

GENERAL ANNOUNCEMENT::PROPOSED SALE OF A MAJORITY STAKE IN AUSTRALIA TOWER NETWORK PTY LTD**Issuer & Securities****Issuer/ Manager**

SINGAPORE TELECOMMUNICATIONS LIMITED

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Announcement Details**Announcement Title**

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Lim Li Ching (Ms)

Designation

Assistant Company Secretary

Description (Please provide a detailed description of the event in the box below)

Please see attachments

Attachments[SGX announcement.pdf](#)[NR - Singtel.pdf](#)[MR-Optus20211001.pdf](#)[Singtel advances digital infrastructure growth strategy.pdf](#)

Total size = 2967K MB

SINGAPORE TELECOMMUNICATIONS LIMITED
(Incorporated in the Republic of Singapore)
Company Registration Number: 199201624D

PROPOSED SALE OF A MAJORITY STAKE IN AUSTRALIA TOWER NETWORK PTY LTD

Singapore Telecommunications Limited (“**Singtel**”) wishes to announce that its wholly-owned subsidiary, Singtel ATN Pte. Ltd. (“**Singtel ATN**”), has entered into a conditional agreement (“**SPA**”) with AS Infra Tower Pty Ltd (as trustee for AS Infra Tower Trust) (“**AS Infra**”) to sell 70% of the shares (“**Sale Shares**”) in Australia Tower Network Pty Ltd (“**ATN**”) (the “**Transaction**”). AS Infra was established by Australian Super Pty Ltd, in its capacity as trustee of a complying superannuation fund in Australia known as “AustralianSuper” (the “**Sponsor**”).

Pursuant to an internal restructuring undertaken earlier this year, ATN owns and operates the passive mobile tower infrastructure assets which were previously owned and operated by Optus Mobile Pty Limited (“**Optus**”), a wholly-owned subsidiary of Singtel.

The aggregate cash proceeds (“**Aggregate Consideration**”) is approximately A\$1.9 billion, comprising the following payments to be made on completion:

- (a) A\$0.9 billion for the Sale Shares (“**Shares Consideration**”) by AS Infra to Singtel ATN, subject to certain adjustments at closing;
- (b) A\$0.5 billion as a return of capital (the “**Capital Return**”) by ATN to Singtel ATN; and
- (c) A\$0.5 billion as the full repayment of outstanding loans by ATN to Optus (the “**Optus Loan Repayment**”).

The Shares Consideration was agreed on an arm’s length and willing-buyer willing-seller basis, based on the Sponsor’s assessment of ATN and a competitive process conducted for the Sale Shares. The Aggregate Consideration takes into account the Sponsor’s intended capital structure for ATN.

In connection with the Transaction, ATN has secured A\$1.25 billion of loan facilities (the “**Facilities**”) which it will use to, among others, pay the Capital Return to Singtel ATN and pay the Optus Loan Repayment to Optus. The Facilities will be secured, by, among others, a general security over all of ATN’s present and after-acquired property and all the shares in ATN, which includes a charge over Singtel ATN’s 30% shareholding in ATN following completion. The Transaction is conditional on certain steps to be undertaken in respect of the Facilities.

Following completion, Singtel ATN will retain its 30% shareholding in ATN, and will enter into a shareholders’ agreement with AS Infra in relation to their respective interests in ATN. Completion is expected by end of October 2021.

The estimated net gain on disposal of 70% of interest in ATN at Singtel Group is S\$0.4 billion, determined as follows:

	S\$ billion
Shares Consideration	0.9
Less: Net asset value (including attributable goodwill) of 70% of interest in ATN	(0.5)
Estimated net gain on disposal	0.4

Issued by Singapore Telecommunications Limited on 1 October 2021.



News Release

Singtel advances digital infrastructure growth strategy

- Raises approximately A\$1.9 billion from 70% sale of Australia Tower Network; proceeds to fund 5G rollout and new growth
- Starts regional data centre business with Thailand's Gulf Energy and Telkom Indonesia
- Paves way towards digital infrastructure platform

Singapore, 1 October 2021 – Singtel today announced two major moves to unlock value from its quality infrastructure assets and advance its digital infrastructure growth strategy, first outlined in its strategic reset in May. These include a partial sale of Australia Tower Network (ATN), a wholly-owned subsidiary which operates Optus' passive telecommunications tower infrastructure, and the creation of a regional data centre business which will in turn form part of a regional digital infrastructure platform to capture new growth opportunities arising from the digital wave sweeping Asia.

