

Prepared on: 16 October 2018

TEMASEK

OFFER OF UP TO S\$400 MILLION IN AGGREGATE PRINCIPAL AMOUNT OF 5-YEAR 2.70 PER CENT. GUARANTEED NOTES DUE 2023 (SUBJECT TO THE UPSIZE OPTION) BY TEMASEK FINANCIAL (IV) PRIVATE LIMITED AND GUARANTEED BY TEMASEK HOLDINGS (PRIVATE) LIMITED (THE "NOTES")¹

*Prior to making a decision to purchase the Notes, you should carefully consider all the information contained in the Offering Circular² (including the Pricing Supplement). This **PRODUCT HIGHLIGHTS SHEET SHOULD NOT BE READ BY ITSELF** but in conjunction with the Offering Circular (including the Pricing Supplement). You will be subject to various risks and uncertainties, including the potential loss of the entire principal amount invested. If you are in doubt as to the action you should take, you should consult your legal, financial, tax or other professional adviser.*

This offer to investors in Singapore is made in reliance on an exemption granted by the Monetary Authority of Singapore (the "Authority") pursuant to the Securities and Futures (Offers of Investments) (Exemption for Offers of Straight Debentures) Regulations 2016. It is not made in or accompanied by a prospectus that is registered by the Authority.

This Product Highlights Sheet is an important document.

- It highlights the key information and risks relating to the offer of the Notes contained in the Offering Circular (including the Pricing Supplement). It complements the Offering Circular (including the Pricing Supplement).
- You should **not** purchase the Notes if you do not understand the nature of an investment in debt securities, our business or are not comfortable with the accompanying risks.

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| Issuer and Guarantor | <ul style="list-style-type: none"> • Issuer: Temasek Financial (IV) Private Limited • Guarantor: Temasek Holdings (Private) Limited | Place of incorporation | <ul style="list-style-type: none"> • Issuer: Singapore • Guarantor: Singapore |
| Issue price and denomination of the Notes | <p>100% (or S\$1 per S\$1 in principal amount of the Notes) (the "Issue Price").</p> <p>The Notes will be issued in registered form in denominations of S\$1,000 each.</p> | Estimated amount to be raised in this offer, and percentage³ of the Notes offered to (a) Institutional Investors and Relevant Persons; and (b) Retail Investors⁴ | <p>Based on initial Offer size of S\$400 million and maximum Offer size of S\$500 million:</p> <ul style="list-style-type: none"> • Gross proceeds: S\$400 million to S\$500 million. • Net proceeds: approximately S\$394 million to S\$494 million. <p>Based on initial Offer size of S\$400 million, 50% of the Notes are offered under the Placement and 50% of the Notes are offered under the Public Offer.</p> |

¹ Subject to the Allocation Condition, the Upsize Option and the Re-allocation.

² A printed copy of each of the Offering Circular, the Pricing Supplement and this Product Highlights Sheet may be obtained on request, subject to availability, during operating hours from selected branches of DBS Bank Ltd. (including POSB), Oversea-Chinese Banking Corporation Limited and United Overseas Bank Limited. A copy of each of the Offering Circular, the Pricing Supplement and this Product Highlights Sheet is also accessible at www.sgx.com.

³ The actual percentage offered and subsequently issued to institutional investors and relevant persons and retail investors may differ from the above percentages.

⁴ Relevant persons include accredited investors and other persons referred to in section 275(2) of the Securities and Futures Act, Chapter 289 of Singapore. Retail investors are persons other than institutional investors and relevant persons.

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| Description of the Notes, including maturity date, tenure, coupon rate and frequency of coupon payments | Up to S\$400 million in aggregate principal amount of 5-year Notes (subject to the Upsize Option) with interest of 2.70% per annum, made in two payments each year, maturing on 25 October 2023. | Listing status of Issuer/ Guarantor and the Notes | <ul style="list-style-type: none"> ● Issuer and Guarantor: Not listed ● Notes: To be listed on the Main Board of the SGX-ST from 26 October 2018. Trading will be in board lots of S\$1,000 in principal amount of the Notes. |
| Lead Manager(s)/ Arranger(s) | <ul style="list-style-type: none"> ● DBS Bank Ltd. ● Oversea-Chinese Banking Corporation Limited ● United Overseas Bank Limited ● The Hongkong and Shanghai Banking Corporation Limited, Singapore Branch ● Standard Chartered Bank | Underwriter(s) | <ul style="list-style-type: none"> ● DBS Bank Ltd. ● Oversea-Chinese Banking Corporation Limited ● United Overseas Bank Limited ● The Hongkong and Shanghai Banking Corporation Limited, Singapore Branch ● Standard Chartered Bank |
| Credit rating of Issuer/Guarantor/ the Notes (if any) and Credit Rating Agencies | <ul style="list-style-type: none"> ● The Guarantor has been assigned an overall corporate credit rating of "Aaa" by Moody's and "AAA" by S&P. ● The Issuer is not rated by any credit rating agency. ● The Issuer has obtained, in respect of the Notes, a credit rating of "Aaa" by Moody's and "AAA" by S&P. | Satisfaction of eligibility criteria for exemption set out in regulation 5(1) of the Securities and Futures (Offers of Investments) (Exemption for Offers of Straight Debentures) Regulations 2016 | <p>The Guarantor has met the following eligibility criteria —</p> <ul style="list-style-type: none"> ● For a continuous period of five years immediately before the time of the offer, debentures issued by entities wholly-owned by the Guarantor were unconditionally and irrevocably guaranteed by the Guarantor and listed for quotation on the SGX-ST. ● The Guarantor's net assets, as determined from the published audited annual consolidated financial statements for its most recent completed financial year, are not less than S\$500 million and its average net assets, as determined from the published audited annual consolidated financial statements for its three most recent completed financial years, are not less than S\$500 million. ● Debentures issued in the period of five years immediately before the time of the offer by entities wholly-owned by the Guarantor and which are unconditionally and irrevocably guaranteed by the Guarantor satisfy both of the following: (A) the total value of all of those debentures that are or were listed for quotation on the |

