SECOND SUPPLEMENTAL INFORMATION MEMORANDUM TO THE INFORMATION MEMORANDUM DATED 12 DECEMBER 2000 (AS SUPPLEMENTED BY THE SUPPLEMENTAL INFORMATION MEMORANDUM DATED 6 OCTOBER 2010)

Keppel Corporation Limited

(Company Registration Number: 196800351N)

(Incorporated in the Republic of Singapore)

US$1,200,000,000

Multi-Currency Medium Term Note Programme

This Second Supplemental Information Memorandum is supplemental to, and should be read in conjunction with, the Information Memorandum dated 12 December 2000 (the "**2000 Information Memorandum**"), as supplemented by the Supplemental Information Memorandum dated 6 October 2010 (the "**Supplemental Information Memorandum** and together with the 2000 Information Memorandum, the "**Original Information Memorandum**" and, together with this Second Supplemental Information Memorandum, the "**Information Memorandum**") and all other documents that are deemed to be incorporated by reference therein in relation to the US$600,000,000 Multi-Currency Medium Term Note Programme (the "**MTN Programme**") of Keppel Corporation Limited (the "**Issuer**"). Save to the extent defined in this Second Supplemental Information Memorandum, terms defined or otherwise attributed meanings in the Original Information Memorandum have the same meaning when used in this Second Supplemental Information Memorandum. References in the Original Information Memorandum and this Second Supplemental Information Memorandum to "this Information Memorandum" mean the Original Information Memorandum as supplemented by this Second Supplemental Information Memorandum. To the extent that the Original Information Memorandum is inconsistent with this Second Supplemental Information Memorandum, the terms of this Second Supplemental Information Memorandum shall prevail.

Application has been made to the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") for permission to deal in and quotation for any Notes that may be issued pursuant to the MTN Programme and which are agreed at or prior to the time of issue thereof to be so listed on the SGX-ST. Such permission will be granted when such Notes have been admitted to the Official List of the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any of the statements made or opinions expressed or reports contained herein. Admission to the Official List of the SGX-ST and the listing of any Notes on the SGX-ST is not to be taken as an indication of the merits of the Issuer, the MTN Programme or the Notes.

Arranger

The date of this Second Supplemental Information Memorandum is 01 February 2012

DBS Bank Ltd. (**"DBS"**) has been authorised by the Issuer to arrange the MTN Programme described herein. Under the MTN Programme, the Issuer may, subject to compliance with all relevant laws, regulations and directives, from time to time issue Notes denominated in Singapore dollars and/or any other currencies.

This Information Memorandum contains information with regard to the Issuer and the Notes. The Issuer has informed DBS that the information on the Issuer and the Notes contained herein is true and accurate in all material respects and that there are no other facts the omission of which in the context of the issue and offering of the Notes would make any such information misleading in any material respect.

Notes may be issued in series having one or more issue dates and the same maturity date, and on identical terms except (in the case of Notes other than variable rate notes (as described under "Summary of the MTN Programme")) for the issue dates, issue prices, interest commencement dates and/or the dates of the first payment of interest, or (in the case of variable rate notes) for the issue prices and rates of interest. Each series may be issued in one or more tranches on the same or different issue dates. The Notes will be issued in bearer form and may be listed on a stock exchange. Subject to compliance with all relevant laws, regulations and directives, the Notes may have any maturity as the Issuer and the relevant Dealer(s) (as defined in the Information Memorandum) may agree and may be subject to redemption or purchase in whole or in part. The Notes (except for zero coupon notes which will not bear interest other than in the case of late payment) will bear interest at a fixed, floating, variable or hybrid rate and will be repayable at par, at a specified amount above or below par or at an amount determined by reference to a formula, in each case with terms as specified in the pricing supplement issued in relation to each series or tranche of Notes (the "**Redemption Amount**"). Details applicable to each series or tranche of Notes will be specified in the applicable pricing supplement which is to be read in conjunction with this Information Memorandum.

The maximum aggregate principal amount of the Notes to be issued, when added to the aggregate principal amount of all Notes outstanding (as defined in the Trust Deed referred to below) shall be US$1,200,000,000 (or its equivalent in any other currencies) or such higher amount as may be increased under the MTN Programme.