These moves are part of Singtel's plans to optimise and grow the value of its large and unique portfolio of quality infrastructure assets including mobile towers, data centres, subsea cables and satellites, by capitalising on structural tailwinds of digitalisation, soaring demand for data accelerated by COVID-19 and burgeoning investor demand for infrastructure as an asset class.

Singtel's Group CEO Mr Yuen Kuan Moon said, "The rise of digital technology and its accelerated adoption on the back of COVID-19 has had major implications for the physical infrastructure that facilitate and support this overwhelming demand for data connectivity we are witnessing. From our telecom towers to our data centres, it is imperative that we restructure our assets and re-organise our business to better fund, improve and grow our digital infrastructure. Not only will this secure our place in the digital economy, it will also allow us to help keep our communities supported and economies up and running."

ATN divested for approximately A\$1.9 billion

Singtel will sell a 70% stake in ATN to AustralianSuper, Australia's largest superannuation fund. The transaction involving 2,312 mobile network towers and rooftop sites values ATN at an enterprise value of approximately A\$2.3 billion, representing FY21 pro-forma EV/EBITDA transaction multiple of 38x, or 28x following completion of the build-to-suit programme. This is significantly above telco multiples, reflecting the high quality of the assets and tenants.

Under the terms of the deal, Optus will have continued access to the towers through a long-term lease agreement with ATN. Optus will be the anchor tenant on 565 new build-to-suit towers to be built over the next three years which will form an integral part of its 5G network.

Mr Yuen said, "We are pleased that the value of Optus' towers has been duly recognised, reflecting the high quality of our assets and positive outlook for telco infrastructure. The value of the transaction, the calibre of our partner and the access arrangements under the terms of the agreement will protect Optus' strategic advantage and preserve its network leadership as it accelerates its 5G rollout across Australia." Mr Yuen added, "This transaction also supports our larger infrastructure strategy to unlock value through an asset-right approach which will free up capital to reallocate and reinvest in key growth areas."



Singtel expects net cash proceeds after transaction costs of approximately A\$1.9 billion, which will enhance cash flow and balance sheet flexibility. This will support the rollout of 5G and other growth initiatives, including expanding the B2B digital services business in Singapore and Australia through NCS. The value unlocked through capital recycling will also position the Group to deliver sustainable dividends. Completion is expected in October, subject to the fulfilment of certain conditions precedent.

Following the closure of this transaction, the towers will be managed by AustralianSuper, forming the largest independent tower company of scale. Singtel will continue to hold a 30% stake in ATN, providing the Group with options for growth given the potential to increase the number of tenants on the existing towers.

Regional data centre business with Gulf Energy and Telkom Indonesia as partners

As a next step in its infrastructure growth strategy, Singtel is extending beyond Singapore, where it is one of the largest data centre operators, by forming a regional data centre platform with an initial focus on ASEAN. Singtel has signed an MOU with Gulf Energy, Thailand's leading power and infrastructure company, to build and develop data centres across the country. Singtel and Gulf, which recently acquired a stake in Singtel's associate Intouch Holdings, intend to form a partnership to pursue such opportunities. Singtel is also in advanced talks with long-standing partner Telkom to explore acquiring and building data centre assets in Indonesia and the region. Singapore, Thailand and Indonesia jointly make up more than 70% of the data centre market in ASEAN.

Singtel is well-placed to grow its data centre footprint across the region and become a leading player in ASEAN, given its extensive experience designing, developing and operating high quality data centres for a diversified customer base in Singapore, including hyperscalers and blue-chip companies. Given Singapore's importance as a regional data centre hub in Asia, Singtel's data centre business will be a key pillar of the data centre platform.

Mr Yuen said, "We see data centres as a new growth catalyst for our Group and are very excited about kicking off our regional data centre business with partners like Gulf who recognise the strong growth potential of digital infrastructure. We are also keen to work with our associates to enhance overall shareholder value for all parties. With the blistering pace of digital growth, we are seeing strong demand for an integrated network of data centres across different markets to deliver consistent standards and value-added services to customers as they scale their presence regionally. Our established track record, customer relationships and deep links with local partners in other markets, position us well to capture this new growth."

Mr Yuen added, "Gulf is a trusted, established company which brings strong local know-how and networks, and excellent access to land and power, including green energy. As we work with potential partners around the region to acquire brownfield projects and develop data centres on greenfield sites, we are committed to developing this new growth engine sustainably and will incorporate the latest technologies and renewable energy to optimise energy efficiency and achieve a carbon-neutral footprint."



