2,977,815 | 80,082 |
| **Non-current assets** | | | | | |
| Finance lease receivables | 94,312 | (6,602) | — | — | 87,710 |
| Property, plant and equipment | 2,625,624 | 332,885 | — | 101,000 | 3,059,509 |
| Other intangible assets and Goodwill | — | 1,009,569 | — | — | 1,009,569 |
| Rental deposits | 733 | — | — | — | 733 |
| | 2,720,669 | 1,335,852 | — | 101,000 | 4,157,521 |
| **Total assets** | 2,877,243 | (617,978) | (1,100,477) | 3,078,815 | 4,237,603 |

## NETLINK NBN TRUST AND ITS SUBSIDIARIES
## NOTES TO THE UNAUDITED PRO FORMA FINANCIAL INFORMATION
## FOR THE FINANCIAL YEARS ENDED 31 MARCH 2016 AND 2017

| | Per Audited Financial Statements | Pro forma adjustments | | | Unaudited pro forma balance sheet |
|---|---|---|---|---|---|
| | S$'000 | S$'000 Note (i) | S$'000 Note (ii) | S$'000 Note (iii) | S$'000 |
| **Current liabilities** | | | | | |
| Trade and other payables | 62,784 | 24,438 | — | — | 87,222 |
| Deferred financial support grant | 29,053 | (29,053) | — | — | — |
| Deferred revenue | 2,155 | — | — | 232 | 2,387 |
| Current tax liabilities | 13,159 | — | — | — | 13,159 |
| | 107,151 | (4,615) | — | 232 | 102,768 |
| **Non-current liabilities** | | | | | |
| Deferred revenue | — | — | — | 7,768 | 7,768 |
| Loans | 1,608,081 | — | (1,100,477) | — | 507,604 |
| Deferred tax liabilities | 360,467 | 186,136 | — | — | 546,603 |
| Deferred financial support grant | 534,445 | (534,445) | — | — | — |
| Derivative financial instruments | 2,045 | — | — | — | 2,045 |
| | 2,505,038 | (348,309) | (1,100,477) | 7,768 | 1,064,020 |
| **Total liabilities** | 2,612,189 | (352,924) | (1,100,477) | 8,000 | 1,166,788 |
| **Net assets attributable to unitholders** | 265,054 | (265,054) | — | 3,070,815 | 3,070,815 |

(b) Unaudited pro forma balance sheet of the Trust Group as at 31 March 2016 and 31 March 2017 (cont'd)

Notes:

(i) Being adjustments relating to:

1) Purchase price allocation on acquisition of 100% units in NLT by NLT NBN (Note 3(d)(iii)). These include: (a) adjustment relating to distribution paid to Singtel prior to acquisition (Note 2); (b) recognition of purchase of certain plant and equipment from Singtel and other parties prior to acquisition (Note 2); (c) recognition of intangible assets and goodwill; (d) incremental fair value of property, plant and equipment; (e) reversal of deferred financial support grant, and (f) deferred tax effect of item (c) to (e).

2) Reclassification of finance lease receivables to property, plant and equipment prior to acquisition (Note 3(d)(ix));

3) Acquisition of all of the shares of NetLink Management Pte. Ltd., the trustee-manager of NLT, at a consideration of S$25,000 from DBS Trustee Limited (Note 2).

(ii) Being adjustment to reverse Unitholder's loan as the loan is assumed to be fully repaid on 1 April 2015 and repayment of capitalised interest on Unitholder's loan (Note 3(d)(v)).

(iii) Being adjustment to record (a) units issued on listing, net of equity issue expense (Note 3(d)(i)), (b) payment for other expenses incurred by TM Shares Trust up to the listing date (Note 3(d)(vii)) and (c) the purchase of approximately 27,000 lead-in ducts from Singtel (Note 2).

## 5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted by the Trust Group are consistent to the significant accounting policies adopted in preparing the Audited Financial Statements.

**Basis of accounting**

The Unaudited Pro Forma Financial Information presented in Singapore Dollars and rounded to the nearest thousand, is prepared in accordance with the basis set out in Note 3, and are drawn up in accordance with the Singapore Financial Reporting Standards ("FRS"). The Unaudited Pro Forma Financial Information has been in accordance with the historical cost basis except for certain financial instruments which are stated at fair value, as explained in the significant accounting policies set out below.

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 Trust 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 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 1 April 2015, the Trust 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 Trust Group's accounting policies and has no material effect on the amounts reported for the current or prior years.

**Standards issued but not yet effective**

At the date of authorisation of these financial statements, the following FRSs, INT FRSs and amendments to FRS that are relevant to the Trust Group were issued but not effective:

- FRS 109 *Financial Instruments*[2]
- FRS 115 *Revenue from Contracts with Customers (with clarifications issued)*[2]
- FRS 116 *Leases*[3]
- Amendments to FRS 7 *Statement of Cash Flows: Disclosure Initiative*[1]
- Amendments to FRS 12 *Income Taxes: Recognition of Deferred Tax Assets for Unrealised Losses*[1]

[1] Applies to annual periods beginning on or after 1 January 2017, with early application permitted.

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

[3] Applies to annual periods beginning on or after 1 January 2019, with earlier application permitted if FRS 115 is adopted.

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

The Trustee-Manager anticipates that the adoption of the above FRSs and amendments to FRS in future periods will not have a material impact on the financial statements of the Trust Group in the period of their adoption except for the following:

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 Trust Group:

- 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 new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in FRS 39. Under FRS 109, 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 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. The Trustee-Manager has commenced an assessment of the possible impact of implementing FRS 109. It is currently impracticable to disclose any further information on the known or reasonably estimable impact to the Trust Group's financial statements in the period of initial application as The Trustee-Manager has yet to complete its detailed assessment. The Trustee-Manager does not plan to early adopt the new FRS 109.

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.

FRS 115 introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contracts 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 a performance obligation is satisfied, i.e. when control of the goods is transferred to the customer. Performance obligation is discharged through the delivery of services to the customer. In addition, extensive disclosures are required by FRS 115.

The Trustee-Manager 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 Trustee-Manager is currently evaluating on any additional disclosures required in respect of revenue recognition. The Trustee-Manager does not plan to early adopt the new FRS 115.

FRS 116 *Leases*

FRS 116 was issued in June 2016 and will supersede FRS 17 *Leases* and its associated interpretative guidance.

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 predecessor FRS 17.

The Trustee-Manager anticipates that the initial application of the new FRS 116 will result in changes to the accounting policies relating to operating leases, where the Trust Group is a lessee. A lease asset will be recognised on balance sheet, representing the Trust 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 Trust Group's exposure to asset risk and credit risk, where the Trust Group is the lessor. The Trustee-Manager has commenced an assessment of the possible impact of implementing FRS 116. It is currently impracticable to disclose any further information on the known or reasonably estimable impact to the Trust Group's financial statements in the period of initial application as The Trustee-Manager has yet to complete its detailed assessment. The Trustee-Manager does not plan to early adopt the new FRS 116.

IFRS convergence in 2018

On 19 January 2017, the Monetary Authority of Singapore announced that registered business trusts will be required to prepare financial statements in accordance with a new Singapore financial reporting framework that is identical to the International Financial Reporting Standards ("IFRS-identical Financial Reporting Standards") for annual periods beginning on or after 1 January 2018. The Trust Group will be adopting the new framework for the first time for financial year ending 31 March 2019, with retrospective application to the comparative financial year ending 31 March 2018 and the opening balance sheet as at 1 April 2017 (date of transition).

Based on a preliminary assessment of the potential impact arising from IFRS 1 First-time adoption of IFRS, the Trustee-Manager does not expect any changes to the Trust Group's current accounting policies or material adjustments on transition to the new framework, other than those that may arise from implementing new/revised IFRSs.

The Trustee-Manager expects the potential impact arising from new/revised IFRSs will be consistent with those described above for the corresponding new/revised FRSs.

The Trustee-Manager is currently performing a detailed analysis of the transition options and other requirements of IFRS 1. The preliminary assessment above may be subject to change arising from the detailed analysis.

**Basis of consolidation and business combinations**

The Unaudited Pro Forma Financial Information incorporate the financial statements of the Trust and entities controlled by the Trust. Control is achieved when the Trust:

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

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

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

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

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

Profit or loss and each component of other comprehensive income are attributed to the unitholder of the Trust. Total comprehensive income of subsidiaries is attributed to the unitholder of the Trust.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Trust Group's accounting policies.

*Business combinations*

Acquisitions of subsidiaries and businesses which resulted in obtaining control 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 Trust Group to the former owners of the acquiree, and equity interests issued by the Trust Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

Where applicable, the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition-date fair value. Subsequent changes in such fair values are adjusted against the cost of acquisition where they qualify as measurement period adjustments (see below). The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates at fair value, with changes in fair value recognised in profit or loss.

Where a business combination is achieved in stages, the Trust Group's previously held interests in the acquired entity are remeasured to fair value at the acquisition date (i.e. the date the Trust 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;
- Liabilities or equity instruments related to share-based payment transactions of the acquiree or the replacement of an acquiree's share-based payment awards transactions with share-based payment awards transactions of the acquirer in accordance with the method in *FRS 102 Share-based Payment* at the acquisition date; and
- Assets (or disposal groups) that are classified as held for sale in accordance with *FRS 105 Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Trust 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 Trust 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.

*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 Trust 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 Trust 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.

**Currency Translation**

*Functional or presentation currency*

Items included in the financial statements of each entity in the Trust Group are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The consolidated financial statements of the Trust Group are presented in Singapore Dollars.

**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 management. 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 Trust 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.

(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 mainly relate to all directly attributable costs incurred for the construction of the Next Generation Nationwide Broadband Network (“NGNBN”) passive fibre infrastructure. 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 balance sheet date. The effects of any revision are recognised in the profit or loss prospectively when the change arises.

(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 Trust 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 the disposal proceeds and its carrying amount is recognised in the profit or loss.

**Intangible assets**

Intangible assets are reported at cost less accumulated amortisation, and accumulated impairment losses. Amortisation is charged over their estimated useful lives, using the straight-line method, on the following bases:

Licence 23 years

The estimated useful life and amortisation method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

**Impairment of tangible and intangible assets excluding goodwill**

At the end of each reporting period, the Trust 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 Trust 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.

**Financial instruments**

Financial assets and financial liabilities are recognised on the balance sheet when the Trust 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, 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", "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.

*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*

Financial assets, other than those at fair value through profit or loss, are assessed 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.

For available-for-sale equity instruments, a significant or prolonged decline in the fair value of the investment below its cost is considered to be objective evidence of impairment.

For all other financial assets, 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 Trust Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 60 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.

*Derecognition of financial assets*

The Trust 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 Trust Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Trust Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Trust Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Trust 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 Trust 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 Trust Group 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 financial liabilities “at fair value through profit or loss” or other financial liabilities.

*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 Trust Group’s accounting policy for borrowing costs (see below).

*Derecognition of financial liabilities*

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

**Offsetting arrangements**

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when the Trust 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.

**Derivative financial instruments and hedge accounting**

The Trust Group enters into interest rate swaps to manage its exposure to interest rate. Further details of derivative financial instruments are disclosed in Note 22 to the financial statements.

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 Trust 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 Trust 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 entity 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 Trust 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.

Note 22 contain details of the fair values of the derivative instruments used for hedging purposes.

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

**Cash and cash equivalents**

Cash and cash equivalents 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.

**Inventories**

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average method.

Allowance for obsolete, deteriorated or damaged stocks is made when considered appropriate.

Net realisable value is the estimated selling price in the ordinary course of business.

**Provisions**

Provisions are recognised when the Trust Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Trust 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.

**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 Trust pays fixed contributions into separate entities such as the Central Provident Fund, on a mandatory, contractual or voluntary basis. The Trust 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 balance sheet date.

**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 Trust Group as lessor*

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Trust 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 Trust 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 Trust Group as lessee*

Assets held under finance leases are recognised as assets of the Trust 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 balance sheet 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 Trust Group's general policy on borrowing costs (see below). 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.

**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 Trust Group's activities. Amounts disclosed as revenue are net of goods and services tax, rebates and discounts, and after eliminating sales within the Trust Group.

The Trust 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 Trust Group's activities as described below:

(a) Service revenue, fibre related revenue, service income and charges are recognised at the time when the services are rendered.

(b) Revenue from connection for residential and non-residential user 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 under the "Home Reach" programme for each customer.

(d) Accounting policy for recognising finance lease income is stated in "Leases" section above.

(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.

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

**Taxes**

*Income tax*

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The Trust 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.

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 Trust 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 determining the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost.

*Sales tax*

Revenues, expenses and assets are recognised net of the amount of sales tax except:

- Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

**Units in issue**

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

**Distributions to the Trust's Unitholder**

Distributions to the Trust's Unitholder are recorded in equity in the period in which they are approved for payment.

**Contingencies**

A contingent liability is:

(a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Trust Group; or

(b) a present obligation that arises from past events but is not recognised because:

  (i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

  (ii) The amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Trust Group.

Contingent liabilities and assets are not recognised on the balance sheet of the Trust Group, except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined.

**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 Trust Group and Trust if that person:

(i) Has control or joint control over the Trust Group and Trust;

(ii) Has significant influence over the Trust Group and Trust;

(iii) Is a member of the key management personnel of the Trust Group and Trust;

(b) An entity is related to the Trust Group and Trust if any of the following conditions applies:

(i) The entity and the Trust 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 Trust Group and Trust. If the Trust Group and Trust is itself such a plan, the sponsoring employers are also related to the Trust 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).

**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.

## 6. SIGNIFICANT ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

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.

The Trust Group makes estimates, assumptions and judgement concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

*(a) Estimated useful lives of property, plant and equipment*

The Trust 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 increase the net loss and decrease the carrying value of property, plant and equipment.

*(b) Estimated useful lives of intangible assets*

The Trust Group exercises judgement in estimating the useful lives of the licence. Considering that the licence is for the operation of the Trust Group of which property, plant and equipment are the key drivers, management is in view that the useful life of 23 years for the licence which is in-line with the remaining useful life of property, plant and equipment, is reasonable.

*(c) Assessing indicators of impairment test on property, plant and equipment and intangible assets*

Property, plant and equipment and intangible assets are tested for impairment whenever there are indications of impairment. In determining the existence of indications to impairment at each reporting date, the Trustee-Manager considers and makes judgement based on the available internal and external sources of information, including whether there have been significant changes with adverse effect in the technological, market, economic, or legal environment in which the Trust Group operates.

The Trust Group recorded a net profit of S$40.3 million and S$79.4 million for the financial years ended 31 March 2016 and 31 March 2017 after accounting depreciation of S$138.5 million and S$133.3 million respectively. Notwithstanding, cash flows from operations are S$132.7 million and S$195.6 million for the financial years ended 31 March 2016 and 31 March 2017 respectively. Accordingly, the Trustee-Manager did not note any indicators of impairment and does not expect any material impact on the carrying amounts of property, plant and equipment of S$2,995.4 million and S$3,059.5 million as of 31 March 2016 and 31 March 2017 respectively.

(d) *Goodwill impairment assessment*

Goodwill is not subject to amortisation and is tested annually for impairment. Determining whether goodwill is impaired requires an estimation of their recoverable amounts (as an impairment loss is recognised for the amount by which an asset's carrying amount exceeds its recoverable amount). The recoverable amount is the higher of (i) an asset's fair value less costs-of-disposal or (ii) the value-in-use of the cash-generating units to which goodwill has been allocated. The fair values less costs-of-disposal require the management of the Trust Group to estimate, based on the best information available, the amount that an entity could obtain, at the reporting date, from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the costs of disposal. Where there are no active markets, the management has to exercise judgment in estimating the fair values of these assets, which are calculated based on value in use of the cash generating units to which goodwill is allocated. Having considered the above, management is of the view that there is no impairment of goodwill as at 31 March 2016 and 2017.

## 7. PROFIT BEFORE INCOME TAX

The profit before income tax includes the following specific items of revenue and staff costs:

| REVENUE | 2016 | 2017 |
|---|---|---|
| | S$'000 | S$'000 |
| Ducts and manholes service revenue | 28,388 | 29,861 |
| Exchanges service revenue | 5,393 | 5,393 |
| Finance lease income | 5,261 | 5,249 |
| Service income and charges | 3,485 | 3,614 |
| Connection revenue–Residential | 148,523 | 184,063 |
| Connection revenue–Non-Residential | 14,959 | 20,923 |
| Connection revenue–NBAP | 273 | 507 |
| Connection revenue–Segment Fibre | 5,059 | 6,064 |
| Co-location revenue | 14,483 | 14,532 |
| Installation related revenue | 23,259 | 19,137 |
| Diversion revenue | 2,170 | 4,531 |
| Fibre related revenue | 4,357 | 4,908 |
| Other revenue | 1,406 | 378 |
| | 257,016 | 299,160 |

| STAFF COSTS | 2016 | 2017 |
|---|---|---|
| | S$'000 | S$'000 |
| Salaries and wages | 12,240 | 15,327 |
| Employer's contribution to defined contribution plans including Central Provident Fund | 2,353 | 2,804 |
| Other short-term benefits | 1,534 | 1,712 |
| | 16,127 | 19,843 |

## 8. INCOME TAX CREDIT

| | 2016 | 2017 |
|---|---|---|
| | S$'000 | S$'000 |
| Income tax is made up of: | | |
| –Current income tax credit | (9,184) | (1,315) |
| Deferred income tax credit | | |
| –Origination and reversal of temporary differences | (5,393) | (6,738) |
| Income tax credit attributable to current year profit | (14,577) | (8,053) |
| Deferred income tax | | |
| –Over provision | — | (583) |
| Income tax expense recognised in profit or loss | (14,577) | (8,636) |

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

| | 2016 | 2017 |
|---|---|---|
| | S$'000 | S$'000 |
| Profit before income tax | 25,704 | 70,794 |
| Income tax expense calculated at a tax rate of 17% | 4,370 | 12,035 |
| Effect of: | | |
| –Income not subject to taxation | (124) | (725) |
| –QPDS income^ | (19,635) | (19,635) |
| –Expenses not deductible for tax purposes | 392 | 234 |
| –Enhanced tax relief | (121) | (103) |
| –Overprovision in respect of prior years | — | (583) |
| –Others | 541 | 141 |
| Income tax credit | (14,577) | (8,636) |

^ Relates to tax benefit on tax exempted interest income under qualifying project debt securing scheme.

## 9. EARNINGS PER UNIT

The calculation of earnings per unit is based on profit attributable to unitholders of NLT NBN of S$40,281,000 and S$79,430,000 for the financial years ended 31 March 2016 and 31 March 2017 and 3,864,000,000 units in issue.

## 10. CASH AND BANK DEPOSITS

| | 2016 | 2017 |
|---|---|---|
| | S$'000 | S$'000 |
| Cash at bank, representing cash and cash equivalents | 48,396 | 15,929 |

## 11. TRADE AND OTHER RECEIVABLES

| | 2016 | 2017 |
|---|---|---|
| | S$'000 | S$'000 |
| Trade receivables due from a Unitholder | 22,742 | 23,715 |
| Trade receivables: | | |
| –Third parties | 10,920 | 11,982 |
| –Subsidiary of a substantial shareholder of a Unitholder | 13,292 | 15,041 |
| | 46,954 | 50,738 |
| Other receivables: | | |
| –Third parties | 1,655 | 4,794 |
| | 48,609 | 55,532 |

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

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

## 12. 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:

| | 2016 | 2017 |
|---|---|---|
| | S$'000 | S$'000 |
| Minimum finance lease receivables: | | |
| Not later than one year | 5,432 | 5,432 |
| Later than one year but not later than five years | 21,728 | 21,728 |
| Later than five years | 287,127 | 281,696 |
| Total minimum lease receivables | 314,287 | 308,856 |
| Less: Future finance income | (226,200) | (220,952) |
| Present value of minimum lease receivables | 88,087 | 87,904 |
| Net investment in finance lease | 88,087 | 87,904 |
| Less: Present value of finance lease | (182) | (194) |
| Non-current finance lease receivables | 87,905 | 87,710 |

| | 2016 | 2017 |
|---|---|---|
| | S$'000 | S$'000 |
| Minimum finance lease receivables: | | |
| Not later than one year | 182 | 194 |
| Later than one year but not later than five years | 851 | 904 |
| Later than five years | 87,054 | 86,806 |
| Present value of minimum lease receivables | 88,087 | 87,904 |

The finance lease receivables relate to the rental agreements on the land and building between the Trust and the Unitholder in relation to the space occupied by the Unitholder in the exchange buildings owned by the Trust. At acquisition, the exchange buildings have a remaining lease period of 57 to 77 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%.

## 13. INVENTORIES

| | 2016 | 2017 |
|---|---|---|
| | S$'000 | S$'000 |
| Inventories at net realisable value | 4,508 | 5,499 |

The cost of inventories recognised as an expense and included in operation and maintenance costs amounted to S$317,000 (2016: S$333,000), including S$65,000 (2016: S$78,000) in respect of write downs of inventory to net realisable value.

## 14. OTHER CURRENT ASSETS

| | 2016 | 2017 |
|---|---|---|
| | S$'000 | S$'000 |
| Deposits | 278 | 213 |
| Prepayments | 1,491 | 2,715 |
| | 1,769 | 2,928 |

## 15. INVESTMENT IN SUBSIDIARIES

Details of the subsidiaries are as follows:

| Name of company/entity | Principal activities (Country of incorporation/ Place of business) | Proportion of ownership interest % 2016 | Proportion of ownership interest % 2017 |
|---|---|---|---|
| NetLink Trust<br>–Held by NetLink NBN Management Pte. Ltd. in its capacity as Trustee-Manager of, and for the benefit of NetLink NBN Trust | As detailed on page B-7 (Singapore) | 100 | 100 |
| NetLink Management Pte. Ltd. | Trustee-Manager of NetLink Trust (Singapore) | 100 | 100 |
| **Subsidiaries of NetLink Trust** | | | |
| (a) NetLink Trust Operations Company Pte. Ltd.<br>–Held by NetLink Management Pte. Ltd. in its capacity as Trustee-Manager of, and for the benefit of NetLink Trust | Provision of manpower services to NetLink Trust (Singapore) | 100 | 100 |
| (b) NetLink Trust Management Services Company Pte. Ltd.<br>–Held by NetLink Management Pte. Ltd. in its capacity as Trustee-Manager of, and for the benefit of NetLink Trust | Provision of manpower services to NetLink Trust (Singapore) | 100 | 100 |
| (c) OpenNet Pte. Ltd.<br>–Held by NetLink Management Pte. Ltd. in its capacity as Trustee-Manager of, and for the benefit of NetLink Trust | Dormant (Singapore) | 100 | 100 |

## 16. PROPERTY, PLANT AND EQUIPMENT

| | Leasehold land and buildings | Network Assets | Exchange equipment | Leasehold improvements | Furniture, fittings and equipment | Motor vehicles | Asset under construction | Total |
|---|---|---|---|---|---|---|---|---|
| | S$'000 | S$'000 | S$'000 | S$'000 | S$'000 | S$'000 | S$'000 | S$'000 |
| Acquisition of a subsidiary on and balance at 31 March 2016 . . . | 9,150 | 2,865,513* | 77,772 | 1,103 | 1,310 | 555 | 40,020 | 2,995,423 |
| Acquisition of a subsidiary on and balance at 31 March 2017 . . . | 9,093 | 2,899,159* | 73,686 | 1,159 | 1,204 | 702 | 74,506 | 3,059,509 |

* Network assets include approximately 27,000 lead-in ducts acquired from Singtel (Note 2).

## 17. INTANGIBLE ASSETS

| | 2016 | 2017 |
|---|---|---|
| | S$'000 | S$'000 |
| Intangible assets–Licence | 229,588 | 229,588 |
| Goodwill | 799,189 | 779,981 |
| | 1,028,777 | 1,009,569 |

***Goodwill***

The acquisition of NLT from a Unitholder and NetLink Management Pte. Ltd., trustee of NLT, from DBS Trustee Limited at an aggregate consideration of S$1,877,815,000 is assumed to have occurred at 31 March 2016 and 2017 for the purpose of pro forma balance sheets as at 31 March 2016 and 2017, respectively. The recognised amount of identifiable assets acquired and liabilities assumed at the date of acquisition are as follows:

| | 2016 |
|---|---|
| | S$'000 |
| Cash and bank deposits | 48,396 |
| Trade and other receivables | 48,609 |
| Finance lease receivables | 88,087 |
| Inventories | 4,508 |
| Other assets | 1,769 |
| Property, plant and equipment | 2,902,423 |
| Intangible assets | 229,588 |
| Rental deposits | 538 |
| Trade and other payables | (83,614) |
| Deferred revenue | (9,065) |
| Current tax liabilities | (5,190) |
| Loans | (1,607,002) |
| Deferred tax liabilities | (540,421) |
| Total identifiable net assets acquired at fair value | 1,078,626 |
| Goodwill on acquisition | 799,189 |
| Purchase consideration | 1,877,815 |
| Less: Cash and cash equivalent acquired | (48,396) |
| Net cash outflow for the acquisition | 1,829,419 |
| Effect on pro forma adjustments arising from the different basis of preparation of the pro forma balance sheet and statement of profit or loss | 37,333 |
| | 1,866,752 |

| | 2017 |
|---|---|
| | S$'000 |
| Cash and bank deposits | 15,929 |
| Trade and other receivables | 55,532 |
| Finance lease receivables | 87,904 |
| Inventories | 5,499 |
| Other assets | 2,928 |
| Property, plant and equipment | 2,966,509 |
| Intangible assets | 229,588 |
| Rental deposits | 733 |
| Trade and other payables | (87,222) |
| Deferred revenue | (10,155) |
| Current tax liabilities | (13,159) |
| Loans | (1,607,604) |
| Derivative financial instrument | (2,045) |
| Deferred tax liabilities | (546,603) |
| Total identifiable net assets acquired at fair value | 1,097,834 |
| Goodwill on acquisition | 779,981 |
| | 1,877,815 |

## 18. RENTAL DEPOSITS

| | 2016 | 2017 |
|---|---|---|
| | S$'000 | S$'000 |
| Subsidiary of substantial shareholder of the Unitholder | — | 40 |
| Third parties | 252 | 300 |
| Unitholder | 286 | 393 |
| | 538 | 733 |

## 19. TRADE AND OTHER PAYABLES

| | 2016<br>S$'000 | 2017<br>S$'000 |
|---|---|---|
| Trade payables: | | |
| –Third parties | 12,946 | 13,510 |
| –Unitholder | 4,494 | 3,039 |
| –Subsidiary of the Unitholder | 3,078 | 2,212 |
| –Subsidiaries of a substantial shareholder of the Unitholder | 2 | 46 |
| Other payables: | | |
| –Third parties | 424 | 625 |
| Accruals: | | |
| –Property, plant and equipment | 20,018 | 32,783 |
| –Property, plant and equipment (Unitholder) | 18,671 | 15,580 |
| –Operating expenses | 23,133 | 18,811 |
| –Operating expenses (Unitholder) | 456 | — |
| Interest payable to third parties | 27 | 75 |
| Provision for reinstatement cost | 365 | 541 |
| | 83,614 | 87,222 |

Trade and other payables are normally settled on 30 days terms and are non-interest bearing.

Trade and other payables to Unitholder, Trustee-Manager of the Trust and Subsidiary are non-interest bearing and are generally receivable on 30 days terms.

## 20. LOANS

| | 2016<br>S$'000 | 2017<br>S$'000 |
|---|---|---|
| **Non-current** | | |
| Bank loans | 507,002 | 507,604 |

The bank loans are due for repayment on 24 March 2021 and carries interest at 1.97%. (2016: 1.90%) per annum.

As at 31 March 2016 and 31 March 2017, the Trust Group has available S$90 million of undrawn committed borrowing facilities in respect of which all conditions precedent had been met.

## 21. DEFERRED TAX LIABILITIES

| | Accelerated tax depreciation | Finance lease receivables | Licence | Total |
|---|---|---|---|---|
| | S$'000 | S$'000 | S$'000 | S$'000 |
| **2016** | | | | |
| Acquisition of a subsidiary and balance at end of financial year | 486,414 | 14,977 | 39,030 | 540,421 |
| **2017** | | | | |
| Acquisition of a subsidiary and balance at end of financial year | 492,629 | 14,944 | 39,030 | 546,603 |

## *22.* DERIVATIVE FINANCIAL INSTRUMENTS

| | 2016 | 2017 |
|---|---|---|
| | S$'000 | S$'000 |
| **Non-current** | | |
| Interest rate swaps, designated in hedge accounting relationship (net-settled) | — | 2,045 |

**Interest rate swaps**

The Trust 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 S$382.5 million have fixed interest payments at an average rate of 2.95% for periods up until 2021 and have floating interest receipts which approximates an average of 1.97% per annum.

All of the Trust Group's and the Trust's interest rate swaps are designated and effective as cash flow hedges and the fair value of these interest rate swaps, amounting to S$2,045,000 (2016: S$Nil) has been recognised in other comprehensive loss during the year.

| | Average contracted fixed interest rate | | Notional principal amount | | Fair value | |
|---|---|---|---|---|---|---|
| **Outstanding fixed for floating contracts** | 2016 | 2017 | 2016 | 2017 | 2016 | 2017 |
| | % | % | S$'000 | S$'000 | S$'000 | S$'000 |
| 4 to 5 years | — | 2.95 | — | 382,500 | — | 2,045 |

## 23. UNITS IN ISSUE

| | Number of units | 2016 and 2017 |
|---|---|---|
| | | S$'000 |
| Units issued at registration | 1 | * |
| Units issued under initial public offering | 3,863,999,999 | 3,129,840 |
| | 3,864,000,000 | 3,129,840 |
| Less: equity issue expenses | | (58,939) |
| Units in issue | | 3,070,901 |

* Less than S$1,000

## 24. DISTRIBUTION PAID TO THE UNITHOLDER OF THE TRUST

| | 2016 | 2017 |
|---|---|---|
| | S$'000 | S$'000 |
| Distribution paid to the Unitholder of the Trust during the financial year | 60,000 | 80,000 |

On 27 June 2016, the Board of the trustee-manager of NLT approved a distribution of S$80,000,000 which was paid out on 1 July 2016 to the Unitholder of NLT.

On 16 March 2016, a distribution of S$60,000,000 to the Unitholder of NLT was declared and offset against the consideration payable by the Unitholder for the capital allowances transferred under Group Relief.

The cash position of NLT prior to the acquisition of NLT by NLT NBN as at 31 March 2016 and 2017 is adjusted to take into account the distribution of S$25,000,000 paid to Singtel for the period from 1 April 2016 to 31 March 2017.

The cash position of NLT prior to the acquisition of NLT by NLT NBN as at 31 March 2016 and 2017 is also adjusted to take into account the assumed distribution of S$51,000,000 paid to Singtel for the period from 1 April 2017 to 21 July 2017.

## 25. COMMITMENTS

### *(a) Operating lease commitments—as lessee*

The Trust Group leases certain premises under non-cancellable operating lease agreements. The Trust Group also leases photocopier machines from non-related parties under non-cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights. Minimum lease payments recognised as an expense in profit or loss for the financial year ended 31 March 2017 amounted to S$2,732,000 (2016: S$2,226,000). The future minimum lease payments under non-cancellable operating leases contracted for at the reporting date but not recognised as payable, are as follows:

| | 2016 | 2017 |
|---|---|---|
| | S$'000 | S$'000 |
| Not later than one year | 2,918 | 3,006 |
| Later than one year but not later than five years | 9,131 | 10,050 |
| More than five years | 23,830 | 10,439 |
| | 35,879 | 23,495 |

Included in the future minimum lease payments under non-cancellable operating leases comprise mainly future minimum lease payments with Unitholder which amounted to S$32,179,000 and S$15,691,000 for the financial years ended 31 March 2016 and 2017 respectively.

### *Finance lease commitments—as lessor*

The Trust Group's finance lease commitments as lessor are shown in Note 12.

Included in the future minimum finance lease receivables comprise future minimum finance lease receivables with Unitholder which amounted to S$314,287,000 and S$308,856,000 for the financial years ended 31 March 2016 and 2017 respectively.

### *(b) Capital commitments*

Capital expenditure contracted for at the balance sheet date but not recognised in the financial statements are as follows:

| | 2016 | 2017 |
|---|---|---|
| | S$'000 | S$'000 |
| Property, plant and equipment | 9,137 | 42,482 |

Included in the capital commitments for the Trust Group comprise capital commitments with Unitholder of S$69,000 and S$1,370,000 for the financial years ended 31 March 2016 and 2017 respectively.

## 26. RELATED PARTY TRANSACTIONS

(a) In addition to the information disclosed elsewhere in the financial statements, the following transactions took place between the Trust Group and related parties at terms agreed between the parties during the financial year:

| | 2016 | 2017 |
|---|---|---|
| | S$'000 | S$'000 |
| Services rendered to a Unitholder | 142,128 | 151,868 |
| Services rendered to a subsidiary of a substantial shareholder of a Unitholder | 68,213 | 85,261 |
| Purchase of services and goods from a Unitholder | 124,668 | 47,612 |
| Management fee paid or payable to Trustee-Manager of the Trust | 900 | 900 |
| Purchase of services from subsidiaries of a substantial shareholder of the Unitholder | 545 | 819 |
| Purchase of services from subsidiaries of substantial shareholder of a Unitholder | 1,706 | 5,532 |

(b) Key management personnel compensation is as follows:

| | 2016 | 2017 |
|---|---|---|
| | S$'000 | S$'000 |
| Wages and salaries | 1,784 | 1,727 |
| Employer's contribution to defined contribution plans, including Central Provident Fund | 118 | 44 |
| Other benefits | 386 | 122 |

## 27. FINANCIAL RISK MANAGEMENT POLICIES AND OBJECTIVES

***Financial risk factors***

The Trust 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 Trust Group. The Trust Group's overall risk management programme seeks to minimise potential adverse effects of the unpredictability of financial markets on the financial performance of the Trust Group.

The Board of Directors of the Trustee-Manager is responsible for setting the objectives and underlying principles of financial risk management for the Trust 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.

***(a) Market risk***

*(i)* Foreign currency risk

All of the Trust Group's transactions are transacted in Singapore Dollars ("SGD"). There is no significant foreign currency risk.

*(ii)* Interest rate risk management

Summary quantitative data of the Trust Group's interest-bearing financial instruments can be found in section (c) of this Note. The Trust Group's policy is to maintain cash equivalents and borrowings in fixed rate instruments. The Trust 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 Trust Group to raise long-term borrowings at floating rates and swap them into fixed rates that are lower than those available if the Trust Group borrowed at fixed rates directly. Under the interest rate swaps, the Trust 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 22 to the financial statements.

*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 year 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 management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points higher or lower and all other variables were held constant, the Trust Group's:

- Profit for the year ended 31 March 2017 would increase/decrease by S$637,500 (2016: S$7,000). This is mainly attributable to the Trust Group's exposure to interest rates on its variable rate borrowings.

75% of interest from bank loans have been hedged as at 31 March 2017 and the interest rate is fixed at an average of 2.95%. (2016: floating 1.90%)

The Trust 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 Trust Group.

### *(b) Credit risk*

Credit risk is the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Trust Group.

For the Trust Group, there is a significant concentration of credit risk to their major customers which is also a Unitholder and subsidiary of a substantial shareholder of a Unitholder of the Trust for the duration of the respective service contracts entered into. The Trust 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 balance sheet.

### *(c) Liquidity risk*

Liquidity risk is the risk that the Trust Group will encounter difficulty in meeting financial obligations due to shortage of funds. The Trust Group's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities.

***Non-derivative financial instruments***

The table below analyses the maturity profile of the Trust Group's financial liabilities based on contractual undiscounted cash flows.

| | Within 1 year | Between 2 and 5 years | Total |
|---|---|---|---|
| | S$'000 | S$'000 | S$'000 |
| **31 March 2017** | | | |
| Bank loans | 13,797 | 564,960 | 578,757 |
| Trade and other payables | 87,222 | — | 87,222 |
| | 101,019 | 564,960 | 665,979 |
| **31 March 2016** | | | |
| Bank loans | 9,709 | 548,837 | 558,546 |
| Trade and other payables | 83,614 | — | 83,614 |
| | 93,323 | 548,837 | 642,160 |

The Trust Group manage their liquidity risk by maintaining a sufficient level of cash and cash equivalents deemed adequate by the Trustee-Manager to finance the Trust 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 Trust Group has S$90 million of undrawn committed borrowing facilities available for working capital and general corporate use.

### *(d) Fair value of financial assets and financial liabilities*

Fair value of the Trust Group's financial assets and financial liabilities that are measured at fair value on a recurring basis:

***Trust Group and Trust***

Some of the Trust Group's financial assets and 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 assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used).

| Financial assets/ financial liabilities | Fair Value as at (S$'000) 2017 Assets | 2017 Liabilities | 2016 Assets | 2016 Liabilities | Fair value hierarchy | Valuation technique(s) and key input(s) | Significant unobservable input(s) | Relationship of unobservable inputs to fair value |
|---|---|---|---|---|---|---|---|---|
| Interest rate swaps | — | 2,045 | — | — | Level 2 | See Note below | NA | NA |

**Note:** 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.

### *(e) Capital management*

The Trust Group's objectives when managing capital are to safeguard the Trust Group's ability to continue as a going concern and to maintain an optimal capital structure to support its businesses and maximise Unitholder's value.

| | 2016 S$'000 | 2017 S$'000 |
|---|---|---|
| Borrowings | 507,002 | 507,604 |
| Total assets | 4,216,107 | 4,237,603 |
| Ratio | 12% | 12% |

The Trust 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.

*(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***

Cash and bank deposits (Note 10), current trade and other receivables and payables (Notes 11 and 19), finance lease receivables (Note 12), deposits (Notes 14 and 18) and bank loans (Note 20).

The carrying value less impairment provision of trade receivables and payables approximates their fair values. The fair values of finance lease receivables and bank loans approximate their carrying amount.

*(g)* ***Classification of financial instruments***

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

| | Loans and receivables | Non-financial assets | Total |
|---|---|---|---|
| | S$'000 | S$'000 | S$'000 |
| **31 March 2016** | | | |
| **Assets** | | | |
| **Current** | | | |
| Cash and bank deposits | 48,396 | — | 48,396 |
| Trade and other receivables | 48,609 | — | 48,609 |
| Finance lease receivables | 182 | — | 182 |
| Inventories | — | 4,508 | 4,508 |
| Deposits | 278 | — | 278 |
| Prepayment | — | 1,491 | 1,491 |
| **Non-current** | | | |
| Finance lease receivables | 87,905 | — | 87,905 |
| Property, plant and equipment | — | 2,995,423 | 2,995,423 |
| Other intangible assets and goodwill | — | 1,028,777 | 1,028,777 |
| Rental deposits | 538 | — | 538 |
| | 185,908 | 4,030,199 | 4,216,107 |

| | Liabilities at amortised cost | Non-financial liabilities | Total |
|---|---|---|---|
| | S$'000 | S$'000 | S$'000 |
| **Liabilities** | | | |
| **Current** | | | |
| Trade and other payables | 83,614 | — | 83,614 |
| Deferred revenue | — | 1,297 | 1,297 |
| Current tax liabilities | — | 5,190 | 5,190 |
| **Non-current** | | | |
| Deferred revenue | — | 7,768 | 7,768 |
| Loans | 507,002 | — | 507,002 |
| Deferred tax liabilities | — | 540,421 | 540,421 |
| | 590,616 | 554,676 | 1,145,292 |

| | Loans and Receivables | Non-financial assets | Total |
|---|---|---|---|
| | S$'000 | S$'000 | S$'000 |
| **31 March 2017** | | | |
| **Assets** | | | |
| **Current** | | | |
| Cash and bank deposits | 15,929 | — | 15,929 |
| Trade and other receivables | 55,532 | — | 55,532 |
| Finance lease receivables | 194 | — | 194 |
| Inventories | — | 5,499 | 5,499 |
| Deposits | 213 | — | 213 |
| Prepayment | — | 2,715 | 2,715 |
| **Non-current** | | | |
| Finance lease receivables | 87,710 | — | 87,710 |
| Property, plant and equipment | — | 3,059,509 | 3,059,509 |
| Other intangible assets and goodwill | — | 1,009,569 | 1,009,569 |
| Rental deposits | 733 | — | 733 |
| | 160,311 | 4,077,292 | 4,237,603 |

| | Liabilities at amortised cost/fair value | Non-financial liabilities | Total |
|---|---|---|---|
| | S$'000 | S$'000 | S$'000 |
| **Liabilities** | | | |
| **Current** | | | |
| Trade and other payables | 87,222 | — | 87,222 |
| Deferred revenue | — | 2,387 | 2,387 |
| Current tax liabilities | — | 13,159 | 13,159 |
| **Non-current** | | | |
| Deferred revenue | — | 7,768 | 7,768 |
| Loans | 507,604 | — | 507,604 |
| Deferred tax liabilities | — | 546,603 | 546,603 |
| Derivate financial instruments | 2,045 | — | 2,045 |
| | 596,871 | 569,917 | 1,166,788 |

## 28. SEGMENT INFORMATION

The chief operating decision maker has been determined as the Chief Executive Officer of the Trust Group. The Chief Executive Officer reviews the internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on these reports.

The Trust Group is principally engaged in the provision of ducts and manholes, central offices and space in central offices and fibre related services in Singapore and therefore management considers that the Trust Group operates in one single business and geographical segment.

Revenue derived from customers who individually account for 10% or more of the Trust Group's revenue is detailed below:

| | 31 March 2016 | 31 March 2017 |
|---|---|---|
| | S$'000 | S$'000 |
| Customer A | 139,038 | 151,654 |
| Customer B | 68,213 | 85,260 |
| Customer C | 29,300 | 36,140 |

## 29. APPROVAL OF THE UNAUDITED PRO FORMA FINANCIAL INFORMATION

The Unaudited Pro Forma Financial Information set out on pages B-4 to B-60 were approved by the Board of Directors of NetLink NBN Management Pte. Ltd. on 10 July 2017.

## APPENDIX C
## INDEPENDENT AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS OF NETLINK TRUST AND ITS SUBSIDIARIES FOR THE FINANCIAL YEARS ENDED 31 MARCH 2015, 31 MARCH 2016 AND 31 MARCH 2017

**INDEPENDENT AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS OF NETLINK TRUST AND ITS SUBSIDIARIES FOR THE YEARS ENDED 31 MARCH 2015, 2016 and 2017**

10 July 2017

The Board of Directors
NetLink NBN Management Pte. Ltd.
(in its capacity as Trustee-Manager of NetLink NBN Trust)
750E Chai Chee Road
#07-03
Viva Business Park
Singapore 469005

Dear Sirs

**Report on the Audit of the Consolidated Financial Statements**

**Opinion**

We have audited the accompanying consolidated financial statements of NetLink Trust (the "Trust") and its subsidiaries (the "Group") which comprise the consolidated balance sheet of the Group as at 31 March 2015, 2016 and 2017, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in unitholder's funds and consolidated cash flow statement of the Group for the financial years ended 31 March 2015, 2016 and 2017 (the "Relevant Periods"), and a summary of significant accounting policies and other explanatory information as set out on pages C-4 to C-43.

In our opinion, the accompanying consolidated financial statements of the Group are properly drawn up in accordance with the Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the state of affairs of the Group as at 31 March 2015, 2016 and 2017 and of the results, changes in unitholder's funds and cash flows of the Group for the Relevant Periods.

**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 *Auditors' 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.

**Responsibilities of the Trustee-Manager and Directors of the Trustee-Manager for the Financial Statements**

The Trustee-Manager of the Trust is responsible for the preparation of financial statements that give a true and fair view in accordance with 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 of the Trust is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustee-Manager either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors of the Trustee-Manager's responsibilities include overseeing the Group's financial reporting process.

**Auditors' 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 auditors' 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 Group's internal control.

(c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Trustee-Manager.

(d) Conclude on the appropriateness of the Trustee-Manager's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

(e) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

(f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or 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.

**Restriction on Distribution and Use**

This report has been prepared solely for you in connection with the proposed initial public offering of units by NetLink NBN Trust on the Mainboard of Singapore Exchange Securities Trading Limited and for no other purpose.

Yours faithfully,

Deloitte & Touche LLP
Public Accountants and
Chartered Accountants
Singapore

Shariq Barmaky
Partner

**NetLink Trust and its Subsidiaries**

**Consolidated Statements of Profit or Loss and Other Comprehensive Income**
**For the financial years ended 31 March 2015, 2016 and 2017**

| | Note | 2015 | 2016 | 2017 |
|---|---|---|---|---|
| | | S$'000 | S$'000 | S$'000 |
| **Revenue** | 5 | 217,931 | 258,000 | 300,144 |
| Other income | 6 | 428 | 1,987 | 1,016 |
| Amortisation of financial support grant | 21 | 29,030 | 29,053 | 29,053 |
| **Expenses** | | | | |
| Operation and maintenance costs | | (46,358) | (10,201) | (11,604) |
| Installation costs | | (12,551) | (12,749) | (15,221) |
| Depreciation | 18 | (114,655) | (127,909) | (122,680) |
| Staff costs | 7 | (16,508) | (16,127) | (19,843) |
| Finance costs | 8 | (35,281) | (40,560) | (37,697) |
| Management fee | 9 | (4,191) | (4,136) | (4,136) |
| Other operating expenses | | (35,302) | (32,732) | (29,312) |
| Total expenses | | (264,846) | (244,414) | (240,493) |
| **(Loss)/Profit before income tax** | 10 | (17,457) | 44,626 | 89,720 |
| Income tax credit/(expense) | 11 | 1,703 | (8,070) | (14,012) |
| **(Loss)/Profit after income tax** | | (15,754) | 36,556 | 75,708 |
| **Other comprehensive income** | | | | |
| Item that may be reclassified subsequently to profit or loss: | | | | |
| Cash flow hedges | 28 | — | — | (2,045) |
| **Total comprehensive (loss)/income** | | (15,754) | 36,556 | 73,663 |

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

**NetLink Trust and its Subsidiaries**

**Consolidated Balance Sheets**
**As at 31 March 2015, 2016 and 2017**

| | Note | 2015 | 2016 | 2017 |
|---|---|---|---|---|
| | | S$'000 | S$'000 | S$'000 |
| **ASSETS** | | | | |
| **Current assets** | | | | |
| Cash and bank deposits | 12 | 87,540 | 124,873 | 92,406 |
| Trade and other receivables | 13 | 33,192 | 48,609 | 55,532 |
| Finance lease receivables | 14 | 185 | 196 | 209 |
| Inventories | 15 | 4,962 | 4,508 | 5,499 |
| Other current assets | 16 | 1,569 | 1,769 | 2,928 |
| | | 127,448 | 179,955 | 156,574 |
| **Non-current assets** | | | | |
| Finance lease receivables | 14 | 94,717 | 94,521 | 94,312 |
| Property, plant and equipment | 18 | 2,681,312 | 2,621,355 | 2,625,624 |
| Rental deposits | 19 | 493 | 538 | 733 |
| | | 2,776,522 | 2,716,414 | 2,720,669 |
| **Total assets** | | 2,903,970 | 2,896,369 | 2,877,243 |
| **LIABILITIES** | | | | |
| **Current liabilities** | | | | |
| Trade and other payables | 20 | 79,615 | 59,176 | 62,784 |
| Deferred financial support grant | 21 | 29,053 | 29,053 | 29,053 |
| Deferred revenue | 22 | 759 | 1,065 | 2,155 |
| Current tax liabilities | | 43 | 5,190 | 13,159 |
| | | 109,470 | 94,484 | 107,151 |
| **Non-current liabilities** | | | | |
| Deferred financial support grant | 21 | 592,551 | 563,498 | 534,445 |
| Derivative financial instruments | 23 | — | — | 2,045 |
| Loans | 24 | 1,610,477 | 1,607,479 | 1,608,081 |
| Deferred tax liabilities | 25 | 296,637 | 359,517 | 360,467 |
| | | 2,499,665 | 2,530,494 | 2,505,038 |
| **Total liabilities** | | 2,609,135 | 2,624,978 | 2,612,189 |
| **NET ASSETS** | | **294,835** | **271,391** | **265,054** |
| **UNITHOLDERS' FUNDS** | | | | |
| Units in issue | 26 | 578,780 | 578,780 | 578,780 |
| Accumulated losses | | (283,945) | (307,389) | (311,681) |
| Hedging reserve | 29 | — | — | (2,045) |
| **Total unitholders' funds** | | **294,835** | **271,391** | **265,054** |

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

NetLink Trust and its Subsidiaries

**Consolidated Statements of Changes in Unitholder's Funds**
**For the financial years ended 31 March 2015, 2016 and 2017**

| | Note | Units in issue | Accumulated losses | Hedging reserves | Total |
|---|---|---|---|---|---|
| | | S$'000 | S$'000 | S$'000 | S$'000 |
| **2015** | | | | | |
| **Beginning of year** | | 578,780 | (268,191) | — | 310,589 |
| Total comprehensive loss for the year | | — | (15,754) | — | (15,754) |
| **End of year** | | 578,780 | (283,945) | — | 294,835 |
| **2016** | | | | | |
| **Beginning of year** | | 578,780 | (283,945) | — | 294,835 |
| Total comprehensive income for the year | | — | 36,556 | — | 36,556 |
| Distribution paid to Unitholder, representing transactions with Unitholder, recognised directly in equity | 27 | — | (60,000) | — | (60,000) |
| **End of year** | | 578,780 | (307,389) | — | 271,391 |
| **2017** | | | | | |
| **Beginning of year** | | 578,780 | (307,389) | — | 271,391 |
| Total comprehensive income for the year | | | | | |
| Profit for the year | | — | 75,708 | — | 75,708 |
| Other comprehensive income | | — | — | (2,045) | (2,045) |
| Total | | — | 75,708 | (2,045) | 73,663 |
| Distribution paid to Unitholder, representing transactions with Unitholder, recognised directly in equity | 27 | — | (80,000) | — | (80,000) |
| **End of Year** | | 578,780 | (311,681) | (2,045) | 265,054 |

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

**NetLink Trust and its Subsidiaries**

**Consolidated Cash Flow Statement**
**For the financial years ended 31 March 2015, 2016 and 2017**

| | Note | 2015 | 2016 | 2017 |
|---|---|---|---|---|
| | | S$'000 | S$'000 | S$'000 |
| **Operating activities** | | | | |
| (Loss)/Profit before income tax | | (17,457) | 44,626 | 89,720 |
| Adjustments for: | | | | |
| –Depreciation | | 114,655 | 127,909 | 122,680 |
| –Amortisation of financial support grant | | (29,030) | (29,053) | (29,053) |
| –Amortisation of transaction fees on bank loans | | — | 2 | 602 |
| –Allowance for impairment of trade receivables, net | | 634 | 719 | 304 |
| –Provision for stock obsolescence | | 35 | 78 | 65 |
| –Recognition of deferred revenue | | (259) | (256) | (712) |
| –Finance costs | | 35,281 | 40,560 | 37,697 |
| –Interest income | | (210) | (705) | (420) |
| –Property, plant and equipment written off | | 1,371 | — | — |
| **Operating cash flows before working capital changes** | | 105,020 | 183,880 | 220,883 |
| Changes in working capital: | | | | |
| –Trade and other receivables | | 14,830 | (16,196) | (6,583) |
| –Trade and other payables | | 9,288 | (6,901) | (6,141) |
| –Inventories | | (4,990) | 376 | (1,056) |
| **Cash generated from operations** | | 124,148 | 161,159 | 207,103 |
| Interest received | | 210 | 705 | 420 |
| Interest paid | | (31,757) | (59,882) | (37,622) |
| Income tax paid | | (5) | (43) | (5,093) |
| **Net cash generated from operating activities** | | 92,596 | 101,939 | 164,808 |
| **Investing activities** | | | | |
| Purchase of property, plant and equipment | | (482,259) | (61,613) | (117,275) |
| Proceeds from sale of property, plant and equipment | | — | 7 | — |
| **Net cash used in investing activities** | | (482,259) | (61,606) | (117,275) |
| **Financing activities** | | | | |
| Unitholder's loans | | 280,000 | (510,000) | — |
| Proceeds from bank loans, net of transaction fees | | — | 507,000 | — |
| Proceeds from financial support grant | | 17,467 | — | — |
| Distribution paid to Unitholder | 27 | — | — | (80,000) |
| **Net cash generated from/(used in) financing activities** | | 297,467 | (3,000) | (80,000) |
| **Net (decrease)/increase in cash and cash equivalents** | | (92,196) | 37,333 | (32,467) |
| Cash and cash equivalents at beginning of year | | 179,736 | 87,540 | 124,873 |
| **Cash and cash equivalents at end of year** | 12 | 87,540 | 124,873 | 92,406 |

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

## 1. Corporate information

NetLink Trust ("NetLink" or the "Trust") was constituted by a trust deed dated 22 July 2011, and supplemented by a supplemental deed of trust dated 22 August 2013, and as further amended and restated on 28 November 2013 and on 1 October 2014 and 13 April 2017 (the "Trust Deed"). It was registered as a business trust with the Monetary Authority of Singapore on 12 August 2011. NetLink is regulated by the Business Trusts Act, Chapter 31A of Singapore and is domiciled in Singapore. Singapore Telecommunications Limited ("Unitholder" or "Singtel") is the sole unitholder of the Trust. The Trust commenced its operations on 22 September 2011.

With effect from 13 April 2017, NetLink Management Pte. Ltd. (the "Trustee-Manager") has been appointed as the trustee-manager of NetLink, replacing CityNet Infrastructure Management Pte. Ltd. Under the Trust Deed, NetLink Management Pte. Ltd. (the "Trustee-Manager") has declared that it shall hold the Authorised Business on trust for the Unitholder as the Trustee-Manager of NetLink. The registered address of the Trustee-Manager is at 750E Chai Chee Road, #07-03, Viva Business Park, Singapore 469005.

The principal activities of the Trust 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 Nationwide Broadband Network ("NGNBN") of Singapore for the purposes of providing services to provide facilities based operations granted by the Info-communications Media Development Authority ("IMDA") which is the successor-in-title of the Info-communications Development Authority of Singapore ("IDA"), 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.

The principal activities of the subsidiaries of the Trust are set out in Note 17.

The Trust is a Facilities-Based Operator ("FBO") and a designated Public Telecommunications Licensee, providing access to the ducts, manholes and central offices required by other FBO's in rolling out their network for specific telecommunication purposes.

## 2. Summary of significant accounting policies

### 2.1 Basis of preparation

The financial statements have been prepared in accordance with the historical cost basis and are drawn up in accordance with the Singapore Financial Reporting Standards ("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 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 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 1 April 2016, 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 or prior years.

**2.2 Standards issued but not yet effective**

At the date of authorisation of these financial statements, the following FRSs, INT FRSs and amendments to FRS that are relevant to the Group were issued but not effective:

- FRS 109 *Financial Instruments*[2]
- FRS 115 *Revenue from Contracts with Customers (with clarifications issued)*[2]
- FRS 116 *Leases*[3]
- Amendments to FRS 7 *Statement of Cash Flows: Disclosure Initiative*[1]
- Amendments to FRS 12 *Income Taxes: Recognition of Deferred Tax Assets for Unrealised Losses*[1]

[1] Applies to annual periods beginning on or after 1 January 2017, with early application permitted.

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

[3] Applies to annual periods beginning on or after 1 January 2019, with earlier application permitted if FRS 115 is adopted.

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

The Trustee-Manager anticipates that the adoption of the above FRSs and amendments to FRS in future periods will not have a material impact on the financial statements of the Group in the period of their adoption except for the following:

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 Group:

- 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 new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in FRS 39. Under FRS 109, 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 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. The Trustee-Manager has commenced an assessment of the possible impact of implementing FRS 109. 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. The Trustee-Manager does not plan to early adopt the new FRS 109.

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.

FRS 115 introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contracts 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 a performance obligation is satisfied, i.e. when control of the goods is transferred to the customer. Performance obligation is discharged through the delivery of services to the customer. In addition, extensive disclosures are required by FRS 115.

The Trustee-Manager 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. The Trustee-Manager is currently evaluating on any additional disclosures required in respect of revenue recognition. The Trustee-Manager does not plan to early adopt the new FRS 115.

FRS 116 *Leases*

FRS 116 was issued in June 2016 and will supersede FRS 17 *Leases* and its associated interpretative guidance.

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 predecessor FRS 17.

The Trustee-Manager anticipates that the initial application of the new FRS 116 will result in changes to the accounting policies relating to operating leases, where the Group is a lessee. A lease asset will be recognised on balance sheet, 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 FRS 116. 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. The Trustee-Manager does not plan to early adopt the new FRS 116.

**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. Control is achieved when the Trust:

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

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

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

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

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

Profit or loss and each component of other comprehensive income are attributed to the unitholder of the Trust. Total comprehensive income of subsidiaries is attributed to the unitholder 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 which resulted in obtaining control are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the acquisition date fair values of assets given, liabilities incurred by the Group to the former owners of the acquiree, and equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

Where applicable, the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition-date fair value. Subsequent changes in such fair values are adjusted against the cost of acquisition where they qualify as measurement period adjustments (see below). The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates at fair value, with changes in fair value recognised in profit or loss.

Where a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to fair value at the acquisition date (i.e. the date the Group attains control) and the resulting gain or loss, if any, is recognised in profit 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;
- Liabilities or equity instruments related to share-based payment transactions of the acquiree or the replacement of an acquiree's share-based payment awards transactions with share-based payment awards transactions of the acquirer in accordance with the method in FRS 102 *Share-based Payment* at the acquisition date; and
- Assets (or disposal groups) that are classified as held for sale in accordance with FRS 105 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

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 Currency Translation

*Functional or presentation currency*

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The consolidated financial statements of the Group are presented in Singapore Dollars.

### 2.5 Property, plant and equipment

(a) *Measurement*

Property, plant and equipment acquired as part of a business combination are recognised initially at their fair values at the date of acquisition and subsequently carried at cost (i.e. the fair values at initial recognition) less accumulated depreciation and accumulated impairment losses.

All other property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

The initial cost of an item includes its purchase price and any costs that are directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by the Trustee-Manager. Cost also includes borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying property, plant and equipment. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

The projected cost of dismantlement, removal or restoration is also recognised as part of the cost of property, plant and equipment if the obligation for the dismantlement, removal or restoration is incurred as a consequence of either acquiring the asset or using the asset.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, if there is no certainty that the lessee will obtain ownership by the end of the lease term, the asset shall be fully depreciated over the shorter of the lease term and its useful life.

(b) *Depreciation*

Depreciation is calculated using a straight line method to allocate their depreciable amounts over their estimated useful lives as follows:

| | |
|---|---|
| Leasehold land and buildings | Over the remaining leasehold period of 57 to 77 years |
| Network assets | 25 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 |

The ducts and manholes acquired from Unitholder are depreciated over the remaining average useful life of 29 years.