No person has been authorised to give any information or to make any representation other than those contained in this Information Memorandum and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, DBS or any of the Dealers. Save as expressly stated in this Information Memorandum, nothing contained herein is, or may be relied upon as, a promise or representation as to the future performance or policies of the Issuer, any of its subsidiaries or associated companies (if any). Neither this Information Memorandum nor any other document or information (or any part thereof) delivered or supplied under or in relation to the MTN Programme may be used for the purpose of, and does not constitute an offer of, or solicitation or invitation by or on behalf of the Issuer, DBS or any of the Dealers to subscribe for or purchase, the Notes in any jurisdiction or under any circumstances in which such offer, solicitation or invitation is unlawful, or not authorised or to any person to whom it is unlawful to make such offer, solicitation or invitation. The distribution and publication of this Information Memorandum or any such other document or information and the offer of the Notes in certain jurisdictions may be restricted by law. Persons who distribute or publish this Information Memorandum or any such other document or information or into whose possession this Information Memorandum or any such other document or information comes are required to inform themselves about and to observe any such restrictions and all applicable laws, orders, rules and regulations.

The Notes have not been, and will not be, registered under the Securities Act of 1933 of the United States, as amended and are subject to U.S. tax law requirements and restrictions. Subject to certain exceptions, the Notes may not be offered, sold or delivered within the United States or to U.S. persons.

Neither this Information Memorandum nor any other document or information (or any part thereof) delivered or supplied under or in relation to the MTN Programme shall be deemed to constitute an offer of, or an invitation by or on behalf of the Issuer, DBS or any of the Dealers to subscribe for or purchase, any of the Notes.

This Information Memorandum and any other documents or materials in relation to the issue, offering or sale of the Notes have been prepared solely for the purpose of the initial sale by the relevant Dealers of the Notes from time to time to be issued pursuant to the MTN Programme. This Information Memorandum and such other documents or materials are made available to the recipients thereof solely on the basis that they are persons falling within the ambit of Section 274 and/or Section 275 of the Securities and Futures Act, Chapter 289 of Singapore (the "**SFA**") and may not be relied upon by any person other than persons to whom the Notes are sold or with whom they are placed by the relevant Dealers as aforesaid or for any other purpose. Recipients of this Information Memorandum shall not reissue, circulate or distribute this Information Memorandum or any part thereof in any manner whatsoever.

Neither the delivery of this Information Memorandum (or any part thereof) or the issue, offering, purchase or sale of the Notes shall, under any circumstances, constitute a representation, or give rise to any implication, that there has been no change in the affairs, business or financial position of the Issuer, or any of its subsidiaries or associated companies (if any) or in the information herein since the date hereof or the date on which this Information Memorandum has been most recently amended or supplemented.

None of the Issuer, DBS, any of the Dealers or any of their respective officers or employees is making any representation or warranty expressed or implied as to the merits of the Notes or the subscription for, purchase or acquisition thereof, the creditworthiness or financial condition or otherwise of the Issuer, DBS or their respective subsidiaries or associated companies (if any). Further, neither DBS nor any of the Dealers gives any representation or warranty as to the Issuer, its subsidiaries or associated companies (if any) or as to the accuracy, reliability or completeness of the information set out herein (including the legal and regulatory requirements pertaining to Sections 274, 275 and 276 or any other provisions of the SFA) and the documents which are incorporated by reference in, and form part of, this Information Memorandum.

Neither DBS nor any of the Dealers has separately or independently verified the information contained herein. Neither this Information Memorandum nor any other document or information (or any part thereof) delivered or supplied under or in relation to the MTN Programme or the issue of the Notes is intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by the Issuer, DBS or any of the Dealers that any recipient of this Information Memorandum or such other document or information (or such part thereof) should subscribe for or purchase any of the Notes. A prospective purchaser shall make its own assessment of the foregoing and other relevant matters including the financial condition and affairs and the creditworthiness of the Issuer, its subsidiaries and associated companies (if any), and obtain its own independent legal or other advice thereon, and its investment shall be deemed to be based on its own independent investigation of the businesses, financial condition and affairs and its appraisal of the creditworthiness of the Issuer. Accordingly, notwithstanding anything herein, none of the Issuer, DBS, the Dealers or any of their respective officers, employees or agents shall be held responsible for any loss or damage suffered or incurred by the recipients of this Information Memorandum or such other document or information (or such part thereof) as a result of or arising from anything expressly or implicitly contained in or referred to in this Information Memorandum or such other document or information (or such part thereof) and the same shall not constitute a ground for rescission of any purchase or acquisition of any of the Notes by a recipient of this Information Memorandum or such other document or information (or such part thereof).