Mr Sarath Ratanavadi, CEO of Gulf Energy, said, “Gulf recognises the future of the digital and data economy, driven by fast adoption of digital technologies and growing demand from both corporates and consumers. We believe that data centres will be crucial to support Thailand’s growth in the digital economy. We are very happy to be working with Singtel as business partners to capitalise on this promising opportunity. We look forward to leveraging our local expertise in combination with Singtel’s strengths to build a strong data centre business in Thailand and to explore ways to add more value to the business through the integration of green energy solutions. We believe that this collaboration signifies the beginning of a long-term partnership that will allow us to pursue more data centre businesses in Asia in the future.”

Singtel’s regional data centre strategy is premised on offering a differentiated value proposition to customers – one that is carrier neutral, while providing access to bundled services that draw on Singtel’s ecosystem such as best-in-class connectivity, cyber security and hybrid cloud services. As one of the leading companies in the region focused on sustainability, Singtel will also be launching an initiative to invite companies in the ecosystem to ideate and co-create solutions to build the greenest data centres in the region.

Demand for data centres has surged since the COVID-19 pandemic, with data consumption in Asia expected to propel the region to become the largest data centre market globally. ASEAN’s data centre capacity is poised to grow at a compound annual growth rate of 18%¹ from 2020 to 2025, especially in Singtel’s regional associates’ markets, driven by hyperscale cloud-based service providers looking to be closer to users while meeting data residency standards.

Singtel currently owns prime data centre assets with a combined capacity of more than 70 MW, which contribute revenue of over S\$250 million, and industry-leading EBITDA margins of over 60%. Singtel is looking to build and upgrade data centres that will be undertaken in full compliance and support of the government’s overall plans for the data centre industry.

Maximising infrastructure asset value with regional platform

Data centres are a first step in the establishment of a regional digital infrastructure platform across multiple asset classes. The platform will own and manage digital infrastructure assets with a strong commercial focus to improve capital efficiency and return on invested capital while supporting Singtel’s business needs. Singtel seeks to grow this business in partnership with long-term capital providers with complementary capabilities and networks, through further investments in next-generation infrastructure regionally.

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¹ Frost & Sullivan 2020 Data Centre Services Market Forecast



About Singtel

Singtel is Asia's leading communications technology group, providing a portfolio of services from next-generation communication, technology services to infotainment to both consumers and businesses. For consumers, Singtel delivers a complete and integrated suite of services, including mobile, broadband and TV. For businesses, Singtel offers a complementary array of workforce mobility solutions, data hosting, cloud, network infrastructure, analytics and cyber-security capabilities. The Group has presence in Asia, Australia and Africa and reaches over 740 million mobile customers in 21 countries. Its infrastructure and technology services for businesses span 21 countries, with more than 428 direct points of presence in 362 cities. For more information, visit www.singtel.com.

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1 October 2021

Optus announces sale of towers to AustralianSuper for AU\$1.9 billion

Optus' parent company Singtel has entered into an agreement to sell a 70% stake in Australia Tower Network (ATN), a wholly-owned subsidiary which operates Optus' passive telecommunications tower infrastructure, to AustralianSuper.

The transaction, involving Australia's largest independent tower company and comprising 2,312 mobile network towers and rooftop sites, values ATN at approximately AU\$2.3 billion, representing FY21 pro-forma EV/EBITDA transaction multiple of 38x, or 28x following completion of the build-to-suit (BTS) program, reflecting the high quality of the assets and tenancy arrangements.

Under the terms of the deal, Optus will have continued access to the sites through a long-term lease agreement with ATN. Optus will be the anchor tenant for 565 new BTS sites to be built over the next three years forming an integral part of Optus' 5G network.

Kelly Bayer Rosmarin, Optus CEO, notes the transaction unlocks significant value for the organisation.

"The sale of these assets positions Optus well for the future as it provides capital to support core business growth while importantly allowing us to maintain the competitive advantage of our network's active elements which continue to top independent reports on speed and quality of our network.

"There has been strong interest from a competitive field of high-quality prospective buyers, and we are pleased with the outcome of the sales process. We very much look forward to a bright future partnering with AustralianSuper, an iconic Australian infrastructure investor."

AustralianSuper's Head of Infrastructure, Nik Kemp said that ATN is a great addition to AustralianSuper's \$24 billion infrastructure portfolio.

