

Singapore Company Guide

NetLink NBN Trust

Version 11 | Bloomberg: NETLINK SP | Reuters: NETL.SI

Refer to important disclosures at the end of this report

DBS Group Research . Equity

23 Mar 2020

BUY

Last Traded Price (20 Mar 2020): S\$0.90 (STI : 2,410.74)

Price Target 12-mth: S\$0.95 (6% upside) (Prev S\$1.05)

Analyst

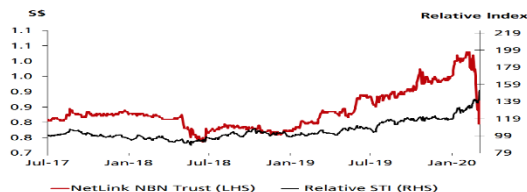
Sachin MITTAL +65 66823699 sachinmittal@db.com

Rui Wen LIM +65 66823720 ruiwenlim@db.com

What's New

- Netlink's outperformance is likely to continue due to the regulated nature of its business
- In case of a severe market-meltdown, Netlink could decline to S\$0.76, implying 10% downside risk
- Netlink's 5.8% yield is attractive compared to 6.2% average yield offered by large-cap industrial S-REITs. BUY with revised TP of S\$0.95

Price Relative



Forecasts and Valuation

FY Mar (\$m)	2019A	2020F	2021F	2022F
Revenue	354	369	381	393
EBITDA	250	267	278	288
Pre-tax Profit	69.8	82.2	93.6	103
Net Profit	77.4	86.1	97.3	105
Net Pft (Pre Ex.)	77.4	86.1	97.3	105
Net Pft Gth (Pre-ex) (%)	54.9	11.3	13.0	7.8
EPS (S cts)	1.99	2.21	2.50	2.69
EPS Pre Ex. (S cts)	1.99	2.21	2.50	2.69
EPS Gth Pre Ex (%)	55	11	13	8
Diluted EPS (S cts)	1.99	2.21	2.50	2.69
Net DPS (S cts)	4.88	5.07	5.20	5.32
BV Per Share (S cts)	77.7	75.0	72.3	69.8
PE (X)	45.3	40.7	36.0	33.4
PE Pre Ex. (X)	45.3	40.7	36.0	33.4
P/Cash Flow (X)	15.3	11.2	13.6	13.1
EV/EBITDA (X)	16.0	14.9	14.3	13.8
Net Div Yield (%)	5.4	5.6	5.8	5.9
P/Book Value (X)	1.2	1.2	1.2	1.3
Net Debt/Equity (X)	0.2	0.2	0.2	0.2
ROAE (%)	2.5	2.9	3.4	3.8
Earnings Rev (%):	-	-	-	-
Consensus EPS (S cts):		2.20	2.40	2.50
Other Broker Recs:		B: 8	S: 0	H: 3

Source of all data on this page: Company, DBS Bank, Bloomberg Finance L.P.

Built for the tough times

Netlink's outperformance is likely to continue. The stock has dropped 4% year-to-date (YTD) vs. 25% decline for Strait Times Index (STI). NetLink NBN Trust (NLT) is trading at 5.8% yield, vs. an average yield of 6.2% offered by large-cap industrial S-REITs. We argue that NLT should trade at 80-100 basis points (bps) lower yield than industrial S-REITs' as (1) NLT's distributions are largely independent of the economic cycle due to the regulated nature of its business, (2) NLT's asset life is much longer as it incurs annual capex to replenish its depreciated asset base, and (3) NLT's gearing is less than half of S-REITs' with ample debt headroom to fund future growth.

Where we differ: We benchmark Netlink's yield against industrial S-REITs whose asset life is 40-50 years. Netlink, on the other hand, incurs an annual capex of S\$50-60m to replenish its depreciated asset base, leading to a very long asset life. Also, Netlink's net debt to EBITDA of less than 2x implies ample room for raising cheap debt if needed. Regulated Asset Base (RAB) Trusts can lever up to 5x easily, implying that Netlink can easily raise up to S\$500m in additional debt if required.

Potential catalysts: NLT could use its debt headroom to invest in Smart Nation initiatives, not factored in our TP

Valuation:

Maintain BUY, lower TP of S\$0.95. We revise weighted average cost of capital (WACC) to 6.0% from 5.4% in our DCF (terminal growth rate of 1.2%) valuation. We project higher market risk premium and beta in the face of higher market volatility.

Key Risks to Our View:

Bear case TP of S\$0.76 implies 10% downside potential, including 5.8% yield. In case of industrial S-REITs declining from their mean valuation (6.2% yield) to -2SD valuation (7.7% yield), Netlink's yield could also decline to 6.8%

At A Glance

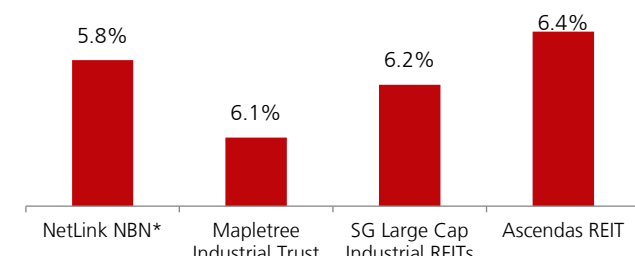
Issued Capital (m shrs)	3,897
Mkt. Cap (S\$m/US\$m)	3,507 / 2,418
Major Shareholders (%)	
Temasek Holdings Pte Ltd	25.4
UBS AG / Singapore	5.6
Lazard Ltd	4.9
Free Float (%)	64.1
3m Avg. Daily Val (US\$m)	7.7
GIC Industry : Communication Services / Telecommunication Services	



Live more, Bank less

WHAT'S NEW

NLT should trade at 80-100 bps lower yield than S-REITs'
NetLink is trading at 5.8% yield, vs. an average yield of 6.2 %
offered by large-cap industrial S-REITs.



