

## 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 2004 of Singapore (Registration Number: 2017002))  
(Managed by NetLink NBN Management Pte. Ltd.)

### MINUTES OF ANNUAL GENERAL MEETING

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**PLACE** : Stephen Riady Auditorium, NTUC Centre  
No. 1 Marina Boulevard, Level 7  
One Marina Boulevard  
Singapore 018989

**DATE** : Tuesday, 23 July 2024

**TIME** : 2.00 p.m.

**PRESENT** : As per the attendance record maintained by the Trustee-Manager.

**IN ATTENDANCE** : As per the attendance record maintained by the Trustee-Manager.

**CHAIRMAN** : Mr Chaly Mah Chee Kheong

#### 1. INTRODUCTION

- 1.1 The Company Secretary welcomed all Unitholders who were attending NetLink NBN Trust's Seventh Annual General Meeting ("**AGM**"). Before the AGM commenced, a fire safety briefing was presented to the Unitholders.
- 1.2 As a quorum was present, the Company Secretary declared the Meeting opened at 2.00 p.m. and informed that there were two meetings taking place consecutively that afternoon and they were:
- AGM of NetLink NBN Trust which was immediately followed by
  - AGM of Singapore NBN Trust.
- 1.3 The Company Secretary further explained the purpose of convening the AGM of Singapore NBN Trust as follows:
- DBS Trustee Limited (as share trustee of the TM Shares Trust) (the "**Share Trustee**") holds the shares of the Trustee-Manager (the "**TM Shares**") on trust for the benefit of the beneficiaries of the TM Shares Trust (being you, the Unitholders of NetLink NBN Trust) *pari passu*, each of whom has an undivided interest in the TM Shares in proportion to each Unitholder's respective percentage of units held or owned by each Unitholder in NetLink NBN Trust.
  - The deed constituting the TM Shares Trust (the "**TM Shares Trust Deed**") provides that the Trustee-Manager agrees and undertakes to call and hold meetings and proceedings of the beneficiaries of the TM Shares Trust for the purposes of the TM Shares Trust Deed in accordance with the Trust Deed of NetLink NBN Trust.

- Any matter on which the Share Trustee is required to exercise the voting rights conferred by the TM Shares at the AGM of the Trustee-Manager (which only the Share Trustee needs to attend) shall be put before the Unitholders at the AGM of the TM Shares Trust, for Unitholders' approval as beneficiaries of the TM Shares Trust, and the Share Trustee shall act in accordance with the relevant resolutions passed by Unitholders.
- 1.4 The Company Secretary then invited the Chief Executive Officer (“**CEO**”), Mr Tong Yew Heng, to deliver a presentation on NetLink NBN Trust.
- 1.5 After the presentation, the proceeding was handed over to the Chairman who then introduced the Directors and other members of the panel.
- 1.6 Unitholders were informed that in accordance with the Trust Deed of NetLink NBN Trust, all the Resolutions that were to be decided at the meeting be conducted by poll and Boardroom Corporate & Advisory Services Pte. Ltd. and DrewCorp Services Pte Ltd have been appointed as the polling agent and Scrutineers respectively.
- 1.7 A copy of the Management's presentation which is attached as Appendix 1, had also been made available on the corporate website and SGXNet prior to the AGM.

## **2. NOTICE OF MEETING**

- 2.1 With the consent of the Unitholders present, the Notice which has been sent to Unitholders and published on SGXNet and on the corporate website on 27 June 2024, was taken as read.
- 2.2 The Chairman informed the meeting that in his capacity as Chairman of the AGM, he has been appointed as a proxy by a number of Unitholders and he would vote in accordance with the specific instructions of these Unitholders.

## **3. QUESTIONS AND ANSWERS**

- 3.1 The Chairman then proceeded to invite Unitholders to raise their questions on all the resolutions of the Meeting.
- 3.2 The questions relating to the resolutions raised by Unitholders at the AGM and the responses are summarised and attached as Appendix 2.
- 3.3 Subsequent to the questions and answers session, a video presentation explaining the voting process was shown to Unitholders.

## **ORDINARY BUSINESS:**

### **4. REPORTS AND FINANCIAL STATEMENTS – ORDINARY RESOLUTION 1**

- 4.1 The Chairman proposed the motion to Ordinary Resolution 1 set out as follows which was duly seconded:

“That the Report of the Trustee-Manager, Statement by the Trustee-Manager and the Audited Financial Statements of NetLink NBN Trust for the financial year ended 31 March 2024 together with the Independent Auditors’ Report therein be received and adopted.”

4.2 The result of Ordinary Resolution 1 tabled at the Meeting, taken on a poll, was as follows:

Total number of units represented by votes for and against the relevant resolution	FOR		AGAINST	
	Number of units	As a percentage of total number of votes for and against the resolution (%)	Number of units	As a percentage of total number of votes for and against the resolution (%)
1,778,783,115	1,776,039,215	99.85	2,743,900	0.15

4.3 Accordingly, Ordinary Resolution 1 tabled at the Meeting was carried.

## 5. RE-APPOINTMENT OF AUDITORS – ORDINARY RESOLUTION 2

5.1 The Chairman proposed the motion to Ordinary Resolution 2 set out as follows which was duly seconded:

“That Deloitte & Touche LLP be re-appointed as Auditors of NetLink NBN Trust to hold office until the conclusion of the next Annual General Meeting and that the Directors of the Trustee-Manager be authorised to fix their remuneration.”

