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ANNOUNCEMENT

PROPOSED SELECTIVE CAPITAL REDUCTION OF RIGCO HOLDING PTE. LTD.

1. INTRODUCTION

1.1 Keppel Ltd. (the "**Company**", together with its subsidiaries, the "**Group**") wishes to announce that Rigco Holding Pte. Ltd. ("**Asset Co**"), a company in which Kepinvest Holdings Pte. Ltd. ("**KHPL**") (a wholly-owned subsidiary of the Company) currently holds 10.0% equity interest, has proposed to undergo a selective capital reduction exercise (the "**SCR Exercise**"). The SCR Exercise will reduce the paid-up share capital of the Company and cancel all of the shares in the capital of Asset Co (the "**Asset Co Shares**") not held by KHPL as at the date of this announcement. Upon the SCR Exercise taking effect, Asset Co will become a wholly-owned subsidiary of the Company (through KHPL).

1.2 By way of background, the Company had disposed its offshore and marine business through a combination of Keppel Offshore & Marine Ltd (now known as Seatrium Offshore & Marine Ltd) ("**KOM**") and Seatrium Limited ("**Seatrium**") ("**Combination**"), as more particularly described in the joint press release issued by the Company and Seatrium (formerly known as "Sembcorp Marine Ltd") on 27 April 2022 titled "*Keppel Corporation and Sembcorp Marine Sign Definitive Agreements for Proposed Combination of Keppel O&M and Sembcorp Marine to Create a Premier Global Player in Offshore Renewables, New Energy and Cleaner O&M Solutions*" (the "**Joint Press Release**") and the Company's circular dated 23 November 2022 ("**Circular**"). As mentioned in the Joint Press Release, Asset Co was established for the purpose of holding certain legacy rigs and associated receivables of KOM which were not part of the Combination ("**Asset Co Assets**") and which were sold by KOM, FELS Offshore Pte Ltd and Keppel FELS Limited (collectively, the "**KOM Vendors**") to Asset Co concurrently with the Combination ("**Asset Co Transfer**"). In connection thereto, Asset Co also agreed to indemnify the KOM Vendors in respect of certain potential liabilities relating to or arising in connection with the Asset Co Assets.

1.3 As consideration for the Asset Co Transfer, the Company (through KHPL) received a combination of (a) ordinary shares issued by Asset Co (representing 10.0% equity interest in Asset Co); as well as (b) (i) the S$1,782,206,000 4.0% PIK Toggle Notes and (ii) the US$1,873,388,000 4.0% PIK Toggle Notes (and together with all other 4.0% PIK Toggle Notes issued by Asset Co to KHPL[1], the "**Vendor Notes**"), and (iii) the S$120,000,000 10.0% PIK Toggle Perpetual Securities (and together with all other 10.0% PIK Toggle Perpetual Securities issued by Asset Co to KHPL[2], the "**Perpetual Securities**"), all of which were issued by Asset Co. KHPL is currently the largest creditor of Asset Co. As stated in the rationale section of the Circular, as the legacy rigs of Asset Co are sold or securitised, the proceeds raised from the sale or securitisation of such rigs will be used to repay the Vendor Notes and to redeem the Perpetual Securities, and accordingly, KHPL's economic exposure in Asset Co will be reduced over time.

1 Under and subject to the terms of the Vendor Notes, Asset Co can elect to pay interest entirely in 4.0% PIK Toggle Notes. As at the date of this Announcement, Asset Co has issued to KHPL the US$74,935,520 4.0% PIK Toggle Note as payment of interest due on the Vendor Notes.

2 Under and subject to the terms of the Perpetual Securities, Asset Co can elect to pay interest entirely in 10.0% PIK Toggle Perpetual Securities. As at the date of this Announcement, Asset Co has issued to KHPL the S$5,950,685 10.0% PIK Toggle Perpetual Securities, the S$6,349,295 10.0% PIK Toggle Perpetual Securities and the S$6,578,851 10.0% PIK Toggle Perpetual Securities, as payment of interest due on the Perpetual Securities.

2. RATIONALE AND BENEFITS EXPECTED TO ACCRUE TO THE GROUP

2.1 The Company considers that the above exercise will be beneficial to the Group and shareholders of the Company ("**Shareholders**") for the following reasons:

(a) The Company, through KHPL, the holder of the Vendor Notes and the Perpetual Securities issued by Asset Co, is the largest economic interest holder in Asset Co. It is in the interest of the Company and its Shareholders to take active steps to manage its risk as a creditor to Asset Co, as well as to realise the fullest potential of Asset Co.