*FY21F for NetLink NBN

Source: Reuters, DBS Bank

We argue that NLT should trade at a lower yield of 80-100bps than large-cap Industrial S-REITs' yield due to three reasons:

1. **NLT's distributions are largely independent of the economic cycle due to the regulated nature of its business.** Almost 93% of the business is regulated in nature, another 5% of the business is unregulated but contractual in nature. Only ~2% of the business from diversion income and others is less predictable in nature.
2. **NLT's asset life is longer than S-REITS as it incurs annual capex to replenish its depreciated asset base.** NLT incurs an annual capex of S\$55-60m or more to replenish its depreciated asset base, making its asset life quite long. Industrial S-REITs, on the other hand, have much shorter asset life of 40-50 years.
3. **NLT's gearing is less than half of S-REITS' with ample debt headroom to fund future growth.** Netlink's net debt to EBITDA of less than 2x implies ample room for raising cheap debt if needed. If we look at regional utilities and infrastructure players with RAB model, most of them have net debt to EBITDA above 5x. Clearly, Netlink can easily raise up to S\$500m in additional debt if required. NLT's net debt to equity of 16% is less than half the gearing of S-REITs at 35-40%. We think that NLT's gearing has been

kept low to have enough flexibility to raise capex in the future as NLT provides the backbone of broadband infrastructure in Singapore.

Maintain BUY, lower TP of S\$0.95. Our DCF valuation assumes 6.0% WACC and 1.2% terminal growth based on long-term household formation rates. Our change in TP is largely on the back of higher WACC (5.4% previously) to factor in a higher market risk premium and beta in the face of higher market volatility.

We have raised market risk premium from 7% to 7.5%, and beta from 0.5 to 0.6 to reflect the higher volatility brought about by the COVID-19 crisis. The Federal Reserve Board of US announced another rate cut on 15 March, and hence we have cut the risk-free rate from 2.5% previously to 2%.

SG large-cap Industrial REIT yields: Implied yields based on Mean & Standard deviations of Price to Net Asset Value

	Current	Mean	-1 SD	-2 SD
Mapletree Industrial Trust	6.1%	6.4%	7.1%	8.0%
Ascendas REIT	6.4%	6.0%	6.6%	7.4%
Average	6.2%	6.2%	6.9%	7.7%

Source: DBS Bank

According to our bear-case scenario analysis, NLT could drop to S\$0.76 per share. In the case of continued market dislocation due to COVID-19, industrial S-REITs could decline to -2SD valuation in the worst-case scenario. This would imply industrial S-REITs' average yield dropping to 7.7% from 6.2% currently (pls see the table above) implying almost a drop of 20% in the share price of industrial S-REITs. Given higher earnings resilience, lower gearing and longer asset life of NLT, we project NLT to trade at 90bps of 6.8% under our bear case scenario. Based on current FY21F distribution per share of 5.25cts, it translates into a bear-case price of S\$0.76 per share. Overall, that implies a downside risk of 10% including 5.8% yield.

CRITICAL DATA POINTS TO WATCH

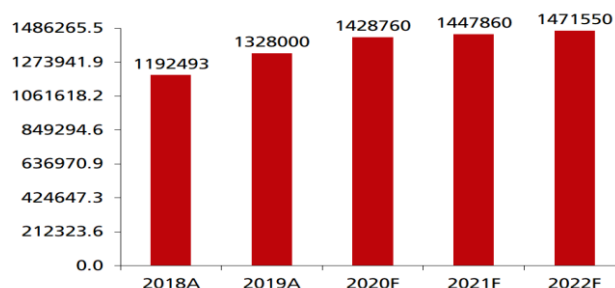
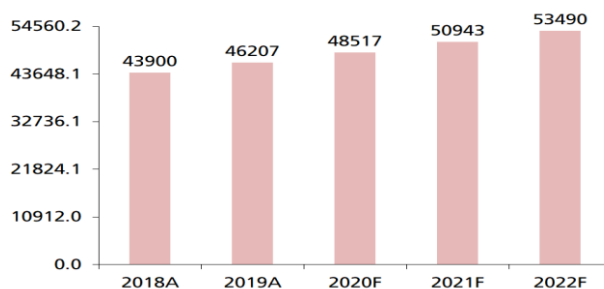
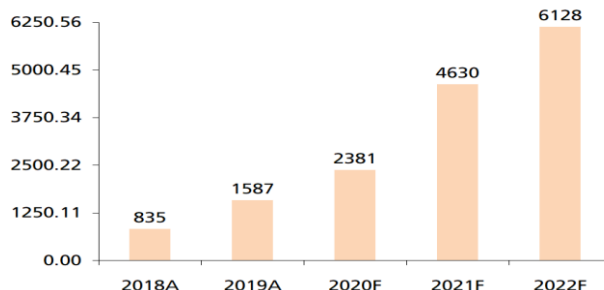
Critical Factors**Fibre broadband penetration set to rise from c.94% currently.**

As of Dec 2019, NLT's network had passed over 1.5m residential homes, while there were 1.42m residential end-user connections, representing 94.5% of homes passed. NLT should benefit from StarHub's accelerated fibre migration over 1HFY20 which will have a full-year impact over FY21F. In the subsequent years, we expect NLT to benefit from (1) higher end-user fibre penetration currently, and (2) growth in the number of new households.

Growing market share in non-residential fibre business. NLT expanded its market share from c.30% in FY17 to c.34% in FY18, having grown from zero in 2012. Growth in market share will be driven by an expanding SME market, which is mainly located outside of the Central Business District (CBD) and business parks where NLT faces lower competition from other fibre network providers due to its relatively extensive nationwide network coverage. Key strategies include: (1) deploying fibre within selected non-residential buildings, and (2) extending network footprint into new major developments such as the Greater Southern Waterfront project.

Opportunities in Non-Building Access Points (NBAP) segment.