"ATN is a high-quality infrastructure asset that will benefit from growing demand for communication and digital services across Australia. This is a unique opportunity to partner with Singtel in owning Australia's largest independent tower company and delivering value for AustralianSuper members."

Singtel expects net cash proceeds after transaction costs of approximately AU\$1.9 billion, which will enhance cash flow and balance sheet flexibility, supporting the acceleration of Optus' rollout of Australia's fastest 5G experience, the Optus Living Network and other growth initiatives.

Completion is expected by the end of October, subject to the fulfilment of certain conditions precedent.

-end-

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Singtel advances digital infrastructure growth strategy

1 October 2021



Agenda



Overview of digital infrastructure strategy



Divestment of 70% stake in Australia Tower Network



Building a new regional data centre platform



End game : Regional digital infrastructure platform

Agenda



Overview of digital infrastructure strategy



Divestment of 70% stake in Australia Tower Network



Building a new regional data centre platform



End game : Regional digital infrastructure platform

Taking First Steps In Digital Infrastructure Strategy



Divestment of 70% stake in Australia Tower Network (ATN)



Building a regional data centre (DC) platform



Developing a regional digital infrastructure platform across multiple asset classes

Executing To Our Strategic Reset



**Reinvigorate
the core**

Accelerate 5G & digitalisation of the core with proceeds from ATN divestment



**Capitalise on
growth trends**

Strong value proposition from our large & unique infrastructure portfolio, operating experience & deep customer relationships

- Explosive demand for digital infrastructure fuelled by rapid digitalisation
- Data centre platform with scope for upgrade & regional expansion via partnerships
- End goal of an Asia-leading digital infrastructure platform across asset classes



**Reallocate
capital, unlock
value**

Smart capital recycling to allocate to growth areas & sustain dividend

Release capital at high multiples



**Champion
people &
sustainability**

Committed to building the region's greenest data centres

Invite interest from green ecosystem to co-create sustainable infrastructure

Agenda



Overview of digital infrastructure strategy



Divestment of 70% stake in Australia Tower Network



Building a new regional data centre platform



End game : Regional digital infrastructure platform

Positions Us Well For The Future

Significant value unlocked

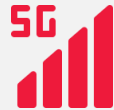
~A\$2.3b

Enterprise
value

Reflects high quality assets & tenants

Significantly above telco multiples driven by strong competitive process

Growth capital for 5G & new businesses



Provide capital to support 5G rollout & growth of core business



Retention of 30% interest in ATN, Australia's largest independent towerco, provides opportunity for future value creation

Shareholder value creation

~A\$1.9b

Net proceeds¹

Improve cash flow & balance sheet flexibility

Smart capital recycling to deliver growth & underpin sustainable dividends

¹ A\$1.9b comprises A\$0.9b for share sale consideration, A\$0.5b as return of capital by ATN & A\$0.5b in loan repayment by ATN to Optus.



Transaction Overview



Transaction Summary

- Singtel divests 70% interest in ATN to AustralianSuper, raising ~A\$1.9 billion¹ in expected net proceeds
- Enterprise value of ~A\$2.3 billion
- Formation of Australia's leading independent tower company with a portfolio of 2,312 existing Optus mobile telecommunication sites with current tenancy ratio of 1.6x
- AustralianSuper is Australia's largest superannuation fund

Key Terms & Commercial Agreements

- Optus entered into a 20 year agreement (option to extend) with ATN for access to existing & new towers
- Optus committed to a minimum of 565 new ATN sites
- Optus will provide transitional support for up to 9 months post-completion
- Shareholders' arrangements include customary minority protections & governance representation
- Transaction subject to minimal conditions & expected to be completed by end October

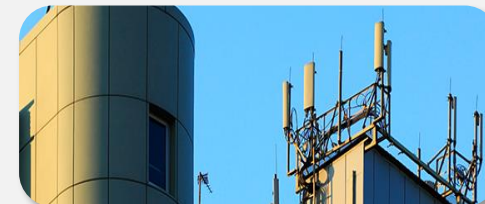
Financial Impact

- Estimated net divestment gain of S\$0.4 billion
- Singtel's 30% shareholding in ATN to be equity accounted

¹ A\$1.9b comprises A\$0.9b for share sale consideration, A\$0.5b as return of capital by ATN & A\$0.5b in loan repayment by ATN to Optus.

