



Keppel Corporation Limited      Tel: (65) 62706666  
(Co Reg No. 196800351N)      Fax: (65) 64136452  
1 HarbourFront Avenue  
#18-01 Keppel Bay Tower  
Singapore 098632  
www.keppcorp.com

## **Completion of the restructuring of Floatel International Ltd**

Keppel Corporation Limited ("**Company**") refers to its announcements on 5 December 2020, 16 December 2020 and 9 January 2021 on the corporate restructuring of Floatel International Ltd ("**Floatel**").

Terms used but not otherwise defined in this announcement shall have the same meaning as in the Company's announcements on 5 December 2020 and 16 December 2020.

### **Consensual transaction for the restructuring of Floatel**

As stated in the Company's announcement on 5 December 2020, the Lock-Up Agreement provided that the Transaction could be implemented consensually if agreed between various parties including Floatel and FELS Offshore Pte Ltd ("**FELS**").

The Company wishes to announce that a consensual transaction for the restructuring of Floatel ("**Consensual Transaction**") has been agreed between the various parties. The Consensual Transaction is substantially similar to the transaction described in the Company's announcement on 5 December 2020, except that the transaction will take place at Floatel itself, without the involvement of NewCo or the NewCo Acquisition. The key terms of the Consensual Transaction are as follows:

- (a) All subsidiaries of Floatel prior to the completion of the Consensual Transaction (including the entities which own and operate the vessels "Floatel Reliance", "Floatel Superior", "Floatel Triumph", "Floatel Victory" and "Floatel Endurance" (such vessels, the "**Floatel Vessels**")) remain owned by Floatel.
- (b) FELS will retain its common shares in Floatel representing 49.92% of the total issued share capital of Floatel.
- (c) A subordinated loan borrowed by Floatel from FELS in the amount of approximately USD244,000,000 will be forgiven.
- (d) Floatel has taken on a new super senior revolving credit facility with a principal amount of up to USD100,000,000 ("**SSRCF**"). The purpose of the SSRCF is, among other things, to fund a cash redemption of the New 1L Bonds (please see sub-paragraph (g) below), and for the Floatel group's working capital and general corporate purposes. The SSRCF and the New 1L Bonds are secured against the Floatel Vessels, as well as other assets related to these vessels, including without limitation, ship mortgages over the vessels, share pledges in respect of various subsidiaries and floating charges ("**Common Security**"). The Common Security also secures certain hedging facilities taken on by Floatel up to USD10,000,000. The sharing of the Common Security as between the SSRCF and the New 1L Bonds is governed by an intercreditor agreement, under which the obligations arising out of the SSRCF, New 1L Bonds and secured

hedging facilities rank pari passu in right and priority of payment, subject to the super senior ranking of the SSRCF with respect to application of enforcement proceeds.

- (e) Keppel Offshore & Marine Ltd ("**KOM**"), a wholly owned subsidiary of the Company, has entered into a participation agreement ("**Participation Agreement**") with Clifford Capital Pte Ltd ("**Clifford**"), the lender under the SSRCF. Under the terms of the Participation Agreement, KOM may be required to make Clifford whole for any loss that Clifford suffers under the SSRCF (and thereafter acquiring certain rights with respect thereto). The SSRCF (and consequently, KOM's economic exposure in respect of the same) benefits from the Common Security.
- (f) The 1L Bonds will be converted into the following instruments:
  - (i) New bonds issued by Floatel in an aggregate principal amount of USD230,000,000 ("**New 1L Bonds**"), which are split into 6% per annum senior secured USD115,000,000 1st lien cash pay bonds 2021/2027 under which interest shall be paid in cash ("**New Cash Pay 1L Bonds**") and 10% per annum senior secured USD115,000,000 1st lien PIK pay bonds 2021/2027 ("**New PIK Interest 1L Bonds**") under which interest shall be paid by issuance of additional bonds; and
  - (ii) Common shares in Floatel representing 40.08% of the total issued share capital of Floatel.
- (g) Upon completion of the Consensual Transaction, Floatel will make a cash redemption of the New Cash Pay 1L Bonds in the amount of USD15,000,000, reducing the principal amount under the New Cash Pay 1L Bonds to USD100,000,000, and Floatel will also make a cash redemption of the New PIK Interest 1L Bonds in the amount of USD15,000,000, reducing the principal amount under the New PIK Interest 1L Bonds to USD100,000,000.
- (h) 10% of the common shares in Floatel will be allocated to a management incentive programme for members of the management team of Floatel.
- (i) The 2L Bonds will be converted into warrants with a 10-year term and which convert into 12% of the post-conversion equity in Floatel, with a strike price based on an equity value of USD424,000,000.
- (j) Shareholders of Floatel prior to the Consensual Transaction (other than FELS) will have their shares converted into warrants with a 10-year term and which convert into 5% of the post-conversion equity in Floatel, with a strike price based on an equity value of USD625,000,000.
- (k) The claims of the lenders under the RCF and BVF have been released (please see the Company's announcement on 9 January 2021 for details).

Based on the Company's financial advisor's current analysis of Floatel group's assets and operations, the Consensual Transaction is not expected to result in any impairment to the Company's carrying value of Floatel, being approximately S\$96 million based on the Company's latest announced unaudited consolidated financial statements for the financial year ended 31 December 2020, for the current financial year. The valuation of the investment will be assessed at the end of each financial reporting period.

### **Interested Person Transaction**

Clifford is a portfolio company of Temasek Holdings (Private) Limited ("**Temasek**"), which is a controlling shareholder of the Company. Accordingly, the entry into the Participation Agreement by KOM will constitute an interested person transaction ("**IPT**") for the purposes of Chapter 9 of the Singapore Exchange Securities Trading Limited ("**Listing Manual**"). However, the Participation Agreement is not an announceable transaction under Rule 905(2) of the Listing Manual as the value of the Participation Agreement, after aggregation with all other transactions (each of a value equal to or greater than S\$100,000) with Temasek and/or its associates for the current financial year (excluding transactions conducted under shareholders' mandate pursuant to Rule 920 of the Listing Manual) is less than 3% of the latest audited consolidated net tangible asset of the Group as at 31 December 2019. Further, the provision of the SSRCF by Clifford to Floatel does not constitute an IPT as Floatel is not an entity at risk for the purposes of Chapter 9 of the Listing Manual.

### **Completion**

The Consensual Transaction is expected to be completed on 24 March 2021, and the Company will make further announcements as necessary if and when there are material developments.

The Company wishes to advise Shareholders to refrain from taking any action in respect of their shares in the Company ("**Shares**") which may be prejudicial to their interests, and to exercise caution when dealing in the Shares. Shareholders should consult their stock brokers, bank managers, solicitors or other professional advisers if they have any doubt about the actions they should take.

22 March 2021