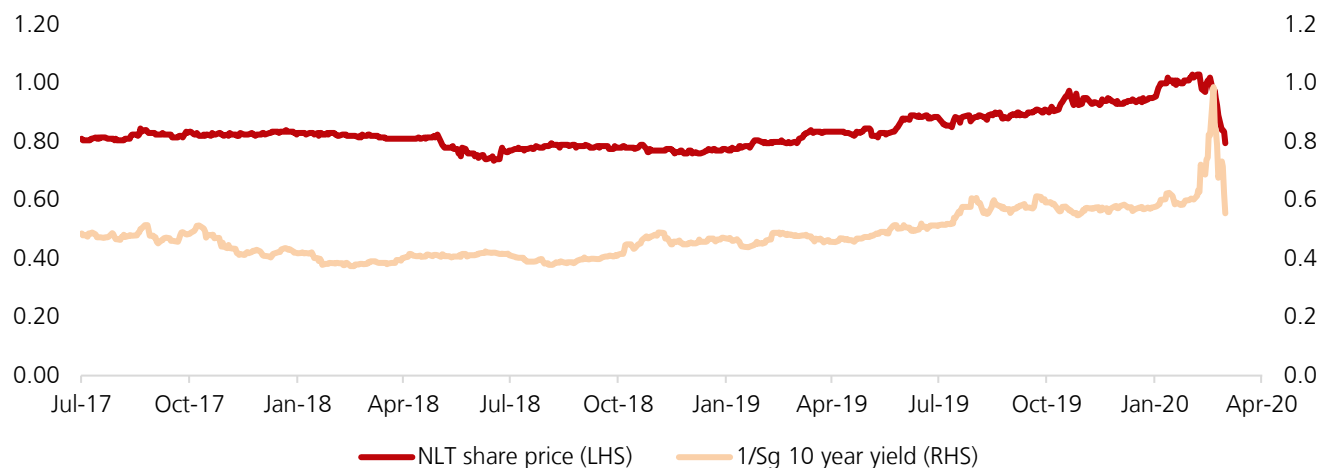
Growth opportunities could arise from the Smart Nation Programme, which requires the deployment of a network of sensors and monitoring equipment across Singapore to support applications such as autonomous vehicles, high-definition surveillance cameras, parking space management and weather data collection. NLT continues to support the Requesting Licensees and government agencies on the rollout of Smart Nation initiatives.

Residential end user connections**Non residential end user connections****NBAP connections**

Source: Company, DBS Bank

Appendix 1: A look at Company's listed history – what drives its share price?

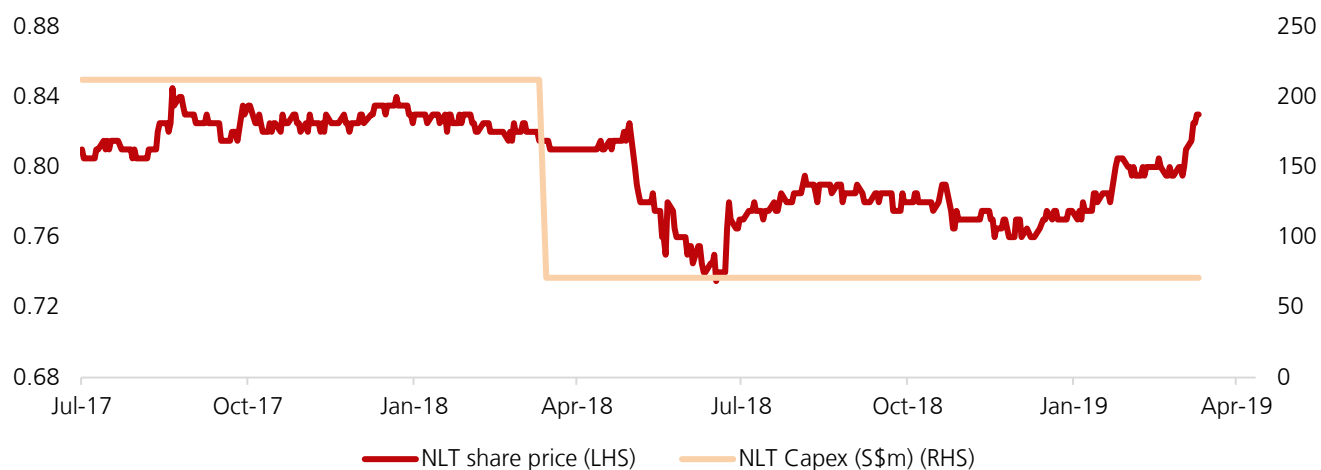
Share Price vs. 1/Sg 10 year yield



Source: Reuters, DBS Bank

NLT's share price correlates positively to the inverse of Singapore's 10-year benchmark government bond yield. We believe NLT is being priced like a bond proxy due to its strong yield characteristics. In a lower yield environment, NLT's share price should perform well as it continues to deliver DPU growth.

Share price vs. Capex



Source: Reuters, Company, DBS Bank

Since Netlink gets a guaranteed 7% return on its regulated asset base (RAB) and higher than regular capex will translate into higher EBITDA for Netlink. Netlink's regular annual capex is S\$55-60m but any upside surprise on the capex can be easily debt-funded at low-interest cost of 2.5%-3.0% which will generate 7% returns as allowed by the regulators.

NetLink NBN Trust

Blance Sheet:

Prudent capital structure. NLT has in place a prudent capital structure, with a S\$510m term loan plus two revolving credit facilities totalling S\$300m (S\$90m + S\$210m). Total gross debt as of 31 Dec 2019 stood at S\$636m. Net debt-to-equity ratio for the Trust is low, at around 0.2x. More importantly, the Trust's gross debt/EBITDA ratio as of 31 Dec 2019 at 2.2x is quite conservative compared to other listed utility/infrastructure companies and business trusts.

Low gearing allows for opportunistic acquisitions, developments. Current gearing is low, with net debt-to-equity ratio at c.0.2x. The Manager has ample headroom for opportunistic acquisitions and developments.

Share Price Drivers:

We identify several catalysts for NLT's share price: (i) wider scope of Smart Nation initiatives as NLT could use its debt headroom to invest in those initiatives, leading to a healthy growth in distributions in the long term, and (iii) more clarity on NLT's potential participation, if at all, in the 5G rollout programme that is expected over next two years.

Key Risks:

Regulatory changes. As c.80% of the revenue is regulated under the RAB model, any changes in nominal pre-tax WACC from 2022 onwards may lead to changes in Interconnection Offer (ICO) pricing. The pre-tax WACC for the current review period is currently set at 7%.