5.2 The result of Ordinary Resolution 2 tabled at the Meeting, taken on a poll, was as follows:

Total number of units represented by votes for and against the relevant resolution	FOR		AGAINST	
	Number of units	As a percentage of total number of votes for and against the resolution (%)	Number of units	As a percentage of total number of votes for and against the resolution (%)
1,780,120,015	1,777,085,515	99.83	3,034,500	0.17

5.3 Accordingly, Ordinary Resolution 2 tabled at the Meeting was carried.

## 6. ANY OTHER ORDINARY BUSINESS

6.1 There being no other ordinary business to transact, the Meeting proceeded to deal with the Special Business on the Agenda.

**SPECIAL BUSINESS:**

**7. GENERAL MANDATE TO ISSUE UNITS IN NETLINK NBN TRUST – ORDINARY RESOLUTION 3**

7.1 The Chairman explained that Ordinary Resolution 3 was to authorise the Trustee-Manager to issue units in NetLink NBN Trust, pursuant to Clause 6.1 of the Trust Deed, Section 36 of the Business Trusts Act and Rule 806 of the SGX Listing Manual.

7.2 The Chairman proposed the motion to Ordinary Resolution 3 set out as follows which was duly seconded:

“That pursuant to Clause 6.1 of the deed of trust dated 19 June 2017 (as amended and restated by the Amending and Restating Deeds dated 25 July 2018, 28 September 2020, 19 July 2021, and 20 July 2022) constituting NetLink NBN Trust (collectively, the “**Trust Deed**”), Section 36 of the Business Trusts Act 2004 of Singapore (the “**BTA**”), and Rule 806 of the Listing Manual of Singapore Exchange Securities Trading Limited (the “**SGX-ST**”), authority be and is hereby given to the Trustee-Manager to:

- (a) (i) issue Units, whether by way of rights, bonus or otherwise; and/or
- (ii) make or grant offers, agreements or options (collectively, “**Instruments**”) that might or would require Units to be issued, including but not limited to the creation and issue of (as well as adjustments to) securities, warrants, debentures or other instruments convertible into Units,

at any time and upon such terms and conditions and for such purposes and to such persons as the Trustee-Manager may in its absolute discretion deem fit; and

- (b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force at the time such Units are issued) issue Units in pursuance of any Instruments made or granted by the Trustee-Manager while this Resolution was in force,

provided that:

- (i) the aggregate number of Units to be issued pursuant to this Resolution (including Units to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) shall not exceed 50% of the total number of issued Units (excluding treasury Units and subsidiary holdings, if any) (as calculated in accordance with sub-paragraph (ii) below), of which the aggregate number of Units to be issued other than on a pro rata basis to existing Unitholders shall not exceed 10% of the total number of issued Units (excluding treasury Units and subsidiary holdings, if any) (as calculated in accordance with sub-paragraph (ii) below);
- (ii) (subject to such manner of calculation as may be prescribed by SGX-ST) for the purpose of determining the aggregate number of Units that may be issued under sub-paragraph (i) above, the total number of issued Units (excluding treasury Units and subsidiary holdings, if any) shall be based on the total number of issued Units (excluding treasury Units and subsidiary holdings, if any) at the time of the passing of this Resolution, after adjusting for:

(aa) any new Units arising from the conversion or exercise of any convertible securities or Instruments which were issued and are outstanding or subsisting at the time this Resolution is passed; and

(bb) any subsequent bonus issue, consolidation or subdivision of Units;

provided such adjustment in sub-paragraph (ii)(aa) is made only in respect of new Units arising from the exercise of Instruments or convertible securities which were issued and are outstanding or subsisting at the time of the passing of this Resolution;

(iii) in exercising the authority conferred by this Resolution, the Trustee-Manager shall comply with the provisions of the Listing Manual of SGX-ST for the time being in force (unless such compliance has been waived by SGX-ST), the Trust Deed and the BTA for the time being in force (unless otherwise exempted or waived by the Monetary Authority of Singapore);

(iv) unless revoked or varied by the Unitholders of NetLink NBN Trust in a general meeting, such authority conferred by this Resolution shall continue in force until (i) the conclusion of the next Annual General Meeting of the Unitholders or (ii) the date by which the next Annual General Meeting of the Unitholders is required by law to be held, whichever is earlier;

(v) where the terms of the issue of the Instruments provide for adjustment to the number of Instruments or Units into which the Instruments may be converted, in the event of rights, bonus or other capitalisation issues or any other events, the Trustee-Manager is authorised to issue additional Instruments or Units pursuant to such adjustment notwithstanding that the authority conferred by this Resolution may have ceased to be in force at the time the Instruments or Units are issued; and

(vi) the Trustee-Manager be and is hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) as the Trustee-Manager may consider expedient or necessary or in the interest of NetLink NBN Trust to give effect to the authority conferred by this Resolution.”