Overview Of ATN

Hard to replicate, critical mobile infrastructure network of significant scale & diversity



2,312

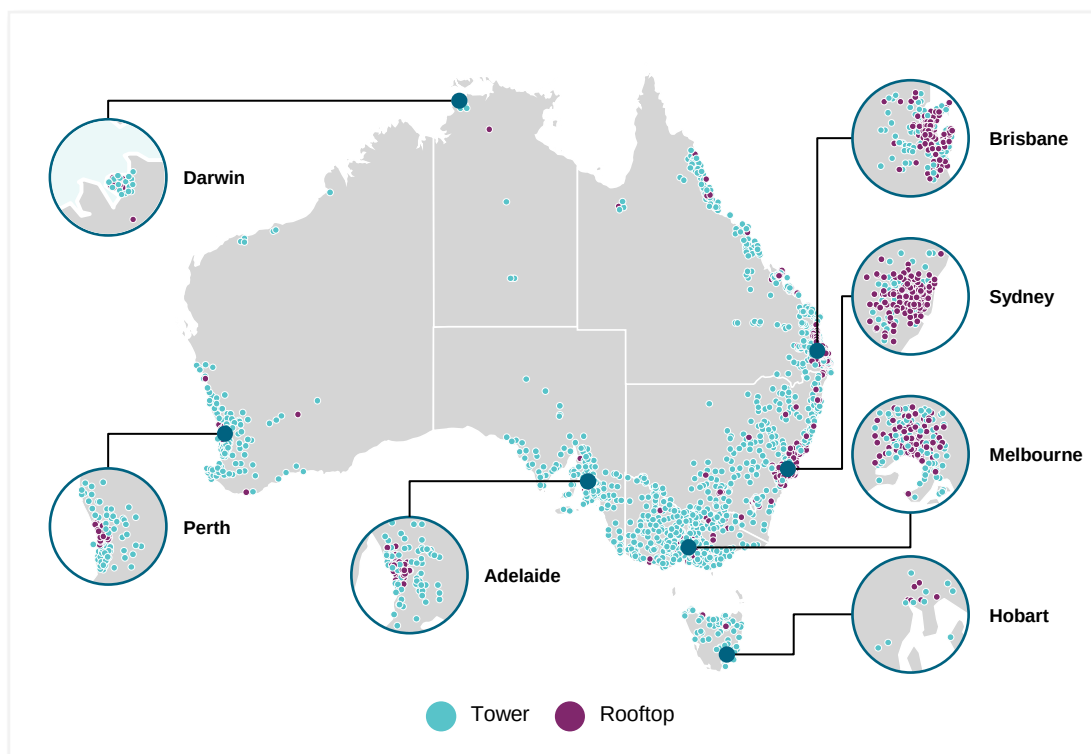
mobile tower & rooftop sites
across Australia

1.6x

current tenancy ratio with
room for growth

565

committed new builds



A\$117m
revenue¹

A\$62m
EBITDA¹

20 year
initial MSA term
(with options to extend)

¹ Pro-forma FY21.

Partnering With AustralianSuper



AustralianSuper is the largest pension fund in Australia

- AustralianSuper is Australia's largest superannuation fund with over 2.4 million members & 364,000¹ contributing businesses
- AustralianSuper invests the retirement savings of 1 in 10 working Australians
- Active manager focused on building long term value

+A\$233 billion
Member Assets¹

+A\$24 billion
Global Infrastructure Assets¹

A trusted owner of critical infrastructure in Australia



Ausgrid
Power Grid



WestConnex
Toll Road



Transurban Queensland
Toll Road



NSW Ports
Seaport



Transurban Chesapeake
Toll Road (US)



Peel Ports
Seaport (UK)



Perth Airport
Airport

¹ As at 30 June 2021.

OPTUS

Accelerating rollout of Australia's fastest 5G network

- Capital released will fund 5G rollout & support investments in core business
- 565+ future build sites will accelerate Optus' 5G expansion
- Efficient roll-out & further investment to support Optus' 5G objectives are core to AustralianSuper's strategy

Preserving Optus' ability to differentiate

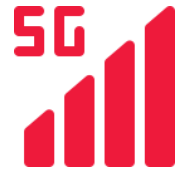
- Optus continues to deliver customer-led differentiation through its active network (vs. passive asset stewardship)
- 20 year lease agreements provide certainty for network planning
- Competitive rates negotiated with ATN

Strong partner to grow infrastructure business

- Proven track record with diverse portfolio of critical infrastructure assets
- Alignment of interests to grow Australia's digital infrastructure
- A source of dependable capital
- Deep Australian connection

