

# OFFERING OVERVIEW



## TEMASEK BOND

**5-year T2023-S\$ bond**

**Fixed interest rate 2.70% p.a.**

**Offer size up to S\$400 million**

**Open to retail investors**

**Starting from S\$1,000**

**Apply for Public Offer by  
Tue 23 Oct, 12 noon**

**You need a CDP account to apply via:**



**ATMs**

- DBS or POSB
- OCBC
- UOB



**Internet banking websites**

- DBS or POSB
- OCBC
- UOB



**Mobile banking app**

- DBS or POSB

To find out more, please visit

**[temasek.com.sg/bondoffer](https://temasek.com.sg/bondoffer)**

Read the Offering Overview in English, Chinese, Malay or Tamil at  
**[temasek.com.sg/bondoffer/downloads](https://temasek.com.sg/bondoffer/downloads)**<sup>1</sup>

The bonds may not be offered or sold within the United States or to U.S. persons

16 October 2018

**TEMASEK**



# WHAT SHOULD I KNOW BEFORE INVESTING IN BONDS?

## WHAT ARE MY RISKS IF I INVEST IN BONDS?

All investments carry risks. This includes investments in bonds.

When you invest in a bond, you are essentially lending money to a bond issuer.

Typically, you will be paid interest twice a year for the duration of the bond, and can expect to receive the principal amount in full at maturity of the bond.<sup>2</sup>

Bond investors face key risks<sup>3</sup> such as default, interest rate, liquidity and inflation risks.

### DEFAULT RISK

A default may happen when a bond issuer fails to pay the interest due, or repay the principal amount at maturity.

The default risk of each issuer is different, depending on its financial position, its debts and other obligations.<sup>2</sup>

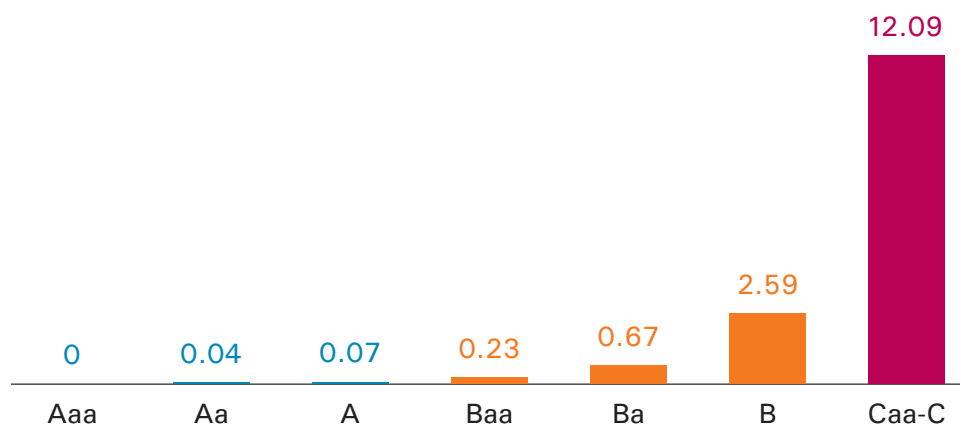
It is important to know more about the credit quality of an issuer before buying its bond.<sup>2</sup>

Please see "How Can I Understand Temasek's Credit Quality?" on Pages 5 and 6.

Some issuers, or their bonds, are rated by credit rating agencies, based on their respective assessments of the quality of assets, cash flows, liquidity positions and other factors. Each agency has its own proprietary criteria for assessing credit quality.<sup>2</sup>

Historically, issuers with higher credit quality are less likely to default, and thus generally pay lower interest rates. Conversely, issuers with lower credit quality are more likely to pay higher interest rates, because investors take on a higher default risk.<sup>2</sup>

**Average Annual Corporate Default Rates<sup>4</sup>: 1998 – 2017 (%)**



Derived from data in Moody's Investors Service, Annual Default Study: Corporate Default and Recovery Rates, 1920 – 2017, 15 February 2018.

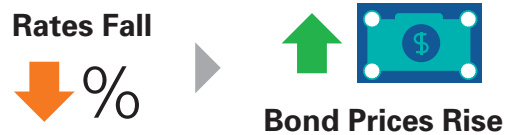
## INTEREST RATE RISK

Market prices of a bond may rise or fall. If interest rates rise, the market price of your bond may fall, and vice versa.