7.3 The result of Ordinary Resolution 3 tabled at the Meeting, taken on a poll, was as follows:

Total number of units represented by votes for and against the relevant resolution	FOR		AGAINST	
	Number of units	As a percentage of total number of votes for and against the resolution (%)	Number of units	As a percentage of total number of votes for and against the resolution (%)
1,778,331,215	1,761,811,307	99.07	16,519,908	0.93

7.4 Accordingly, Ordinary Resolution 3 tabled at the Meeting was carried.

**8. CLOSURE OF NETLINK NBN TRUST AGM**

- 8.1 There being no other business, the Chairman declared the AGM of NetLink NBN Trust closed at 3.35 p.m.



Confirmed By  
Chaly Mah Chee Kheong  
Chairman of the Meeting

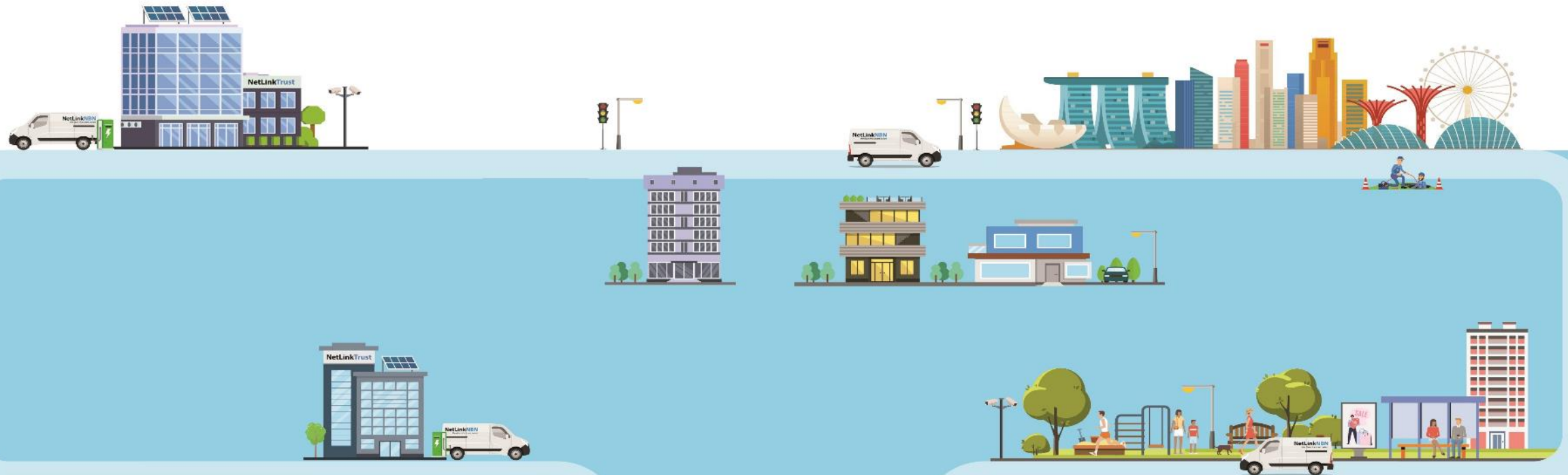
23 July 2024

# Management Presentation

Appendix 1

**NetLinkNBN**

*the fibre of a smart nation*



# Disclaimer



This presentation is for information purposes only and does not constitute or form part of an offer, solicitation, recommendation or invitation for the sale or purchase or subscription of securities, including units in NetLink NBN Trust (the “**Trust**” and the units in the Trust, the “**Units**”) or any other securities of the Trust. No part of it nor the fact of its presentation shall form the basis of or be relied upon in connection with any investment decision, contract or commitment whatsoever.

The information and opinions in this presentation are provided as at the date of this document (unless stated otherwise) and are subject to change without notice, its accuracy is not guaranteed, and it may not contain all material or relevant information concerning NetLink NBN Management Pte. Ltd. (the “**Trustee-Manager**”), the Trust or its subsidiaries (the “**NetLink Group**”). None of the Trustee-Manager, the Trust nor its affiliates, advisors and representatives make any representation regarding, and assumes no responsibility or liability whatsoever (in negligence or otherwise) for, the accuracy or completeness of, or any errors or omissions in, any information contained herein nor for any loss howsoever arising from any use of this presentation. Further, nothing in this presentation should be construed as constituting legal, business, tax or financial advice.

The information contained in this presentation includes historical information about and relevant to the assets of the NetLink Group that should not be regarded as an indication of the future performance or results of such assets. Certain statements in this presentation constitute “forward-looking statements”. These forward-looking statements are based on the current views of the Trustee-Manager and the Trust concerning future events, and necessarily involve risks, uncertainties and assumptions. These statements can be recognised by the use of words such as “expects”, “plans”, “will”, “estimates”, “projects”, “intends” or words of similar meaning. Actual future performance could differ materially from these forward-looking statements, and you are cautioned not to place any undue reliance on these forward-looking statements. The Trustee-Manager does not assume any responsibility to amend, modify or revise any forward-looking statements, on the basis of any subsequent developments, information or events, or otherwise, subject to compliance with all applicable laws and regulations and/or the rules of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) and/or any other regulatory or supervisory body or agency.