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| | | | SGX-ST, as at the date they were issued, was not less than S\$1 billion (or its equivalent in a foreign currency) and (B) there has not been a default in the repayment of moneys under any of those debentures. |
| Trustee for holders of the Notes | DBS Trustee Limited | Paying Agent/Registrar | DBS Bank Ltd. |
| Mode of application | <ul style="list-style-type: none"> Automated teller machines Internet banking Mobile banking | Opening/closing date(s) and time(s) for application | <p>Opening date and time for applications under the Public Offer: 17 October 2018 at 9.00 a.m.</p> <p>Last date and time for applications under the Public Offer: 23 October 2018 at 12 noon</p> <p>Opening date and time for applications under the Placement: After announcement on SGXNET of the Offering Circular, the Pricing Supplement and this Product Highlights Sheet on 16 October 2018</p> <p>Last date and time for applications under the Placement: 23 October 2018 at 8 p.m.</p> |

INVESTMENT SUITABILITY

WHO IS THE INVESTMENT SUITABLE FOR?

The Notes are suitable for you if you:

- want regular income at a fixed rate rather than capital growth;
- want priority in payouts over share dividends in an insolvency situation;
- are prepared to lose the principal investment if the Issuer and the Guarantor fail to repay the amount due under the Notes; and
- are prepared to hold your investment until maturity or to exit the Notes only by sale in the secondary market which may be unprofitable or impossible.

KEY FEATURES

Background Information

WHO ARE YOU INVESTING WITH?

The Issuer is indirectly, through an Investment Holding Company, a wholly-owned subsidiary of Temasek and was incorporated under the laws of Singapore on 27 August 2015. It is an Investment Holding Company whose principal activity is financing.

The Guarantor is an investment company with a portfolio of investments covering a wide range of countries and industry sectors. Temasek was incorporated in 1974 under the Singapore Companies Act and is wholly-owned by the Government through MOF. The Constitution of Singapore sets out a framework relating to the safeguarding of past reserves of Temasek as described in "Annex D – Constitutional safeguards" of the Offering Circular.

WHAT ARE YOU INVESTING IN?

We are offering up to S\$400 million in aggregate principal amount of the Notes in the Public Offer and the Placement (subject to the Upsize Option). The Notes are issued pursuant to the Programme. The Issue Price is S\$1 per S\$1 in principal amount of the Notes. Unless previously redeemed or purchased and cancelled, the Notes will be redeemed on 25 October 2023 (the "**Maturity Date**"). Interest accrues from 25 October 2018 to 25 October 2023 at a rate of 2.70% per annum, made in two payments to Noteholders on 25 April and 25 October each year.

Refer to "Business of Temasek" commencing from page 42 and "The Issuer" commencing from page 65 of the Offering Circular.

Refer to "Terms and Conditions of the Notes" commencing from page 67 of the Offering Circular and the Pricing Supplement.

The Guarantor will unconditionally and irrevocably guarantee to each Noteholder the due payment of all amounts owing from time to time under the Notes. The Notes constitute direct, unsecured and unsubordinated obligations of the Issuer and will rank *pari passu* among themselves and at least *pari passu* with all other existing and future unsecured and unsubordinated obligations of the Issuer, other than with respect to obligations which may be preferred by law or rank senior by operation of law.

The Notes may be redeemed at the option of the Issuer for certain taxation reasons set forth in "Terms and Conditions of the Notes – Redemption, Purchase and Options – Redemption for Taxation Reasons" of the Offering Circular. The Notes may be redeemed at the option of the Issuer in whole or in part at the Optional Redemption Amount specified in the Pricing Supplement (which shall be equal to the greater of (i) the principal amount of the Notes being redeemed and (ii) the amount determined by discounting the principal amount of the Notes plus all required remaining scheduled interest payments due on such Notes at the Make Whole Call Reference Rate (as defined in the Pricing Supplement) plus a spread specified in the Pricing Supplement), together with interest accrued to the date fixed for redemption.