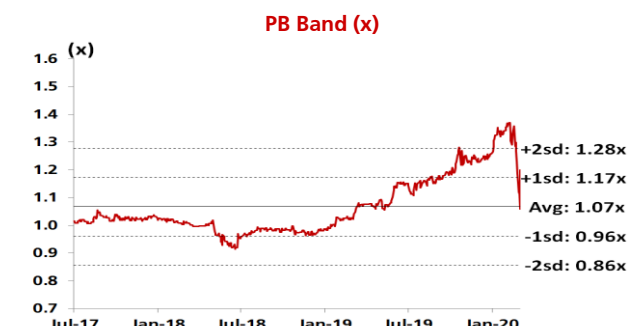
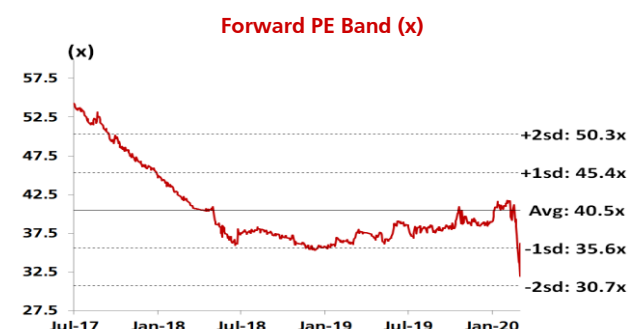
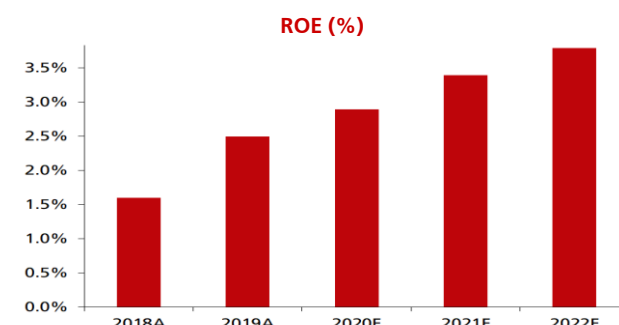
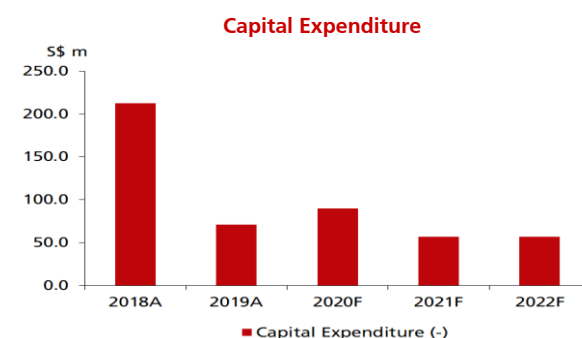
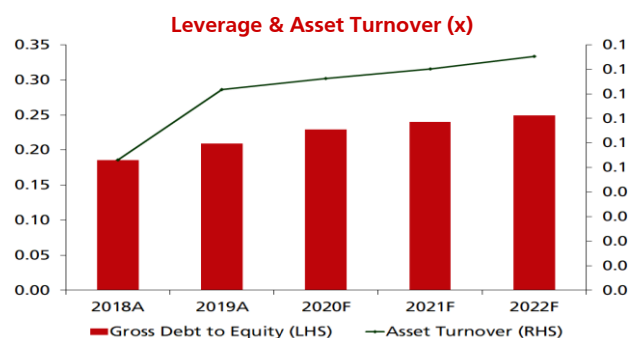
Technology risk. We note that NLT's unique "ring" and "star" topology schemes are considered as highly future-proof passive infrastructure. While wired fibre broadband remains the most efficient and effective technology today for the transmission of large amounts of data at high bandwidth with low latency from point-to-point directly and is often thought to be future-proof with limited substitution risk, there is risk of technology obsolescence with new technologies.

Environment, Social, Governance:

In FY19, NLT determined its material environmental, social and governance aspects, as it continues to expand its business and network infrastructure while upholding various sustainability efforts. NLT has formed a Sustainability Steering Committee to monitor and manage sustainability approaches as well as various ESG risks and opportunities.

Company Background

NLT designs, builds, owns and operates the fibre network infrastructure which is the foundation of Singapore's Next Generation Nationwide Broadband Network.



Source: Company, DBS Bank

Key Assumptions

FY Mar	2018A	2019A	2020F	2021F	2022F
Residential end user	1,192,493	1,328,000	1,428,760	1,447,860	1,471,550
Non residential end user	43,900	46,207	48,517	50,943	53,490
NBAP connections	835	1,587	2,381	4,630	6,128

Segmental Breakdown

FY Mar	2018A	2019A	2020F	2021F	2022F
Revenues (\$\$m)					
Residential connections	196	207	233	238	242
Non-residential & NBAP	26.4	30.0	33.0	35.9	39.2
Ducts, manholes and CO	47.3	54.9	46.1	46.1	46.5
Others	(40.9)	62.0	57.1	60.6	65.3
Total	229	354	369	381	393

We project 99% fibre penetration in FY22F; non-residential to benefit from rise in market share

Income Statement (\$\$m)

FY Mar	2018A	2019A	2020F	2021F	2022F
Revenue	229	354	369	381	393
Cost of Goods Sold	0.0	0.0	0.0	0.0	0.0
Gross Profit	229	354	369	381	393
Other Opng (Exp)/Inc	(173)	(265)	(266)	(266)	(269)
Operating Profit	56.0	88.9	103	115	124
Other Non Opg (Exp)/Inc	0.0	0.0	0.0	0.0	0.0
Associates & JV Inc	0.0	0.0	0.0	0.0	0.0
Net Interest (Exp)/Inc	(12.2)	(19.1)	(20.4)	(21.1)	(21.2)
Exceptional Gain/(Loss)	0.0	0.0	0.0	0.0	0.0
Pre-tax Profit	43.8	69.8	82.2	93.6	103
Tax	6.14	7.61	3.90	3.72	2.17
Minority Interest	0.0	0.0	0.0	0.0	0.0
Preference Dividend	0.0	0.0	0.0	0.0	0.0
Net Profit	50.0	77.4	86.1	97.3	105
Net Profit before Except.	50.0	77.4	86.1	97.3	105
EBITDA	168	250	267	278	288
Growth					
Revenue Gth (%)	(23.6)	54.7	4.4	3.2	3.1
EBITDA Gth (%)	(24.9)	48.3	6.8	4.1	3.6
Opg Profit Gth (%)	(30.8)	58.7	15.5	11.7	8.1
Net Profit Gth (Pre-ex) (%)	(37.1)	54.9	11.3	13.0	7.8
Margins & Ratio					
Gross Margins (%)	100.0	100.0	100.0	100.0	100.0
Opg Profit Margin (%)	24.5	25.1	27.8	30.1	31.6
Net Profit Margin (%)	21.9	21.9	23.3	25.6	26.7
ROAE (%)	1.6	2.5	2.9	3.4	3.8
ROA (%)	1.2	1.8	2.0	2.3	2.5
ROCE (%)	1.3	2.1	2.5	2.8	3.1
Div Payout Ratio (%)	252.8	245.8	229.5	208.0	197.7
Net Interest Cover (x)	4.6	4.6	5.0	5.4	5.8