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



# Our business overview

**1,506,997**

**Residential  
End-Users**

- High Rise Residential Apartments
- Landed Residential Area



**10** Central Offices



**3,542** Segment Connections

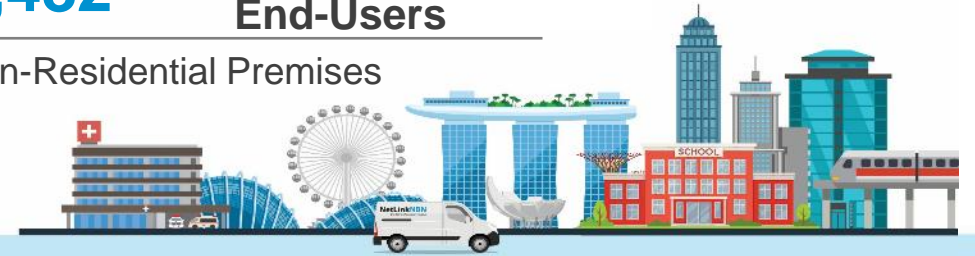
- Central Office to Central Office
- Point-to-Point
- Central Office to MDF room



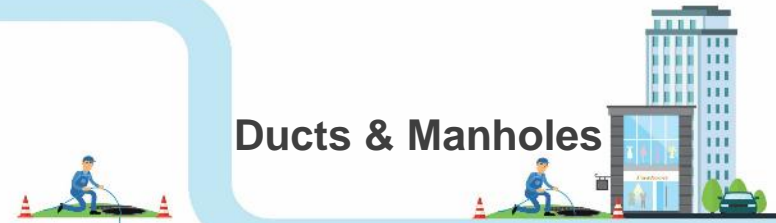
**53,482**

**Non-Residential  
End-Users**

- Non-Residential Premises



**Ducts & Manholes**



**2,979**

**NBAP Connections**

- Lamp Post
- WiFi hotspot
- Mobile Base Station
- Billboard/Signage



# Our business is future proof



**Preferred**  
means of fixed  
broadband  
delivery



**High**  
**penetration** rate  
in the residential  
segment



**Low prices** for  
fibre broadband



**Critical**  
**infrastructure**  
supporting  
last-mile  
wireless access  
solutions

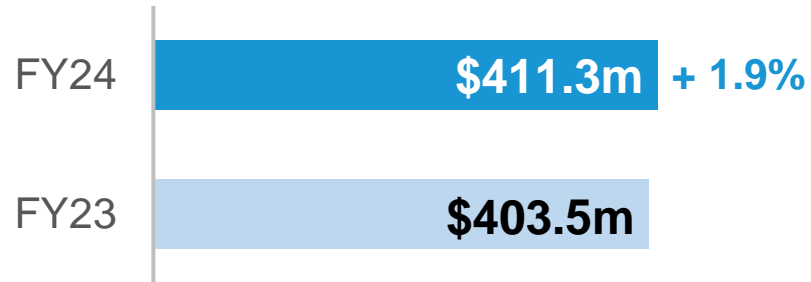


**Scalable** and  
supportive of  
future  
transmission  
technologies

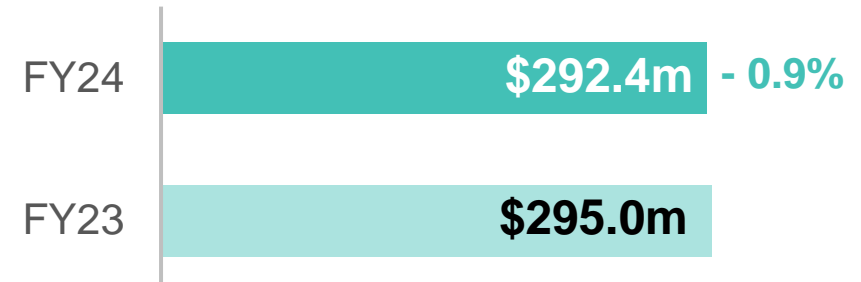


# FY24 Financial highlights

## REVENUE



## EBITDA



## NET GEARING

**23.1%**  
Comfortable debt headroom

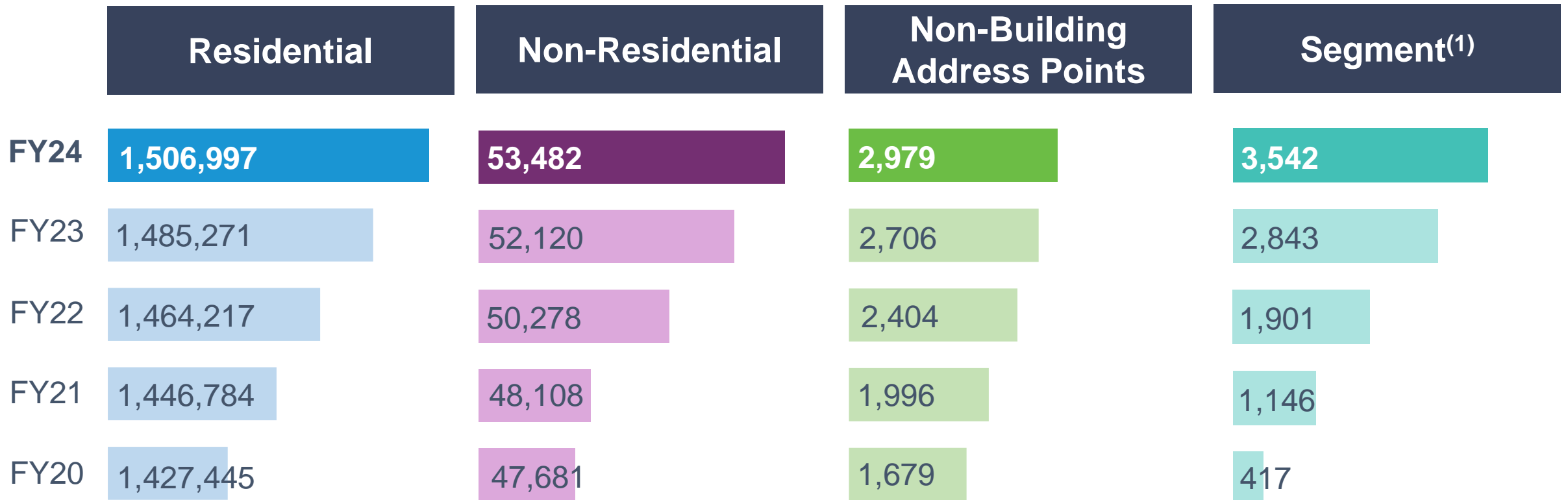
## WEIGHTED AVERAGE DEBT MATURITY

**2.4 years**

## MARKET CAPITALISATION









**\$3.3 billion**  
Unit price of \$0.855 as at  
28 Mar 24

# Steady growth of fibre connections



<sup>(1)</sup> Segment connections comprise, *inter alia*, Point-to-Point, Central Office to Central Office and Central Office to MDF room fibre connections provided to Requesting Licensees

# Resilient business model

	 Residential Connections	 Non-Residential Connections	 NBAP & Segment Connections	 Ducts & Manholes Service Revenue	 Co-Location Revenue	 Central Office Revenue	 Installation Related & Other Revenue	 Ancillary Project Revenue
	RAB REVENUE					NON-RAB REVENUE		
