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ANNOUNCEMENT BY KRISENERGY LTD. RELATING TO FACILITY AGREEMENT ENTERED INTO WITH KEPINVEST SINGAPORE PTE. LTD.

Keppel Corporation Limited (the "**Company**" or "**KCL**") refers to the announcement of KrisEnergy Ltd. ("**KrisEnergy**" and such announcement, "**KrisEnergy Announcement**"), an associated company of the Company, released today on SGXNet which disclosed that KrisEnergy (Apsara) Company Ltd and KrisEnergy (Cambodia) Ltd (the "**Borrowers**"), both wholly-owned indirect subsidiaries of KrisEnergy, have today entered into a credit facility agreement with Kepinvest Singapore Pte. Ltd., a wholly-owned subsidiary of the Company, as original lender (the "**Lender**") (the "**CBA Loan Facility Agreement**"). KrisEnergy and certain other subsidiaries of KrisEnergy are also guarantors under the CBA Loan Facility Agreement. Pursuant to the CBA Loan Facility Agreement, subject to the terms and conditions set out therein, KCL has agreed to grant a project financing loan in two or more tranches for an aggregate principal amount not exceeding US$87 million (the "**CBA Loan Facility**") to the Borrowers.

More information on the purpose of the CBA Loan Facility and the Company's rationale in extending it to KrisEnergy is provided in this Announcement.

Situation of KrisEnergy

As announced by KrisEnergy on 14 August 2019, it had made an application to the High Court of the Republic of Singapore ("**Singapore High Court**") to commence a court-supervised process to reorganise KrisEnergy's liabilities and to seek a moratorium against enforcement actions and legal proceedings by creditors against KrisEnergy pursuant to section 211B of the Companies Act (Cap. 50) (the "**Moratorium Application**"). The Singapore High Court granted the Moratorium Application on 9 September 2019 and has since extended the moratorium protection to 27 May 2020.

As announced by KrisEnergy on 28 February 2020, KrisEnergy had reiterated that KrisEnergy and its group of companies (the "**KrisEnergy Group**") is over-geared and underequitised and has appointed advisors to formally review and implement all available options to the KrisEnergy Group in order to improve the financial condition of the KrisEnergy Group.

Purpose of CBA Credit Facility

The KrisEnergy Group is primarily engaged in the business of exploring and extracting oil and gas resources in Asia and operates in the upstream oil and gas sector in Asia with exploration, development and production assets in Bangladesh, Cambodia, Thailand, Indonesia and Vietnam. The Company understands that one of the KrisEnergy Group's near-term development projects, namely, Cambodia Block A ("**CBA**"), covers an area of 3,083sq km over the Khmer Basin, an unproduced geological basin approximately 150km offshore Cambodia in Cambodian maritime waters of the Gulf of Thailand. KrisEnergy Group currently holds 95% working interest in CBA with 5% held by the Royal Government of Cambodia.

As announced by KrisEnergy on 9 December 2019, the minimum facilities wellhead platform ("**Mini-Platform**") for the Apsara oil field in CBA is currently being developed. Due to the unproven production performance of the Khmer Basin, development of the Apsara oil field will be in several phases to mitigate risk and provide time for the collection and analysis of critical data to be applied in future phases. This development phase ("**Mini Phase 1A**") comprises the Mini-Platform and five initial development wells connected to the *Ingenium II* production barge for oil, gas and water processing. Mini Phase 1A is scheduled to commence oil production in the first half of 2020 and to reach a peak production rate of 7,500 barrels of oil per day.

KrisEnergy estimates that up to US$87 million will be required to fund the development costs, including the drilling of five (5) development wells at Mini Phase 1A of CBA up to the first oil date.

Under the agreement with the Cambodian government for the development of CBA, the Cambodian government had made clear to KrisEnergy that without funding in place to quickly meet key costs and to continue development, the government would terminate the concession rights. The Cambodian government has also imposed a deadline for first oil production to be achieved by 30 June 2020.

As stated in the KrisEnergy Announcement, the board of directors of KrisEnergy considers CBA to be a key asset operated by the KrisEnergy Group and, once developed and oil production commences, the asset is expected to materially increase the KrisEnergy Group's revenue and cash flow. Whilst the oil price environment has changed significantly in the last month, the returns from CBA development are expected to be generated over the long term. Funding and development of the CBA now is therefore key to retaining the CBA asset and potentially generating value for all stakeholders of KrisEnergy. For the reasons described above, the CBA Loan Facility is essential to protecting this asset.