Key Financial Information

The Issuer

Selected statement of comprehensive income data:

| | Year ended 31 March | |
|--|---------------------|--------------------|
| | 2017 | 2018 |
| | (S\$) | (S\$) |
| Administrative expenses | (477,137) | (1,473,302) |
| Loss before income tax | (477,137) | (1,473,302) |
| Income tax expense | – | – |
| Loss for the year, representing total comprehensive income for the year | (477,137) | (1,473,302) |

Selected balance sheet data:

| | As at 31 March | |
|-----------------------------------|------------------|------------------|
| | 2017 | 2018 |
| | (S\$) | (S\$) |
| Current assets | | |
| Prepaid expenses | 738,981 | – |
| Loan to related company | 4,128,409 | 3,147,517 |
| Total assets | 4,867,390 | 3,147,517 |
| Equity | | |
| Share capital | 5,000,000 | 5,000,000 |
| Accumulated losses | (528,334) | (2,001,636) |
| Total equity | 4,471,666 | 2,998,364 |
| Current liability | | |
| Accrued operating expenses | 395,724 | 149,153 |
| Total liability | 395,724 | 149,153 |
| Total equity and liability | 4,867,390 | 3,147,517 |

The Issuer did not prepare a cash flow statement for the years ended 31 March 2017 and 2018 as the Issuer did not have cash and bank balances and all receipts and payments were handled by the related company of the Issuer during the year.

Refer to "The Issuer – Selected financial data for the Issuer" on page 65 of the Offering Circular, and "Financial Statements of the Issuer" commencing from pages FSA1 and FSB1 of the Offering Circular.

| The Temasek Group | | | | Refer to “Summary financial and other information” commencing from page 14 of the Offering Circular, “Selected financial and other data” commencing from page 29 of the Offering Circular, “Management’s discussion and analysis of financial condition and results of operations” on page 33 of the Offering Circular and “Consolidated Financial Statements of Temasek” commencing from page FS1 of the Offering Circular. |
|---|----------|----------|----------|--|
| Summary income statement information: | | | | |
| Year ended 31 March | | | | |
| 2016 | 2017 | 2018 | | |
| (S\$ million) | | | | |
| Revenue | 101,501 | 97,057 | 107,131 | |
| Net expenses ⁵ | (93,443) | (82,452) | (86,695) | |
| Share of profit of associates and joint ventures, net of tax | 6,673 | 5,714 | 9,100 | |
| Profit before tax | 14,731 | 20,319 | 29,536 | |
| Tax expense | (2,094) | (2,589) | (2,691) | |
| Profit for the year | 12,637 | 17,730 | 26,845 | |
| Attributable to: | | | | |
| Equity holder of Temasek | 8,425 | 14,193 | 21,338 | |
| Non-controlling interests | 4,212 | 3,537 | 5,507 | |
| Profit for the year | 12,637 | 17,730 | 26,845 | |
| Summary balance sheet information: | | | | |
| As at 31 March | | | | |
| 2016 | 2017 | 2018 | | |
| (S\$ million) | | | | |
| Assets | | | | |
| Property, plant and equipment | 69,856 | 70,769 | 75,173 | |
| Investments in associates and joint ventures | 80,099 | 83,494 | 84,767 | |
| Non-current financial assets and derivative financial instruments | 88,429 | 98,292 | 131,981 | |
| Other assets ⁶ | 72,735 | 77,353 | 87,378 | |
| Current assets | 104,708 | 117,692 | 112,202 | |
| Total assets | 415,827 | 447,600 | 491,501 | |
| Equity and Liabilities | | | | |
| Equity attributable to equity holder of Temasek | 218,152 | 238,876 | 272,688 | |
| Non-controlling interests | 40,561 | 43,125 | 47,514 | |
| Non-current liabilities | 83,948 | 89,157 | 96,757 | |
| Current liabilities | 73,166 | 76,442 | 74,542 | |
| Total equity and liabilities | 415,827 | 447,600 | 491,501 | |
| Summary cash flow statement information: | | | | |
| Year ended 31 March | | | | |
| 2016 | 2017 | 2018 | | |
| (S\$ million) | | | | |
| Profit before tax | 14,731 | 20,319 | 29,536 | |
| Cash flows from operating activities | 11,163 | 14,016 | 14,786 | |
| Cash flows used in investing activities | (14,670) | (7,235) | (22,957) | |
| Cash flows from financing activities | 2,373 | 2,683 | 2,515 | |
| Net (decrease)/increase in cash and cash equivalents | (1,134) | 9,464 | (5,656) | |
| Cash and cash equivalents at the beginning of the year | 43,747 | 42,613 | 52,077 | |
| Cash and cash equivalents at the end of the year | 42,613 | 52,077 | 46,421 | |
| Trends, Uncertainties, Demands, Commitments or Events Reasonably Likely to Have a Material Effect | | | | |
| The following are the significant factors affecting the Temasek Group’s financial condition and results of operations: | | | | |
| Global market and economic conditions | | | | |
| ● The Temasek Group’s results of operations are materially affected by conditions in the global capital markets and the economy generally, in addition to regions where Temasek has direct exposure. Macroeconomic and market conditions in major economies, such as the U.S., Europe and China, will likely have significant bearing on global monetary conditions, investors’ confidence and risk appetite, as well as underlying growth prospects and global asset prices. | | | | |
| Refer to “Management’s discussion and analysis of financial condition and results of operations” commencing from page 33 of the Offering Circular and “Business of Temasek” | | | | |

⁵ Comprises cost of sales, selling and distribution expenses, administrative expenses, finance expenses and other expenses, net of other income.

⁶ Comprises intangible assets, biological assets, investment properties, deferred tax assets and other non-current assets.

