

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

**PROPOSED INVESTMENT IN STT GDC PTE. LTD.**

1. **Introduction.** Singapore Telecommunications Limited ("**Singtel**" or the "**Company**", and together with its subsidiaries, the "**Singtel Group**") wishes to announce that its wholly-owned subsidiary, Singtel Interactive Pte. Ltd. (the "**Singtel Investor**") has today entered into a subscription agreement (the "**SSA**") with STT GDC Pte. Ltd. ("**STT GDC**") and Ruby Asia Holdings II Pte. Ltd., a fund managed by global investment firm, Kohlberg Kravis Roberts & Co. L.P. ("**KKR**", and collectively with the Singtel Investor, the "**Investors**") for the subscription by the Investors of redeemable non-voting preference shares in the share capital of STT GDC ("**RPS**").

The entry into the SSA follows from a competitive bidding process conducted by STT GDC pursuant to which the consortium comprising KKR and Singtel is the successful bidder.

2. **Principal Terms of the Proposed Investment.** Under the SSA, the Singtel Investor shall subscribe for S\$400 million in RPS<sup>1</sup> and be issued detachable warrants ("**Warrants**" and together with the RPS, the "**Instruments**") (the "**Proposed Investment**"). The Singtel Investor has also entered into an investor rights agreement with STT GDC, KKR and STT Communications Ltd. ("**STTC**"), the parent company of STT GDC, to govern the relationship between the shareholders of STT GDC (the "**IRA**"). The RPS accrues dividend at a rate of 6.5% per annum or 7.75% per annum (if any dividend is not paid in cash and deferred on any dividend payment date). The Warrants are exercisable, in whole or in part at any time prior to the 7<sup>th</sup> anniversary of completion of the Proposed Investment ("**Issue Date**"), into ordinary shares in the share capital of STT GDC representing 4.2% of STT GDC's issued share capital on a fully-diluted and as-converted basis as at the Issue Date. Upon the exercise of the Warrants in its entirety, the Singtel Investor will invest an additional S\$284 million into STT GDC. Assuming that the Singtel Investor exercises all of its Warrants, the total consideration payable towards the subscription of RPS and exercise of all the Warrants is S\$684 million (the "**Total Consideration**").

The terms of the Proposed Investment were arrived at on a willing buyer-willing seller basis and after arm's length negotiations, taking into consideration, among others, the business plan, current financial position and future growth prospects of STT GDC.

Based on the audited financial statement as at 31 December 2023, STT GDC had book value and net tangible assets of S\$3.7 billion and S\$3.0 billion respectively.

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<sup>1</sup> Each RPS is expressed to be (a) junior to all secured and unsecured loans, debt securities and perpetual securities (in each case, whether or not convertible into ordinary shares of STT GDC ("**Ordinary Shares**") or having rights to participate in distributions on Ordinary Shares) issued or to be issued by STT GDC (including the senior notes and perpetual securities issued by STT GDC prior to the completion under the SSA) but (b) senior to the Junior Instruments (where "**Junior Instruments**" means (i) Ordinary Shares, (ii) preference shares ranking junior to the RPS, or (iii) any other securities issued by STT GDC which can be converted or exercised to carry rights over Ordinary Shares, but in each case excluding (1) any securities issued by STT GDC, including perpetual securities or perpetual convertible securities, which are senior to the RPS, or (2) convertible bonds or other securities (whether or not convertible into Ordinary Shares or having rights to participate in distributions on Ordinary Shares) which are treated as debt in the accounts of STT GDC).

The closing of the Proposed Investment is subject to the satisfaction of certain conditions precedent including regulatory approvals.

3. **Rationale and Benefits.** The Singtel Group sees tremendous growth opportunity in the fast-growing data centre business. Rapid digitalisation combined with artificial intelligence is expected to accelerate global demand for data centre services. The Proposed Investment presents the Singtel Group with a unique opportunity to capitalise on these growth trends while providing certain downside protection.

The Proposed Investment also represents an expansion of the Singtel Group's collaboration with KKR, to increase the Singtel Group's exposure towards the growing demand for data centre services and the robust market dynamics driving the sector.