Neither DBS nor any of the Dealers makes any representation, express or implied, or accepts any responsibility, with respect to the accuracy or completeness of any of the information in this Information Memorandum or for any statement made or purported to be made by DBS or any of the Dealers or on its behalf in connection with the Issuer or the issue and offering of the Notes.

DBS and each Dealer accordingly disclaims all and any liability whether arising in tort or contract or otherwise which it might otherwise have in respect of this Information Memorandum or any such statement.

The following documents published or issued from time to time after the date hereof shall be deemed to be incorporated by reference in, and to form part of, this Information Memorandum: (1) any annual reports, audited consolidated accounts of the Issuer and its subsidiaries and associated companies (if any) and (2) any supplement or amendment to the Information Memorandum issued by the Issuer. This Information Memorandum is to be read in conjunction with all such documents which are incorporated by reference herein and, with respect to any series or tranche of Notes, any pricing supplement in respect of such series or tranche. Any statement contained in this Information Memorandum or in a document deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purpose of this Information Memorandum to the extent that a statement contained in this Information Memorandum or in such subsequent document that is also deemed to be incorporated by reference herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Information Memorandum. Copies of all documents deemed incorporated by reference herein are available for inspection at the specified office of DBS Bank Ltd., in its capacity as the issuing and paying agent.

Any purchase or acquisition of the Notes is in all respects conditional on the satisfaction of certain conditions set out in the Programme Agreement (as defined in the Information Memorandum) and the issue of the Notes by the Issuer pursuant to the Programme Agreement. Any offer, invitation to offer or agreement made in connection with the purchase or acquisition of the Notes or pursuant to this Information Memorandum shall (without any liability or responsibility on the part of the Issuer, DBS or any of the Dealers) lapse and cease to have any effect if (for any other reason whatsoever) the Notes are not issued by the Issuer pursuant to the Programme Agreement. The attention of recipients of this Information Memorandum is drawn to the restrictions on resale of the Notes set out under “Subscription, Purchase and Distribution” on page 42 of the Original Information Memorandum, as amended, modified and supplemented by this Second Supplemental Information Memorandum.

Any person(s) who is invited to purchase or subscribe for the Notes or to whom this Information Memorandum is sent shall not make any offer or sale, directly or indirectly, of any Notes or distribute or cause to be distributed any document or other material in connection therewith in any country or jurisdiction except in such manner and in such circumstances as will result in compliance with any applicable laws and regulations.

It is recommended that persons proposing to subscribe for or purchase any of the Notes consult their own legal and other advisers before purchasing or acquiring the Notes.

SUPPLEMENTAL INFORMATION

1. **Increase in the aggregate nominal amount of the Programme**

With effect from the date of this Second Supplemental Information Memorandum, the Board of Directors of the Issuer has authorised an increase in the maximum aggregate principal amount of all Notes which may be outstanding from time to time under the MTN Programme from US$600,000,000 to US$1,200,000,000 (or, in the case of any Notes denominated in a currency other than U.S. dollars, the U.S. dollar equivalent (as so determined) of the aggregate principal amount). By virtue of this Second Supplemental Information Memorandum, all references to the size of the Programme set out in the Information Memorandum and, where applicable, the Agreements, shall be deemed to be a reference to the size of the Programme as amended.

2. **Amendments to the Original Information Memorandum**

The section "Singapore Taxation" appearing from pages 40 to 41 in the 2000 Information Memorandum, as amended by the section "Amendments to the Information Memorandum – Singapore Taxation" appearing from pages 5 to 9 of the Supplemental Information Memorandum, shall be deleted in its entirety and by substituting therefor the following:

"**SINGAPORE TAXATION**

The statements below are general in nature and are based on certain aspects of current tax laws in Singapore and administrative guidelines issued by MAS in force as at the date of this Information Memorandum and are subject to any changes in such laws or administrative guidelines, or the interpretation of those laws or guidelines, occurring after such date, which changes could be made on a retroactive basis. Neither these statements nor any other statements in this Information Memorandum are intended or are to be regarded as advice on the tax position of any holder of the Notes or of any person acquiring, selling or otherwise dealing with the Notes or on any tax implications arising from the acquisition, sale or other dealings in respect of the Notes. The statements made herein do not purport to be a comprehensive or exhaustive description of all the tax considerations that may be relevant to a decision to subscribe for, purchase, own or dispose of the Notes and do not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in securities or financial institutions in Singapore which have been granted the relevant Financial Sector Incentive(s)) may be subject to special rules or tax rates. Prospective holders of the Notes are advised to consult their own professional tax advisers as to the Singapore or other tax consequences of the acquisition, ownership of or disposal of the Notes, including the effect of any foreign, state or local tax laws to which they are subject. It is emphasised that neither the Issuer, the Arranger nor any other persons involved in the MTN Programme accepts responsibility for any tax effects or liabilities resulting from the acquisition, ownership of or disposal of the Notes.

