

KKR to acquire 20% stake in Singtel's regional data centre business valued at S\$5.5 billion

Singapore, 18 September 2023 – Singtel, Asia's leading communications technology group, and leading global investment firm KKR have reached a definitive agreement under which a fund managed by KKR will commit up to S\$1.1 billion (~US\$800 million) for a 20% stake in Singtel's regional data centre business. This investment puts the enterprise value of Singtel's overall regional data centre business at S\$5.5 billion. KKR will have the option to increase its stake to 25% by 2027 at the pre-agreed valuation.

The collaboration is a first between Singtel and KKR, and enables Singtel to tap on KKR's expertise investing in data centres and critical telecommunication infrastructure globally in addition to capital. The proceeds from this transaction will be used to accelerate the expansion of the regional data centre business across ASEAN markets, including Singapore, Indonesia and Thailand, while exploring markets like Malaysia and others. This will widen the business' strategic choices, giving a variety of options to monetise in the future.

Singtel's regional data centre business is part of the Digital InfraCo unit which was formed in June 2023. Singtel has been growing this business anchored by its expertise in Singapore where it is one of the largest operators. In addition to 62MW of existing capacity in Singapore, Singtel is building a new 58MW DC Tuas in Singapore and has also partnered Telkom and Medco Power in Indonesia and GULF and AIS in Thailand to develop data centres in Batam and Bangkok respectively. The data centre portfolio will deliver a total combined capacity of over 155MW once the three new projects are operational in 2025, with room to scale up to more than 200MW.

Mr Bill Chang, CEO of Singtel's Digital InfraCo, said, "KKR's investment underscores the quality of our data centre portfolio and confidence in our plans to scale the business by capitalising on the digitalisation and rapid AI adoption that is transforming this region. Our expertise in designing, building and operating data centres, and our connectivity leadership in the region, together with KKR's strong track record in supporting digital infrastructure assets and its platform-building expertise makes for a powerful combination. We look forward to building on the strong momentum we have achieved to grow the business into one of the region's leading green and sustainable data centre platforms with rich hyper-connectivity services."

Mr Arthur Lang, Group CFO at Singtel, added, "The data centre industry is growing at an accelerated pace given the unprecedented industry trends we are witnessing. KKR is a highly credible partner in the data centre space and we look forward to our strategic partnership in scaling up the platform to become a meaningful growth engine for Singtel. The investment by KKR crystallises the latent value of our data centre assets and we hope this illuminates value for our shareholders in the coming months. With more than S\$6 billion being unlocked since we embarked on our strategic reset two years ago, we continue to focus on unlocking value for our shareholders."

Mr David Luboff, Partner and Head of Asia Pacific Infrastructure, KKR, said, "We are pleased to provide this tailored solution to support the regional data centre platform of Singtel, one of the most

longstanding and distinguished corporations in Singapore and a leading digital infrastructure provider in Asia Pacific. Robust digital infrastructure, including high-quality data centres, will play a crucial role in enabling Southeast Asia's flourishing digital economy, and Singapore is well-placed to serve as a central hub for the region. We look forward to working closely with Bill, Arthur and Singtel's talented team to meet this tremendous demand, and sharing our global expertise and network to accelerate the platform's growth across the region."

Southeast Asia's data centre market is expected to grow by 17% over the next five years compared to 12% for the rest of the world, with US\$9 billion to US\$13 billion in investments projected to flow into the region. While data centre capacity is poised to increase at a compound annual growth rate of 19% from 2021 to 2026¹, demand is expected to outpace supply driven by increased data consumption, enterprises transitioning to the cloud and the rapid rise of AI in the region. Malaysia, Indonesia and Thailand could see the biggest increase in capacity with Johor, in particular, benefitting from spill-over demand from Singapore due to the island state's supply constraints. The growing need to handle high performance computing tasks such as generative AI will also spur a significant growth in GPU-powered data centres in the years to come.

KKR is making this investment as part of its Asia infrastructure strategy. This transaction marks KKR's latest investment in Southeast Asia infrastructure and data centre infrastructure globally. KKR's infrastructure investments in Southeast Asia have included Pinnacle Towers, a digital infrastructure platform in Asia with a strong focus on the Philippines; First Gen, a leading provider of clean and renewable power in the Philippines; and Aster Renewable Energy, a renewables platform that develops, builds, and operates solar, wind, and energy storage projects in the region. Worldwide, KKR's investments in the data centre infrastructure sector have included CyrusOne, a global leader in the development and operation of sustainable, scalable, high-availability and flexible data centre solutions; Global Technical Realty, a build-to-suit and roll-up acquisition data centre platform in Europe; and CoolIT Systems, a leading provider of scalable liquid cooling solutions in Canada.

The transaction is expected to be completed by the fourth quarter of 2023, subject to regulatory approvals and customary closing conditions.

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¹ Kearney 2022



About KKR

KKR is a leading global investment firm that offers alternative asset management as well as capital markets and insurance solutions. KKR aims to generate attractive investment returns by following a patient and disciplined investment approach, employing world-class people, and supporting growth in its portfolio companies and communities. KKR sponsors investment funds that invest in private equity, credit and real assets and has strategic partners that manage hedge funds. KKR's insurance subsidiaries offer retirement, life and reinsurance products under the management of Global Atlantic Financial Group. References to KKR's investments may include the activities of its sponsored funds and insurance subsidiaries. For additional information about KKR & Co. Inc. (NYSE: KKR), please visit KKR's website at www.kkr.com. For additional information about Global Atlantic Financial Group, please visit Global Atlantic Financial Group's website at www.globalatlantic.com.

About Singtel

Singtel is Asia's leading communications technology group, providing a portfolio of services from next-generation communication, 5G and technology services to infotainment to both consumers and businesses. The Group has presence in Asia, Australia and Africa and reaches over 770 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 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.

Singtel is dedicated to continuous innovation, harnessing technology to create new and exciting customer experiences and shape a more sustainable, digital future.

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