### IF INTEREST RATES RISE



### IF INTEREST RATES FALL



Why does this happen?

If interest rates rise, bond buyers have the option of investing in new bonds issued at higher interest rates. You may have difficulty finding a buyer, unless you reduce your asking price to make it attractive to a prospective bond buyer. Hence, the market price of your bond may fall when interest rates rise.

If you wish to sell your bond before it matures, you may suffer a partial loss of your principal amount, if the market price at the time you sell is below your purchase price.

## LIQUIDITY RISK

There may be very few buyers for some bonds, even if they are listed.

In a difficult market or economic situation, there may be no bond buyers at all.

You may not be able to find a buyer for your bonds in such circumstances.

## INFLATION RISK

Inflation means the same amount of money will buy you less.

As inflation rises, the fixed interest payments and the principal amount at maturity will be worth less.

1 The Chinese, Malay and Tamil versions are translated from the English version. If there are any discrepancies or conflicts between the English and translated versions, please refer to the English version.

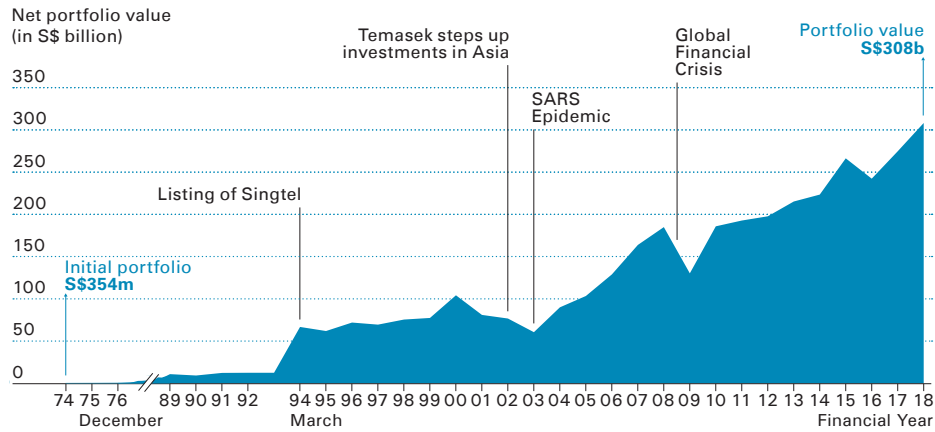
2 This does not form part of the Offering Circular or Pricing Supplement and is provided as general information only.

3 Please see the section "Risk factors" of the Offering Circular for a description of other key risks.

4 This does not form part of the Offering Circular or Pricing Supplement and is provided as general information only. Moody's Investors Service has not provided its consent to the inclusion of such information in this document and therefore is not liable for such information. Neither Temasek nor the Issuer has conducted an independent review of the information or verified its accuracy and is therefore not responsible for such information.

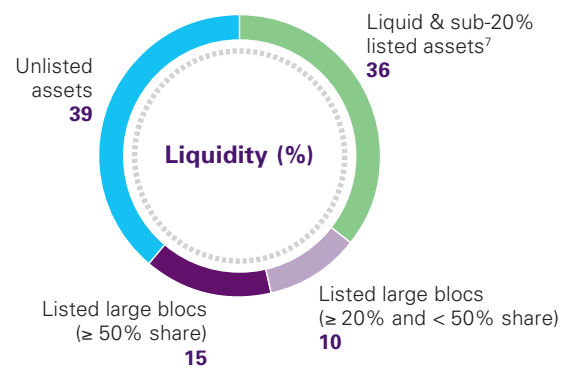
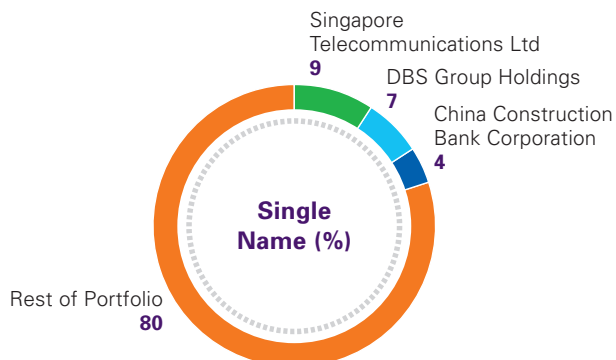
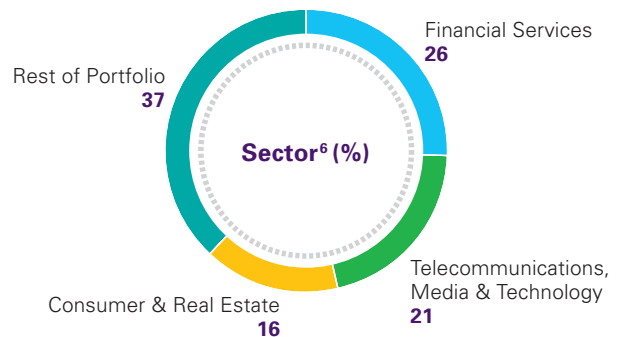
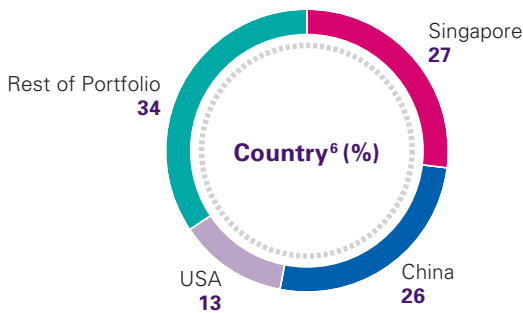
## OUR PORTFOLIO

