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FIRST PACIFIC COMPANY LIMITED

第一太平有限公司

(Incorporated with limited liability under the laws of Bermuda)

Website: www.firstpacific.com

(Stock Code: 00142)

SALE AND LEASE BACK OF TELECOM TOWERS AND RELATED INFRASTRUCTURE BY SUBSIDIARIES OF PLDT INC.

SALE AND LEASE BACK OF TELECOM TOWERS AND RELATED INFRASTRUCTURE BY SUBSIDIARIES OF PLDT

PLDT announced on 19 April 2022 that, following a competitive bidding process, its subsidiaries Smart and Digitel have signed Sale and Purchase Agreements for the sale by Smart and Digitel of 5,907 telecom towers and related passive telecom infrastructure for PHP 77 billion (equivalent to approximately US\$1,477.9 million or HK\$11.5 billion).

Concurrent with the execution of the Sale and Purchase Agreements, Smart has also entered into Master Services Agreements with the purchasers of the telecom towers whereby Smart has agreed to lease back the towers sold in the transaction for a period of 10 years.

The sale and lease back will be complemented by a new tower build commitment by Smart of 1,500 towers in total over the next few years.

EXPECTED BENEFITS FOR PLDT AND APPLICATION OF PROCEEDS

Expected benefits for PLDT include expected operational and capital expenditure savings, enhancements to network quality, enhancements to the customer experience, higher resilience and faster recovery from typhoons and other natural calamities.

In addition to resulting in a significant gain on disposal for PLDT, the arrangement is also expected to be earnings accretive for PLDT from the first full year post closing.

PLDT also expects to reap benefits in terms of a valuation uplift and capital reallocation, with PLDT applying the proceeds to deleverage, further invest in the network, and return cash to shareholders via a special dividend.

FINANCIAL EFFECTS FOR THE COMPANY

It is expected that the Company's profitability and cashflow will be enhanced through its equity accounting for the significant gain on disposal, the earnings accretive nature of the transaction resulting from deleveraging and other savings to be recognised by PLDT, as well as the distribution of special dividend by PLDT.

This announcement is made by First Pacific Company Limited ("**Company**") pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("**Listing Rules**") and the inside information provisions of Part XIVA of the Securities and Futures Ordinance.

SALE OF TELECOM TOWERS AND RELATED INFRASTRUCTURE BY SUBSIDIARIES OF PLDT

PLDT Inc. ("**PLDT**") announced on 19 April 2022 that, following a competitive bidding process, its subsidiaries Smart Communications, Inc. ("**Smart**") and Digitel Mobile Philippines, Inc. ("**Digitel**") have signed Sale and Purchase Agreements for the sale by Smart and Digitel of 5,907 telecom towers and related passive telecom infrastructure for PHP 77 billion (equivalent to approximately US\$1,477.9 million or HK\$11.5 billion).

Closing of the transaction will be staggered based on number of towers being transferred, with the first closing expected in May 2022 and the last closing by Q4 2022.

THE PURCHASERS

2,973 towers, located primarily in Luzon, Visayas and Mindanao, will be acquired by ISOC edotco Towers, Inc. (a subsidiary of edotco Group). 2,934 towers, located in Luzon, will be acquired by Comworks Infratech Corp. (a subsidiary of EdgePoint).

edotco Group, established in 2012, is the first regional and integrated telecommunications infrastructure services company in Asia, providing end-to-end solutions in the tower services sector from tower leasing, colocations, build-to-suit, energy, transmission and operations and maintenance. edotco Group operates and manages a regional portfolio of over 54,000 towers across Malaysia, Indonesia, Bangladesh, Cambodia, Sri Lanka, Pakistan, Philippines, Myanmar, and Laos. edotco Group is majority-owned by Axiata Group (KLSE: AXIATA), a major telecom operator across Asia.

EdgePoint Infrastructure is a telecommunications infrastructure company that aspires to power Digital ASEAN via Next Generation Infrastructure. With operations in Malaysia, Indonesia and the Philippines, through EdgePoint Towers Sdn Bhd, PT Centratama Telekomunikasi Indonesia, Tbk and Comworks Infratech Corporation, respectively, EdgePoint is focused on providing sharable and leading-edge telecom structures, small cells and in-building systems.

