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## MERGER AGREEMENT BETWEEN FLOATEL INTERNATIONAL LTD AND PROSAFE SE

Keppel Corporation Limited (the **"Company"** or **"KCL"**) wishes to announce that Floatel International Ltd (**"Floatel"**), an associated company of Keppel Offshore & Marine Ltd (**"KOM"**), together with Floatel's substantial shareholders, FELS Offshore Pte. Ltd. (a wholly-owned subsidiary of KOM) (**"FELS Offshore"**) and OCM Wonder PF/FF Holdings PT, Ltd (**"Oaktree"**), have entered into an agreement with Prosafe SE (**"Prosafe"**), a company listed on the Oslo Stock Exchange, in relation to a proposed merger of the respective businesses of Floatel and Prosafe (the **"Transaction"**).

As part of the Transaction, Prosafe will acquire all of the ordinary shares in the capital of Floatel based on a 55 : 45 exchange ratio between Prosafe and Floatel respectively (the **"Exchange Ratio"**), in consideration for the issuance of (i) new shares in Prosafe, equal to 45.0 per cent. of all the shares in Prosafe on a fully diluted basis, and (ii) new conditional preference shares (the **"Prosafe Preference Shares"**), to the shareholders of Floatel (the **"Floatel Shareholders"**) relative to their shareholding in Floatel.

The Exchange Ratio was arrived at on an arms' length basis between Floatel and Prosafe, utilising an asset-based future earnings valuation methodology, taking into consideration the age, specifications and earnings potential of their respective fleet assets. Applying the Exchange Ratio to FELS Offshore's shareholding interest of 49.92 per cent. in Floatel, FELS Offshore would hold approximately 22 per cent. of all the shares in Prosafe on a fully diluted basis, after the Transaction is completed.

The Prosafe Preference Shares to be issued to the Floatel Shareholders, as mentioned above, shall entitle the holders to a preferential right to receive dividends, up to a maximum amount of US\$20 million and such dividend amount may be adjusted downwards to a minimum amount of zero, depending on the final judgment or settlement in the litigation between Westcon Yards AS and Prosafe Rigs Pte. Ltd. (a subsidiary of Prosafe) concerning the conversion of the tender support vessel *"Safe Scandinavia"*. Upon distribution of the maximum dividend amount as mentioned above, or upon such dividend amount being adjusted downwards to zero, the Prosafe Preference Shares shall immediately be redeemed without any payment to the preference shareholders.

The Transaction is subject to the fulfilment of certain conditions precedent, including clearances from the competition authorities in Norway and the UK and creditor and shareholder approvals of both Floatel and Prosafe respectively, and the continued listing of Prosafe on the Oslo Stock Exchange. If all conditions are met, the Transaction is expected to be completed by 3Q 2019 and is subject to a long stop date of 31 December 2019.

None of the directors or controlling shareholders of the Company has any interest, direct or indirect, in the Transaction.

The Transaction is not expected to have a material impact on the net tangible assets or earnings per share of the Company for the current financial year.