### Temasek's Net Portfolio Value since Inception



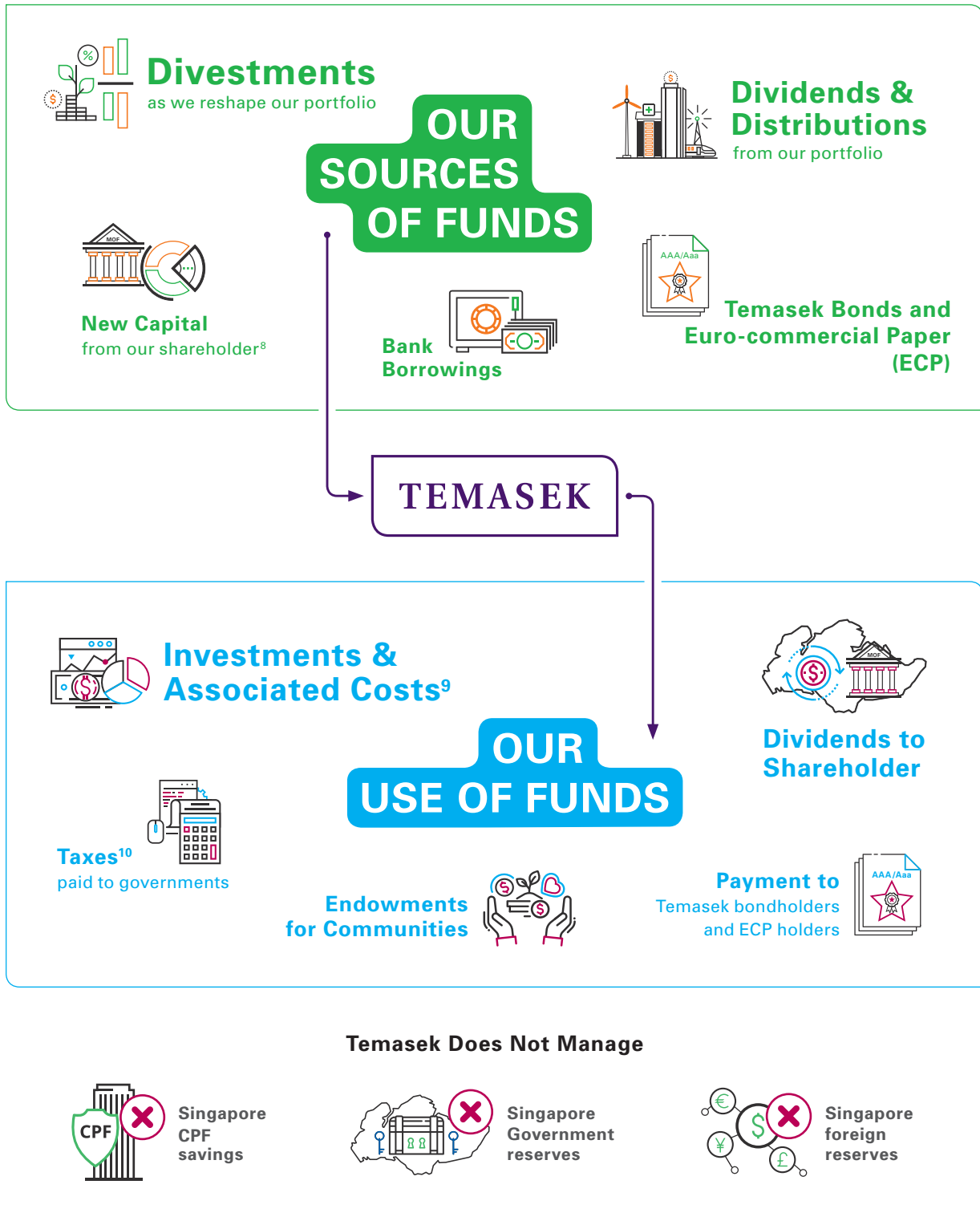
- Temasek is an investor that owns and manages its investments on a commercial basis
- We are a generational investor, seeking to deliver sustainable value over the long term
- Our portfolio was valued at S\$308 billion<sup>5</sup>, with concentrations as shown below

