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SETTLEMENT AGREEMENT WITH SETE BRASIL

Keppel Corporation Limited (the "**Company**" or "**KCL**") wishes to announce that:

(a) Fernvale Pte Ltd ("**Fernvale**") and FELS Offshore Pte. Ltd. ("**FELS Offshore**"), both wholly-owned subsidiaries of Keppel Offshore & Marine Ltd ("**KOM**"), have entered into a settlement agreement ("**Settlement Agreement**") with (i) Sete International One GmBH ("**Sete International**"), a subsidiary of Sete Brasil Participações S.A. ("**Sete Brasil**"), and (ii) Urca Drilling B.V. ("**Urca**"), Frade Drilling B.V. ("**Frade**"), Bracuhy Drilling B.V. ("**Bracuhy**"), Portogalo Drilling B.V. ("**Portogalo**"), Mangaratiba Drilling B.V. ("**Mangaratiba**") and Botinas Drilling B.V. ("**Botinas**"), all subsidiaries of Sete Brasil, in relation to the contracts for the construction of six semisubmersible drilling rigs for Sete Brasil (together, the "**EPC Contracts**"); and

(b) at a meeting of their creditors convened and held on 3 October 2019 in Brazil by Sete Brasil and its Austrian subsidiaries ("**Sete Group**"), the Settlement Agreement as well as the winning bid proposal for Magni Partners (Bermuda) Ltd to purchase, amongst others, the entire shareholding of Urca and Frade free from any encumbrance was approved by the creditors pursuant to the court-approved judicial reorganisation plan ("**Judicial Reorganisation Plan**") submitted to the 3rd Corporate Court of the Judicial District of Rio de Janeiro in Brazil.

The Settlement Agreement will only become effective upon the fulfilment of other conditions precedent including (1) the disposal by Sete Brasil of its entire shareholding in Urca and Frade free from encumbrance to the winning bidder, and (2) the release of the securities that the creditors of Urca, Frade, Bracuhy, Portogalo, Mangaratiba and Botinas may have over the EPC Contracts and the works and equipment thereto.

As part of the Settlement Agreement, the parties agree as follows:

(i) The EPC Contracts with Bracuhy, Portogalo, Mangaratiba and Botinas (the "**Discontinued EPC Contracts**") and all related agreements entered into in connection therewith shall be deemed to be amicably terminated, with no need of any further acts and with no penalties, refunds and/or any additional amounts being due to any party, and the parties shall irrevocably, unconditionally and finally release each other from any and all obligations thereunder.

(ii) To the extent that Bracuhy, Portogalo, Mangaratiba and Botinas may have acquired any right, title, interest or property to any parts of the works and equipment under the Discontinued EPC

Contracts, they shall irrevocably and unconditionally transfer all such rights, titles, interest and property to Fernvale, free of all encumbrances.

(iii) In addition, so as to finally settle and resolve all matters in relation to the EPC Contracts with Urca and Frade (the "**Continued EPC Contracts**"), the parties agree that each of Urca and Frade shall have unencumbered title and ownership to 80.95% and 63.26% of the works and equipment respectively, and that the remaining percentage of title and ownership to such works and equipment shall be recognised as part of Fernvale and part not performed or completed.

(iv) The outstanding invoices from Fernvale under each of the Continued EPC Contracts of a total amount of US$259,456,692.60 (adjusted for inflation), will be recognized as an undisputed debt due and owing by Urca and Frade respectively and transferred to Sete International, and recognized as part of the debt included in the Judicial Reorganisation Plan, to be paid to Fernvale proportionally and *pari passu* with the other creditors of the Sete Group as part of, and out of the proceeds of, its Judicial Reorganisation Plan.

(v) The parties shall unconditionally and fully release each other from any and all actual or potential, past, present or future claims and demands related to the EPC Contracts (except in respect of the matters relating to the Settlement Agreement or any new agreement(s) concluded in respect of the Continued EPC Contracts in the course of the Judicial Reorganisation Plan).

A further announcement will be made as and when all the conditions precedent have been fulfilled and the Settlement Agreement has become effective.

The abovementioned Settlement Agreement will not have any material impact on the net tangible assets and earnings per share of the Company for the financial year ending 31 December 2019.