Source: Company, DBS Bank

Quarterly / Interim Income Statement (\$\$m)

FY Mar	3Q2019	4Q2019	1Q2020	2Q2020	3Q2020
Revenue	89.0	87.9	92.0	94.1	91.6
Cost of Goods Sold	0.0	0.0	0.0	0.0	0.0
Gross Profit	89.0	87.9	92.0	94.1	91.6
Other Oper. (Exp)/Inc	(66.4)	(65.8)	(67.6)	(67.2)	(66.0)
Operating Profit	22.6	22.1	24.5	26.9	25.6
Other Non Opg (Exp)/Inc	0.0	0.0	0.0	0.0	0.0
Associates & JV Inc	0.0	0.0	0.0	0.0	0.0
Net Interest (Exp)/Inc	(4.5)	(4.4)	(4.5)	(4.7)	(5.1)
Exceptional Gain/(Loss)	0.0	0.0	0.0	0.0	0.0
Pre-tax Profit	18.1	17.7	20.0	22.2	20.5
Tax	1.52	2.32	0.96	0.97	1.02
Minority Interest	0.0	0.0	0.0	0.0	0.0
Net Profit	19.6	20.0	20.9	23.2	21.5
Net profit bef Except.	19.6	20.0	20.9	23.2	21.5
EBITDA	62.8	62.8	65.2	67.6	67.9

Growth

Revenue Gth (%)	(1.7)	(1.3)	4.8	2.2	(2.6)
EBITDA Gth (%)	1.4	0.0	3.8	3.7	0.4
Opg Profit Gth (%)	6.5	(2.3)	11.0	9.8	(4.7)
Net Profit Gth (Pre-ex) (%)	5.0	2.0	4.6	10.8	(7.2)

Margins

Gross Margins (%)	100.0	100.0	100.0	100.0	100.0
Opg Profit Margins (%)	25.4	25.1	26.6	28.6	27.9
Net Profit Margins (%)	22.1	22.8	22.7	24.6	23.5

Net profit number is not a meaningful figure as accounting depreciation is much higher than regulatory depreciation. Regulatory depreciation is used to calculate the

Balance Sheet (\$\$m)

FY Mar	2018A	2019A	2020F	2021F	2022F
Net Fixed Assets	3,211	3,125	3,051	2,945	2,838
Invt in Associates & JVs	0.0	0.0	0.0	0.0	0.0
Other LT Assets	928	924	924	924	924
Cash & ST Invt	167	149	214	223	229
Inventory	3.89	4.74	6.47	6.68	6.89
Debtors	63.5	75.8	69.8	72.0	74.3
Other Current Assets	4.28	4.34	4.34	4.34	4.34
Total Assets	4,377	4,282	4,269	4,175	4,076
ST Debt	0.0	0.0	0.0	0.0	0.0
Creditor	48.4	56.0	120	124	128
Other Current Liab	12.5	23.7	23.7	23.7	23.7
LT Debt	589	635	670	678	678
Other LT Liabilities	553	538	534	530	528
Shareholder's Equity	3,174	3,030	2,922	2,819	2,719
Minority Interests	0.0	0.0	0.0	0.0	0.0
Total Cap. & Liab.	4,377	4,282	4,269	4,175	4,076
Non-Cash Wkg. Capital	10.8	5.20	(63.1)	(64.5)	(65.9)
Net Cash/(Debt)	(421)	(486)	(455)	(455)	(449)
Debtors Turn (avg days)	95.0	71.9	72.0	68.0	68.0
Creditors Turn (avg days)	(220.2)	(118.5)	(196.1)	(273.4)	(280.6)
Inventory Turn (avg days)	(15.2)	(9.8)	(12.5)	(14.7)	(15.1)
Asset Turnover (x)	0.1	0.1	0.1	0.1	0.1
Current Ratio (x)	3.9	2.9	2.1	2.1	2.1
Quick Ratio (x)	3.8	2.8	2.0	2.0	2.0
Net Debt/Equity (X)	0.1	0.2	0.2	0.2	0.2
Net Debt/Equity ex MI (X)	0.1	0.2	0.2	0.2	0.2
Capex to Debt (%)	36.0	11.2	13.4	8.4	8.4
Z-Score (X)	2.0	1.9	1.8	1.7	1.7

Net debt to EBITDA of less than 2x implies ample room for raising cheap debt if needed as RAB Trusts can lever up to 5x easily

Source: Company, DBS Bank

Cash Flow Statement (\$m)

FY Mar	2018A	2019A	2020F	2021F	2022F
Pre-Tax Profit	4.81	69.8	82.2	93.6	103
Dep. & Amort.	112	162	164	163	164
Tax Paid	(11.5)	(6.1)	0.0	0.0	0.0
Assoc. & JV Inc/(loss)	0.0	0.0	0.0	0.0	0.0
Chg in Wkg.Cap.	21.1	2.30	68.3	1.39	1.42
Other Operating CF	31.7	2.05	0.0	0.0	0.0
Net Operating CF	158	230	315	258	268
Capital Exp.(net)	(212)	(71.1)	(90.0)	(57.0)	(57.0)
Other Invt.(net)	(1,095)	0.0	0.0	0.0	0.0
Invt in Assoc. & JV	0.0	0.0	0.0	0.0	0.0
Div from Assoc & JV	0.0	0.0	0.0	0.0	0.0
Other Investing CF	0.0	0.01	0.0	0.0	0.0
Net Investing CF	(1,307)	(71.1)	(90.0)	(57.0)	(57.0)
Div Paid	0.0	(221)	(194)	(200)	(205)
Chg in Gross Debt	(1,020)	45.0	35.0	8.00	0.0
Capital Issues	2,335	0.0	0.0	0.0	0.0
Other Financing CF	0.0	0.0	0.0	0.0	0.0
Net Financing CF	1,315	(176)	(159)	(192)	(205)
Currency Adjustments	0.0	0.0	0.0	0.0	0.0
Chg in Cash	166	(17.8)	65.6	8.79	5.88
Opg CFPS (\$ cts)	3.53	5.83	6.32	6.58	6.84
Free CFPS (\$ cts)	(1.4)	4.07	5.76	5.15	5.41