### Concentration Profiles of Portfolio<sup>5</sup>



## INS & OUTS OF TEMASEK

Temasek's sources of funds come mainly from our portfolio, through divestments, dividends and investment distributions.



5 As at 31 March 2018.

6 Distribution based on underlying assets.

7 Mainly cash and cash equivalents, and investments that each represents a sub-20% interest in a listed company.

8 Under the Singapore Minister for Finance (Incorporation) Act (Chapter 183), the Minister for Finance is a body corporate, which owns shares in companies on behalf of the Singapore Government.

9 Associated costs include operating and financing expenses; transaction costs such as due diligence, legal, audit, advisory and other fees; fund management fees for funds; and other business costs.

10 Temasek pays taxes like any normal profitable company, and does not claim sovereign immunity from taxes.



# HOW CAN I UNDERSTAND TEMASEK'S CREDIT QUALITY?

## WHY DOES TEMASEK ISSUE BONDS?

In short, Temasek has been issuing bonds to institutional, accredited and other specified investors since 2005, as a form of financial discipline.

The rise and fall of our Temasek Bond prices, relative to other bonds, serve as public signals of potential changes in our credit quality.

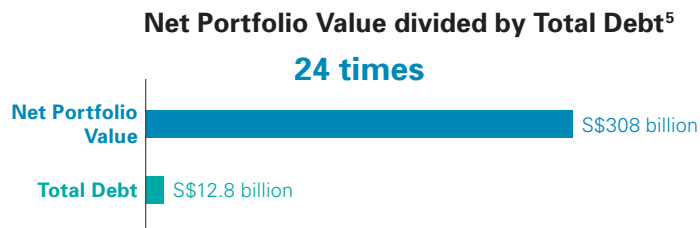
Our primary sources of funds are from portfolio divestments, dividends and investment distributions. We do not depend on bonds to fund our investments.

We ended the financial year in a net cash position, for the 11th consecutive year. This means we had more cash on hand than we had borrowed.

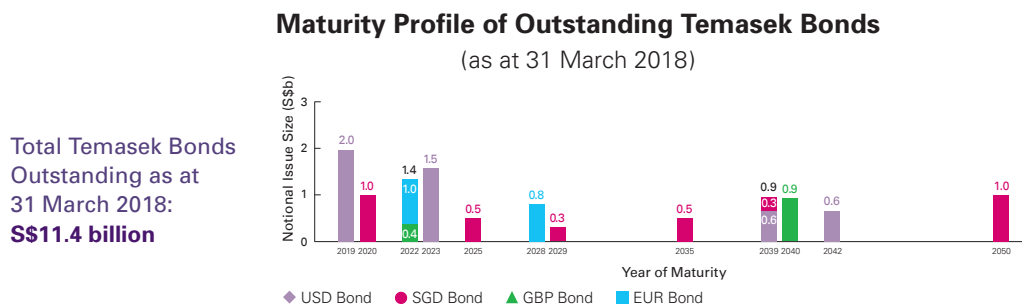
## WHAT ARE TEMASEK'S BORROWINGS?

We have funding flexibility between long and short term debt, through our US\$20 billion Guaranteed Global Medium Term Note Program, and our US\$5 billion Euro-commercial Paper (ECP) Programme, respectively.