Assets under construction included in property, plant and equipment mainly relate to all directly attributable costs incurred for the construction of the Next Generation Nationwide Broadband Network ("NGNBN") passive fibre infrastructure. 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 balance sheet date. The effects of any revision are recognised in the profit or loss prospectively when the change arises.

(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 the disposal proceeds and its carrying amount is recognised in the profit or loss.

### 2.6 Impairment of tangible assets

At the end of each reporting period, the Group reviews the carrying amounts of its tangible 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.

### 2.7 Government grant

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and the grants will be received. Where the grant relates to an asset, the fair value is recognised as deferred financial support grant in the balance sheet and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants for the construction of the passive fibre infrastructure are taken to the deferred financial support grant account. Deferred financial support grant are recognised in profit or loss over the periods necessary to match the depreciation of the related assets.

### 2.8 Financial instruments

Financial assets and financial liabilities are recognised on the balance sheet 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, 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”, “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.

***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***

Financial assets, other than those at FVTPL, are assessed 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.

For available-for-sale equity instruments, a significant or prolonged decline in the fair value of the investment below its cost is considered to be objective evidence of impairment.

For all other financial assets, 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 60 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.

***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.

***Financial liabilities***

Financial liabilities are classified as either financial liabilities "at fair value through profit or loss" or other financial liabilities.

***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.

### 2.9 Derivative financial instruments and hedge accounting

The Group enters into interest rate swaps to manage its exposure to interest rate. Further details of derivative financial instruments are disclosed in Note 23 to the financial statements.

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 all 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 entity 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.

Note 23 contains details of the fair values of the derivative instruments used for hedging purposes. Movements in the hedging reserve in other comprehensive income are also detailed in Note 29.

### 2.10 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 balance sheet when the Group has a legally enforceable right to set off the recognised amounts; and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. A right to set-off must be available today rather than being contingent on a future event and must be exercisable by any of the counterparties, both in the normal course of business and in the event of default, insolvency or bankruptcy.

### 2.12 Cash and cash equivalents in the statement of cash flows

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 determined using the weighted average method.

Allowance for obsolete, deteriorated or damaged stocks is made when considered appropriate.

Net realisable value is the estimated selling price in the ordinary course of business.

### 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 Trust 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 balance sheet date.

### 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 balance sheet 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 below). 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.

### 2.17 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 goods and services tax, 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) Service revenue, fibre related revenue, service income and charges are recognised at the time when the services are rendered.

(b) Revenue from connection for residential and non-residential user 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 under the "Home Reach" programme 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) Rental income and exchange license fee from operating leases is recognised on a straight-line basis over the lease term.

(g) Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

### 2.18 Taxes

*Income tax*

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The Group's liability for current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted in countries where the Trust and subsidiaries operate by the end of the reporting period.

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

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 determining the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost.

*Sales tax*

Revenues, expenses and assets are recognised net of the amount of sales tax except:

- Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

### 2.19 Units in issue

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

### 2.20 Distributions to the Trust's Unitholder

Distributions to the Trust's Unitholder are recorded in equity in the period in which they are approved for payment.

### 2.21 Contingencies

A contingent liability is:

(a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or

(b) a present obligation that arises from past events but is not recognised because:

   (i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

   (ii) The amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

Contingent liabilities and assets are not recognised on the balance sheet of the Group, except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined.

### 2.22 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 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 Group and 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).

### 2.23 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

## 3. Significant accounting estimates, assumptions and judgements

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.

The Group makes estimates, assumptions and judgement concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

*(a) Estimated useful lives of property, plant and equipment*

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 increase the net loss and decrease the carrying value of property, plant and equipment.

*(b) Assessing indicators of impairment test on property, plant and equipment*

Property, plant and equipment are tested for impairment whenever there are indications of impairment. In determining the existence of indications to impairment at each reporting date, the Trustee-Manager considers and makes judgement based on the available internal and external sources of information, including whether there have been significant changes with adverse effect in the technological, market, economic, or legal environment in which the Group operates.

The Group recorded a profit after income tax of S$75.7 million for the financial year ended 31 March 2017 (2016: profit of S$36.6 million and 2015: loss of S$15.8 million) after accounting depreciation of S$122.7 million (2016: S$127.9 million and 2015: S$114.7 million) net of amortisation of financial support grant of S$29.1 million (2016: S$29.1 million and 2015: S$29.0 million). Notwithstanding, cash flows from operations are S$164.8 million (2016: S$101.9 million and 2015: S$92.6 million). Accordingly, the Trustee-Manager did not note any indicators of impairment and does not expect any material impact on the carrying amounts of property, plant and equipment of S$2,625.6 million as of 31 March 2017 (2016: S$2,621.4 million and 2015: S$2,681.3 million).

*(c) Income tax*

As at 31 March 2017, the Group accounted for deferred tax assets amounting to S$95.8 million (2016: S$100.7 million and 2015: S$113.1 million) on financial support grant, carried forward tax losses and capital allowances to the extent there are sufficient estimated future taxable profits and/or taxable temporary differences against which the tax losses can be utilised satisfactorily subject to regulatory requirements or transferred under Section 37C of the Income Tax Act, Chapter 134 of Singapore.

## 4. Fair value measurements and valuation process

*Derivatives*

The fair value of the interest rate swaps are derived using the discounted cash flow method, where the future cash flows are estimated based on various inputs, including the forward interest rates, the terms and maturity of each contract, and discounted at rates derived from observable yield curves.

Information about the valuation techniques and inputs used in determining the fair value of various assets and liabilities are disclosed in Note 32 to the financial statements.

## 5. Revenue

| | 2015 | 2016 | 2017 |
|---|---|---|---|
| | S$'000 | S$'000 | S$'000 |
| Ducts and Manholes service revenue | 38,754 | 28,388 | 29,861 |
| Exchanges service revenue | 5,874 | 5,788 | 5,788 |
| Finance Lease income | 5,667 | 5,656 | 5,644 |
| Service income and charges | 3,745 | 3,679 | 3,808 |
| Rental income | 132 | — | — |
| Connection revenue—Residential | 111,623 | 148,523 | 184,063 |
| Connection revenue—Non-Residential | 10,511 | 14,959 | 20,923 |
| Connection revenue—NBAP | 97 | 273 | 507 |
| Connection revenue—Segment Fibre | 4,953 | 5,059 | 6,064 |
| Co-location revenue | 14,131 | 14,483 | 14,532 |
| Installation related revenue | 18,687 | 23,259 | 19,137 |
| Diversion revenue | 251 | 2,170 | 4,531 |
| Fibre related revenue | 3,418 | 4,357 | 4,908 |
| Other revenue | 88 | 1,406 | 378 |
| | 217,931 | 258,000 | 300,144 |

## 6. Other income

| | 2015 | 2016 | 2017 |
|---|---|---|---|
| | S$'000 | S$'000 | S$'000 |
| Interest income | 210 | 705 | 420 |
| Wage Credit Scheme | 88 | 309 | 230 |
| Others | 130 | 973 | 366 |
| | 428 | 1,987 | 1,016 |

## 7. Staff costs

| | 2015 | 2016 | 2017 |
|---|---|---|---|
| | S$'000 | S$'000 | S$'000 |
| Salaries and wages | 13,381 | 12,240 | 15,327 |
| Employer's contribution to defined contribution plans including Central Provident Fund | 1,313 | 2,353 | 2,804 |
| Other short-term benefits | 1,814 | 1,534 | 1,712 |
| | 16,508 | 16,127 | 19,843 |

## 8. Finance costs

| | 2015 | 2016 | 2017 |
|---|---|---|---|
| | S$'000 | S$'000 | S$'000 |
| Interest expense | | | |
| –Unitholder's loans | 35,281 | 40,533 | 27,622 |
| –Third parties | — | 27 | 10,075 |
| | 35,281 | 40,560 | 37,697 |

## 9. Management fee

| | 2015 | 2016 | 2017 |
|---|---|---|---|
| | S$'000 | S$'000 | S$'000 |
| Management fee | 4,191 | 4,136 | 4,136 |

The management fees are payable quarterly in arrears and in accordance with the Trust Deed.

## 10. (Loss)/Profit before income tax

The following items have been included in arriving at (loss)/profit before income tax:

| | 2015 | 2016 | 2017 |
|---|---|---|---|
| | S$'000 | S$'000 | S$'000 |
| Audit fees paid/payable to: | | | |
| –auditors of the Trust | 82 | 80 | 80 |
| Non-audit fees paid/payable to: | | | |
| –auditors of the Trust | 8 | 4 | 4 |
| Total audit and non-audit fees | 90 | 84 | 84 |
| Allowance for impairment of trade receivables–net | 634 | 719 | 304 |
| Operating lease expense | 3,355 | 3,144 | 3,668 |
| Allowance for obsolescence | 35 | 78 | 65 |

## 11. Income tax (credit)/expense

The major components of income tax (credit)/expense for the years ended 31 March 2017, 2016 and 2015 are:

| | 2015 | 2016 | 2017 |
|---|---|---|---|
| | S$'000 | S$'000 | S$'000 |
| Income tax is made up of: | | | |
| –Current income taxation | 48 | 5,190 | 13,062 |
| Deferred income tax credit | | | |
| –Origination and reversal of temporary differences | (1,751) | 2,880 | 1,533 |
| –Tax expense attributable to current year's profits | (1,703) | 8,070 | 14,595 |
| Deferred income tax | | | |
| –Over provision | — | — | (583) |
| Income tax (credit)/expense recognised in profit or loss | (1,703) | 8,070 | 14,012 |

The reconciliation between tax (credit)/expense and the product of accounting (loss)/profit multiplied by the applicable corporate tax rate for the financial year is as follows:

| | 2015 | 2016 | 2017 |
|---|---|---|---|
| | S$'000 | S$'000 | S$'000 |
| (Loss)/Profit before income tax | (17,457) | 44,626 | 89,720 |
| Income tax (credit)/expense calculated at a tax rate of 17% | (2,968) | 7,586 | 15,252 |
| Effect of: | | | |
| –Income not subject to taxation | (26) | (124) | (725) |
| –Expenses not deductible for tax purposes | 1,156 | 392 | 234 |
| –Enhanced tax relief | (13) | (121) | (103) |
| –Over provision in respect of prior years | — | — | (583) |
| –Others | 148 | 337 | (63) |
| | (1,703) | 8,070 | 14,012 |

## 12. Cash and bank deposits

| | 2015 | 2016 | 2017 |
|---|---|---|---|
| | S$'000 | S$'000 | S$'000 |
| Cash at bank, representing cash and cash equivalents | 87,540 | 124,873 | 92,406 |

## 13. Trade and other receivables

| | 2015 | 2016 | 2017 |
|---|---|---|---|
| | S$'000 | S$'000 | S$'000 |
| Trade receivables due from Unitholder | 17,710 | 22,742 | 23,715 |
| Trade receivables: | | | |
| –Third parties | 2,289 | 5,388 | 5,354 |
| –Subsidiary of a substantial shareholder of the Unitholder | 8,840 | 13,292 | 15,041 |
| –Subsidiary of a substantial shareholder of the Trustee Manager | 4,329 | 5,532 | 6,628 |
| | 33,168 | 46,954 | 50,738 |
| Other receivables: | | | |
| –Third parties | 15 | 1,655 | 4,794 |
| –Unitholder | 9 | — | — |
| | 33,192 | 48,609 | 55,532 |

***Trade receivables due from Unitholder, third parties, subsidiary of a substantial shareholder of the Unitholder and subsidiary of a substantial shareholder of the Trustee-Manager***

Trade receivables due from Unitholder, third parties, subsidiary of a substantial shareholder of the Unitholder and subsidiary of a substantial shareholder of the Trustee-Manager 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 Unitholder***

Other receivables due from Unitholder relate to payroll paid on behalf by the Trust and are unsecured, interest-free and is repayable on demand.

The table below is an analysis of trade and other receivables as at 31 March 2015, 2016 and 2017:

| | 2015 | 2016 | 2017 |
|---|---|---|---|
| | S$'000 | S$'000 | S$'000 |
| Not past due and not impaired | 30,544 | 35,025 | 50,614 |
| Past due but not impaired | 2,648 | 13,584 | 4,918 |
| | 33,192 | 48,609 | 55,532 |
| Impaired receivables—individually Assessed | 238 | 945 | 1,238 |
| Less: Allowance for impairment | (238) | (945) | (1,238) |
| Total trade and other receivables, net | 33,192 | 48,609 | 55,532 |

Receivables that are past due but not impaired

The Group has trade and other receivables amounting to S$4,918,000 (2016: S$13,584,000 and 2015: S$2,648,000) 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:

| | 2015 | 2016 | 2017 |
|---|---|---|---|
| | S$'000 | S$'000 | S$'000 |
| Trade and other receivables past due but not impaired: | | | |
| Less than 30 days | 2,301 | 5,540 | 3,465 |
| 30 to 60 days | 3 | 2,954 | 25 |
| 61 to 90 days | 17 | 550 | 46 |
| Over 90 days | 327 | 4,540 | 1,382 |
| | 2,648 | 13,584 | 4,918 |

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 are not secured by any collateral credit enhancements.

Movements in allowance accounts allowance for doubtful debts

| | 2015 | 2016 | 2017 |
|---|---|---|---|
| | S$'000 | S$'000 | S$'000 |
| Balance at beginning of the year | 868 | 238 | 945 |
| Amounts written off during the year | (1,264) | (12) | (11) |
| Amounts recovered during the year | — | (15) | (6) |
| Increase in allowance recognised in profit or loss | 634 | 734 | 310 |
| Balance at the end of the year | 238 | 945 | 1,238 |

At the end of the reporting period, the Group has provided an allowance of impairment of S$1,238,000 (2016: S$945,000 and 2015: S$238,000). The allowance for impairment includes an amount of S$940,000 (2016: S$481,000 and 2015 S$209,000) in relation to the amount due from a subsidiary of a substantial shareholder of the Unitholder, S$Nil (2016: S$Nil and 2015: S$15,000) in relation to the amount due from Unitholder and S$Nil (2016: S$20,000 and 2015: S$3,000) in relation to a subsidiary of a substantial shareholder of the Trustee-Manager.

## 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:

| | 2015 | 2016 | 2017 |
|---|---|---|---|
| | S$'000 | S$'000 | S$'000 |
| Minimum finance lease receivables: | | | |
| Not later than one year | 5,841 | 5,841 | 5,841 |
| Later than one year but not later than five years | 23,363 | 23,363 | 23,363 |
| Later than five years | 314,580 | 308,739 | 302,899 |
| Total minimum lease receivables (Note 14) | 343,784 | 337,943 | 332,103 |
| Less: Future finance income | (248,882) | (243,226) | (237,582) |
| Present value of minimum lease receivables | 94,902 | 94,717 | 94,521 |
| Net investment in finance lease | 94,902 | 94,717 | 94,521 |
| Less: Present value of finance lease receivables not later than one year | (185) | (196) | (209) |
| Non-current finance lease receivables | 94,717 | 94,521 | 94,312 |

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

| | 2015 | 2016 | 2017 |
|---|---|---|---|
| | S$'000 | S$'000 | S$'000 |
| Not later than one year | 185 | 196 | 209 |
| Later than one year but not later than five years | 862 | 915 | 972 |
| Later than five years | 93,855 | 93,606 | 93,340 |
| Present value of minimum lease receivables | 94,902 | 94,717 | 94,521 |

The finance lease receivables relate to the rental agreements on the land and building between the Trust and the Unitholder in relation to the space occupied by the Unitholder in the exchange buildings owned by the Trust. At acquisition, the exchange buildings have a remaining lease period of 57 to 77 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%.

## 15. Inventories

| | 2015 | 2016 | 2017 |
|---|---|---|---|
| | S$'000 | S$'000 | S$'000 |
| Inventories | 4,962 | 4,508 | 5,499 |

The cost of inventories recognised as an expense and included in operation and maintenance costs amounted to S$317,000 (2016: S$333,000 and 2015; S$232,000), including S$65,000 (2016: S$78,000 and 2015: S$35,000) in respect of write downs of inventory to net realisable value.

## 16. Other current assets

| | 2015 | 2016 | 2017 |
|---|---|---|---|
| | S$'000 | S$'000 | S$'000 |
| Deposits | 375 | 278 | 213 |
| Prepayments | 1,194 | 1,491 | 2,715 |
| | 1,569 | 1,769 | 2,928 |

## 17. Investment in subsidiaries

Details of the subsidiaries are as follows:

| Name of company/entity | Principal activities (Country of incorporation/ Place of business) | Percentage (%) owned | | |
|---|---|---|---|---|
| | | 2015 | 2016 | 2017 |
| (a) NetLink Trust Operations Company Pte. Ltd.<br>• Held by NetLink Management Pte. Ltd. in its capacity as Trustee-Manager of, and for the benefit of the Trust from 13 April 2017(a)(b) | Provision of manpower services to NetLink (Singapore) | 100 | 100 | 100 |
| (b) NetLink Trust Management Services Company Pte. Ltd.<br>• Held by NetLink Management Pte. Ltd. in its capacity as Trustee-Manager of, and for the benefit of the Trust from 13 April 2017(a)(b) | Provision of manpower services to NetLink (Singapore) | 100 | 100 | 100 |
| (c) OpenNet Pte. Ltd.<br>• Held by NetLink Management Pte. Ltd. in its capacity as Trustee-Manager of, and for the benefit of the Trust from 13 April 2017(a)(b) | Provision of manpower services to NetLink till 31 March 2015 Became dormant on 1 April 2015 (Singapore) | 100 | 100 | 100 |

(a) Audited by Deloitte & Touche LLP, Singapore.

(b) On 13 April 2017, there was a change of trustee-manager from CityNet Infrastructure Management Pte. Ltd. to NetLink Management Pte. Ltd.

## 18. Property, plant and equipment

| | Leasehold land and buildings | Network Assets | Exchange equipment | Leasehold improvements | Furniture, fittings and equipment | Motor vehicles | Asset under construction | Total |
|---|---|---|---|---|---|---|---|---|
| | S$'000 | S$'000 | S$'000 | S$'000 | S$'000 | S$'000 | S$'000 | S$'000 |
| **Cost:** | | | | | | | | |
| 1 April 2014 | 2,713 | 2,503,417 | 93,356 | 905 | 18,431 | — | 144 | 2,618,966 |
| Additions—integration exercise | — | — | 2,148 | — | 248 | 156 | — | 2,552 |
| Additions | — | 332,981 | 5,517 | 1,199 | 817 | — | 12,546 | 353,060 |
| Transfer | — | — | 285 | (285) | (27) | — | 27 | — |
| Written off | — | (1,010) | — | (399) | (167) | — | — | (1,576) |
| At 31 March 2015 | 2,713 | 2,835,388 | 101,306 | 1,420 | 19,302 | 156 | 12,717 | 2,973,002 |
| Additions | — | 138 | 9 | — | 2,077 | 502 | 65,233 | 67,959 |
| Transfer | — | 40,501 | 1,674 | 257 | — | — | (42,432) | — |
| Written off | — | — | (9) | — | — | (18) | — | (27) |
| At 31 March 2016 | 2,713 | 2,876,027 | 102,980 | 1,677 | 21,379 | 640 | 35,518 | 3,040,934 |
| Additions | — | 32,691 | 665 | 220 | 2,221 | 246 | 90,906 | 126,949 |
| Transfer | — | 49,465 | 6,320 | 297 | 338 | — | (56,420) | — |
| Written off | — | — | (12) | — | (8) | — | — | (20) |
| At 31 March 2017 | 2,713 | 2,958,183 | 109,953 | 2,194 | 23,930 | 886 | 70,004 | 3,167,863 |

| | Leasehold land and buildings | Network Assets | Exchange equipment | Leasehold improvements | Furniture, fittings and equipment | Motor vehicles | Asset under construction | Total |
|---|---|---|---|---|---|---|---|---|
| | S$'000 | S$'000 | S$'000 | S$'000 | S$'000 | S$'000 | S$'000 | S$'000 |
| **Accumulated depreciation:** | | | | | | | | |
| 1 April 2014 | 107 | 161,682 | 13,779 | 230 | 1,442 | — | — | 177,240 |
| Depreciation charge | 44 | 99,195 | 8,133 | 155 | 7,100 | 28 | — | 114,655 |
| Written off | — | — | — | (156) | (49) | — | — | (205) |
| At 31 March 2015 | 151 | 260,877 | 21,912 | 229 | 8,493 | 28 | — | 291,690 |
| Depreciation charge | 42 | 107,171 | 8,707 | 345 | 11,576 | 68 | — | 127,909 |
| Written off | — | — | (9) | — | — | (11) | — | (20) |
| At 31 March 2016 | 193 | 368,048 | 30,610 | 574 | 20,069 | 85 | — | 419,579 |
| Depreciation charge | 43 | 110,303 | 9,109 | 461 | 2,665 | 99 | — | 122,680 |
| Written off | — | — | (12) | — | (8) | — | — | (20) |
| At 31 March 2017 | 236 | 478,351 | 39,707 | 1,035 | 22,726 | 184 | — | 542,239 |
| **Net carrying amount:** | | | | | | | | |
| At 31 March 2015 | 2,562 | 2,574,511 | 79,394 | 1,191 | 10,809 | 128 | 12,717 | 2,681,312 |
| At 31 March 2016 | 2,520 | 2,507,979 | 72,370 | 1,103 | 1,310 | 555 | 35,518 | 2,621,355 |
| At 31 March 2017 | 2,477 | 2,479,832 | 70,246 | 1,159 | 1,204 | 702 | 70,004 | 2,625,624 |

The Group's leasehold improvement cost included a provision for reinstatement cost amounting to S$525,000 (2016: S$356,000 and 2015: S$343,000) and in Asset under construction a provision for reinstatement cost amounting to S$16,000 (2016 and 2015: S$Nil)

## 19. Rental deposits

| | 2015 | 2016 | 2017 |
|---|---|---|---|
| | S$'000 | S$'000 | S$'000 |
| Subsidiary of substantial Shareholder of the Unitholder | — | — | 40 |
| Third parties | 252 | 252 | 300 |
| Unitholder | 241 | 286 | 393 |
| | 493 | 538 | 733 |

## 20. Trade and other payables

| | 2015 | 2016 | 2017 |
|---|---|---|---|
| | S$'000 | S$'000 | S$'000 |
| Trade payables: | | | |
| –Third parties | 6,380 | 12,863 | 13,510 |
| –Unitholder | 20,164 | 4,494 | 3,039 |
| –Trustee-Manager of the Trust | 2 | — | — |
| –Related Parties | — | 3,163 | 2,258 |
| Other payables: | | | |
| –Third parties | 320 | 424 | 625 |
| –Unitholder | 9 | — | — |
| Accruals: | | | |
| –Property, plant and equipment | 4,063 | 6,499 | 19,264 |
| –Property, plant and equipment (Unitholder) | 3,842 | 7,752 | 4,661 |
| –Operating expenses | 23,376 | 23,133 | 18,811 |
| –Operating expenses (Unitholder) | 1,767 | 456 | — |
| Interest payable to | | | |
| –Unitholder | 19,349 | — | — |
| –Third parties | — | 27 | 75 |
| Provision for reinstatement costs | 343 | 365 | 541 |
| | 79,615 | 59,176 | 62,784 |

Trade and other payables are normally settled on 30 days terms and are non-interest bearing.

Trade and other payables to Unitholder and Trustee-Manager of the Trust are non-interest bearing and are generally receivable on 30 days terms.

The trade payables for related parties consist of:

- Amount owing to subsidiaries of a substantial shareholder of the Unitholder S$46,000 (2016: S$2,000 and 2015: S$Nil)
- Amount owing to Trustee-Manager S$Nil (2016: S$83,000 and 2015:S$Nil)
- Amount owing to subsidiaries of the Unitholder S$2,212,000 (2016: S$3,078,000 and 2015: S$Nil)

## 21. Deferred financial support grant

| | 2015 | 2016 | 2017 |
|---|---|---|---|
| | S$'000 | S$'000 | S$'000 |
| **Cost** | | | |
| At beginning of the year | 657,805 | 660,272 | 660,272 |
| Received/receivable during the year | 2,467 | — | — |
| At end of the year | 660,272 | 660,272 | 660,272 |
| **Accumulated amortisation** | | | |
| At beginning of the year | 9,638 | 38,668 | 67,721 |
| Amortisation | 29,030 | 29,053 | 29,053 |
| At end of the year | 38,668 | 67,721 | 96,774 |
| **Net carrying amount** | | | |
| Current | 29,053 | 29,053 | 29,053 |
| Non-current | 592,551 | 563,498 | 534,445 |
| | 621,604 | 592,551 | 563,498 |

Under the NetCo Agreement with IMDA, the Group is entitled to receive a grant of up to S$750 million in the form of Financial Support from IMDA.

Deferred financial support grant relates to grants received from IMDA for the construction of the passive fibre infrastructure. There are no unfulfilled conditions or contingencies attached to these grants.

## 22. Deferred revenue

Movement in deferred revenue is as follows:

| | 2015 | 2016 | 2017 |
|---|---|---|---|
| | S$'000 | S$'000 | S$'000 |
| At beginning of the year | 475 | 759 | 1,065 |
| Charge for the period | 543 | 562 | 1,802 |
| Recognised in profit or loss | (259) | (256) | (712) |
| At end of the year | 759 | 1,065 | 2,155 |

## 23. Derivative Financial Instruments

| | Group | | |
|---|---|---|---|
| | 2015 | 2016 | 2017 |
| | S$'000 | S$'000 | S$'000 |
| Non-current: | | | |
| Interest rate swaps, not designated in hedge accounting relationship | — | — | 2,045 |

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 up to S$382.5 million have fixed interest payments at an average rate of 2.95% for periods up until 2021 and have floating interest receipts which approximates an average of 1.97% 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 S$2,045,000 (2016 and 2015: S$Nil) has been recognised in other comprehensive loss during the year.

| | Average contracted fixed interest rate | | | Notional principal amount | | | Fair value | | |
|---|---|---|---|---|---|---|---|---|---|
| **Outstanding fixed for floating contracts** | 2017 | 2016 | 2015 | 2017 | 2016 | 2015 | 2017 | 2016 | 2015 |
| | % | % | % | S$'000 | S$'000 | S$'000 | S$'000 | S$'000 | S$'000 |
| 4 to 5 years | 2.95 | — | — | 382,500 | — | — | 2,045 | — | — |

## 24. Loans

| | 2015 | 2016 | 2017 |
|---|---|---|---|
| | S$'000 | S$'000 | S$'000 |
| **Non-current** | | | |
| Unitholder's loans | 1,610,477 | 1,100,477 | 1,100,477 |
| Bank loans | — | 507,002 | 507,604 |
| Loans | 1,610,477 | 1,607,479 | 1,608,081 |

The Unitholder's loans are obtained from the Unitholder at fixed interest rate of 2.387% per annum from April 2014 to November 2014 and 2.51% per annum from November 2014 to March 2016 to fund part of the purchase consideration of the assets and the business.

The loan principals are repayable in full on 22 April 2018. The Trust may request for an extension by giving not less than 90 days' notice prior to 22 April 2018 to the Unitholder.

The Trustee-Manager estimates that the fixed interest rate charged on the Unitholder's loans approximate market rates, and the carrying values of the loans approximate their fair values.

The bank loans of S$510 million was drawn down on 31 March 2016 and the proceeds were used to repay the Unitholder's loans. The bank loans are due for repayment on 24 March 2021 and carries an effective interest rate at 1.97% (2016: 1.90% and 2015: Nil%)

As at 31 March 2017, the Group has available S$90 million of undrawn committed borrowing facilities in respect of which all conditions precedent had been met.

## 25. 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.

| | Note | 2015 | 2016 | 2017 |
|---|---|---|---|---|
| | | S$'000 | S$'000 | S$'000 |
| Movement in deferred tax account is as follows: | | | | |
| Beginning of the year | | 298,388 | 296,637 | 359,517 |
| Transfer to Unitholder | 27 | — | 60,000 | — |
| (Credited)/Charged to profit or loss | | (1,751) | 2,880 | 950 |
| End of the year | | 296,637 | 359,517 | 360,467 |

The movements in deferred tax assets and liabilities (prior to offsetting of balances within the same tax jurisdiction) during the year were as follows:

***Deferred income tax liabilities***

| | Accelerated tax depreciation | Finance lease receivable | Total |
|---|---|---|---|
| | S$'000 | S$'000 | S$'000 |
| **2015** | | | |
| Beginning of the year | 396,123 | 16,164 | 412,287 |
| Credited to profit or loss | (2,517) | (30) | (2,547) |
| End of the year | 393,606 | 16,134 | 409,740 |
| **2016** | | | |
| Beginning of the year | 393,606 | 16,134 | 409,740 |
| Charged/(Credited) to profit or loss | 50,541 | (30) | 50,511 |
| End of the year | 444,147 | 16,104 | 460,251 |
| **2017** | | | |
| Beginning of the year | 444,147 | 16,104 | 460,251 |
| Charged/(Credited) to profit or loss | (3,954) | (35) | (3,989) |
| End of the year | 440,193 | 16,069 | 456,262 |

*Deferred income tax assets*

| | Financial support grant | Tax losses | Capital allowance | Others | Total |
|---|---|---|---|---|---|
| | S$'000 | S$'000 | S$'000 | S$'000 | S$'000 |
| **2015** | | | | | |
| Beginning of the year | 110,269 | 67 | 3,531 | 32 | 113,899 |
| Charged/(Credited) to profit or loss | (2,047) | — | 1,245 | 6 | (796) |
| End of the year | 108,222 | 67 | 4,776 | 38 | 113,103 |
| Net deferred tax liabilities | | | | | 296,637 |
| **2016** | | | | | |
| Beginning of the year | 108,222 | 67 | 4,776 | 38 | 113,103 |
| Charged/(Credited) to profit or loss | (7,488) | (67) | 55,224 | (38) | 47,631 |
| Transfer to Unitholder (Note 27) | — | — | (60,000) | — | (60,000) |
| End of the year | 100,734 | — | — | — | 100,734 |
| Net deferred tax liabilities | | | | | 359,517 |
| **2017** | | | | | |
| Beginning of the year | 100,734 | — | — | — | 100,734 |
| Charged/(Credited) to profit or loss | (4,939) | — | — | — | (4,939) |
| End of the year | 95,795 | — | — | — | 95,795 |
| Net deferred tax liabilities | | | | | 360,467 |

## 26. Units in issue

| | 2015 | 2016 | 2017 |
|---|---|---|---|
| | Units and S$ | Units and S$ | Units and S$ |
| Beginning and end of the year | 578,780,002 | 578,780,002 | 578,780,002 |

All issued units are fully paid and rank *pari passu* in all respects.

## 27. Distribution paid to the Unitholder of the Trust

| | 2015 | 2016 | 2017 |
|---|---|---|---|
| | S$'000 | S$'000 | S$'000 |
| Distribution paid to the Unitholder of the Trust during the year | — | 60,000 | 80,000 |

On 27 June 2016, the Board approved a distribution of S$80 million and paid out on 1 July 2016 to the Unitholder of the Trust.

On 16 March 2016, a distribution of S$60 million to the Unitholder of the Trust was declared and offset against the consideration payable by the Unitholder on the transfer of capital allowances under Group Relief.

## 28. Component of other comprehensive loss

| | 2015 | 2016 | 2017 |
|---|---|---|---|
| | S$'000 | S$'000 | S$'000 |
| Item that may be reclassified subsequently to profit or loss | | | |
| Cash flow hedges: | | | |
| Loss arising during the year | — | — | (2,045) |
| Other comprehensive loss for the year, net of tax | — | — | (2,045) |

## 29. Hedging reserves

The hedging reserve represents 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***

| | 2015 | 2016 | 2017 |
|---|---|---|---|
| | S$'000 | S$'000 | S$'000 |
| At beginning of year | — | — | — |
| Changes during the year in other comprehensive loss | — | — | (2,045) |
| At end of year | — | — | (2,045) |

## 30. Commitments

### (a) Operating lease commitments—as lessee

The Group leases certain premises under non-cancellable operating lease agreements. The Group also leases photocopier machines from non-related parties under non-cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights. Minimum lease payments recognised as an expense in profit or loss for the financial year ended 31 March 2017 amounted to S$3,668,000 (2016: S$3,144,000 and 2015: S$3,355,000). The future minimum lease payments under non-cancellable operating leases contracted for at the reporting date but not recognised as payable, are as follows:

| | 2015 | 2016 | 2017 |
|---|---|---|---|
| | S$'000 | S$'000 | S$'000 |
| Not later than one year | 2,306 | 2,918 | 3,006 |
| Later than one year but not later than five years | 7,207 | 9,131 | 10,050 |
| More than five years | 16,858 | 23,830 | 10,439 |
| | 26,371 | 35,879 | 23,495 |

Included in the future minimum lease payments under non-cancellable operating leases comprise mainly future minimum lease payments with Unitholder which amounted to S$15,691,000 (2016: S$32,179,000 and 2015: S$21,502,000) and with subsidiaries of a substantial shareholder of the Unitholder S$645,000 (2016: S$Nil)

### (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 Unitholder which amounted to S$332,103,000 (2016: S$337,943,000 and 2015: S$343,784,000).

### (c) Capital commitments

Capital expenditure contracted for at the balance sheet date but not recognised in the financial statements are as follows:

| | 2015 | 2016 | 2017 |
|---|---|---|---|
| | S$'000 | S$'000 | S$'000 |
| Property, plant and equipment | 23,883 | 9,137 | 42,482 |

Included in the capital commitments for the Group comprise capital commitments with Unitholder of S$1,370,000 (2016: S$69,000 and 2015: S$2,000).

## 31. 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 year:

| | 2015 | 2016 | 2017 |
|---|---|---|---|
| | S$'000 | S$'000 | S$'000 |
| Services rendered to the Unitholder | 133,735 | 143,112 | 152,852 |
| Services rendered to a subsidiary of a substantial shareholder of the Unitholder | 49,012 | 68,213 | 85,261 |
| Services rendered to a subsidiary of a substantial shareholder of the Trustee- Manager | — | 27,081 | 36,140 |
| Purchase of services and goods from Unitholder | 400,642 | 13,667 | 48,548 |
| Management fee paid or payable to Trustee-Manager of the Trust | 4,191 | 4,136 | 4,136 |
| Rental and service expenses paid or payable to the Unitholder | 72 | — | — |
| Interest expenses paid or payable to the Unitholder | 35,281 | 40,533 | 27,646 |
| Purchase of services from subsidiaries of substantial shareholder of the Unitholder | 640 | 545 | 819 |
| Purchase of goods from subsidiaries of substantial shareholder of the Unitholder | — | 1,706 | 5,532 |
| Purchase of service from subsidiaries of a substantial shareholder of the Trustee-Manager | — | 292 | 831 |

(b) Key management personnel compensation is as follows:

| | 2015 | 2016 | 2017 |
|---|---|---|---|
| | S$'000 | S$'000 | S$'000 |
| Wages and salaries | 852 | 1,784 | 1,727 |
| Directors' fees[(a)] | 296 | 320 | 288 |
| Employer's contribution to defined contribution plans, including Central Provident Fund | 45 | 118 | 44 |
| Other benefits | 84 | 386 | 122 |

(a) The fees are payable/paid to the non-executive directors of the Trustee-Manager, which had been re-charged to the Trust.

## 32. Financial risk management policies and objectives

### *Financial risk factors*

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.

### *(a) Market risk*

*(i)* Foreign currency risk

All of the Group's transactions are transacted in Singapore Dollars ("SGD").
There is no significant foreign currency risk.

*(ii)* Interest rate risk management

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 23 to the financial statements.

*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 year 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 management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points higher or lower and all other variables were held constant, the Group's:

- Profit for the year ended 31 March 2017 would increase/decrease by S$637,500 (2016: S$7,000 and 2015: S$Nil). This is mainly attributable to the Group's exposure to interest rates on its variable rate borrowings.

75% of interest from bank loans have been hedged as at 31 March 2017 and the interest rate is fixed at an average of 2.95%. (2016: floating 1.90% and 2015: Nil%).

Unitholder's loan was obtained at a fixed interest rate of 2.51% (2016 and 2015: 2.51%) per annum and therefore not subject to any interest rate risk.

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.

***(b) Credit risk***

Credit risk is the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group.

For the Group, there is a significant concentration of credit risk to their major customers which is also the Unitholder, subsidiary of a substantial shareholder of the Unitholder of the Trust and subsidiary of a substantial shareholder of the Trustee-Manager 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 balance sheet.

*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 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.

### *(c) Liquidity risk*

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. Undrawn facilities are disclosed in Note 24 to the financial statements.

***Non Derivative financial instruments***

The table below analyses the maturity profile of the Group's financial liabilities based on contractual undiscounted cash flows.

| | Within 1 Year | Between 2 and 5 years | Total |
|---|---|---|---|
| | S$'000 | S$'000 | S$'000 |
| **31 March 2015** | | | |
| Unitholder's loans | 39,616 | 1,673,493 | 1,713,109 |
| Trade and other payables | 60,266 | — | 60,266 |
| | 99,882 | 1,673,493 | 1,773,375 |

| | Within 1 Year | Between 2 and 5 years | Total |
|---|---|---|---|
| | S$'000 | S$'000 | S$'000 |
| **31 March 2016** | | | |
| Bank loans | 9,709 | 548,837 | 558,546 |
| Unitholder's loans | 27,622 | 1,102,142 | 1,129,764 |
| Trade and other payables | 59,176 | — | 59,176 |
| | 96,507 | 1,650,979 | 1,747,486 |

| | Within 1 year | Between 2 and 5 years | Total |
|---|---|---|---|
| | S$'000 | S$'000 | S$'000 |
| **31 March 2017** | | | |
| Bank loans | 13,797 | 564,960 | 578,757 |
| Unitholder's loans | 27,622 | 1,102,142 | 1,129,764 |
| Trade and other payables | 62,784 | — | 62,784 |
| | 104,203 | 1,667,102 | 1,771,305 |

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 S$90 million of undrawn committed borrowing facilities available for working capital and general corporate use.

### (d) *Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis*

Some of the Group's financial assets and 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 assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used).

| | Fair Value as at (S$'000) | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | 2017 | | 2016 and 2015 | | | | | |
| Financial assets/ financial liabilities | Assets | Liabilities | Assets | Liabilities | Fair value hierarchy | Valuation technique(s) and key input(s) | Significant unobservable input(s) | Relationship of unobservable inputs to fair value |
| Interest Rate swaps ..... | — | 2,045 | — | — | Level 2 | See Note below | NA | NA |

**Note:** 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.

### (e) *Capital management*

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure to support its businesses and maximise Unitholder's value.

| | 2015 | 2016 | 2017 |
|---|---|---|---|
| | S$'000 | S$'000 | S$'000 |
| Borrowings ..... | 1,610,477 | 1,607,479 | 1,608,081 |
| Total assets ..... | 2,903,970 | 2,896,369 | 2,877,243 |
| Ratio ..... | 55% | 55% | 56% |

The Group and the Trust 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.

### (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*

Cash and bank deposits (Note 12), current trade and other receivables and payables (Notes 13 and 20), finance lease receivables (Note 14), deposits (Notes 16 and 19) and Unitholder's loans and bank loans (Note 24).

The carrying value less impairment provision of trade receivables and payables approximates their fair values. The fair values of finance lease receivables and Unitholder's loan and bank loans approximate their carrying amount.

### (g) *Classification of financial instruments*

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

| | Loans and receivables | Non-financial assets | Total |
|---|---|---|---|
| | S$'000 | S$'000 | S$'000 |
| **31 March 2015** | | | |
| **Assets** | | | |
| **Current** | | | |
| Cash and bank deposits | 87,540 | — | 87,540 |
| Trade and other receivables | 33,192 | — | 33,192 |
| Finance lease receivables | 185 | — | 185 |
| Inventories | — | 4,962 | 4,962 |
| Deposits | 375 | — | 375 |
| Prepayment | — | 1,194 | 1,194 |
| **Non-current** | | | |
| Finance lease receivables | 94,717 | — | 94,717 |
| Property, plant and equipment | — | 2,681,312 | 2,681,312 |
| Rental deposits | 493 | — | 493 |
| | 216,502 | 2,687,468 | 2,903,970 |

| | Liabilities at amortised cost | Non-financial liabilities | Total |
|---|---|---|---|
| | S$'000 | S$'000 | S$'000 |
| **Liabilities** | | | |
| **Current** | | | |
| Trade and other payables | 79,615 | — | 79,615 |
| Deferred financial support grant | 29,053 | — | 29,053 |
| Deferred revenue | — | 759 | 759 |
| Current tax liabilities | — | 43 | 43 |
| **Non-current** | | | |
| Unitholder's loans | 1,610,477 | — | 1,610,477 |
| Deferred tax liabilities | — | 296,637 | 296,637 |
| Deferred financial support grant | 592,551 | — | 592,551 |
| | 2,311,696 | 297,439 | 2,609,135 |

| | Loans and receivables | Non-financial Assets | Total |
|---|---|---|---|
| | S$'000 | S$'000 | S$'000 |
| **31 March 2016** | | | |
| **Assets** | | | |
| **Current** | | | |
| Cash and bank deposits | 124,873 | — | 124,873 |
| Trade and other receivables | 48,609 | — | 48,609 |
| Finance lease receivables | 196 | — | 196 |
| Inventories | — | 4,508 | 4,508 |
| Deposits | 278 | — | 278 |
| Prepayment | — | 1,491 | 1,491 |
| **Non-current** | | | |
| Finance lease receivables | 94,521 | — | 94,521 |
| Property, plant and equipment | — | 2,621,355 | 2,621,355 |
| Rental deposits | 538 | — | 538 |
| | 269,015 | 2,627,354 | 2,896,369 |

| | Liabilities at amortised cost | Non-financial liabilities | Total |
|---|---|---|---|
| | S$'000 | S$'000 | S$'000 |
| **Liabilities** | | | |
| **Current** | | | |
| Trade and other payables | 59,176 | — | 59,176 |
| Deferred financial support grant | 29,053 | — | 29,053 |
| Deferred revenue | — | 1,065 | 1,065 |
| Current tax liabilities | — | 5,190 | 5,190 |
| **Non-current** | | | |
| Loans | 1,607,479 | — | 1,607,479 |
| Deferred tax liabilities | — | 359,517 | 359,517 |
| Deferred financial support grant | 563,498 | — | 563,498 |
| | 2,259,206 | 365,772 | 2,624,978 |

| | Loans and receivables | Non-financial Assets | Total |
|---|---|---|---|
| | S$'000 | S$'000 | S$'000 |
| **31 March 2017** | | | |
| **Assets** | | | |
| **Current** | | | |
| Cash and bank deposits | 92,406 | — | 92,406 |
| Trade and other receivables | 55,532 | — | 55,532 |
| Finance lease receivables | 209 | — | 209 |
| Inventories | — | 5,499 | 5,499 |
| Deposits | 213 | — | 213 |
| Prepayment | — | 2,715 | 2,715 |
| **Non-current** | | | |
| Finance lease receivables | 94,312 | — | 94,312 |
| Property, plant and equipment | — | 2,625,624 | 2,625,624 |
| Rental deposits | 733 | — | 733 |
| | 243,405 | 2,633,838 | 2,877,243 |

| | Liabilities at amortised cost/ fair value | Non-financial liabilities | Total |
|---|---|---|---|
| | S$'000 | S$'000 | S$'000 |
| **Liabilities** | | | |
| **Current** | | | |
| Trade and other payables | 62,784 | — | 62,784 |
| Deferred financial support grant | 29,053 | — | 29,053 |
| Deferred revenue | — | 2,155 | 2,155 |
| Current tax liabilities | — | 13,159 | 13,159 |
| **Non-current** | | | |
| Derivative financial instruments | 2,045 | — | 2,045 |
| Loans | 1,608,081 | — | 1,608,081 |
| Deferred tax liabilities | — | 360,467 | 360,467 |
| Deferred financial support grant | 534,445 | — | 534,445 |
| | 2,236,408 | 375,781 | 2,612,189 |

## 33. Integration exercise

***Termination of four Short Form Agreements (the "SFA")***

Prior to the acquisition of OpenNet by NetLink, Singtel was one of four shareholders of OpenNet and had four main agreements, known as the SFA, namely Engineering, Procurement & Construction, Operations & Maintenance, Duct Use, and Co-Location Space which were signed with OpenNet to install, operate and maintain the passive infrastructure and systems of the Next Generation Broadband Network ("NGNBN").

On 1 October 2014, a termination deed was executed to terminate the SFA. Under this deed, all parties agreed that the SFA shall cease to be legally binding and neither party shall have any further rights or obligations under the SFA. With the termination of the SFA, Singtel will no longer provide services under the SFA to OpenNet. There was no consideration paid for this termination deed. Accordingly, no accounting is required in accordance with FRS 103 *Business Combinations*.

***Transfer of Unitholder personnel to NetContractor Pte Ltd ("NCPL"), sale of shares of NCPL, fixed assets and inventory to Trust***

On 1 January 2014, Singtel transferred 102 technical and operational personnel responsible for the engineering, procurement and construction, operation and maintenance of OpenNet's dark fibre network to NCPL.

The Trust had considered that it is in the Trust's best interest to employ the technical and operational personnel from NCPL to manage the installation, operation and maintenance of its dark fibre upon its acquisition of OpenNet. Accordingly, the Trust acquired all the shares of NCPL from the Unitholder at net asset value of S$2 and offered employment to the employees of NCPL on 1 October 2014.

In addition, under the Sale and Purchase Agreement, Singtel also sold certain fixed assets of S$2.6 million which includes motor vehicles S$0.2 million, co-location equipment S$2.2 million and tools and equipment of S$0.2 million, and inventory of S$4.9 million to NetLink. The sale and purchase of fixed assets, inventory and shares of NCPL was not prescribed by IMDA. The consideration is at net book values which approximate their fair values.

## 34. Subsequent events

***(a) Purchase of property, plant and equipment***

Subsequent to year-end, the Board of Directors of the Trustee-Manager approved the purchase of property, plant and equipment for a total consideration of S$10.2 million from the Unitholder.

Subsequent to year-end, NetLink entered into a Ducts Sale and Purchase Agreement ("Ducts SPA") with the Unitholder of the Trust pursuant to which the Unitholder of the Trust agreed to transfer to NetLink approximately 27,000 lead in ducts for a consideration of S$93 million, which represents the consideration of S$101 million payable by the Trustee-Manager to Singtel in relation to the purchase of such assets net of the value of future service revenue of S$8 million payable by Singtel to the Trustee-Manager in respect of Singtel cables which have been installed and which continue to remain in the ducts sold to the Trustee-Manager pursuant to the Ducts SPA.

***(b) Distribution to Unitholder of the Trust***

On 11 May 2017, the Board of Directors of the Trustee-Manager approved a distribution of S$25 million to the Unitholder of the Trust.

On 19 June 2017, the Board of Directors of the Trustee-Manager approved an interim distribution to be paid out of FY2018 cash available for distribution of up to S$75 million to the Unitholder of the Trust with the eventual exact amount to be determined based on the Unitholder's share of the total forecast FY2018 distribution for the period 1 April 2017 to the listing date.

***(c) Bank facility agreement dated 15 June 2017***

On 15 June 2017, NetLink entered into a facility agreement with DBS Bank, Oversea-Chinese Banking Corporation Limited and United Overseas Bank Limited, as arrangers and original lenders, for a revolving loan facility for an aggregate principal amount of up to S$210 million.

## 35. Approval of consolidated financial statements

The consolidated financial statements set out on pages C-4 to C-43 were approved by the Board of Directors of NetLink NBN Management Pte. Ltd. on 10 July 2017.

## APPENDIX D
## INDEPENDENT INDUSTRY CONSULTANT REPORT

MPA MEDIA PARTNERS ASIA

# INDEPENDENT INDUSTRY CONSULTANT REPORT ON BROADBAND AND FIBRE NETWORK INFRASTRUCTURE IN SINGAPORE

**31 May 2017**

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## 1. Singapore's Intelligent Nation 2015 (iN2015) Plan and the Development of Singapore's Next Generation Nationwide Broadband Network (Next Gen NBN)

Intelligent Nation 2015 (iN2015) was a 10-year masterplan launched in 2006 and led by the Info-communications Development Authority of Singapore (IDA), the predecessor to the Info-communications Media Development Authority of Singapore (IMDA).[1] The aim of iN2015 was to grow the infocomm sector and to use infocomm technologies to enhance the competitiveness of key economic sectors and build a well-connected society. According to IMDA, infocomm is a key enabler of business innovation and transformation and plays a pivotal role in helping Singapore's economic sectors stay ahead and be globally competitive.[2] The iN2015 programmes and initiatives were collaborative efforts with sectorial champions to enhance the adoption of infocomm for greater productivity and economic benefits and build a digitally inclusive society.

The nine sectors which iN2015 focused on were: digital media & entertainment, education, financial services, healthcare, manufacturing & logistics, land & transport, tourism, hospitality & retail, government and society.

The goals of iN2015 for Singapore were:

- To be number 1 in the world in harnessing infocomm to add value to the economy and society
- To grow the value-add of the infocomm industry to S$26 billion
- To achieve infocomm export revenue of S$60 billion
- To create 80,000 additional jobs
- To reach 90% broadband usage in all homes[3]
- To achieve 100% computer ownership in homes with school-going children

To achieve these objectives, iN2015 recommended the establishment of a Next Generation National Info-communications Infrastructure (NII) which would comprise wired and wireless networks to provide complementary access throughout Singapore connecting all premises in Singapore including homes, schools and businesses. The NII's target was for 90% of resident households to have broadband connectivity and to provide end-users with speeds of up to 1Gbps and beyond in homes, schools, and businesses and megabit speeds wirelessly elsewhere on the island.[4] The overarching vision was to provide cost-effective broadband to everyone across the island at all times.

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1 *The IDA and the Media Development Authority of Singapore (MDA) were restructured and launched as the Info-communications Media Development Authority of Singapore and the Government Technology Agency of Singapore (Govtech) on 1 October 2016.*

2 *Source: IMDA, IMDA annual report 2008 from the website of IMDA at https://www.imda.gov.sg/~/media/imda/files/about/resources/ida_ar08_full.pdf?la=en last accessed in March 2017. IMDA has not provided its consent, for purposes of Section 282I of the SFA, to the inclusion of the information cited and attributed to it, in this document prepared by Media Partners Asia Ltd. (MPA) and is therefore not liable for such information under Sections 282N and 282O of the SFA. As this report has been prepared by MPA for the purposes of incorporation in the prospectus to be issued by the Trustee-Manager in connection with the offering and listing of units of the Trust on the SGX-ST, the Trust, the Trustee-Manager, the Joint Issue Managers, the Joint Global Coordinators, the Joint Bookrunners and Joint Underwriters have relied on MPA to ensure that the relevant information from the relevant source has been reproduced in its proper form and context and that the information is extracted accurately and fairly from the relevant source. None of the Trust, the Trustee-Manager, the Joint Issue Managers, the Joint Global Coordinators, the Joint Bookrunners and Joint Underwriters or any other party has conducted an independent review of the information from such source or verified the accuracy or completeness of the relevant information.*

3 *According to IMDA's definition of broadband services published in annual survey on Infocomm Usage in households 2014, broadband services are defined as Internet connection speeds equal to, or greater than, 256kbps, in one or both directions and includes connections using ADSL, cable modem, 3G, 3.5G/HSDPA and fibre broadband.*

4 *According to the glossary of terms and definitions published by the Department of Statistics Singapore (DOS), a "household" refers to a group of two or more persons living together in the same house and sharing common food or other arrangements for essential living. It also includes a person living alone or a person living with others but having his own food arrangements. Although persons may be living in the same house, they may not be members of the same household. IMDA defines a "resident household" as having at least one resident (a Singapore Citizen or a Permanent Resident) residing in the household.*

The table below outlines IMDA's vision for the wired and wireless networks of the NII:

**Next Generation National Info-Communications Infrastructure (NII)**

| Wired Network | Wireless Network |
|---|---|
| The wired network access component of NII would be an ultra-high-speed fibre network infrastructure, named the Next Generation Nationwide Broadband Network (Next Gen NBN) to support new high-bandwidth applications and services. The Next Gen NBN was envisioned as an open access and neutral network that allows independent service providers to deliver their respective retail services. | The intention for the wireless network portion of NII was to leverage on a variety of wireless technologies including 3G and High Speed Downlink Packet Access (HSDPA), which were the most advanced at the time of planning, to offer wider cellular coverage while developing a wireless hotspot zone initiative called Wireless@SG, which would leverage on Wi-Fi or WiMax technology to provide free broadband access to people on-the-go in high traffic areas. The NII plan recommended that all of Singapore should eventually become a wireless-enabled zone that is capable of supporting individuals' internet browsing needs as well as new mobile and location-aware services.[5] |

### *1.1. Structure of the Next Gen NBN*

The Next Gen NBN was designed to allow operational and structural separation among the passive fibre network infrastructure (NetCo), the active infrastructure (OpCo) and retail service provider (RSP) layers. This structure was designed to have one NetCo, multiple OpCos (including the appointed Next Gen NBN OpCo) and multiple RSPs. The objective of this structure is the promotion of healthy competition in the retail market on the back of a non-discriminatory and transparent wholesale access regime. The NetCo is required to provide services to all OpCos on an equal basis while the appointed OpCo (the winner of the government's tender to deploy the active infrastructure) is required to provide services to all RSPs on an equal basis.[6] To incentivise private sector players to design, build, own and operate the NetCo and OpCo layers of the Next Gen NBN, the government offered a grant capped at S$750 million to the appointed NetCo, and a grant capped at S$250 million to the appointed OpCo.

The three distinct layers of the Next Gen NBN and corresponding key players are:

| LAYER | ROLES AND DESCRIPTION | KEY PLAYERS |
|---|---|---|
| Passive Fibre Network Infrastructure (NetCo) | • Responsible for the design, building, ownership and operation of the passive fibre network infrastructure.<br>• Passive fibre network infrastructure includes the fibre cables, underground ducts that contain these cables, manholes that provide access to the ducts and central exchange offices where the fibre cables are connected to the active infrastructure. | NetLink Trust is the only NetCo in Singapore's Next Gen NBN framework. |

*5 IMDA has not provided its consent, for purposes of Section 282I of the SFA, to the inclusion of the information cited and attributed to it, in this document prepared by MPA and is therefore not liable for such information under Sections 282N and 282O of the SFA. As this report has been prepared by MPA for the purposes of incorporation in the prospectus to be issued by the Trustee-Manager in connection with the offering and listing of units of the Trust on the SGX-ST, the Trust, the Trustee-Manager, the Joint Issue Managers, the Joint Global Coordinators, the Joint Bookrunners and Joint Underwriters have relied on MPA to ensure that the relevant information from the relevant source has been reproduced in its proper form and context and that the information is extracted accurately and fairly from the relevant source. None of the Trust, the Trustee-Manager, the Joint Issue Managers, the Joint Global Coordinators, the Joint Bookrunners and Joint Underwriters or any other party has conducted an independent review of the information from such source or verified the accuracy or completeness of the relevant information.*

*6 The Code of Practice for Next Gen NBN OpCo interconnection imposes a requirement on the appointed OpCo to provide services to all RSPs on an equal basis and does not apply to subsequent OpCos that entered the market.*

| LAYER | ROLES AND DESCRIPTION | KEY PLAYERS |
|---|---|---|
| | • Where the NetCo fulfils requests by OpCos to install fibre connectivity to premises including homes, offices, buildings and Non-Building Address Point (NBAP) locations, it therefore owns and operates the last mile fibre cable and termination points as well.[7] | |
| Active Infrastructure comprising Data Transmission Equipment (OpCo) | • Responsible for the design, building, ownership and operation of the active data transmission equipment, which includes switches and all other active electronics that light up the NetCo's fibre cables and enable the transmission of data through the fibre cables.<br>• To NetLink Trust, OpCos are also known as Requesting Licensees under the Interconnection Offer (ICO) Agreement. | Nucleus Connect was the first OpCo and is the OpCo appointed under the Next Gen NBN. Subsequently, other key players entered the market, these include Singtel, StarHub, M1, MyRepublic, and ViewQwest. |
| Retail Service Providers (RSPs) | • Purchase bandwidth connectivity from OpCos and provide fibre services to end-users.<br>• The five key RSPs in Singapore, Singtel, StarHub, M1, MyRepublic, and ViewQwest, currently also operate their own OpCos. | As of March 2017, IMDA lists the following RSPs: Singtel, M1, StarHub, ViewQwest, MyRepublic, Osinet, LGA, Secureage, Pacnet, Readyspace and Zone. |

### *1.2. Key Developments and Milestones of the Next Gen NBN*

*2008*

- In September 2008, IMDA announced that it had chosen the OpenNet consortium as the NetCo for the Next Gen NBN project. OpenNet was a consortium made up of Axia NetMedia Corporation (30%), Singapore Telecommunications Limited (Singtel) (30%), Singapore Press Holdings Limited (SPH) (25%) and SP Telecommunications Pte Ltd (SP Telecom) (15%). Singtel, as a member of the OpenNet consortium, committed to transfer its relevant ducts, manholes and central exchange offices into a separate 100%-owned asset-owning platform and provide access for OpenNet's fibre to run through.
- At the time of selection, OpenNet became eligible to receive a grant of up to S$750 million, which would be disbursed in phases based on OpenNet achieving pre-defined milestones.

*2009*

- In May 2009, IMDA announced that StarHub's proposal had been chosen as the OpCo for the Next Gen NBN project. Nucleus Connect, 100% owned by StarHub, was formed as the OpCo to manage the active infrastructure and deliver wholesale services to RSPs.
- At the time of selection, Nucleus Connect became eligible to receive a grant of up to S$250 million, which would be disbursed in phases based on Nucleus Connect achieving pre-defined milestones.
- In May 2009, IMDA issued OpenNet a Facilities-Based Operator (FBO) licence allowing it to commence the roll-out of the Next Gen NBN.

[7] *The Singapore government's Code of Practice for Info-Communication Facilities in Buildings 2013 (COPIF 2013) states that all new residential units that have received a planning permit after May 2013 are required to have at least one fibre termination point pre-installed within the unit.*

- OpenNet commenced roll-out of the fibre network under the Next Gen NBN.
- In September 2010, RSPs started offering fibre services on the Next Gen NBN.

*2011*

- In July 2011, Singtel established NetLink Trust to hold the passive non-fibre infrastructure assets (comprising ducts, manholes and central exchange offices) used to support OpenNet's deployment of the fibre network for the Next Gen NBN. Singtel was to divest at least 75% of its holdings in NetLink Trust by April 2014.