- 2017 was a strong year for global growth and markets. Looking forward, while Temasek is constructive in its outlook on the global economy in the near term, the pace of global economic expansion is subject to several risks that could negatively impact Temasek's performance. These include trade tensions and geopolitical risks. Market valuations remain high and selected developed economies are closer to the late-stage of the current economic expansion cycle. There is less fiscal and monetary policy space for policymakers in developed economies to respond to the next slowdown as compared to the last global shock. This could potentially result in more prolonged recessions, should the global economy experience negative growth shock. In addition to risks to growth in developed markets, volatility in China's growth or downside risks such as a credit crunch could have a considerable knock-on impact on regional economies and commodity prices.
- The current environment presents significant policy uncertainty, especially in global trade and geopolitical tensions. Trade friction has started to arise between the largest trading partners in the world. Growth and financial performance in emerging markets, Asia and trade-exposed economies such as Singapore are particularly vulnerable to disruptions to global trade flows, capital flows, business investments, and global supply chains in the event of escalation in trade tensions. Geopolitics also continues to be an area of concern, including ongoing threats of terrorism and instability in the Middle East. These developments have had and may continue to have a material adverse effect on global economic conditions across all markets and significantly reduce liquidity and stability of global financial markets.
- Downside risks and volatility in the global financial markets have had, and could in the future have, a significant impact on the value of Temasek's portfolio, the value and profitability of Temasek's portfolio companies' businesses and, in turn, the Temasek Group's revenue and profitability. In addition, these conditions have had, and could in the future have, a significant impact on the ability of Temasek's portfolio companies to pay dividends or make other distributions or payments to Temasek, or may result in its investment selections not generating the expected returns.
- There can be no assurance of how long these current economic conditions will continue, whether they will deteriorate further, and which of Temasek's portfolio companies' businesses may be adversely affected. Temasek's investment portfolio has some concentrated exposure to a few industry sectors and geographic regions. Temasek's investments are typically denominated in the local currency of the countries in which the investments are made. Accordingly, Temasek's returns on these investments, including any dividends received from these investments, are subject to foreign exchange rate risks. Furthermore, fluctuations between these currencies and the Singapore dollar, Temasek's reporting currency, expose Temasek to translation risk when accounting for these investments in its financial statements. Temasek annually reviews its investment portfolio to determine if any impairment in the value of its investment securities is required. If Temasek determines that the value of the investment securities is impaired, Temasek would record an impairment loss in its consolidated income statement, which could materially adversely impact Temasek's consolidated results of operations. Temasek's consolidated shareholder's equity would also be adversely impacted due to the decline in the value of its investment securities.
- Factors such as consumer spending, business investment, government spending, the volatility and strength of the capital markets and inflation all affect the business and economic environment and, ultimately, the value and profitability of Temasek's portfolio companies' businesses. Negative trends in these factors could lead to declines in the Temasek Group's revenue and profit. In the event of extreme prolonged market events, such as the global financial crisis, the Temasek Group could incur significant losses.

Investments and divestments by Temasek

- Temasek and/or its subsidiaries may invest and/or divest their interests in a range of companies from time to time. Temasek may invest directly or co-invest with partners. These investments may take the form of majority or minority stakes or joint ventures. Investments and divestments by Temasek and/or its subsidiaries may affect the comparability of the Temasek Group's historical results of operations between periods, and future investments or divestments by Temasek and/or its subsidiaries may affect the Temasek Group's financial condition and results of operations, and the comparability of historical results of operations with future periods.

commencing from page 42 of the Offering Circular.

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| <p>The above is a summary of the “Management’s discussion and analysis of financial condition and results of operations – Significant factors affecting the Temasek Group’s financial condition and results of operations” section of the Offering Circular and these are not the only trends, uncertainties, demands, commitments or events that could affect Temasek and the Issuer. For example, the Singapore economy is also a significant factor affecting the Temasek Group’s financial condition and results of operations.</p> | |
| Use of Proceeds | |
| <p>The net proceeds will be provided by the Issuer to Temasek and its Investment Holding Companies to fund their ordinary course of business.</p> | <p>Refer to “Use of proceeds” on page 27 of the Offering Circular.</p> |
| KEY RISKS | |
| <p>WHAT ARE THE KEY RISKS OF THIS INVESTMENT?</p> <p>Investing in the Notes involves substantial risks. Set out below are some of the key risks of investing in the Notes. This list is not exhaustive, and does not represent all the risks associated with, and considerations relevant to, the Notes or your decision to purchase the Notes. These risk factors could affect our ability to fulfil our obligations to Noteholders, or the price or value of the Notes, and may cause you to lose some or all of your investment.</p> | <p>Refer to “Risk factors” commencing from page 18 of the Offering Circular.</p> |
| Business-Related Risks | |
| <p>Temasek and its portfolio companies are subject to macroeconomic, strategic, financial, operational and political risks</p> <p>In particular, its investment portfolio is subject to investment and market risks as well as concentration risks. Temasek’s investment portfolio may be concentrated in certain sectors and geographic regions or in certain of its individual investments which may or may not be listed. As at 31 March 2018, Temasek’s top three sectors (based on contribution to Temasek’s Net Portfolio Value (as defined in the Offering Circular)) were financial services, telecommunications, media & technology and consumer & real estate, which comprised 26%, 21% and 16%, respectively. In terms of geographic exposure, as at 31 March 2018, approximately 27% of Temasek’s Net Portfolio Value was in Singapore, 26% in China, 15% in rest of Asia, 13% in North America, 9% in Europe, 7% in Australia & New Zealand, 2% in Africa, Central Asia & the Middle East and 1% in Latin America. Temasek’s investment portfolio profile may change from period to period depending on various factors, including market conditions, investment opportunities, and the investments and divestments undertaken by Temasek. The macroeconomic environment remains challenging. The Temasek Group’s results of operations are materially affected by conditions in the global capital markets and the economy generally, in addition to regions where Temasek has direct exposure. Macroeconomic and market conditions in major economies, such as the U.S., Europe and China, will likely have significant bearing on global monetary conditions, investors’ confidence and risk appetite, as well as underlying growth prospects and global asset prices.</p> <p>2017 was a strong year for global growth and markets. Looking forward, while Temasek is constructive in its outlook on the global economy in the near term, the pace of global economic expansion is subject to several risks that could negatively impact Temasek’s performance. See “Trends, Uncertainties, Demands, Commitments or Events Reasonably Likely to Have a Material Effect – Global Market and Economic Conditions” above.</p> <p>Downside risks and volatility in the global financial markets have had, and could in the future have, a significant impact on the value of Temasek’s portfolio, the value and profitability of Temasek’s portfolio companies’ businesses and, in turn, the Temasek Group’s revenue and profitability. In addition, these conditions have had, and could in the future have, a significant impact on the ability of Temasek’s portfolio companies to pay dividends or make other distributions or payments to Temasek, or may result in its investment selections not generating the expected returns.</p> <p>If Temasek determines that the value of its investment securities is impaired, Temasek would record an impairment loss in its consolidated income statement, which could materially adversely impact Temasek’s consolidated results of operations. Temasek’s consolidated shareholder’s equity would also be adversely impacted due to the decline in the value of its investment securities. Furthermore, because Temasek has investments in different geographic regions that are denominated in different foreign currencies, Temasek’s returns on these</p> | <p>Refer to “Global market and economic conditions” under the section “Trends, Uncertainties, Demands, Commitments or Events Reasonably Likely to Have a Material Effect” above and “Management’s discussion and analysis of financial condition and results of operations – Significant factors affecting the Temasek Group’s financial condition and results of operations” on page 33 of the Offering Circular.</p> |