The Singtel Group expects to fund the Total Consideration with internal cash resources.

4. **Interested Person Transaction.** Temasek Holdings (Private) Limited ("**Temasek**") has a direct interest in 8,304,071,181 ordinary shares of Singtel and a deemed interest (through interests of subsidiaries and associated companies) in 252,194,940 ordinary shares of Singtel, representing an aggregate of approximately 51.81% of Singtel's issued ordinary shares (excluding shares held in treasury) as at 3 June 2024. Under the Listing Manual of the Singapore Exchange Securities Trading Limited (the "**Listing Manual**"), Temasek is deemed to be a "controlling shareholder" of Singtel as it has a more than 15% interest in the issued share capital of Singtel.

STT GDC is a wholly-owned subsidiary of STTC, which is in turn an indirect wholly-owned subsidiary of Temasek. Under the Listing Manual, STT GDC is considered to be an "associate" of Temasek, as Temasek has a more than 30% interest in the issued share capital of STT GDC. Therefore, for the purposes of Chapter 9 of the Listing Manual, STT GDC would be considered an "interested person" vis-à-vis the Singtel Investor, which is regarded as an "entity at risk" for these purposes. Accordingly, the entry into the SSA and the IRA (collectively, the "**Transaction**") constitutes an "interested person transaction" under Chapter 9 of the Listing Manual.

Save as disclosed in this Announcement, Temasek, as majority shareholder of Singtel, does not have any other interest, direct or indirect, in the Transaction.

5. **Disclosure Requirement.** As at 31 March 2024, the latest audited consolidated net tangible assets ("**NTA**") of the Singtel Group was S\$16.76 billion, 3% of which was S\$502.9 million.

As disclosed in paragraph 2 above, the amount at risk for the Transaction, being the Total Consideration, is approximately S\$684 million. The amount at risk for the Transaction thus represents approximately 4.1% of the latest audited consolidated NTA of the Singtel Group. As this represents more than 3% of the latest audited consolidated NTA of the Singtel Group, Singtel is required to disclose its entry into the SSA and the IRA in accordance with Chapter 9 of the Listing Manual.

**6. Total Value of Interested Person Transactions.** For the period from the beginning of the current financial year, 1 April 2024, to 31 May 2024:

- (a) there were no transactions with STT GDC and its associates (as defined in the Listing Manual) (the "**STT GDC Group**") (excluding transactions less than S\$100,000); and
- (b) the total value of all interested person transactions with Temasek and its associates (as defined in the Listing Manual) (excluding (i) transactions less than S\$100,000 and (ii) transactions entered into with Temasek listed associates) was approximately S\$1.2 million, which represents approximately 0.01% of the latest audited consolidated NTA of the Singtel Group.

Save for the above, there have been no other interested person transactions since the beginning of the current financial year, 1 April 2024, to 31 May 2024 with Temasek and its associates (including the STT GDC Group but excluding transactions with Temasek listed associates).

**7. Independent Financial Adviser.** Ernst & Young Corporate Finance Pte Ltd ("**EYCF**") has been appointed as the independent financial adviser in relation to the Transaction to advise the Directors who are considered independent for the purposes of the Transaction (the "**Independent Directors**"). **Having carefully considered the information available to them, EYCF has given its opinion to the Independent Directors that the entry into the Transaction is (a) on normal commercial terms and (b) not prejudicial to the interests of the Company and its minority shareholders.** EYCF has given and has not withdrawn its written consent to the issue of this Announcement with the inclusion of its name and all references to its works and its opinion in the form and context in which they appear in this Announcement.

**8. Opinion of Audit Committee.** The Audit Committee (comprising Mr Gautam Banerjee, Mrs Gail Kelly and Ms Tan Tze Gay) has considered the terms of the Transaction, and the opinion of EYCF, and is of the view that the Transaction is (a) on normal commercial terms and (b) not prejudicial to the interests of the Company and its minority shareholders.

**Issued by Singapore Telecommunications Limited on 18 June 2024.**