*2012*

- In 2012, OpenNet's fibre network had reached or deployed to 95% of residential homes and non-residential premises that were pre-identified by IMDA.

*2013*

- By July 2013, OpenNet achieved nationwide fibre coverage.
- In August 2013, the shareholders of the OpenNet consortium agreed to divest all their shares in OpenNet to NetLink Trust for S$126 million.
- In August 2013, Singtel submitted a consolidation application for IMDA to approve the acquisition of OpenNet by NetLink Trust.
- In November 2013, IMDA approved the acquisition of OpenNet, which would take place in 2 phases:
  - In Phase 1, NetLink Trust would hold 100% of the issued and paid-up capital of OpenNet.
  - In Phase 2, which would take place over 12 months, OpenNet's assets and businesses would be transferred and integrated into NetLink Trust. Singtel would relinquish its role as the key-subcontractor to OpenNet, as well as transfer its relevant personnel, skills and expertise into NetLink Trust to improve its operational capabilities.
  - NetLink Trust would thereafter continue to roll-out the infrastructure, maintain the systems and provide the services previously undertaken by OpenNet.
  - The initial condition imposed on Singtel to divest at least 75% of its holdings in NetLink Trust remained. This deadline was extended to April 2018, to allow additional time to integrate the operations of NetLink Trust and OpenNet.
  - Key contractual and regulatory requirements specific to the Next Gen NBN were to be kept in place, which included no substantial reduction of competition, continued open access requirements, IMDA-regulated wholesale prices and non-discriminatory service provisioning.

*2014*

- The integration of OpenNet and NetLink Trust was fully completed in October 2014. NetLink Trust became the NetCo and passive fibre network infrastructure owner and operator for the Next Gen NBN.

### *1.3. Network Characteristics*

NetLink Trust's fibre network is designed with a "ring" and "star" structure topology to provide high reliability as resilient circuits can be provided through different routes between two end-points. This design reduces the risks of network failure at a given end-point. NetLink Trust's fibre network infrastructure allows the use of high fibre counts with ducts that can accommodate multiple cables. In MPA's opinion, this approach should allow the network to accommodate increasing customer density in the future. The use of passive optical network (PON) technology enables large numbers of customers to be served with high data rates, and there is capacity for the same passive fibre network infrastructure to deliver higher speeds in future as the technology behind the active infrastructure data transmission equipment develops further.

### *1.4. Analysis of Next Gen NBN Achievements*

Singapore's Next Gen NBN has achieved a number of key successes, including a comparatively quick deployment of a nationwide fibre network infrastructure to the end-user, which has led to wide availability of faster broadband speeds for both wired connections and public Wi-Fi hotspots. MPA believes that the operational and structural separation of the Next Gen NBN introduced more competition and consumer choices in the broadband market, which led to an increase in take-up of broadband services. Set out below are certain achievements, in MPA's opinion, of the Next Gen NBN.

#### *1.4.1. Relatively Quick Network Roll-out*

In 2012, OpenNet (prior to its acquisition by NetLink Trust), had met its obligation with IMDA for the fibre network to reach or be deployed to 95% of residential homes and non-residential premises in Singapore, in approximately 3.5 years (since 2009). By July 2013, OpenNet achieved nationwide coverage and fulfilled its Universal Service Obligation with nationwide fibre coverage to residential and non-residential premises in Singapore and its connecting islands.[8]

Section 6 of this report provides a comparison among Next Gen NBN and the national broadband network infrastructure deployments in Australia, New Zealand and the United Kingdom (UK). In contrast to Next Gen NBN, national broadband network infrastructure deployments in these countries have struggled to meet their roll-out targets on time and have been unable to keep within their budget. Furthermore, the national broadband network infrastructure deployments in these countries have not been able to provide fibre services to 100% of their end-users' premises, instead relying on a mix of fibre, hybrid fibre coaxial (HFC), copper and wireless technology types to connect the last mile. The result has been slower speeds on average than those that are available in Singapore.

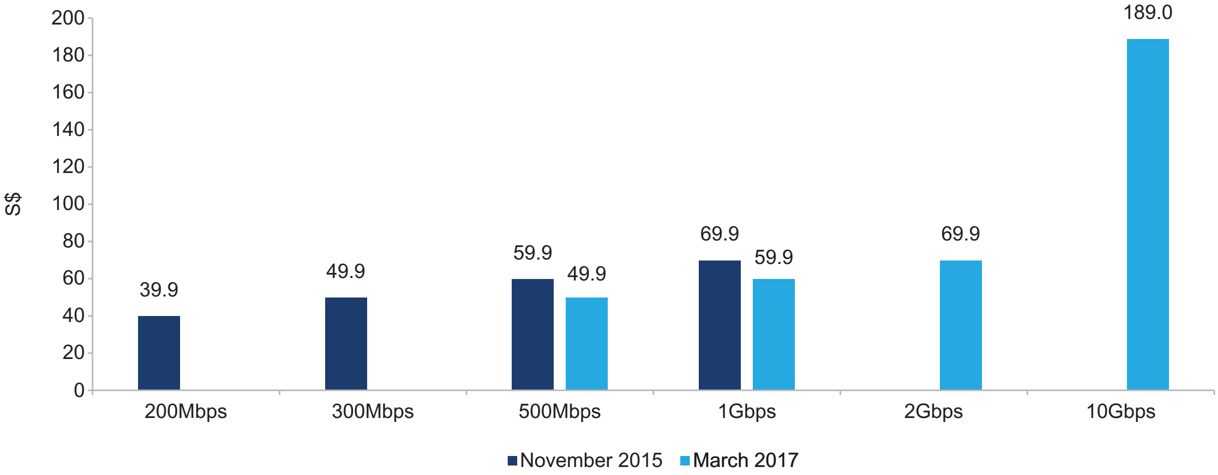
As such, in MPA's opinion, Next Gen NBN stands out as a relatively more efficient deployment although MPA notes that geographic coverage area of Singapore is significantly smaller than that of the other countries assessed.

#### *1.4.2. Higher Speed and Lower Prices with Increased Competition*

Next Gen NBN was designed as a non-discriminatory platform to encourage competition and promote vibrancy in the market. Today's market dynamics highlight the success of this structure as the number of RSPs has grown from three in 2011 to 11 as of March 2017. In terms of broadband speed, a number of RSPs in the residential segment were offering broadband speeds of 1Gbps by 2014, in line with the objective of the Next Gen NBN set within iN2015 to provide 1Gbps speeds and beyond. In 2017, the prevalent residential fibre broadband subscription plans offer speeds of 500Mbps and 1Gbps. Average monthly subscription rates for such plans have decreased over time.

8 *This applied to 95% of a pre-identified set of addresses at the point of the tender bid.*

**EXHIBIT 1.1: AVERAGE PRICE PER MONTH OF RESIDENTIAL BROADBAND SUBSCRIPTION PLANS IN SINGAPORE BY ACCESS SPEED (AS ADVERTISED IN NOVEMBER 2015 AND MARCH 2017)[9]**




*Source: Pioneer Management Consulting Asia Pte Ltd (PCA), PCA Database as at March 2017[10]*

### *1.4.3. Improved Speed of Public Wi-Fi Hotspots with Fibre Network Infrastructure as Backhaul*

On the wireless component of the NII, the government launched Wireless@SG in 2006 targeted at users broadly classified as "people on the move" such as those who require wireless broadband access while out of home, office, or school.

The initial speeds available on the network in 2007 were up to 512kbps. In 2008, access speeds were increased to 1Mbps and doubled again in 2009 to 2Mbps. MPA understands that once fibre broadband connections were widely available post-2009, operators began using fibre broadband connections for the Wireless@SG access points, which enabled the network to support faster speeds. By 2016, over a third of the 10,000 Wireless@SG access points were offering speeds of 5Mbps which is slightly faster than the median 3G speeds available in Singapore, which range between 3Mbps and 4Mbps.

IMDA stated that there were 2 million frequent users on the Wireless@SG network in June 2016, consuming 1.1 petabytes, equivalent to approximately 11% of data which mobile cellular users consume monthly on 3G and 4G networks in aggregate.[11] In 2016, the government announced plans to upgrade speeds on all remaining access points and deploy an additional 10,000 Wireless@SG access points by 2018. The government has stipulated that from May 2016, Wireless@SG access points deployed must use a fibre broadband connection of at least 100Mbps.

[9] *Plans reviewed reflect advertised internet tariffs over the entire subscription period which are available to new subscribers (not for existing subscribers renewing a contract) and without promotional value-added products or services.*

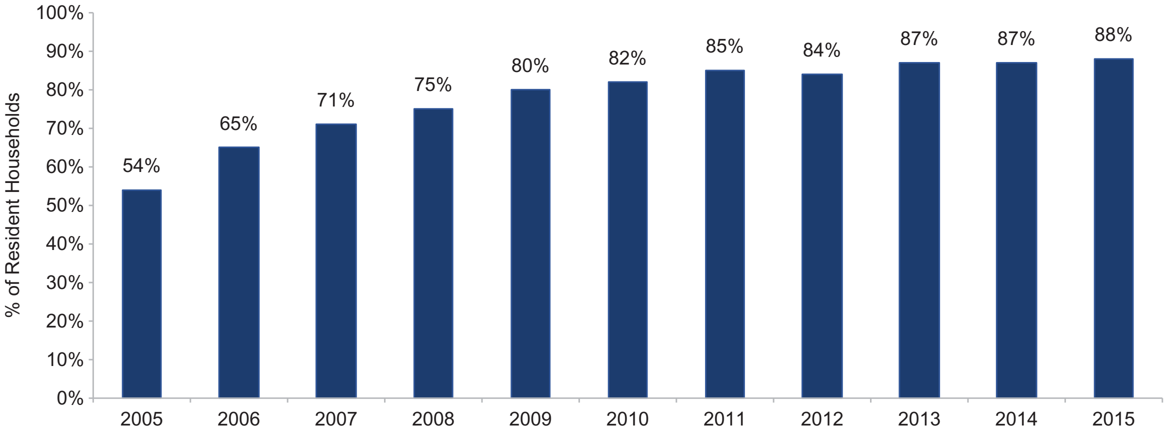
[10] *PCA has not provided its consent, for purposes of Section 282I of the SFA, to the inclusion of the information cited and attributed to it, in this document prepared by MPA and is therefore not liable for such information under Sections 282N and 282O of the SFA. As this report has been prepared by MPA for the purposes of incorporation in the prospectus to be issued by the Trustee-Manager in connection with the offering and listing of units of the Trust on the SGX-ST, the Trust, the Trustee-Manager, the Joint Issue Managers, the Joint Global Coordinators, the Joint Bookrunners and Joint Underwriters have relied on MPA to ensure that the relevant information from the relevant source has been reproduced in its proper form and context and that the information is extracted accurately and fairly from the relevant source. None of the Trust, the Trustee-Manager, the Joint Issue Managers, the Joint Global Coordinators, the Joint Bookrunners and Joint Underwriters or any other party has conducted an independent review of the information from such source or verified the accuracy or completeness of the relevant information.*

[11] *Source: IMDA, National Broadband Plan Singapore as published on 16 August 2016. IMDA has not provided its consent, for purposes of Section 282I of the SFA, to the inclusion of the information cited and attributed to it, in this document prepared by MPA and is therefore not liable for such information under Sections 282N and 282O of the SFA. As this report has been prepared by MPA for the purposes of incorporation in the prospectus to be issued by the Trustee-Manager in connection with the offering and listing of units of the Trust on the SGX-ST, the Trust, the Trustee-Manager, the Joint Issue Managers, the Joint Global Coordinators, the Joint Bookrunners and Joint Underwriters have relied on MPA to ensure that the relevant information from the relevant source has been reproduced in its proper form and context and that the information is extracted accurately and fairly from the relevant source. None of the Trust, the Trustee-Manager, the Joint Issue Managers, the Joint Global Coordinators, the Joint Bookrunners and Joint Underwriters or any other party has conducted an independent review of the information from such source or verified the accuracy or completeness of the relevant information.*

*1.4.4. Facilitates Broadband Penetration*

The comprehensive network of the Next Gen NBN facilitates broadband penetration as individuals and businesses which require internet connectivity are able to obtain through the Next Gen NBN, as well as other high-speed connectivity technologies, such services and within a reasonable timeframe. This, and in tandem with some of the factors described above has contributed to the growth of resident households with broadband internet access in Singapore, which increased from 54% in 2005 to 88% in 2015 according to IMDA as shown in Exhibit 1.2.[12]

**EXHIBIT 1.2: RESIDENT HOUSEHOLDS WITH BROADBAND INTERNET ACCESS**




*Source: IMDA's media release dated 15 February 2017 and entitled "Annual surveys on Infocomm usage in Households and by individuals"*[13]

## *1.5. Ongoing Developments: Infocomm Media 2025*

The successor to iN2015 is Infocomm Media 2025, which aims to position Singapore as a globally competitive infocomm media ecosystem. Launched in August 2015, Infocomm Media 2025 was developed by the MCI with inputs from IMDA. The 10-year plan's three strategic thrusts are to:

1. Build on the power of data and data insights, advanced communications and computational technologies to catalyse transformation across key sectors of the economy
2. Develop a future-ready workforce that embraces risk-taking and innovation
3. Deploy infocomm media technologies in a people-centric manner

[12] *Source: IMDA, IMDA's media release dated 15 February 2017 and entitled "Annual surveys on Infocomm usage in Households and by individuals". IMDA has not provided its consent, for purposes of Section 282I of the SFA, to the inclusion of the information cited and attributed to it, in this document prepared by MPA and is therefore not liable for such information under Sections 282N and 282O of the SFA. As this report has been prepared by MPA for the purposes of incorporation in the prospectus to be issued by the Trustee-Manager in connection with the offering and listing of units of the Trust on the SGX-ST, the Trust, the Trustee-Manager, the Joint Issue Managers, the Joint Global Coordinators, the Joint Bookrunners and Joint Underwriters have relied on MPA to ensure that the relevant information from the relevant source has been reproduced in its proper form and context and that the information is extracted accurately and fairly from the relevant source. None of the Trust, the Trustee-Manager, the Joint Issue Managers, the Joint Global Coordinators, the Joint Bookrunners and Joint Underwriters or any other party has conducted an independent review of the information from such source or verified the accuracy or completeness of the relevant information.*

[13] *IMDA has not provided its consent, for purposes of Section 282I of the SFA, to the inclusion of the information cited and attributed to it, in this document prepared by MPA and is therefore not liable for such information under Sections 282N and 282O of the SFA. As this report has been prepared by MPA for the purposes of incorporation in the prospectus to be issued by the Trustee-Manager in connection with the offering and listing of units of the Trust on the SGX-ST, the Trust, the Trustee-Manager, the Joint Issue Managers, the Joint Global Coordinators, the Joint Bookrunners and Joint Underwriters have relied on MPA to ensure that the relevant information from the relevant source has been reproduced in its proper form and context and that the information is extracted accurately and fairly from the relevant source. None of the Trust, the Trustee-Manager, the Joint Issue Managers, the Joint Global Coordinators, the Joint Bookrunners and Joint Underwriters or any other party has conducted an independent review of the information from such source or verified the accuracy or completeness of the relevant information.*

To support these strategic thrusts, Infocomm Media 2025 outlined three vital infrastructure components. Of these, MPA believes the following two are likely to have the biggest impact on the demand for fibre connections due to their need to support high volumes of data with low latency:

*1. Smart Nation Platform*

The Smart Nation Platform aims to provide a new pervasive infrastructure with common technical architecture to enable data collection, sharing and analysis across public agencies to enhance their ability to meet and anticipate the needs of businesses and individuals. Currently, various agencies are deploying sensors and probes to, amongst others, improve their ability to better manage public safety, monitor the environment or control traffic.

*2. Heterogeneous Network (HetNet)*

HetNet is a term used for a communication network that allows seamless switching between different types of networks such as mobile and localised wireless networks, providing an enhanced mobile experience with high connectivity speeds. MPA understands that all three mobile telecommunications company (telco) operators (Singtel, StarHub and M1) are assessing plans to roll-out HetNet across Singapore subject to commercial viability.

Infocomm Media 2025 is also designed to enable and support Singapore's Smart Nation Programme, which will be critically dependent on fibre connectivity provided by the Next Gen NBN. In Section 5 of this report, MPA provides further details about Smart Nation Programme initiatives and their potential impact on fibre connection demand.

## 2. Overview of Singapore's Broadband Market

Broadband services are defined as internet services with speeds over 256kbps.

### *2.1. Wired Broadband*

Wired broadband services are defined as broadband services delivered over wired connections.

### 2.1.1. Available Technology Types in Singapore

Singapore's wired broadband RSPs provide broadband and related services through a range of technology types with the primary ones being fibre-to-the-x (FTTx), hybrid fibre coaxial (HFC) and asymmetric digital subscriber line (ADSL):

| TECHNOLOGY TYPE | DESCRIPTION | MAXIMUM SPEED |
|---|---|---|
| Fibre, or specifically known as Fibre-to-the-x (FTTx) | • Any broadband network architecture using optical fibre as the primary medium to provide access to the end-user.<br>• The letter "x" indicates the point at which the fibre terminates, such as H for fibre-to-the-home (FTTH), P for fibre-to-the-premises (FTTP), B for fibre-to-the-building (FTTB) and N for fibre-to-the-node/neighbourhood (FTTN).<br>• Both FTTH and FTTP utilise fibre in the last mile and into the end-users' premises, whereas fibre in FTTB and FTTN networks terminate at the building and node, respectively. In the latter cases, last-mile delivery to the end-users' premise is typically via Ethernet (CAT5, CAT6) cables.<br>• FTTx is often said to be "future-proof" because bandwidth (downstream and upstream) can be substantially improved by upgrading the active data transmission equipment rather than the passive fibre network infrastructure itself.<br>• NetLink Trust's network provides FTTH connections to residential segments and FTTP connections to non-residential and NBAP segments. | • Currently supports up to 10Gbps, provided that active components of the network are upgraded by the OpCos to the XG-PON standard.<br>• The NG-PON2 standard can deliver up to 40Gbps (downstream).<br>• Residential fibre broadband speeds in Singapore range from 100Mbps-10Gbps (downstream).<br>• Fastest speed and lowest latency among the three available technology types listed in this table. |
| Hybrid Fibre Coaxial (HFC) | • The HFC network combines fibre and coaxial cable. In the HFC architecture, coaxial cables are used in the last mile (from optical node to end-user premises), with the backhaul consisting entirely of fibre.<br>• Used by StarHub and many cable TV operators around the world to offer both digital cable TV and cable broadband services. | • Under the Data Over Cable Service Interface Specification (DOCSIS) 3.0 standard, HFC can support access speeds of 200-250Mbps with higher speeds of up to 1Gbps possible in certain configurations such as DOCSIS 3.1.<br>• StarHub's cable broadband service currently offers downstream speeds of 10-100Mbps, and is delivered via DOCSIS 3.0 technology. |
| Asymmetric Digital Subscriber Line (ADSL) | • ADSL technology enables data transmission over copper telephone lines.<br>• Downstream speeds of up to 8Mbps can be achieved. More advanced versions of the ADSL standard include ADSL2 and ADSL2+.<br>• Signal strength and service speed are subject to distance from the telephone exchange due to the limitations of copper.<br>• ADSL services in Singapore are currently offered only by Singtel. | • Depending on the ADSL technology (ADSL, ADSL2 or ADSL2+), supported downstream speeds range from 8-24Mbps and supported upstream speed is 1Mbps.<br>• Singtel provides ADSL services and offers download speeds of up to 25Mbps. |

*2.1.2. Key Players (Residential and Non-Residential Segments)*

Singapore's wired broadband sector is highly competitive, with several RSPs operating in each of the residential and non-residential segments. The major RSPs currently serving the residential and non-residential segments are:

| RSP | DESCRIPTION | SERVICES PROVIDED |
|---|---|---|
| Singtel | • Singapore's oldest and largest telco operator by market share and revenue.<br>• As at December 2016, MPA estimates that 92% of Singtel's residential broadband customers were on FTTH provided by NetLink Trust.[14]<br>• MPA believes that ADSL subscribers, both in the residential and non-residential segments, will migrate to fibre connections by December 2021.<br>• Also Singapore's largest non-residential fibre service provider, and offers such services via its own network and NetLink Trust's FTTP network.<br>• Selected non-residential services are also provided via ADSL. | • Residential wired broadband (FTTH, ADSL).<br>• Non-residential wired broadband (ADSL, FTTP).<br>• Mobile.<br>• Fixed voice.<br>• Internet Protocol TV (IPTV) (via FTTH and ADSL). |
| StarHub | • Singapore's second-largest telco operator by market share and revenue.<br>• Singapore's only cable TV operator and operates a nationwide HFC network.[15]<br>• MPA estimates that a majority of StarHub's residential broadband customers are currently using FTTH provided by NetLink Trust.<br>• MPA believes that HFC-based services will cease by December 2021 due to reasons mentioned in Section 4.3 of this report.<br>• StarHub provides non-residential fibre services via its own and NetLink Trust's FTTP network.<br>• Selected non-residential services are also provided via HFC. | • Residential wired broadband (FTTH, HFC).<br>• Non-residential wired broadband (HFC, FTTP).<br>• Mobile.<br>• Fixed voice.<br>• Cable TV (via HFC), IPTV (via FTTH). |
| M1 | • Singapore's third-largest telco operator by market share and revenue.<br>• Prior to the launch of Next Gen NBN, M1 was also a reseller of StarHub's HFC network for the residential market.<br>• M1 currently offers residential fibre services on FTTH provided by NetLink Trust.<br>• M1 provides non-residential fibre services via its own network and NetLink Trust's FTTP network. | • Residential wired broadband (FTTH).<br>• Non-residential wired broadband (HFC, FTTP).<br>• Mobile.<br>• Fixed voice. |

[14] *Source: MPA analysis based on Singtel's Q3 2016 presentation published at the website of Singtel at https://www.singtel.com/content/dam/singtel/investorRelations/financialResults/2017/Q3FY17_MDA.pdf last accessed in April 2017. Singtel has not provided its consent, for purposes of Section 282I of the SFA, to the inclusion of the information cited and attributed to it, in this document prepared by MPA and is therefore not liable for such information under Sections 282N and 282O of the SFA. As this report has been prepared by MPA for the purposes of incorporation in the prospectus to be issued by the Trustee-Manager in connection with the offering and listing of units of the Trust on the SGX-ST, the Trust, the Trustee-Manager, the Joint Issue Managers, the Joint Global Coordinators, the Joint Bookrunners and Joint Underwriters have relied on MPA to ensure that the relevant information from the relevant source has been reproduced in its proper form and context and that the information is extracted accurately and fairly from the relevant source. None of the Trust, the Trustee-Manager, the Joint Issue Managers, the Joint Global Coordinators, the Joint Bookrunners and Joint Underwriters or any other party has conducted an independent review of the information from such source or verified the accuracy or completeness of the relevant information.*

[15] *StarHub is the only Pay-TV operator in Singapore to offer its services via cable or HFC. Singtel offers its services via IPTV.*

| RSP | DESCRIPTION | SERVICES PROVIDED |
|---|---|---|
| MyRepublic and ViewQwest | • Singapore's latest broadband entrants, launched services in 2010/2011.<br>• MyRepublic and ViewQwest currently offer residential fibre services on FTTH provided by NetLink Trust.<br>• MyRepublic/ViewQwest provide non-residential fibre services via NetLink Trust and other third-party FTTP networks. | • Residential wired broadband (FTTH).<br>• Non-residential wired broadband (FTTP).<br>• Fixed voice. |
| Others (such as SP Telecom, Colt) | • Enterprise-focused RSPs.<br>• Provide non-residential fibre services using their own, NetLink Trust and other third-party FTTP networks. | • Non-residential wired broadband (FTTP). |

MPA understands that, presently, RSPs provide residential FTTH services solely via NetLink Trust's Next Gen NBN infrastructure. For non-residential FTTP services, RSPs may offer fibre services via NetLink Trust's Next Gen NBN infrastructure, their self-owned fibre network or a third party's fibre network. In particular, MPA understands that Singtel, StarHub, M1 and certain smaller RSPs each have self-owned fibre network infrastructure, which cover non-residential premises and are concentrated in selected locations such as the Central Business District (CBD) and selected business parks (e.g. Changi Business Park). Some of these providers also provide connectivity for data centres.

### *2.2. Residential Wired Broadband*

#### *2.2.1. Residential Wired Broadband Subscription Trends*

MPA estimates that there were 1.23 million residential wired broadband subscriptions in Singapore as at December 2016. This includes subscriptions to all broadband technology types available in the market (fibre, HFC and ADSL).[16]

The residential uptake of wired broadband services has been significant in Singapore, with broadband subscriptions growing at a CAGR of 5.6% between 2011 and 2016. During this period, fibre broadband subscriptions experienced strong growth from 98,000 to 1.00 million, representing a CAGR of 59.1%, while subscriptions of other technology types (HFC and ADSL) declined from 837,000 to 225,000.

MPA observed that residential fibre broadband growth from 2011 to 2016 was driven by a combination of factors, including:

1. Awareness of fibre broadband and its benefits.
2. Improved coverage of NetLink Trust's fibre network in residential developments; private and government housing from the Housing Development Board (HDB) in Singapore.

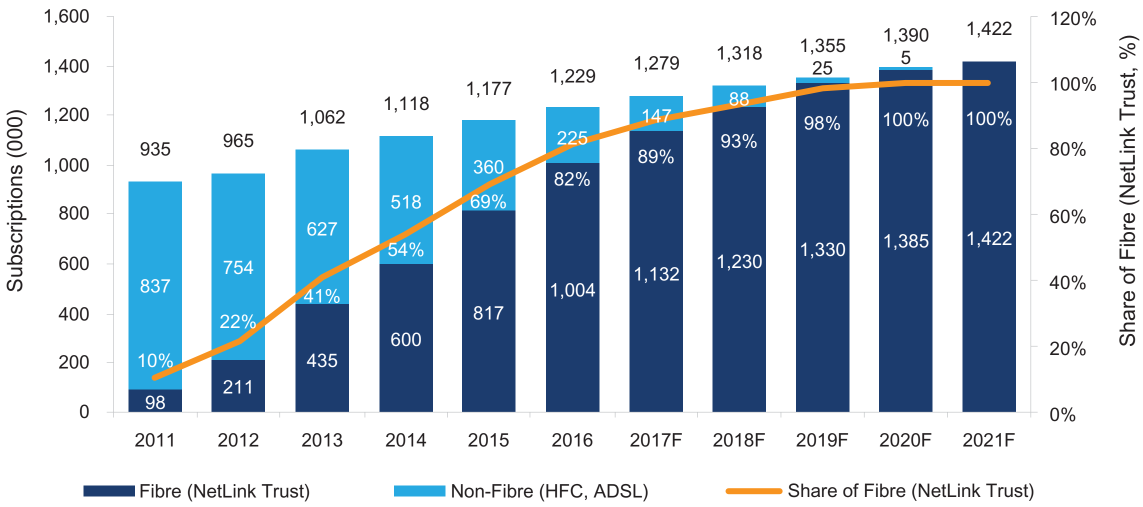
[16] *IMDA estimates that total residential wired broadband subscriptions as of December 2016 was 1.34 million. IMDA's data includes "all retail residential wired broadband subscriptions (i.e. for connection speeds equal to, or greater than, 256kbps, in one or both directions) provided over xDSL, cable modems, leased line and optical fibre. Residential wireless broadband subscriptions are excluded." (Source: IMDA Point of Interconnection (POI) data for Residential Wired Broadband Subscriptions obtained from the website of IMDA at https://www.imda.gov.sg/industry-development/facts-and-figures/telecommunications/statistics-on-telecom-services/statistic-on-telecom-service-for-2016--jul last accessed in April 2017. IMDA has not provided its consent, for purposes of Section 282I of the SFA, to the inclusion of the information cited and attributed to it, in this document prepared by MPA and is therefore not liable for such information under Sections 282N and 282O of the SFA. As this report has been prepared by MPA for the purposes of incorporation in the prospectus to be issued by the Trustee-Manager in connection with the offering and listing of units of the Trust on the SGX-ST, the Trust, the Trustee-Manager, the Joint Issue Managers, the Joint Global Coordinators, the Joint Bookrunners and Joint Underwriters have relied on MPA to ensure that the relevant information from the relevant source has been reproduced in its proper form and context and that the information is extracted accurately and fairly from the relevant source. None of the Trust, the Trustee-Manager, the Joint Issue Managers, the Joint Global Coordinators, the Joint Bookrunners and Joint Underwriters or any other party has conducted an independent review of the information from such source or verified the accuracy or completeness of the relevant information.) The difference between IMDA's published figures and MPA's estimates could be due to a difference in inclusion methodology. MPA considers each account statement billed by an RSP to a subscriber as a single "subscription" regardless of the number of end-user connections provided for within the subscription. For example, under the same subscription, there could be more than one end-user connection for multiple broadband and/or Pay-TV services. Furthermore, MPA does not consider wired connections into Pay-TV set top boxes and other devices to constitute a broadband subscription.*

3. RSPs actively encouraging the migration from HFC and ADSL connections to fibre connections.
4. Introduction of cheaper fibre plans by new entrants at the RSP layer.
5. Increased availability and consumption of online video and audio streaming services.
6. Increased usage of cloud-based storage and computing within the home.

Of the above, MPA believes that the continued migration from HFC and ADSL connections to fibre connections, the increased consumption of online video and audio services as well as the growing usage of cloud-based storage and computing services will be key drivers of residential fibre broadband service adoption going forward.

By December 2021, MPA estimates that residential wired broadband subscriptions will grow to 1.42 million, at a CAGR of 3.0% between 2016 and 2021. MPA estimates that residential fibre broadband subscriptions currently account for 82% share of total residential wired broadband subscriptions, and will eventually grow to 1.42 million and account for 100% share of the total residential wired broadband subscriptions in 2021. The number of residential fibre broadband subscriptions is expected to grow at a CAGR of 7.2% between 2016 and 2021. In the residential segment, MPA believes that ADSL subscribers will migrate to fibre connections by December 2019. MPA also believes that HFC-based services will cease by December 2021. StarHub has announced that it will operate cable broadband services until 2020. Consequently, MPA forecasts that the bulk of existing HFC and ADSL users will migrate to fibre.

**EXHIBIT 2.1: RESIDENTIAL WIRED BROADBAND SUBSCRIPTIONS BY TECHNOLOGY TYPE AND PERCENTAGE SHARE OF FIBRE (NETLINK TRUST)**

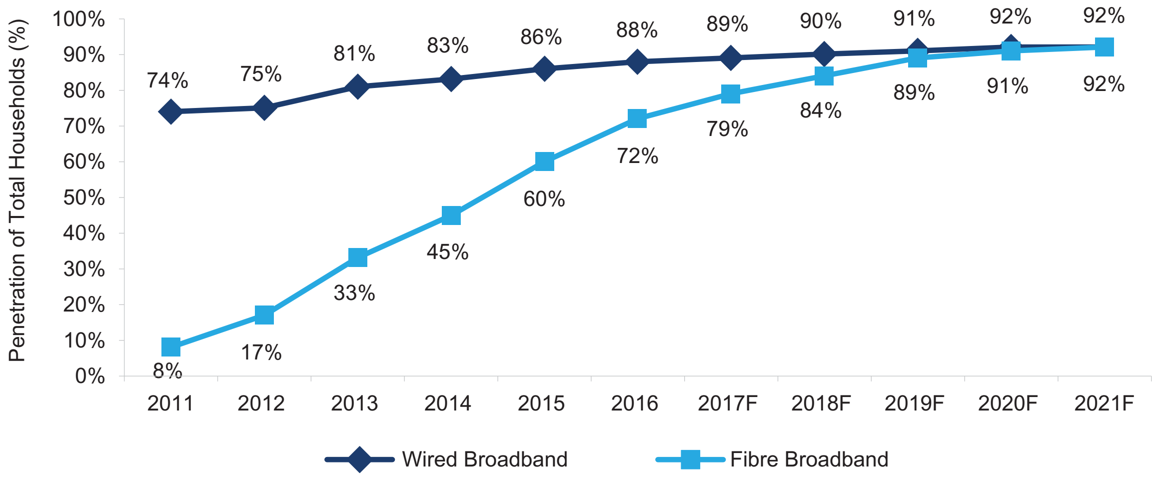



*Source: MPA*

MPA estimates that residential wired broadband penetration and fibre broadband penetration of total households were 88% and 72%, respectively, as at December 2016. By December 2021, MPA forecasts these figures to grow to 92% and 92%, respectively.[17]

[17] *"Total households" is defined as the sum of resident households (as defined by DOS as households that are headed by a Singaporean Citizen or Permanent Resident) and households headed by foreigners. The number of total households is an estimate produced by MPA.*

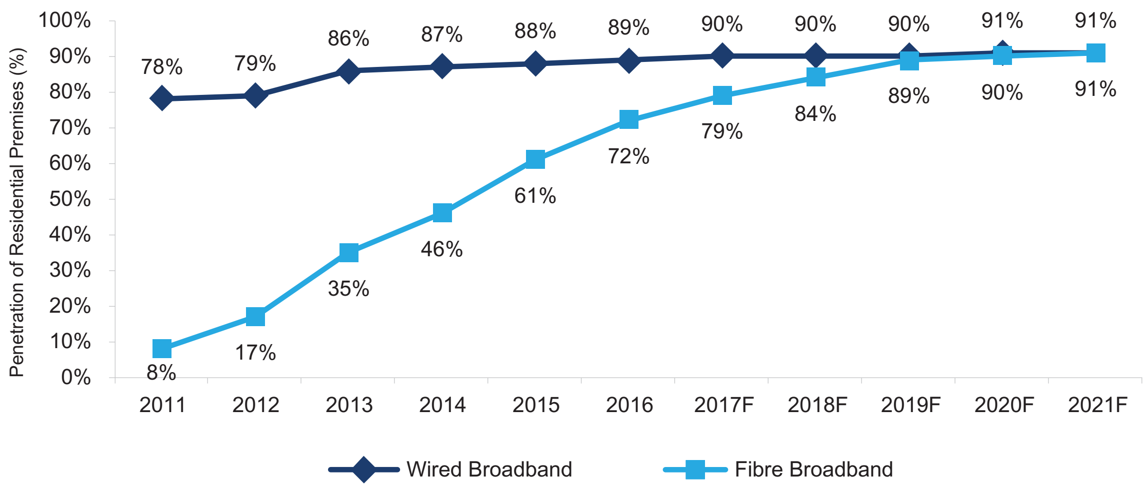
**EXHIBIT 2.2: RESIDENTIAL WIRED BROADBAND PENETRATION AND FIBRE BROADBAND PENETRATION OF TOTAL HOUSEHOLDS**




*Source: MPA*

MPA estimates that residential wired broadband penetration and fibre broadband penetration of residential premises were at 89% and 72%, respectively, in December 2016.[18] MPA forecasts these to grow to 91% and 91%, respectively, by December 2021.

**EXHIBIT 2.3: RESIDENTIAL WIRED BROADBAND PENETRATION AND FIBRE BROADBAND PENETRATION OF RESIDENTIAL PREMISES**




*Source: MPA*

### *2.2.2. Residential Wired Broadband Speeds*

Residential wired broadband speeds in Singapore have increased over the past several years, especially so following the introduction of fibre services using NetLink Trust's fibre network.

Depending on the technology type (fibre, HFC, ADSL), several broadband plans (with varying downstream and upstream speeds) are available to residential end-users. StarHub's HFC network offers residential customers speeds from 10 to 100Mbps. Based on DOCSIS 3.0 technology, StarHub's

[18] *"Residential Premises" are defined as units (occupied and unoccupied) that are currently available in the market including HDB units, condominiums (Private and Executive) and landed houses.*

HFC network is theoretically capable of speeds of up to 250Mbps, but it does not offer any plans at these speeds. Singtel's ADSL services are limited to download speeds of up to 25Mbps.

Residential fibre broadband services in Singapore are currently available with speeds ranging from 100Mbps to 10Gbps, with the more common ones being 500Mbps and 1Gbps.

*2.2.3. Residential Wired Broadband Prices*

Driven by aggressive price-based competition in the fibre market due to new entrants within the RSP and OpCo layers in 2014 and 2015, MPA estimates that residential wired broadband blended monthly Average Revenue Per User (ARPU) declined from S$47.5 in 2013 to S$39.1 in 2015.[19] ARPU has since rebounded marginally to S$40.3 as at December 2016, driven by a combination of non-fibre end-users transitioning to relatively more expensive fibre broadband plans, as well as existing fibre subscribers upgrading to high-priced plans with faster speeds.

By December 2021, blended monthly residential wired broadband ARPU is expected to be marginally higher at S$41.3, growing at a CAGR of 0.5% between 2016 and 2021 and driven by the same factors as mentioned above. In the forecasts for ARPU, MPA has not taken into account any additional price-based competition amongst RSPs in the residential market that may occur following the launch of the fourth telco operator.

**EXHIBIT 2.4: BLENDED MONTHLY RESIDENTIAL WIRED BROADBAND ARPU**

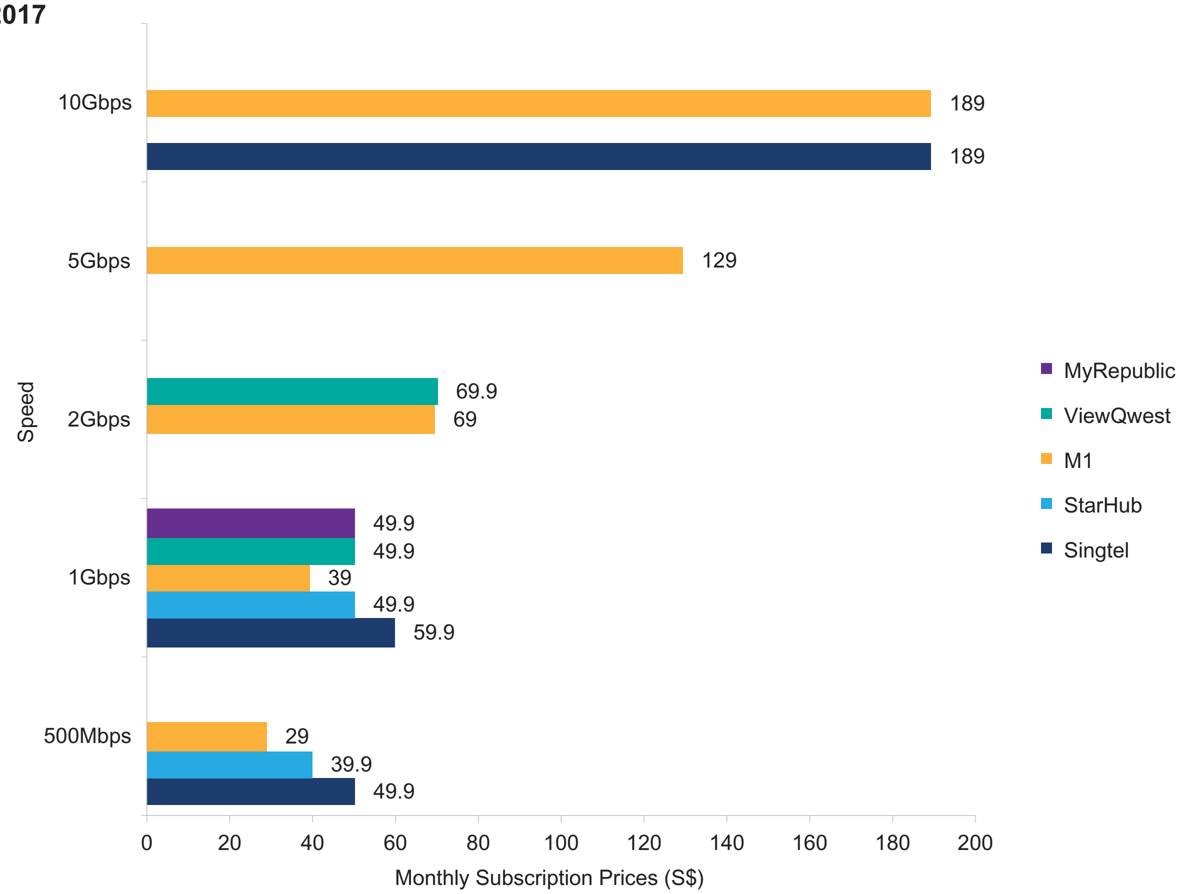
| | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017F | 2018F | 2019F | 2020F | 2021F |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Blended Monthly ARPU (S$) ................ | 47.3 | 46.8 | 47.5 | 45.0 | 39.1 | 40.3 | 41.1 | 41.1 | 41.3 | 41.3 | 41.3 |

*Source: MPA*

[19] *ARPU is calculated as total estimated annual revenue earned by all RSPs from broadband services, divided by an estimate of the average of subscribers of the opening and closing period, divided by 12 months.*

Advertised prices for residential wired broadband subscriptions (as of April 2017) on a new 24-month contract are shown below:

**EXHIBIT 2.5: MONTHLY RESIDENTIAL WIRED BROADBAND SUBSCRIPTION PRICES, APRIL 2017**




*Note: All prices as at April 2017, excludes all promotional offers*

*Source:*

*Singtel broadband prices from the website of Singtel at https://www.singtel.com/ last accessed in April 2017.*

*StarHub Ltd (StarHub) broadband prices from the website of StarHub at http://www.starhub.com/personal/for-your-home/home-broadband/fibre-broadband-plans.html last accessed in April 2017.*

*M1 Ltd (M1) broadband prices from the website of M1 at https://www.m1.com.sg/personal/home-broadband last accessed in April 2017.*

*MyRepublic Ltd (MyRepublic) broadband prices from the website of MyRepublic at https://myrepublic.net/sg/pricing/ last accessed in April 2017.*

*ViewQwest Technologies Inc. (ViewQwest) broadband prices from the website of ViewQwest at http://www.viewqwest.com/products.html last accessed in April 2017.*[20]

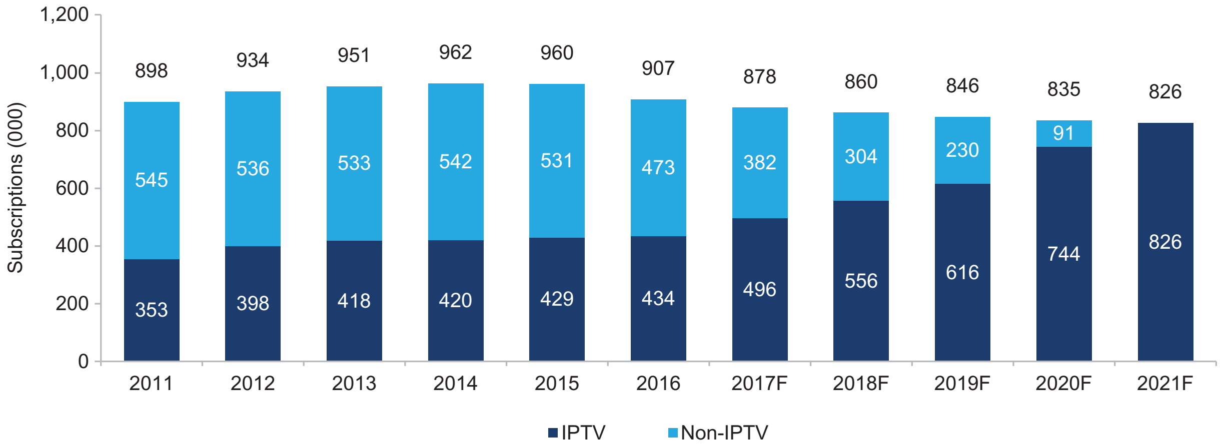
## 2.3. Pay Television (Pay-TV)

Pay television (Pay-TV) services in Singapore are offered by StarHub and Singtel. While StarHub delivers Pay-TV services through both cable TV (via HFC) and Internet Protocol TV (IPTV, via fibre), Singtel offers only IPTV (via fibre and ADSL).

[20] *Singtel, StarHub, M1, MyRepublic and ViewQwest have not provided their consent, for purposes of Section 282I of the SFA, to the inclusion of the information cited and attributed to them, in this document prepared by MPA and therefore are not liable for such information under Sections 282N and 282O of the SFA. As this report has been prepared by MPA for the purposes of incorporation in the prospectus to be issued by the Trustee-Manager in connection with the offering and listing of units of the Trust on the SGX-ST, the Trust, the Trustee-Manager, the Joint Issue Managers, the Joint Global Coordinators, the Joint Bookrunners and Joint Underwriters have relied on MPA to ensure that the relevant information from the relevant source has been reproduced in its proper form and context and that the information is extracted accurately and fairly from the relevant source. None of the Trust, the Trustee-Manager, the Joint Issue Managers, the Joint Global Coordinators, the Joint Bookrunners and Joint Underwriters or any other party has conducted an independent review of the information from such source or verified the accuracy or completeness of the relevant information.*

MPA estimates that there were 0.91 million Pay-TV subscriptions in Singapore as at December 2016. Between 2011 and 2016, Pay-TV subscriptions have grown at a CAGR of 0.2%. Of the 0.91 million Pay-TV subscriptions as at December 2016, MPA estimates that 0.43 million subscriptions were IPTV subscriptions mainly via fibre connections and a small proportion was served via Singtel's ADSL network. MPA believes that IPTV subscribers on ADSL and cable TV subscribers on HFC will migrate to fibre by December 2017 and December 2021, respectively.

**EXHIBIT 2.6: PAY-TV SUBSCRIPTIONS**




*Source: MPA*

MPA estimates that Pay-TV subscriptions will decline to 0.83 million by December 2021, largely as a result of the prevalence of both legal and illegal online video services. However, MPA does not expect the decline in Pay-TV subscriptions to affect fibre broadband subscriptions.

In particular, MPA estimates that as at December 2016, 61,000 IPTV subscriptions were on a standalone dedicated fibre connection without a corresponding broadband subscription. Standalone fibre IPTV subscriptions are delivered via NetLink Trust's fibre network, and similar to fibre broadband subscriptions, represents a source of revenue for NetLink Trust. Standalone IPTV subscriptions are expected to decline to 38,000 largely due to competition from online video subscription services.

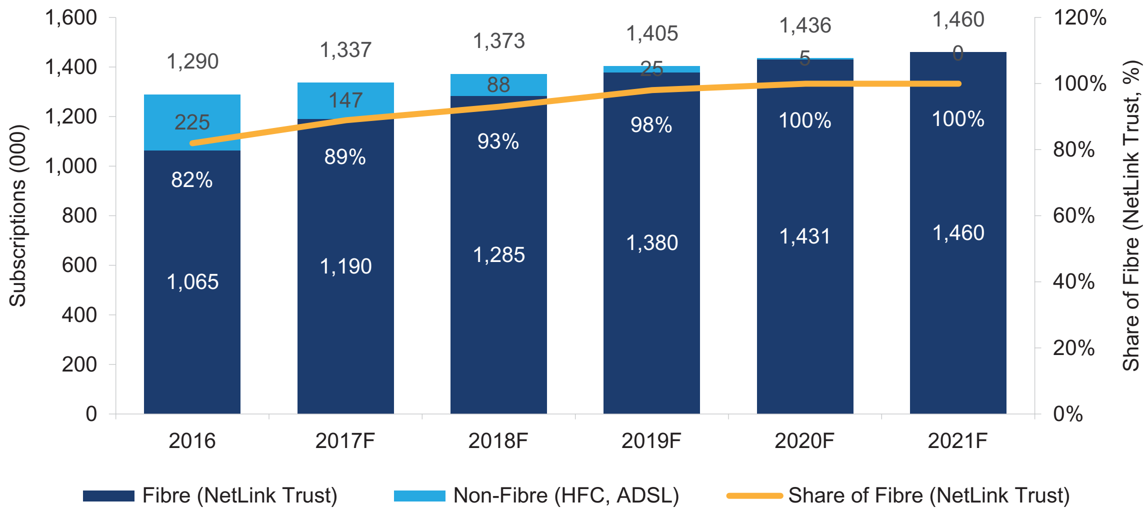
**EXHIBIT 2.7: STANDALONE FIBRE IPTV SUBSCRIPTIONS**

| | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017F | 2018F | 2019F | 2020F | 2021F |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Standalone Fibre IPTV Subscriptions (000) . . . . . | 71 | 68 | 67 | 67 | 66 | 61 | 58 | 55 | 50 | 46 | 38 |

*Source: MPA*

In aggregate, MPA forecasts the total residential wired subscriptions (comprising fibre broadband subscriptions, non-fibre broadband subscriptions and standalone fibre IPTV subscriptions) to grow from 1.29 million in December 2016 to 1.46 million in December 2021, representing a CAGR of 2.5%. MPA expects that the total number of residential fibre subscriptions (comprising both fibre broadband subscriptions and standalone fibre IPTV subscriptions) will grow from 1.07 million in December 2016 to 1.46 million by December 2021, representing a CAGR of 6.5%. MPA estimates that residential fibre subscriptions accounted for 82% share of total residential wired subscriptions in 2016 and will grow to 100% share in 2021.

**EXHIBIT 2.8: TOTAL RESIDENTIAL WIRED SUBSCRIPTIONS**




*Source: MPA*

### *2.4. Non-Residential Wired Broadband*

Non-residential wired broadband services are those provided to small and medium enterprises (SMEs), multi-national corporations (MNCs), retail shops, factories, food centres, schools, military camps, offices of government agencies and other non-residential addresses. MPA believes that demand for wired broadband services in the non-residential segment in the next 3 to 5 years will largely be driven by three factors:

1. An increasing number of SMEs in operation in Singapore, most of which will require internet connectivity and hence drive non-residential wired broadband subscriptions. MPA notes that large enterprises are likely to already be using a range of wired services, including wired broadband and dedicated leased lines, and hence are expected to only represent a small number of subscriptions out of the new additions in any given year.

2. Increasing demand for cloud-based business applications designed for enterprises and SMEs. These include customer relationship management tools, enterprise resource planning and point of sales (POS) systems for food and beverage (F&B) and retail outlets, accounting services, inventory management services, human resources management services and loyalty point management systems, to name a few. To take advantage of these tools and services, SMEs are expected to sign up for fibre broadband services or switch from older technology types to fibre broadband services, which provide higher speeds.

3. Government grants to improve productivity through digitalisation and increase adoption of fibre broadband. Examples include the Fibre Ready Scheme and the S$80 million “Go Digital” grant announced in March 2017, which is intended to boost SMEs’ digital capabilities. Among other uses, SMEs can apply the grant to offset the costs of wired broadband subscriptions.

*2.4.1. Number of Businesses in Active Operation in Singapore*

According to the Accounting and Corporate Regulatory Authority of Singapore (ACRA), there were approximately 504,000 businesses registered in Singapore at the end of 2016.[21] However, not all registered businesses are actively in operation. DOS states that there were 217,000 businesses in active operation in 2016 up from 199,000 in 2015 and 191,000 in 2014.[22] Singapore continues to be among the world's easiest places to do business and, with general economic growth forecasted to remain stable over the next five years, MPA expects businesses in active operation in Singapore to grow at a stable rate to 298,100 by 2021, equivalent to a CAGR of 6.6% between 2016 to 2021.

*2.4.2. Addressable Market for Non-Residential Wired Broadband Subscriptions*

Based on historical data from IMDA, MPA estimates that in December 2016, 88% of active businesses in operation in Singapore used broadband in some form which includes non-residential wired broadband as well as wireless broadband and residential wired broadband.[23]

Correspondingly, the addressable market for non-residential wired broadband subscriptions are the number of active businesses that could subscribe to a non-residential wired subscription from their place of business.

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21 *Source: Accounting and Corporate Regulatory Authority (ACRA) data for businesses registered in 2016 from the website of ACRA at https://www.acra.gov.sg/entity_count.aspx last accessed in March 2017. ACRA has not provided its consent, for purposes of Section 282I of the SFA, to the inclusion of the information cited and attributed to it, in this document prepared by MPA and is therefore not liable for such information under Sections 282N and 282O of the SFA. As this report has been prepared by MPA for the purposes of incorporation in the prospectus to be issued by the Trustee-Manager in connection with the offering and listing of units of the Trust on the SGX-ST, the Trust, the Trustee-Manager, the Joint Issue Managers, the Joint Global Coordinators, the Joint Bookrunners and Joint Underwriters have relied on MPA to ensure that the relevant information from the relevant source has been reproduced in its proper form and context and that the information is extracted accurately and fairly from the relevant source. None of the Trust, the Trustee-Manager, the Joint Issue Managers, the Joint Global Coordinators, the Joint Bookrunners and Joint Underwriters or any other party has conducted an independent review of the information from such source or verified the accuracy or completeness of the relevant information.*

22 *Source: DOS, data for active businesses registered in 2016 from the website of DOS published at http://www.tablebuilder.singstat.gov.sg/publicfacing/mainMenu.action last accessed in March 2017. DOS has not provided its consent, for purposes of Section 282I of the SFA, to the inclusion of the information cited and attributed to it, in this document prepared by MPA and is therefore not liable for such information under Sections 282N and 282O of the SFA. As this report has been prepared by MPA for the purposes of incorporation in the prospectus to be issued by the Trustee-Manager in connection with the offering and listing of units of the Trust on the SGX-ST, the Trust, the Trustee-Manager, the Joint Issue Managers, the Joint Global Coordinators, the Joint Bookrunners and Joint Underwriters have relied on MPA to ensure that the relevant information from the relevant source has been reproduced in its proper form and context and that the information is extracted accurately and fairly from the relevant source. None of the Trust, the Trustee-Manager, the Joint Issue Managers, the Joint Global Coordinators, the Joint Bookrunners and Joint Underwriters or any other party has conducted an independent review of the information from such source or verified the accuracy or completeness of the relevant information.*

23 *Source: IMDA, IMDA Business Infocomm usage survey as published on the website of IMDA at https://www.imda.gov.sg/industry-development/facts-and-figures/infocomm-usage-business last accessed in March 2017. IMDA has not provided its consent, for purposes of Section 282I of the SFA, to the inclusion of the information cited and attributed to it, in this document prepared by MPA and is therefore not liable for such information under Sections 282N and 282O of the SFA. As this report has been prepared by MPA for the purposes of incorporation in the prospectus to be issued by the Trustee-Manager in connection with the offering and listing of units of the Trust on the SGX-ST, the Trust, the Trustee-Manager, the Joint Issue Managers, the Joint Global Coordinators, the Joint Bookrunners and Joint Underwriters have relied on MPA to ensure that the relevant information from the relevant source has been reproduced in its proper form and context and that the information is extracted accurately and fairly from the relevant source. None of the Trust, the Trustee-Manager, the Joint Issue Managers, the Joint Global Coordinators, the Joint Bookrunners and Joint Underwriters or any other party has conducted an independent review of the information from such source or verified the accuracy or completeness of the relevant information.*

MPA notes that the addressable market for RSPs for non-residential wired broadband subscriptions is less than the total number of active businesses in Singapore, since not all active businesses will subscribe to non-residential wired broadband subscriptions. This is due to the fact that a portion of sole proprietorships and small businesses with less than 10 employees operate from homes and, as such, use residential wired broadband or mobile broadband subscriptions.

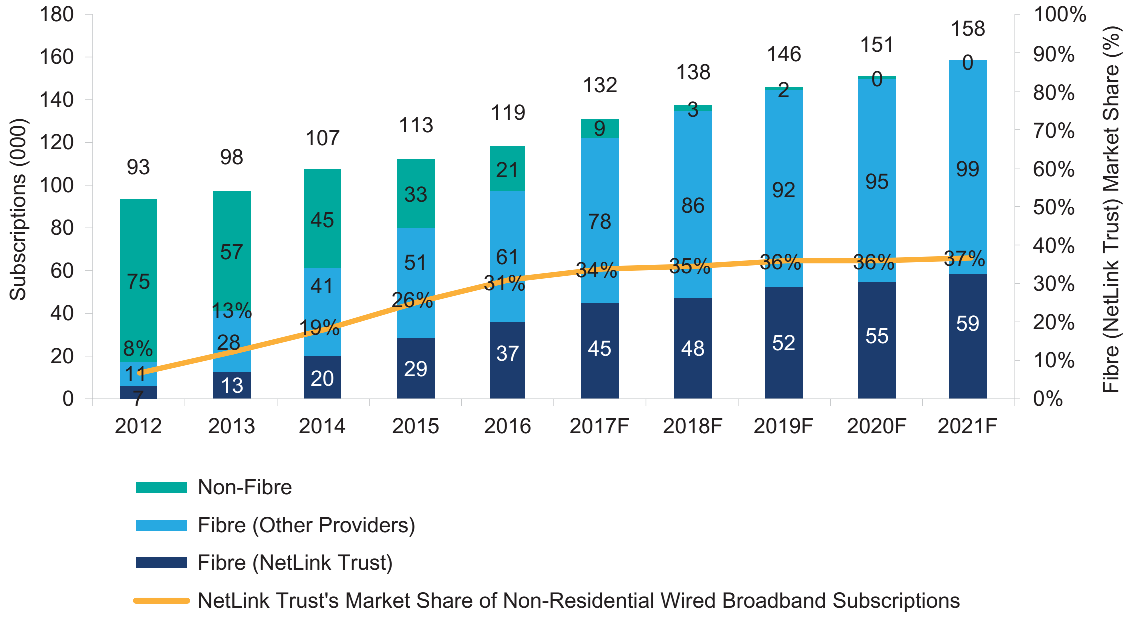
### *2.4.3. Non-Residential Wired Broadband Subscription Trends and NetLink Trust's Market Share*

MPA estimates that the total number of non-residential wired broadband subscriptions to have grown at a CAGR of 6.0% between 2012 and 2016, while non-residential fibre broadband subscriptions have grown at a higher CAGR of 52.8% in the same period albeit from a lower base. Of the 118,800 non-residential wired broadband subscriptions in December 2016, MPA estimates 83% were on a fibre connection (see Exhibit 2.9).

By December 2021, MPA estimates that total non-residential wired broadband subscriptions will grow to 158,230. This represents a CAGR of 6.0% between 2016 and 2021. Over the same period, MPA projects that non-residential fibre broadband subscriptions will grow to 158,230, representing a CAGR of 10.1% and accounting for 100% of total non-residential wired broadband subscriptions by December 2021. MPA expects that fibre will continue to gain market share within total non-residential wired broadband subscriptions as businesses convert from other technology types to fibre due to a need for higher broadband speeds and active conversion by RSPs to fibre.