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| <p>investments, including any dividends received from these investments, are subject to foreign exchange rate risks. Fluctuations between these currencies and the Singapore dollar, Temasek's reporting currency, also expose Temasek to translation risk when accounting for these investments in its financial statements. While Temasek adopts a portfolio risk management approach and regularly monitors its portfolio in respect of such risks, these risks are inherent in Temasek's business and cannot be entirely eliminated. Any such risks, if they materialise, may adversely affect the Temasek Group's financial condition and results of operations. Furthermore, any political instability, terrorism or military conflict in countries in the regions in which Temasek invests or globally could materially and adversely affect the Temasek Group's results of operations, financial position and cash flows.</p> <p>Temasek is an investment company and is substantially dependent on the payment of dividends and distributions by its portfolio companies, and cash receipts from disposals of its investments in its portfolio companies</p> <p>The Issuer is indirectly, through an Investment Holding Company, a wholly-owned subsidiary of Temasek. It is an Investment Holding Company whose principal activity is financing. The Issuer will provide the proceeds from any issuance of Notes under the Programme to Temasek and its Investment Holding Companies to fund their ordinary course of business.</p> <p>As Temasek is an investment company incorporated for the purpose of holding and managing its investments both in Singapore and other countries, its operating cash flows and its ability to meet its obligations, including under the Guarantee and funding the Issuer's payments on the Notes, are substantially dependent upon the payment of funds by its portfolio companies to it in the form of dividends, distributions or otherwise, cash receipts from disposals or divestitures of its investments and its ability to borrow. Temasek's portfolio companies are legally distinct from Temasek and have no obligation to pay any amounts due with respect to Temasek's obligations or to make funds available for such payments. The ability of Temasek's portfolio companies to pay dividends or make other distributions or payments to Temasek is subject to, among others, availability of profits or funds, restrictions on the payment of dividends contained in each portfolio company's indebtedness and applicable laws and regulations. The Notes contain no covenants that prevent Temasek's portfolio companies from entering into agreements which may restrict their ability to pay dividends or make distributions to Temasek.</p> <p>Liabilities relating to investments and divestments</p> <p>In connection with an investment in, or divestment of, an interest in a company, Temasek may be exposed to certain claims or liabilities relating to the subject company (or its ownership interest therein), including without limitation tax or environmental claims or liabilities. There can be no assurance that any such claim or liability would not have a material adverse effect on Temasek's financial condition and results of operations.</p> <p>Dependence on the Singapore economy</p> <p>Any economic recession or other deterioration in Singapore's economy, changes in taxation or any decline in business, industrial, manufacturing or financial activity in Singapore could materially and adversely affect the Temasek Group's results of operations, financial position and cash flows.</p> | |
| Legal, Regulatory and Enforcement Risks | |
| <p>Temasek, its Investment Holding Companies and its portfolio companies are exposed to various regulatory and litigation risks</p> <p>Temasek and its Investment Holding Companies hold investments in many countries. This means Temasek and such entities from time to time are confronted with complex legal and regulatory requirements and judicial systems in many jurisdictions. Regulatory matters or litigation actions involving Temasek or its Investment Holding Companies or restrictions on Temasek or such entities in any jurisdiction may have a material adverse effect on the Temasek Group's financial condition and results of operations. Temasek and its portfolio companies operate around the world and provide worldwide services with facilities in many countries. This means Temasek and such entities from time to time are confronted with complex legal and regulatory requirements and judicial systems in many jurisdictions. These include trade and non-trade barriers and requirements relating to withholding taxes on remittances and other payments, as well as the risk of regulatory or litigation action by regulators or private parties. Any such regulatory or litigation actions against Temasek or its portfolio companies or restrictions on Temasek or such entities in any jurisdiction may have a material adverse effect on the Temasek Group's financial condition and results of operations.</p> | |

