euNetworks to Acquire LambdaNet Communications Deutschland AG

- Combination positions euNetworks to deliver bandwidth infrastructure to a broader German market with scale advantages
- Transaction creates value, with increased addressable market and top line growth
- Customers to benefit from the combined product set across a broader geography

London, UNITED KINGDOM – **19 May 2011** – euNetworks GmbH, a subsidiary of euNetworks Group Limited (SGX: H23.SI), announced today that it has reached a definitive agreement to acquire German based LambdaNet Communications Deutschland AG, a 100% subsidiary of the listed company 3U HOLDING AG. The purchase price is a cash payment of €25m (subject to adjustment) plus a payment of principal of €2m on an existing intercompany loan as well as an assumption of certain financial guarantees. LambdaNet will retain the balance of the intercompany loan payable to 3U HOLDING AG of €7.8m. Additionally LambdaNet is expected to have long term capital leases of €10m at closing. The acquisition will significantly strengthen euNetworks' position in the market, particularly in Germany.

LambdaNet's service portfolio includes Ethernet, Wavelength, Colocation, Internet Protocol (IP) based data services and other transmission services. These are delivered to both carriers and enterprises, primarily throughout Germany. LambdaNet operates in Germany and has network and subsidiaries in the Czech Republic and Austria. The business offers services out of 25 data centres across Germany. According to LambdaNet's audited financial results for 2010, the business generated total revenues of €36.8m and EBITDA of €9.7m in the financial year ended 31 December 2010.

"This is a transformational acquisition for our business," said Brady Rafuse, Chief Executive Officer at euNetworks. "Combining LambdaNet with the current euNetworks business will bring us much greater scale to our core German business, as well as adding great customers, people and assets. Over the last 18 months we have been focused on implementing our operational model and delivering strong organic growth. We have however always believed that there is great inorganic growth potential in the market as well. We intend to actively participate in market consolidation where appropriate, and have highly motivated investors supporting us in this activity."

"There is a strong complementary fit between our business and that of LambdaNet," said Brady Rafuse. "LambdaNet has a strong product portfolio and a committed customer base who will benefit from the euNetworks fibre-based network infrastructure that is now available to them in 13 cities across Western Europe. Our market proposition becomes even more compelling and competitive. Our potential for further network development and value creation grows with this acquisition."

"This transaction will provide greater service options for LambdaNet's customers, while maintaining the high quality of service we deliver to them today," said Uwe Knoke, Chief Marketing Officer at LambdaNet. "Both euNetworks and LambdaNet are focused on customer service, and strive to form close relationships with customers built upon responsiveness and accessibility. That approach will not change as we work together to integrate into one operating model."

"We see a number of opportunities to create value from the combined companies. These cover areas such as revenue growth, reducing network expense and leveraging our combined backbone networks," said Rafuse. "Following the closing of this transaction we will work quickly to integrate and achieve the anticipated synergies. We will as ever, maintain our focus on delivering great service to our customers and growing our opportunity further."

In connection with the acquisition, euNetworks is proposing to undertake a renounceable non-underwritten rights issue of new ordinary shares at an issue price of S$0.015 per share, on the basis of one rights share for one existing ordinary share. euNetworks' substantial shareholders have also agreed to provide loans to euNetworks to cover, inter alia, the acquisition price pending completion of the rights issue. The acquisition is expected to close on 31 May 2011.

About euNetworks

euNetworks Group Limited (SGX: H23:SI) is a bandwidth infrastructure provider, owning and operating 13 fibre based metropolitan networks across Europe connected with a high capacity intercity backbone. The Company offers a portfolio of metro and longhaul Ethernet and Internet Protocol services including Dark Fibre, Dedicated Fibre, Wavelengths, Ethernet, and Internet. Enterprise and carrier customers benefit from euNetworks' unique inventory of fibre and duct based assets that are tailored to fulfil their high bandwidth needs.

euNetworks Group Limited is headquartered in London and publicly listed on the Singapore Stock Exchange. For further information please visit www.eunetworks.com.

About LambdaNet Communications Deutschland AG

LambdaNet Communications Deutschland AG is a premier provider of telecommunication and internet services. Founded in 1999 and headquartered in Hanover, Germany, LambdaNet was bought by 3U in April 2004. Well-known customers, namely network operators, internet service providers, industrial corporations, banks and insurances, service providers and retailers rely on LambdaNet's services. LambdaNet operates one of the most sophisticated fiber-optic and IP/MPLS networks in Europe, covering more than 40 cities in 11 countries, including metropolitan networks in 5 major European business centers. LambdaNet provides global VPN solutions based on a network of cooperation partners. The company's service portfolio includes state-of-the-art IP/MPLS data services, high availability internet services, integrated voice services, bandwidth transmission services up to 10Gigabit per second as well as hosting services based on LambdaNet's 25 data centers. LambdaNet's information security management system is certified according to ISO 27001 since 2007.

euNetworks Investor and Press Contact:
Hannah Fox
Marketing Director, euNetworks
D: +44 207 952 1338
M: +44 7717 896 446
E: hannah.fox@eunetworks.com