MPA estimates NetLink Trust's share of total non-residential wired broadband subscriptions to be 31% or approximately 36,640 subscriptions in 2016. MPA believes that Singtel has the largest share of the non-residential market supported by its self-owned fibre, and to a lesser extent ADSL, network infrastructure. MPA notes that StarHub and M1 also have their own fibre network infrastructure in concentrated business areas, but their overall share is much smaller than Singtel's and NetLink Trust's. MPA estimates that NetLink Trust's non-residential fibre broadband subscriptions will increase to 58,680 by 2021, representing a CAGR of 9.9% for the period between 2016 and 2021. MPA projects that NetLink Trust's share of total non-residential wired broadband subscriptions in 2021 will grow to 37%. This growth in market share will be driven by the growing number of SMEs, which are mainly located outside of the CBD and business parks where NetLink Trust has less competition from other fibre network infrastructure providers. SMEs tend to be more price-sensitive and are attractive to RSPs which can target them with competitive pricing and innovative solutions using NetLink Trust's fibre network infrastructure.

**EXHIBIT 2.9: TOTAL NON-RESIDENTIAL WIRED BROADBAND SUBSCRIPTIONS**




*Source: IMDA, data for corporate wired subscriptions for 2012 to 2016 from the website of IMDA at https://www.imda.gov.sg/industry-development/facts-and-figures/telecommunications/statistics-on-telecom-services last accessed in March 2017[24], MPA for all other years (2017F to 2021F)*

*Note: Sum of wired subscriptions by technology may not add up to total subscriptions, as they are rounded to the nearest number.*

### *2.4.4. Speeds and Prices of Non-Residential Wired Broadband Subscriptions*

MPA has analysed basic dynamic IP broadband subscription plans for SMEs. For the same speed, broadband subscription prices for SMEs are higher than the prices for residential customers, commensurate with the higher service standards that RSPs generally provide to business customers. MPA notes that broadband prices for large corporate customers are not publicly available and could vary as they are generally customised to each customer's specific needs.

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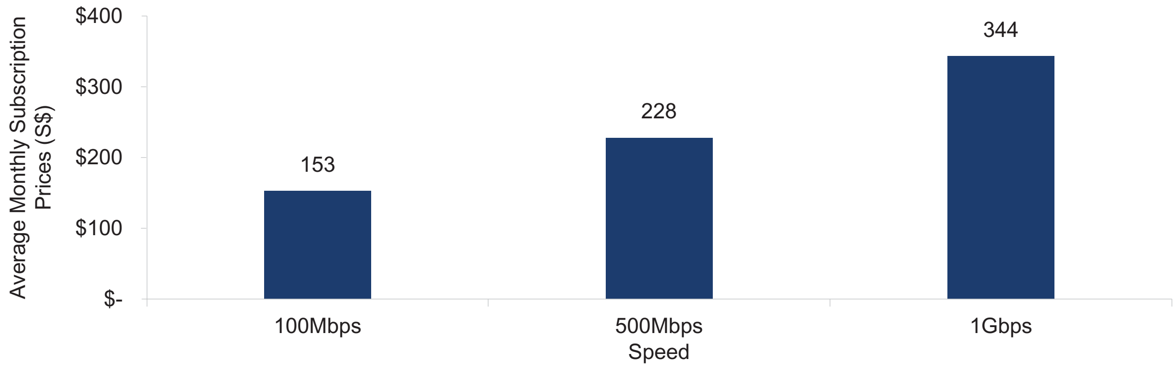
**EXHIBIT 2.10: AVERAGE PRICES OF NON-RESIDENTIAL WIRED BROADBAND SUBSCRIPTION PLANS FOR SMES BY SPEEDS (MARCH 2017)**




*Source: PCA, PCA database as at March 2017*[25]

*2.4.5. NetLink Trust's Value Proposition to OpCos and RSPs in the Non-Residential Wired Broadband Market*

MPA believes that independent OpCos who do not have an affiliated fibre network infrastructure provider are likely to use NetLink Trust's fibre network over the fibre network of a third party who operates an OpCo because there remains the possibility (or perception) that commercial decisions by the third party fibre network infrastructure provider may be influenced by the interests of its OpCo arm. Similarly, RSPs in the non-residential broadband market may also prefer to work with OpCos operating on NetLink Trust's fibre network to avoid similar conflicts of interest between themselves and other fibre network infrastructure providers who may be affiliated to an RSP.

MPA believes that NetLink Trust's transparent and regulated terms and conditions, including pricing, are key factors in securing orders from existing and new independent OpCos which do not have an affiliated network infrastructure provider. OpCos have unbiased open access to NetLink Trust's passive fibre network infrastructure and can be confident of competing on an equal-cost basis for connectivity as other OpCos. MPA's view is that a number of smaller OpCos are likely to enter the market, looking to benefit from the availability of the Next Gen NBN platform to provide innovative solutions for multiple market niches. This could increase the utilisation of NetLink Trust's fibre network at very low incremental cost to NetLink Trust.

Overall in the non-residential segment, MPA believes that NetLink Trust has a competitive advantage over other fibre network infrastructure providers due to its transparent and regulated pricing, Universal Service Obligation, nationwide coverage and non-discriminatory network.

***2.5. Comparison of Singapore's Wired Broadband Market with Other Countries***

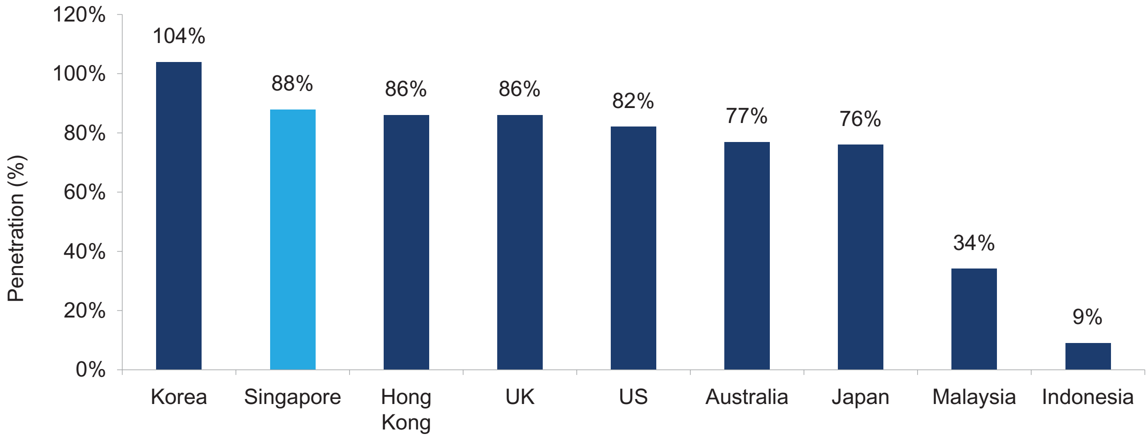
Singapore is a global leader in terms of broadband penetration, as well as adoption of fibre technology. Singapore's wired broadband market, when measured against metrics such as (i) residential wired broadband penetration, (ii) the proportion of residential wired broadband subscriptions on fibre-based connections, (iii) affordability of wired broadband subscriptions and (iv) broadband speeds, is comparable with, and in most cases superior to, the countries listed below.

[25] *PCA has not provided its consent, for purposes of Section 282I of the SFA, to the inclusion of the information cited and attributed to it, in this document prepared by MPA and is therefore not liable for such information under Sections 282N and 282O of the SFA. As this report has been prepared by MPA for the purposes of incorporation in the prospectus to be issued by the Trustee-Manager in connection with the offering and listing of units of the Trust on the SGX-ST, the Trust, the Trustee-Manager, the Joint Issue Managers, the Joint Global Coordinators, the Joint Bookrunners and Joint Underwriters have relied on MPA to ensure that the relevant information from the relevant source has been reproduced in its proper form and context and that the information is extracted accurately and fairly from the relevant source. None of the Trust, the Trustee-Manager, the Joint Issue Managers, the Joint Global Coordinators, the Joint Bookrunners and Joint Underwriters or any other party has conducted an independent review of the information from such source or verified the accuracy or completeness of the relevant information.*

*2.5.1. Residential Wired Broadband Penetration*

MPA estimates that Singapore had a residential wired broadband penetration of total households of 88% in December 2016, higher than all the markets listed below, including developed markets such as the UK, the United States (US) and Japan, except Korea, which registered a residential wired broadband penetration of 104%.[26]

**EXHIBIT 2.11: RESIDENTIAL WIRED BROADBAND PENETRATION OF TOTAL HOUSEHOLDS (DECEMBER 2016)**

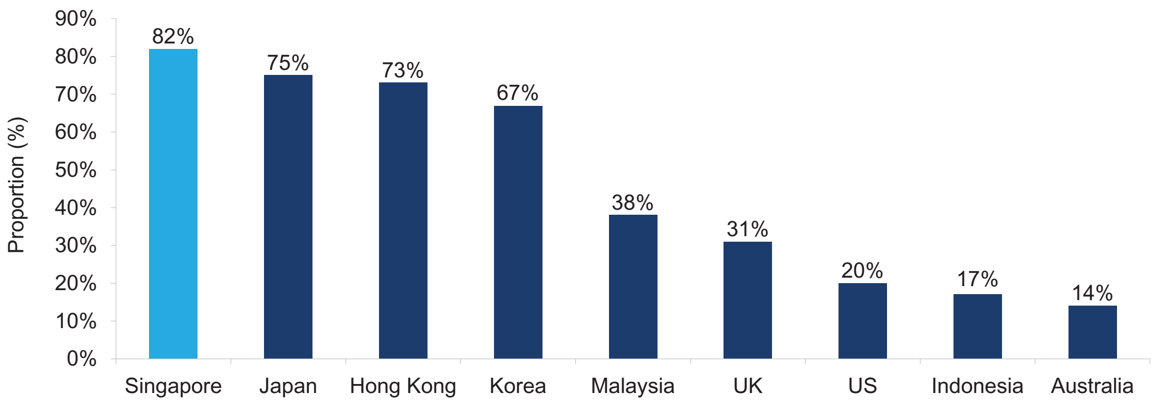



*Source: MPA*

*2.5.2. Proportion of Residential Wired Broadband Subscriptions on Fibre-Based Connections*

MPA estimates that as at December 2016, the proportion of residential wired broadband subscriptions on fibre-based connections in Singapore was 82%, the highest among other developed countries, of which some are listed below.

**EXHIBIT 2.12: PROPORTION OF RESIDENTIAL WIRED BROADBAND SUBSCRIPTIONS ON FIBRE-BASED CONNECTIONS (DECEMBER 2016)**



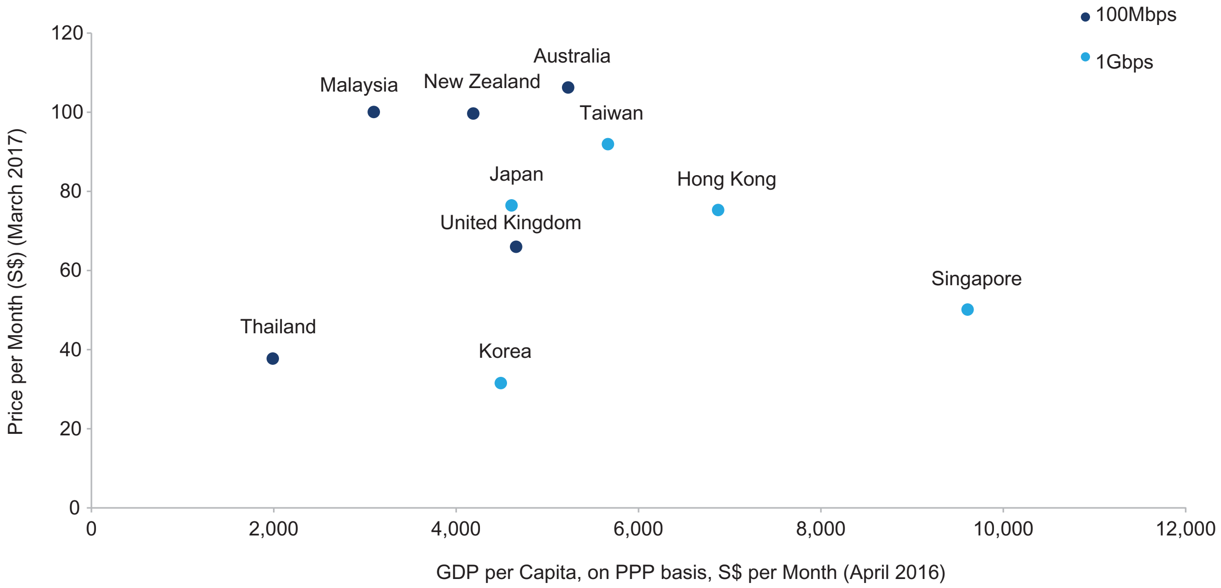

*Source: MPA*

*2.5.3. Affordability of Wired Broadband Subscriptions*

A comparison made by MPA of average residential broadband subscription prices across 10 countries (Australia, Hong Kong, Korea, Japan, Malaysia, New Zealand, Singapore, Taiwan, Thailand and the UK) reveals that monthly broadband prices in Singapore are among the lowest available. The low prices in Singapore are particularly noteworthy in the context of a comparatively higher Gross Domestic Product (GDP) per capita on purchasing power parity (PPP) basis, highlighting the relative affordability of broadband subscriptions in Singapore.

[26] *The penetration above 100% in Korea is due to the highly commoditised nature of the wired broadband market, where some households have multiple wired broadband subscriptions.*

**EXHIBIT 2.13: AVERAGE PRICE OF 100MBPS AND 1GBPS RESIDENTIAL WIRED BROADBAND SUBSCRIPTIONS PER MONTH BY COUNTRY RELATIVE TO GDP PER CAPITA, ON PPP BASIS**




*Source: PCA, PCA database as at April 2017*[27]

*Source for GDP per capita: IMF World Economic Outlook Database, April 2016 Edition*[28]

### *2.5.4. Broadband Speeds*

Broadband speeds in Singapore are also one of highest, when compared to both Asian and global developed markets. Average peak connection speed in Singapore, as measured by global content delivery network (CDN) provider Akamai, was 162Mbps, placing Singapore ahead of all other countries in the world as at the third quarter of 2016.

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[28] *IMF has not provided its consent, for purposes of Section 282I of the SFA, to the inclusion of the information cited and attributed to it, in this document prepared by MPA and is therefore not liable for such information under Sections 282N and 282O of the SFA. As this report has been prepared by MPA for the purposes of incorporation in the prospectus to be issued by the Trustee-Manager in connection with the offering and listing of units of the Trust on the SGX-ST, the Trust, the Trustee-Manager, the Joint Issue Managers, the Joint Global Coordinators, the Joint Bookrunners and Joint Underwriters have relied on MPA to ensure that the relevant information from the relevant source has been reproduced in its proper form and context and that the information is extracted accurately and fairly from the relevant source. None of the Trust, the Trustee-Manager, the Joint Issue Managers, the Joint Global Coordinators, the Joint Bookrunners and Joint Underwriters or any other party has conducted an independent review of the information from such source or verified the accuracy or completeness of the relevant information.*

**EXHIBIT 2.14: AVERAGE PEAK CONNECTION SPEEDS BY COUNTRY**

| GLOBAL RANK | COUNTRY | Q3 2016 PEAK MBPS |
|---|---|---|
| 1 | Singapore | 162.0 |
| 2 | Hong Kong | 116.2 |
| 3 | South Korea | 114.2 |
| 4 | Indonesia | 99.3 |
| 9 | Japan | 88.1 |
| 15 | Thailand | 75.3 |
| 20 | United States | 70.8 |
| 28 | United Kingdom | 62.9 |
| 52 | Malaysia | 51.7 |
| 57 | Australia | 46.9 |

*Source: Third Quarter, 2016 Akamai State of the Internet Report, published on the website of Akamai Technologies at https://www.akamai.com/stateoftheinternet/ last accessed in April 2017*[29]

## *2.6. Non-Building Address Point Connections*

### *2.6.1. Uses of NBAP*

A Non-Building Address Point (NBAP) is defined as a connection in any location in Singapore that does not have a physical address or assigned postal code. This includes but is not limited to the following points:

- Lamp posts
- Electronic Road Pricing (ERP) gantries
- Traffic lights
- Expressways or roads
- Bridges
- Flyovers
- Carparks
- Cellular base stations
- Bus stops or taxi stands
- Automated teller machines
- Void decks at HDB blocks

Today, the majority of NBAP connections are used for the purpose of providing connectivity to mobile base stations belonging to the three mobile telco operators: Singtel, StarHub, and M1. MPA estimates that there were approximately 9,489 NBAP connections in Singapore as at December 2016, of which approximately 9,000 are used to connect to mobile base stations.

Moving forward, MPA expects that the primary driver for NBAP connections will be Singapore's Smart Nation Programme, which will require the deployment of a network of sensors and monitoring equipment across Singapore to support applications such as autonomous vehicles, high-definition surveillance cameras, parking space management and weather data collection.

Such sensors and monitoring equipment may use wireless technology to communicate with each other or be connected directly using NBAP connections. Data collated by the sensors and monitoring equipment would need to be aggregated and transmitted over fibre broadband connections due to the large volumes of data to be transmitted, and requirement for high reliability and low latency.

### *2.6.2. NBAP Connections Addressable by NetLink Trust*

Existing cellular base stations deployed by incumbent telco operators are not considered as part of the NBAP connections that may be addressable by NetLink Trust as telco operators already have their

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own fibre connecting these points. The addressable market today includes NBAP connections at traffic lights, ERP gantries, for surveillance cameras in and around public areas such as MRT stations and AG boxes. MPA estimates that the addressable market by NetLink Trust comprised 489 NBAP connections as at December 2016.

Moving forward, if StarHub and M1 begin to roll-out HetNet base stations, MPA believes they may not have fibre coverage to all designated HetNet areas and could potentially require usage of NetLink Trust's fibre network infrastructure. Singtel is likely to be able to provide its own fibre to the majority of its HetNet base stations due to its wider fibre coverage.

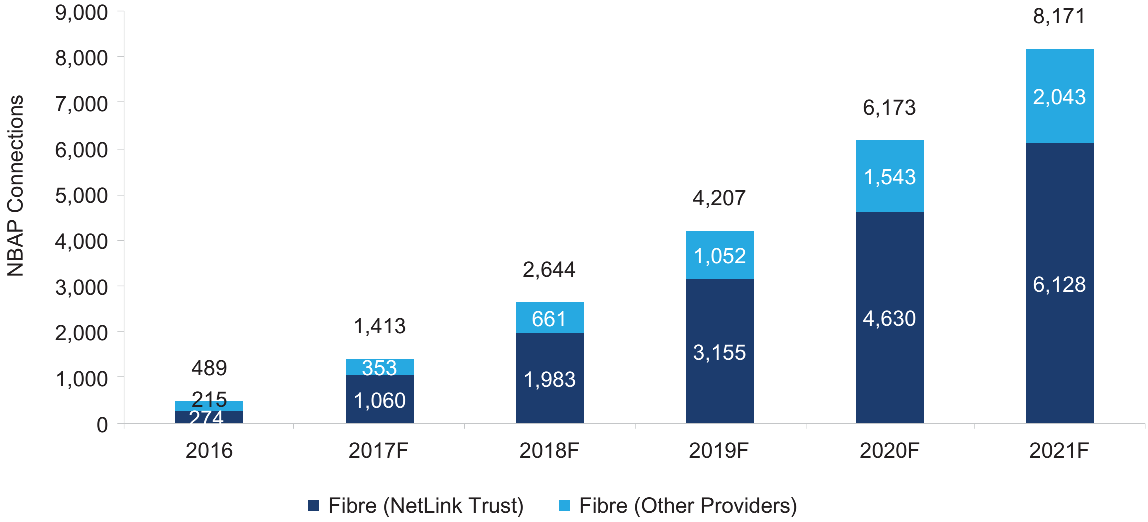
In addition to HetNet-related base stations, MPA believes the below are areas of growth for NBAP connections due to other Smart Nation Programme initiatives. MPA believes that NetLink Trust, with its extensive nationwide fibre coverage, is well suited to meet the connectivity requirements as the provider of passive fibre network infrastructure and fibre connections.

1. Street lamp posts/bridges/flyovers: To provide connectivity for environmental and maintenance-related sensors as well as provide sensors that will support an autonomous vehicles road system.
2. Carparks: To provide connectivity for sensors that will disseminate information on parking availability via internet applications as well as sensors for security monitoring.
3. Within HDB estates: To provide connectivity for surveillance cameras, sensors, and Internet of Things (IoT) devices.
4. Connectivity boxes: Under Phase 1 of the Smart Nation Platform Project, Aggregation Gateway Boxes (AG Boxes) have been deployed, which are intended to provide internet connectivity and power availability for the placement of a variety of sensors and probes that will record and collect environmental data. While it is not clear at this point in time if the Singapore government will deploy more AG Boxes or pursue other technology options, MPA believes that the Smart Nation Platform will require a similar type of connectivity box to provide connectivity to the intended network of sensors and probes.

*2.6.3. NetLink Trust's Share of the Addressable Market*

By 2021, MPA estimates that the market size of NBAP connections that may be addressable by NetLink Trust will grow to 8,171. This represents a CAGR of 75.6% from 2016 to 2021. As at March 2017, NetLink Trust had over 300 NBAP connections, of which 49 were used for the purpose of supporting Phase 1 of the Smart Nation Platform Project. NetLink Trust continues to work with the successful bidder of Phase 1 to provide, in total, 100 NBAP connections. By December 2021, MPA expects NetLink Trust to have 6,128 NBAP connections, of which approximately 5,000 are specifically used to support Smart Nation Programme initiatives including HetNet base stations and approximately 1,100 for the backhaul of the fourth mobile network operator. MPA forecasts that the NBAP connections provided by NetLink Trust will grow at a CAGR of 86.2% from 2016 to 2021. In total, this represents 75% of the market size of NBAP connections that may be addressable by NetLink Trust in 2021, having grown from a market share of 56% in 2016. MPA believes Singtel will service the majority of the remaining 25% of NBAP connections while StarHub and M1 may service a small proportion of the market as well.

**EXHIBIT 2.15: NBAP CONNECTIONS THAT MAY BE ADDRESSABLE BY NETLINK TRUST**




*Source: MPA*

### *2.7. Wireless Broadband*

Wireless broadband includes broadband services delivered via 3G and 4G mobile networks to mobile phones, connected devices (such as tablets), mobile Wi-Fi access points (MiFi) and mobile dongles, as well as public Wi-Fi (e.g. Wireless@SG).

In Singapore, wireless broadband, in the form of 3G and 4G, is offered by all three mobile telco operators: Singtel, StarHub and M1. 3G services have been available since 2004/2005, and 4G services have been available since 2011/2012.

The table below shows the available wireless broadband technology types delivered via mobile networks:

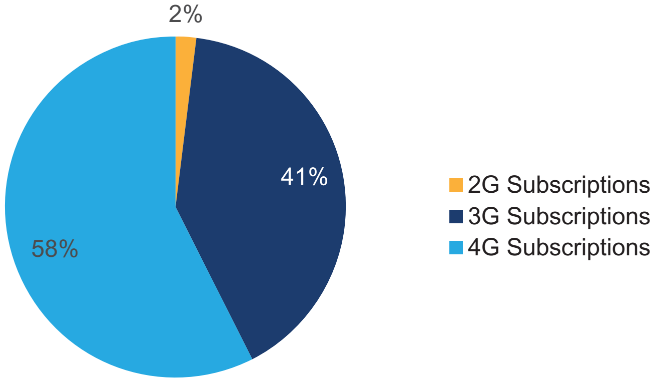
| TECHNOLOGY TYPE | DESCRIPTION | MAXIMUM SPEED |
|---|---|---|
| Second Generation (2G) | • Second-generation mobile technology standard.<br>• Developed in the 1990s, introduced digital voice and data (text) services.<br>• More advanced versions of the 2G standard included General Packet Radio Services (GPRS or 2.5G) and Enhanced Data Rates for GSM Evolution (EDGE or 2.75G).<br>• Singapore mobile telco operators have ceased 2G services in April 2017. | • 50-114kbps (downstream) on GPRS. Up to 384kbps on EDGE. |
| Third Generation (3G) | • Third-generation mobile technology standard.<br>• Launched in the late 1990s and provided significantly higher data rates compared to older 2G/EDGE networks.<br>• More advanced versions of 3G include High-Speed Packet Access (HSPA or 3.5G) and HSPA+ (3.75G).<br>• All Singapore mobile telco operators currently offer 3G, HSPA and HSPA+. | • Up to 7.2Mbps for HSPA, and 21.6Mbps for HSPA+. |

| TECHNOLOGY TYPE | DESCRIPTION | MAXIMUM SPEED |
|---|---|---|
| Fourth Generation (4G) | • Fourth-generation mobile technology standard.<br>• Developed in the late 2000s and is an all-IP packet-switched network.<br>• More advanced versions of 4G include LTE Advanced (LTE-A, launched in 2013/2014 in Singapore).<br>• LTE-A coverage of ~100% for all Singapore mobile telco operators. | • Up to 75Mbps for LTE, 300-400Mbps for LTE-A. |

*2.7.1. Wireless Broadband Subscription Trends*

According to MPA, there were 8.3 million 3G and 4G subscriptions in Singapore, out of a total of 8.4 million mobile subscriptions as at December 2016. 4G subscriptions accounted for a 58% share of the total. MPA expects 4G subscriptions to increase to 7.4 million and 86% share of total mobile subscriptions by 2021. 2G services accounted for 1% market share, or 132,000 subscriptions, as at December 2016 and have ceased in April 2017.

**EXHIBIT 2.16: MOBILE BROADBAND SUBSCRIPTIONS BY TECHNOLOGY, DECEMBER 2016**




*Source: MPA analysis, based on 2016 data for telecommunications from the website of DOS at http://www.tablebuilder.singstat.gov.sg/publicfacing/createDataTable.action?refId=7330 last accessed in April 2017*[30]

Data consumption is an important metric in the wireless broadband segment. With mobile phones becoming more advanced in terms of screen size/quality, features and performance, consumption of audio and video services over these devices has increased significantly over the years. MPA estimates that monthly average data consumption per user on mobile networks (3G/4G) in Singapore was between 3-3.5GB per month as at December 2016. Furthermore, MPA research also indicated that in homes where both wired broadband and wireless broadband services are available (i.e. broadband available via 3G or 4G services), 84% of mobile users would connect their devices to the wired broadband network via Wi-Fi. This behaviour illustrates that wired broadband services at home remains very relevant despite the availability of wireless broadband services. MPA notes that the adoption of 4G mobile dongles remains limited, and usage is complementary to existing residential wired broadband services.

[30] *DOS has not provided its consent, for purposes of Section 282I of the SFA, to the inclusion of the information cited and attributed to it, in this document prepared by MPA and is therefore not liable for such information under Sections 282N and 282O of the SFA. As this report has been prepared by MPA for the purposes of incorporation in the prospectus to be issued by the Trustee-Manager in connection with the offering and listing of units of the Trust on the SGX-ST, the Trust, the Trustee-Manager, the Joint Issue Managers, the Joint Global Coordinators, the Joint Bookrunners and Joint Underwriters have relied on MPA to ensure that the relevant information from the relevant source has been reproduced in its proper form and context and that the information is extracted accurately and fairly from the relevant source. None of the Trust, the Trustee-Manager, the Joint Issue Managers, the Joint Global Coordinators, the Joint Bookrunners and Joint Underwriters or any other party has conducted an independent review of the information from such source or verified the accuracy or completeness of the relevant information.*

Trials have begun for the fifth variant of mobile technology (5G). Theoretical speeds of up to 1Gbps can be achieved via 5G networks, depending on the architecture, network density and area of operation. Although telco operators have completed several 5G trials, the industry has not agreed on a common technical architecture for the 5G standard and compatible consumer electronics are rare. Commercial launches of 5G services are not expected earlier than 2020/2021.

Moving forward, MPA expects 5G networks in Singapore to be fully supported by fibre connectivity for backhaul, some of which could be provided by NetLink Trust's Next Gen NBN infrastructure.

*2.7.2. Limitations of Wireless Broadband*

Despite the growth in wireless broadband services, there are inherent limitations to wireless broadband, which makes it complementary to, rather than a substitute for, wired broadband services both in the residential and non-residential segments.

Particularly in Singapore, MPA does not expect wireless broadband services, delivered via 3G or 4G services, to replace wired broadband services in the residential and non-residential segments. A number of factors currently limit the ability of wireless broadband services to serve as a true replacement for wired broadband services in Singapore. These include:

- Limited speeds: Wireless broadband services in Singapore, delivered via 3G and 4G, currently offer limited speeds when compared to wired broadband networks. Median speeds on the 3G and 4G networks in various areas in the country, measured by IMDA My Connection SG, from July to December 2016, were at 4.2Mbps and 33.2Mbps, respectively.[31] This is significantly below the speeds delivered via HFC and fibre networks of 50Mbps-10Gbps. While wireless broadband speeds may be sufficient for less data-intensive applications such as email and social media/messaging, lower speeds are likely to provide inferior quality user experience when using bandwidth-intensive applications such as video streaming, video calls and online gaming.
- Lack of unlimited data plans: At present, wireless broadband providers (i.e., mobile telco operators) do not offer subscription plans with unlimited mobile data usage. Singapore telco operators currently offer data allowances of 300MB-20GB per month, depending on the plan. Prices for these plans, which include voice and SMS services, range from S$15-240 per month. As at December 2016, MPA estimates that the monthly average data consumption per user on mobile networks (3G/4G) in Singapore was 3-3.5GB. In contrast, MPA estimates that average monthly data consumption on wired broadband services is at least 10-20 times higher than that on wireless. As such, MPA believes that wireless broadband services are not a cost-effective alternative compared to residential and non-residential wired broadband services, including fibre broadband services, which are offered without a limit on data usage.

[31] *IMDA, 3G and 4G median speed for July-Dec 2016 obtained from the website of IMDA at https://www.imda.gov.sg/~/media/imda/files/community/mobile%20and%20broadband/04%20results%20from%20myconnection%20sg%20jul%202016%20dec%202016.pdf?la=en last accessed in April 2017. IMDA has not provided its consent, for purposes of Section 282I of the SFA, to the inclusion of the information cited and attributed to it, in this document prepared by MPA and is therefore not liable for such information under Sections 282N and 282O of the SFA. As this report has been prepared by MPA for the purposes of incorporation in the prospectus to be issued by the Trustee-Manager in connection with the offering and listing of units of the Trust on the SGX-ST, the Trust, the Trustee-Manager, the Joint Issue Managers, the Joint Global Coordinators, the Joint Bookrunners and Joint Underwriters have relied on MPA to ensure that the relevant information from the relevant source has been reproduced in its proper form and context and that the information is extracted accurately and fairly from the relevant source. None of the Trust, the Trustee-Manager, the Joint Issue Managers, the Joint Global Coordinators, the Joint Bookrunners and Joint Underwriters or any other party has conducted an independent review of the information from such source or verified the accuracy or completeness of the relevant information.*

- Network latency: Wireless broadband networks face a higher latency compared to wired broadband networks, and is one of several reasons why wireless broadband services are not seen as a replacement for wired broadband services. High latency reduces the quality of services, especially for time-sensitive applications such as audio and video calls and online gaming. Data released by IMDA indicates that average latencies on 3G and 4G services were at 127.8ms and 63.5ms, respectively, from July to December 2016.[32] [33] Wireless@SG services recorded a latency of 80ms. In the same period, latency on wired broadband networks was between 0-4ms.[34]
- Network coverage and reliability: Wireless connections may suffer from network congestion as well as signal degradation caused by obstructions to the mobile signals by buildings, walls and floors. As a result, wireless broadband services are often unable to match the reliability, coverage and average speeds of a wired broadband connection. This is especially so in a heavily built-up environment such as Singapore. Furthermore, the Singapore government has a number of regulations governing the placement of mobile base stations, placing restrictions its height and proximity to building ledges, which further impacts the overall coverage of wireless networks in dense residential and commercial areas.

As a result, MPA believes wired broadband connections will continue to be the most common type of connection in both homes and offices.

**3. Drivers of Demand for Fibre Broadband Services and Fibre Connections**

In MPA's opinion, Singapore is a highly "connected" country, as evidenced by the high levels of wired and wireless broadband penetration. The increasingly important role of fibre broadband in the daily lives of users, spanning across needs in communication, education, public safety, medicine, commerce and industry, have resulted in fibre broadband becoming a "necessity" and is no longer "discretionary", as many end-users are reliant on fibre broadband services for their day-to-day activities. Broadly, fibre broadband can be used to stream high-definition online video and audio services, facilitate over-the-top media content consumption, play online and multiplayer bandwidth intensive electronic games, facilitate learning over the internet, make payments and close contracts through the internet and perform online e-commerce and business transactions, among other uses. The government's efforts in ensuring that users have access to broadband at all times, including public areas, via the development of Next Gen NBN, Wireless@SG and the Smart Nation Platform, are all testaments to this fact.

The growing demand for broadband services, both wired and wireless, has been led by a number of factors. While some of these factors are consumer-driven and have a direct impact on broadband

[32] *Network latency is defined as the time taken for data to travel from the source to destination, and is measured in milliseconds (ms). The data is representative of the time taken for data to travel to a local (i.e. Singapore-based) server and back.*

[33] *Source: IMDA, data for latency for July-Dec 2016 obtained from the website of IMDA at https://www.imda.gov.sg/~/media/imda/files/community/mobile%20and%20broadband/04%20results%20from%20myconnection%20sg%20jul%202016%20dec%202016.pdf?la=en last accessed in April 2017. IMDA has not provided its consent, for purposes of Section 282I of the SFA, to the inclusion of the information cited and attributed to it, in this document prepared by MPA and is therefore not liable for such information under Sections 282N and 282O of the SFA. As this report has been prepared by MPA for the purposes of incorporation in the prospectus to be issued by the Trustee-Manager in connection with the offering and listing of units of the Trust on the SGX-ST, the Trust, the Trustee-Manager, the Joint Issue Managers, the Joint Global Coordinators, the Joint Bookrunners and Joint Underwriters have relied on MPA to ensure that the relevant information from the relevant source has been reproduced in its proper form and context and that the information is extracted accurately and fairly from the relevant source. None of the Trust, the Trustee-Manager, the Joint Issue Managers, the Joint Global Coordinators, the Joint Bookrunners and Joint Underwriters or any other party has conducted an independent review of the information from such source or verified the accuracy or completeness of the relevant information.*

[34] *Source: IMDA, Singapore (SG) Average Latency (Sep 2016-Nov 2016) obtained from the website of IMDA at https://www.imda.gov.sg/applications/rbs/chart.html last accessed in April 2017. IMDA has not provided its consent, for purposes of Section 282I of the SFA, to the inclusion of the information cited and attributed to it, in this document prepared by MPA and is therefore not liable for such information under Sections 282N and 282O of the SFA. As this report has been prepared by MPA for the purposes of incorporation in the prospectus to be issued by the Trustee-Manager in connection with the offering and listing of units of the Trust on the SGX-ST, the Trust, the Trustee-Manager, the Joint Issue Managers, the Joint Global Coordinators, the Joint Bookrunners and Joint Underwriters have relied on MPA to ensure that the relevant information from the relevant source has been reproduced in its proper form and context and that the information is extracted accurately and fairly from the relevant source. None of the Trust, the Trustee-Manager, the Joint Issue Managers, the Joint Global Coordinators, the Joint Bookrunners and Joint Underwriters or any other party has conducted an independent review of the information from such source or verified the accuracy or completeness of the relevant information.*

adoption (e.g. increased usage of online video services), others have been driven by the growth in market size or addressable market and government initiatives, for example, and have an indirect (but important) impact on growth in broadband subscriptions.

Overall, the increase in number of fibre broadband subscriptions and fibre connections in Singapore, in the residential, non-residential and NBAP segments, continues to be driven and sustained by several factors. The key drivers of fibre broadband are:

- Growth in data consumption
- Growth in market size and addressable market for fibre connections
- Government initiatives
- Continued migration from older technology types to fibre broadband

### *3.1. Growth in Data Consumption*

Growing data consumption fuels the need for stable high-speed broadband access such as that through fibre broadband. Key concepts of data consumption include:

- File size: As image and video files increase in data size, transmitting them through a network or saving them on cloud-based storage requires high-speed broadband connections in order to complete the action in the shortest amount of time.
- Data/bandwidth-intensive applications: Applications and software that consume a lot of data in a short amount of time, such as video and audio streaming, require a robust broadband connection to deliver a smooth quality of service.
- Bandwidth: Refers to the data transfer capacity or speed of the broadband connection, and is measured in bits per second or bps. Higher bandwidth services allow greater amounts of data to be transferred in the same amount of time, compared to lower bandwidth services.
- Latency: The time delay for incoming or outgoing data in a network, measured in milliseconds. Low latency is desired for applications that require near-instant response times such as video conferencing, messaging and gaming. Low latency is a quality of high-speed data connection technologies such as fibre.

#### *3.1.1. Online Video and Audio Services*

Increased availability of online video and audio services, both domestic (e.g., Toggle, HOOQ, StarHub Go, Singtel CAST and AMPed) and foreign (e.g., YouTube, Netflix, Amazon Prime Video and Spotify), has changed the way consumers consume both video and audio content. Consumers are increasingly drawn to the proposition offered by online video and audio services, which provide attractive, interactive and customised content as well as the ability to watch/listen to it on-demand, both within and outside the home.

MPA estimates that there were 0.1 million subscription video on demand (SVOD) service subscribers in Singapore as at December 2016. MPA expects this to grow to 0.9 million by December 2021, representing a CAGR of 66% between 2016 and 2021.

Video services currently available in the market are typically in either 720p or 1080p video quality, and will require broadband connections with download speeds of 2-8Mbps for a smooth viewing experience. Higher-quality video such as Ultra High Definition (UHD) or 4K will require broadband connections with download speeds of approximately 25-30Mbps, and Virtual and Augmented Reality (VR and AR) services currently being tested in the market may require twice that speed for running two 4K streams for each lens. MPA expects the demand for bandwidth in the home to increase on account of the consumption of such services, intensifying reliance on fibre broadband services and a shift from other broadband technology types (HFC, ADSL) to fibre.

Furthermore, MPA believes that the shift in video consumption from traditional TV (i.e. free-to-air terrestrial TV and Pay-TV) to online video is likely to rise in the longer term. This will be a key driver for wireless and fibre broadband subscriptions. In a 2016 survey carried out by MPA on household video consumption preferences, over 49% of respondents indicated that they spend at least an equal amount of time watching video content online (via various devices, both within and outside the home) compared to time spent on traditional Pay-TV delivered via IPTV or cable TV.[35] The survey further indicated that in homes where both wired broadband and wireless broadband are available (i.e. broadband available via 3G or 4G services), 84% of the respondents stated that they spend most of their time connected to the wired broadband network. In addition, 65% of the respondents felt that one of the most important features they require of their online video service is the ability to stream to their main TV sets. The latter further highlights the importance and relevance of home broadband services delivered through wired broadband connections such as fibre.

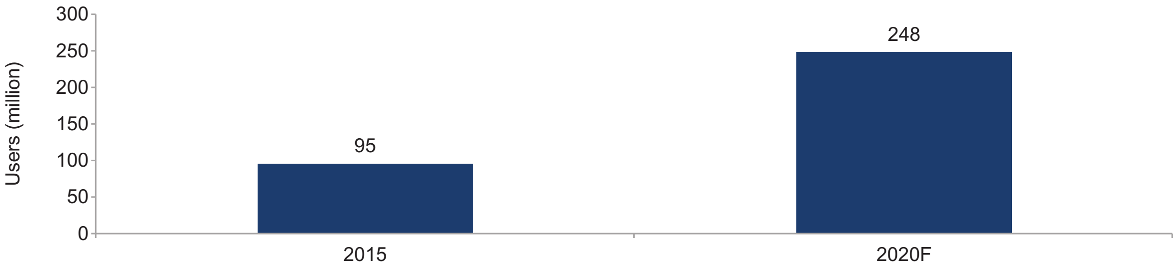
MPA believes that demand for high-speed wired broadband services within the home, as well as high-speed wireless broadband services (e.g. 5G) for users on the go, will increase significantly in the near term as a result of online video and audio services.

### *3.1.2. Video Communications*

Enterprises and individuals are increasingly using video conferencing platforms for communications because they are an efficient way to collaborate and work together visually from different locations. High bandwidth and low latency are required for each video conference call. In particular, for the enterprise sector, video conferencing offers features such as screen-sharing, multi-party connections and full-size high resolution displays, all of which require more bandwidth and low latency.

According to Cisco, the number of business video conference users globally is expected to increase at a CAGR of 21% from 95 million users in 2015 to 248 million users by December 2020 as shown below.[36]

**EXHIBIT 3.1: NUMBER OF BUSINESS VIDEO CONFERENCE USERS GLOBALLY**




*Source: Cisco, "Cisco Visual Networking Index (VNI) Complete forecast update, 2015-2020, (2015)" published on the website of Cisco at https://newsroom.cisco.com/press-release-content?articleId=1771211 last accessed in March 2017*[37]

[35] *MPA's survey of 1,000 respondents in Singapore was carried out between August-October 2016.*

[36] *Source: Cisco, "Cisco Visual Networking Index (VNI) Complete forecast update, 2015-2020, (2015)" published on the website of Cisco at https://newsroom.cisco.com/press-release-content?articleId=1771211 last accessed in March 2017. Cisco has not provided its consent, for purposes of Section 282I of the SFA, to the inclusion of the information cited and attributed to it, in this document prepared by MPA and is therefore not liable for such information under Sections 282N and 282O of the SFA. As this report has been prepared by MPA for the purposes of incorporation in the prospectus to be issued by the Trustee-Manager in connection with the offering and listing of units of the Trust on the SGX-ST, the Trust, the Trustee-Manager, the Joint Issue Managers, the Joint Global Coordinators, the Joint Bookrunners and Joint Underwriters have relied on MPA to ensure that the relevant information from the relevant source has been reproduced in its proper form and context and that the information is extracted accurately and fairly from the relevant source. None of the Trust, the Trustee-Manager, the Joint Issue Managers, the Joint Global Coordinators, the Joint Bookrunners and Joint Underwriters or any other party has conducted an independent review of the information from such source or verified the accuracy or completeness of the relevant information.*

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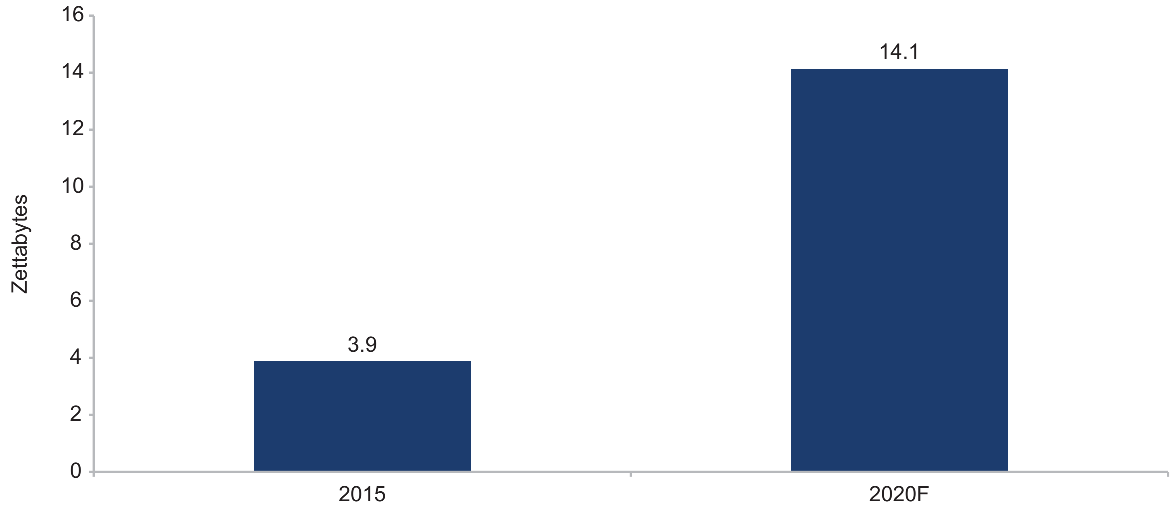
As users become accustomed to better quality video experience, the need for broadband services with higher bandwidth and lower latency will increase. For instance, vendors of video communications solutions are already recommending broadband connections of at least 100Mbps to deliver high quality video. Furthermore, with enhanced features such as 4K resolution and virtual reality environments, bandwidth requirements are likely to increase to speeds at which only fibre broadband connections can support.

### *3.1.3. Cloud Service Usage*

Cloud service usage by individuals and enterprises alike has proliferated as a cost-effective and convenient means to store and share large amounts of data. Cloud service usage is expected to be a key driver of data usage over the next five years and will require broadband connections with fast upload and download speeds and low latency.

In 2015, the global average data traffic generated from cloud storage per user per month was 513MB. By December 2020, Cisco forecasts that the traffic generated will increase to 1.7GB per user per month.[38] Overall annual data traffic due to usage of cloud storage is expected to grow more than three-fold from 3.9 Zettabytes (ZB = $10^{21}$ bytes) in 2015 to 14.1ZB in 2020.

**EXHIBIT 3.2: ANNUAL DATA TRAFFIC DUE TO CLOUD SERVICE USAGE**




*Source: Cisco's media release dated 10 November 2016 and entitled "Cisco Global Cloud Index Projects Cloud Traffic to Nearly Quadruple Representing 92 Percent of Total Data Center Traffic by 2020"*[39]

[38] *Source: Cisco's media release dated 10 November 2016 and entitled "Cisco Global Cloud Index Projects Cloud Traffic to Nearly Quadruple Representing 92 Percent of Total Data Centre Traffic by 2020". Cisco has not provided its consent, for purposes of Section 282I of the SFA, to the inclusion of the information cited and attributed to it, in this document prepared by MPA and is therefore not liable for such information under Sections 282N and 282O of the SFA. As this report has been prepared by MPA for the purposes of incorporation in the prospectus to be issued by the Trustee-Manager in connection with the offering and listing of units of the Trust on the SGX-ST, the Trust, the Trustee-Manager, the Joint Issue Managers, the Joint Global Coordinators, the Joint Bookrunners and Joint Underwriters have relied on MPA to ensure that the relevant information from the relevant source has been reproduced in its proper form and context and that the information is extracted accurately and fairly from the relevant source. None of the Trust, the Trustee-Manager, the Joint Issue Managers, the Joint Global Coordinators, the Joint Bookrunners and Joint Underwriters or any other party has conducted an independent review of the information from such source or verified the accuracy or completeness of the relevant information.*

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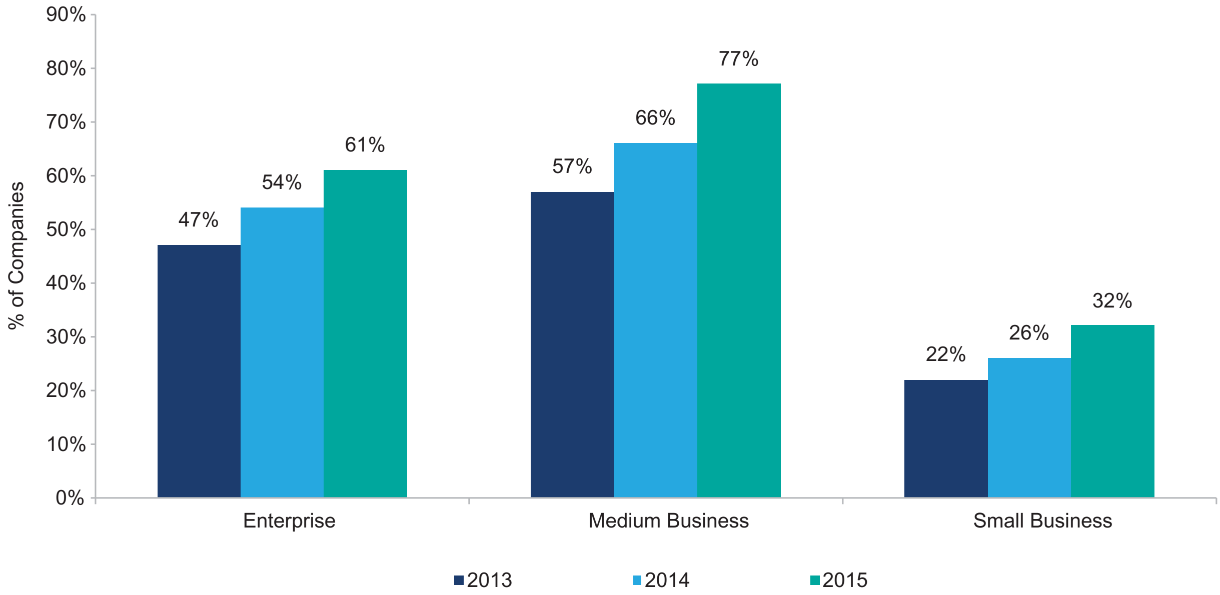
Cloud service applications for enterprises include enterprise resource planning, database storage and analytics, including Internet of Things (IoT) data and collaboration tools.

Cloud service applications for SMEs include:

- Cloud accounting software, productivity applications such as Office 365, data analytics tools, human resource management software and inventory management software
- Cloud-based POS applications, especially for retailers and the F&B sector, are relevant in Singapore as there were approximately 20,000 retail stores and 6,000 F&B outlets in 2016, according to DOS.[40] Historically, these businesses would not require broadband in the retail unit, but with the increasing availability of affordable and scalable cloud-based POS solutions, MPA believes demand by SMEs for wired broadband services will increase.

Exhibit 3.3 shows the results of a survey conducted by the Singapore Infocomm Technology Federation (SITF) relating to growth in Software as a Services (SaaS) adoption. It shows that, starting from a relatively low base, small businesses have the potential to adopt cloud services in the future.

**EXHIBIT 3.3: PERCENTAGE OF COMPANIES ESTIMATED TO HAVE ADOPTED SAAS**




*Source: Singapore Infocomm Technology Federation (SITF), "Cloud industry trends in Asia pacific and Singapore (2015)", published on the website of SITF at https://www.rhipe.com/wp-content/uploads/2015/06/RCCS15-SINGAPORE-SITF.pdf last accessed in March 2017*[41]

[40] *Source: DOS data for number of retail stores and F&B stores published on the website of DOS Singapore at http://www.tablebuilder.singstat.gov.sg/publicfacing/mainMenu.action last accessed in March 2017. DOS has not provided its consent, for purposes of Section 282I of the SFA, to the inclusion of the information cited and attributed to it, in this document prepared by MPA and is therefore not liable for such information under Sections 282N and 282O of the SFA. As this report has been prepared by MPA for the purposes of incorporation in the prospectus to be issued by the Trustee-Manager in connection with the offering and listing of units of the Trust on the SGX-ST, the Trust, the Trustee-Manager, the Joint Issue Managers, the Joint Global Coordinators, the Joint Bookrunners and Joint Underwriters have relied on MPA to ensure that the relevant information from the relevant source has been reproduced in its proper form and context and that the information is extracted accurately and fairly from the relevant source. None of the Trust, the Trustee-Manager, the Joint Issue Managers, the Joint Global Coordinators, the Joint Bookrunners and Joint Underwriters or any other party has conducted an independent review of the information from such source or verified the accuracy or completeness of the relevant information.*

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A point to note is that use of cloud services reduces the size of consumer devices because much of the processing is done in the cloud. This would also mean that a high-speed broadband connection is needed to transmit the data.

Key enablers of heavy cloud storage usage in a country across both individuals and businesses are high average download and upload speeds as well as low latency across connections.

### *3.1.4. Internet of Things*

A fast-growing and important part of many Smart Nation plans is the area of Internet of Things (IoT), which refers to technologies that enable networked devices to interact and communicate with one another, often wirelessly. Networked devices such as sensors can be mounted on vehicles, machines, buildings, people, animals, goods or city infrastructure (e.g. lamp posts).[42] The use cases for IoT deployments are expanding across industry verticals and functions.

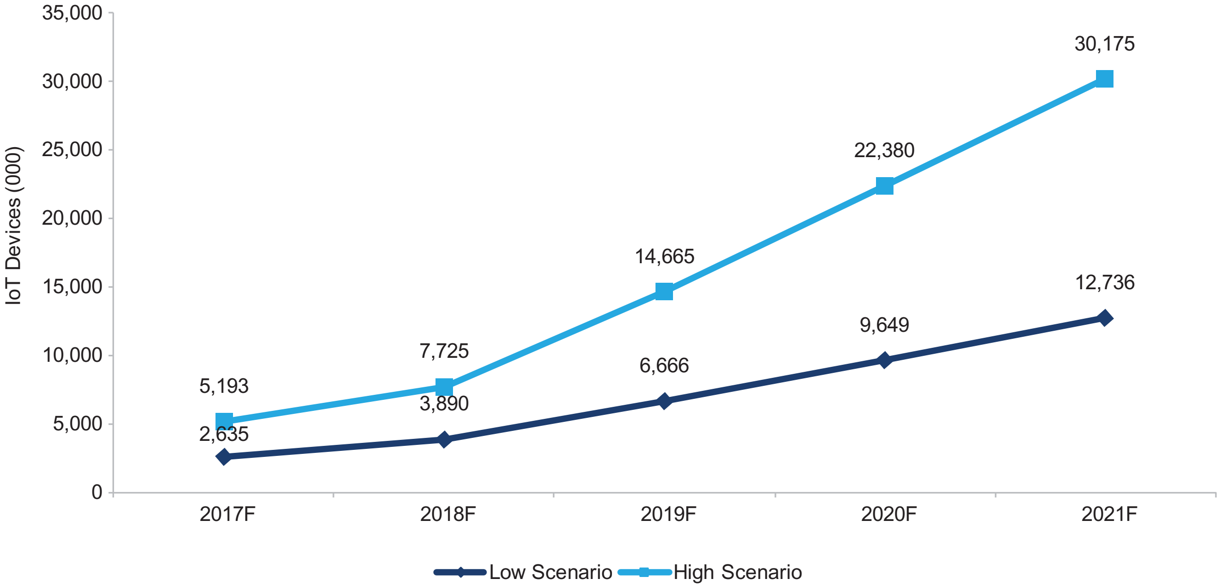
MPA expects IoT devices to drive demand for fibre broadband in two principal ways:

1. High-bandwidth requirements for big data aggregation: While individual IoT devices may only transmit small amounts of data, they need to communicate in tandem with other IoT devices in their given environment, requiring the central processing unit to cope with high volumes of traffic without any degradation in quality of service. For example, within the constraints of a home, smart appliances providing status updates would transmit multiple streams of data 24/7, some of which are time-critical. The home broadband service would need to handle this IoT-related traffic without any loss in quality of service for other data-heavy applications that might be used simultaneously, such as multiple-streaming 4K high-definition videos, HD video calls and cloud-based storage.
2. A traffic management system that connects all autonomous vehicles on the road with a central network. Autonomous vehicles may travel at high speeds and within close proximity of each other, and transmitting data with a command response time close to zero would be crucial for the safe operation of such a system.

Based on IoT use cases relevant to Singapore, MPA estimates the number of IoT devices in Singapore between 2017 and 2021 as set out in Exhibit 3.4 of this report. The projections are presented as high and low scenarios, given the uncertainty in estimating demand due to uncertainty in standards development, roll-out of network services, availability of devices and adoption of applications/services.

[42] *Networked devices are components which enable computers and other electronic devices to be connected to a central network that can facilitate resources sharing and data transmission.*

**EXHIBIT 3.4: ESTIMATED IOT DEVICES IN SINGAPORE**




*Source: PCA, PCA Database as at February 2017*[43]

*Note: These estimates count multiple sensors linked to a single device as only one IoT device. For example, a connected car may have several hundred sensors, but PCA has assumed this as a single IoT device*

[43] *PCA has not provided its consent, for purposes of Section 282I of the SFA, to the inclusion of the information cited and attributed to it, in this document prepared by MPA and is therefore not liable for such information under Sections 282N and 282O of the SFA. As this report has been prepared by MPA for the purposes of incorporation in the prospectus to be issued by the Trustee-Manager in connection with the offering and listing of units of the Trust on the SGX-ST, the Trust, the Trustee-Manager, the Joint Issue Managers, the Joint Global Coordinators, the Joint Bookrunners and Joint Underwriters have relied on MPA to ensure that the relevant information from the relevant source has been reproduced in its proper form and context and that the information is extracted accurately and fairly from the relevant source. None of the Trust, the Trustee-Manager, the Joint Issue Managers, the Joint Global Coordinators, the Joint Bookrunners and Joint Underwriters or any other party has conducted an independent review of the information from such source or verified the accuracy or completeness of the relevant information.*

### *3.2. Growth in Market Size and Addressable Market for Fibre Connections*

The increase in market size and addressable market contributes to demand for fibre connections indirectly and the growth can be attributed to a number of factors that include, but are not limited to:

*3.2.1. Economic Growth*

Singapore's gross domestic product (GDP) was S$404 billion as at December 2016, having grown 0.4% year-on-year. The International Monetary Fund (IMF) forecasts growth rates to be in the range of 2.5-3% between 2016 and 2021. MPA estimates Singapore's per capita GDP as at December 2016 to be US$52,623, and growing at a CAGR of 2.4% to US$59,180 by 2021, based on nominal GDP projections from the International Monetary Fund (IMF) and population figures from DOS. [44] [45]

MPA expects economic growth, both at the country and per capita levels, is expected to provide further impetus for fibre broadband subscriptions in Singapore as the relative affordability of fibre-based services continues to improve.

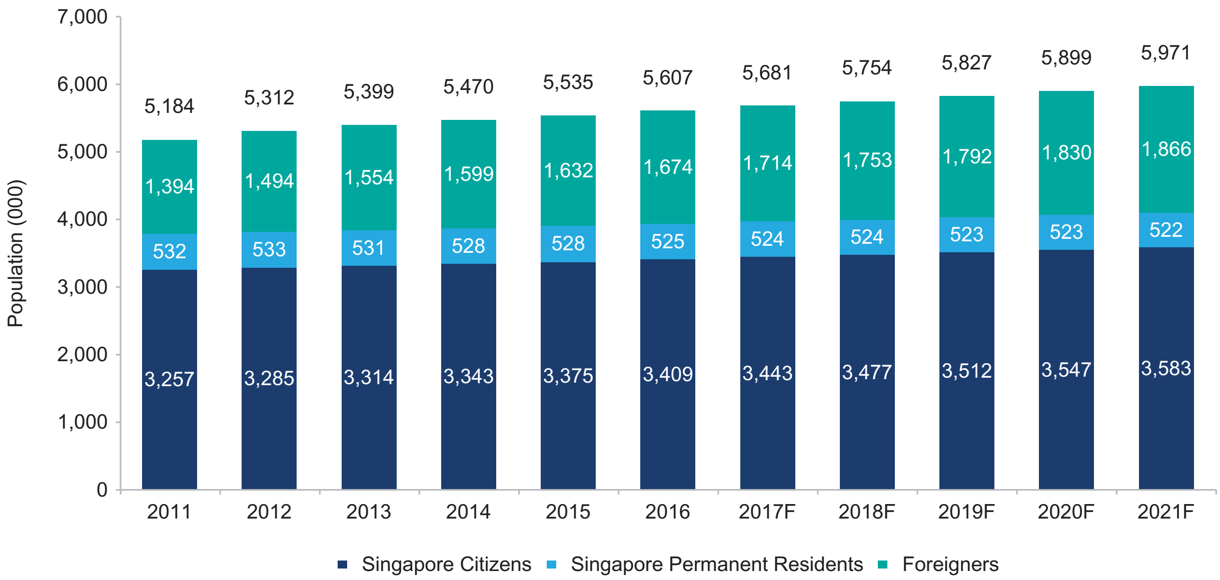
*3.2.2. Growth in population and households*

The total population of Singapore was 5.6 million as at December 2016, growing at a CAGR of 1.6% from 2011 to 2016. By 2021, MPA expects Singapore's population to increase to 6.0 million, growing at a CAGR of 1.3%. The growth in population is expected to directly and indirectly drive demand for fibre broadband subscriptions.