Noteholders seeking to enforce the Guarantee will rank behind creditors of Temasek's Investment Holding Companies and portfolio companies (other than the Issuer)

The Noteholders are not creditors of Temasek's Investment Holding Companies and portfolio companies (other than the Issuer). Generally, claims of creditors, including trade creditors, and claims of preferred shareholders, if any, of such companies will have priority with respect to the assets and earnings of such companies over the claims of Temasek and its creditors, including Noteholders seeking to enforce the Guarantee (that is, the Notes and the Guarantee are structurally subordinated to all and any existing and future liabilities and obligations of such companies). The Trust Deed pursuant to which the Notes will be issued does not contain any restrictions on the ability of Temasek or its Investment Holding Companies and portfolio companies to incur indebtedness.

Risks relating to Singapore taxation

The Notes are, pursuant to the ITA and the MAS Circular FDD Cir 11/2018 entitled "Extension of Tax Concessions for Promoting the Debt Market" issued by MAS on 31 May 2018, intended to be "qualifying debt securities" for the purposes of the ITA, subject to the fulfilment of certain conditions more particularly described in "Certain Singapore tax considerations – Singapore taxation" of the Offering Circular. However, there can be no assurance that such Notes will continue to enjoy the tax concessions afforded by such designation should the relevant tax laws or MAS circulars be amended or revoked at any time.

The Trustee shall not be obliged to take any action on behalf of Noteholders if not indemnified and/or secured to its satisfaction

In certain circumstances (pursuant to Condition 9 (*Events of Default*) of the Notes), the Trustee may (at its sole discretion) request Noteholders to provide an indemnity and/or security to its satisfaction before it takes action on behalf of Noteholders. The Trustee shall not be obliged to take any such action if not indemnified and/or secured to its satisfaction. Negotiating and agreeing to an indemnity and/or security can be a lengthy process and may impact on when such actions can be taken. The Trustee may not be able to take action, notwithstanding the provision of an indemnity or security to it, in breach of the terms of the Trust Deed and in circumstances where there is uncertainty or dispute as to the applicable laws or regulations and, to the extent permitted by the Trust Deed, the Terms and Conditions of the Notes and applicable law, it will be for the Noteholders to take such action directly.

Market and Credit Risks

Credit ratings assigned to Temasek are statements of opinion and not investment recommendations

Temasek has been assigned an overall corporate credit rating of "Aaa" by Moody's and "AAA" by S&P. The Notes have been rated "Aaa" by Moody's and "AAA" by S&P. A credit rating is a statement of opinion and is not a recommendation to buy, sell or hold the Notes. Credit ratings are subject to suspension, revision or withdrawal at any time by the assigning credit rating agency. Credit rating agencies may also revise or replace entirely the methodology applied to assign credit ratings. Temasek has been assigned an overall corporate credit rating, and may additionally be issued a stand-alone credit rating. No assurance can be given that if Temasek were issued such a stand-alone credit rating, it would be the same as or would not be lower than its overall corporate credit rating. Moreover, no assurances can be given that a credit rating will remain for any given period of time or that a credit rating will not be lowered or withdrawn entirely by the relevant credit rating agency if in its judgment circumstances in the future so warrant or if a different methodology is applied to assign such credit ratings. Neither the Issuer nor Temasek has any obligation under the Notes to inform Noteholders of any such revision, downgrade or withdrawal. A suspension, revision or withdrawal at any time of the credit rating assigned to Temasek, the Programme or the Notes may adversely affect the market price or liquidity of the Notes. Moreover, Temasek's credit ratings do not reflect the potential impact related to market or other risks discussed above relating to the Notes.

Effects of redemption

As the Notes are redeemable at the option of the Issuer and are subject to mandatory redemption, the Notes may be redeemed at a time when prevailing interest rates are relatively low. If this happens, a Noteholder, generally, will not be able to reinvest the redemption proceeds in a comparable security at an effective interest rate as high as that of the redeemed Notes. For this reason, an

Refer to "Credit ratings" commencing from page 111 of the Offering Circular.