~A\$1.9b
net proceeds¹

Recycling Capital To Fund Growth & Drive Returns



Strengthen network leadership with accelerated 5G rollout

Build-out of features & services that will differentiate Optus, grow customer engagement & drive new revenue streams



Growth initiatives

Pursue opportunities in B2B digital services through NCS in Singapore & Australia

Strengthen Singtel & Optus' IT platform



Smart capital recycling

Continue to efficiently unlock & recycle capital by leveraging attractive multiples for the Group's assets

Free up significant cash flow & strengthen balance sheet for growth

Underpin the Group's ability to pay sustainable dividends

¹ A\$1.9b comprises A\$0.9b for share sale consideration, A\$0.5b as return of capital by ATN & A\$0.5b in loan repayment by ATN to Optus.

Agenda



Overview of digital infrastructure strategy



Divestment of 70% stake in Australia Tower Network



Building a new regional data centre platform



End game : Regional digital infrastructure platform

We Are Building A New Regional Data Centre (DC) Platform

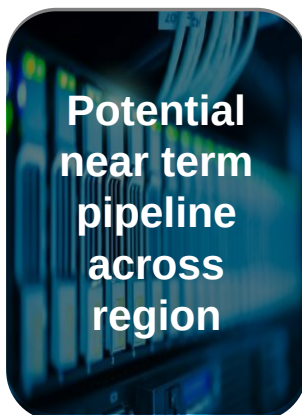
**With strong
Singapore base...**

**...propel into
the region**



**Prime SG
DC assets**

>70 MW¹



**Potential
near term
pipeline
across
region**

~100 MW²

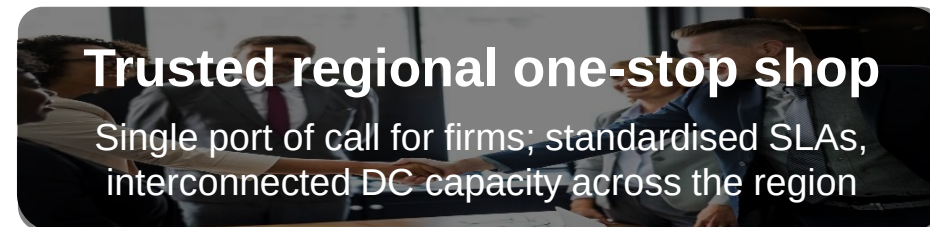


**Partnerships
established in
2 of the
highest
regional
growth
markets**



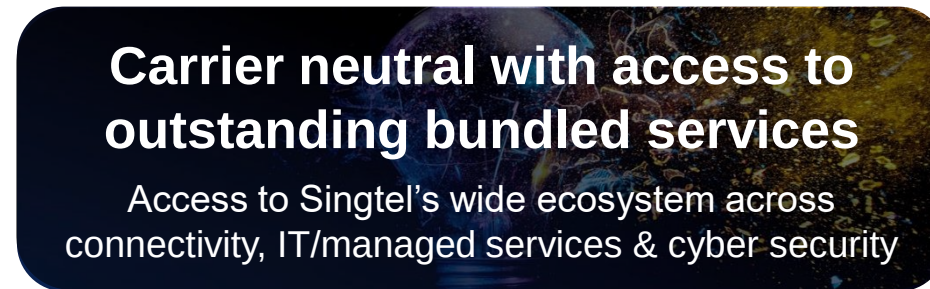
**One of
the
leading
regional
players
in the
next 3-5
years**

Key Platform Goals



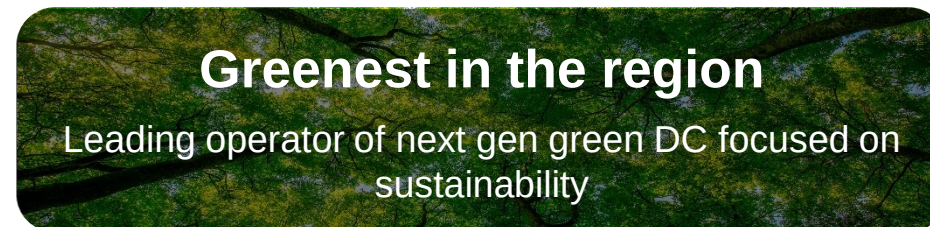
Trusted regional one-stop shop

Single port of call for firms; standardised SLAs, interconnected DC capacity across the region



