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Keppel Corporation and Keppel Infrastructure Trust to jointly invest in German offshore wind farm

Keppel Corporation Limited ("**KCL**" or the "**Company**", together with its subsidiaries, the "**Group**") wishes to announce that Neptune1 Infrastructure Holdings Pte. Ltd. ("**JVCo**"), a joint venture company established by Keppel Renewable Investments Pte. Ltd. ("**KRI**") (a wholly-owned subsidiary of the Company) and Keppel Infrastructure Fund Management Pte. Ltd. (the "**KIT Trustee-Manager**"), acting in its capacity as trustee-manager of Keppel Infrastructure Trust ("**KIT**"), has entered into a sale and purchase agreement ("**SPA**") to acquire 50.01% of the share capital of Borkum Riffgrund 2 Investor Holding GmbH (the "**SPVCo**" and the acquisition, the "**Acquisition**") from Gulf International Holding Pte. Ltd., a subsidiary of Gulf Energy Development Public Company Limited (the "**Seller**" or "**Gulf**"). KRI and KIT hold 18% and 82% equity interest in the JVCo respectively.

Gulf currently wholly owns the SPVCo and will retain the remaining 49.99% stake after completion of the Acquisition ("**Completion**"). The SPVCo in turn holds 50% of the partnership interest in the Borkum Riffgrund 2 Offshore Wind Farm GmbH & Co. oHG (the "**Target**" or "**BKR2**"), with the remaining 50% of the partnership interest held by Ørsted Wind Power A/S ("**Ørsted**"), a global leader in offshore wind power. Operating since 2019, BKR2 owns an offshore wind farm ("**BKR2 Wind Farm**") located 59km off the coast of Lower Saxony in the North Sea, Germany, an area with high wind availability as reflected in the high average capacity factors of more than 40%. BKR2's operations comprises 56 MHI Vestas V164-8.3MW wind turbine generators with a total capacity of 465 MW and an export capacity of up to 450 MW. Following Completion (which is subject to satisfaction of certain customary closing conditions, including any required merger control and other regulatory approvals), KIT and KRI will indirectly hold approximately 20.5% and 4.5% of the partnership interests in BKR2 respectively.

The aggregate consideration for the Acquisition (the "**Total Purchase Consideration**") is EUR305.0 million (S\$445.3 million¹), subject to adjustments at Completion, and will be payable by the JVCo in cash on the date of Completion. It was arrived at on a willing-buyer and willing-seller basis after arm's length negotiations, taking into consideration, among others, the positive renewable energy outlook, attractive long-term cash flows from the investment and strong operating partner. The net liabilities value and net tangible liabilities value of the SPVCo as at 31 December 2021 was EUR108.1 million (S\$157.8 million).

Under the terms of the Acquisition:

- (a) the Total Purchase Consideration will be payable by the JVCo in cash on the date of Completion (subject to any adjustments at Completion); and
- (b) the JVCo is required to, prior to or on Completion:
 - (i) provide a replacement bank guarantee, issued for the benefit of Ørsted, for the guaranteed amount of EUR 17.5 million (the "**Guaranteed Amount**") covering the JVCo's *pro rata* share of the SPVCo's obligation to counter-indemnify Ørsted for payments under a cost counter guarantee provided by Ørsted in relation to decommissioning costs for the BKR2 Wind Farm; and

¹ Unless otherwise stated, an illustrative exchange rate of EUR1:SGD1.46 is used for all conversions into Singapore Dollar amounts in this announcement.

- (ii) partially replace the letters of credit ("**Letters of Credit**"), which were provided by the Seller in connection with the SPVCo's issuance of senior notes to finance its obligation to fund the construction, operation and maintenance of the BKR2 Wind Farm, *pro rata* to its shareholding interest in the SPVCo by means of issuance of replacement letters of credit (the "**Replacement Letters of Credit**").