[44] *Source for GDP: IMF World Economic Outlook Database, October 2016 Edition. The IMF has not provided its consent, for purposes of Section 282I of the SFA, to the inclusion of the information cited and attributed to it, in this document prepared by MPA and is therefore not liable for such information under Sections 282N and 282O of the SFA. As this report has been prepared by MPA for the purposes of incorporation in the prospectus to be issued by the Trustee-Manager in connection with the offering and listing of units of the Trust on the SGX-ST, the Trust, the Trustee-Manager, the Joint Issue Managers, the Joint Global Coordinators, the Joint Bookrunners and Joint Underwriters have relied on MPA to ensure that the relevant information from the relevant source has been reproduced in its proper form and context and that the information is extracted accurately and fairly from the relevant source. None of the Trust, the Trustee-Manager, the Joint Issue Managers, the Joint Global Coordinators, the Joint Bookrunners and Joint Underwriters or any other party has conducted an independent review of the information from such source or verified the accuracy or completeness of the relevant information.*

[45] *DOS, Data for Singapore's population for years 2011 to 2016 from the website of DOS at http://www.singstat.gov.sg/docs/default-source/default-document-library/publications/publications_and_papers/population_and_population_structure/population2016.pdf last accessed in April 2017. DOS has not provided its consent, for purposes of Section 282I of the SFA, to the inclusion of the information cited and attributed to it, in this document prepared by MPA and is therefore not liable for such information under Sections 282N and 282O of the SFA. As this report has been prepared by MPA for the purposes of incorporation in the prospectus to be issued by the Trustee-Manager in connection with the offering and listing of units of the Trust on the SGX-ST, the Trust, the Trustee-Manager, the Joint Issue Managers, the Joint Global Coordinators, the Joint Bookrunners and Joint Underwriters have relied on MPA to ensure that the relevant information from the relevant source has been reproduced in its proper form and context and that the information is extracted accurately and fairly from the relevant source. None of the Trust, the Trustee-Manager, the Joint Issue Managers, the Joint Global Coordinators, the Joint Bookrunners and Joint Underwriters or any other party has conducted an independent review of the information from such source or verified the accuracy or completeness of the relevant information.*

## EXHIBIT 3.5: SINGAPORE POPULATION

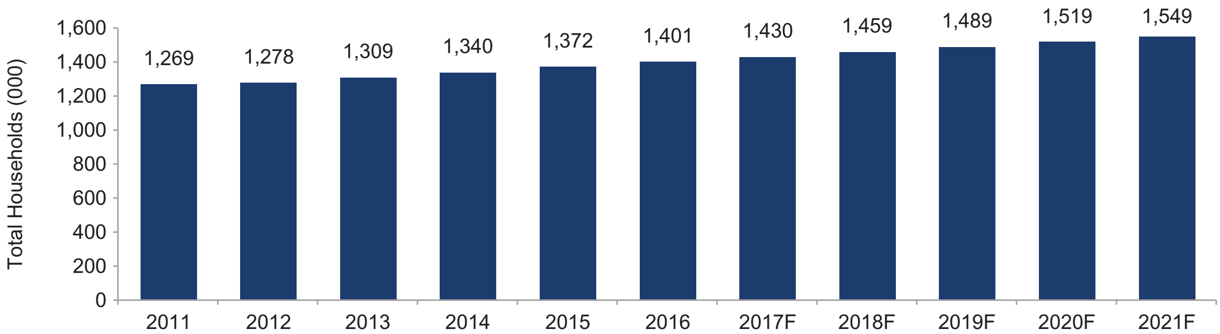



*Source: DOS, Singapore's population for years 2011 to 2016 from the website of DOS at http://www.singstat.gov.sg/docs/default-source/default-document-library/publications/publications_and_papers/population_and_population_structure/population2016.pdf last accessed in April 2017, MPA, data for Singapore's population, for forecasts from 2017 to 2021*[46]

MPA expects total households to grow in line with population. As at December 2016, MPA estimates that there were 1.40 million total households in Singapore, of which 1.25 million households are headed by Singaporean citizens and permanent residents (commonly known as resident households by DOS) and 0.15 million households are headed by foreigners.

By December 2021, MPA estimates that total households will increase to 1.55 million growing at a CAGR of 2.0% between 2016 and 2021. MPA further estimates that by December 2021, a significant proportion (92%) of total households will take up fibre broadband subscriptions, as awareness, affordability and network availability improve (refer to Exhibit 2.2 of this report).

## EXHIBIT 3.6: SINGAPORE TOTAL HOUSEHOLDS



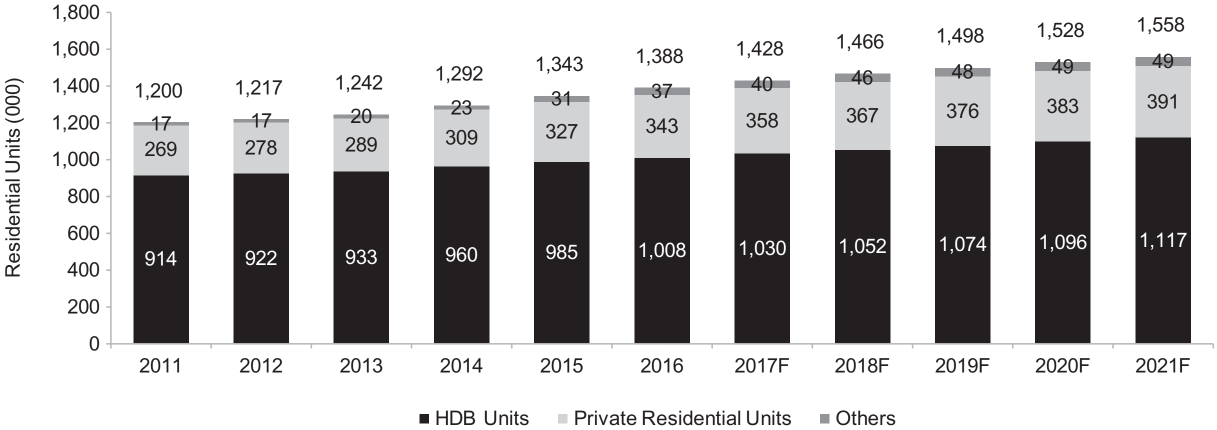

*Source: MPA*

[46] *DOS has not provided its consent, for purposes of Section 282I of the SFA, to the inclusion of the information cited and attributed to it, in this document prepared by MPA and is therefore not liable for such information under Sections 282N and 282O of the SFA. As this report has been prepared by MPA for the purposes of incorporation in the prospectus to be issued by the Trustee-Manager in connection with the offering and listing of units of the Trust on the SGX-ST, the Trust, the Trustee-Manager, the Joint Issue Managers, the Joint Global Coordinators, the Joint Bookrunners and Joint Underwriters have relied on MPA to ensure that the relevant information from the relevant source has been reproduced in its proper form and context and that the information is extracted accurately and fairly from the relevant source. None of the Trust, the Trustee-Manager, the Joint Issue Managers, the Joint Global Coordinators, the Joint Bookrunners and Joint Underwriters or any other party has conducted an independent review of the information from such source or verified the accuracy or completeness of the relevant information.*

### *3.2.3. Growth in Residential Premises*

MPA analysis indicates that residential premises, defined as units (occupied and unoccupied) that are currently available in the market including HDB units, condominiums and landed houses, grew by a CAGR of 3.0% between 2011 and 2016. MPA forecasts residential premises to grow at a lower CAGR of 2.3% between 2016 and 2021. During this period, approximately 170,000 new residential premises are expected to become available in the market. It is further expected that all new units will be fibre-ready on account of existing regulations governing the deployment of Next Gen NBN in Singapore. The phasing out of older broadband technology types as well as the availability of ready-to-use fibre connection points, among others, are expected to encourage and facilitate the switch and subscription to fibre broadband services.

**EXHIBIT 3.7: RESIDENTIAL PREMISES IN SINGAPORE**




*Source: MPA analysis, based on information on residential units between the years 2011 to 2016 from the website of DOS at http://www.tablebuilder.singstat.gov.sg/ last accessed in April 2017*[47]

### *3.2.4. Demand for Multiple Fibre Broadband Subscriptions*

In the residential segment, there is a small but increasing trend of multiple fibre broadband subscriptions in the same residential premises. This demand is mainly from multi-generation homes which have an extended family living together but in separate areas of the residence, or by multi-tenanted homes in which home owners rent out portions of their homes to other tenants. MPA estimates that while only 2-3% of total households had multiple fibre broadband subscriptions in 2016, this is projected to grow to 5-6% by 2021.

[47] *DOS has not provided its consent, for purposes of Section 282I of the SFA, to the inclusion of the information cited and attributed to it, in this document prepared by MPA and is therefore not liable for such information under Sections 282N and 282O of the SFA. As this report has been prepared by MPA for the purposes of incorporation in the prospectus to be issued by the Trustee-Manager in connection with the offering and listing of units of the Trust on the SGX-ST, the Trust, the Trustee-Manager, the Joint Issue Managers, the Joint Global Coordinators, the Joint Bookrunners and Joint Underwriters have relied on MPA to ensure that the relevant information from the relevant source has been reproduced in its proper form and context and that the information is extracted accurately and fairly from the relevant source. None of the Trust, the Trustee-Manager, the Joint Issue Managers, the Joint Global Coordinators, the Joint Bookrunners and Joint Underwriters or any other party has conducted an independent review of the information from such source or verified the accuracy or completeness of the relevant information.*

### *3.2.5. Growth in Number of Enterprises and Office Space*

According to the ACRA, there were approximately 504,000 businesses registered in Singapore as at December 2016. However, not all registered businesses are actively in operation.[48] DOS states that there were 217,000 businesses in active operation in 2016.[49] Singapore continues to be among the world's easiest places to do business and, with general economic growth forecasted to remain stable over the next five years, MPA expects businesses in active operation in Singapore to grow at a stable rate to 298,000 by 2021, equivalent to a CAGR of 6.6% between 2016 to 2021.

Furthermore, data from the URA indicates that net office space grew from 7.3 million square metres in 2011, to 7.7 million square metres at December 2016, driven by a combination of new constructions in the CBD, as well as the creation and expansion of specialised areas for activity outside of the CBD such as the Mediapolis area in West Singapore (for media-related companies).[50] [51]

Between 2016 and 2021, MPA expects the total net office space to grow at a CAGR of 1.7%, growing to 8.3 million square metres, indicating the continued expansion of the enterprise/business sector in Singapore.

As businesses require access to stable broadband connectivity which is afforded by wired connections, MPA expects demand for fibre broadband services from the non-residential segment to be stable and growing in tandem with the increased business space in Singapore, particularly outside of the CBD, in areas such as the upcoming Jurong Innovation District (JID), Mapletree Business City II and Mediapolis. MPA expects this to benefit NetLink Trust as the fibre networks of incumbent telco operators are not as comprehensive outside of the CBD.

### *3.2.6. Demand from Mobile Telco Operators*

MPA expects mobile telco operators in Singapore to provide faster speeds with lower latency to their subscribers to meet the higher data consumption usage habits. To address these market demands,

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48 *Source: ACRA, data for businesses registered 2016 from the website of ACRA at https://www.acra.gov.sg/entity_count.aspx last accessed in March 2017. ACRA has not provided its consent, for purposes of Section 282I of the SFA, to the inclusion of the information cited and attributed to it, in this document prepared by MPA and is therefore not liable for such information under Sections 282N and 282O of the SFA. As this report has been prepared by MPA for the purposes of incorporation in the prospectus to be issued by the Trustee-Manager in connection with the offering and listing of units of the Trust on the SGX-ST, the Trust, the Trustee-Manager, the Joint Issue Managers, the Joint Global Coordinators, the Joint Bookrunners and Joint Underwriters have relied on MPA to ensure that the relevant information from the relevant source has been reproduced in its proper form and context and that the information is extracted accurately and fairly from the relevant source. None of the Trust, the Trustee-Manager, the Joint Issue Managers, the Joint Global Coordinators, the Joint Bookrunners and Joint Underwriters or any other party has conducted an independent review of the information from such source or verified the accuracy or completeness of the relevant information.*

49 *Source: DOS, data for businesses 2016 from the website of DOS at http://www.singstat.gov.sg/publications/publications-and-papers/reference/yoscontents last accessed in March 2017. DOS has not provided its consent, for purposes of Section 282I of the SFA, to the inclusion of the information cited and attributed to it, in this document prepared by MPA and is therefore not liable for such information under Sections 282N and 282O of the SFA. As this report has been prepared by MPA for the purposes of incorporation in the prospectus to be issued by the Trustee-Manager in connection with the offering and listing of units of the Trust on the SGX-ST, the Trust, the Trustee-Manager, the Joint Issue Managers, the Joint Global Coordinators, the Joint Bookrunners and Joint Underwriters have relied on MPA to ensure that the relevant information from the relevant source has been reproduced in its proper form and context and that the information is extracted accurately and fairly from the relevant source. None of the Trust, the Trustee-Manager, the Joint Issue Managers, the Joint Global Coordinators, the Joint Bookrunners and Joint Underwriters or any other party has conducted an independent review of the information from such source or verified the accuracy or completeness of the relevant information.*

50 *Source: DOS and URA for data on net office space found in http://www.singstat.gov.sg/docs/default-source/default-document-library/publications/publications_and_papers/reference/yearbook_2016/yos2016.pdf last accessed in April 2017. DOS and URA have not provided its consent, for purposes of Section 282I of the SFA, to the inclusion of the information cited and attributed to it, in this document prepared by MPA and is therefore not liable for such information under Sections 282N and 282O of the SFA. As this report has been prepared by MPA for the purposes of incorporation in the prospectus to be issued by the Trustee-Manager in connection with the offering and listing of units of the Trust on the SGX-ST, the Trust, the Trustee-Manager, the Joint Issue Managers, the Joint Global Coordinators, the Joint Bookrunners and Joint Underwriters have relied on MPA to ensure that the relevant information from the relevant source has been reproduced in its proper form and context and that the information is extracted accurately and fairly from the relevant source. None of the Trust, the Trustee-Manager, the Joint Issue Managers, the Joint Global Coordinators, the Joint Bookrunners and Joint Underwriters or any other party has conducted an independent review of the information from such source or verified the accuracy or completeness of the relevant information.*

51 *Net office space/total office space is the sum total of private and public office space as defined by URA. It excludes retail, factory and warehouse space.*

mobile telco operators must increase network coverage and capacity with additional cellular base stations. Fibre network infrastructure will be the most suitable backhaul to link their base stations to their central server networks due to fibre's capacity to handle large volumes of data and support a higher quality of service than other technologies. Leveraging on existing available fibre network infrastructure can be more cost-effective for mobile operators, in particular for new entrants, than building out their own separate networks. This is especially true when the fibre network infrastructure is available nationwide and belongs to an independent party such as NetLink Trust.

The need for fibre connections will arise from existing mobile telco operators and the new fourth operator in Singapore:

- MPA estimates that the existing three mobile telco operators currently operate between 8,000-9,000 cellular base stations in Singapore. This number could double over the next five years from deployments of small cell base stations for HetNet and 5G purposes.
- Another source of demand will come from the deployment requirements of the fourth mobile telco operator, TPG Telecom ("TPG"), who was awarded the operator licence in December 2016. The coverage obligations the government has imposed on TPG as a condition of the licence are as follows:[52]
  - Deploy nationwide outdoor service coverage by 31 December 2018[53]
  - Road tunnels and in-building service coverage by 31 December 2019
  - Underground MRT stations/lines service coverage by 31 December 2021
- MPA estimates that for TPG to meet these obligations, it will need to deploy approximately 3,000 base stations by the end of 2020. MPA believes it would be challenging for TPG to meet these infrastructure requirements by building its own backhaul given the timeframes set out by the government. As such, it will likely require an impartial third-party fibre network infrastructure to connect to between 50-70% of its base stations implying between 1,500 and 2,100 non-residential and NBAP connection points. MPA believes that NetLink Trust is a likely candidate to benefit from TPG's launch. In addition, NetLink Trust can offer TPG the following:
  - Fibre connectivity for TPG's network / backbone
  - Ducts and manholes constructions, if required

### *3.2.7. Provision of VoIP Telephony Services*

Presently, Singtel is obligated under its Universal Service Obligation to offer fixed line voice services to all residential premises. Since COPIF 2013 requires at least one fibre termination point pre-installed in new residential units (as detailed in Section 3.3.1 of this report), Singtel, as the incumbent provider, has announced that it will rely on fibre connections to provide such fixed land line voice services (known as VoIP telephony) starting from December 2013. Should households in these premises not require broadband services, as long as they require VoIP, they will contribute to additional demand for NetLink Trust's fibre connections.

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*[52] Source: IMDA, IMDA license agreement with TPG telecom published on the website of IMDA at https://www.imda.gov.sg/~/media/imda/files/regulation%20licensing%20and%20consultations/licensing/licensees/fbo/tpgtelecom.pdf?la=en last accessed in April 2017. IMDA has not provided its consent, for purposes of Section 282I of the SFA, to the inclusion of the information cited and attributed to it, in this document prepared by MPA and is therefore not liable for such information under Sections 282N and 282O of the SFA. As this report has been prepared by MPA for the purposes of incorporation in the prospectus to be issued by the Trustee-Manager in connection with the offering and listing of units of the Trust on the SGX-ST, the Trust, the Trustee-Manager, the Joint Issue Managers, the Joint Global Coordinators, the Joint Bookrunners and Joint Underwriters have relied on MPA to ensure that the relevant information from the relevant source has been reproduced in its proper form and context and that the information is extracted accurately and fairly from the relevant source. None of the Trust, the Trustee-Manager, the Joint Issue Managers, the Joint Global Coordinators, the Joint Bookrunners and Joint Underwriters or any other party has conducted an independent review of the information from such source or verified the accuracy or completeness of the relevant information.*

*[53] The outdoor service coverage must extend to the whole island of Singapore (excluding MRT underground stations/lines and road tunnels), the offshore islands and the territorial waters up to 15 kilometres from the coast line of the island of Singapore, except where limitations in service coverage are due to technical requirements imposed by IMDA, such as that to limit interference with neighbouring countries.*

### 3.3. Government Initiatives

A number of Singapore government initiatives facilitate demand for fibre broadband subscriptions and fibre connections. These include:

*3.3.1. Code of Practice for Info-Communication Facilities in Buildings 2013 (COPIF 2013)*

According to COPIF 2013, all new residential units that have received a planning permit after May 2013 are required to have at least one fibre termination point pre-installed within the unit. It is the responsibility of the building developers to ensure fibre readiness of the residential units through installation of fibre termination points. This has increased the availability of fibre connections to residential units and reduced the time required for provisioning of fibre services.

*3.3.2. Wireless@SG*

The Singapore government's public Wi-Fi hotspot initiative, named "Wireless@SG", currently covers 10,000 hotspots nationwide. The government has further mandated both an increase in speeds offered on Wireless@SG, as well as a doubling of the number of hotspots to 20,000. For the additional hotspots, IMDA has specified that all newly deployed hotspots must have a fibre connection of at least 100Mbps for sites with one access point, and up to 500Mbps for sites with 10 access points. IMDA further requires each hotspot to be able to support a minimum of twenty concurrent devices at downlink access speeds of up to 5Mbps. These new specifications are expected to drive demand for fibre connections.

MPA notes that the Singapore government does not envisage Wireless@SG to be a replacement for wired broadband subscriptions. The roll-out has predominantly been limited to the CBD or retail/public areas, and is meant for mobile devices and on-the-go usage. It is unlikely that end-users will get sufficient performance from the wireless network's connectivity due to signal strength and quality degradation by physical obstructions, as well as network congestion caused by over usage.

*3.3.3. Fibre Ready Scheme*

One of several initiatives launched by IMDA to encourage the enterprise/corporate sector to adopt fibre broadband is the Fibre Ready Scheme (FiRS). The FiRS was introduced as part of the ICT for Productivity and Growth (IPG) programme in 2014 by IMDA. The Singapore government had earmarked a budget of S$500 million for the IPG programme over three years (2014-2016), aiming to accelerate the adoption of ICT solutions among SMEs and boost SMEs' productivity and growth.

The FiRS initiative targets building owners of non-residential buildings, and covers the one-time installation costs of in-building fibre infrastructure (including fibre tubes and trays, but excluding fibre cables and underground ducts). Under the FiRS, building owners are eligible to apply for a subsidy of up to 90% of the cost of new in-building fibre infrastructure, capped at $300,000. A budget of S$200 million has been set aside for the FiRS, and is available till 31 January 2018 or till the funds are exhausted, whichever is earlier.

Under the scheme, building owners can appoint an installer to do a one-time deployment of fibre infrastructure (excluding actual fibre cables). Following this, individual tenants are free to select the fibre network infrastructure provider of their choice to lay the actual fibre network within the building. Prior to this scheme, tenants were required to each hire their own contractors to build the supporting infrastructure, creating delays and logistical problems for building management. The FiRS aims to stimulate demand for fibre broadband subscriptions by improving turnaround time and effort required.

*3.3.4. Grants for SMEs*

To improve the performance and productivity of SMEs, the Singapore government has put in place a number of financial grants. Some of these grants, such as the Capability Development Grant (CDG), can be utilised by SMEs to implement and adopt new technology, and will fund up to 70% of the costs of deployment. Others, such as the ICT for Productivity and Growth (IPG) programme, drive demand for fibre broadband subscriptions amongst SMEs by providing a 50% subsidy, capped at S$120 per month for up to 24 months, for businesses that subscribe to a fibre broadband plan with speeds of at least 100Mbps. Public-facing businesses that are keen to deploy Wireless@SG services in their premises are provided an additional grant to offset up to 50% of the cost of their equipment, capped at S$2,400.

*3.3.5. Other Ongoing and Future Government-Led Initiatives, Including Smart Nation Programme*

In 2016, the Singapore government formed the Committee for Future Economy (CFE), and tasked it with outlining plans and initiatives that would ensure the competitiveness of Singapore's economy on a regional and global scale.

The CFE published its report in February 2017 and outlined in it a number of new initiatives, which the government and its agencies should embark on. This includes building strong digital capabilities in both the public and private sector, imparting training to government employees in cyber-security and setting up a programme office that focuses on developing regulations which enable greater use of data via establishment of data science projects. MPA expects these initiatives to increase the demand for high-bandwidth broadband networks in both residential and non-residential segments, both of which are currently provided by NetLink Trust.

Implementation of the recommendations outlined in the CFE report has already begun, with the Singapore government earmarking S$80 million in the 2017 budget to enable SMEs to build digital capabilities. To aid these efforts, the SMEs Go Digital programme, led by SPRING Singapore and IMDA, was launched in March 2017. The programme is designed to help SMEs build stronger digital capabilities in the areas of ordering and payment, fleet management, cybersecurity, data protection and data analytics. Government grants for adopting infocomm media solutions as well as access to expert advice on deployment of these solutions are also made available to SMEs under this scheme.

Singapore Prime Minister Lee Hsien Loong had also highlighted the importance of technology to the nation's well-being and development in a recent speech. As part of the wider Smart Nation Programme, PM Lee had indicated the need for a nationwide sensor network, connecting various government departments and agencies and linking the various data sets for enhanced analysis. This programme, when implemented, will require a wide-reaching wired broadband network, providing additional opportunities for NetLink Trust to leverage its nationwide fibre broadband network.

Additional information on the Smart Nation Programme and related government programmes are further outlined in Section 5.

MPA has noted that, historically, a number of government tender contracts to provide fibre connectivity to government linked agencies and public spaces such as hawker centres, community centres, and schools included provisions which required the successful bidder to contract Nucleus Connect, as the government-appointed OpCo under the Next Gen NBN. Nucleus Connect in turn procured the fibre connections from NetLink Trust. While it is not certain whether such arrangements will continue in future, MPA believes that NetLink Trust is well-positioned to continue to fulfil government tenders due to its nationwide network coverage and origins as the NetCo of the Next Gen NBN.

### *3.4. Continued Migration from Older Technology Types to Fibre Broadband*

The Next Gen NBN platform allows RSPs to offer fibre services to end-users using NetLink Trust's passive fibre network infrastructure, which is rate-regulated and non-discriminatory. Following the launch of the then OpenNet's (now NetLink Trust) services in 2010, aside from the three incumbent telco operators, several new RSPs have commenced fibre broadband services, which resulted in fibre becoming the primary platform of broadband connectivity.

In 2013/2014, in a bid to attract customers and gain market share, new RSPs resorted to aggressive price-based competition, either by cutting prices on their broadband packages or by selling higher speed plans at similar or marginally higher prices than the older, slower-speed plans. These prices were subsequently matched by the incumbent wired broadband RSPs, including Singtel and StarHub, to prevent loss of market share. Incumbent RSPs (Singtel and StarHub) have also been actively migrating customers from their legacy broadband platform (ADSL and HFC respectively) to fibre broadband, which continues to drive the growth of fibre broadband subscriptions.

This price competition has resulted in a noticeable decline in prices of residential wired broadband subscriptions. Cable broadband services, which have speeds of 100Mbps and were priced at approximately S$69 per month in 2010, are currently available for free (as part of a dual-fibre broadband package) or for as low as S$29.90 per month. At the higher end of the market, prices of 1Gbps residential fibre broadband subscriptions have dropped from S$300-400 per month in 2010/2011, to S$32-60 per month in March 2017, becoming more affordable to consumers. While

RSPs have ceased direct price-based discounting, customers coming out of contracts have been incentivised to re-contract or switch to a new provider with offers of several months of free broadband access, as well as the bundling of other services such as online video streaming, Pay-TV, mobile and other services.

MPA estimates that as at December 2016, there were 0.25 million non-fibre (HFC and ADSL) wired broadband subscriptions, representing 18%, of the aggregate number of residential and non-residential wired broadband subscriptions of 1.35 million. RSPs have the opportunity to grow fibre broadband subscriptions by targeting users of such non-fibre broadband services to convert to fibre.

MPA notes that neither price competition amongst RSPs, nor residential end-users' switching between RSPs for fibre broadband services will negatively affect NetLink Trust's revenue because the residential fibre connections are in each case provisioned by NetLink Trust, for which it is paid at regulated prices.

**4. Potential Challenges for Fibre Network Infrastructure, Fibre Broadband and NetLink Trust**

This section covers the potential challenges that fibre network infrastructure, fibre broadband and NetLink Trust may face in the near to medium term. MPA has assessed the relevancy of fibre moving forward, taking into account the durability of fibre network infrastructure components and the continued compatibility with future designs of active data transmission equipment. MPA has also assessed the risk of new passive fibre network infrastructure players entering the market via greenfield and brownfield strategies, and the risk of replacement of fibre by alternative technology types. Lastly, MPA has reviewed NetLink Trust's quality of service obligations and commented on IMDA's regulatory pricing framework on NetLink Trust.

***4.1. Continued Relevancy and Useful Life of Fibre Network Infrastructure***

MPA believes fibre network infrastructure is set to be the underlying backbone of broadband connectivity for the foreseeable future. Key reasons are set out below:

- Higher speeds: Fibre can support higher speeds than alternate technology types based on copper and wireless (see Section 4.3 of this report).
- High durability: The durability of fibre and ducts is high. The typical accounting life is 25 years for fibre and 50 years for ducts and manholes. However, in practice, MPA believes these physical assets last much longer, especially in the case of NetLink Trust as large components of the fibre network infrastructure are buried underground in Singapore and therefore less exposed to weather and other elements that cause wear and tear.
- Continued compatibility with future designs of active data transmission equipment: Besides Singapore, governments and telco operators in Australia, New Zealand, the UK and many other countries have invested and continue to invest billions of dollars on passive fibre network infrastructure. Major manufacturers of telecommunications active data transmission equipment are likely to base their ongoing and future research & development (R&D) on the capabilities and specifications of the existing fibre network infrastructure, to ensure that their active data transmission equipment can remain compatible with such existing passive fibre network infrastructure and be sold to and used by the telco operators.
- Lower maintenance costs: MPA estimates that the cost to maintain fibre network infrastructure is 60% lower than the cost of HFC maintenance. For passive optical networks, which is the technology used by NetLink Trust, the annual maintenance costs are typically as such:
  - 0.05% of cumulative capital expenditure
  - 26% of annual operating expenditure (excluding depreciation)

  MPA understands that NetLink Trust has managed to achieve a significantly lower maintenance cost.

***4.2. New Entrant and Deployment of a Parallel Fibre Network Infrastructure in Singapore***

While third parties may attempt to replicate the existing fibre network infrastructure deployed by NetLink Trust, there exists significant barriers to entry for them to do so. As previously discussed, NetLink Trust's deployment of the passive fibre network infrastructure benefitted from a significant financial grant from the government and MPA does not foresee the government providing any further subsidies or grants to a new entrant. As a result, while the government has not stated that it would stop a new party from entering the space, MPA's view is that building another nationwide fibre network infrastructure to achieve the same extent of coverage as that of NetLink Trust would be logistically as well as financially challenging.

From a logistical and timing perspective:

- The required road and lane closures to lay manholes and ducts and roll-out the fibre network infrastructure would cause a high degree of inconvenience to road users across the country. Given the comprehensive nature of NetLink Trust's fibre network, the benefit to the country of another similar network is not clear.
- Building owners may not cooperate in laying duplicate fibre cables in-building as it takes time and the fibre cables takes up additional space in the risers and cable trays. This could delay the roll-out.
- NetLink Trust was able to provide nationwide coverage of mainland Singapore and its connected islands in under four years, partly due to its access of Singtel's existing ducts and manholes and the push from the government. Today, a new entrant would likely take much longer time, by which point NetLink Trust would be even more established in the market.
- While a brownfield entrant planning to use a combination of self-owned and NetLink Trust's ducts and manholes could be a more realistic source of competition, it would be challenging to achieve the same extensive coverage as NetLink Trust. Access to lead-in ducts and manholes are regulated under the Reference Access Offer (RAO), and NetLink Trust would need to share these with the brownfield entrant. However, for other ducts and manholes, the brownfield entrant would need to expand its own network of ducts and manholes and/or enter into a commercial agreement with NetLink Trust for use of its ducts and manholes. (Singtel is currently the only lessee of NetLink Trust's ducts and manholes via an IMDA-approved tariff due to legacy considerations).

MPA notes that it is therefore unlikely that any greenfield or brownfield entrant would be able to achieve coverage as extensive as NetLink Trust's and achieve the necessary economies of scale.

From a financial perspective:

- MPA estimates that the cost to roll-out a similar network to NetLink Trust's is at several billion dollars especially if there is a need to dig access routes and lay ducts.

In the non-residential and NBAP segments, existing fibre network infrastructure providers such as Singtel and StarHub, and to a lesser degree M1 and SP Telecom, are competitors to NetLink Trust. The fibre network infrastructure of these providers are concentrated in areas such as the CBD, selected commercial areas and business parks across the island, which are dense areas in order to cover the most number of potential customers with a limited amount of resources. As of December 2016, MPA estimates that Singtel's share of non-residential wired broadband subscriptions running on Singtel's own cables (fibre and ADSL) was larger than that of NetLink Trust's non-residential business. Nonetheless, by virtue of its Universal Service Obligation, NetLink Trust has the widest fibre coverage of all fibre network infrastructure providers, which enables it to rapidly move into new business areas and partner with multiple RSPs to offer fibre connections to non-residential customers.

### *4.3. Risk of Replacement of Fibre Broadband by Alternative Technology Types*

For the reasons stated below, MPA believes that fibre broadband is better-placed than other alternative wired technology types to meet the expected needs of consumers and businesses for high speed connectivity. In addition, MPA believes that wireless solutions will continue to play a complementary role to wired solutions. More importantly, wired network infrastructure will be needed to provide the backhaul required for such wireless solutions. There is very low risk of replacement of fibre broadband by alternative technology types.

- ADSL: Access through ADSL is still available in Singapore. This generally involves copper cable from the street cabinet to the backbone but can also include fibre from the street cabinet to the backbone network. In both instances copper cable is used to connect from the cabinet to the end-user's premises. However, this technology can only achieve speeds of up to 25Mbps and therefore cannot compete with the speeds end-users can get with fibre connections. Furthermore, it is asymmetric in nature, which means upload speeds are slower than download speeds and may not suit individuals/businesses for sharing of large files.

- G.Fast: A relatively new technology that is undergoing testing in several countries. While G.Fast increases the speed of existing copper networks to 500Mbps, connectivity is still delivered on an asymmetric basis. Early experience shows that a high volume of G.Fast cabinets are required to be built, which in turn leads to operational challenges and potentially service quality and financial challenges.
- HFC: HFC operators worldwide generally operate on DOCSIS 3.0 protocol, which is able to support 200-250Mbps on an asymmetric basis. The next version of this protocol, DOCSIS 3.1, has worked at speeds up to 10Gbps but this technology is in trial stage and remains unproven in large-scale deployment. In a live deployment, DOCSIS 3.1 may only match entry-level fibre speeds of around 1Gbps. While StarHub could potentially upgrade its existing DOCSIS 3.0 network to DOCSIS 3.1 and continue to use its existing HFC infrastructure, the cost to upgrade may not be worthwhile if the achieved speeds only match entry-level fibre broadband speeds. Furthermore, StarHub may not continue operating its HFC network as MPA estimates that maintenance costs of the HFC network are 60% higher than those on fibre PON networks. Given there is already a nationwide fibre PON network infrastructure in place, MPA believes operators including StarHub are unlikely to continue with their legacy infrastructure in the medium to long term and instead opt to migrate customers to NetLink Trust's fibre network.
- 4G and 5G wireless networks: 4G/5G networks provide mobility whilst fibre networks are fixed, and as such, cannot be compared directly. Over the next 4 to 5 years, 4G networks are expected to support faster speeds from 10Mbps to 1Gbps through the evolution of LTE to LTE Advanced and to LTE Pro. MPA believes that thereafter, while 5G architecture standards have not yet been agreed upon, 4G and 5G networks are likely to co-exist and support applications that require high speeds and/or low latency.

In MPA's view, wireless broadband services from 4G/5G networks suffer from network (base station) congestion as well as signal degradation caused by physical obstructions to the cellular signals such as buildings and walls. These two factors suggest that a wireless broadband connection cannot provide the reliability and average speeds of a wired broadband service such as that provided via fibre. This is especially so in a heavily built-up environment such as Singapore. Furthermore, the Singapore government has a number of regulations governing the placement of base stations, which include restrictions on height and proximity to building ledges. This will further impact the overall coverage of a 4G/5G network in dense residential and commercial areas. As such, MPA believes wired connections will continue to be the most common type of connection in both homes and offices.

Furthermore, MPA believes that 5G networks will rely on fibre network infrastructure backhaul. 5G networks are expected to support multi-Gbps access speeds, which will require a relatively large number of base stations (each with small coverage area) for optimal performance. To ensure 5G users get sufficient bandwidth, these numerous base stations will each require a backhaul connection. In this way, the roll-out of 5G networks is likely to boost demand for fibre network infrastructure and fibre connections.

### *4.4. Quality of Service Timeframe Standards Set on NetLink Trust by IMDA*

From 2013 onwards, NetLink Trust has to comply with the Quality of Service (QoS) Timeframe Standards related to service provisioning for residential and non-residential end-user connections as shown in Exhibit 4.1.

**EXHIBIT 4.1: QOS TIMEFRAME STANDARDS SET BY IMDA**

| Residential End-User Connection Service Performance Indicator | QoS Timeframe Standard |
|---|---|
| Percentage of residential end-user connection service orders (residential orders) provisioned<br>(i) within 3 business days of the date of the service order or<br>(ii) by the Request for Activation (RFA) date | At least 98% or higher |
| Percentage of Residential Orders provisioned<br>(i) within 7 business days of the date of the service order or<br>(ii) by the RFA date + 4 Business Days | 100% |

| Non-Residential End-User Connection Service Performance Indicator | QoS Timeframe Standard |
|---|---|
| Percentage of non-residential end-user connection service orders (non-residential orders) provisioned within 4 calendar weeks of the date of the service order or by the RFA date | At least 80% or higher |
| Percentage of non-residential orders provisioned within 8 calendar weeks of the date of the service order or by the RFA date + 4 weeks | 100% |

*Source: IMDA, "QoS Standards on NetLink Trust's provisioning of residential end-user connection service", published on the website of IMDA at https://www.imda.gov.sg/~/media/imda/files/regulation%20licensing%20and%20consultations/licensing/licences/compliance%20to%20ida%20standards/qosframework_nltservicetimeframe%202.pdf?la=en last accessed in March 2017*[54]

Historically, NetLink Trust has been unable to meet these QoS Timeframe Standards which resulted in IMDA imposing financial penalties on NetLink Trust.

MPA understands that the principal reasons for NetLink Trust's inability to meet the standards were due to (i) delays in gaining necessary access to a premise and delays caused by third parties, (ii) inadequacy of spare fibre capacity due to end-users requesting for second fibre connections, including end-users switching between RSPs or "churn", and (iii) general operational issues which may arise from time to time.

The financial penalties imposed on NetLink Trust reflects IMDA's continued expectations of NetLink Trust to meet the requirements. In levying the financial penalties, IMDA takes into account the severity of the infringement, whether it is a repeat occurrence, and NetLink Trust's past and continued efforts to resolve the delays. IMDA has discretion to determine whether such instances of QoS Timeframe Standards failure were in fact due to factors outside the control of NetLink Trust.

Moving forward, MPA understands that NetLink Trust is committed to improving the delivery of its services in order to meet its QoS Timeframe Standards, and regularly communicates with IMDA in relation to its efforts.

As set out in Section 6 of this report, in national broadband network infrastructure deployments in Australia, New Zealand and the UK, operators have struggled to meet their targets on time and on budget. MPA's key observations are:

- These national broadband network infrastructure deployments are not deploying FTTH/FTTP access throughout the nation; instead they are deploying a mix of fibre and copper technologies. This "hybrid" deployment has resulted in much lower access speeds, on average, than those available in Singapore.
- In each of the three countries, the respective government regulatory body does not have a policy of penalising the infrastructure provider should it fail to meet certain pre-agreed service activation/ installation standards, unlike IMDA which enforces the QoS Timeframe Standards and corresponding monetary fines on NetLink Trust. In the case of British Telecommunication PLC (Openreach), the regulator in the UK, the Office of Communication (Ofcom), has said in a recent announcement in 2016 that it may consider to impose sanctions including fines on Openreach should service provision/repair standards not be met.

Hence, when comparing Next Gen NBN to the national broadband network infrastructure deployments in these countries, NetLink Trust faces more stringent quality of service regulations and in MPA's view stands out as a model of efficient deployment, fast access speeds, and satisfactory customer service.

*[54] IMDA has not provided its consent, for purposes of Section 282I of the SFA, to the inclusion of the information cited and attributed to it, in this document prepared by MPA and is therefore not liable for such information under Sections 282N and 282O of the SFA. As this report has been prepared by MPA for the purposes of incorporation in the prospectus to be issued by the Trustee-Manager in connection with the offering and listing of units of the Trust on the SGX-ST, the Trust, the Trustee-Manager, the Joint Issue Managers, the Joint Global Coordinators, the Joint Bookrunners and Joint Underwriters have relied on MPA to ensure that the relevant information from the relevant source has been reproduced in its proper form and context and that the information is extracted accurately and fairly from the relevant source. None of the Trust, the Trustee-Manager, the Joint Issue Managers, the Joint Global Coordinators, the Joint Bookrunners and Joint Underwriters or any other party has conducted an independent review of the information from such source or verified the accuracy or completeness of the relevant information.*

### *4.5. Prices Charged by NetLink Trust are Regulated by IMDA*

IMDA reviews the wholesale prices as well as the terms and conditions of NetLink Trust's ICO every three to five years to ensure its competitiveness and cost efficiency. In reviewing the prices, IMDA has stated that it continues to uphold the key objective of the Next Gen NBN, which is to encourage services-based competition through the setting up of an open-access, structurally-separated network company, i.e., NetLink Trust, with affordable regulated wholesale prices.

MPA understands that the ICO prices of NetLink Trust will be regulated using the Regulated Asset Base (RAB) model. According to IMDA, the RAB-based pricing model has been or is in the midst of being adopted by telecom regulators across the world for telecom networks, particularly for establishing asset value that involves large, passive civil infrastructure to support new fibre network roll-outs that are not expected to change rapidly over time. Some of these countries include Australia, New Zealand and the UK.

Through the RAB model, NetLink Trust is allowed to recover its cost components, namely (a) Return of capital deployed (i.e. depreciation), (b) Return on capital employed and (c) Operating expenditure.

MPA believes that the adoption of the RAB model is intended to provide an equitable rate of return to the owners of NetLink Trust, while at the same time ensuring that the prices charged by NetLink Trust are kept up-to-date and correspond with current demand-and-supply dynamics.

## 5. Description and Analysis of Singapore's Smart Nation Programme Initiatives

According to Singapore's Smart Nation Programme website, a Smart Nation is one where people are empowered by technology to lead meaningful and fulfilled lives. A Smart Nation is built upon collection of data and the ability to make sense of information. Insights gathered from data will then contribute to forming solutions that can help improve lives. "*Smartness*" is not measured by how advanced or complex the technology being adopted is, but how well a society uses technology to solve its problems and address existential challenges.

It is with the above in mind that Prime Minister Lee Hsien Loong launched Singapore's Smart Nation Programme in November 2014. The initiative was initially coordinated by the Smart Nation Programme Office (SNPO) in the Prime Minister's Office (PMO), led by Dr. Vivian Balakrishnan and supported by other government agencies. The government's role is to facilitate innovations in the public and private sector by putting in place appropriate policies and legislations to nurture a culture for experimentation, encourage innovation and the eventual adoption of new ideas.

The Smart Nation Programme Office has identified five key domains where the increased use of digital technology can make a significant impact on the citizen and society. These are in the areas of:

1. Transport
2. Home & environment
3. Business productivity
4. Health and enabled ageing
5. Public sector services

At a recent technology dialogue event in February 2017, Prime Minister Lee Hsien Loong commented that Singapore is, "not going as fast as we ought to" in terms of Smart Nation Programme initiatives. While a number of Smart Nation Programme initiatives are currently undergoing trials and with a number already in the process of being implemented, MPA believes that this is a signal that Singapore will look to move forward its Smart Nation agenda even more aggressively.

In March 2017, the Singapore government announced an organisational restructuring with the establishment of the Smart Nation and Digital Government Group (SNDGG) to centralise the coordination between agencies in order to hasten the implementation of the Smart Nation Programme. Effective from 1 May 2017, this new division will include employees from three existing government departments: the Ministry of Finance's Digital Government Directorate; the Ministry of Communications and Information's Government Technology Policy department; and the SNPO, which was under the PMO. GovTech will also move from the Ministry of Communications and Information and come under the administration of the PMO and be involved as the implementing agency of SNDGG. The SNDGG's focus will be to oversee the development of Smart Nation Programme-related roll-outs, drive digitalisation within government agencies, and apply digital and smart technologies to improve citizens' lives in key domains.

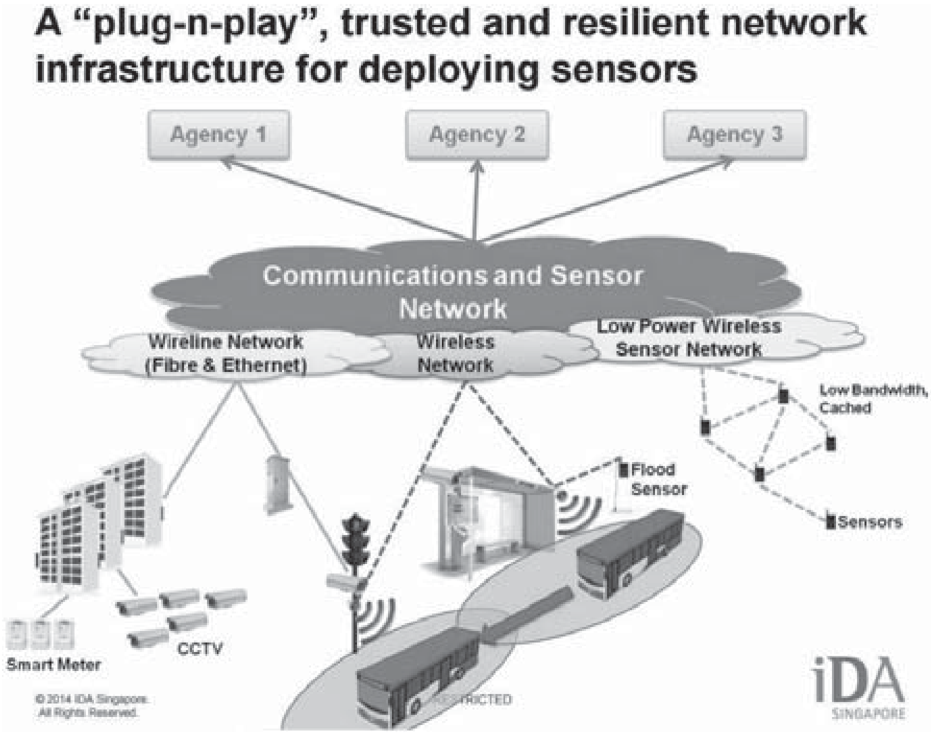
### *5.1. Connectivity Requirements*

Smart Nation services often require fast networks to support heavy data transfer in real time. Fibre, both for direct connections and as backhaul for wireless connections, is the most ideally suited transmission medium to support Smart Nation services, given its high bandwidth and low latency capabilities. For a nation to embrace significant Smart Nation features, the fibre network should be deployed as close as possible to homes and businesses, otherwise there will be compromises which need to be made in terms of the types of services that can be rolled out, limiting the benefits of a Smart Nation implementation. In a brownfield Smart Nation deployment, MPA notes that it is usually exponentially more challenging to deliver a full range of Smart Nation services, as integration of different networks with different technologies are required. In the case of Singapore, it is well placed to overcome this challenge due to the availability of NetLink Trust's nationwide fibre network.

In line with the above, Singapore's Smart Nation Programme initiatives already include services which require or will require at the time of their implementation high-speed and low-latency broadband internet connections. The provision of such connectivity is proposed in the Infocomm Media 2025 plan, which envisaged the deployment of a wide and dense network of wired and wireless broadband internet access points across the country, largely dependent on fibre.

Broadly, such connectivity allows the fast transfer of a large amount of data for purposes of monitoring and analysis as well as enabling the sharing of data between devices with minimal lag time. For example, the access points can be linked to a variety of data-capturing sensors, including a camera network, which will give public and private organisations the ability to remotely monitor and record everything from the cleanliness of public spaces and the availability of parking spaces, to crowd density and the precise movement of every vehicle. The access points can also be used to serve the communication between autonomous cars and backroom services, where minimal lag time and immediate response are critical. Exhibit 5.1 is an example of the connectivity requirements in the context of the Smart Nation Platform.

**EXHIBIT 5.1: ILLUSTRATION OF SMART NATION CONNECTIVITY VIA THE SMART NATION PLATFORM**




*Source: IMDA, "Smart Nation Platform Industry Briefing (2014)" published on the website of IMDA at: https://www.tech.gov.sg/-/media/GovTech/Programmes-and-partnership/Collaborations/10nov14_snp/SNPBriefingSlides.pdf?la=en last accessed in March 2017[55]*

Specifically, MPA expects the two platforms described below to contribute to increased demand for fibre connections. MPA believes that NetLink Trust will be a beneficiary of Singapore's Smart Nation Programme initiatives, being engaged as the key provider of fibre connections behind the wired and wireless broadband internet access points. NetLink Trust has a ubiquitous nationwide network, transparent fee structure and mandatory quality of standards, all of which, in MPA's view, makes it a more compelling proposition compared to the other fibre infrastructure providers in Singapore.

**Smart Nation Platform**

The Smart Nation Platform is an initiative of GovTech to build new pervasive infrastructure with common technical architecture. With common standards in place, public and private organisations would then be able to easily and economically connect to the platform to run services such as a data sharing gateway, video and data analytics.

The Smart Nation Platform is anchored around the three key areas of "Collect", "Connect" and "Comprehend". In the "Collect" area, a mesh of sensors and probes are deployed to sense, capture and register real-time environmental information. In the "Connect" area, resilient wired and wireless connectivity are provided to these sensors to allow them to communicate with

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each other as well as to transmit the data collected to the back end. Finally, in the "Comprehend" area, there is a Smart Nation operating system to process, fuse and share the data amongst agencies.[56]

It is in the "Connect" area that NetLink Trust has a role. Under the Infocomm Media 2025 plan, Aggregation Gateway Boxes (AG Boxes) will be deployed throughout Singapore, which will each have power and internet connectivity within them. The internet connectivity may be provided via NetLink Trust's fibre infrastructure. In turn, sensors and probes can be mounted within or around the AG Boxes.

Currently, under Phase 1 of the Smart Nation Platform Project, NetLink Trust provides 49 NBAP connections for the purpose of connecting to AG Boxes and continues to work with the successful bidder of Phase 1 to provide, in total, approximately 100 NBAP connections. The second phase of the Smart Nation Platform Project is currently being discussed and the authorities are contemplating to deploy up to an additional 10,000 to 12,000 AG Boxes over the course of a 10-year period. While these figures are preliminary and exact numbers are yet to be finalised, the Smart Nation Platform presents positive growth opportunities for NetLink Trust's NBAP connections segment.

**HetNet**

HetNet is a term used for a communication network that incorporates multiple interoperable wireless access technologies allowing seamless switching between different types of networks such as mobile and localised wireless networks to provide an enhanced mobile experience with high connectivity speeds and a more efficient use of spectrum and network. HetNet deployments can combine small cells with existing macro cells to increase capacity. The backhaul required by the additional small cells for HetNet will be provided by fibre network infrastructure.

MPA believes that HetNet will be vital in supporting Smart Nation Programme initiatives such as autonomous vehicles, remote health monitoring and remote learning. Singtel, StarHub, M1 and MyRepublic, have all participated in the HetNet trials, which were carried out in the Jurong Lake District.

MPA understands that the HetNet trials were considered successful and all three mobile telco operators (Singtel, StarHub and M1) are assessing plans to roll-out HetNet across Singapore, subject to commercial viability. Again, this is likely to have a positive impact on NetLink Trust's NBAP connections segment.

[56] *Source: https://www.tech.gov.sg/-/media/GovTech/Programmes-and-partnership/Collaborations/10nov14_snp/SNPBriefingSlides.pdf?la=en*

*Government Technology Agency of Singapore (Govtech) has not provided its consent, for purposes of Section 282I of the SFA, to the inclusion of the information cited and attributed to it, in this document prepared by MPA and is therefore not liable for such information under Sections 282N and 282O of the SFA. As this report has been prepared by MPA for the purposes of incorporation in the prospectus to be issued by the Trustee-Manager in connection with the offering and listing of units of the Trust on the SGX-ST, the Trust, the Trustee-Manager, the Joint Issue Managers, the Joint Global Coordinators, the Joint Bookrunners and Joint Underwriters have relied on MPA to ensure that the relevant information from the relevant source has been reproduced in its proper form and context and that the information is extracted accurately and fairly from the relevant source. None of the Trust, the Trustee-Manager, the Joint Issue Managers, the Joint Global Coordinators, the Joint Bookrunners and Joint Underwriters or any other party has conducted an independent review of the information from such source or verified the accuracy or completeness of the relevant information.*

### *5.2. Selected Smart Nation Programme Use Cases*

In this section, MPA identifies certain Smart Nation use cases that have been implemented or are currently being evaluated, which are selected for discussion based on their need for and reliance on the fibre network infrastructure and fibre broadband connectivity.

**Agency: Land Transport Authority (LTA)**
**Plan: Smart Mobility 2030**

| Use Case | Description |
|---|---|
| **Transport Information Delivery** | LTA has placed wireless data transmitters on 5,000 buses and 28,700 taxis for data collection. Currently, the volume of data recorded is relatively low and does not need to rely on fibre backhaul. However, MPA estimates that by 2021 there will be an additional 2,500 connected public buses and the amount and types of data collected will increase, resulting in increased demand for fibre connections. |
| **Autonomous Vehicles** | LTA and A*STAR have signed a Memorandum of Understanding (MOU) for a joint partnership to set up the Singapore Autonomous Vehicle Initiative to conduct R&D in the field autonomous vehicles (AV). The research partnership will look at the feasibility of having AVs for a mass transport service that operates on fixed routes and scheduled timings. If this initiative is successful, MPA believes it will lead to a larger deployment of AVs on the roads in Singapore. MPA expects AVs will depend on low latency wireless connections and a successful roll-out will require fibre connections via NBAP connections deployed along roads. |
| **Transport Data Collection Technologies** | LTA has installed of 88 radar-based traffic data collection systems and 1,600 detection cameras with image processing technology. While these systems are not necessarily using fibre today, MPA expects that these initiatives will progress to include high-definition capable cameras and capture more types of data. As a result, they are likely to drive increasing demand for fibre connections. |
| **Green Intelligent Transportation System (ITS) Infrastructure and Alternative Energy Sources** | The development of the Remote Control and Monitoring System (RCMS) would allow street lighting to be more responsive to weather conditions, adjusting to varying street lighting needs based on visibility affecting conditions such as haze or heavy rain. It will also enable LTA to have a more efficient maintenance regime as it features automated fault detection and alert capabilities. This initiative would not require fibre connections to every street light as the sensors in the street lights could communicate wirelessly but there would be a need for a fibre connected access point for each cluster of sensors. MPA estimates 2,000 fibre points would be able to support sensors on the approximately 110,000 lamp posts in Singapore. |
| **Advanced Road Usage Demand Management** | LTA aims to leverage global navigation satellite system (GNSS) advancements to explore alternatives for the electronic road pricing scheme. This includes adopting flexible distance-based congestion charging that can circumvent the physical constraints of gantries and better manage road congestion. |
| **Intelligent Fleet Management** | LTA seeks to create a real-time fleet management system that integrates information from different bus operators island-wide. This information consolidation will enable more cost-effective resource planning and improve service quality by providing commuters with more information on bus arrival times and bus |

| Use Case | Description |
|---|---|
| | loads. This system will also enhance the appeal of private car-sharing services as users could use mobile applications to locate the nearest available vehicle and then leave it at their destination instead of having to return the cars to the original location or a designated drop-off area. Hence, this system can support Singapore's objective of becoming a "car-lite" society by limiting the demand for self-owned cars. |
| **In-Vehicle ITS Telematics** | LTA sees the integration of in-vehicle ITS telematics with smart mobile devices as an opportunity to improve drivers' experience and road safety. Telematics enables dynamic routing, intelligent parking and real-time alerts for road safety amongst other applications. Data from in-vehicle ITS telematics also benefit businesses in industries, including but not limited to automotive manufacturers, car insurance companies and logistics companies, by providing insights into vehicle usage patterns and driver behaviour. |

**Agency: Housing Development Board (HDB)**
**Plan: Smart HDB Towns and Estates**

| Use Case | Description |
|---|---|
| **Smart Living** | Improving living standards through the use of IoT-compatible infrastructure to enhance energy savings and provide access to remote healthcare. Homes will require fibre connections to support growing volumes of data generated around the clock from IoT devices, simultaneously with other ongoing internet activities in the home, such as high-definition streaming video to multiple devices. As all homes in Singapore are fibre-ready, smart living solutions can be easily deployed. |
| **Smart Environment** | Leveraging a network of sensors placed at HDB estates that control facilities such as fan speeds based on real-time information on factors such as humidity and temperature. Sensors can also be used to monitor waste collection and the consumption of electricity and water. Town councils will be able to use the data to improve maintenance cycles, pre-empt equipment problems, and target the source of problems. Data from these sensors is likely to be transmitted wirelessly to a central aggregation point located in the vicinity and from there the data would be transmitted via fibre network to a central processing platform. |

**Agency: Ministry of Home Affairs (MHA)**

| Use Case | Description |
|---|---|
| **Surveillance Cameras** | SPF has announced plans to install video cameras at all HDB blocks and multi-storey carparks (MSCP) as part of Singapore's counter-terrorism and crime-fighting strategy. As of 2016, there are 65,000 cameras installed in all 10,000 HDB blocks and MSCPs, with another 11,000 planned across the island by 2020. A cluster of such cameras will likely share a fibre connection so that high-definition video footage can be transmitted to command centres without delay. As the majority of these cameras are in residential areas, NetLink Trust, with its nationwide fibre coverage, is well-positioned to provide the fibre connections needed to serve these high resolution surveillance cameras. |

**Agency: Energy Market Authority (EMA)/SP Power**

| Use Case | Description |
|---|---|
| **Smart Metering** | SP Power has provided smart meters to 52,000 of its clients who use at least 2,000 kilowatt hours of electricity a month as part of a (pilot) programme launched in 2014. Smart meters allow SP Power to collect electricity consumption data remotely and eliminate the need for manual readings which require an SP Power officer to physically be at the clients' location to check the meter.<br>MPA understands that these meters can operate using wireless technology due to the low data transmission requirements and currently utilise fibre backhaul provided by SP Telecom.<br>In October 2016, EMA launched a call for proposals to develop smart metering trials for consumer households that would measure electricity, gas and water meters. If the trials are successful and smart meters are rolled out on a mass scale, they will likely require fibre connections to provide connectivity for the data transmission. NetLink Trust would be well placed to benefit from this demand due to its nationwide coverage. |

**Agency: National Environmental Agency (NEA)**

| Use Case | Description |
|---|---|
| **Waste Eco** | System to provide interactive waste and energy management functionalities, such as tracking of waste collection. MPA believes systems of this nature that are reliant on data collection sensors will have a need for fibre-connected access points to enable transmission of large volumes of data back to a central processing platform. |

**Agency: Jurong Town Corporation (JTC)**

| Use Case | Description |
|---|---|
| **Integrated Estate Management System (iEMS)** | A combination of building management and advanced analytics developed from a collaboration between Accenture and JTC, it provides precise real-time data on building functions from air-conditioning to lighting and security, allowing JTC to operate more efficiently and spot anomalies based on sensors deployed on equipment. These initiatives would likely require fibre connections both from a deployment of sensor perspective and a data analysis perspective whereby remote terminals can communicate expeditiously with the central servers. |

### *5.3 Developments in Japan and South Korea*

MPA has identified Japan and South Korea as leaders in Smart City deployments in both existing city environments and new purpose-built cities. A review by MPA shows that these countries have been developing Smart City/Nation projects in recent years with a focus on domestic priorities and leveraging on strengths in technological advancements and know-how. Below is a summary of related activities in Japan and South Korea:

*Japan*

- Japan has focused its Smart City initiatives on improving environmental efficiency and boosting the economy through related investments.
- The Japanese Ministry of Economy, Trade and Industry (METI) has stated it is using its Smart City deployments to showcase domestic technology for local and international commercialisation.

