



16 August 2019

Office of the Company Secretary

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ELECTRONIC LODGEMENT

Dear Sir or Madam

Telstra reaches \$1 billion in asset monetisation

In accordance with the Listing Rules, I attach a copy of a market release, for release to the market.

Yours faithfully

Sue Laver
Company Secretary

Telstra reaches \$1 billion in asset monetisation

Friday 16 August – Telstra today announced the establishment and part sale of an unlisted property trust to own 37 of Telstra's existing exchange properties.

As part of the transaction a Charter Hall-led consortium will acquire a 49 per cent stake in the new trust for \$700 million, reflecting a capitalisation rate of 4.4 per cent and valuing the entire property trust at \$1.43 billion.

Telstra CEO Andrew Penn said the agreement showed further progress against the fourth pillar of the company's T22 strategy.

"When we announced our T22 strategy in June 2018 it included the goal of monetising up to \$2 billion of assets to strengthen our balance sheet," Mr Penn said.

"Since then we have been working to unlock the true value of some of our assets and today's agreement, when completed, will take us to around the \$1 billion mark."

Telstra will retain ownership of a 51 per cent controlling interest in the property trust and retain operational control of the properties. Telstra will sign long-term triple-net lease arrangements with the property trust, providing it with a stable flow of payments. The leases will have a weighted average lease expiry of 21 years, with multiple options for lease extension to accommodate the business' ongoing requirements. The transaction is expected to be completed by the end of August.

As announced at its Full Year Results presentation yesterday, Telstra has also reached an agreement to sell part of its portfolio of data centres in Europe and Asia to global private equity firm I-Squared Capital, owners of HGC Global Communications. The three data centres predominantly provide services to Telstra's International Enterprise customers.

HGC Global Communications, who will become the operator of these data centres, is the second largest fixed line telecom operator in Hong Kong, with an existing data centre presence in Asia, an in-country network in Hong Kong as well as an international connectivity business.

The agreement is subject to a number of conditions precedent and if these are satisfied, Telstra expects the transaction to be completed in first half of FY20, with estimated proceeds from sale of approximately \$160 million.

Combined with recent changes to Telstra Ventures, the sale of the Edison Exchange building in Brisbane, and other smaller transactions, the agreement announced today brings the total value of assets monetised as part of T22 to around \$1 billion.

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