Regular annual capex is S\$50-60m but there is an additional S\$30m capex incurred in FY20F

Source: Company, DBS Bank

Target Price & Ratings History



Note: Share price and Target price are adjusted for corporate actions.

S.No.	Date of Report	Closing Price	12-mth Target Price	Rating
1:	17 Apr 19	0.84	0.87	BUY
2:	14 May 19	0.84	0.90	BUY
3:	28 May 19	0.82	0.90	BUY
4:	06 Aug 19	0.87	0.95	BUY
5:	04 Nov 19	0.96	1.04	BUY
6:	11 Feb 20	1.00	1.05	BUY
7:	28 Feb 20	0.98	1.05	BUY

Source: DBS Bank

Analyst: Sachin MITTAL

Rui Wen LIM

DBS Bank recommendations are based on an Absolute Total Return* Rating system, defined as follows:

STRONG BUY (>20% total return over the next 3 months, with identifiable share price catalysts within this time frame)

BUY (>15% total return over the next 12 months for small caps, >10% for large caps)

HOLD (-10% to +15% total return over the next 12 months for small caps, -10% to +10% for large caps)

FULLY VALUED (negative total return, i.e., > -10% over the next 12 months)

SELL (negative total return of > -20% over the next 3 months, with identifiable share price catalysts within this time frame)

**Share price appreciation + dividends*

Completed Date: 23 Mar 2020 08:28:39 (SGT)

Dissemination Date: 23 Mar 2020 09:05:29 (SGT)

Sources for all charts and tables are DBS Bank unless otherwise specified.

GENERAL DISCLOSURE/DISCLAIMER

This report is prepared by DBS Bank Ltd. This report is solely intended for the clients of DBS Bank Ltd, its respective connected and associated corporations and affiliates only and no part of this document may be (i) copied, photocopied or duplicated in any form or by any means or (ii) redistributed without the prior written consent of DBS Bank Ltd.

The research set out in this report is based on information obtained from sources believed to be reliable, but we (which collectively refers to DBS Bank Ltd, its respective connected and associated corporations, affiliates and their respective directors, officers, employees and agents (collectively, the "DBS Group") have not conducted due diligence on any of the companies, verified any information or sources or taken into account any other factors which we may consider to be relevant or appropriate in preparing the research. Accordingly, we do not make any representation or warranty as to the accuracy, completeness or correctness of the research set out in this report. Opinions expressed are subject to change without notice. This research is prepared for general circulation. Any recommendation contained in this document does not have regard to the specific investment objectives, financial situation and the particular needs of any specific addressee. This document is for the information of addressees only and is not to be taken in substitution for the exercise of judgement by addressees, who should obtain separate independent legal or financial advice. The DBS Group accepts no liability whatsoever for any direct, indirect and/or consequential loss (including any claims for loss of profit) arising from any use of and/or reliance upon this document and/or further communication given in relation to this document. This document is not to be construed as an offer or a solicitation of an offer to buy or sell any securities. The DBS Group, along with its affiliates and/or persons associated with any of them may from time to time have interests in the securities mentioned in this document. The DBS Group, may have positions in, and may effect transactions in securities mentioned herein and may also perform or seek to perform broking, investment banking and other banking services for these companies.

Any valuations, opinions, estimates, forecasts, ratings or risk assessments herein constitutes a judgment as of the date of this report, and there can be no assurance that future results or events will be consistent with any such valuations, opinions, estimates, forecasts, ratings or risk assessments. The information in this document is subject to change without notice, its accuracy is not guaranteed, it may be incomplete or condensed, it may not contain all material information concerning the company (or companies) referred to in this report and the DBS Group is under no obligation to update the information in this report.

This publication has not been reviewed or authorized by any regulatory authority in Singapore, Hong Kong or elsewhere. There is no planned schedule or frequency for updating research publication relating to any issuer.

The valuations, opinions, estimates, forecasts, ratings or risk assessments described in this report were based upon a number of estimates and assumptions and are inherently subject to significant uncertainties and contingencies. It can be expected that one or more of the estimates on which the valuations, opinions, estimates, forecasts, ratings or risk assessments were based will not materialize or will vary significantly from actual results. Therefore, the inclusion of the valuations, opinions, estimates, forecasts, ratings or risk assessments described herein IS NOT TO BE RELIED UPON as a representation and/or warranty by the DBS Group (and/or any persons associated with the aforesaid entities), that:

- (a) such valuations, opinions, estimates, forecasts, ratings or risk assessments or their underlying assumptions will be achieved, and
- (b) there is any assurance that future results or events will be consistent with any such valuations, opinions, estimates, forecasts, ratings or risk assessments stated therein.

Please contact the primary analyst for valuation methodologies and assumptions associated with the covered companies or price targets.

Any assumptions made in this report that refers to commodities, are for the purposes of making forecasts for the company (or companies) mentioned herein. They are not to be construed as recommendations to trade in the physical commodity or in the futures contract relating to the commodity referred to in this report.

DBSVUSA, a US-registered broker-dealer, does not have its own investment banking or research department, has not participated in any public offering of securities as a manager or co-manager or in any other investment banking transaction in the past twelve months and does not engage in market-making.