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| <p>optional or mandatory redemption feature can affect the market value of the Notes.</p> <p>There is no assurance that the Issuer and/or the Guarantor will have sufficient cash flow to meet payment obligations under the Notes</p> <p>There is no assurance that the Issuer and/or the Guarantor will have sufficient cash flow to meet payment obligations under the Notes as and when they fall due, in the event the Issuer and/or the Guarantor suffers a material deterioration in its financial condition. In such event, the ability of the Issuer and/or the Guarantor to comply with its payment obligations under the Trust Deed and the Notes may be adversely affected.</p> | |
| Liquidity Risks | |
| <p>Selling and transfer restrictions relating to the Notes</p> <p>The Notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended or modified from time to time, or the securities or “blue sky” laws of any state of the United States, and may not be offered or sold in the United States or to, or for the account or benefit of U.S. persons. The Notes may be offered and sold only outside the United States to non-U.S. persons in offshore transactions in reliance on Regulation S under the U.S. Securities Act of 1933, as amended. Noteholders may also not offer or sell the Notes in the United States or to, or for the account or benefit of U.S. persons. In addition, the Notes have not been registered under the securities laws of any other country.</p> <p>No existing trading market for the Notes</p> <p>The Notes constitute a new class of securities with no established market or prior trading history. While the Notes are intended to be listed on the SGX-ST, there can be no assurance that a market for such Notes will be available or, if it is available, that it will provide investors with an avenue for liquidity for their investment, nor is there any assurance as to how long such Notes will be listed on the SGX-ST or the prices at which they may trade. In particular, the Notes could trade at prices that may be higher or lower than the initial offering price due to many factors, including prevailing interest rates, the Temasek Group’s operating results, the market for similar securities and general macroeconomic and market conditions in Singapore and elsewhere. There is no assurance that Noteholders will be able to sell their Notes at a price which is attractive to them, or be able to sell their Notes at all. Consequently, a prospective Noteholder must be prepared to hold the Notes until the Maturity Date.</p> <p>The market value of the Notes may fluctuate</p> <p>The trading price of the Notes may be influenced by numerous factors, including the market for similar securities, the operating results and/or financial condition of the Temasek Group and political, economic, financial and any other factors that can affect the capital markets, the industry sectors that Temasek’s investment portfolio has exposure to and the Temasek Group generally. Adverse economic developments in Singapore as well as countries in which the Temasek Group operates or has business dealings could have a material adverse effect on the operating results and/or financial condition of the Temasek Group and the market value of the Notes. As a result, the market price of the Notes may be above or below their issue price.</p> <p>An investment in the Notes is subject to inflation risk</p> <p>Noteholders may suffer erosion on the return of their investments due to inflation. Noteholders may have an anticipated real rate of return based on expected inflation rates on the purchase of the Notes. An unexpected increase in inflation could reduce the actual real returns, as the principal repayment and interest payments on the Notes may not keep pace with inflation.</p> <p>An investment in the Notes is subject to interest rate risk</p> <p>Noteholders may suffer unforeseen losses (both realised and unrealised) due to fluctuations in interest rates. In particular, fixed rate Notes may see their price fluctuate due to fluctuations in interest rates. Generally, a rise in interest rates may cause a fall in the prices of the Notes. The market value of the Notes may be similarly affected which may result in a capital loss for Noteholders. Conversely, when interest rates fall, the prices of the Notes and the prices at which the Notes trade may rise. Noteholders may enjoy a capital gain but interest payments received may be reinvested at lower prevailing interest rates.</p> | |
| Other Pertinent Risks | |
| <p>Government ownership of Temasek</p> <p>Temasek is wholly-owned by the Government through MOF. However, as the Government is not obligated to provide financial support to Temasek, Temasek’s obligations under the Guarantee are not guaranteed by the Government and the</p> | <p>Refer to “Risk Factors – Considerations related to the Issuer</p> |

Government has no obligation to Noteholders. There can be no assurance that the Government will provide financial support to Temasek in the event that Temasek is unable to meet its obligations under the Guarantee. In addition, the Government is not obligated to, and there can be no assurance that it will, maintain its current level of ownership in Temasek.

The Government, through MOF, is the 100% shareholder of Temasek. Under the Singapore Companies Act, Temasek's business is managed by or under the direction of its Directors. Notwithstanding that the Government, through MOF, has the capacity to cause a shareholder resolution for the appointment or removal of the Directors of Temasek to be passed, such appointment or removal is subject to safeguards under the Constitution. While the Government, through MOF, has not taken any action to cause any shareholder resolution to be passed by MOF for the removal of any Director of Temasek, subject to applicable laws including the safeguards under the Constitution, there can be no assurance that the Government will not do so in the future in a way that is inconsistent with the interests of Noteholders.

The Temasek Group's accounting and corporate disclosure standards may differ from those in other countries

Temasek's consolidated financial statements and the Issuer's financial statements are prepared in accordance with FRS, which differ in certain respects from IFRS. As a result, Temasek's consolidated financial statements, the Issuer's financial statements and their reported earnings could be different from those which would be reported under IFRS. Such differences may be material. The Offering Circular does not contain a reconciliation of Temasek's consolidated financial statements or the Issuer's financial statements to IFRS, nor does it include any information in relation to the differences between FRS and IFRS. Had the financial statements and other financial information been prepared in accordance with IFRS, the results of operations and financial position may have been materially different. Because differences exist between FRS and IFRS, the financial information in respect of the Temasek Group and the Issuer contained in the Offering Circular may not be an effective means to compare Temasek and the Issuer with other companies that prepare their financial information in accordance with IFRS.

Temasek is an exempt private company under the Singapore Companies Act, and therefore it is not required to file its financial statements with the relevant public registry in Singapore. The financial statements of Temasek included in the Offering Circular are presented on a consolidated basis for the Temasek Group comprising the financial statements of Temasek and its subsidiaries and their interests in associates and joint ventures, and are included only for the purpose of the offering of the Notes under the Programme. Financial statements for Temasek on a non-consolidated basis are not presented in the Offering Circular and are not publicly available.