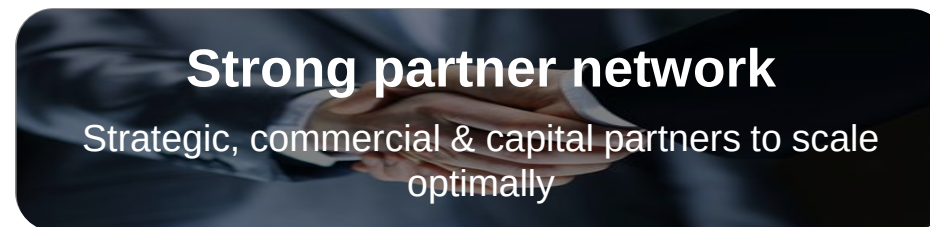
Carrier neutral with access to outstanding bundled services

Access to Singtel's wide ecosystem across connectivity, IT/managed services & cyber security



Greenest in the region

Leading operator of next gen green DC focused on sustainability



Strong partner network

Strategic, commercial & capital partners to scale optimally

¹ Consideration of specific DCs to seed platform currently ongoing.

² Illustrative.

Singtel: Leading Operator in Singapore with Top Quality Assets

High Quality Operating Assets

7

Data Centres

>70MW

IT Capacity

>S\$250m

Annual Revenue¹

>60%

EBITDA Margin



Track record

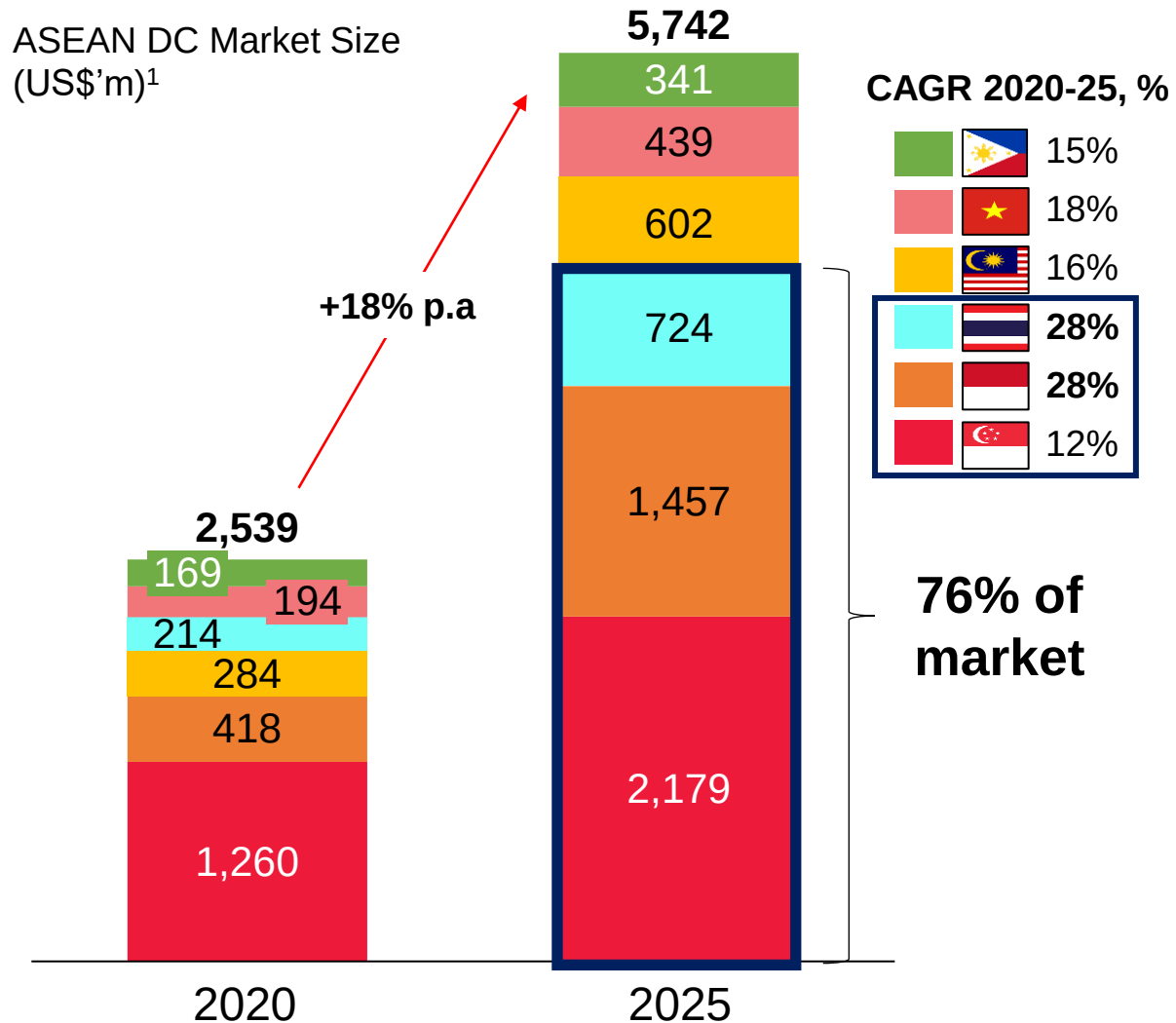
- Experienced product & operations teams with 20+ years of DC experience
- Diverse customer segments with average tenure of 10+ years, including hyperscalers, MNCs, SMEs etc
- Strong suite of value added services
- Commitment to Singapore customers & deep understanding of local context