ANALYST CERTIFICATION

The research analyst(s) primarily responsible for the content of this research report, in part or in whole, certifies that the views about the companies and their securities expressed in this report accurately reflect his/her personal views. The analyst(s) also certifies that no part of his/her compensation was, is, or will be, directly or indirectly, related to specific recommendations or views expressed in the report. The research analyst (s) primarily responsible for the content of this research report, in part or in whole, certifies that he or his associate¹ does not serve as an officer of the issuer or the new listing applicant (which includes in the case of a real estate investment trust, an officer of the management company of the real estate investment trust; and in the case of any other entity, an officer or its equivalent counterparty of the entity who is responsible for the management of the issuer or the new listing applicant) and the research analyst(s) primarily responsible for the content of this research report or his associate does not have financial interests² in relation to an issuer or a new listing applicant that the analyst reviews. DBS Group has procedures in place to eliminate, avoid and manage any potential conflicts of interests that may arise in connection with the production of research reports. The research analyst(s) responsible for this report operates as part of a separate and independent team to the investment banking function of the DBS Group and procedures are in place to ensure that confidential information held by either the research or investment banking function is handled appropriately. There is no direct link of DBS Group's compensation to any specific investment banking function of the DBS Group.

COMPANY-SPECIFIC / REGULATORY DISCLOSURES

1. DBS Bank Ltd, DBS HK, DBS Vickers Securities (Singapore) Pte Ltd ("DBSVS") or their subsidiaries and/or other affiliates have a proprietary position in NetLink NBN Trust, StarHub, Mapletree Industrial Trust, Ascendas REIT, recommended in this report as of 28 Feb 2020.
2. Neither DBS Bank Ltd nor DBS HK market makes in equity securities of the issuer(s) or company(ies) mentioned in this Research Report.
3. DBS Bank Ltd, DBS HK, DBSVS, their subsidiaries and/or other affiliates have a net long position exceeding 0.5% of the total issued share capital in NetLink NBN Trust, StarHub, Mapletree Industrial Trust, Ascendas REIT, recommended in this report as of 28 Feb 2020.
4. DBS Bank Ltd, DBS HK, DBSVS, DBSVUSA or their subsidiaries and/or other affiliates beneficially own a total of 1% of any class of common equity securities of NetLink NBN Trust as of 28 Feb 2020.

Compensation for investment banking services:

5. DBS Bank Ltd, DBS HK, DBSVS their subsidiaries and/or other affiliates of DBSVUSA have received compensation, within the past 12 months for investment banking services from Mapletree Industrial Trust, Ascendas REIT, as of 28 Feb 2020.
6. DBS Bank Ltd, DBS HK, DBSVS, their subsidiaries and/or other affiliates of DBSVUSA have managed or co-managed a public offering of securities for Mapletree Industrial Trust, Ascendas REIT, in the past 12 months, as of 28 Feb 2020.
7. DBSVUSA does not have its own investment banking or research department, nor has it participated in any public offering of securities as a manager or co-manager or in any other investment banking transaction in the past twelve months. Any US persons wishing to obtain further information, including any clarification on disclosures in this disclaimer, or to effect a transaction in any security discussed in this document should contact DBSVUSA exclusively.

¹ An associate is defined as (i) the spouse, or any minor child (natural or adopted) or minor step-child, of the analyst; (ii) the trustee of a trust of which the analyst, his spouse, minor child (natural or adopted) or minor step-child, is a beneficiary or discretionary object; or (iii) another person accustomed or obliged to act in accordance with the directions or instructions of the analyst.

² Financial interest is defined as interests that are commonly known financial interest, such as investment in the securities in respect of an issuer or a new listing applicant, or financial accommodation arrangement between the issuer or the new listing applicant and the firm or analysis. This term does not include commercial lending conducted at arm's length, or investments in any collective investment scheme other than an issuer or new listing applicant notwithstanding the fact that the scheme has investments in securities in respect of an issuer or a new listing applicant.


Directorship/trustee interests:

8. Nihal Vijaya Devadas Kaviratne CBE, a member of DBS Group Holdings Board of Directors, is a Director of StarHub as of 30 Sep 2019.

Disclosure of previous investment recommendation produced:

9. DBS Bank Ltd, DBS Vickers Securities (Singapore) Pte Ltd ("DBSVS"), their subsidiaries and/or other affiliates may have published other investment recommendations in respect of the same securities / instruments recommended in this research report during the preceding 12 months. Please contact the primary analyst listed in the first page of this report to view previous investment recommendations published by DBS Bank Ltd, DBS Vickers Securities (Singapore) Pte Ltd ("DBSVS"), their subsidiaries and/or other affiliates in the preceding 12 months.

RESTRICTIONS ON DISTRIBUTION

General	This report is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation.
Australia	<p>This report is being distributed in Australia by DBS Bank Ltd, DBSVS or DBSV HK. DBS Bank Ltd holds Australian Financial Services Licence no. 475946.</p> <p>DBSVS and DBSV HK are exempted from the requirement to hold an Australian Financial Services Licence under the Corporation Act 2001 ("CA") in respect of financial services provided to the recipients. Both DBS Bank Ltd and DBSVS are regulated by the Monetary Authority of Singapore under the laws of Singapore, and DBSV HK is regulated by the Hong Kong Securities and Futures Commission under the laws of Hong Kong, which differ from Australian laws.</p> <p>Distribution of this report is intended only for "wholesale investors" within the meaning of the CA.</p>
Hong Kong	<p>This report has been prepared by a person(s) who is not licensed by the Hong Kong Securities and Futures Commission to carry on the regulated activity of advising on securities in Hong Kong pursuant to the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong). This report is being distributed in Hong Kong and is attributable to DBS Bank (Hong Kong) Limited, a registered institution registered with the Hong Kong Securities and Futures Commission to carry on the regulated activity of advising on securities pursuant to the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong). DBS Bank Ltd., Hong Kong Branch is a limited liability company incorporated in Singapore.</p> <p>For any query regarding the materials herein, please contact Carol Wu (Reg No. AH8283) at dbsvhk@dbs.com</p>
Indonesia	This report is being distributed in Indonesia by PT DBS Vickers Sekuritas Indonesia.
Malaysia	<p>This report is distributed in Malaysia by AllianceDBS Research Sdn Bhd ("ADBRS"). Recipients of this report, received from ADBRS are to contact the undersigned at 603-2604 3333 in respect of any matters arising from or in connection with this report. In addition to the General Disclosure/Disclaimer found at the preceding page, recipients of this report are advised that ADBRS (the preparer of this report), its holding company Alliance Investment Bank Berhad, their respective connected and associated corporations, affiliates, their directors, officers, employees, agents and parties related or associated with any of them may have positions in, and may effect transactions in the securities mentioned herein and may also perform or seek to perform broking, investment banking/corporate advisory and other services for the subject companies. They may also have received compensation and/or seek to obtain compensation for broking, investment banking/corporate advisory and other services from the subject companies.</p> <p style="text-align: right;">  Wong Ming Tek, Executive Director, ADBRS </p>