(b) Given the Company's significant economic exposure in Asset Co and to ensure its strategic alignment with the Company's post-transformation positioning as a global asset manager and operator, a review of its exposure under the Perpetual Securities and Vendor Notes was undertaken. This re-assessment considered the continuous improvements in the offshore and marine market and evaluated the extent of the Company's involvement in Asset Co.

(c) The Company believes that with Asset Co becoming a subsidiary wholly-owned by the Company after the SCR Exercise takes effect, the Company will be able to effectively manage when and how the legacy assets are monetised.

(d) Following the completion of the SCR Exercise, the Company is contemplating the establishment of a new and dedicated fund, the "**Keppel Offshore Infrastructure Fund**", to hold Asset Co and the Company's 49% stake[3] in Floatel International Ltd. This would enable the Company to have greater strategic flexibility to respond to market opportunities via directly managing Asset Co's assets through an investment manager, which is expected to be a wholly owned subsidiary of the Company. With the expertise of the investment manager, the Company would be better equipped to evaluate and negotiate deals for Asset Co. Additionally, a newly established fund offers the option to attract third party capital from limited partners and co-investors, which is aligned to Keppel's asset-light strategy.

(e) The proceeds generated from the monetisation of rigs can be re-invested in line with Keppel's asset-light model.

2.2 The Company wishes to make clear that the Group has no intention to "re-enter" the offshore and marine business. There is an existing master services agreement under which Seatrium, through KOM, will provide construction, maintenance, and other associated services for the legacy rigs held by Asset Co for an initial period of 10 years after the Combination.

2.3 The Company's intention with respect to Asset Co remains unchanged, which is for Asset Co to take steps to monetise the legacy rigs. As mentioned above, the outcome of the SCR Exercise will allow the Company to secure control of such process.

3. DETAILS OF THE SCR EXERCISE

3.1 The SCR Exercise proposed to be undertaken by Asset Co will involve cancelling all of the Asset Co Shares not held by KHPL as at the date of this announcement, pursuant to the Companies Act 1967 of Singapore (the "**Companies Act**"). KHPL's Asset Co Shares will not be affected by the SCR Exercise, and neither Asset Co nor KHPL will pay anyone for the cancelled Asset Co Shares.

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[3] Through a wholly-owned subsidiary.

3.2 The process for the SCR Exercise is as prescribed under the Companies Act. Assuming that there are no objections during such process, completion of the SCR Exercise ("**SCR Completion**") is targeted for a date on or before 31 December 2024.

3.3 Following the SCR Completion, Asset Co will become indirectly wholly-owned by the Company through KHPL (which will be the sole member of Asset Co).

4. ILLUSTRATIVE FINANCIAL EFFECTS

4.1 Based on the current information available to the Company and subject to the assumptions as set out in paragraph 4.2 below, and further subject to completion of the valuation as set out in paragraph 4.3 below, the Company does not expect the SCR Exercise to result in any material adverse impact on the Company's consolidated net tangible assets ("**NTA**") per share or consolidated earnings per share ("**EPS**") for the current financial year.

4.2 The assumptions are as follows:

(a) SCR Completion occurs on or before 31 December 2024 (being the last day of the Company's current financial year) and there are no significant changes in industry or market conditions from the date of this announcement to SCR Completion;

(b) the carrying amount of the Vendor Notes receivables in the Group's financial statements (which receivables will be eliminated upon consolidation of Asset Co as a wholly-owned subsidiary of the Company) is equivalent to the valuation of net assets of Asset Co as at SCR Completion; and

(c) the valuation approach as at SCR Completion (see paragraph 4.3 below) reflects the Company's monetisation plan for the legacy assets held under Asset Co.

4.3 The Company is unable to ascertain the financial impact of the SCR Exercise on the Company's NTA per share and EPS with certainty as this is dependent on the fair value of Asset Co's net assets as at the date of the SCR Completion. The applicable accounting rules require that a separate valuation must be conducted on Asset Co as at the date of the SCR Completion to determine the fair value of Asset Co's net assets as at the date of the SCR Completion and such valuation must be based on certain information as at the date of the SCR Completion, such as the market outlook, assumptions and industry parameters, including dayrates, cost assumptions, utilisation rates, discount rates and estimated commencement of deployment of the assets.

19 November 2024