¹ Third-party revenue.

Attractive Emerging DC Opportunity in ASEAN

Regional DC Demand¹: Ready for Lift-Off



¹ Frost & Sullivan 2020 Forecast.

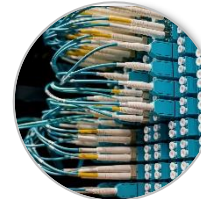
² 2020 McKinsey Global Survey of Executives.

Regional Demand Factors



Young, growing population of heavy data users

Online media & content, financial services, new applications (e.g. AR/VR)



Digital transformation by enterprises

Accelerated by 3-4 years in emerging Asia²



Big data/analytics leveraged at scale

Increasing maturity of algorithms driving big-data use cases



5G-driven demand for hybrid infra & increasing enterprise cloud adoption

Hyperscale cloud-based providers looking to be closer to users while meeting data residency standards

Accelerated by COVID-19

We Are Excited To Undertake DC Regional Expansion Together With Partners

MOU to build leading DC business in Thailand



*Leading power & infrastructure company in Thailand
Partner in Intouch Holdings*

- Gulf brings strong local know-how & networks, excellent access to land & power
- Singtel brings DC expertise & customer relationships
- Develop data centres in Thailand & green energy solutions together

Advanced discussions on strategic partnership for regional platform



*Largest telecommunication player in Indonesia
Longstanding partner in Telkomsel*

- Singtel & Telkom are leading DC players in respective countries
- Explore partnership to acquire / build data centres in Indonesia & the region together; with broader collaboration at the regional level

Ongoing discussions on collaboration with various local partners

Open Invitation To Co-create The Region's Greenest DC

Potential partners

Green/Clean
Energy
Players

Research
institutes

DC Design &
Build Firms

Startups

Solutions

High
Energy
Efficiency
Tech

AI
Optimized
solutions

Carbon
Neutrality

Sustainable
Design &
Build

Markets



Starting with SG DCs as
pilot; replicate across
regional platform

Open platform to
bring best green
tech together

Agenda



Overview of digital infrastructure strategy



Divestment of 70% stake in Australia Tower Network



Building a new regional data centre platform



End game : Regional digital infrastructure platform

Setting The Stage For Infrastructure Growth Strategy

Towers

Unlocked value in Optus' towers at attractive valuations

Build scale

- Investments in next-gen infrastructure
- Inorganic acquisitions
- Strategic partnerships
- Regional expansion

Data centres

Developing a regional data centre platform with high quality operating assets & growth pipeline at inception

Digital infrastructure platform

Developing a regional digital infrastructure platform across multiple asset classes



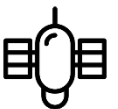
Towers



Data centre



Subsea cable



Satellite

End Game: Regional Digital Infrastructure Platform

Vision

Beyond unlocking value to building platform value

- Drive organic growth through strong management, commercial focus
- Partner long term patient capital providers to expand regionally
 - Regional expansion to build on our local networks & operating expertise
- Focus on smart capital management, possibly exploring funds & JVs

Approach



Capital Efficiency

- ✓ *Strong capital management strategy*
- ✓ *Reallocating unlocked value to fuel further growth*



Partnerships

- ✓ *Capital*
- ✓ *Complementary capabilities*
- ✓ *Local networks*



Build On Core

- ✓ *Support Singtel's needs*
- ✓ *Build on (not sell off) operational capabilities*