As at 31 March 2018, the net value of our portfolio was S\$308 billion. This was more than 24 times our Total Debt of S\$12.8 billion, which comprised S\$11.4 billion of Temasek Bonds and S\$1.4 billion of ECP.



The longer maturity Temasek Bonds had a weighted average maturity of over 11 years, with the maturity distribution as shown below, while the shorter maturity ECP had a weighted average maturity of about two months.



We may issue new bonds from time to time, based on our requirements and market conditions. For example, post 31 March 2018, we issued the new T2028-US\$ Temasek Bond, worth US\$1.35 billion, on 1 August 2018. This was followed by the T2023-S\$ Temasek Bond currently on offer.

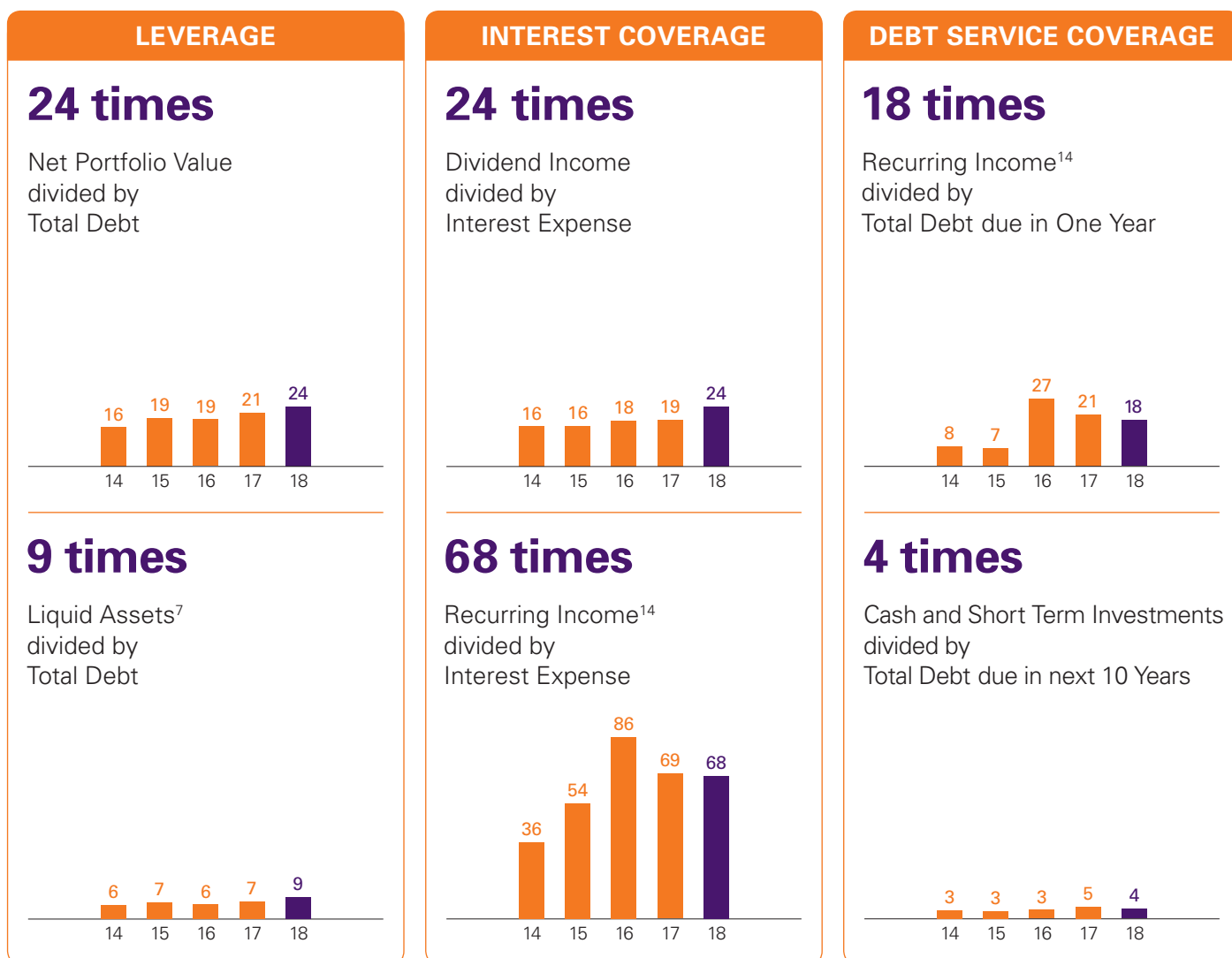
## WHAT IS NEW?