<b>% of FY24 Revenue</b>	<b>60.2</b>	<b>8.1</b>	<b>4.8</b>	<b>6.6</b>	<b>4.8</b>	<b>3.8</b>	<b>6.1</b>	<b>5.6</b>
<b>Recurring, predictable cash flows</b>	✓	✓	✓	✓	✓	✓	-	-
<b>Long-term contracts / customer stability</b>	✓	✓	✓	✓	✓	✓	-	-
<b>Regulated revenues</b>	✓	✓	✓	✓	✓	-	✓	-
<b>Creditworthy customers</b>	✓	✓	✓	✓	✓	✓	✓	✓

# Key focus for FY25

1. Grow NBAP & Segment connections by supporting deployments related to Smart Nation and cloud-based services
2. Continue to support digitalisation of SMEs by lowering the cost of connections
3. Enhance our Colocation facilities to support the upgrade of the Nationwide Broadband Network to offer up to 10 Gbps per connection
4. Complete the construction of our new Central Office to achieve operational readiness in 2025 to serve the northern part of Singapore
5. Execute our sustainability initiatives and strive for continued and sustained emissions reduction



# FY24 Profit or loss statement

\$'000	FY24	FY23	Variance (%)
Revenue	411,276	403,460	1.9
EBITDA	292,399	294,979	(0.9)
EBITDA Margin (%)	71.1	73.1	(2.0) pp
Depreciation & amortisation	(172,928)	(170,617)	1.4
Net finance costs	(18,405)	(15,145)	21.5
Profit after tax	103,209	109,253	(5.5)

**Revenue** for FY24 was higher by \$7.8m mainly contributed by higher connections and installation-related revenue offset by lower ancillary revenue.

**EBITDA** was \$2.6m lower mainly due to:

- one-off non-cash write-off of decommissioned network assets amounting to \$8.8m; partially offset by
- one-off refund of \$5.2m following a resolution of disputed power charges and \$1.1m gain on disposal of assets.

Excluding the one-off items, EBITDA declined slightly as a result of higher operating expenses.

**PAT** was lower by \$6.0m mainly due to lower EBITDA, higher finance costs, higher depreciation and amortisation, offset by higher income tax credit.