Rationale for the Company to provide the CBA Loan Facility

The Company understands that KrisEnergy has expended significant efforts to raise financing for the development of CBA for the past few years. As stated in the KrisEnergy Announcement, the most recent effort has been carried out with the assistance of Houlihan Lokey, the financial advisors to KrisEnergy, to seek alternative funding (other than from KCL or its affiliates) for CBA. Since early April 2019, Houlihan Lokey had contacted over 110 potential investors, including 41 financial investors and 12 commodity traders to gauge their interest in providing funding to the KrisEnergy Group at the corporate level or asset level, in the form of debt, equity, joint venture investment and crude prepayment financing. To date, indicative crude prepayment financing offers have been received from a number of commodity traders and strategic investors. However, the terms of such financing offers are onerous (particularly in relation to pricing) and not possible for KrisEnergy to deliver. In addition to cost, the total amounts being offered are also insufficient to fully fund CBA.

Due to the urgent need for investment to meet the required development timetable and thus safeguard CBA for the potential benefit of all stakeholders of the KrisEnergy Group, including the Company, it was necessary for the Company to step in to sustain KrisEnergy's efforts to improve its financial position and liquidity. The Company therefore, after careful consideration and advice from its financial advisor, has agreed to provide the CBA Loan Facility to the Borrowers. While the provision of the CBA Loan Facility is for the potential benefit of all stakeholders of the KrisEnergy Group, including the Company, the CBA Loan Facility is provided on an arm's length basis with a business case that is in the interest of the Company. Whilst there are some inherent risks for the additional investment, the Company expects that the new commitment will be repaid in time with an appropriate return and CBA will generate excess returns for all the existing stakeholders of KrisEnergy, including the Company.

The CBA Loan Facility is a project financing facility and is secured by a comprehensive security package that is customary for a financing of this nature, including security over the shares and assets of the Borrowers and their immediate holding companies. The CBA Loan Facility is divided into multiple tranches with the first tranche of US$30 million sized to allow the Borrowers to make urgent payments and so that they can maintain development of Mini Phase 1A.

The CBA Loan Facility will be repaid throughout its term through a quarterly excess cash sweep from revenue generated by the CBA asset once it becomes cash generative. Any remaining outstanding amounts will be repayable in full on the final maturity date, 30 April 2024. The Borrowers are required to observe a cash distribution waterfall provision where essentially, revenue from the CBA asset once

it becomes cash generative shall be utilized to pay operating expenses and to repay the CBA Loan Facility.

More information on the CBA Loan Facility Agreement is set out in the KrisEnergy Announcement.

Interested Person Transaction of KrisEnergy

The Lender is a subsidiary of the Company who is a controlling shareholder of KrisEnergy and hence, an interested person of KrisEnergy under Chapter 9 of the Listing Manual of the Singapore Exchange Securities Trading Limited. Therefore, as mentioned in the KrisEnergy Announcement, the CBA Loan Facility Agreement is an interested person transaction of KrisEnergy pursuant to Chapter 9 of the Listing Manual.

Under the rules in Chapter 9 of the Listing Manual, for a loan received by a listed issuer from its interested person, the "value at risk" to the listed issuer is the quantum of interest payable to the interested person.

The interest rate on this facility is 15 per cent per annum. This is a figure that Keppel has negotiated with KrisEnergy with reference to the current market for such financings

Under the terms of the CBA Loan Facility Agreement, of the interest payable by the Borrowers, they have an unconditional obligation to pay approximately US$714,679 (the "**Interest Cap"**), being 4.99% of the last audited NTA of the KrisEnergy Group as of the date today. Any interest payable above the Interest Cap shall be subject to the approval of the independent shareholders of KrisEnergy to be given at an extraordinary general meeting of KrisEnergy or under circumstances where the Listing Manual no longer applies to the Borrowers as members of the KrisEnergy Group.

In the event that the independent shareholders of KrisEnergy do not approve the interest payable on the CBA Loan Facility in excess of the Interest Cap, the Lender is entitled to call for an immediate repayment of the loans already advanced. Any undrawn tranches shall then be cancelled and the Lender has no obligation make available any further funding.

Other matters

While the Company currently supports KrisEnergy's management in formulating a debt restructuring ("**KrisEnergy Debt Restructuring**") plan, it should be noted that the Company still reserves the right to evaluate the KrisEnergy Debt Restructuring plan when it is formally proposed by KrisEnergy, and to approve or reject the KrisEnergy Debt Restructuring plan as the Company deems fit in its best interests.

In its latest unaudited financial results for the period ended 31 March 2020 released on 29 April 2020, the Company attributed a value of approximately S$56 million to its direct investment in KrisEnergy. Given that KrisEnergy has yet to propose a debt restructuring plan, it is premature for the Company to speculate as to what impact a KrisEnergy Debt Restructuring will have on the value of the investment.

30 April 2020