Previously, Temasek Bonds were only available to institutional, accredited and other specified investors. For the first time, retail investors can apply to invest in a Temasek Bond, T2023-S\$.

## KEY CREDIT RATIOS

The key credit quality indicators<sup>11,12,13</sup> shown below are based on the financials of Temasek as an investment company. They reflect our capacity to service our interest payments and repay our debts.

For these ratios, the higher the multiple, the higher the credit quality.



## CREDIT RATINGS

Temasek has overall corporate credit ratings<sup>15</sup> of **AAA/Aaa** by S&P Global Ratings and Moody's Investors Service respectively since our inaugural ratings in 2004. All Temasek Bonds issued to date have received triple-A ratings.

5 As at 31 March 2018.

7 Mainly cash and cash equivalents, and investments that each represents a sub-20% interest in a listed company.

11 For year ended 31 March.

12 These are simplified graphics based on indicators of credit quality of Temasek as an investment company. Please see the section "Business of Temasek - Credit profile" of the Offering Circular for a description of Temasek's credit profile in respect of the years ended 31 March 2016, 2017 and 2018.

13 Based on the financial information of Temasek as an investment company, namely Temasek Holdings (Private) Limited (THPL) and its Investment Holding Companies (IHCs). IHCs are defined as THPL's direct and indirect wholly-owned subsidiaries, whose boards of directors or equivalent governing bodies comprise employees or nominees of THPL, wholly-owned Temasek Pte. Ltd. (TPL) and/or TPL's wholly-owned subsidiaries. The principal activities of THPL and its IHCs are that of investment holding, financing and/or the provision of investment advisory and consultancy services.

14 Divestments, dividend income, income from investments and interest income.

15 Any credit ratings accorded to Temasek or the bond are statements of opinion and are not a recommendation to buy, sell or hold the bond, and investors should decide whether the investment is appropriate. In particular, credit ratings are not intended for use by retail investors, and retail investors should not consider the credit ratings in making any investment decision. All investors should contact their financial or other professional adviser before making any decisions based on the credit ratings. S&P Global Ratings and Moody's Investors Service have not provided their consent to the inclusion of such information in this document and therefore are not liable for such information.



## WHAT IS THE TEMASEK BOND?



### WHAT AM I INVESTING IN?

The T2023-S\$ Temasek Bond is issued by Temasek Financial (IV) Private Limited, a wholly-owned subsidiary of Temasek.

Investors receive interest, or coupon, on the principal amount of their bonds, and will expect to get back the principal amount of their bonds at maturity. Temasek fully guarantees all payments of interest due, and the full repayment of the principal amount at maturity.

Temasek does not guarantee the market performance during its tenor. The bonds may be bought or sold on the Singapore Exchange (SGX), at market price.

Please see risks highlighted in “What Should I Know Before Investing in Bonds?” on Pages 1 and 2.

	<b>Placement</b> To institutional, accredited and other specified investors	<b>Public Offer</b> To retail investors in Singapore
<b>Issuer</b>	Temasek Financial (IV) Private Limited	
<b>Guarantor</b>	Temasek Holdings (Private) Limited	
<b>Coupon Rate</b>	Fixed rate of 2.70% per year, payable every six months	
<b>Tenor</b>	5 years	
<b>Maturity date</b>	Expected to mature on 25 October 2023, unless previously redeemed and cancelled, or purchased and cancelled, as provided in the terms and conditions of the bond	
<b>Offer size:</b> Up to S\$400 million (subject to upsize, up to S\$500 million)  Final allocation between Placement and Public Offer may change.	S\$200 million	Up to S\$200 million
<b>Minimum application</b>	S\$250,000, or higher amounts in multiples of S\$250,000	S\$1,000 or higher amounts in multiples of S\$1,000

For more information, please refer to [temasek.com.sg/bondoffer](https://temasek.com.sg/bondoffer).

This Offering Overview is to be read together with the Offering Circular dated 3 August 2018, and the Pricing Supplement and the Product Highlights Sheet dated 16 October 2018.<sup>16</sup> The information in this Offering Overview, the Offering Circular, the Pricing Supplement and the Product Highlights Sheet should be read as of their respective dates, unless otherwise specified or the context requires otherwise therein. References to “Temasek” mean Temasek Holdings (Private) Limited (THPL), or THPL and its Investment Holding Companies collectively, as the context requires.