# Strong credit metrics and operating cash flow

	Mar 2024	Mar 2023
Gross Debt	\$765m	\$735m
Weighted Average Debt Maturity	2.4yrs	3.4yrs
Net Debt/EBITDA <sup>(1)</sup>	2.0x	1.8x
Borrowings at Fixed Rate	78.4%	69.4%
	FY24	FY23
EBITDA Interest Cover <sup>(1)</sup>	14.0x	18.6x
Effective average interest rate <sup>(2)</sup>	2.75%	2.32%
Operating Cash Flow	\$289m	\$286m

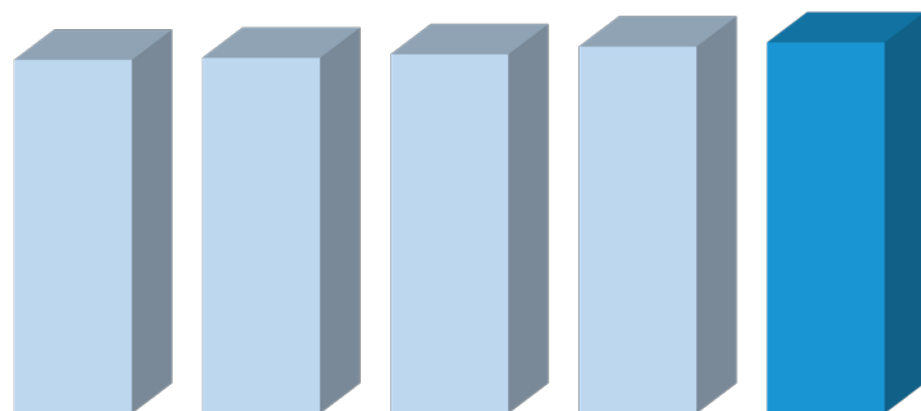
<sup>(1)</sup> Ratios calculated based on NetLink Group's trailing 12 months financial

<sup>(2)</sup> The interest expenses used in the computation of effective average interest rate include the impact of net settlement of interest rate swap and the front-end fee which is equivalent to interest. The comparative number has been restated on the same basis.



# Attractive distribution yield

## Distribution per Unit (Singapore cents)



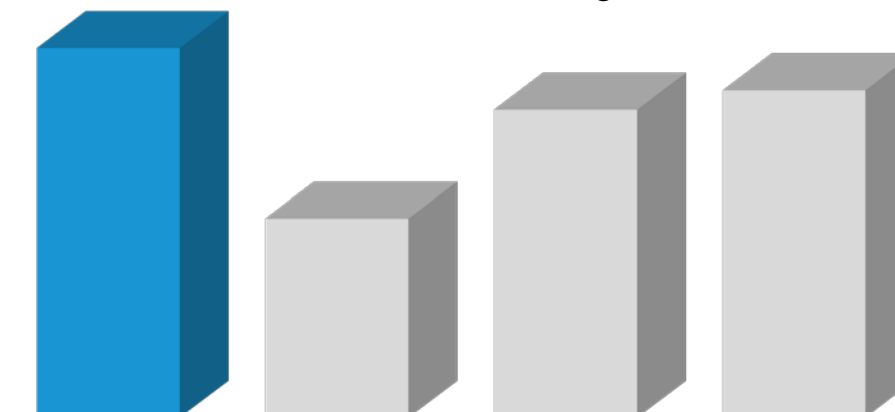
FY20    FY21    FY22    FY23    FY24

- NetLink's DPU has been growing steadily yoy since its listing in Jul 2017
- NetLink has returned \$1.3 billion to unitholders since its IPO to date (including the H2FY24 distribution)

## Distribution yield (%)



Bloomberg as at 28 Mar 2024



NetLink<sup>(1)</sup> NBN Yield    10-YR SG Govt Bond    STI Yield    FTSE ST REIT Yield

<sup>(1)</sup> Based on the unit price of \$0.855 as at 28 Mar 2024

# Our sustainability commitments

## TARGET

- Achieve 50% reduction in Scope 1 and 2 emissions by 2030 (with FY22 as baseline)
- Achieve net zero by 2050

## INITIATIVES

- Rolled-out LED lighting in central offices
- Upgrading central offices' cooling system with more efficient and low carbon models
- Planning vehicle fleet optimisation and electrification
- Trialed fibre cable waste recycling

# Our sustainability achievements



## OUR BUSINESS PRACTICES

- **Zero incidents of corruption** and significant non-compliance with laws and regulations
- **Four awards and recognitions** for governance and communications



## OUR ENVIRONMENT

- **Scrap rate of 1.2%** on fibre cable issued, within target of 2.5%
- **Zero incidents of non-compliance** on waste disposal practices
- **61.8% Scope 1 and 2 emissions reduction** from FY22 base year
- **Completed TCFD quantitative climate scenario analysis**



## OUR PEOPLE & COMMUNITIES

- **16,780 learning hours** in total
- **No incidents of discrimination reported**
- **Zero work-related incidents** that resulted in permanent disability or fatality
- **100% islandwide fibre coverage** and 99.99% network availability

# Our corporate awards and recognitions

Singapore Corporate Governance and Transparency Index	Singapore Corporate Awards	SIAS Investors' Choice Award	The Edge Billion Dollar Club
<p><b>RANKED 5TH</b></p> <p>REITs and Business Trusts Category</p>	<p><b>GOLD</b> <b>Best Investor Relations Award</b></p> <p>REITs and Business Trusts Category</p>	<p><b>WINNER</b> <b>Shareholder Communication Excellence Award</b></p> <p>REITs and Business Trusts Category</p>	<p><b>WINNER</b> <b>Highest Growth in PAT over three years</b></p> <p>Technology Equipment + Telecommunications Services Category</p>

**Thank you**



Questions and answers (“Q&A”) –

NetLink NBN Trust (“NetLink”) AGM held on 23 July 2024 at 2.00 p.m.