- In 2016, METI set aside a budget of ¥2.41 billion (approximately S$30 million) over 2 years for infrastructure improvement projects that utilise IoT, Big Data, artificial intelligence and robot technologies.[57]
- Examples of Japanese Smart City projects that have already been launched representing a total budget of ¥127 billion (approximately S$1.62 billion) include:

| PROJECTS | TOTAL PROJECT BUDGET | GOAL |
|---|---|---|
| Yokohama Smart City Project (YSCP) | ¥74 billion (~S$93 million) | To reduce carbon dioxide emissions coupled with the vision of exporting city scale infrastructure development overseas. |
| Toyota City Low- Carbon Verification Project | ¥22.7 billion (~S$29 million) | To construct a system for a low-carbon society for local cities as part of plans for city revitalisation and also to extend the system nationwide and overseas in the future. |
| Keihanna Eco-City (Kansai Science Park) | ¥13.5 billion (~S$17 million) | To improve energy efficiency and maximise the use of renewable energy sources in the whole Kansai Science Park area by introducing networking management systems for home, buildings and electric vehicles.<br>To demonstrate innovative proprietary technologies. |
| Kitakyushu Smart Community Creation Project | ¥16.3 billion (~S$21 million) | To effectively use local energy sources and implement a dynamic pricing scheme in which electricity prices change according to the supply and demand of energy in the area.[58] |

57 *Source: Japan Ministry of Economy, Trade and Industry (Japan METI), data for budgets from the website of METI at http://www.meti.go.jp/english/aboutmeti/policy/fy2016/pdf/160329related_budget.pdf last accessed on March 2017. Japan METI has not provided its consent, for purposes of Section 282I of the SFA, to the inclusion of the information cited and attributed to it, in this document prepared by MPA and is therefore not liable for such information under Sections 282N and 282O of the SFA. As this report has been prepared by MPA for the purposes of incorporation in the prospectus to be issued by the Trustee-Manager in connection with the offering and listing of units of the Trust on the SGX-ST, the Trust, the Trustee-Manager, the Joint Issue Managers, the Joint Global Coordinators, the Joint Bookrunners and Joint Underwriters have relied on MPA to ensure that the relevant information from the relevant source has been reproduced in its proper form and context and that the information is extracted accurately and fairly from the relevant source. None of the Trust, the Trustee-Manager, the Joint Issue Managers, the Joint Global Coordinators, the Joint Bookrunners and Joint Underwriters or any other party has conducted an independent review of the information from such source or verified the accuracy or completeness of the relevant information.*

58 *Source: The EU-Japan Centre for Industrial Cooperation media release in October 2014 and entitled "SMART CITIES IN JAPAN, An Assessment on the Potential for EU-Japan Cooperation and Business Development". The EU-Japan Centre for Industrial Cooperation has not provided its consent, for purposes of Section 282I of the SFA, to the inclusion of the information cited and attributed to it, in this document prepared by MPA and is therefore not liable for such information under Sections 282N and 282O of the SFA. As this report has been prepared by MPA for the purposes of incorporation in the prospectus to be issued by the Trustee-Manager in connection with the offering and listing of units of the Trust on the SGX-ST, the Trust, the Trustee-Manager, the Joint Issue Managers, the Joint Global Coordinators, the Joint Bookrunners and Joint Underwriters have relied on MPA to ensure that the relevant information from the relevant source has been reproduced in its proper form and context and that the information is extracted accurately and fairly from the relevant source. None of the Trust, the Trustee-Manager, the Joint Issue Managers, the Joint Global Coordinators, the Joint Bookrunners and Joint Underwriters or any other party has conducted an independent review of the information from such source or verified the accuracy or completeness of the relevant information.*

- The Japanese government estimates that revenue from its Smart City industry will be ¥3.8 trillion (approximately S$48 billion) by 2020 up from ¥1.12 trillion (approximately S$14 billion) in 2011.[59]

*South Korea*

- South Korea started developing Songdo, a Smart City built from the ground up, in 2003.
- Songdo features technology such as street sensors, efficient trash removal, and green buildings aimed at improving the efficiency of city life.
- South Korea launched "Smart Seoul 2015" in 2011 to improve the interactions between city and residents by developing an infrastructure of high-speed broadband optical wire and wireless networks to connect people with government agencies.
- The South Korean government has said it is looking at IoT to become an integral part of the country by 2020. It announced plans to invest W77.2 billion (S$100 million) into IoT-related initiatives.[60]
- The government has designated Daegu, South Korea's fourth-largest city, as an "IoT City". It has formed a partnership with a South Korean mobile carrier and Samsung to deploy equipment and IoT-dedicated networks throughout the city focused on supporting:
  - Cloud platforms
  - Renewable energy solutions
  - Big data analytics for healthcare
  - Medical services
  - Infrastructure for autonomous and electric vehicles
- The South Korean government is also planning to roll-out large-scale IoT solutions to the entire area of Seoul by 2020.

**6. Case Studies of National Broadband Network Infrastructure Deployments and Comparison with Singapore**

In this section, MPA sets out a comparison of deployments of national broadband network infrastructure in Singapore against three selected countries, namely:

- Australia: National Broadband Network (NBN)
- New Zealand: Chorus Ltd (Chorus)
- UK: Openreach, a subsidiary of British Telecommunications PLC (BT)

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[59] *Source: Government of Japan Public Relation Office (PRO), data for revenue from Smart city industry from the website of PRO at http://mnj.gov-online.go.jp/smartcommunity.html last accessed in March 2017. The Government of Japan has not provided its consent, for purposes of Section 282I of the SFA, to the inclusion of the information cited and attributed to it, in this document prepared by MPA and is therefore not liable for such information under Sections 282N and 282O of the SFA. As this report has been prepared by MPA for the purposes of incorporation in the prospectus to be issued by the Trustee-Manager in connection with the offering and listing of units of the Trust on the SGX-ST, the Trust, the Trustee-Manager, the Joint Issue Managers, the Joint Global Coordinators, the Joint Bookrunners and Joint Underwriters have relied on MPA to ensure that the relevant information from the relevant source has been reproduced in its proper form and context and that the information is extracted accurately and fairly from the relevant source. None of the Trust, the Trustee-Manager, the Joint Issue Managers, the Joint Global Coordinators, the Joint Bookrunners and Joint Underwriters or any other party has conducted an independent review of the information from such source or verified the accuracy or completeness of the relevant information.*

[60] *Source: The Korea Times, "Robots, IoT, Smart Cars get big boost" published on 25 March 2015. The Korea Times has not provided its consent, for purposes of Section 282I of the SFA, to the inclusion of the information cited and attributed to it, in this document prepared by MPA and is therefore not liable for such information under Sections 282N and 282O of the SFA. As this report has been prepared by MPA for the purposes of incorporation in the prospectus to be issued by the Trustee-Manager in connection with the offering and listing of units of the Trust on the SGX-ST, the Trust, the Trustee-Manager, the Joint Issue Managers, the Joint Global Coordinators, the Joint Bookrunners and Joint Underwriters have relied on MPA to ensure that the relevant information from the relevant source has been reproduced in its proper form and context and that the information is extracted accurately and fairly from the relevant source. None of the Trust, the Trustee-Manager, the Joint Issue Managers, the Joint Global Coordinators, the Joint Bookrunners and Joint Underwriters or any other party has conducted an independent review of the information from such source or verified the accuracy or completeness of the relevant information.*

### *6.1. Summary of Comparison*

The salient observations from the comparison are:

- Size of country and population density: Whilst Singapore is a densely populated city state with a small land area, larger countries such as Australia, New Zealand and the UK are challenged by relatively large areas of lower population density in suburban and rural areas, making commercially led provision of broadband access unattractive compared to the denser metro areas. This has had an impact on the choice of technologies deployed in their respective national broadband network infrastructure.
- Types of technology utilised and progress of roll-out: Whilst fibre is the core part of national broadband network infrastructure in all these countries, last mile access to the network varies. In Singapore's Next Gen NBN, every residential or non-residential end-user will have direct access to the fibre network nationwide (FTTH or FTTP). Singapore's Next Gen NBN achieved nationwide coverage in 2013. In the case of Australia (through NBN), with the changes of Government in 2013 and corresponding policy changes, the last mile access technology strategy shifted from dominantly FTTP to a mix of technologies, including: FTTN, FTTB, Fibre-to-the-Curb (FTTC) and HFC in metro and regional areas and a combination of fixed, wireless and satellite in rural and remote areas[61]. As such, NBN deployment is in progress but delayed. New Zealand (through Chorus) has retained a FTTH/FTTP strategy for the vast majority (80%) of premises and is currently in progress but delayed. In the UK, as of 2016 Openreach has deployed mainly FTTC technology, passing 90% of premises and roll-out of FTTP is in progress.
- Speed of broadband access: With fibre-only access in the last mile, customers across Singapore have enjoyed faster speeds on average than customers in the other countries.
- Progress of roll-out: The nationwide coverage of the national broadband network infrastructure in Singapore was achieved in 2013, under 4 years after the roll-out commenced, while in the other countries nationwide coverage is still some time away.
- Business model: In Singapore, NetLink Trust provides access to the passive fibre network infrastructure to the OpCos at wholesale pricing. In Australia, New Zealand and the UK, the national broadband network infrastructure entities—NBN, Chorus and Openreach, respectively provide access to both the passive and active network infrastructure at wholesale pricing directly to RSPs for resale to both residential and non-residential end-users.
- Market structure: In Singapore, Australia and the UK, a single entity—NetLink Trust, NBN and Openreach, respectively—is responsible for the roll-out and ongoing operational management of the national broadband network infrastructure. However, in New Zealand, four entities have joint responsibility for rolling out the national broadband network infrastructure based on a split by regions. There are 33 regions and Chorus has the lion's share at 73% of the network's target coverage.
- Service quality: In the UK, third party retail service providers using Openreach have complained and alleged that BT's end-users receive better service from Openreach than that received by their own end-users. Whilst in Australia, as an entirely state-owned entity unaffiliated with other telco operators, NBN has not had similar complaints of retail operator bias. However, it is worth noting that both Australia's NBN and New Zealand's Chorus have come under criticism from retailers and end-users for a range of other issues such as lower than expected connection speeds, roll-out delays, poor service reliability, and relative high prices. In Singapore, NetLink Trust has to comply with QoS Timeframe Standards set by the regulator, as described in Section 4.4.
- Political factors: In Australia, although governments from both political parties have adopted policies of equal access and provision of broadband services for residents, the deployment of the state-owned NBN has been adversely impacted by different roll-out strategies adopted by the political party in power, and has led to delays and significant escalation in the budget. This has not been the case in Singapore, New Zealand and the UK.

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[61] *Fibre to the Curb refers to a fibre deployment where fibre is laid to the curb in front of a premise and the remaining distance from the curb to the end-users' premises is served by copper or coaxial cables.*

- Pricing regulation: NBN in Australia works under a regulated return Building Block Model (BBM), which is incorporated within an instrument called a Special Access Undertaking (SAU). The BBM is a regulated return method where the company provides a return with Net Present Value (NPV) = 0 at the end of the life of each asset using a Weighted Average Cost of Capital (WACC) agreed with the regulator that reflects the true cost of capital and an appropriate risk margin. The New Zealand model is based on hypothetical future costs. In the UK since 2015, Ofcom has required BT to maintain a minimum margin between Openreach wholesale prices and BT retail prices for FTTC services. This was to ensure that other operators are able to compete fairly at the retail level and make sufficient margin on top of Openreach's wholesale prices. BT was required to demonstrate compliance with the margin requirement every 6 months. A further consultation on the broadband market is due later in 2017, with a decision by March 2018. Given that the Openreach FTTC network deployment is largely complete and investment risks well understood, there is less need for pricing freedom going forward. Hence, going forward, MPA expects that Ofcom will impose price controls on wholesale FTTC services. Singapore has adopted the RAB framework which allows NetLink Trust to recover its cost components.

### *6.2. Australia: National Broadband Network (NBN)*

*Overview of Key Milestones*

***2009***

- The NBN was established as a government-owned entity to develop a wholesale-only, open-access data network.
- The original target was to reach 93% of the Australian population via FTTP with a minimum speed of 100Mbps.
- The remaining 7% of the Australian population was expected to have internet access via fixed wireless and satellite communications with a targeted minimum speed of 12Mbps.
- The completion date was targeted for 2017 with a budget of A$29.5 billion (approximately S$32.1 billion).
- To accelerate its growth, NBN signed agreements with the three major wired operators in Australia, namely Telstra Corporation Ltd (Telstra), Singtel Optus Private Ltd (Optus) and TPG Internet Private Ltd (TPG), as well as a number of smaller operators to establish connections to NBN's network for their wired broadband customers.
- Telstra, Optus, and other internet service providers agreed to migrate their internet customers from the copper and HFC networks in areas where FTTP had been installed, and agreed to lease dark fibre, exchange space and ducts to NBN. In order to encourage the fibre uptake, Telstra and Optus also entered into an agreement with the government to not market their mobile network as an alternative to NBN for an undisclosed number of years.

***2013***

- A change in government following elections in 2013 led to significant changes to the NBN technology deployment strategy.
- The initial government strategy was to deliver the majority of NBN's wholesale service using FTTP. Australia's new government changed the strategy to a pre-dominantly FTTN roll-out as part of a Multi-Technology Mix (MTM) strategy, which encompasses a combination of FTTx, including FTTP, FTTB, FTTC and HFC networks.

***2014***

- NBN's roll-out faced many delays with only 619,000 premises been passed out a national total of 11.9 million. Instead of heavily targeting business precincts, NBN targeted less populated regional areas (arguably prioritising the Government's political agenda).
- As a result of delays caused by a combination of technical issues and strategy changes, the estimated budget for the roll-out was revised higher to A$41 billion (approximately S$44.7 billion).

*2016*

- Compatibility issues arose with regard to HFC connections linked to NBN's MTM strategy.
- NBN announced that they would be scaling back HFC roll-out from an estimated 4 million premises to ~2.8 million premises and shifting to additional FTTN/FTTB connections. This shift suggests that the combined FTTN/FTTB coverage would be increased to eventually reach approximately 5.1-6.5 million premises, or around 50% of the 11.9 million existing premises in the country.
- In December 2016, the NBN had passed approximately 3 million premises using FTTN/FTTB of which approximately 1.4 million premises were passed by FTTP. Of the total premises passed, only 1.5 million premises had connected to the service. In some cases, the costs of connectivity on NBN's network were more expensive than with existing providers for similar speeds.[62]
- In their online reviews, customers indicated that the poor infrastructure was a disincentive for them to take up the service. They complained of slow connectivity speeds.
- Budget projections for the completion of the NBN were further increased to between A$45-56 billion (approximately S$50-61 billion) with a revised completion date of 2020.

*Price Regulation and Pricing*

NBN works under a regulated return BBM which is incorporated within an instrument called a SAU. The BBM is a regulated return method where the return that the company is able to make will provide them with NPV = 0 at the end of the life of each asset using a WACC agreed with the regulator that reflects the true cost of capital and an appropriate risk margin. The advantages and disadvantages of the BBM model are briefly discussed below:

***Advantages***

- BBM incentivises the network owner to efficiently operate its business in order to achieve a reasonable return on the actual capital deployed.
- BBM is more suited to a monopoly situation where the entry of competition at the infrastructure level is not expected or sought.
- BBM provides higher transparency and more price predictability compared to other models.

***Disadvantages***

- BBM is not well suited to an environment where there is or will be competition at the network infrastructure level.
- Under a BBM regime, prices react only gradually to the introduction of new cheaper technology types by competitors.
- Under a BBM regime price setting is driven by projected demand which if incorrect can affect the network operator and the consumer.

Wholesale monthly recurring charges for usage of NBN's network based on different downstream and upstream speeds are set out in the exhibit 6.1. NBN also charges RSPs an additional monthly recurring fee called a connectivity virtual circuit (CVC). The CVC is a monthly charge on the amount of guaranteed bandwidth the RSP provisions for its customers. Both the monthly recurring charges and the CVC charges are regulated via the SAU. The CVC charge was originally a flat fee of A$20 per

62 *Source: NBN, "NBN Half Year Results 2017". NBN has not provided its consent, for purposes of Section 282I of the SFA, to the inclusion of the information cited and attributed to it, in this document prepared by MPA and is therefore not liable for such information under Sections 282N and 282O of the SFA. As this report has been prepared by MPA for the purposes of incorporation in the prospectus to be issued by the Trustee-Manager in connection with the offering and listing of units of the Trust on the SGX-ST, the Trust, the Trustee-Manager, the Joint Issue Managers, the Joint Global Coordinators, the Joint Bookrunners and Joint Underwriters have relied on MPA to ensure that the relevant information from the relevant source has been reproduced in its proper form and context and that the information is extracted accurately and fairly from the relevant source. None of the Trust, the Trustee-Manager, the Joint Issue Managers, the Joint Global Coordinators, the Joint Bookrunners and Joint Underwriters or any other party has conducted an independent review of the information from such source or verified the accuracy or completeness of the relevant information.*

Mbps. However, this fee did not encourage RSPs to provide fast service as there was no economies of scale for purchasing more bandwidth. To keep the CVC charges down, RSPs often under-provisioned speeds so that a minimum level of acceptable speed was available. The result was poor performance of the network during peak times as the RSPs did not provision enough capacity to meet the heightened demand. This issue became increasingly important with the significant take up and use of video streaming services like Netflix, which required larger bandwidths for sustained periods.

To address this issue, NBN introduced a sliding discount to the CVC in 2015. However, the discounts were not seen as attractive enough to rectify the issue. In response to industry feedback, NBN will launch another discount scheme later in 2017 designed to offer more attractive discounts to the RSPs.

**EXHIBIT 6.1: NBN AUSTRALIA'S WHOLESALE MONTHLY RECURRING CHARGES AND CVC CHARGES (AS OF DECEMBER 2016)**

| DOWNSTREAM SPEEDS (MBPS) | UPSTREAM SPEEDS (MBPS) | RECURRING CHARGE |
|---|---|---|
| 12 | 1 | A$24 (~S$42) |
| 25 | 5 | A$27 (~S$47.25) |
| 25 | 5-10 | A$30 (~S$52.50) |
| 25 | 10 | A$30 (~S$52.50) |
| 50 | 20 | A$34 (~S$59.50) |
| 100 | 40 | A$38 (~S$66.50) |
| 250 | 100 | A$70 (~S$122.50) |
| 500 | 200 | A$100 (~S$175) |
| 1,000 | 400 | A$150 (~S$262.50) |

**CVC Dimension-Based Discount Tiers**

| SPEED TIERS (KBPS PER END-USER) | DISCOUNT | EFFECTIVE PRICE PER MBPS |
|---|---|---|
| 0-400 | -A$0.50 (~S$0.88) | A$17 (~S$29.75) |
| 401-500 | -A$1.00 (~S$1.75) | A$16.50 (~S$28.88) |
| 501-600 | -A$1.25 (~S$2.19) | A$16.25 (~S$28.44) |
| 601-800 | -A$1.75 (~S$3.06) | A$15.75 (~S$27.56) |
| 801-1,000 | -A$2.25 (~S$3.94) | A$15.25 (~S$26.69) |
| 1,001-1,150 | -A$3.50 (~S$6.13) | A$14 (~S$24.50) |
| 1,151-1,350 | -A$4.75 (~S$8.31) | A$12.75 (~S$22.31) |
| 1,351-1,500 | -A$5.50 (~S$9.63) | A$12 (~S$21) |
| >1,500 | -A$6.00 (~S$10.50) | A$11.50 (~S$20.13) |

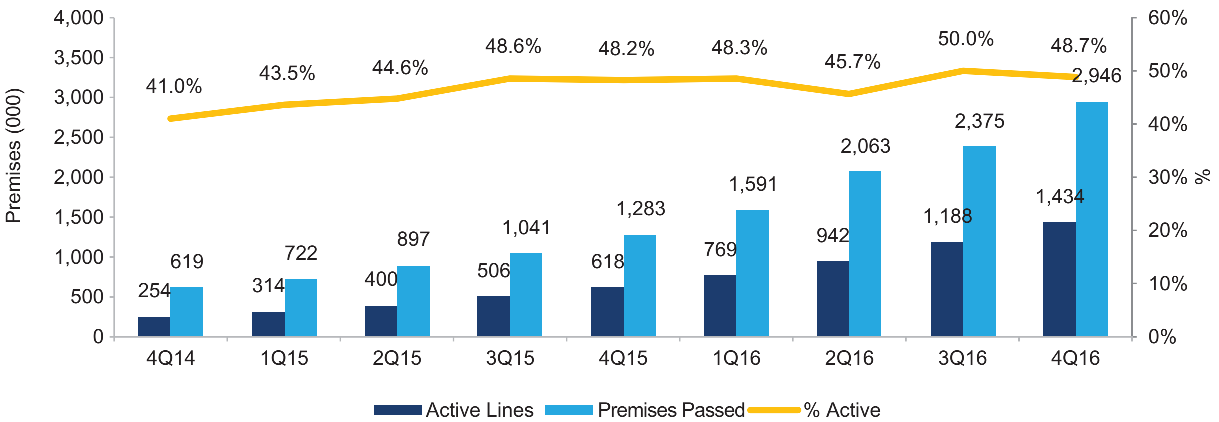
*Source: NBN Price list in Wholesale Broadband Agreement (2016) found in http://www.nbnco.com.au/content/dam/nbnco2/documents/sfaa-wba2-product-catalogue-price-list_20161205.pdf as extracted in March 2017*[63]

[63] *NBN Co. Ltd has not provided its consent, for purposes of Section 282I of the SFA, to the inclusion of the information cited and attributed to it, in this document prepared by MPA and is therefore not liable for such information under Sections 282N and 282O of the SFA. As this report has been prepared by MPA for the purposes of incorporation in the prospectus to be issued by the Trustee-Manager in connection with the offering and listing of units of the Trust on the SGX-ST, the Trust, the Trustee-Manager, the Joint Issue Managers, the Joint Global Coordinators, the Joint Bookrunners and Joint Underwriters have relied on MPA to ensure that the relevant information from the relevant source has been reproduced in its proper form and context and that the information is extracted accurately and fairly from the relevant source. None of the Trust, the Trustee-Manager, the Joint Issue Managers, the Joint Global Coordinators, the Joint Bookrunners and Joint Underwriters or any other party has conducted an independent review of the information from such source or verified the accuracy or completeness of the relevant information.*

*Business Performance*

Moving forward, NBN expects to gain more traction with a corresponding improvement in its financials. In 2015, NBN released its three-year plan with a target to reach over 9 million homes and businesses by 2018, with expected take-up of 4.4 million (active fibre connections).[64] Monthly fees from the 4.4 million users are expected to generate A$1.7 billion (approximately S$1.85 billion) in revenues, a ten-fold increase from 2015 revenues. While the NBN's target to reach 9 million premises by 2018 is high, NBN has shown strong growth in 2016, when it more than doubled its total premises passed compared to the end of 2015.

**EXHIBIT 6.2: NUMBER OF PREMISES PASSED WITH ACTIVE FIBRE CONNECTIONS**



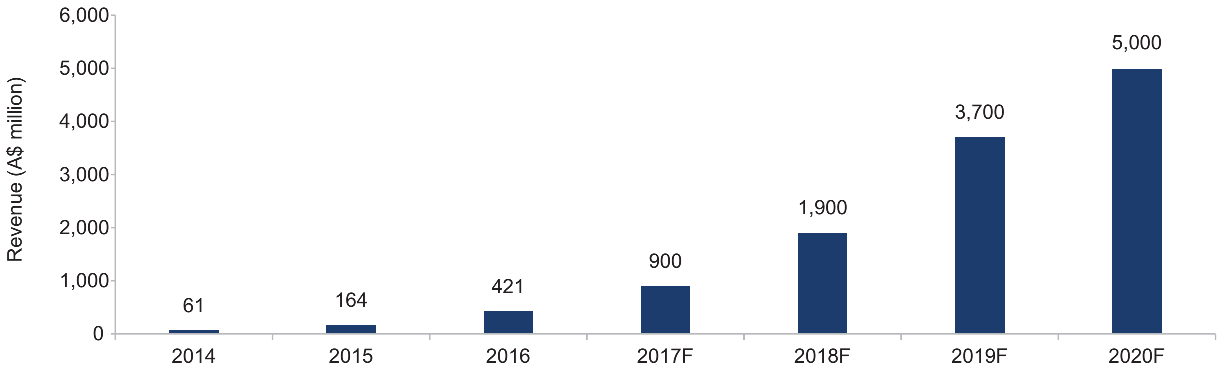

*Source: NBN, data for number of premises passed with active fibre connections from "Roll-out information (19 January 2017)" published on the website of NBN at http://www.nbnco.com.au/content/dam/nbnco2/documents/nbn-rollout-metrics/nbn-rollout-metrics-19012017.pdf last accessed in January 2017*[65]

The growth in active fibre connections has also led to improved financial results with NBN achieving a 162% increase in revenues between 2014 and 2016. In NBN's 2017 corporate plan, the targets for premises passed and connections remained the same as the target previously set in 2016, but revenue targets were revised upwards to A$5 billion (approximately S$5.45 billion) from A$4 billion (approximately S$4.36 billion) due to higher expected ARPUs from increased usage, growth of higher speed tiers, and a strong contribution from non-residential revenues. Exhibit 6.3 shows NBN's financial results from 2014 to 2016 and its forecasted revenues from 2017 to 2020.

[64] *NBN has not provided its consent, for purposes of Section 282I of the SFA, to the inclusion of the information cited and attributed to it, in this document prepared by MPA and is therefore not liable for such information under Sections 282N and 282O of the SFA. As this report has been prepared by MPA for the purposes of incorporation in the prospectus to be issued by the Trustee-Manager in connection with the offering and listing of units of the Trust on the SGX-ST, the Trust, the Trustee-Manager, the Joint Issue Managers, the Joint Global Coordinators, the Joint Bookrunners and Joint Underwriters have relied on MPA to ensure that the relevant information from the relevant source has been reproduced in its proper form and context and that the information is extracted accurately and fairly from the relevant source. None of the Trust, the Trustee-Manager, the Joint Issue Managers, the Joint Global Coordinators, the Joint Bookrunners and Joint Underwriters or any other party has conducted an independent review of the information from such source or verified the accuracy or completeness of the relevant information.*

[65] *NBN has not provided its consent, for purposes of Section 282I of the SFA, to the inclusion of the information cited and attributed to it, in this document prepared by MPA and is therefore not liable for such information under Sections 282N and 282O of the SFA. As this report has been prepared by MPA for the purposes of incorporation in the prospectus to be issued by the Trustee-Manager in connection with the offering and listing of units of the Trust on the SGX-ST, the Trust, the Trustee-Manager, the Joint Issue Managers, the Joint Global Coordinators, the Joint Bookrunners and Joint Underwriters have relied on MPA to ensure that the relevant information from the relevant source has been reproduced in its proper form and context and that the information is extracted accurately and fairly from the relevant source. None of the Trust, the Trustee-Manager, the Joint Issue Managers, the Joint Global Coordinators, the Joint Bookrunners and Joint Underwriters or any other party has conducted an independent review of the information from such source or verified the accuracy or completeness of the relevant information.*

## EXHIBIT 6.3: NBN'S HISTORICAL AND FORECAST REVENUES, 2014-2020




*Source: NBN, data for forecast FY17F to FY20F: "nbn corporate plan 2017-2020 (2016)" published on the website of NBN Co. Ltd at http://www.nbnco.com.au/content/dam/nbnco2/documents/nbn-media-presentation-corporate-plan-2017.pdf last accessed in March 2017*

*Data for FY14 to FY16: "nbn annual report 2015-2016" published on the website of NBN Co. Ltd at http://www.nbnco.com.au/content/dam/nbnco2/documents/nbn-annual-report-2015-16.pdf, last accessed in January 2017*[66]

### *6.3. New Zealand: Chorus Ltd (Chorus)*

*Overview of Key Milestones*

***2008***

- Telecom New Zealand created Chorus as a separate business unit in 2008 to provide telecommunications infrastructure such as fibre, telephone lines and exchange equipment.

***2011***

- New Zealand launched its Ultra-Fast Broadband (UFB) initiative.
- The UFB initiative originally targeted delivering FTTP access services to 75% premises by the end of 2019.
- The initial investment for the roll-out which was planned to 33 areas across New Zealand was estimated to be in the order of NZ$3 billion with the network envisioned to provide gigabit/s speeds.
- To meet the objectives, the government set aside a subsidy of NZ$1.50 billion (approximately S$1.54 billion) for the operators who would roll-out the infrastructure.
- As a condition of winning the majority of the contracts for the government's UFB initiative, Chorus was subsequently demerged from Telecom New Zealand and listed in December 2011. As part of the demerger agreement, Chorus only provides wholesale services to retailers. With the separation from Telecom New Zealand, the following assets were moved to Chorus:
  - About 130,000km of copper
  - More than 27,000km of fibre
  - Over 600 local exchanges
  - More than 11,400 roadside cabinets
  - About 1.8 million fixed lines to customers

[66] *NBN has not provided its consent, for purposes of Section 282I of the SFA, to the inclusion of the information cited and attributed to it, in this document prepared by MPA and is therefore not liable for such information under Sections 282N and 282O of the SFA. As this report has been prepared by MPA for the purposes of incorporation in the prospectus to be issued by the Trustee-Manager in connection with the offering and listing of units of the Trust on the SGX-ST, the Trust, the Trustee-Manager, the Joint Issue Managers, the Joint Global Coordinators, the Joint Bookrunners and Joint Underwriters have relied on MPA to ensure that the relevant information from the relevant source has been reproduced in its proper form and context and that the information is extracted accurately and fairly from the relevant source. None of the Trust, the Trustee-Manager, the Joint Issue Managers, the Joint Global Coordinators, the Joint Bookrunners and Joint Underwriters or any other party has conducted an independent review of the information from such source or verified the accuracy or completeness of the relevant information.*

- As part of the agreement with the government, Chorus is responsible for rolling out 73% of the fibre network, with the remaining 27% is split among three other players (Northpower Ltd, Waikato Networks Ltd and Enable Networks Ltd).
- For its part in the UFB deployment, Chorus received a government subsidy of NZ$929 million (approximately S$951 million).

***2013***

- In April 2013, Chorus contracted Visionstream and Downer to build parts of New Zealand's UFB network in agreements worth NZ$1 billion (approximately S$1.02 billion).

***2014***

- In early 2014, Chorus also signed an agreement with Transfield Services to help build the UFB network.

***2015***

- The government revised its target coverage area upwards to increase broadband coverage to rural areas. In this revision, they specified that by 2025, at least 80% of premises will have access to a 1Gbps service and 99% will have access to a 50Mbps service. The remaining 1% will have access to a 10Mbps service.[67]
- Based on the requirements of the extended coverage, the government contributed an additional NZ$310 million (approximately S$316 million) in funding apportioned across all the operators appointed to roll-out the UFB network.

***2016***

- In December 2016, Chorus had passed 505,000 premises with FTTP, equivalent to 61% of premises in its coverage area. Of these, 216,000 premises were subscribing to Chorus' FTTP service, representing 32% of premises passed.[68]
- With the introduction and take-up of the UFB, average New Zealand broadband speeds increased from 8.4Mbps in 2012 to 12.6Mbps in 2016.
- The uptake of fibre services in New Zealand was still relatively low as a proportion of total homes but has seen fast average growth of 114% per year from 2011 to 2016.
- Fibre connections accounted for approximately 165,000 out of 2 million broadband connections in 2016. Chorus reported that 93% of its fibre connections are residential.

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[67] *Source: Commerce Commission New Zealand, "Annual Telecommunications Monitoring Report 2016" published on website of Commerce Commission New Zealand at http://www.comcom.govt.nz/regulated-industries/telecommunications/monitoring-reports-and-studies/monitoring-reports/ last accessed in May 2017. Commerce Commission New Zealand has not provided its consent, for purposes of Section 282I of the SFA, to the inclusion of the information cited and attributed to it, in this document prepared by MPA and is therefore not liable for such information under Sections 282N and 282O of the SFA. As this report has been prepared by MPA for the purposes of incorporation in the prospectus to be issued by the Trustee-Manager in connection with the offering and listing of units of the Trust on the SGX-ST, the Trust, the Trustee-Manager, the Joint Issue Managers, the Joint Global Coordinators, the Joint Bookrunners and Joint Underwriters have relied on MPA to ensure that the relevant information from the relevant source has been reproduced in its proper form and context and that the information is extracted accurately and fairly from the relevant source. None of the Trust, the Trustee-Manager, the Joint Issue Managers, the Joint Global Coordinators, the Joint Bookrunners and Joint Underwriters or any other party has conducted an independent review of the information from such source or verified the accuracy or completeness of the relevant information.*

[68] *Chorus, "Chorus FY17 Half Year Result" published on the website of Chorus at https://www.chorus.co.nz/file/75544/Investor-Presentation-FY17.pdf last accessed in April 2017. Chorus has not provided its consent, for purposes of Section 282I of the SFA, to the inclusion of the information cited and attributed to it, in this document prepared by MPA and is therefore not liable for such information under Sections 282N and 282O of the SFA. As this report has been prepared by MPA for the purposes of incorporation in the prospectus to be issued by the Trustee-Manager in connection with the offering and listing of units of the Trust on the SGX-ST, the Trust, the Trustee-Manager, the Joint Issue Managers, the Joint Global Coordinators, the Joint Bookrunners and Joint Underwriters have relied on MPA to ensure that the relevant information from the relevant source has been reproduced in its proper form and context and that the information is extracted accurately and fairly from the relevant source. None of the Trust, the Trustee-Manager, the Joint Issue Managers, the Joint Global Coordinators, the Joint Bookrunners and Joint Underwriters or any other party has conducted an independent review of the information from such source or verified the accuracy or completeness of the relevant information.*

- In order to drive subscribers to the fibre platform, the New Zealand government mandated the increase of the wholesale price of connection to Chorus' copper network to be comparable with the wholesale price of fibre connection.

*Price Regulation and Pricing*

Chorus' pricing is currently regulated under a Total Service Long Run Incremental Cost (TSLRIC) model. TSLRIC is a pricing methodology that sets a regulated entity's prices on a replacement-cost basis, reflecting the theoretical costs that would be incurred by a hypothetical efficient operator building a new network. One disadvantage of the TSLRIC methodology is that it does not provide long-term certainty on future prices as prices are determined based on the revaluation of existing assets at each price determination. Therefore as new technology comes along, making existing technology obsolete, prices will change significantly, despite the underlying network being a pre-incurred cost. This pricing uncertainty does not incentivise investment by the regulated entity. The regulatory regime in New Zealand is expected to move to a BBM method from 2020, which the New Zealand Government, believes will benefit the sector in the following ways (in addition to the benefits of BBM mentioned in the Australia case above):

- BBM is believed to be more widely understood than TSLRIC and therefore is expected to result in a less contentious and less costly regulatory process.
- BBM prices can be based on actual costs as there is verifiable information in the market about the actual deployment costs associated with the UFB network as opposed to theoretical costs and asset valuations.
- Wholesale fibre prices from Chorus vary by speed and range from NZ$37-65 (approximately S$37.69-S$66.21) per connection.

*Business and Financial Performance*

In rolling out its network, Chorus managed to achieve cost per premises passed and cost per premises connected figures below their initial target range as shown in Exhibit 6.4.

**EXHIBIT 6.4: TARGETED VERSUS ACTUAL COSTS PER PREMISES PASSED AND CONNECTED**

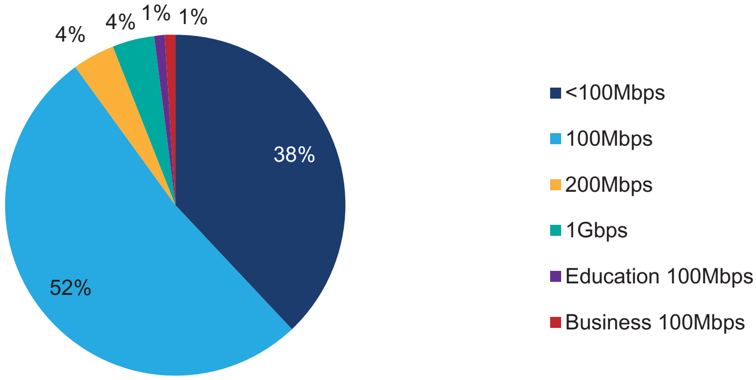
| 2016 FIGURES | TARGET | ACTUAL |
|---|---|---|
| Cost per Premises Passed | NZ$1,700-NZ$1,770 (~S$1,732-S$1,803) | NZ$1,689 (~S$1,720) |
| Cost per Premises Connected | NZ$1,050-NZ$1,250 (~S$1,069-S$1,273) | NZ$1,009 (~S$1,028) |

*Source: Chorus, "Macquarie Australia Conference (6 May 2016)" published on the website of Chorus at https://www.chorus.co.nz/file/74341/234931.pdf last accessed in January 2017*[69]

[69] *Chorus has not provided its consent, for purposes of Section 282I of the SFA, to the inclusion of the information cited and attributed to it, in this document prepared by MPA and is therefore not liable for such information under Sections 282N and 282O of the SFA. As this report has been prepared by MPA for the purposes of incorporation in the prospectus to be issued by the Trustee-Manager in connection with the offering and listing of units of the Trust on the SGX-ST, the Trust, the Trustee-Manager, the Joint Issue Managers, the Joint Global Coordinators, the Joint Bookrunners and Joint Underwriters have relied on MPA to ensure that the relevant information from the relevant source has been reproduced in its proper form and context and that the information is extracted accurately and fairly from the relevant source. None of the Trust, the Trustee-Manager, the Joint Issue Managers, the Joint Global Coordinators, the Joint Bookrunners and Joint Underwriters or any other party has conducted an independent review of the information from such source or verified the accuracy or completeness of the relevant information.*

In December 2016, Chorus announced that 62% of its fibre customers were on plans of at least 100Mbps.[70] Exhibit 6.5 shows the breakdown of package speeds for fibre subscribers.

**EXHIBIT 6.5: CHORUS FIBRE UPTAKE BY PLAN TYPE (DECEMBER 2016)**




*Source: Chorus, "Chorus annual report 2016" published on the website of Chorus at https://www.chorus.co.nz/file/74527/Annual-report-2016.pdf last accessed in January 2017*[71]

An analysis of Chorus's revenues reveals it is still generating the bulk of its top line from its copper infrastructure. However, copper revenues are declining at an average of 7% per year while fibre revenues have been growing at an average 28% a year for the period from 2013 to 2016. Exhibit 6.6 below shows the breakdown of Chorus' revenues.

[70] *Source: Chorus FY17 Half Year Result" published on the website of Chorus at https://www.chorus.co.nz/file/75544/Investor-Presentation-FY17.pdf last accessed in April 2017. Chorus has not provided its consent, for purposes of Section 282I of the SFA, to the inclusion of the information cited and attributed to it, in this document prepared by MPA and is therefore not liable for such information under Sections 282N and 282O of the SFA. As this report has been prepared by MPA for the purposes of incorporation in the prospectus to be issued by the Trustee-Manager in connection with the offering and listing of units of the Trust on the SGX-ST, the Trust, the Trustee-Manager, the Joint Issue Managers, the Joint Global Coordinators, the Joint Bookrunners and Joint Underwriters have relied on MPA to ensure that the relevant information from the relevant source has been reproduced in its proper form and context and that the information is extracted accurately and fairly from the relevant source. None of the Trust, the Trustee-Manager, the Joint Issue Managers, the Joint Global Coordinators, the Joint Bookrunners and Joint Underwriters or any other party has conducted an independent review of the information from such source or verified the accuracy or completeness of the relevant information.*

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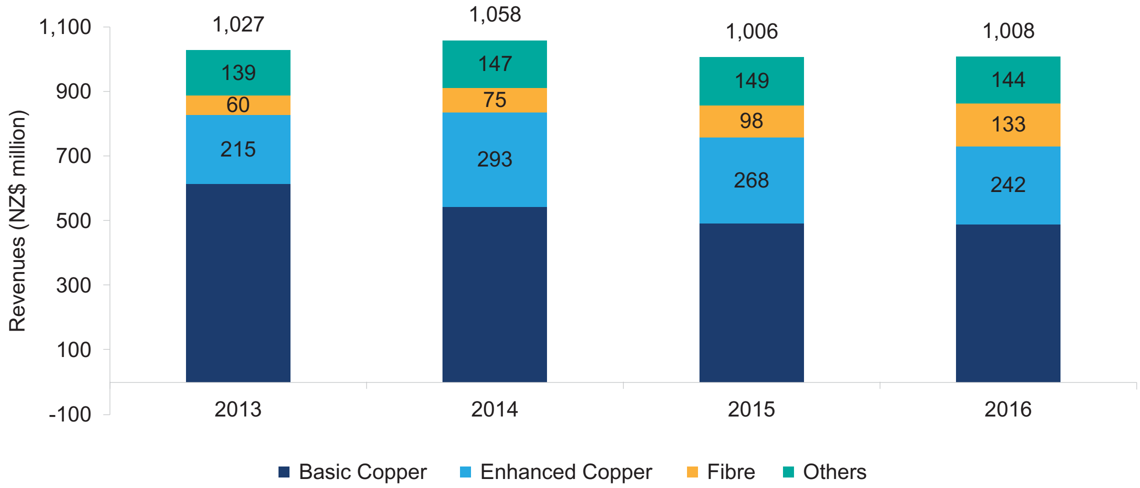
**EXHIBIT 6.6: CHORUS REVENUES BY SERVICE TECHNOLOGIES**




*Source: Chorus, "Chorus annual report 2016" published in the website of Chorus at https://www.chorus.co.nz/file/74527/Annual-report-2016.pdf last accessed in January 2017*[72]

### *6.4. UK: Openreach*

*Overview of Key Milestones*

***2006***

- Openreach, a BT subsidiary was launched to develop and maintain the telecommunications access network.

***2010***

- Openreach was mandated to provide wholesale broadband services to retail operators and must offer them at equivalent prices and terms to all providers, including BT's own retail arm.
- Openreach operates on a commercial basis, but in order to ensure service provision to uneconomical areas, Broadband Delivery UK (BDUK) was set up in December 2010. This was an initiative of the UK Government Department for Culture, Media and Sport, and was aimed at delivering superfast broadband (>24Mbps) and better mobile connectivity to the nation. It was originally budgeted at £1.7 billion (approximately S$3 billion) and includes both fixed broadband and mobile deployment.
- The government provided supporting investment via BDUK to achieve:
  - Superfast broadband coverage to 90% of the UK by early 2016 and 95% by December 2017.
  - Access to basic broadband (2Mbps) for all from December 2015.
  - Potential solutions to provide superfast coverage to the hardest to reach parts of the UK.
  - Higher take up of superfast broadband by SMEs to support growth through the Broadband Connection Voucher Scheme.
  - Improved mobile coverage in remote areas by 2016.

[72] *Chorus has not provided its consent, for purposes of Section 282I of the SFA, to the inclusion of the information cited and attributed to it, in this document prepared by MPA and is therefore not liable for such information under Sections 282N and 282O of the SFA. As this report has been prepared by MPA for the purposes of incorporation in the prospectus to be issued by the Trustee-Manager in connection with the offering and listing of units of the Trust on the SGX-ST, the Trust, the Trustee-Manager, the Joint Issue Managers, the Joint Global Coordinators, the Joint Bookrunners and Joint Underwriters have relied on MPA to ensure that the relevant information from the relevant source has been reproduced in its proper form and context and that the information is extracted accurately and fairly from the relevant source. None of the Trust, the Trustee-Manager, the Joint Issue Managers, the Joint Global Coordinators, the Joint Bookrunners and Joint Underwriters or any other party has conducted an independent review of the information from such source or verified the accuracy or completeness of the relevant information.*

- Openreach was appointed as the only provider to roll-out the BDUK Superfast broadband program after other tenderers withdrew their bids.
- Openreach was appointed as the only provider to roll-out the Super Fast Broadband program and originally budgeted £2.5 billion (approximately S$4.4 billion) to achieve nationwide network coverage.

***2015***

- In July 2015, a competitor to BT, Sky PLC (Sky), submitted a review to the regulator, Ofcom, which detailed statistics on Openreach's fibre roll-out failures. The key findings were as follows:
  - Approximately 90% of new line installations which require an Openreach engineer to attend, took 10 calendar days or longer. Almost one in ten installations also took longer than 30 days.
  - Openreach changed the agreed installation date for Sky customers on average around 12,500 times a month in aggregate based on Sky's evaluation.
  - Openreach missed over 500 appointments on average each month to install new lines for Sky customers and failed to complete a further 4,000 jobs per month on average.
  - Fault rates across Openreach's network increased by 50% between 2009 and 2012, the last year for which reliable data was publicly available.
  - Openreach's performance in fixing faults was consistently below the targets set out in agreements with service providers.

***2016***

- Openreach's investments in FTTC enabled the achievement of the government target of passing 90% of homes in the UK with super fast broadband in 2016.
- Openreach had initially budgeted £2.5 billion to provide nationwide coverage for FTTC roll-out (approximately S$4.4 billion), inclusive of a £250 million (approximately S$394 million) government subsidy. However, the final spend between 2010 and 2016 stood at £5.5 billion (approximately S$9.6 billion). This total included around £500 million (approximately S$875 million) of the BDUK subsidy.
- BT outlined plans to invest over £6 billion (approximately S$10.5 billion) from 2017 to 2019 primarily to provide faster fixed broadband and mobile services, which includes the roll-out of FTTP to meet Openreach's coverage target for 2020 of passing 2 million premises (approximately 7% of premises in the UK) with FTTP.
- While the regulator, Ofcom, had not originally required BT and Openreach to separate structurally, it later engaged with BT in voluntary discussions about legally separating the businesses. This was driven by the low service standards being achieved, and a perception of low levels of investment in fibre networks.
- In November 2016, Openreach announced that its FTTC network passed 26 million premises.[73]

[73] *Source: Openreach, Openreach's media release dated 8 November 2016 and entitled, "Openreach makes gigabit speeds available across the UK's largest wholesale FTTP network" published on the website of BT at http://www.btplc.com/news/#/pressreleases/openreach-makes-gigabit-speeds-available-across-the-uks-largest-wholesale-fttp-network-1638866 last accessed in April 2017. Openreach has not provided its consent, for purposes of Section 282I of the SFA, to the inclusion of the information cited and attributed to it, in this document prepared by MPA and is therefore not liable for such information under Sections 282N and 282O of the SFA. As this report has been prepared by MPA for the purposes of incorporation in the prospectus to be issued by the Trustee-Manager in connection with the offering and listing of units of the Trust on the SGX-ST, the Trust, the Trustee-Manager, the Joint Issue Managers, the Joint Global Coordinators, the Joint Bookrunners and Joint Underwriters have relied on MPA to ensure that the relevant information from the relevant source has been reproduced in its proper form and context and that the information is extracted accurately and fairly from the relevant source. None of the Trust, the Trustee-Manager, the Joint Issue Managers, the Joint Global Coordinators, the Joint Bookrunners and Joint Underwriters or any other party has conducted an independent review of the information from such source or verified the accuracy or completeness of the relevant information.*

***2017***

- In March 2017, agreement was reached between BT and Ofcom on a degree of legal separation of Openreach; this falls short of full structural separation, as Openreach remains under the same shareholders- as a part of BT Group.
- In March 2017, Ofcom placed a £42 million fine on Openreach for breaching Ofcom's rules, after the company reduced compensation payments it contractually owed to other telecommunications providers for late installations.
- In April 2017, Openreach listed the number of premises passed with FTTP at 345,000.[74]

*Price Regulation and Pricing*

Price regulation for the wholesale broadband market was last reviewed by Ofcom in 2014. At that time, Ofcom determined that Openreach should retain flexibility over the pricing of Virtual Unbundled Local Access (VULA) services, which allow access by other operators to Openreach's FTTC services on a wholesale basis. Openreach was obliged to avoid price discrimination between its own retail arm and other service providers, but otherwise had freedom in pricing. However, in 2015 Ofcom issued a further decision, which required BT to maintain a minimum margin between Openreach wholesale prices and BT retail prices for FTTC services. This was to ensure that other operators were able to make a sufficient margin on top of Openreach prices in order to compete at the retail level. BT was required to demonstrate compliance with the margin requirement every 6 months.

A further consultation on the broadband market is due later in 2017, with a decision by March 2018. Given that the FTTC network deployment is largely complete, and pricing freedom is less needed as the investment risks are better understood, MPA expects that Ofcom will impose price controls on wholesale FTTC services. These are likely to involve CPI-X% price caps, which is Ofcom's preferred approach to price controls for established services.[75]

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[74] *Source: Openreach, Openreach's media release dated 8 November 2016 and entitled, "Openreach makes gigabit speeds available across the UK's largest wholesale FTTP network" published on the website of BT at http://www.btplc.com/news/#/pressreleases/openreach-makes-gigabit-speeds-available-across-the-uks-largest-wholesale-fttp-network-1638866 last accessed in April 2017. Openreach has not provided its consent, for purposes of Section 282I of the SFA, to the inclusion of the information cited and attributed to it, in this document prepared by MPA and is therefore not liable for such information under Sections 282N and 282O of the SFA. As this report has been prepared by MPA for the purposes of incorporation in the prospectus to be issued by the Trustee-Manager in connection with the offering and listing of units of the Trust on the SGX-ST, the Trust, the Trustee-Manager, the Joint Issue Managers, the Joint Global Coordinators, the Joint Bookrunners and Joint Underwriters have relied on MPA to ensure that the relevant information from the relevant source has been reproduced in its proper form and context and that the information is extracted accurately and fairly from the relevant source. None of the Trust, the Trustee-Manager, the Joint Issue Managers, the Joint Global Coordinators, the Joint Bookrunners and Joint Underwriters or any other party has conducted an independent review of the information from such source or verified the accuracy or completeness of the relevant information.*

[75] *Ofcom generally imposes price controls (on a CPI-X% basis) for key services where Openreach is deemed to have significant market power. These charge controls typically run for 3 years, and impose a downwards glide path from starting prices so that by the end of the period, the prices should ensure Openreach recovers costs (according to a Fully Allocated Cost standard using Current Cost Accounting, plus an allowance for cost of capital). In practice, Openreach has generally been able to over-recover, so that prices remained above cost, even at the end of the control period. Openreach's current results (based on 2016 accounts) show a 27% operating margin.*

Openreach currently provides VULA wholesale broadband services under the name "Generic Ethernet Access" (GEA) using FTTC technology, with prices as shown below.

**EXHIBIT 6.7: OPENREACH'S GENERIC ETHERNET ACCESS (FTTC) PRICING BREAKDOWN (AS OF MARCH 2017)**

| SPEEDS (MBPS) DOWNSTREAM/UPSTREAM | CONNECTION CHARGE (ONE-TIME FEE, £) | ANNUAL RENTAL CHARGE (£) |
|---|---|---|
| 40/2 | £92 (~S$161) | £82.80 (~S$145) |
| 40/10 | £92 (~S$161) | £88.80 (~S$155) |
| 40/15 | £92 (~S$161) | £119.40 (~S$209) |
| 55/10 | £92 (~S$161) | £100.80 (~S$176) |
| 80/20 | £92 (~S$161) | £119.40 (~S$209) |

*Source: Openreach, "Price list generic ethernet access (08 Nov 2016), published on the website of Openreach at https://www.openreach.co.uk/orpg/home/products/pricing/loadProductPriceDetails.do?data=M80QNeH46o4g6JKGD604vTypQOKfNn%2Beo6vmoVhAOBZZ6rNZujnCs99NbIKJZPD9hXYmiijxH6wr%0ACQm97GZMyQ%3D%3D last accessed in March 2017*[76]

Deployment of FTTP services by Openreach is currently limited, with less than 2% of premises connected by FTTP. However, Openreach does offer a fibre-on-demand service which is priced according to the distance between the fibre end point and the customer premise. It is a service for businesses (or wealthy home owners), specifically those already covered by FTTC, to opt to have their own FTTP service installed, albeit with the end-user being expected to absorb majority of the installation and civil engineering cost involved. Exhibit 6.8 below shows the fixed connection charge and rental charges.

**EXHIBIT 6.8: OPENREACH'S FIBRE-ON-DEMAND BASE PRICING**

| SPEEDS (MBPS) DOWNSTREAM/UPSTREAM | CONNECTION CHARGE (ONE-TIME FEE, £) | ANNUAL RENTAL CHARGE (£) |
|---|---|---|
| 330/30 | £750 (~S$1,313) | £1,188 (~S$2,079) |
| 500/165 | £1,158 (~S$2,027) | £1,392 (~S$2,436) |
| 1,000/220 | £1,158 (~S$2,027) | £1,692 (~S$2,961) |

*Source: Openreach, "Price list FTTP on demand (22 Dec 2016), published on the website of Openreach at https://www.openreach.co.uk/orpg/home/products/pricing/loadProductPriceDetails. do?data=LNo28YEt6b0mlOac%2BC6kSQFXgQ2BCzCEU1ae6o4sFOyrmMlIOOG7b%2F12AmPFLBERe6YShZ82RgLOGLsH2e9%2Bmw%3D%3D last accessed in March 2017*[77]

In addition to the base pricing above, a variable connection charge is raised. 96% of premises are expected to be within 2km of the nearest fibre connected node, and these will be covered by distance bands A to G. Exhibit 6.9 outlines the pricing bands by distance as at 1 November 2016.

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**EXHIBIT 6.9: OPENREACH'S ONE-TIME CHARGES BY DISTANCE TO THE FIBRE POINT**

| FEATURE | DISTANCE RANGE FROM/TO | VARIABLE CONNECTION CHARGE (ONE-TIME FEE, £) |
|---|---|---|
| Band A | 0m to 199m | £350 (~S$613) |
| Band B | 200m to 399m | £1,050 (~S$1,838) |
| Band C | 400m to 599m | £1,750 (~S$3,063) |
| Band D | 600m to 799m | £2,450 (~S$4,288) |
| Band E | 800m to 999m | £3,150 (~S$5,513) |
| Band F | 1,000m to 1,499m | £4,375 (~S$7,656) |
| Band G | 1,500m to 1,999m | £6,125 (~S$10,719) |

*Source: Openreach, "Price list FTTP on demand (22 Dec 2016)", published on the website of Openreach at https://www.openreach.co.uk/orpg/home/products/pricingloadProductPriceDetails.do?data=LNo28YEt6b0mlOac%2BC6kSQFXgQ2BCzCEUae6o4sFOyrmMlIOOG7b%2F12AmPFLBERe6YShZ82RgLOGLsH2e9%2Bmw%3D%3D last accessed in March 2017*[78]

MPA expects that in order to achieve mass roll-out of FTTP services in the UK, Openreach will launch new products in future with more approachable prices to reflect the economies of scale that will be achieved with mass deployment, rather than an on-demand service described above.

## 7. Conclusion

As the core foundation of Singapore's Next Gen NBN, NetLink Trust is the platform through which ultra high-speed internet access is delivered throughout mainland Singapore and its connected islands. With nationwide coverage, MPA expects NetLink Trust to continue to be the main provider of fibre network infrastructure for which RSPs can provide high-speed broadband connections directly into residential homes, non-residential premises and NBAP locations.

The table below summarises MPA's assessment of NetLink Trust's strengths, opportunities, weaknesses and threats.

**STRENGTHS**

- First-mover advantage originating from the Singapore government's iN2015 master plan.
- Only nationwide fibre network infrastructure provider in Singapore.
- NetLink Trust provides an independent alternative for OpCos/RSPs who may otherwise have to engage third party fibre network infrastructure providers with a competing OpCo/RSP arm.
- Price competition amongst the RSPs as well as residential subscriber switching between RSPs do not negatively impact NetLink Trust's revenue base.
- Next Gen NBN's "ring" and "star" topology is a highly future-proof passive infrastructure that can be enhanced to serve increasing bandwidth demands at very low incremental cost.

**OPPORTUNITIES**

- Rising uptake of fibre broadband subscriptions in Singapore from the gradual migration of end-users from older broadband technology types as well as the general growth in economy, population, total households, residential homes and businesses.
- Competition at the RSP level could increase users' awareness of fibre broadband services and bring more end-users to NetLink Trust's network.
- In the non-residential segment, NetLink Trust has competitive advantage over other fibre network infrastructure providers and opportunity to gain market share due to its transparent and regulated pricing, Universal Service Obligation, nationwide coverage and non-discriminatory network.

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| STRENGTHS | OPPORTUNITIES |
|---|---|
| • Utility-like nature of broadband makes NetLink Trust's business resilient to economic and business cycles.<br>• NetLink Trust's transparent, predictable and regulated pricing and revenue model provides certainty for OpCos who require the services of a fibre network infrastructure provider.<br>• Based on currently known and available technology, wired fibre broadband remains the most efficient and effective way of transmitting large amounts of data from point-to-point directly at high bandwidth with low latency. Future-proof with limited substitution risk.<br>• High durability of fibre and ducts. While the typical accounting lives of fibre cables is 25 years and ducts and manholes are 50 years, in practice these assets last much longer especially in Singapore's case where they are buried underground. R&D for new active data transmission equipment is likely to be based on the capabilities and specifications of existing passive fibre network infrastructure. As such, future capital expenditure requirements for NetLink Trust are relatively limited. | • Increasing data consumption with high-speed requirements and increase in Smart Nation Programme use cases are expected to drive demand for fibre broadband services and fibre connections<br>• Well-positioned to be the lead partner for Singapore's Smart Nation Programme initiatives. Demand for fibre broadband services and fibre connections is facilitated by various government-led initiatives such as the Infocomm Media 2025, Fibre Ready Scheme, COPIF 2013 and CFE.<br>• Able to provide backhaul fibre network infrastructure for localised wireless initiatives such as Wireless@SG and for mobile telco operators to roll-out their HetNet and 5G networks<br>• NetLink Trust is a logical backhaul partner for TPG, Singapore's fourth and newest mobile telco operator. |
| **WEAKNESS** | **THREATS** |
| • NetLink Trust has not been able to comply with IMDA's QoS Timeframe Standards and IMDA will continue to take enforcement actions against such further non-compliance. MPA understands that NetLink Trust is committed to improving the delivery of its services in order to meet its QoS Timeframe Standards, and regularly communicates with IMDA in relation to its efforts. | • There is potential competition in the non-residential and NBAP segments from players using existing infrastructure or newly laid infrastructure. These players may not be subject to the same tariffs, quality of service standards and cost structure of NetLink Trust.<br>• Future wired or wireless technology may affect the reliance on and relevancy of fibre networks, but in the foreseeable future, fibre networks will remain the core infrastructure for high-speed data transmission. While the development of new wired and wireless technologies is likely to increase the demand and use of fibre networks, one cannot rule out the possibility that a new technology may emerge in the future and reduce the relevancy of fibre technology. |

For and on behalf of
Media Partners Asia Ltd.