The Terms and Conditions of the Notes and the provisions of the Trust Deed may be modified

The Trust Deed contains provisions for convening meetings of Noteholders to consider any matter affecting their interests. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority. The Trust Deed and the Terms and Conditions of the Notes also provide that the Trustee may agree, without the consent of the Noteholders or Couponholders, to certain modifications, and waivers or authorisation of certain breaches or proposed breaches of, the provisions of the Trust Deed, which shall be binding on all Noteholders and Couponholders.

and Temasek – The Temasek Group's accounting and corporate disclosure standards may differ from those in other countries" on page 21 of the Offering Circular, "Risk Factors – Considerations related to the Notes – The Terms and Conditions of the Notes and the provisions of the Trust Deed may be modified" on page 24 of the Offering Circular and "Annex D – Constitutional safeguards" commencing from page D-1 of the Offering Circular.

DEFINITIONS

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| Allocation Condition | : | The condition that no Note shall be issued unless not less than 20% of the Notes are issued to institutional investors and relevant persons (excluding any amount of Notes issued or to be issued to the Joint Lead Managers and Bookrunners for their own accounts) |
| Directors | : | The directors of the Issuer and/or Temasek, as the case may be |
| FRS | : | Singapore Financial Reporting Standards |
| Government | : | The Government of Singapore |
| Guarantee | : | The guarantee given by the Guarantor as set out in the Trust Deed |
| Guarantor | : | Temasek Holdings (Private) Limited |
| IFRS | : | International Financial Reporting Standards |

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| Investment Holding Companies | : | Temasek Holdings (Private) Limited's direct and indirect wholly-owned subsidiaries, whose boards of directors or equivalent governing bodies comprise employees or nominees of (1) Temasek Holdings (Private) Limited, (2) Temasek Pte. Ltd., a wholly-owned subsidiary of Temasek Holdings (Private) Limited, and/or (3) wholly-owned subsidiaries of Temasek Pte. Ltd.. The principal activities of Temasek Holdings (Private) Limited and its Investment Holding Companies are that of investment holding, financing and/or the provision of investment advisory and consultancy services |
| Issuer | : | Temasek Financial (IV) Private Limited |
| ITA | : | Income Tax Act, Chapter 134 of Singapore, as amended or modified from time to time |
| MOF | : | The Minister for Finance, a body corporate constituted under the Minister for Finance (Incorporation) Act, Chapter 183 of Singapore |
| Moody's | : | Moody's Investors Service, Inc. |
| Noteholders | : | The holders of the Notes |
| Offer | : | The offer of up to S\$400 million in aggregate principal amount of Notes pursuant to the Public Offer and Placement, provided that the Issuer shall not be under any obligation to issue any Notes if the Allocation Condition is not satisfied, and subject to the Upsize Option and the Re-allocation |
| Offering Circular | : | The offering circular dated 3 August 2018 in relation to the Programme |
| Placement | : | The offering of S\$200 million in aggregate principal amount of Notes at the Issue Price to institutional and other investors, subject to the Allocation Condition, the Upsize Option and the Re-allocation |
| Pricing Supplement | : | The pricing supplement dated 16 October 2018, to be read in conjunction with the Offering Circular, specifying the relevant issue details in relation to the Notes |
| Programme | : | The S\$5,000,000,000 Guaranteed Medium Term Note Programme of the Issuer |
| Public Offer | : | The offering of up to S\$200 million in aggregate principal amount of Notes at the Issue Price to Retail Investors in Singapore through Electronic Applications (as defined in the Offering Circular), subject to the Allocation Condition, the Upsize Option and the Re-allocation |
| Re-allocation | : | Subject to the Allocation Condition, the Issuer and the Guarantor may, at their discretion and in consultation with the Joint Lead Managers and Bookrunners, re-allocate the aggregate principal amount of Notes offered between the Public Offer and the Placement |
| Retail Investors | : | Investors in Singapore who are not institutional investors or relevant persons |
| S&P | : | S&P Global Ratings, a division of The McGraw-Hill Companies, Inc. |
| SGX-ST | : | The Singapore Exchange Securities Trading Limited |
| Singapore Companies Act | : | Companies Act, Chapter 50 of Singapore, as amended or modified from time to time |
| Temasek | : | As the context requires, Temasek Holdings (Private) Limited individually or Temasek Holdings (Private) Limited and its Investment Holding Companies collectively |
| Temasek Group | : | Temasek together with its subsidiaries, taken as a whole |
| Trust Deed | : | The trust deed dated 3 August 2018 (as may be further amended, supplemented or otherwise modified and in effect from time to time) entered into among the Issuer, the Guarantor and the Trustee |
| Trustee | : | DBS Trustee Limited |
| Upsize Option | : | Subject to the Allocation Condition, in the event of oversubscription in the Public Offer and/or the Placement, the Issuer and the Guarantor may, at their discretion and in consultation with the Joint Lead Managers and Bookrunners, and prior to the issue date of the Notes (i) increase the issue size of the Notes under the Public Offer and/or the Placement and (ii) determine the final allocation of such oversubscription between the Public Offer and the Placement, such that the maximum issue size under the Public Offer and the Placement shall not exceed S\$500 million in aggregate principal amount of the Notes |

CONTACT INFORMATION

If you have questions, please contact DBS Bank Ltd. at 1800 111 1111, POSB at 1800 339 6666, Oversea-Chinese Banking Corporation Limited at 1800 363 3333, United Overseas Bank Limited at 1800 222 2121 until 12 noon on 23 October 2018.