Name of Unitholder / NetLink	Question / Response
Unitholder A	<p>(1) Last quarter, we saw an \$8.8 million of decommissioning of assets. Can the Board provide more insights on the asset replacement plan and how does the Board ensure that sufficient capital is set aside for future capital expenditure? Will the Board contemplate a rights issue exercise to fund capital expenditure in the near future.</p> <p>(2) What are the initiatives taken to promote greater cultural diversity across all levels of the organisation and at the Board level?</p>
Chairman / Chief Executive Officer (“CEO”)	<p>(1) The fibre network assets have a very long useful life, typically more than 25 years and do not require full replacement in the same way as other infrastructure, like power plants. When sections of the network need to be decommissioned or replaced, such as when buildings are redeveloped, the costs are factored into the regulated asset based (“RAB”) model. This allows NetLink to recover those capital expenditures over time through the regulated pricing framework. NetLink does not need to set aside large sums of capital for future asset replacements. Instead, NetLink funds a large part of its ongoing capital expenditure through its strong operating cash flows. NetLink remains vigilant in managing its capital structure and debt levels to ensure it has the financial flexibility to continue investing in the network as needed to support Singapore’s digital infrastructure goals. There is no intention to raise funds via a rights issue in the foreseeable future as there are sufficient funds to support ongoing business.</p> <p>(2) NetLink recognises the need to enhance cultural diversity within the organisation. While progress has been made in gender diversity, the Board acknowledges the need for greater representation from diverse backgrounds in both management and the Board. The Nominating Committee will continue to work on enhancing such diversity.</p>
Unitholder B	<p>Operating expenses had increased substantially due to increase in HR costs. What are the measures in place to keep operating expenses under control?</p>
Chairman	<p>Firstly, Management has always been very prudent in controlling its expenditure. Secondly, the RAB model takes into account the recovery of operating expenses. Therefore, the regulated revenue includes both the return on assets and the recovery of operating expenses.</p>

**Notes:-**

1. The names of the Unitholders have been masked for privacy.
2. The above is a summary, and not a verbatim record, of the matters discussed.

	<p>NetLink has also experienced higher operating costs generally in the last two years, especially from amongst others, manpower as well as increased contractors' rates. The level of headcount today supports the business and operations.</p>
Unitholder C	<p>(1) The IMDA price review was completed and announced in November 2023 and prices for certain segments were adjusted lower. Does the Board consider the review fair?</p> <p>(2) Given that the RAB model is covering the operating and capital expenditures, will NetLink be able to maintain the same level of DPU in the coming years till the next IMDA review?</p> <p>(3) Is it accurate to state that there is no depreciation for fibre and capital expenditure will only increase?</p>
Chairman / CEO	<p>(1) Throughout the IMDA price review process, NetLink had very in-depth discussions with the IMDA on all aspects under the price review framework and on the rates to be set. The outcome of the review, which balanced the interest of NetLink and the end-users, took into account the much larger end-user base of more than 1.5 million end-users today compared to a much smaller base more than five years ago. With a larger end-user base, the total regulated revenue generated would not be materially affected in the new regulatory period as compared to the previous one even though for example the monthly recurring charge for residential connection declined by \$0.30 from \$13.80 to \$13.50.</p> <p>(2) We have essentially highlighted two salient points in the announcement on the completion of IMDA price review, i.e. there will be no immediate impact for FY2024 as the revised rates will only take effect in FY2025 and we are committed to maintaining a stable DPU supported by our operating cash flow.</p> <p>(3) To maintain a robust network that ensures excellent connectivity, enhances resilience, and connects new estates, we will continue to invest in expanding our network infrastructure. The fibre infrastructure has a very long useful life. Under the RAB model, we receive returns on our capital expenditures, meaning that increased investments are added to our RAB.</p>
Unitholder D	<p>(1) What is the rate of return used in IMDA's RAB methodology?</p> <p>(2) With the declining net asset value ("NAV"), what will happen if the NAV reaches zero?</p>