Vivek Couto
Executive Director
31 May 2017

# APPENDIX E
# INDEPENDENT TAXATION REPORT

# INDEPENDENT TAXATION REPORT

The Board of Directors
NetLink NBN Management Pte. Ltd.
as Trustee-Manager of NetLink NBN Trust
750E Chai Chee Road
#07-03
Viva Business Park
Singapore 469005

27 June 2017

**INDEPENDENT TAXATION REPORT**

Dear Sirs:

This letter has been prepared at the request of NetLink NBN Management Pte. Ltd. (as Trustee-Manager of NetLink NBN Trust) ("**Trustee-Manager**" or "**Trustee**" as appropriate) for inclusion in the Prospectus to be issued in relation to the initial public offering of units in NetLink NBN Trust ("**Units**") on the Singapore Exchange Securities Trading Limited ("**SGX-ST**").

The purpose of this letter is to provide prospective purchasers of the Units with an overview of the Singapore tax consequences of the subscription, purchase, ownership and disposition of the Units. This letter principally addresses investors who hold the Units as investment assets. Investors who acquire the Units for dealing purposes should consult their own tax advisers concerning the tax consequences of their particular situations.

This letter is not a tax advice and does not attempt to describe comprehensively all the tax considerations that may be relevant to a decision to subscribe, purchase, own or dispose of the Units. Prospective investors in the Units should consult their own tax advisers to take into account the tax law applicable to their particular situations. In particular, prospective investors who are not Singapore tax residents are advised to consult their own tax advisers to take into account the tax laws of their respective countries of residence and the existence of any tax treaty which their countries of residence may have with Singapore.

This letter is based on Singapore income tax laws and relevant interpretations thereof current as at the date of this letter, all of which are subject to change, possibly with retroactive effect. It is also based on certain measures announced in the 2017 Singapore Budget which have yet to be enacted as laws and is thus subject to the precise wordings of the relevant provisions when enacted.

Words and expressions in this letter have the same meaning as defined in the Prospectus. In addition, unless the context requires otherwise, words in the singular include the plural and the other way around and words of one gender include the other gender.

## Singapore taxation of trusts in general

Under current Singapore income tax law, the chargeable income of a trust comprises:-

(a) income accruing in or derived from Singapore; and

(b) unless otherwise exempt, income derived from outside Singapore which is received in Singapore or deemed to have been received in Singapore by the operation of law.

Singapore income tax is imposed on the chargeable income of a trust. The chargeable income of a trust is ascertained in accordance with the provisions of the Singapore income tax law, after deduction of all allowable expenses and any other allowances permitted under the law.

The chargeable income of a trust, or part thereof, is taxed at the prevailing rate of income tax (currently 17.0%) and the tax is assessed on the trustee in the following circumstances:

(a) where the income is derived from any trade or business carried on by the trustee, in its capacity as the trustee of the trust;

(b) where the beneficiaries of the trust are not resident in Singapore; or

(c) where the beneficiaries are not entitled to the income of the trust.

Any distribution made out of income which has been assessed to tax on the trustee is not taxable in the hands of the beneficiaries. The tax paid by the trustee on such income is not imputed as a credit to the beneficiaries for Singapore income tax purposes.

Where the chargeable income of a trust is income other than that derived from any trade or business carried on by the trustee, such income may be assessed to tax directly on the beneficiaries of the trust where the beneficiaries are resident in Singapore and are entitled to the income of the trust.

**Singapore taxation of trusts registered under the Business Trusts Act, Chapter 31A of Singapore ("Business Trusts Act")**

A trust registered under the Business Trusts Act is treated like a company under the one-tier system for income tax purposes. This tax treatment is effective from the first year such a trust commences operation as a registered business trust. Accordingly, like a company under the one-tier system, a registered business trust is subject to Singapore income tax in accordance with the same provisions of the income tax laws applicable to a company.

The income of a registered business trust is taxed at the trustee level. Under current Singapore income tax law, the chargeable income of a registered business trust comprises:

(a) income accruing in or derived from Singapore; and

(b) unless otherwise exempt, income derived from outside Singapore (i.e. foreign-sourced income) which is received in Singapore or deemed to have been received in Singapore by the operation of law.

Singapore income tax is imposed on the chargeable income of the registered business trust after deduction of allowable expenses and any allowances permitted under the law. The tax is assessed on the trustee-manager of the registered business trust.

The first S$300,000 of chargeable income of a registered business trust is exempt from tax as follows:

(a) 75.0% of up to the first S$10,000 of chargeable income; and

(b) 50.0% of up to the next S$290,000 of chargeable income.

The remaining chargeable income (after deducting the applicable tax exemption on the first S$300,000 of chargeable income) will be taxed at the prevailing rate of income tax, which is currently 17.0%. The distributions made by a registered business trust to its unitholders are exempt from Singapore income tax in the hands of the unitholders, regardless of their nationality, corporate identity or tax residence status. No credit will be allowed to the unitholders for the tax paid by the trustee-manager of the registered business trust.

For tax purposes, a registered business trust is considered a tax resident of Singapore if:

(a) the trustee of the registered business trust in his capacity as such carries on a trade or business in Singapore; and

(b) the control and management of the business of the registered business trust is in Singapore.

There is no capital gains tax in Singapore. However, gains from the sale of investments are generally chargeable to tax if such gains arise from or are otherwise connected with the activities of a trade or business carried on in Singapore. Such gains, even if they do not arise from an activity in the ordinary course of trade or business or from an ordinary incident of some other business activity, may also be considered gains or profits of an income nature if the investments were acquired with the intent or purpose of making a profit from their subsequent sale and not for long-term investment purposes.

However, gains from disposal of ordinary shares (irrespective of their nature) are exempt from Singapore income tax in certain circumstances. This tax exemption generally applies to gains derived from the disposal of ordinary shares by companies during the period from 1 June 2012 to 31 May 2022 (both dates inclusive), if immediately prior to the date of disposal:

(a) the divesting company legally and beneficially owns a minimum ordinary shareholding of 20.0% in the company whose ordinary shares are being disposed of; and

(b) the divesting company maintains the minimum 20.0% ordinary shareholding for a continuous period of at least 24 months prior to the date of disposal.

**Taxation of Trust Group**

***Income Tax***

*Taxation of NetLink NBN Trust (the "Trust")*

Being a trust registered under the Business Trust Act, the Trust is treated like a company for Singapore income tax purposes. Accordingly, it is subject to income tax in accordance with the same provisions of the income tax law applicable to a company.

The Trust's chargeable income after deduction of allowable expenses and permitted allowances under the Income Tax Act, Chapter 134 of Singapore ("**Income Tax Act**"), if any, and after deducting the applicable tax exemption on the first S$300,000 of chargeable income, would be subject to Singapore income tax at the prevailing tax rate, which is currently 17.0%.

The receipts of the Trust will comprise substantially receipts of distributions from NetLink Trust ("**NLT**"), interest income received on the NLT Notes and dividends from NetLink Management Pte. Ltd. ("**NLT Trustee**").

***Distributions from NLT***

Based on Sections 35(15) and 35(16)(c) of the Income Tax Act, distributions made by NLT out of its income from trade or business carried on by the NLT Trustee would not be subject to tax in the hands of the Trust as a unitholder of NLT.

***Interest income from the NLT Notes***

Pursuant to Section 13(1)(b) of the Income Tax Act, interest income derived from qualifying project debt securities will be exempt from Singapore income tax. Debt securities will qualify as qualifying project debt securities if they meet the following conditions:

(a) the interest and other income directly attributable to the debt securities are funded primarily by cash flows from an infrastructure asset or project prescribed by the Income Tax (Qualifying Project Debt Securities) Regulations 2008 (referred to as a "**prescribed asset or project**");

(b) the proceeds from the issue of the debt securities are only used to acquire, develop or invest in a prescribed asset or project, or to refinance a previous borrowing which was only used for that purpose;

(c) the debt securities are arranged:

    (i) by any financial institution in Singapore and issued during the period from 1 November 2006 to 31 December 2013 (both dates inclusive);

    (ii) by any Financial Sector Incentive (Project Finance) company or Financial Sector Incentive (Bond Market) company and issued during the period from 1 November 2006 to 31 March 2017 (both dates inclusive); or

    (iii) by any Financial Sector Incentive (Standard Tier) company or Financial Sector Incentive (Capital Market) company and issued during the period from 1 January 2014 to 31 March 2017 (both dates inclusive);

(d) the debt securities are issued during the period from 1 November 2006 to 31 March 2017 (both dates inclusive);

(e) the gearing ratio of such prescribed asset or project has been approved by the MAS in a case where the debt securities are issued by a person in Singapore, or the prescribed asset or project is in Singapore;

(f) less than 50.0% of the issue of the debt securities is beneficially held or funded, directly or indirectly, by related parties of the issuer of the debt securities; and

(g) the debt securities are issued to 4 or more persons.

It was announced in the 2017 Singapore Budget that the tax incentive schemes for project and infrastructure finance, which includes the tax exemption on income from qualifying project debt securities, will be extended to 31 December 2022. Accordingly, under this proposed tax change, the date "31 March 2017" in conditions (c) and (d) would be changed to "31 December 2022".

If condition (g) cannot be met, the tax exemption on interest income from qualifying project debt securities will nevertheless apply if (i) a waiver has been granted by the MAS; (ii) all the persons holding the securities are companies (which includes registered business trusts) resident in Singapore and listed on the Singapore Exchange either on the date of issue of the securities or within 6 months from that date; and (iii) the interest income from the debt securities received by such companies (which includes registered business trusts) is declared to be distributable to their shareholders (which includes unitholders of registered business trusts) within 6 months from the end of the financial year in which it is received (the "**onward-declaration of interest income condition**").

With regard to the NLT Notes, approval has been obtained from the MAS regarding the waiver of condition (g), as well as regarding the appropriate level of gearing under condition (e). With this approval, the NLT Notes should qualify as qualifying project debt securities if conditions (a), (b), (c), (d) (as extended in the 2017 Singapore Budget) and (f), and the onward-declaration of interest income condition are met.

However, even though the NLT Notes are qualifying project debt securities, the tax exemption on interest income from qualifying project debt securities under Section 13(1)(b) of the Income Tax Act shall not apply if:

(a) 50.0% or more of the NLT Notes which are outstanding at any time during the life of the issue is beneficially held or funded, directly or indirectly, by related parties of NLT; or

(b) NLT, or such other person as the MAS may direct, has not furnished to the MAS a return on the qualifying project debt securities within such period as the MAS may specify and such other particulars in connection with the qualifying project debt securities as the MAS may require.

The term "related party", in relation to a person, means any other person who, directly or indirectly, controls that person, or is controlled, directly or indirectly, by that person, or where he and that other person, directly or indirectly, are under the control of a common person.

***Dividends from the NLT Trustee***

Provided the NLT Trustee is a tax resident of Singapore, dividends from the NLT Trustee will be exempt from Singapore income tax in the hands of the Trustee-Manager (in its capacity as the trustee-manager of the Trust) under Section 13(1)(za) of the Income Tax Act.

***Gain on disposal of units in NLT and/ or shares in the NLT Trustee***

Singapore currently does not impose tax on capital gains. In the event that the Trust disposes of its units in NLT and/or shares in the NLT Trustee, any gain derived from the disposal will not be liable to Singapore income tax unless such gain is considered income derived from a trade or business. Such gain may also be liable to Singapore income tax if the units in NLT and/or shares in the NLT Trustee were acquired with the intent or purpose of making a profit from their subsequent sale and not for long-term investment purposes.

However, gains from disposal of ordinary shares (irrespective of their nature) are exempt from Singapore income tax in certain circumstances. This tax exemption generally applies to gains derived from the disposal of ordinary shares by companies during the period from 1 June 2012 to 31 May 2022 (both dates inclusive), if immediately prior to the date of disposal:

(a) the divesting company legally and beneficially owns a minimum ordinary shareholding of 20.0% in the company whose ordinary shares are being disposed of; and

(b) the divesting company maintains the minimum 20.0% ordinary shareholding for a continuous period of at least 24 months prior to the date of disposal.

*Taxation of NLT*

The income of NLT will be derived mainly from the carrying on of the Fibre Business and the D&M Business. NLT may claim deduction on allowable expenses and permitted allowances under the Income Tax Act, if any, against the income derived from the said business. In this connection, the IRAS has provided a written confirmation that it is prepared to accept the commercial reasons represented for the refinancing of the principal amounts outstanding under the ST Facility Agreement using the proceeds from the issuance of the NLT Notes and agrees that the interest expense incurred on the NLT Notes would qualify for tax deduction provided that:

(a) the interest expense incurred on the NLT Notes will be subject to transfer pricing adjustments if the amounts are not reflective of arm's length conditions;

(b) the quantum of the interest expense qualifying for tax deduction will be restricted to the amount attributable to the finance of income-producing assets; and

(c) the avoidance or reduction of tax is not one of the main purposes for the proposed arrangement.

NLT may also earn interest income from the placement of its income that is not immediately distributed in fixed deposits with banks located in Singapore and dividends from OpenNet Pte. Ltd., NetLink Trust Management Services Company Pte. Ltd. and NetLink Trust Operations Company Pte. Ltd. (collectively the "**Singapore Subsidiaries**")

Provided the Singapore Subsidiaries are tax residents of Singapore, dividends from the Singapore Subsidiaries will be exempt from Singapore income tax in the hands of the NLT Trustee (in its capacity as trustee of NLT) under Section 13(1)(za) of the Income Tax Act.

In the event that NLT disposes of its shares in the Singapore Subsidiaries, any gain derived from the disposal will not be liable to Singapore income tax unless such gain is considered income derived from a trade or business. Such gain may also be liable to Singapore income tax if the shares in the Singapore Subsidiaries were acquired with the intent or purpose of making a profit from their subsequent sale and not for long-term investment purposes.

The chargeable income of NLT, after deduction of allowable expenses and permitted allowances under the Income Tax Act, would be subject to Singapore income tax at the prevailing tax rate, which is currently 17.0%.

Any tax on the chargeable income of NLT is assessed on the NLT Trustee. The after-tax amount may subsequently be distributed to the Trust free of Singapore withholding tax or tax deduction at source.

*Taxation of the NLT Trustee and the Singapore Subsidiaries*

The NLT Trustee and the Singapore Subsidiaries are liable to Singapore income tax on income accruing in or derived from Singapore and unless otherwise exempt, income derived from outside Singapore which is received in Singapore or deemed to have been received in Singapore by the operation of law.

These companies' chargeable income after deduction of allowable expenses and permitted allowances under the Income Tax Act, if any, and after deducting the applicable tax exemption on the first S$300,000 of chargeable income, would be subject to Singapore income tax at the prevailing tax rate, which is currently 17.0%.

***Stamp Duty***

Singapore stamp duty is payable on any instrument of conveyance, assignment or transfer of any interest (including any contract or agreement for sale) in, any stocks or shares of either a Singapore incorporated company, or a foreign incorporated company the register of which is kept in Singapore. The applicable rate of stamp duty is 0.2% of the consideration payable for the transfer of the shares or the market value of the shares, whichever is higher. Additional stamp duties may be payable by the transferor and/or the transferee in the case where the conveyance, assignment or transfer is of an equity interest in an entity that own primarily residential properties in Singapore in certain circumstances.

The Commissioner of Stamp Duties has confirmed that based on certain terms of the NLT Trust Deed:

(a) any agreement(s) for the sale and purchase of, and transfer of, any or all of the units in NLT, and any transfer form(s) executed by the transferor and/or the transferee to effect such transfer will not be subject to any stamp duty; and

(b) the repurchase, redemption and cancellation of the units in NLT, and the issue of new units in NLT (including any document executed by the trustee of NLT and the unitholder(s) of NLT for such repurchase, redemption, cancellation and/or new issue) will not be subject to any stamp duty.

In addition, the Commissioner of Stamp Duties has also confirmed that in the event of any replacement of the trustee-manager of the Trust or the trustee of NLT, the instrument(s) to effect the vesting of chargeable properties comprised in the Trust or NLT (as the case may be) from the retiring trustee to the replacement trustee will not be subject to any stamp duty.

***GST***

Pursuant to a GST remission granted by the Minister for Finance, the Trust as a Singapore-listed Registered Business Trust carrying on qualifying business (namely infrastructure business), is allowed to claim GST on its business expenses even if the Trust is not GST-registered or not eligible for GST registration. However, the GST claims are subject to conditions governing the GST remission and the general input tax claims conditions prescribed under the GST legislation. These conditions include, among others, the following:

(a) the Trust is listed or to be listed on the SGX-ST; and

(b) the underlying assets of the Trust make taxable supplies or out-of-scope supplies which would have been taxable supplies if made in Singapore.

The aforementioned GST remission is applicable for expenses incurred up to and including 31 March 2020.

**Taxation of the TM Shares Trust and the Trustee-Manager**

***Income Tax***

*Taxation of the TM Shares Trust*

The income of the TM Shares Trust will likely be in the form of dividends from the Trustee-Manager.

Provided the Trustee-Manager is a tax resident of Singapore, dividends from the Trustee-Manager will be exempt from Singapore income tax in the hands of the Share Trustee (in its capacity as trustee of the TM Shares Trust) under Section 13(1)(za) of the Income Tax Act.

In the event that the TM Shares Trust disposes of its shares in the Trustee-Manager, any gain derived from the disposal will not be liable to Singapore income tax unless such gain is considered income derived from a trade or business. Such gain may also be liable to Singapore income tax if the shares in the Trustee-Manager were acquired with the intent or purpose of making a profit from their subsequent sale and not for long-term investment purposes.

*Taxation of the Trustee-Manager*

The Trustee-Manager is liable to Singapore income tax on income accruing in or derived from Singapore and unless otherwise exempt, income derived from outside Singapore which is received in Singapore or deemed to have been received in Singapore by the operation of law.

The Trustee-Manager's chargeable income after deduction of allowable expenses and permitted allowances under the Income Tax Act, if any, and after deducting the applicable tax exemption on the first S$300,000 of chargeable income, would be subject to Singapore income tax at the prevailing tax rate, which is currently 17.0%.

***Stamp Duty***

The Commissioner of Stamp Duties has confirmed that based on certain terms of the TM Shares Trust Deed, that in the event of any replacement of the trustee of the TM Shares Trust, the instrument(s) to effect the vesting of chargeable properties comprised in the TM Shares Trust from the retiring trustee to the successor trustee will not be subject to any stamp duty.

The transfer of the shares in the NLT Trustee and all of that part of the beneficial interests in the Pre-Listing Beneficiaries' trust property of the TM Shares Trust relating to the TM Shares will be subject to stamp duty at 0.2% of the value or consideration of the transfer, whichever is higher.

## Taxation of Unitholders

### *Income Tax*

*Distributions from Units*

Distributions made by the Trust are exempt from Singapore income tax in the hands of all Unitholders. These distributions are also not subject to Singapore withholding tax. Unitholders are not entitled to tax credits in Singapore for any taxes paid by the Trustee-Manager (in its capacity as trustee-manager of the Trust) on the income of the Trust.

*Distribution from the TM Shares Trust*

Distributions made by the TM Shares Trust out of its dividend income from the Trustee-Manager (if any), which has been exempted from Singapore income tax under Section 13(1)(za) of the Income Tax Act, are exempt from Singapore income tax in the hands of all Unitholders. No tax will be deducted at source or withheld on such distributions.

*Gain on disposal of Units*

Singapore currently does not impose tax on capital gains. Therefore, gains on disposal of the Units that are capital in nature will not be subject to Singapore income tax. However, such gains may be considered income in nature and thus subject to Singapore income tax if they arise from or are otherwise connected with the activities of a trade or business carried on in Singapore. Such gains may also be considered income in nature, even if they do not arise from an activity in the ordinary course of trade or business or an ordinary incident of some other business activity, if the intention of the Unitholder was not to hold the Units as long-term investment.

As the precise tax status of one Unitholder will vary from another, Unitholders are advised to consult their own professional advisers on the Singapore tax consequences that may apply to their individual circumstances.

Unitholders who have adopted or are required to adopt Singapore Financial Reporting Standard 39—Financial Instruments: Recognition and Measurement ("**FRS 39**") for financial reporting purposes may, for Singapore income tax purposes, be required to recognise gains or losses (not being gains or losses in the nature of capital) on the Units, irrespective of disposal. Unitholders should consult their own accounting and tax advisers regarding the Singapore income tax consequences of their acquisition, holding or disposal of the Units arising from the adoption of FRS 39.

The Accounting Standards Council has issued a new financial reporting standard for financial instruments, FRS 109—Financial Instruments, which will become mandatorily effective for annual periods beginning on or after 1 January 2018. The IRAS has issued a consultation paper titled "Proposed Income Tax Treatment Arising from the Adoption of FRS 109—Financial Instruments" on 1 July 2016 and the closing date for submission of comments was 1 August 2016. It is at present unclear whether, and to what extent, the replacement of FRS 39 by FRS 109 will affect the tax treatment of financial instruments which currently follows FRS 39.

### *Stamp Duty*

The Commissioner of Stamp Duties has confirmed that based on certain terms of the Trust Deed and the TM Shares Trust Deed, upon the listing of the Units, any document(s) or contract(s) to effect a sale and purchase of, and transfer of the Units, and consequently a change in the beneficiaries of the TM Shares Trust, will not be subject to any stamp duty. This is on the basis that no separate document or contract will be executed to effect the transfer of the TM Shares between the transferor and transferee of the sale and purchase of, and transfer of the Units.

***GST***

The sale of the Units by a GST-registered investor belonging in Singapore for GST purposes through a SGX-ST member or to another person belonging in Singapore is an exempt supply not subject to GST. Any input GST (e.g. GST on brokerage) incurred by the GST-registered investor in making such an exempt supply is generally not recoverable from the Singapore Comptroller of GST unless the investor satisfies certain conditions prescribed under the GST legislation or certain GST concessions.

Where the Units are supplied by a GST-registered investor in the course or furtherance of a business carried on by such investor to a person who belongs outside Singapore for GST purposes, the sale should generally, subject to the satisfaction of certain conditions, be subject to GST at 0%. Any input GST (e.g. GST on brokerage) incurred by a GST-registered investor in making such a zero-rated supply for the purpose of a business carried on by him may, subject to the provisions of the GST legislation, be recoverable from the Singapore Comptroller of GST.

Investors should seek their own tax advice on the recoverability of GST incurred on expenses in connection with the purchase and disposition of the Units.

Services such as arranging, broking, underwriting or advising on the issue, allotment or transfer of ownership in the Units rendered by a GST-registered person to an investor belonging in Singapore for GST purposes will be subject to GST at the prevailing rate applicable under the Goods and Services Tax Act (Chapter 117A) (currently 7.0%). Similar services supplied to an investor who belongs outside Singapore for GST purposes should generally, subject to satisfaction of certain conditions, be subject to GST at 0%.

Yours faithfully,

Lim Gek Khim
Partner, Tax
For and on behalf of
Ernst & Young Solutions LLP
Singapore

## APPENDIX F
## INDEPENDENT VALUATION LETTER

## INDEPENDENT VALUATION LETTER

22 June 2017

The Board of Directors
NetLink NBN Management Pte. Ltd.
(In its capacity as trustee-manager of NetLink NBN Trust)
750 Chai Chee Road
#07-03
Viva Business Park
Singapore 469005

Dear Sirs,

### 1. INTRODUCTION

PricewaterhouseCoopers Advisory Services Pte. Ltd. ("**PwC**") has been appointed by the Board of Directors ("**Directors**") of NetLink NBN Management Pte. Ltd. ("**Trustee-Manager**") in its capacity as Trustee-Manager of NetLink NBN Trust (the "**Trust**"), to undertake an independent, indicative valuation of 100% interest in NetLink Trust ("**NLT**") as at 31 March 2017, in connection with the initial public offering (the "**Offering**") and listing (the "**Listing**") of units in the Trust on the Main Board of the Singapore Exchange Securities Trading Limited.

This letter has been prepared for the purpose of disclosure as an Appendix to the Prospectus (the "**Prospectus**") to be issued in relation to the Offering.

Unless otherwise stated, words and expressions defined in the Prospectus have the same meaning as in this letter.

### 2. TERMS OF REFERENCE

***Addressee of this letter***

This letter is addressed strictly to the Directors and for the intended purpose as set out above and accordingly this letter may not be used or relied upon for any other purpose by, and is not intended to confer any benefit on, any other person (including without limitation the prospective Unitholders of the Trust). While a copy of this letter may be incorporated in the Prospectus, we assume no responsibility for and do not consent to the reproduction or dissemination of all or any part thereof for any other purpose at any time and in any manner without the prior written consent of PwC in each specific case. Any recommendations made by the Directors to the prospective Unitholders of the Trust shall remain the responsibility of the Directors.

***Scope and definition of our valuation***

PwC has been appointed by the Directors to undertake an independent, indicative valuation ("**Proforma Valuation**") of the future operating cash flows of NLT. In arriving at our conclusion, we have assumed that all the cash flows generated from NLT are free for, and will not be restricted from, distribution or otherwise being returned to investors.

We are not expressing an opinion on the commercial merits and structure of the Offering or the acquisition value of the 100% interest in NLT, nor are we providing any opinion, expressed or implied, as to the future trading price of units in, or the financial condition of, NLT or the Trust upon its Listing.

This letter is not intended to form the basis of any investment decision in NLT or the Trust and does not purport to contain all the information that may be necessary or desirable to fully evaluate the Offering or an investment in NLT or the Trust.

In rendering our valuation conclusion, we have not had regard to any general or specific investment objectives, financial situation or individual circumstances of any investor. This letter does not constitute and cannot be construed as an advice, a recommendation or any form of judgement or opinion to any person in connection with the Offering and, accordingly, it may not be relied upon as such by any person and, in particular, by any prospective unitholder of the Trust. Such person or prospective unitholder of the Trust should seek his/her own professional advice in connection with the Offering and the Prospectus.

We are not required to and have not conducted a comprehensive review of the business, operational or financial condition of NLT or the Trust and accordingly, make no representation or warranty, expressed or implied, in this regard.

Our terms of reference do not require us to provide specific advice on legal, regulatory, accounting, property or taxation matters and where specialist advice has been obtained by the Trustee-Manager, we have considered and where appropriate relied upon such advice.

PwC's compensation is not contingent upon the reporting of a pre-determined value or direction in value that favours the cause of the client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event.

***Reliance on information and representation***

In conducting our review and for the purpose of preparing our Proforma Valuation and this letter, we have held discussions with the management of NLT and their professional advisers and we have read the information provided by them and other publicly available information, upon which our Proforma Valuation analysis is based.

PwC has relied upon assurances of the Directors that the Prospectus has been approved by the Directors who have made all reasonable enquiries that, to their best knowledge and belief,

(i) the facts stated and the opinions expressed in the Prospectus are fair and accurate in all material respects as at the respective dates to which such statements and opinions relate and that there are no material facts, the omission of which would make any statement in the Prospectus misleading in any material respect on such dates, and

(ii) that all material information available to them with respect to NLT or the Trust that is relevant for the purpose of our evaluation, has been disclosed to us and that such information is fair and accurate in all material respects and that there is no other information or fact, the omission of which would cause any information disclosed to us to be inaccurate or misleading in any material respect.

We have relied upon, and have not independently verified the accuracy, completeness and adequacy of all such information provided or otherwise made available to us or relied upon by us as described above, whether written or verbal, and no representation or warranty, expressed or implied, is made and no responsibility is accepted by us concerning the accuracy, completeness or adequacy of all such information.

Our Proforma Valuation conclusion is based upon prevailing market, economic, industry, monetary and other conditions and on the information made available to us as of the date of this letter. Such conditions may change significantly over a relative short period of time and we assume no responsibility and are not required to update, revise or reaffirm our Proforma Valuation conclusion set out in this letter to reflect events or developments subsequent to the date of this letter.

## 3. VALUATION APPROACH

In arriving at our assessed value, we have conducted our valuation analysis using the Income Approach (Discounted Cash Flow). We have arrived at the Proforma Valuation range of the cash flows of NLT's business on a going concern basis, by discounting the projected operating cash flow streams commencing after 31 March 2017. This expected operating cash flow is defined as the cash generated from operations after taking into account requirements for capital expenditure and incremental working capital. These cash flows are then discounted at an appropriate weighted cost of capital.

Our Proforma Valuation is based on various assumptions with respect to NLT, including its respective present and future financial conditions, business strategies and the environment in which it will operate in the future. These assumptions are based on the information we have been provided with and our discussions with or on behalf of the Directors and management of NLT, and reflect current expectations and views regarding future events and therefore, necessarily involve known and unknown risks and uncertainties. Particularly, readers of this letter are encouraged to refer to the Prospectus' Risk Factors section. Given the forward looking nature of the assumptions and the cash flows, the actual results of NLT's business could differ materially from those anticipated in the assumptions.

In undertaking the Valuation, we considered, *inter alia*, the following:

a) Financial forecasts (the "**Projections**") and supporting information as provided by the management of NLT.

b) Relevant information provided by NLT which includes, *inter alia*, the Projections, a draft copy of the Media Partners Asia Ltd. ("**MPA**") industry report dated 31 May 2017 ("**Appendix D**") and IMDA pricing guidance dated 8 May 2017;

c) Discussions and correspondences with the management of NLT;

d) Our assessment of the terminal growth rates and discount rates applicable to NLT; and

e) Guideline pricing multiples of publicly listed companies operating in the telecommunications infrastructure industry as well as the wider infrastructure industry which we have used as a cross check to our income approach valuation. We highlight that we have not identified any publicly listed company which is truly comparable to NLT in terms of the composition of its business activities, geographical spread, size of operations, asset base, track record, financial performance, operating and financial leverage, market capitalisation, risk profile, liquidity, future prospects and other relevant criteria.

We have relied on the following key assumptions and management representations for our Proforma Valuation analysis:

a) The information provided fairly reflects the financial and operating positions of NLT;

b) NLT remains the dominant network operator and the sole nationwide fibre network operator in Singapore;

c) NLT achieves the Projections which are based on NLT management's expectations for the business going forward and the market research performed by MPA;

d) NLT continues to operate as a going-concern and have sufficient liquidity to achieve the Projections and grow at the terminal growth rate thereafter to perpetuity;

e) There will be no material changes, after the date of this Proforma Valuation, in the market conditions under which NLT operates;

f) There are no undisclosed actual or contingent assets or liabilities, no unusual obligations or substantial commitments, other than in the ordinary course of business, nor any litigation pending or threatened, which would have a material impact on NLT;

g) There are no surplus assets not disclosed to us, which would have a material impact on the value of NLT; and

h) The other assumptions used in this Proforma Valuation hold true.

## 4. CONCLUSION

Based upon and subject to the foregoing and other information used in the preparation of this letter, PwC has arrived at:

- Proforma enterprise valuation range of S$3,747m to S$4,218m for 100% of the units in the Trust ("**Proforma Enterprise Valuation**"); and
- Proforma equity valuation range of S$3,304m to S$3,775m for 100% of the units in the Trust, after adjusting for external net debt[1] of S$443m ("**Proforma Equity Valuation**").

Our Proforma Enterprise Valuation range and Proforma Equity Valuation range should be considered in the context of the entirety of this letter. The following table illustrates the Proforma Enterprise Valuation range and the Proforma Equity Valuation range of the Trust:

| Range (SGDm) | Low | Base | High |
|---|---|---|---|
| **Proforma Enterprise Valuation range of the Trust** | **3,747** | **3,969** | **4,218** |
| External net debt[1] | (443) | (443) | (443) |
| **Proforma Equity Valuation range of the Trust** | **3,304** | **3,526** | **3,775** |

Yours faithfully,
For and on behalf of PricewaterhouseCoopers Advisory Services Pte Ltd

Lie Kok Keong
Director

[1] *External net debt consists of S$510.0m of external debt less S$67.4m of surplus cash. The S$67.4m of surplus cash consists of S$92.4m of cash per the balance sheet as at 31 March 2017 less S$25.0m relating to the planned pre-IPO dividend for the period 1 April 2016 to 31 March 2017 as described in Appendix C of this document.*

## APPENDIX G
## LIST OF PRESENT AND PAST PRINCIPAL DIRECTORSHIPS OF DIRECTORS AND EXECUTIVE OFFICERS

The principal present directorships, other than those held in the Trustee-Manager and the principal past directorships in the last five years of each of the Directors and Executive Officers (named in "*The Trustee-Manager*") are as follows:

### (A) Directors

### (1) Chaly Mah Chee Kheong

| Current Directorships | Past Directorships (for a period of five years preceding the Latest Practicable Date) |
|---|---|
| CapitaLand Limited | Deloitte & Touche Management Services Pte Ltd |
| Select Class Limited | Deloitte & Touche Corporate Finance Pte Ltd |
| Economic Development Board | Deloitte & Touche Financial Advisory Services Pte. Ltd. |
| National University of Singapore | Deloitte Consulting (SEA) Holdings Pte. Ltd. |
| Singapore Accountancy Commission | Deloitte Global Tax Center Asia Pte. Ltd. |
| CM38 Capital Pte Ltd | Deloitte & Touche Business Advisory Pte. Ltd. |
| Singapore Tourism Board | Deloitte & Touche Enterprise Risk Services Pte Ltd |
| EDB Investments Pte Ltd | Singapore Land Authority |
| NetLink Management Pte. Ltd. | Deloitte Chairman's Foundation Club Ltd. |
| | Singapore Institute of Directors |
| | Deloitte & Touche LLP |
| | Deloitte Touche Tohmatsu Limited |
| | Deloitte AP ICE, Limited |
| | Deloitte Southeast Asia Ltd |
| | SEA Cluster Cession Company Ltd |
| | SEA Cluster Manager (PTC) Ltd |
| | Singapore International Chamber of Commerce |
| | Deloitte SEA Services Sdn Bhd |
| | Deloitte (Lao) Sole Company Limited |
| | Deloitte (Cambodia) Co Ltd |
| | Deloitte Touche Myanmar Vigour Advisory Limited |
| | Sentosa Leisure Management Pte. Ltd. |
| | Sentosa Development Corporation |

### (2) Eric Ang Teik Lim

| Current Directorships | Past Directorships (for a period of five years preceding the Latest Practicable Date) |
|---|---|
| Hwang Capital (Malaysia) Berhad (formerly known as Hwang-DBS (Malaysia) Bhd) | NTUC FairPrice Co-operative Ltd |
| Changi Airport Group (Singapore) Pte. Ltd. | NTUC FairPrice Foundation Ltd. |
| Sembcorp Marine Ltd | HwangDBS Commercial Bank Plc |
| DBS Foundation Ltd. | HwangDBS Investment Bank Bhd |
| Raffles Medical Group Ltd | DBS Asia Capital Ltd |
| Surbana Jurong Private Limited | The Islamic Bank of Asia Limited |
| NetLink Management Pte. Ltd. | |

**(3) Koh Kah Sek**

**Current Directorships**

Aerin's Pte. Ltd.
Agape Laundry Pte. Ltd.
Benny Burger Pty Ltd
Burnham Bakery Group Pty Ltd
Camp Dempsey Pte. Ltd.
Everbest Hawaii, Inc.
Everbest Holdings Limited
F. E. Lakeside Pte. Ltd.
Far East Capital Ltd.
Far East Capital Nominees Pte. Ltd.
Far East Central (Sydney) Pty Ltd
Far East Five Dock (Sydney) Pty Ltd
Far East Harbour Town Pty Ltd
Far East Hyde Park Pty Ltd
Far East Land (Australia) Pty Ltd
Far East Land (Japan) Pte Ltd
Far East Land and Housing Development Company Pte. Ltd.
Far East Land and Housing Development Company Pte. Ltd.—Australian Branch
Far East Landed Homes Pty Ltd
Far East Land (UK) Pte. Ltd.
Far East Broad Street (UK) Pte. Ltd.
Far East Lt. Bourke (Melbourne) Pty Ltd
Far East Manhattan Properties Inc.
Far East Orchard Limited
Far East Organization Centre Pte. Ltd.
Far East Park One Pty Ltd
Far East Properties (Hawaii) Inc.
Far East Riverside (Perth) Pty Ltd
Far East Rocks Pty Ltd
Far East Scarborough (Perth) Pty Ltd
Far East Services (Australia) Pty Ltd
Far East St Georges Terrace Pty Ltd
Far East Town Hall Pty Ltd
Far East Waikiki Properties LLC
FEO Business Services Pte. Ltd.
Fulcrum (Orchard) Investments Pte Ltd
Fullerton Hotels & Resorts Pte. Ltd.
Golden Development Private Limited
Harbourfront Properties Sdn Bhd
Juchunyuan Restaurant (Singapore) Pte. Ltd.
Ki Bar Pte. Ltd.
Kiki Investments Pte. Ltd.
Kitchen Language Pte. Ltd.
Lifestyle Scene Pte. Ltd.
Marmalade Group Holdings Pte. Ltd.
Marmalade Pte Ltd
Nam Lung (Singapore) Pte. Ltd.
NetLink Management Pte. Ltd.
Novena Healthcare Pte. Ltd.
OC Beauty Pte. Ltd.
Orchard Maintenance (Pte) Ltd
Oriole Coffee Roasters Pte. Ltd.
Pierside Kitchen & Bar Pte Ltd
Precious Land Pte. Limited
Precious Quay Pte. Ltd.
Precious Treasure Pte Ltd

**Past Directorships (for a period of five years preceding the Latest Practicable Date)**

SQL View Pte Ltd
Far East Food Concepts Pte. Ltd.

Real Maintenance Services (Pte) Ltd
Refinery Collection Pte. Ltd.
Store-Y Pte. Ltd.
The Food Chain Pte. Ltd.
TheBigIdea Pte. Ltd.
TheFatCow Pte. Ltd.
Vue Group Pty Ltd
Whitebait & Kale Pte. Ltd.
Woodlands Properties Pte Ltd

**(4) Irving Tan Tiang Yew**

| Current Directorships | Past Directorships (for a period of five years preceding the Latest Practicable Date) |
|---|---|
| NetLink Management Pte. Ltd. | JouleX GK |
| | Cisco System GK |

**(5) Yeo Wico**

| Current Directorships | Past Directorships (for a period of five years preceding the Latest Practicable Date) |
|---|---|
| Vicplas International Ltd | CitySpring Infrastructure Management Pte. Ltd. |
| SP Services Limited | |
| Accounting Standards Council | |
| NetLink Management Pte. Ltd. | |

**(6) Arthur Lang Tao Yih**

| Current Directorships | Past Directorships (for a period of five years preceding the Latest Practicable Date) |
|---|---|
| NetLink Management Pte. Ltd. | CapitaLand China Holdings Pte Ltd |
| The National Kidney Foundation | CapitaLand Financial Limited |
| Singapore Telecom International Pte Ltd | CapitaLand Malaysia Pte. Ltd. |
| Singasat Pte Ltd | CapitaLand Singapore Limited |
| Singtel Alpha Investments Pte. Ltd. | CapitaLand Residential Singapore Pte Ltd |
| Singtel Asian Investments Pte Ltd | The Ascott Limited |
| Singtel Consultancy Pte. Ltd. | Tiger Airways Holdings Limited |
| Singtel Global Investment Pte. Ltd. | CapitaLand Treasury Limited |
| Singtel International Investments Private Limited | CapitaLand GCC (Abu Dhabi) Pte. Ltd. |
| Singtel Myanmar Pte. Ltd. | CapitaLand GCC (Bahrain) Pte. Ltd. |
| Singtel Strategic Investments Pte Ltd | CapitaLand GCC Holdings Pte. Ltd. |
| Land Transport Authority | CapitaLand Mall Asia Limited |
| Magenta Investments Limited | CapitaMalls Asia Treasury Limited |
| Pastel Limited | Sound Investment Holdings Pte. Ltd. |
| Pastel Limited, Singapore Branch | CapitaLand Fund Management Pte. Ltd. |
| Singtel Pakistan Investments Ltd | C31 Ventures Fund 1 Pte. Ltd. |
| Asiacom Philippines, Inc. | C31 Ventures Fund Management Pte. Ltd. |
| Globe Telecom, Inc. | C31 Ventures Pte. Ltd. |
| A.C.S.T. Business Holdings, Inc. | CapitaLand Commercial Trust Management Limited |
| Bharti Infratel Limited | CapitaLand Mall Trust Management Limited |
| | Pidemco Land Singapore Pte. Ltd. |
| | CapitaLand Regional Investments Limited |
| | Ascott Serviced Residence (China) Fund |
| | CapitaLand Corporate Investments Pte Ltd |
| | Mubadala CapitaLand Real Estate LLC |
| | CapitaLand (China) Corporate Management Co., Ltd |

**(7) Slattery Sean Patrick**

| Current Directorships | Past Directorships (for a period of five years preceding the Latest Practicable Date) |
|---|---|
| NetLink Management Pte. Ltd. | OpenNet Pte. Ltd.<br>CityNet Infrastructure Management Pte. Ltd. |

**(8) Tong Yew Heng**

| Current Directorships | Past Directorships (for a period of five years preceding the Latest Practicable Date) |
|---|---|
| NetLink Management Pte. Ltd.<br>NetLink Trust Management Services Company Pte. Ltd.<br>NetLink Trust Operations Company Pte. Ltd.<br>OpenNet Pte. Ltd. | Basslink Australia GP Pty Ltd<br>Basslink Holdings Pty Ltd<br>Basslink Pty Ltd<br>Basslink Telecoms Pty Ltd<br>CityDC Pte. Ltd.<br>City Gas Pte Ltd<br>CityNet Infrastructure Management Pte. Ltd.<br>CitySpring Capital Pte. Ltd.<br>Coral Holdings Australia Pty Ltd<br>Nexus Australia Management Pty Ltd<br>Nexus Investments Australia Pty Ltd<br>SingSpring Pte Ltd<br>United Maintenance Company Pte. Ltd. |

**(B) Executive Officers**

**(1) Tong Yew Heng**

Please see "*—(A) Directors—(1) Tong Yew Heng*" above for a list of the principal present directorships, other than those held in the Trustee-Manager and the principal past directorships in the last five years of Mr. Tong Yew Heng.

**(2) Wong Hein Jee**

| Current Directorships | Past Directorships (for a period of five years preceding the Latest Practicable Date) |
|---|---|
| NetLink Trust Management Services Company Pte. Ltd.<br>NetLink Trust Operations Company Pte. Ltd.<br>OpenNet Pte. Ltd. | Delichem Pte Ltd<br>Orchardgateway Private Limited<br>Orchardgateway Link Private Limited<br>Hengyang City UE Songmu Water Co Ltd<br>Jiaozuo UE Environmental Protection Technology Co. Ltd.<br>McAlister and Company, Limited<br>McAlister Engineering Sdn Bhd<br>McAlister Trading (Malaysia) Sdn Bhd<br>UE (Liaocheng) Water Co. Ltd.<br>UE Asia Pacific (Beijing) Co. Ltd.<br>UE Envirotech (Beijing) Co. Ltd.<br>UE Envirotech Pte. Ltd.<br>UE NEWater Pte. Ltd.<br>UE One-North Developments Pte. Ltd.<br>UE Support Services Pte Ltd<br>UE Trade Corporation Pte Ltd<br>UE UMC Pte. Ltd.<br>UE Ville Developments Pte Ltd |

UEMS Solutions Pte. Ltd. (formerly known as UE Managed Solutions Singapore Pte Ltd)
United Engineers Developments Pte Ltd
United Infrastructure Pte Ltd
UE Trade Corporation (India) Private Limited
United Tech Park Pte Ltd
United WBL Technology Pte. Ltd. (formerly known as United Wearnes Technology Pte Ltd)
PT UE Developments
PT United Engineers Indonesia
UES Holdings Pte. Ltd.
UE Development (Anson) Pte. Ltd.
UE Centennial Venture Pte. Ltd.
UE Managed Solutions Taiwan Ltd.
WBL Corporation Limited
UE ServiceCorp (Malaysia) Sdn Bhd
Liaocheng UE Environmental Protection Technology Co. Ltd.
Shaoyang UE Environmental Protection Technology Co. Ltd.
UE Envirotech (Chenzhou) Co. Ltd.
UE Envirotech (Ji'an) Co. Ltd.
UE Envirotech (Weifang) Co. Ltd.
UE Development (Alexandra) Pte. Ltd.
UE NEWater (Vietnam) Ltd
UE Envirotech (Xinxiang) Co. Ltd.
Park Avenue Management Services (Shanghai) Co. Ltd.
Associated Motor Industries (Private) Limited
UE Park Avenue International Pte. Ltd.
Greatearth Developments Pte Ltd
UE Development (Bendemeer) Pte. Ltd.
UE Managed Solutions Malaysia Sdn Bhd
Balmoral Development Pte. Ltd.
Lycorpipe Investment Pte. Ltd.
MFS Technology Ltd
MPL Pte Ltd
Apex Pharmacy Holdings Sdn Bhd
Lysaght (Malaysia) Sdn Bhd
Lysaght Corrugated Pipe Sdn Bhd
NS BlueScope Lysaght Malaysia Sdn Bhd
SM Motors Private Limited
UE ServiceCorp (Taiwan) Limited
UEMS Pte. Ltd. (formerly known as UE Managed Solutions Pte Ltd)
PT UE Sentosa
Shenyang Summer Palace Pte. Ltd.
WBL (Hong Kong) Limited (formerly known as Wearne Brothers (Hong Kong) Limited)
WBL Properties (Private) Limited (formerly known as Wearne Brothers Properties (Private) Limited)
WBL Services (Private) Limited (formerly known as Wearne Brothers Services (Private) Limited)
WBL Properties (China) (Private) Limited (formerly known as Wearnes Development (Private) Limited)

| | |
|---|---|
| | WBL Engineering & Distribution Pte. Ltd. (formerly known as Wearnes Engineering & Distribution Pte. Ltd.)<br>WBL Hollingsworth Singapore Pte. Ltd. (formerly known as Wearnes Hollingsworth Singapore Pte Ltd)<br>WBL International (1994) Limited (formerly known as Wearnes International (1994) Limited)<br>WBL Precision (Private) Limited (formerly known as Wearnes Precision (Private) Limited)<br>Wearnes Technology (Hong Kong) Limited<br>WBL (USA) Inc. (formerly known as Wearnes (USA), Inc)<br>Permata Alasan (M) Sdn Bhd<br>Renown Heritage Sdn. Bhd.<br>Wearnes Global Co. Ltd.<br>Shanghai WBL Enterprise Management Co., Ltd. (formerly known as Shanghai Wearnes Enterprise Management Co., Ltd.)<br>Shenyang Huaxin International Realty Co. Ltd.<br>Shenyang Summer Palace Property Development Co. Ltd.<br>Suzhou Wearnes Technology Co., Ltd.<br>Suzhou Speedling Co. Ltd.<br>WBL Technology (Shenyang) Ltd. (formerly known as Wearnes Technology (Shenyang) Ltd.)<br>Wearnes Automotive & Equipment Pte Ltd<br>Wearnes Automotive Changchun Co., Ltd.<br>Wearnes Automotive Pte. Ltd.<br>Wearnes Automotive Services Pte. Ltd.<br>Chengdu Huaxin Ruitai Property Management Co., Ltd.<br>Chengdu Huaxin International Realty Co., Ltd.<br>WPSY Ltd. (formerly known as Wearnes Precision (Shenyang) Ltd.)<br>Suzhou Future Agriworld Co., Ltd.<br>Chengdu WBL UEST New Tech Co., Ltd (formerly known as Chengdu Wearnes UEST Co., Ltd)<br>BEWGI-UE NEWater (S) Pte. Ltd.<br>UESH-BEWGI Eng. Pte. Ltd.<br>BEWGI-H2O Pte. Ltd.<br>Huaxin Community Broadband Service Co., Ltd<br>Wearnes Motors (HK) Limited<br>Wearnes Automotive Jilin Co., Ltd. |

**(3) Chye Hoon Pin**

| **Current Directorships** | **Past Directorships (for a period of five years preceding the Latest Practicable Date)** |
|---|---|
| OpenNet Pte. Ltd.<br>NetLink Trust Operations Company Pte. Ltd.<br>NetLink Trust Management Services Company Pte. Ltd. | Asean Cableship Pte Ltd<br>ACPL Marine Pte Ltd<br>Subsea Network Services Pte Ltd<br>ACPL Protector Pte. Ltd. |

## APPENDIX H
## MATERIAL PROPERTIES

### Interests in NLT Central Offices

The particulars of the leasehold interests that the NLT Trustee holds in the NLT Central Offices are as follows:

| Property | Leasehold Term | Lessor | Land Area (square metres) |
|---|---|---|---|
| Land Lot 5679N of Mukim 18<br>25 Ang Mo Kio Avenue 1 Singapore 569969 | 99 years from 1 January 1975 | HDB | 2,808.2 |
| Land Lot 1232K of Mukim 3<br>1000 Dover Road Singapore 139652 | 99 years from 21 July 1975 | President | 5,724.5 |
| Land Lots 3389N and 4955K both of Mukim 27 | 99 years from 9 February 1970 | President | 3,529.5 |
| 185 Upper East Coast Road Singapore 455282 | 99 years from 1 August 1978 | HDB | 630.3 |
| Land Lot 1688K of Mukim 14<br>40 Woodlands Road Singapore 677919 | 99 years from 26 September 1975 | President | 4,791.5 |
| Land Lots 644N and 645X both of Town Subdivision 17<br>9 French Road Singapore 209232 | 99 years from 4 September 1969 | President | 2,572.2 |
| Land Lot 481L of Mukim 9<br>2 Jurong West Street 75 Singapore 649112 | 99 years from 28 April 1989 | President | 6,481.2 |
| Land Lot 2018V of Mukim 28<br>200 Tampines Avenue 5 Singapore 529647 | 99 years from 7 June 1979 | HDB | 7,807.3 |

### Interests and rights in Singtel Central Offices

The particulars of the NLT Trustee's leasehold interests in spaces within two Central Offices of Singtel pursuant to certain leases with Singtel and its right to use additional spaces within two Central Offices of Singtel pursuant to co-location agreements with Singtel are as follows:

| Spaces within Singtel Central Offices | Term | Floor Area (square metres) |
|---|---|---|
| Strata Lot U10988L of Town Subdivision 21<br>within 31/31-A Exeter Road Singapore 239732 ("**Orchard CO**") | 22 September 2011 to 23 April 2034 (both dates inclusive) with an option to renew for a further term of 25 years commencing on 24 April 2034 subject to certain terms and conditions | 122.0 |
| Premises with a floor area of 124.0 square metres<br>within 9 Tuas Avenue 3 Singapore 639408 | 22 September 2011 to 23 April 2034 (both days inclusive) with an option to renew for a further term from 24 April 2034 to 30 March 2040 (both days inclusive) subject to certain terms and conditions | 124.0 |
| Co-location room(s) within Orchard CO | Until 31 March 2034 with an option to renew for a further term of 25 years subject to certain terms and conditions | 275.75 (approximate) |
| Co-location room(s) within Land Lot 1117T of Mukim 21<br>11 Compassvale Bow Singapore 544996 | Until 31 March 2034 with an option to renew for a further term of 25 years subject to certain terms and conditions | 236.0 (approximate) |

## APPENDIX I

## TERMS, CONDITIONS AND PROCEDURES FOR APPLICATION FOR AND ACCEPTANCE OF THE UNITS IN SINGAPORE

Applications are invited for the subscription of the Units at the Offering Price on the terms and conditions set out below and in the relevant application forms to be used for the purpose of the Offering and which forms part of this Prospectus (the "**Application Forms**") or, as the case may be, the Electronic Applications (as defined below).

Investors applying for the Units by way of Application Forms or Electronic Applications are required to pay in Singapore dollars, the Offering Price per Unit in respect of the number of units applied for, subject to a refund of the full amount or, as the case may be, the balance of the application monies (in each case without interest or any share of revenue or other benefit arising therefrom and without any right or claim against the Trust, the Trustee-Manager, Singtel, the Joint Issue Managers, the Joint Global Coordinators or the Joint Bookrunners and Joint Underwriters) (i) where an application is rejected or accepted in part only, or (ii) if the Offering does not proceed for any reason.

(1) **The minimum initial subscription is for 1,000 Units. You may subscribe for a larger number of Units in integral multiples of 100 thereof. Your application for any other number of Units will be rejected.**

(2) You may apply for the Units only during the period commencing at 7.00 p.m. on 10 July 2017 and expiring at 12.00 noon on 17 July 2017. The period of the Public Offer may be extended or shortened to such date and/or time as the Trustee-Manager may, at its discretion, in consultation with the Joint Issue Managers and the Joint Global Coordinators agree, subject to all applicable laws and regulations and the rules of the SGX-ST.

(3) (a) Your application for the Units offered in the Public Offer (the "**Public Offer Units**") may be made by way of the printed **WHITE** Public Offer Units Application Form or by way of Automated Teller Machines ("**ATM**") belonging to the Participating Banks ("**ATM Electronic Applications**") or the Internet Banking ("**IB**") website of the relevant Participating Banks ("**Internet Electronic Applications**") or the DBS Bank mobile banking interface ("**mBanking Applications**" which, together with ATM Electronic Applications and Internet Electronic Applications, shall be referred to as "**Electronic Applications**").

(b) Your application for the Units offered in the international placement to investors (the "**Placement Units**") may be made by way of the printed **BLUE** Placement Units Application Form (or in such other manner as the Joint Issue Managers and the Joint Global Coordinators may in their absolute discretion deem appropriate).

**YOU MAY NOT USE YOUR CPF OR CPF INVESTIBLE SAVINGS TO APPLY FOR THE UNITS.**

(4) **Only one application may be made for the benefit of one person for the Public Offer Units in his own name. Multiple applications for the Public Offer Units will be rejected, except in the case of applications by approved nominee companies where each application is made on behalf of a different beneficiary.**

**You may not submit multiple applications for the Public Offer Units via the Public Offer Units Application Form, or Electronic Applications. A person who is submitting an application for the Public Offer Units by way of the Public Offer Units Application Form may not submit another application for the Public Offer Units by way of Electronic Applications and vice versa.**

**A person, other than an approved nominee company, who is submitting an application for the Public Offer Units in his own name should not submit any other applications for the Public Offer Units, whether on a printed Application Form or by way of an Electronic Application, for any other person. Such separate applications will be deemed to be multiple applications and shall be rejected.**

**Joint or multiple applications for the Public Offer Units shall be rejected. Persons submitting or procuring submissions of multiple applications for the Public Offer Units may be deemed to have committed an offence under the Penal Code, Chapter 224 of Singapore and the Securities and Futures Act, and such applications may be referred to the relevant authorities for investigation. Multiple applications or those appearing to be or suspected of being multiple applications (other than as provided herein) will be liable to be rejected at our discretion.**

(5) **Multiple applications may be made in the case of applications by any person for (i) the Placement Units only (via Placement Units Application Forms or such other form of application as the Joint Issue Managers and the Joint Global Coordinators may in their absolute discretion deem appropriate) or (ii) the Placement Units together with a single application for the Public Offer Units.**

(6) Applications from any person under the age of 18 years, undischarged bankrupts, sole proprietorships, partnerships, chops or non-corporate bodies, joint Securities Account holders of CDP will be rejected.

(7) Applications from any person whose addresses (furnished in their printed Application Forms or, in the case of Electronic Applications, contained in the records of the relevant Participating Bank, as the case may be) bear post office box numbers will be rejected. No person acting or purporting to act on behalf of a deceased person is allowed to apply under the Securities Account with CDP in the deceased's name at the time of the application.

(8) The existence of a trust will not be recognised. Any application by a trustee or trustees must be made in his/her or their own name(s) and without qualification or, where the application is made by way of a printed Application Form by a nominee, in the name(s) of an approved nominee company or approved nominee companies after complying with paragraph 9 below.

(9) **Nominee applications may only be made by approved nominee companies.** Approved nominee companies are defined as banks, merchant banks, finance companies, insurance companies, licensed securities dealers in Singapore and nominee companies controlled by them. Applications made by nominees other than approved nominee companies will be rejected.

(10) **If you are not an approved nominee company, you must maintain a Securities Account with CDP in your own name at the time of your application.** If you do not have an existing Securities Account with CDP in your own name at the time of application, your application will be rejected (if you apply by way of an Application Form) at the sole discretion of the Trustee-Manager or you will not be able to complete your application (if you apply by way of an Electronic Application). If you have an existing Securities Account with CDP but fail to provide your CDP Securities Account number or provide an incorrect CDP Securities Account number in your Application Form or in your Electronic Application, as the case may be, your application is liable to be rejected.

(11) Subject to paragraphs 12 to 15 below, your application is liable to be rejected if your particulars such as name, National Registration Identity Card ("**NRIC**") number or passport number or company registration number, nationality and permanent residence status, and CDP Securities Account number provided in your Application Form, or in the case of an Electronic Application, contained in the records of the relevant Participating Bank at the time of your Electronic Application, as the case may be, differ from those particulars in your Securities Account as maintained by CDP. If you have more than one individual direct Securities Account with CDP, your application shall be rejected.

(12) **If your address as stated in the Application Form or, in the case of an Electronic Application, contained in the records of the relevant Participating Bank, as the case may be, is different from the address registered with CDP, you must inform CDP of your updated address promptly, failing which the notification letter on successful allocation from CDP will be sent to your address last registered with CDP.**

(13) This Prospectus and its accompanying documents (including the Application Forms) have not been registered in any jurisdiction other than in Singapore. The distribution of this Prospectus and its accompanying documents (including the Application Forms) may be prohibited or restricted (either absolutely or unless various securities requirements, whether legal or administrative, are complied with) in certain jurisdictions under the relevant securities laws of those jurisdictions.