## HOW DO I APPLY?

**It is important for you to read the Offering Circular dated 3 August 2018, and the Pricing Supplement and the Product Highlights Sheet dated 16 October 2018, before making a decision to invest.**

Please consult your financial adviser or other appropriate professionals, if you have further questions about the information contained in this document or what you should do.

Temasek cannot provide you with financial or investment advice about this offer, or any other matters concerning this offer.

You need a CDP account to apply under the Public Offer for the T2023-S\$ Temasek Bond. If you intend to trade the bond on the market, you will also need a trading account linked to your CDP account. You do not need a trading account to apply under the Public Offer.

### IMPORTANT DATES<sup>17</sup>

**Wed  
17 Oct**

Applications under the Public Offer open<sup>18</sup>

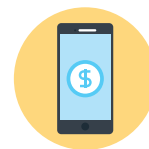
#### You need a CDP account to apply via:



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• DBS or POSB  
• OCBC  
• UOB



Internet banking websites  
• DBS or POSB  
• OCBC  
• UOB



Mobile banking app  
• DBS or POSB

**Tue  
23 Oct**

Public Offer closes

**Wed  
24 Oct**

Balloting of applications if Public Offer is oversubscribed.  
Commence return of application moneys to invalid or partially successful applicants.

**Wed  
24 Oct**

Expected announcement on SGXNET of offer results

**Thu  
25 Oct**

Expected issue date

**Fri  
26 Oct**

Expected start of trading on the Main Board of SGX-ST

<sup>16</sup> Please see the section "Risk factors" of the Offering Circular for a discussion of certain risks in connection with an investment in the bonds, including the risk factor that "There is no assurance that the Issuer and/or the Guarantor will have sufficient cash flow to meet payment obligations under the Notes".




<sup>17</sup> The timetable is indicative only and is subject to change. Dates and times are Singapore dates and time. The Issuer and Temasek may, with the approval of SGX-ST (if required), extend, shorten or modify the above timetable subject to any limitation under any applicable laws. In particular, the Issuer and Temasek will have the absolute discretion to close the Public Offer and/or the Placement early. Any changes to the above timetable will be publicly announced through an SGXNET announcement to be posted on SGX-ST's website at [www.sgx.com](http://www.sgx.com).

<sup>18</sup> Individuals are required to have a CDP Securities account to apply.



## CONTACT US

If you have any questions, please call one of the 24-hour hotlines below, open seven days a week until 12 noon on 23 October 2018.

Bank	Telephone
 DBS POSB	1800 111 1111 (DBS)    1800 339 6666 (POSB)
 OCBC Bank	1800 363 3333
 UOB	1800 222 2121



## IMPORTANT INFORMATION

**NOT FOR RELEASE OR DISTRIBUTION IN OR INTO THE UNITED STATES.** The information in this document is qualified in its entirety by, and should be read together with, the full text of the Offering Circular and the Pricing Supplement (which shall prevail over any ambiguity, discrepancy or omission between this document and the Offering Circular and the Pricing Supplement). Capitalised terms used herein but not otherwise defined shall have the meanings given to them in the Offering Circular and the Pricing Supplement.

Anyone wishing to subscribe for the bonds should read the Offering Circular, the Pricing Supplement and the Product Highlights Sheet in full and must make an application in the manner set out in the Offering Circular and the Pricing Supplement. This document is not, and does not purport to be, investment advice. You should also consult your own investment, business, legal, tax, financial and other professional advisers to assist you in determining the suitability of the bonds for you as an investment. You should make an investment only after you have considered carefully and determined that such investment is suitable for your financial investment objectives in light of your experience, objectives, financial position and other relevant circumstances. This document is not a prospectus, nor does it constitute an invitation or offer to acquire, purchase or subscribe for the bonds. This document may not be forwarded or distributed to any other person and may not be reproduced in any manner whatsoever. This document is not an offer of securities for sale in the United States or any jurisdiction in which such offer is not authorised or to any person to whom it is unlawful to make such an offer. The bonds may not be offered or sold in the United States absent registration or an exemption from registration under the U.S. Securities Act of 1933, as amended. No portion of the proposed offering is intended to be registered or conducted in the United States. The bonds are being offered or sold only to non-U.S. persons outside the United States.