**Notes:-**

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	<p>(3) If the NAV is declining, does this indicate that NetLink has under invested, or depreciation is exceptionally aggressive? It seems that dividend payments are still permitted in Singapore even when retained earnings are negative. What impact does NetLink's growing accumulated deficit have on its ability to make distribution payments? What are the plans to increase revenue?</p> <p>(4) Is there a need to have nine Directors on Board?</p>
Chairman / CEO	<p>(1) NetLink had announced in November 2023 that the new rates will be effective with effect from 1 April 2024 for a period of five years. The rate of return is a pre-tax WACC of 7% on regulated assets.</p> <p>(2) Investors should focus on NetLink's ability to generate cash flow to make distribution payments. The declining NAV is because NetLink distributes to unitholders more than its reported profit after tax which is permitted as it is constituted as a Business Trust (unlike a company). This is a concern only if this affects the ability of the Trust to continue to generate a healthy level of cash flow going forward. This is not the case for NetLink as (i) our business is expected to continue to generate a growing level of cash flow to support distribution; and (ii) we will use part of our cash flow as well as balance sheet strength to borrow and continue to invest in our network to support growth. NetLink has a stable and resilient business model, and a strong balance sheet with a net debt/EBITDA multiple of 2.0 times. NAV is not an appropriate valuation measure for NetLink's business. Instead, investors should focus on the level of cash generated and available for distribution.</p> <p>(3) As mentioned earlier, NetLink continually invests in its business and has met all regulatory requirements. NetLink is a business trust and hence it can make distribution payments as long as these are supported by its cash flow, and it meets the solvency requirements under the Business Trust Act.</p> <p>Our regulated revenue increases with the investment we make in our network assets. In addition, the investment in our new Central Office and the improvement of our facilities to support the initiative to upgrade the nationwide broadband network from 1 Gbps to 10 Gbps, will generate incremental revenue.</p> <p>(4) We are confident that the current size of the Board can serve NetLink well and not considered excessive. Since IPO, we have only increased our Board size by one member.</p>
Unitholder E	<p>(1) Please provide insights into the purchase/nature of intangible assets in FY2023 and FY2024.</p>

**Notes:-**

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2. The above is a summary, and not a verbatim record, of the matters discussed.



	<p>(2) If NetLink succeeds in achieving its FY2025 key focuses, what will be the expected increase in revenue in FY2025?</p> <p>(3) What level of revenue growth does NetLink anticipate based on its FY2025 forecast and budget?</p> <p>(4) Is NetLink allowed to invest overseas? If so, will the overseas investment be part of the RAB model?</p>
Chairman / CEO / Chief Financial Officer ("CFO")	<p>(1) Intangible assets in FY2023 and FY2024 include our system development costs. We are currently building a new operating and business support system.</p> <p>(2) Residential connections which accounted for 60.2% of FY2024 revenue is the largest segment for NetLink and will continue to be our focus. However, we will also focus on other areas such as NBAP &amp; segment connections where a faster rate of growth is anticipated. Whilst it is difficult to quantify, we anticipate higher contribution as these connections continue to grow. In order to support the nationwide broadband network upgrade to 10 Gbps, NetLink has begun the process of improving its facilities to accommodate these newer equipment. Over time, this investment will translate to higher regulated revenue.</p> <p>(3) We are unable to disclose such information as this constitutes a forward-looking statement that needs to be announced. Nonetheless, we do have internal budgeting process annually.</p> <p>(4) Unitholders had previously given NetLink the approval to make acquisitions and invest overseas. Over the last few years, we have been actively looking for and evaluating viable acquisitions or investments in similar types of assets in Europe and the Asia Pacific region. The Board is not in a hurry to invest overseas and will only do so when it is confident that the investment would generate accretive returns and long-term stable cash flows for Unitholders.</p>
Unitholder F	<p>(1) What is the depreciation period used? Is there a mismatch in depreciation?</p> <p>(2) What is the range of effective average interest rates that we are expecting for FY2025?</p> <p>(3) What constitutes the other operating expenses of \$51 million and why the increase?</p>

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	<p>(4) Foreign exchange fluctuations which could affect the underlying earnings, are yet another issue when acquiring or investing overseas. Can the Board share its thoughts on this?</p>
Chairman / CFO	<p>(1) For the purpose of Financial Statements disclosure, we have to adhere to the accounting standards and accounting depreciation method. For the RAB framework, the formula allows us to recover our regulated investments based on an annuity method over the asset lives. The accounting and regulatory depreciation amounts for our assets are therefore not the same.</p> <p>(2) Of our \$765 million debt, close to 80% has been hedged, with the remaining portion on floating rates. The effective average interest rate should not change significantly in FY2025 from the 2.75% in FY2024.</p> <p>(3) The disclosure is made according to the accounting standards. Other operating expenses consisted of \$18 million in property tax, an \$8.8 million one-off write-off of decommissioned network assets, as well as IT-related costs and other miscellaneous costs. IT expenses are one of the main causes of the increase in operating expenses. Investment in this area is crucial to keep pace with the operation and business needs, including ensuring cybersecurity defense. Additionally, the general trend is that more IT services have switched to subscription models in recent years, which show up as operating expenses instead of capital expenditure.</p> <p>(4) Foreign exchange fluctuations are among the factors contributing to our prudent approach when it comes to overseas expansion.</p>
Unitholder G	<p>What is the return on equity ("ROE")?</p>
CEO	<p>The ROE (4.1% in FY24) is an accounting measure based on net profit. As NetLink has a huge asset base and hence large depreciation and amortisation charges, ROE may not necessarily be the most relevant financial performance measure. Investors could focus on more relevant measures such as EBITDA and EBITDA margin. EBITDA is a proxy for cash flow that is generated from operation and a source to pay distributions. Our stable business will continue to generate a healthy level of cash flow to support distributions.</p>

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