Without limiting the generality of the foregoing, neither this Prospectus and its accompanying documents (including the Application Forms) nor any copy thereof may be taken, transmitted, published or distributed, whether directly or indirectly, in whole or in part in or into the United States or any other jurisdiction (other than Singapore) and they do not constitute an offer to sell or a solicitation of an offer to buy any securities in any jurisdiction where it is unlawful to do so. The Units have not been, and will not be, registered under the U.S. Securities Act or the securities law of any state of the United States and may not be offered, sold or delivered within the United States (as defined in Regulation S) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state laws. The Units are being offered and sold outside the United States (including to institutional and other investors in Singapore) in offshore transactions as defined in, and in reliance on, and in compliance with, Regulation S. There will be no public offer of Units in the United States. Any failure to comply with this restriction may constitute a violation of securities laws of applicable jurisdictions.

**The Trustee-Manager reserves the right to reject any application for Units where the Trustee-Manager believes or has reason to believe that such applications may violate the securities laws or any applicable legal or regulatory requirements of any jurisdiction.**

No person in any jurisdiction outside Singapore receiving this Prospectus or its accompanying documents (including the Application Forms) may treat the same as an offer or invitation to subscribe for any Units unless such an offer or invitation could lawfully be made without compliance with any regulatory or legal requirements in those jurisdictions.

(14) The Trustee-Manager reserves the right to reject any application which does not conform strictly to the instructions or with the terms and conditions set out in this Prospectus (including the instructions set out in the accompanying Application Forms, in the ATMs and IB websites of the relevant Participating Banks and the mobile banking interface ("**mBanking Interface**") of DBS Bank) or, in the case of an application by way of an Application Form, the contents of which is illegible, incomplete, incorrectly completed or which is accompanied by an improperly drawn up or improper form of remittance.

(15) The Trustee-Manager further reserves the right to treat as valid any applications not completed or submitted or effected in all respects in accordance with the instructions and terms and conditions set out in this Prospectus (including the instructions set out in the accompanying Application Forms and in the ATMs and IB websites of the relevant Participating Banks and the mBanking Interface of DBS Bank), and also to present for payment or other processes all remittances at any time after receipt and to have full access to all information relating to, or deriving from, such remittances or the processing thereof. Without prejudice to the rights of the Trust, the Trustee-Manager and Singtel, each of the Joint Issue Managers, the Joint Global Coordinators and the Joint Bookrunners and Joint Underwriters as agents of the Trustee-Manager, have been authorised to accept, for and on behalf of the Trust and the Trustee-Manager, such other forms of application as the Joint Issue Managers and the Joint Global Coordinators may, in consultation with the Trustee-Manager, deem appropriate.

(16) The Trustee-Manager reserve the right to reject or to accept, in whole or in part, or to scale down or to ballot, any application, without assigning any reason therefor, and none of the Trustee-Manager, Singtel and/or the Joint Issue Managers, the Joint Global Coordinators and the Joint Bookrunners and Joint Underwriters will entertain any enquiry and/or correspondence on the decision of the Trustee-Manager. This right applies to applications made by way of Application Forms and by way of Electronic Applications and by such other forms of application as the Joint Issue Managers and the Joint Global Coordinators may, in consultation with the Trustee-Manager, deem appropriate. In deciding the basis of allocation, the Trustee-Manager, in consultation with the Joint Issue Managers and the Joint Global Coordinators, will give due consideration to the desirability of allocating the Units to a reasonable number of applicants with a view to establishing an adequate market for the Units.

(17) In the event that the Trustee-Manager lodges a supplementary or replacement prospectus ("**Relevant Document**") pursuant to the Securities and Futures Act or any applicable legislation in force from time to time prior to the close of the Offering, and the Units have not been issued and/or transferred to the applicants, the Trustee-Manager will (as required by law) at the Trustee-Manager's sole and absolute discretion either:

(a) within two days (excluding any Saturday, Sunday or public holiday) from the date of the lodgement of the Relevant Document, give you notice in writing of how to obtain, or arrange to receive, a copy of the same and provide you with an option to withdraw your application and take all reasonable steps to make available within a reasonable period the Relevant Document to you if you have indicated that you wish to obtain, or have arranged to receive, a copy of the Relevant Document; or

(b) within seven days of the lodgement of the Relevant Document, give you a copy of the Relevant Document and provide you with an option to withdraw your application; or

(c) deem your application as withdrawn and cancelled and refund your application monies (without interest or any share of revenue or other benefit arising therefrom) to you within seven days from the lodgement of the Relevant Document.

Any applicant who wishes to exercise his option under paragraphs 18(a) and (b) above to withdraw his application shall, within 14 days from the date of lodgement of the Relevant Document, notify the Trustee-Manager whereupon the Trustee-Manager shall, within seven days from the receipt of such notification, return all monies in respect of such application (without interest or any share of revenue or other benefit arising therefrom and at his own risk).

(18) In the event that the Units have already been issued at the time of the lodgement of the Relevant Document but trading has not commenced, the Trustee-Manager will (as required by law) either:

(a) within two days (excluding any Saturday, Sunday or public holiday) from the date of the lodgement of the Relevant Document, give you notice in writing of how to obtain, or arrange to receive, a copy of the same and provide you with an option to return to the Trustee-Manager the Units which you do not wish to retain title in and take all reasonable steps to make available within a reasonable period the Relevant Document to you if you have indicated that you wish to obtain, or have arranged to receive, a copy of the Relevant Document; or

(b) within seven days from the lodgement of the Relevant Document, give you a copy of the Relevant Document and provide you with an option to return the Units which you do not wish to retain title in; or

(c) subject to compliance with the BTA and the Trust Deed, deem the issue as void and refund your payment for the Units (without interest or any share of revenue or other benefit arising therefrom ) within seven days from the lodgement of the Relevant Document.

Any applicant who wishes to exercise his option under paragraphs 18(a) and (b) above to return the Units issued and/or sold to him shall, within 14 days from the date of lodgement of the Relevant Document, notify the Trustee-Manager of this and return all documents, if any, purporting to be evidence of title of those Units, whereupon the Trustee-Manager shall, within seven days from the receipt of such notification and documents, pay to him all monies paid by him for the Units without interest or any share of revenue or other benefit arising therefrom and at his own risk, and the Units issued and/or sold to him shall be deemed to be void.

Additional terms and instructions applicable upon the lodgement of the Relevant Document, including instructions on how you can exercise the option to withdraw, may be found in such Relevant Document.

(19) The Units may be reallocated between the Public Offer and the Placement for any reason, including in the event of excess applications in one and a deficit of applications in the other at the discretion of the Joint Issue Managers and the Joint Global Coordinators, in consultation with the Trustee-Manager, subject to any applicable laws and the rules of the SGX-ST.

(20) There will not be any physical security certificates representing the Units. It is expected that CDP will send to you, at your own risk, within 15 Market Days after the close of the Offering, and subject to the submission of valid applications and payment for the Units, a statement of account stating that your CDP Securities Account has been credited with the number of Units to be issued pursuant to the Offering allocated to you. This will be the only acknowledgement of application monies received and is not an acknowledgement by the Trustee-Manager. You irrevocably authorise CDP to complete and sign on your behalf as transferee or renouncee any instrument of transfer and/or other documents required for the issue or transfer of the Units allocated to you. This authorisation applies to applications made both by way of Application Forms and by way of Electronic Applications.

(21) You irrevocably authorise CDP to disclose the outcome of your application, including the number of Units allocated to you pursuant to your application, to the Trustee-Manager, the Joint Issue Manager, the Joint Global Coordinators and the Joint Bookrunners and Joint Underwriters and any other parties so authorised by CDP, the Trustee-Manager and/or the Joint Issue Manager, the Joint Global Coordinators and the Joint Bookrunners and Joint Underwriters.

(22) Any reference to "you" or the "Applicant" in this section shall include an individual, a corporation, an approved nominee company and trustee applying for the Units to be issued pursuant to the Offering by way of an Application Form or by way of Electronic Application or by such other manner as the Joint Issue Managers and the Joint Global Coordinators may, in its absolute discretion, deem appropriate.

(23) By completing and delivering an Application Form and, in the case of: (i) an ATM Electronic Application, by pressing the "Enter" or "OK" or "Confirm" or "Yes" key or any other relevant key on the ATM, or (ii) in the case of an Internet Electronic Application or mBanking Application, by clicking "Submit" or "Continue" or "Yes" or "Confirm" or any other relevant button on the IB website screen of the relevant Participating Bank or the mBanking Interface of DBS Bank in accordance with the provisions herein, you:

(a) irrevocably agree and undertake to purchase and/or subscribe for the number of Units specified in your application (or such smaller number for which the application is accepted) at the Offering Price for each Unit and agree that you will accept such number of Units as may be allocated to you, in each case on the terms of, and subject to the conditions set out in, this Prospectus and its accompanying documents (including the Application Forms) and the Trust Deed;

(b) agree that, in the event of any inconsistency between the terms and conditions for application set out in this Prospectus and its accompanying documents (including the Application Forms) and those set out in the IB websites or ATMs of the Participating Banks or the mBanking Interface of DBS Bank, the terms and conditions set out in the Prospectus and its accompanying documents (including the Application Forms) shall prevail;

(c) in the case of an application by way of a Public Offer Units Application Form or an Electronic Application, agree that the aggregate Offering Price for the Public Offer Units applied for is due and payable to the Trustee-Manager upon application;

(d) in the case of an application by way of a Placement Units Application Form or such other forms of application as the Joint Issue Managers and the Joint Global Coordinators may in their absolute discretion deem appropriate, agree that the aggregate Offering Price for the Placement Units applied for is due and payable to the Trustee-Manager upon application;

(e) warrant the truth and accuracy of the information contained, and representations and declarations made, in your application, and acknowledge and agree that such information, representations and declarations will be relied on by the Trustee-Manager in determining whether to accept your application and/or whether to allot and/or allocate any Units to you;

(f) (i) consent to the collection, use, processing and disclosure of your name, NRIC/passport number or company registration number, address, nationality, permanent resident status, CDP Securities Account number, unit application details, the outcome of your application (including the number of Units allocated to you pursuant to your application) and other personal data ("**Personal Data**") by the Unit Registrar, CDP, Securities Clearing and Computer Services (Pte) Ltd ("**SCCS**"), the SGX-ST, the Participating Banks, the Trustee-Manager, the Joint Issue Managers, the Joint Global Coordinators and the Joint Bookrunners and Joint Underwriters and/or other authorised operators (the "**Relevant Parties**") for the purpose of facilitating your application for the Units, and in order for the Relevant Parties to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**") and warrant that such Personal Data is true, accurate and correct, (ii) warrant that where you, as an approved nominee company, disclose the Personal Data of the beneficial owner(s) to the Relevant Parties, you have obtained the prior consent of such beneficial owner(s) for the collection, use, processing and disclosure by the Relevant Parties of the Personal Data of such beneficial owner(s) for the Purposes, (iii) agree that the Relevant Parties may do anything or disclose any Personal Data or matters without notice to you if the Joint Issue Managers, the Joint Global Coordinators and the Joint Bookrunners and Joint Underwriters considers them to be required or desirable in respect of any applicable policy, law, regulation, government entity, regulatory authority or similar body, and (iv) agree that you will indemnify the Relevant Parties in respect of any penalties, liabilities, claims, demands, losses and damages as a result of your breach of warranties. You also agree that the Relevant Parties shall be entitled to enforce this indemnity (collectively, the "**Personal Data Privacy Terms**");

(g) agree and warrant that, if the laws of any jurisdictions outside Singapore are applicable to your application, you have complied with all such laws and none of the Trust, the Trustee-Manager, Singtel, nor any of the Joint Issue Managers, the Joint Global Coordinators and the Joint Bookrunners and Joint Underwriters will infringe any such laws as a result of the acceptance of your application;

(h) agree and confirm that you are outside the United States (within the meaning of Regulation S);

(i) understand that the Units have not been and will not be registered under the U.S. Securities Act or the securities laws of any state of the United States and are being offered and sold outside the United States (including to institutional and other investors in Singapore) only in reliance on Regulation S. There will be no offer of the Units in the United States. Any failure to comply with this restriction may constitute a violation of the United States securities laws; and

(j) agree and confirm that, for the purposes of Rule 229(5) of the SGX-ST Listing Manual, you are not connected to the Joint Issue Managers.

(24) Acceptance of applications will be conditional upon, among others, the Trustee-Manager being satisfied that:

(a) permission has been granted by the SGX-ST to deal in and for the quotation of (i) all of the Units in issue prior to the Offering, (ii) all of the Units to be issued pursuant to the Offering, (iii) the Singtel Consideration Units, and (iv) the Additional Units on the Main Board of the SGX-ST;

(b) each of the International Placement Agreement and the Singapore Offer Agreement, referred to in the section on "**Plan of Distribution**" in this Prospectus, has become unconditional and has not been terminated; and

(c) the Authority has not served a stop order which directs that no or no further Units to which this Prospectus relates be allotted, issued or sold ("**Stop Order**"). The Securities and Futures Act provides that the Authority shall not serve a Stop Order if all the Units have been issued, sold, and listed for quotation on the SGX-ST and trading in them has commenced.

(25) In the event that a Stop Order in respect of the Units is served by the Authority or other competent authority, and:

(a) where the Units have not been issued (i) the Securities and Future Act provides that applications shall be deemed to have been withdrawn and cancelled; and (ii) the Trustee-Manager shall refund the application monies (without interest or any share of revenue or other benefit arising therefrom) to you within 14 days of the date of the Stop Order; or

(b) if where the Units have already been issued but trading has not commenced, (i) the Securities and Futures Act provides that the issue will be deemed; void and (ii) the Trustee-Manager shall refund your payment for the Units (without interest or any share of revenue or other benefit arising therefrom) to you within 14 days from the date of the Stop Order.

This shall not apply where only an interim Stop Order has been served.

(26) In the event that an interim Stop Order in respect of the Units is served by the Authority or other competent authority, no Units shall be issued to you until the Authority revokes the interim Stop Order. The Authority is not able to serve a Stop Order in respect of the Units if the Units have been issued and listed on the SGX-ST and trading in them has commenced.

(27) Additional terms and conditions for applications by way of Application Forms are set out in the section entitled "**Additional Terms and Conditions for Applications using Printed Application Forms**" on pages I-7 to I-9 of this Prospectus.

(28) Additional terms and conditions for applications by way of Electronic Applications are set out in the section entitled "**Additional Terms and Conditions for Electronic Applications**" on pages I-10 to I-14 of this Prospectus.

(29) All payments in respect of any application for Public Offer Units, and all refunds where (a) an application is rejected or accepted in part only, or (b) the Offering does not proceed for any reason, shall be made in Singapore dollars.

(30) All payments in respect of any application for Placement Units, and all refunds where (a) an application is rejected or accepted in part only, or (b) the Offering does not proceed for any reason, shall be made in Singapore dollars.

(31) No application will be held in reserve.

(32) This Prospectus is dated 10 July 2017. No Units shall be allotted or allocated on the basis of this Prospectus later than 6 months after the date of registration of this Prospectus by the Authority.

**Additional Terms and Conditions for Applications using Printed Application Forms**

Applications by way of an Application Form shall be made on, and subject to the terms and conditions of this Prospectus, including but not limited to the terms and conditions set out below, as well as those set out in this Prospectus and the Trust Deed.

(1) Applications for the Public Offer Units must be made using the printed **WHITE** Public Offer Units Application Forms and printed **WHITE** official envelopes "A" and "B", accompanying and forming part of this Prospectus.

Applications for the Placement Units must be made using the printed **BLUE** Placement Units Application Forms (or in such manner as the Joint Issue Managers and the Joint Global Coordinators may in their absolute discretion deem appropriate), accompanying and forming part of this Prospectus.

Without prejudice to the rights of the Trustee-Manager, the Joint Issue Managers, the Joint Global Coordinators and the Joint Bookrunners and Joint Underwriters, as agents of the Trustee-Manager have been authorised to accept, for and on behalf of the Trustee-Manager such other forms of application, as the Joint Issue Managers and the Joint Global Coordinators may (in consultation with the Trustee-Manager) deem appropriate.

Your attention is drawn to the detailed instructions contained in the Application Forms and this Prospectus for the completion of the Application Forms, which must be carefully followed. **The Trustee-Manager reserves the right to reject applications which do not conform strictly to the instructions set out in the Application Forms and this Prospectus (or, in the case of applications for the Placement Units, followed) which are illegible, incomplete, incorrectly completed or which are accompanied by improperly drawn remittances or improper form of remittances.**

(2) You must complete your Application Forms in English. Please type or write clearly in ink using **BLOCK LETTERS**.

(3) You must complete all spaces in your Application Forms except those under the heading "**FOR OFFICIAL USE ONLY**" and you must write the words "**NOT APPLICABLE**" or "**N.A.**" in any space that is not applicable.

(4) Individuals, corporations, approved nominee companies and trustees must give their names in full. If you are an individual, you must make your application using your full name as it appears on your NRIC (if you have such an identification document) or in your passport and, in the case of a corporation, in your full name as registered with a competent authority. If you are not an individual, you must complete the Application Form under the hand of an official who must state the name and capacity in which he signs the Application Form. If you are a corporation completing the Application Form, you are required to affix your common seal (if any) in accordance with your Constitution or equivalent constitutive documents of the corporation. If you are a corporate applicant and your application is successful, a copy of your Constitution or equivalent constitutive documents must be lodged with the Unit Registrar. The Trustee-Manager reserves the right to require you to produce documentary proof of identification for verification purposes.

(5) (a) You must complete Sections A and B and sign page 1 of the Application Form.

(b) You are required to delete either paragraph 9 or 10 on page 1 of the Application Form. Where paragraph 9 is deleted, you must also complete Section C of the Application Form with particulars of the beneficial owner(s).

(c) If you fail to make the required declaration in paragraph 9 or 10, as the case may be, on page 1 of the Application Form, your application is liable to be rejected.

(6) You (whether an individual or corporate applicant, whether incorporated or unincorporated and wherever incorporated or constituted) will be required to declare whether you are a citizen or permanent resident of Singapore or a corporation in which citizens or permanent residents of Singapore or any body corporate constituted under any statute of Singapore have an interest in the aggregate of more than 50.0% of the issued share capital of or interests in such corporation. If you are an approved nominee company, you are required to declare whether the beneficial owner of the Units to be issued pursuant to the Offering is a citizen or permanent resident of Singapore or a corporation, whether incorporated or unincorporated and wherever incorporated or constituted, in which citizens or permanent residents of Singapore or any body corporate incorporated or constituted under any statute of Singapore have an interest in the aggregate of more than 50.0% of the issued share capital of or interests in such corporation.

(7) You may apply and make payment for your application for the Public Offer Units in Singapore currency using only cash. Each application must be accompanied by a cash remittance in Singapore currency for the full amount payable in Singapore dollars of the Offering Price of S$0.81 for each Public Offer Unit, in respect of the number of Public Offer Units applied for. The remittance must be in the form of a **BANKER'S DRAFT or CASHIER'S ORDER** drawn on a bank in Singapore, made out in favour of " **NETLINK UNIT ISSUE ACCOUNT** " crossed "**A/C PAYEE ONLY**" with your name, CDP Securities Account number and address written clearly on the reverse side.

Applications not accompanied by any payment or accompanied by any other form of payment will not be accepted. No combined Banker's Draft or Cashier's Order for different CDP Securities Accounts shall be accepted. Remittances bearing "**NOT TRANSFERABLE**" or "**NON-TRANSFERABLE**" crossings will be rejected.

No acknowledgement of receipt will be issued for applications and application monies received.

(8) Monies paid in respect of unsuccessful applications are expected to be returned (without interest or any share of revenue or other benefit arising therefrom) to you by ordinary post, in the event of over-subscription for the Public Offer Units, within 24 hours of the balloting (or such shorter period as the SGX-ST may require), at your own risk. Where your application is rejected or accepted in part only, the balance of the application monies will be refunded (without interest or any share of revenue or other benefit arising therefrom) to you by ordinary post at your own risk within 14 Market Days after the close of the Offering, PROVIDED THAT the remittance accompanying such application which has been presented for payment or other processes has been honoured and the application monies received in the designated unit issue account. If the Offering does not proceed for any reason, the full amount of application monies (without interest or any share of revenue or other benefit arising therefrom) will be returned to you within three Market Days after the Offering is discontinued.

(9) Capitalised terms used in the Application Forms and defined in this Prospectus shall bear the meanings assigned to them in this Prospectus.

(10) By completing and delivering the Application Forms, you agree that:

(a) in consideration of the Trustee-Manager having distributed the Application Form to you and by completing and delivering the Application Form before the close of the Offering:

(i) your application is irrevocable;

(ii) your remittance will be honoured on first presentation and that any monies returnable may be held pending clearance of your payment without interest or any share of revenue or other benefit arising therefrom; and

(iii) you represent and agree that you are located outside the United States (within the meaning of Regulation S);

(b) all applications, acceptances or contracts resulting therefrom under the Offering shall be governed by and construed in accordance with the laws of Singapore and that you irrevocably submit to the non-exclusive jurisdiction of the Singapore courts;

(c) in respect of the Units for which your application has been received and not rejected, acceptance of your application shall be constituted by written notification by or on behalf of the Trustee-Manager and not otherwise, notwithstanding any remittance being presented for payment by or on behalf of the Trustee-Manager;

(d) you will not be entitled to exercise any remedy of rescission for misrepresentation at any time after acceptance of your application;

(e) reliance is placed solely on information contained in this Prospectus and that none of the Trust, the Trustee-Manager, Singtel, the Joint Issue Managers, the Joint Global Coordinators and the Joint Bookrunners and Joint Underwriters or any other person involved in the Offering shall have any liability for any information not contained therein;

(f) you accept and agree to the Personal Data Privacy Terms set out in this Prospectus;

(g) for the purpose of facilitating your application, you consent to the collection, use, processing and disclosure, by or on behalf of the Trustee-Manager, of your name, NRIC/passport number or company registration number, address, nationality, permanent resident status, CDP Securities Account number, Unit application amount and application details and other personal data (the "**Relevant Particulars**") to the Relevant Persons; and

(h) you irrevocably agree and undertake to subscribe for the number of Units applied for as stated in the Application Form or any smaller number of such Units that may be allocated to you in respect of your application. In the event that the Trustee-Manager decides to allocate any smaller number of Units or not to allocate any Units to you, you agree to accept such decision as final.

**Procedures Relating to Applications for the Public Offer Units by Way of Printed Application Forms**

(1) Your application for the Public Offer Units by way of printed Application Forms must be made using the **WHITE** Public Offer Units Application Forms and **WHITE** official envelopes "**A**" and "**B**".

(2) You must:

(a) enclose the **WHITE** Public Offer Units Application Form, duly completed and signed, together with correct remittance for the full amount payable at the Offering Price in Singapore currency in accordance with the terms and conditions of this Prospectus and its accompanying documents, in the **WHITE** official envelope "**A**" provided;

(b) in appropriate spaces on the **WHITE** official envelope "**A**":

(i) write your name and address;

(ii) state the number of Public Offer Units applied for; and

(iii) tick the relevant box to indicate form of payment;

(c) **SEAL THE WHITE OFFICIAL ENVELOPE "A";**

(d) write, in the special box provided on the larger **WHITE** official envelope "**B**" addressed to NetLink NBN Management Pte. Ltd., c/o Boardroom Corporate & Advisory Services Pte. Ltd., 50 Raffles Place #32-01, Singapore Land Tower, Singapore 048623 , the number of Public Offer Units you have applied for;

(e) insert the **WHITE** official envelope "**A**" into the **WHITE** official envelope "**B**" and seal the **WHITE OFFICIAL ENVELOPE "B"**; and

(f) affix adequate Singapore postage on the **WHITE** official envelope "**B**" (if dispatching by ordinary post) and thereafter **DESPATCH BY ORDINARY POST OR DELIVER BY HAND** the documents at your own risk to NetLink NBN Management Pte. Ltd., c/o Boardroom Corporate & Advisory Services Pte. Ltd., 50 Raffles Place #32-01, Singapore Land Tower, Singapore 048623 , so as to arrive by 12.00 noon on 17 July 2017 or such other date(s) and time(s) as the Trustee-Manager may agree with the Joint Issue Managers and the Joint Global Coordinators. **Courier services or Registered Post must NOT be used**.

(3) Applications that are illegible, incomplete or incorrectly completed or accompanied by improperly drawn remittances or which are not honoured upon their first presentation are liable to be rejected. Except for applications for the Placement Units where remittance is permitted to be submitted separately, applications for the Public Offer Units not accompanied by any payment or any other form of payment will not be accepted.

(4) **ONLY ONE APPLICATION** should be enclosed in each envelope. No acknowledgement of receipt will be issued for any application or remittance received.

**Procedures Relating to Applications for the Placement Units by Way of Printed Application Forms**

(1) Your application for the Placement Units by way of printed Application Forms must be made using the **BLUE** Placement Units Application Forms.

(2) The completed and signed **BLUE** Placement Units Application Form and your remittance, in accordance with the terms and conditions of this Prospectus, for the full amount payable at the Offering Price, as the case may be, for each Placement Unit in respect of the number of Placement Units applied for, with your name, CDP Securities Account number and address clearly written on the reverse side, must be enclosed and sealed in an envelope to be provided by you. Your application for Placement Units must be delivered to NetLink NBN Management Pte. Ltd., c/o Boardroom Corporate & Advisory Services Pte. Ltd., 50 Raffles Place #32-01, Singapore Land Tower, Singapore 048623 , to arrive by 12.00 noon on 17 July 2017 or such other date(s) and time(s) as the Trustee-Manager may agree with the Joint Issue Managers and the Joint Global Coordinators. **Courier services or Registered Post must NOT be used.**

(3) Applications that are illegible, incomplete or incorrectly completed or accompanied by improperly drawn remittances or which are not honoured upon their first presentation are liable to be rejected.

(4) **ONLY ONE APPLICATION** should be enclosed in each envelope. No acknowledgement of receipt will be issued for any application or remittance received.

**Additional Terms and Conditions for Electronic Applications**

Electronic Applications shall be made on and subject to the terms and conditions of this Prospectus, including but not limited to the terms and conditions set out below and those in this Prospectus, as well as the Trust Deed.

(1) The procedures for Electronic Applications are set out on the ATM screens of the relevant Participating Banks (in the case of ATM Electronic Applications) and the IB website screens of the relevant Participating Banks (in the case of Internet Electronic Applications and the mBanking Interface of DBS Bank (in the case of mBanking Applications). Currently, DBS Bank, Oversea-Chinese Banking Corporation Limited and United Overseas Bank Limited and its subsidiary, Far Eastern Bank Limited are the Participating Banks through which Internet Electronic Applications may be made and DBS Bank is the only Participating Bank through which mBanking Applications may be made.

(2) For illustrative purposes, the procedures for Electronic Applications for Public Offer Units through ATMs and the IB website and the mBanking Interface of DBS Bank (together the "**Steps**") are set out in pages I-14 to I-18 of this Prospectus. The Steps set out the actions that you must take at ATMs and the IB website or the mBanking Interface of DBS Bank to complete an Electronic Application. The actions that you must take at the ATMs or the IB websites of the other Participating Banks or the mBanking Interface of DBS Bank are set out on the ATM screens, the IB website screens of the respective Participating Banks or the mBanking Interface of DBS Bank. Please read carefully the terms and conditions of this Prospectus and its accompanying documents (including the Application Form), the Steps and the terms and conditions for Electronic Applications set out below before making an Electronic Application.

(3) Any reference to "you" or the "Applicant" in these Additional Terms and Conditions for Electronic Applications and the Steps shall refer to you making an application for Public Offer Units through an ATM of one of the relevant Participating Banks, the IB website of a relevant Participating Bank or the mBanking Interface of DBS Bank.

(4) If you are making an ATM Electronic Application:

  (a) You must have an existing bank account with and be an ATM cardholder of one of the Participating Banks. An ATM card issued by one Participating Bank cannot be used to apply for Public Offer Units at an ATM belonging to other Participating Banks.

  (b) You must ensure that you enter your own CDP Securities Account number when using the ATM card issued to you in your own name. If you fail to use your own ATM card or do not key in your own CDP Securities Account number, your application will be rejected. If you operate a joint bank account with any of the Participating Banks, you must ensure that you enter your own CDP Securities Account number when using the ATM card issued to you in your own name. Using your own CDP Securities Account number with an ATM card which is not issued to you in your own name will render your Electronic Application liable to be rejected.

  (c) Upon the completion of your ATM Electronic Application, you will receive an ATM transaction slip ("**Transaction Record**"), confirming the details of your ATM Electronic Application. The Transaction Record is for your retention and should not be submitted with any printed Application Form.

(5) If you are making an Internet Electronic Application or an mBanking Application:

  (a) You must have an existing bank account with, and a User Identification ("**User ID**") as well as a Personal Identification Number ("**PIN**") given by, the relevant Participating Bank.

  (b) You must ensure that the mailing address of your account selected for the application is in Singapore and you must declare that the application is being made in Singapore. Otherwise, your application is liable to be rejected. In connection with this, you will be asked to declare that you are in Singapore at the time you make the application.

  (c) Upon the completion of your Internet Electronic Application through the IB website of the relevant Participating Bank or your mBanking Application through the mBanking Interface of DBS Bank, there will be an on-screen confirmation ("**Confirmation Screen**") of the application which can be printed out or screen captured by you for your record. This printed record or screen capture of the Confirmation Screen is for your retention and should not be submitted with any printed Application Form.

(6) In connection with your Electronic Application for Public Offer Units, you are required to confirm statements to the following effect in the course of activating the Electronic Application:

(a) that you have received a copy of the Prospectus (in the case of ATM Electronic Applications) and have read, understood and agreed to all the terms and conditions of application for the Public Offer Units and the Prospectus prior to effecting the Electronic Application and agree to be bound by the same;

(b) you accept and agree to the Personal Data Privacy Terms set out in this Prospectus;

(c) that, for the purposes of facilitating your application, you consent to the collection, use, processing and disclosure, by the relevant Participating Bank of your Relevant Particulars from your records with the relevant Participating Bank, to the Relevant Parties; and

(d) where you are applying for the Public Offer Units, that this is your only application for the Public Offer Units and it is made in your name and at your own risk.

Your application will not be successfully completed and cannot be recorded as a completed transaction unless you press the “Enter” or “OK” or “Confirm” or “Yes” or any other relevant key in the ATM or click “Confirm” or “OK” or “Submit” or “Continue” or “Yes” or any other relevant button on the IB website screen or the mBanking Interface. By doing so, you shall be treated as signifying your confirmation of each of the statements above. In respect of statement 6(b) above, your confirmation, by pressing the “Enter” or “OK” or “Confirm” or “Yes” or any other relevant key in the ATM or clicking “Confirm” or “OK” or “Submit” or “Continue” or “Yes” or any other relevant button on the IB website screen or the mBanking Interface, shall signify and shall be treated as your written permission, given in accordance with the relevant laws of Singapore, including Section 47(2) of the Banking Act, Chapter 19 of Singapore, to the disclosure by that Participating Bank of the Relevant Particulars of your account(s) with that Participating Bank to the Relevant Parties.

By making an Electronic Application you confirm that you are not applying for the Public Offer Units as a nominee of any other person and that any Electronic Application that you make is the only application made by you as the beneficial owner. You shall make only one Electronic Application for the Public Offer Units and shall not make any other application for the Public Offer Units whether at the ATMs of any Participating Bank, the IB websites of the relevant Participating Banks or the mBanking Interface of DBS Bank or on the Application Forms. Where you have made an application for the Public Offer Units on an Application Form, you shall not make an Electronic Application for the Public Offer Units and vice versa.

(7) You must have sufficient funds in your bank account with your Participating Bank at the time you make your ATM Electronic Application, Internet Electronic Application or mBanking Application, failing which such Electronic Application will not be completed. Any Electronic Application which does not conform strictly to the instructions set out in this Prospectus or on the screens of the ATMs or on the IB website of the relevant Participating Bank or the mBanking Interface of DBS Bank, as the case may be, through which your Electronic Application is being made shall be rejected.

(8) You may apply and make payment for your application for the Public Offer Units in Singapore currency in cash only. You may apply and make payment for your application in Singapore currency through any ATM or IB website of your Participating Bank or the mBanking Interface of DBS Bank (as the case may be) by authorising your Participating Bank to deduct the full amount payable from your bank account(s) with such Participating Bank.

(9) You irrevocably agree and undertake to subscribe for and to accept the number of Public Offer Units applied for as stated on the Transaction Record or the Confirmation Screen or any lesser number of such Public Offer Units that may be allocated to you in respect of your Electronic Application. In the event that the Trustee-Manager decides to allocate any lesser number of such Public Offer Units or not to allocate any Public Offer Units to you, you agree to accept such decision as final. If your Electronic Application is successful, your confirmation (by your action of pressing the “Enter” or “OK” or “Confirm” or “Yes” or any other relevant key in the ATM or clicking “Confirm” or “OK” or “Submit” or “Continue” or “Yes” or any other relevant button on the IB website screen or the mBanking Interface) of the number of Public Offer Units applied for shall signify and shall be treated as your acceptance of the number of Public Offer Units that may be allocated to you and your agreement to be bound by the Trust Deed.

(10) The Trustee-Manager will not keep any application in reserve. Where your Electronic Application is unsuccessful, the full amount of the application monies will be returned (without interest or any share of revenue or other benefit arising therefrom) to you by being automatically credited to your account with your Participating Bank, within 24 hours of the balloting (or such shorter period as the SGX-ST may require) provided that the remittance in respect of such application which has been presented for payment or other processes has been honoured and the application monies received in the designated unit issue account.

Where your Electronic Application is accepted or rejected in full or in part only, the balance of the application monies, as the case may be, will be returned (without interest or any share of revenue or other benefit arising therefrom) to you by being automatically credited to your account with your Participating Bank, within 14 Market Days after the completion of the Offering provided that the remittance in respect of such application which has been presented for payment or other processes has been honoured and the application monies received in the designated unit issue account.

If the Offering does not proceed for any reason, the full amount of application monies (without interest or any share of revenue or other benefit arising therefrom) will be returned to you within three Market Days after the Offering is discontinued.

Responsibility for timely refund of application monies (whether from unsuccessful or partially successful Electronic Applications or otherwise) lies solely with the respective Participating Banks. Therefore, you are strongly advised to consult your Participating Bank as to the status of your Electronic Application and/or the refund of any money to you from an unsuccessful or partially successful Electronic Application, to determine the exact number of Public Offer Units, if any, allocated to you before trading the Units on the SGX-ST. None of the SGX-ST, CDP, SCCS, the Participating Banks, the Trust, the Trustee-Manager, Singtel or the Joint Issue Managers, the Joint Global Coordinators and the Joint Bookrunners and Joint Underwriters assume any responsibility for any loss that may be incurred as a result of you having to cover any net sell positions or from buy-in procedures activated by the SGX-ST.

(11) If your Electronic Application is unsuccessful, no notification will be sent by the relevant Participating Bank.

(12) Applicants who make ATM Electronic Applications through the ATMs of the following Participating Banks may check the provisional results of their ATM Electronic Applications as follows:

| Bank | Telephone | Other Channels | Operating Hours | Service expected from |
|---|---|---|---|---|
| DBS Bank Ltd. (including POSB) ("**DBS Bank**") | 1800 339 6666 (for POSB account holders)<br>1800 111 1111 (for DBS account holders) | Internet Banking http://www.dbs.com(1) | 24 hours a day | Evening of the balloting day |
| Oversea-Chinese Banking Corporation Limited ("**OCBC Bank**") | 1800 363 3333 | Phone Banking / ATM / Internet Banking http://www.ocbc.com(2) | 24 hours a day | Evening of the balloting day |
| United Overseas Bank Limited and its subsidiary, Far Eastern Bank Limited ("**UOB Group**") | 1800 222 2121 | ATM (Other Transactions "IPO Results Enquiry") / Phone Banking / Internet Banking http://www.uobgroup.com(3) | 24 hours a day | Evening of the balloting day |

**Notes:**

(1) Applicants who have made Internet Electronic Applications through the IB websites of DBS Bank or mBanking Applications through the mBanking Interface of DBS Bank may also check the results of their applications through the same channels listed in the table above in relation to ATM Electronic Applications made at the ATMs of DBS Bank.

(2) Applicants who have made Electronic Application through the ATMs of the IB website of OCBC Bank may check the results of their applications through OCBC Bank Personal Internet Banking, OCBC Bank ATMs or OCBC Bank Phone Banking services.

(3) Applicants who have made Electronic Application through the ATMs or the IB website or the UOB Group may check the results of their applications through UOB Personal Internet Banking, UOB Group ATMs or UOB Phone Banking services.

(13) ATM Electronic Applications shall close at 12.00 noon on 17 July 2017 or such other date(s) and time(s) as the Trustee-Manager may agree with the Joint Issue Manager and the Joint Global Coordinators. All Internet Electronic Applications and mBanking Applications must be received by 12.00 noon on 17 July 2017, or such other date(s) and time(s) as the Trustee-Manager may agree with the Joint Issue Managers and the Joint Global Coordinators. Internet Electronic Applications and mBanking Applications are deemed to be received when they enter the designated information system of the relevant Participating Bank.

(14) You are deemed to have irrevocably requested and authorised the Trustee-Manager to:

(a) register the Units allocated to you in the name of CDP for deposit into your Securities Account;

(b) return or refund (without interest or any share of revenue earned or other benefit arising therefrom) the application monies, should your Electronic Application be rejected or if the Offering does not proceed for any reason, by automatically crediting your bank account with your Participating Bank, with the relevant amount within 24 hours after balloting (or such shorter period as the SGX-ST may require), or within three Market Days if the Offering does not proceed for any reason, after the close or discontinuation (as the case may be) of the Offering, PROVIDED THAT the remittance in respect of such application which has been presented for payment or such other processes has been honoured and application monies received in the designated unit issue account; and

(c) return or refund (without interest or any share of revenue or other benefit arising therefrom) the balance of the application monies, should your Electronic Application be rejected or accepted in part only, by automatically crediting your bank account with your Participating Bank, at your risk, with the relevant amount within 14 Market Days after the close of the Offering, PROVIDED THAT the remittance in respect of such application which has been presented for payment or such other processes has been honoured and application monies received in the designated unit issue account.

(15) You irrevocably agree and acknowledge that your Electronic Application is subject to risks of electrical, electronic, technical and computer-related faults and breakdown, fires, acts of God and other events beyond the control of the Participating Banks, the Trust, the Trustee-Manager, Singtel, the Joint Issue Managers, the Joint Global Coordinators and the Joint Bookrunners and Joint Underwriters, and if, in any such event the Trust, the Trustee-Manager, Singtel, the Joint Issue Managers, the Joint Global Coordinators and the Joint Bookrunners and Joint Underwriters, and/or the relevant Participating Bank do not receive your Electronic Application, or any data relating to your Electronic Application or the tape or any other devices containing such data is lost, corrupted or not otherwise accessible, whether wholly or partially for whatever reason, you shall be deemed not to have made an Electronic Application and you shall have no claim whatsoever against the Trust, the Trustee-Manager, Singtel, the Joint Issue Managers, the Joint Global Coordinators, the Joint Bookrunners and Joint Underwriters and/or the relevant Participating Bank for any Public Offer Units applied for or for any compensation, loss or damage.

(16) The existence of a trust will not be recognised. Any Electronic Application by a trustee must be made in his own name and without qualification. The Trustee-Manager shall reject any application by any person acting as nominee (other than approved nominee companies).

(17) All your particulars in the records of your Participating Bank at the time you make your Electronic Application shall be deemed to be true and correct and your Participating Bank and the Relevant Parties shall be entitled to rely on the accuracy thereof. If there has been any change in your particulars after making your Electronic Application, you must promptly notify your Participating Bank.

(18) You should ensure that your personal particulars as recorded by both CDP and the relevant Participating Bank are correct and identical, otherwise, your Electronic Application is liable to be rejected. You should promptly inform CDP of any change in address, failing which the notification letter on successful allocation will be sent to your address last registered with CDP.

(19) By making and completing an Electronic Application, you are deemed to have agreed that:

(a) in consideration of the Trustee-Manager making available the Electronic Application facility, through the Participating Banks acting as agents of the Trustee-Manager, at the ATMs and IB websites of the relevant Participating Banks and the mBanking Interface of DBS Bank:

(i) your Electronic Application is irrevocable;

(ii) your Electronic Application, the acceptance by the Trustee-Manager and the contract resulting therefrom under the Public Offer shall be governed by and construed in accordance with the laws of Singapore and you irrevocably submit to the non-exclusive jurisdiction of the Singapore courts; and

(iii) you represent and agree that you are not located in the United States (within the meaning of Regulation S);

(b) none of CDP, the Trust, the Trustee-Manager, Singtel, the Joint Issue Managers, the Joint Global Coordinators, the Joint Bookrunners and Joint Underwriters and the Participating Banks shall be liable for any delays, failures or inaccuracies in the recording, storage or in the transmission or delivery of data relating to your Electronic Application to the Trustee-Manager or CDP or the SGX-ST due to breakdowns or failure of transmission, delivery or communication facilities or any risks referred to in paragraph 15 above or to any cause beyond their respective controls;

(c) in respect of the Public Offer Units for which your Electronic Application has been successfully completed and not rejected, acceptance of your Electronic Application shall be constituted by written notification by or on behalf of the Trustee-Manager and not otherwise, notwithstanding any payment received by or on behalf of the Trustee-Manager;

(d) you will not be entitled to exercise any remedy for rescission for misrepresentation at any time after acceptance of your application;

(e) reliance is placed solely on information contained in this Prospectus and that none of the Trust, the Trustee-Manager, Singtel, the Joint Issue Managers, the Joint Global Coordinators and the Joint Bookrunners and Joint Underwriters or any other person involved in the Offering shall have any liability for any information not contained therein; and

(f) you irrevocably agree and undertake to subscribe for the number of Public Offer Units applied for as stated in your Electronic Application or any smaller number of such Public Offer Units that may be allocated to you in respect of your Electronic Application. In the event the Trustee-Manager decides to allocate any smaller number of such Public Offer Units or not to allocate any Public Offer Units to you, you agree to accept such decision as final.

**Steps for ATM Electronic Applications for Public Offer Units through ATMs of DBS Bank (including POSB ATMs)**

Instructions for ATM Electronic Applications will appear on the ATM screens of the respective Participating Bank. For illustrative purposes, the steps for making an ATM Electronic Application through a DBS Bank or POSB ATM are shown below. Certain words appearing on the screen are in abbreviated form ("A/C", "amt", "appln", "&", "I/C", "No.", "SGX" and "Max" refer to "Account", "amount", "application", "and", "NRIC", "Number", "SGX-ST" and "Maximum", respectively). Instructions for ATM Electronic Applications on the ATM screens of the Participating Banks (other than DBS Bank (including POSB)), may differ slightly from those represented below.

Step 1 : Insert your personal DBS Bank or POSB ATM Card.

2 : Enter your Personal Identification Number.

3 : Select "MORE SERVICES".

4 : Select language (for customers using multi-language card).

5 : Select "ESA-IPO/Rights Appln/Bonds/SSB/SGS/INVESTMENTS".

6 : Select "ELECTRONIC SECURITIES APPLN (IPOS/BONDS/ SECURITIES)".

7 : Read and understand the following statements which will appear on the screen:

- (IN THE CASE OF A SECURITIES OFFERING THAT (I) IS SUBJECT TO A PROSPECTUS/OFFER INFORMATION STATEMENT/DOCUMENT/PROFILE STATEMENT LODGED WITH AND/OR REGISTERED BY THE MONETARY AUTHORITY OF SINGAPORE OR, AS THE CASE MAY BE, THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED OR (II) REQUIRES A SIMPLIFIED DISCLOSURE DOCUMENT AND/OR PRODUCT HIGHLIGHTS SHEET TO BE ANNOUNCED OR OTHERWISE DISSEMINATED TO THE SECURITIES MARKET OPERATED BY THE SECURITIES EXCHANGE AT THE TIME THE OFFER IS MADE) THE OFFER OF SECURITIES (OR UNITS OF SECURITIES) WILL BE MADE IN, OR ACCOMPANIED BY A COPY OF THE PROSPECTUS/OFFER INFORMATION STATEMENT/DOCUMENT/PROFILE STATEMENT (AND IF APPLICABLE, A COPY OF THE REPLACEMENT OR SUPPLEMENTARY PROSPECTUS/OFFER INFORMATION STATEMENT/ DOCUMENT/PROFILE STATEMENT) OR, IF APPLICABLE, A SIMPLIFIED DISCLOSURE DOCUMENT (AS SUPPLEMENTED OR REPLACED, IF

APPLICABLE) AND/OR PRODUCT HIGHLIGHTS SHEET WHICH CAN BE OBTAINED FROM THE ISSUE MANAGER(S) OR, AS THE CASE MAY BE, THE MANAGER(S) FOR THE OFFER, OR IF APPLICABLE, DBS/POSB BRANCHES IN SINGAPORE AND THE VARIOUS PARTICIPATING BANKS DURING BANKING HOURS, SUBJECT TO AVAILABILITY.

- (IN THE CASE OF A SECURITIES OFFERING THAT (I) IS SUBJECT TO A PROSPECTUS/OFFER INFORMATION STATEMENT/DOCUMENT/PROFILE STATEMENT LODGED WITH AND/OR REGISTERED BY THE MONETARY AUTHORITY OF SINGAPORE OR THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED OR (II) REQUIRES A SIMPLIFIED DISCLOSURE DOCUMENT AND/OR PRODUCT HIGHLIGHTS SHEET TO BE ANNOUNCED OR OTHERWISE DISSEMINATED TO THE SECURITIES MARKET OPERATED BY THE SECURITIES EXCHANGE AT THE TIME THE OFFER IS MADE) ANYONE WISHING TO ACQUIRE THESE SECURITIES (OR UNITS OF SECURITIES) SHOULD READ THE PROSPECTUS/OFFER INFORMATION STATEMENT/DOCUMENT/PROFILE STATEMENT (AS SUPPLEMENTED OR REPLACED, IF APPLICABLE) OR, IF APPLICABLE, A SIMPLIFIED DISCLOSURE DOCUMENT (AS SUPPLEMENTED OR REPLACED, IF APPLICABLE) AND/OR PRODUCT HIGHLIGHTS SHEET BEFORE SUBMITTING HIS APPLICATION WHICH WILL NEED TO BE MADE IN THE MANNER SET OUT IN THE PROSPECTUS/OFFER INFORMATION STATEMENT/DOCUMENT/PROFILE STATEMENT (AS SUPPLEMENTED OR REPLACED, IF APPLICABLE) OR, IF APPLICABLE, A SIMPLIFIED DISCLOSURE DOCUMENT (AS SUPPLEMENTED OR REPLACED, IF APPLICABLE). A COPY OF THE PROSPECTUS/OFFER INFORMATION STATEMENT/DOCUMENT/PROFILE STATEMENT, AND IF APPLICABLE, A COPY OF THE REPLACEMENT OR SUPPLEMENTARY PROSPECTUS/ OFFER INFORMATION STATEMENT/DOCUMENT/PROFILE STATEMENT HAS BEEN LODGED WITH AND/OR REGISTERED BY THE MONETARY AUTHORITY OF SINGAPORE OR, AS THE CASE MAY BE, THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED, WHICH TAKES NO RESPONSIBILITY FOR ITS OR THEIR CONTENTS. WHERE APPLICABLE, A COPY OF THE SIMPLIFIED DISCLOSURE DOCUMENT (AS SUPPLEMENTED OR REPLACED, IF APPLICABLE) AND/OR PRODUCT HIGHLIGHTS SHEET WHICH ARE AVAILABLE ON OUR WEBSITE HAS BEEN ANNOUNCED OR OTHERWISE DISSEMINATED TO THE SECURITIES MARKET OPERATED BY THE SECURITIES EXCHANGE, WHICH TAKES NO RESPONSIBILITY FOR ITS OR THEIR CONTENTS.
- (IN THE CASE OF A SECURITIES OFFERING THAT DOES NOT REQUIRE A PROSPECTUS/OFFER INFORMATION STATEMENT/DOCUMENT/PROFILE STATEMENT TO BE LODGED WITH AND/OR REGISTERED BY THE MONETARY AUTHORITY OF SINGAPORE OR THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED AND DOES NOT REQUIRE A SIMPLIFIED DISCLOSURE DOCUMENT AND/OR PRODUCT HIGHLIGHTS SHEET TO BE ANNOUNCED OR OTHERWISE DISSEMINATED TO THE SECURITIES MARKET OPERATED BY THE RELEVANT SECURITIES EXCHANGE) THE OFFER OF SECURITIES (OR UNITS OF SECURITIES) MAY BE MADE IN A NOTICE PUBLISHED IN A NEWSPAPER AND/OR A CIRCULAR/DOCUMENT DISTRIBUTED TO SECURITY HOLDERS. ANYONE WISHING TO ACQUIRE SUCH SECURITIES (OR UNITS OF SECURITIES SHOULD READ THE NOTICE/CIRCULAR/DOCUMENT BEFORE SUBMITTING HIS APPLICATION, WHICH WILL NEED TO BE MADE IN THE MANNER SET OUT IN THE NOTICE/CIRCULAR/DOCUMENT.

8 : Select “NETLINK” to display details.

9 : Press the “ENTER” key to acknowledge:

- YOU HAVE READ, UNDERSTOOD AND AGREED TO ALL THE TERMS OF THE APPLICATION AND (WHERE APPLICABLE) THE PROSPECTUS, OFFER INFORMATION STATEMENT/DOCUMENT/PROFILE STATEMENT/SIMPLIFIED DISCLOSURE DOCUMENT/PRODUCT HIGHLIGHTS SHEET, REPLACEMENT OR SUPPLEMENTARY PROSPECTUS/OFFER INFORMATION STATEMENT/DOCUMENT/ PROFILE STATEMENT/SIMPLIFIED DISCLOSURE DOCUMENT/PRODUCT HIGHLIGHTS SHEET AND/OR NOTICE/CIRCULAR.

- FOR THE PURPOSES OF FACILITATING YOUR APPLICATION, YOU CONSENT TO THE BANK COLLECTING AND USING YOUR NAME, NRIC/PASSPORT NUMBER, ADDRESS, NATIONALITY, CDP SECURITIES ACCOUNT NUMBER, CPF INVESTMENT ACCOUNT NUMBER, APPLICATION DETAILS AND OTHER PERSONAL DATA AND DISCLOSING THE SAME FROM OUR RECORDS TO SHARE REGISTRARS SECURITIES OF THE ISSUER, SGX, CDP, CPF, ISSUER/ VENDOR(S) AND ISSUE MANAGER(S).
- THIS APPLICATION IS MADE IN YOUR OWN NAME AND AT YOUR OWN RISK.
- FOR FIXED AND MAXIMUM PRICE SECURITIES APPLICATION, THIS IS YOUR ONLY APPLICATION AND IT IS MADE IN YOUR OWN NAME AND AT YOUR OWN RISK.
- THE MAXIMUM PRICE FOR EACH SECURITY IS PAYABLE IN FULL ON APPLICATION AND SUBJECT TO REFUND IF THE FINAL PRICE IS LOWER.
- FOR TENDER SECURITIES APPLICATION, THIS IS YOUR ONLY APPLICATION AT THE SELECTED TENDER PRICE AND IT IS MADE IN YOUR NAME AND AT YOUR OWN RISK.
- YOU ARE NOT A US PERSON AS REFERRED TO IN (WHERE APPLICABLE) THE PROSPECTUS/OFFER INFORMATION STATEMENT/DOCUMENT/PROFILE STATEMENT/SIMPLIFIED DISCLOSURE DOCUMENT/PRODUCT HIGHLIGHTS SHEET, REPLACEMENT OR SUPPLEMENTARY PROSPECTUS/OFFER INFORMATION STATEMENT/DOCUMENT/PROFILE STATEMENT/SIMPLIFIED DISCLOSURE DOCUMENT AND/OR NOTICE/CIRCULAR.
- THERE MAY BE A LIMIT ON THE MAXIMUM NUMBER OF SECURITIES THAT YOU CAN APPLY FOR SUBJECT TO AVAILABILITY, YOU MAY BE ALLOTTED/ ALLOCATED A SMALLER NUMBER OF SECURITIES THAN YOU APPLIED FOR.

10 : Select your nationality.

11 : Select the DBS Bank account (Autosave/Current/Savings/Savings Plus) or the POSB account (Current/Savings) from which to debit your application monies.

12 : Enter the number of securities you wish to apply for using cash.

13 : Enter or confirm (if your CDP Securities Account number has already been stored in DBS Bank's records) your own 12-digit CDP Securities Account number (Note: This step will be omitted automatically if your CDP Securities Account number has already been stored in DBS Bank's records).

14 : Check the details of your securities application, your CDP Securities Account number, number of securities and application amount on the screen and press the "ENTER" key to confirm your application.

15 : Remove the Transaction Record for your reference and retention only.

**Steps for Internet Electronic Application for Public Offer Units through the IB Website of DBS Bank**

For illustrative purposes, the steps for making an Internet Electronic Application through the DBS Bank IB website are shown below. Certain words appearing on the screen are in abbreviated form ("A/C", "&", "amt", "I/C" and "No." refer to "Account", "and", "Amount", "NRIC" and "Number", respectively).

Step 1 : Click on DBS Bank website (www.dbs.com)

2 : Login to Internet banking.

3 : Enter your User ID and PIN.

4 : Enter your DBS Bank iB Secure PIN

5 : Select "Electronic Security Application (ESA)".

6 : Click “Yes” to proceed and to warrant, among others, that you are currently in Singapore, you have observed and complied with all applicable laws and regulations and that your mailing address for DBS Internet Banking is in Singapore and that you are not a U.S. person (as such term is defined in Regulation S under the United States Securities Act of 1933, amended).

7 : Select your country of residence and click “Next”.

8 : Click on “NETLINK” and click “Next”.

9 : Click on “Next” to confirm, among others:

- You have read, understood and agreed to all terms of this application set out in the Prospectus/Offer Information Statement/Document/Profile Statement and if applicable, the Supplementary or Replacement Prospectus/Offer Information Statement/Document/Profile Statement./Simplified Disclosure Document and/or applicable notice/circular..
- For the purposes of facilitating your application, you consent to the Bank collecting and using your name, NRIC/passport number, address, nationality, CDP Securities Account number, CPF Investment Account number, application details and other personal data and disclosing the same from our records to registrars of securities of the issuer, SGX, SCCS, CDP, CPF Board and issuer/vendor(s) and issue manager(s).
- You are not a U.S. person (as such term is defined in Regulation S under the United States Securities Act of 1933, as amended).
- You understand that the securities mentioned herein have not been and will not be registered under the United States Securities Act of 1933, as amended (the “**US Securities Act**”) or the securities laws of any state of the United States and may not be offered or sold in the United States or to, or for the account or benefit of any “US person” (as defined in Regulation S under the US Securities Act) except pursuant to an exemption from or in a transaction not subject to, the registration requirements of the US Securities Act and applicable state securities laws. There will be no public offer of the securities mentioned herein in the United States. Any failure to comply with this restriction may constitute a violation of the United States securities laws. There will be no public offer of the securities mentioned herein in the United States. Any failure to comply with this restriction may constitute a violation of the United States securities laws.
- This application is made in your own name and at your own risk.
- For FIXED/MAXIMUM price securities application, this is your only application. For TENDER price securities application, this is your only application at the selected tender price.
- For FOREIGN CURRENCY securities, subject to the terms of the issue, please note the following: the application monies will be debited from your bank account in S$, based on the Bank’s prevailing board rates at the time of application. Any refund monies will be credited in S$ based on the Bank’s prevailing board rates at the time of refund. The different prevailing board rates at the time of application and the time of refund of application monies may result in either a foreign exchange profit or loss or application monies may be debited and refund credited in S$ at the same exchange rate.
- For 1ST-COME-1ST-SERVE securities, the number of securities applied for may be reduced, subject to availability at the point of application.

10 : Fill in details for securities application and click “Next”.

11 : Check the details of your securities application, your CDP Securities Account number and click “Confirm” to confirm your application.

12 : Print the Confirmation Screen (optional) for your reference and retention only.

**Steps for mBanking Applications for Public Offer Units through the mBanking Interface of DBS Bank**

For illustrative purposes, the steps for making an mBanking Application are shown below. Certain words appearing on the screen are in abbreviated from ("A/C", "&", "amt", "I/C", "SGX" and "No." refer to "Account", "and", "Amount", "NRIC", "SGX-ST" and "Number", respectively).

Step 1 : Click on DBS Bank mBanking application using your User ID and PIN.

2 : Select "Investment Services".

3 : Select "Electronic Securities Application".

4 : Select "Yes" to proceed and to warrant, among others, that you are currently in Singapore, you have observed and complied with all applicable laws and regulations and that your mailing address for DBS Internet Banking is in Singapore and that you are not a US Person (as such term is defined in Regulation S under the United States Securities Act of 1933 as amended).

5 : Select your country of residence.

6 : Select "NETLINK".

7 : Select "Yes" to confirm, among others:

- You have read, understood and agreed to all terms of application set out in the Prospectus/ Offer Information Statement/Document/Profile Statement and if applicable, the Supplementary or Replacement Prospectus/Offer Information Statement/Document/Profile Statement.
- For the purposes of facilitating your application, you consent to the Bank collecting and using your name, NRIC/passport number, address, nationality, CDP securities account number, CPF investment account number, application details and other personal data and disclosing the same from our records to registrars of securities of the issuer, SGX, SCCS, CDP, CPF, issuer/vendor(s) and issue manager(s).
- You are not a US Person (as such term is defined in Regulation S under the United States Securities Act of 1933, as amended).
- You understand that the securities mentioned herein have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**US Securities Act**") or the securities laws of any state of the United States and may not be offered or sold in the United States or to, or for the account or benefit of any "US Person" (as defined in Regulation S under the US Securities Act) except pursuant to an exemption from or in a transaction subject to, the registration requirements of the US Securities Act and applicable state securities laws. There will be no public offer of the securities mentioned herein in the United States. Any failure to comply with this restriction may constitute a violation of the United States securities laws.
- This application is made in your own name and at your own risk.
- For FIXED/MAXIMUM price securities application, this is your only application. For TENDER price securities application, this is your only application at the selected tender price.
- FOR FOREIGN CURRENCY Securities, subject to the terms of the issue, please note the following: the application monies will be debited from your bank account in S$, based on the Bank's prevailing board rates at the time of application. Any refund monies will be credited in S$ based on the Bank's prevailing board rates at the time of refund. The different prevailing board rates at the time of application and the time of refund of application monies may result in either a foreign exchange profit or loss. Alternatively, application monies may be debited and refund credited in S$ at the same exchange rate.
- FOR 1ST-COME-1ST-SERVE securities, the number of securities applied for may be reduced, subject to availability at the point of application.

8 : Fill in details for securities application and click "Submit".

9 : Check the details of your securities application, your CDP Securities Account No. and click "Confirm" to confirm your application.

10 : Where applicable, capture Confirmation Screen (optional) for your reference and retention only

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