EdgePoint is backed by DigitalBridge (NYSE: DBRG), a leading global digital infrastructure investment firm. With a heritage of over 25 years investing in and operating businesses across the digital ecosystem including cell towers, data centers, fiber, small cells, and edge infrastructure, the DigitalBridge team manages a US\$45 billion (equivalent to approximately HK\$351 billion) portfolio of digital infrastructure assets on behalf of its limited partners and shareholders. Headquartered in Boca Raton, DigitalBridge has key offices in New York, Los Angeles, London, and Singapore.

The purchasers, edotco Group, EdgePoint Infrastructure and DigitalBridge are all third parties which are not connected persons of the Company under the Listing Rules.

LEASE BACK AND NEW TOWER BUILD COMMITMENT

Concurrent with the execution of the Sale and Purchase Agreements, Smart has also entered into Master Services Agreements with the purchasers whereby Smart has agreed to lease back the towers sold in the transaction for a period of 10 years. In addition to space, the purchasers will also be responsible for providing operations and maintenance services as well as power to the sites. Smart has secured competitive terms as the anchor tenant on the towers and expects to benefit from operational and capital expenditure savings.

The sale and lease back will be complemented by a new tower build commitment by Smart of 1,500 towers in total over the next few years. This arrangement is expected to further solidify Smart's superior network quality and enhance the best customer experience in the Philippines.

TRANSACTION PRICE

The transaction price of PHP 77 billion (equivalent to approximately US\$1,477.9 million or HK\$11.5 billion) makes this the largest ever acquisition of assets in the Philippines by international investors. In addition to the intrinsic value of the towers, the transaction price reflects the attractive business opportunities that the assets will provide to the purchasers, including the lease back arrangement with Smart, the growth prospects from the towers acquired, as well as the future new tower build commitment from Smart.

EXPECTED BENEFITS FOR PLDT AND APPLICATION OF PROCEEDS

Expected benefits for PLDT include the expected operational and capital expenditure savings and enhancements to network quality and customer experience referred to above. In addition, the application of global best practices and technologies is expected to result in better network quality, higher resilience and faster recovery from typhoons and other natural calamities.

In addition to resulting in a significant gain on disposal for PLDT, the arrangement is also expected to be earnings accretive for PLDT from the first full year post closing.

PLDT also expects to reap benefits in terms of a valuation uplift and capital reallocation, with PLDT applying the proceeds to deleverage, further invest in the network, and return cash to shareholders via a special dividend.

FINANCIAL EFFECTS FOR THE COMPANY

It is expected that the Company's profitability and cashflow will be enhanced through its equity accounting for the significant gain on disposal, the earnings accretive nature of the transaction resulting from deleveraging and other savings to be recognised by PLDT, as well as the distribution of special dividend by PLDT.

INFORMATION RELATING TO PLDT

PLDT is the Philippines' largest fully integrated telco company. Through its principal business groups – from fixed line to wireless – PLDT offers a wide range of telecommunications and digital services across the Philippines' most extensive fiber optic backbone, and fixed line and cellular networks.

PLDT is listed on the Philippine Stock Exchange (PSE: TEL) and its American Depositary Shares are listed on the New York Stock Exchange (NYSE: PHI). PLDT has one of the largest market capitalizations among Philippine-listed companies.

PLDT is a major operating associate of the Company, in which the Company has an approximately 25.6% economic interest.

GENERAL

References in this announcement to “**PHP**” are references to Philippine Pesos; references to “**US\$**” are references to United States dollars; and references to “**HK\$**” are references to Hong Kong dollars.

In this announcement, translations of quoted currency values are made on an approximate basis and at the rate of US\$1.0 = HK\$7.8 = PHP52.1. Percentages and figures expressed in millions and billions have been rounded.

By Order of the Board
First Pacific Company Limited
Nancy L.M. Li
Company Secretary

Hong Kong, 19 April 2022

As at the date of this announcement, the Board of the Company comprises the following Directors:

Executive Directors:

Manuel V. Pangilinan, *Managing Director and Chief Executive Officer*
Christopher H. Young, *Chief Financial Officer*

Non-executive Directors:

Anthoni Salim, *Chairman*
Benny S. Santoso
Axton Salim

Independent Non-executive Directors:

Prof. Edward K.Y. Chen, *GBS, CBE, JP*
Margaret Leung Ko May Yee, *SBS, JP*
Philip Fan Yan Hok
Madeleine Lee Suh Shin
Blair Chilton Pickerell