In connection with the above, KIT Trustee-Manager, acting in its capacity as trustee manager of KIT, KRI and the JVCo have entered into a shareholders' agreement in relation to the JVCo to undertake the Acquisition and governance of affairs in JVCo (the "**Joint Venture**"). Each of KIT and KRI shall fund the Total Purchase Consideration in accordance with their respective shareholding interests in JVCo by way of capital contributions to the JVCo. Based on its shareholding of 18% in the JVCo, the estimated aggregate amount payable by KRI is EUR54.9 million (S\$80.2 million). Further, each of KIT and KRI shall, upon request by the JVCo, provide a bank guarantee to Ørsted covering such proportion of the Guaranteed Amount and a Replacement Letter of Credit covering such proportion of the amount covered by the Letters of Credit, in each case *pro rata* to their shareholding interests in the JVCo. Each of KIT and Kepventure Pte Ltd (a wholly-owned subsidiary of the Company) shall also provide a guarantee to the Seller to secure the JVCo's payment obligations under the SPA, in each case *pro rata* to KIT's and KRI's shareholding interests in the JVCo respectively.

As the relative figures computed on the bases set out in Rule 1006 of the Listing Manual ("**Listing Manual**") of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") are less than 5%, the Acquisition is a "non-disclosable transaction" under Chapter 10 of the Listing Manual.

This follows the Company's recent joint investment with KIT to, through a 18:82 special purpose joint venture formed by KRI and KIT, acquire a 33.33% equity stake in a joint investment vehicle which will be co-investing in 49% of a portfolio of existing and pipeline onshore wind energy assets across Norway, Sweden and the United Kingdom sponsored by Fred Olsen Renewables AS, as announced on 13 July 2022 ("**13 July JV**").

For more information on this co-investment, please refer to KIT's announcement dated 12 August 2022 on the same matter.

Interested Person Transaction

Under Chapter 9 of the Listing Manual, where an entity at risk (as defined in the Listing Manual) of the Company enters into a transaction with an interested person (as defined in the Listing Manual) and the value of the transaction (either in itself or when aggregated with the value of other transactions, each of a value equal to or greater than S\$100,000, with the same interested person during the same financial year) is equal to or exceeds 3%, but is less than 5%, of the Group's latest audited net tangible assets ("**NTA**"), an immediate announcement of the transaction must be made pursuant to Rule 905, and if the value is equal to or exceeds 5% of the Group's latest audited NTA, shareholders' approval must be obtained pursuant to Rule 906.

As KIT is an "interested person" for the purposes of Chapter 9 of the Listing Manual, by virtue of it being an associate of Temasek Holdings (Private) Limited, a controlling shareholder of the Company, the establishment of the Joint Venture (as well as the 13 July JV) would be an "interested person transaction" under the Listing Manual.

The Group's latest audited consolidated NTA is S\$10,066 million as at 31 December 2021. In respect of the Joint Venture, the value of this interested person transaction to the Company, after aggregation with the value of all other aggregable transactions (each of a value equal to or greater than S\$100,000) with KIT group for the current financial year (but excluding transactions conducted under a shareholders' mandate pursuant to Rule 920 of the Listing Manual) (including the 13 July JV), is approximately S\$162 million, which represents approximately 1.6% of the Group's latest audited consolidated NTA as at 31 December 2021.

Accordingly, both the Joint Venture and the 13 July JV are not required to be announced pursuant to Rule 905 and do not require shareholders' approval pursuant to Rule 906.

Further, pursuant to Rule 916(2) of the Listing Manual, entry into both the Joint Venture and 13 July JV are not subject to Rule 906 as the following conditions are satisfied:

- (a) the risks and rewards are in proportion to the equity of each joint venture partner;
- (b) for each of the Joint Venture and the 13 July JV, the Audit Committee confirms that it is of the view that the risks and rewards are in proportion to the equity of each joint venture partner, and the terms of the joint venture are not prejudicial to the interests of the Company and its minority shareholders; and
- (c) KIT does not have an existing equity interest in (i) the Joint Venture prior to the participation of KRI in the Joint Venture, and (ii) the 13 July JV prior to the participation of KRI in the 13 July JV.

Financial Effect

The above transactions are not expected to have any material impact on the net tangible assets per share or earnings per share of the Company for the current financial year.

Document Available for Inspection

A copy of the SPA will be made available for inspection during normal business hours at the registered office of the Company at 1 Harbourfront Avenue, #18-01 Keppel Bay Tower, Singapore 098632 from the date of this announcement up to and including the date falling three (3) months from the date of this announcement.

12 August 2022