Singapore	This report is distributed in Singapore by DBS Bank Ltd (Company Regn. No. 196800306E) or DBSVS (Company Regn No. 198600294G), both of which are Exempt Financial Advisers as defined in the Financial Advisers Act and regulated by the Monetary Authority of Singapore. DBS Bank Ltd and/or DBSVS, may distribute reports produced by its respective foreign entities, affiliates or other foreign research houses pursuant to an arrangement under Regulation 32C of the Financial Advisers Regulations. Where the report is distributed in Singapore to a person who is not an Accredited Investor, Expert Investor or an Institutional Investor, DBS Bank Ltd accepts legal responsibility for the contents of the report to such persons only to the extent required by law. Singapore recipients should contact DBS Bank Ltd at 6327 2288 for matters arising from, or in connection with the report.
Thailand	This report is being distributed in Thailand by DBS Vickers Securities (Thailand) Co Ltd.
United Kingdom	<p>This report is produced by DBS Bank Ltd which is regulated by the Monetary Authority of Singapore.</p> <p>This report is disseminated in the United Kingdom by DBS Vickers Securities (UK) Ltd, ("DBSVUK"). DBSVUK is authorised and regulated by the Financial Conduct Authority in the United Kingdom.</p> <p>In respect of the United Kingdom, this report is solely intended for the clients of DBSVUK, its respective connected and associated corporations and affiliates only and no part of this document may be (i) copied, photocopied or duplicated in any form or by any means or (ii) redistributed without the prior written consent of DBSVUK. This communication is directed at persons having professional experience in matters relating to investments. Any investment activity following from this communication will only be engaged in with such persons. Persons who do not have professional experience in matters relating to investments should not rely on this communication.</p>
Dubai International Financial Centre	This research report is being distributed by DBS Bank Ltd., (DIFC Branch) having its office at units 608 - 610, 6 th Floor, Gate Precinct Building 5, PO Box 506538, DIFC, Dubai, United Arab Emirates. DBS Bank Ltd., (DIFC Branch) is regulated by The Dubai Financial Services Authority. This research report is intended only for professional clients (as defined in the DFSA rulebook) and no other person may act upon it.
United Arab Emirates	This report is provided by DBS Bank Ltd (Company Regn. No. 196800306E) which is an Exempt Financial Adviser as defined in the Financial Advisers Act and regulated by the Monetary Authority of Singapore. This report is for information purposes only and should not be relied upon or acted on by the recipient or considered as a solicitation or inducement to buy or sell any financial product. It does not constitute a personal recommendation or take into account the particular investment objectives, financial situation, or needs of individual clients. You should contact your relationship manager or investment adviser if you need advice on the merits of buying, selling or holding a particular investment. You should note that the information in this report may be out of date and it is not represented or warranted to be accurate, timely or complete. This report or any portion thereof may not be reprinted, sold or redistributed without our written consent.
United States	This report was prepared by DBS Bank Ltd. DBSVUSA did not participate in its preparation. The research analyst(s) named on this report are not registered as research analysts with FINRA and are not associated persons of DBSVUSA. The research analyst(s) are not subject to FINRA Rule 2241 restrictions on analyst compensation, communications with a subject company, public appearances and trading securities held by a research analyst. This report is being distributed in the United States by DBSVUSA, which accepts responsibility for its contents. This report may only be distributed to Major U.S. Institutional Investors (as defined in SEC Rule 15a-6) and to such other institutional investors and qualified persons as DBSVUSA may authorize. Any U.S. person receiving this report who wishes to effect transactions in any securities referred to herein should contact DBSVUSA directly and not its affiliate.
Other jurisdictions	In any other jurisdictions, except if otherwise restricted by laws or regulations, this report is intended only for qualified, professional, institutional or sophisticated investors as defined in the laws and regulations of such jurisdictions.

DBS Regional Research Offices

HONG KONG

DBS (Hong Kong) Ltd

Contact: Carol Wu
13th Floor One Island East,
18 Westlands Road,
Quarry Bay, Hong Kong
Tel: 852 3668 4181
Fax: 852 2521 1812
e-mail: dbsvhk@dbs.com

THAILAND

DBS Vickers Securities (Thailand) Co Ltd

Contact: Chanpen Sirithanarattanakul
989 Siam Piwat Tower Building,
9th, 14th-15th Floor
Rama 1 Road, Pathumwan,
Bangkok Thailand 10330
Tel. 66 2 857 7831
Fax: 66 2 658 1269
e-mail: research@th.dbs.com
Company Regn. No 0105539127012
Securities and Exchange Commission, Thailand

MALAYSIA

AllianceDBS Research Sdn Bhd

Contact: Wong Ming Tek (128540 U)
19th Floor, Menara Multi-Purpose,
Capital Square,
8 Jalan Munshi Abdullah 50100
Kuala Lumpur, Malaysia.
Tel.: 603 2604 3333
Fax: 603 2604 3921
e-mail: general@alliancedbs.com

INDONESIA

PT DBS Vickers Sekuritas (Indonesia)

Contact: Maynard Priajaya Arif
DBS Bank Tower
Ciputra World 1, 32/F
Jl. Prof. Dr. Satrio Kav. 3-5
Jakarta 12940, Indonesia
Tel: 62 21 3003 4900
Fax: 6221 3003 4943
e-mail: indonesiaresearch@dbs.com

SINGAPORE

DBS Bank Ltd

Contact: Janice Chua
12 Marina Boulevard,
Marina Bay Financial Centre Tower 3
Singapore 018982
Tel: 65 6878 8888
Fax: 65 65353 418
e-mail: equityresearch@dbs.com
Company Regn. No. 196800306E