1. Interest and Other Payments

Subject to the following paragraphs, under Section 12(6) of the Income Tax Act, Chapter 134 of Singapore (the "**ITA**"), the following payments are deemed to be derived from Singapore:

(a) any interest, commission, fee or any other payment in connection with any loan or indebtedness or with any arrangement, management, guarantee, or service relating to any loan or indebtedness which is (i) borne, directly or indirectly, by a person resident in Singapore or a permanent establishment in Singapore (except in respect of any business carried on outside Singapore through a permanent establishment outside Singapore or any immovable property situated outside Singapore) or (ii) deductible against any income accruing in or derived from Singapore; or

(b) any income derived from loans where the funds provided by such loans are brought into or used in Singapore.

Such payments, where made to a person not known to the paying party to be a resident in Singapore for tax purposes, are generally subject to withholding tax in Singapore. The rate at which tax is to be withheld for such payments (other than those subject to the 15 per cent. final withholding tax described below) to non-resident persons (other than non-resident individuals) is 17 per cent. with effect from the year of assessment 2010. The applicable rate for non-resident individuals is 20 per cent. However, if the payment is derived by a person not resident in Singapore otherwise than from any trade, business, profession or vocation carried on or exercised by such person in Singapore and is not effectively connected with any permanent establishment in Singapore of that person, the payment is subject to a final withholding tax of 15 per cent. The rate of 15 per cent. may be reduced by applicable tax treaties.

However, certain Singapore-sourced investment income derived by individuals from financial instruments is exempt from tax, including:

(a) interest from debt securities derived on or after 1 January, 2004;

(b) discount income (not including discount income arising from secondary trading) from debt securities derived on or after 17 February, 2006; and

(c) prepayment fee, redemption premium and break cost from debt securities derived on or after 15 February, 2007,

except where such income is derived through a partnership in Singapore or is derived from the carrying on of a trade, business or profession.

In addition, as the MTN Programme as a whole is arranged by DBS Bank Ltd., which was an Approved Bond Intermediary (as defined in the ITA) prior to 1 January, 2004 and is a Financial Sector Incentive (Bond Market) Company (as defined in the ITA) on and after 1 January, 2004, any tranche of the Notes issued as debt securities under the MTN Programme during the period from the date of this Information Memorandum to 31 December, 2013 (the "Relevant Notes") would be "qualifying debt securities" for the purposes of the ITA, to which the following treatment shall apply:

(i) subject to certain prescribed conditions having been fulfilled (including the furnishing by the Issuer, or such other person as the Comptroller of Income Tax in Singapore (the "**Comptroller**") may direct, of a return on debt securities for the Relevant Notes within such period as the Comptroller may specify and such other particulars in connection with the Relevant Notes as the Comptroller may require to the Comptroller and MAS and the inclusion by the Issuer in all offering documents relating to the Relevant Notes of a statement to the effect that where interest, discount income, prepayment fee, redemption premium or break cost from the Relevant Notes is derived by a person who is not resident in Singapore and who carries on any operation in Singapore through a permanent establishment in Singapore, the tax exemption for qualifying debt securities shall not apply if the non-resident person acquires the Relevant Notes using funds from that person's operations through the Singapore permanent establishment), interest, discount income (not including discount income arising from secondary trading), prepayment fee, redemption premium and break cost (collectively, the "**Qualifying Income**") from the Relevant Notes, derived by a holder who is not resident in Singapore and who (aa) does not have any permanent establishment in Singapore or (bb) carries on any operation in Singapore through a permanent establishment in Singapore but the funds used by that person to acquire the Relevant Notes are not obtained from such person's operation through a permanent establishment in Singapore, are exempt from Singapore tax;

(ii) subject to certain conditions having been fulfilled (including the furnishing by the Issuer, or such other person as the Comptroller may direct, of a return on debt securities for the Relevant Notes within such period as the Comptroller may specify and such other particulars in connection with the Relevant Notes as the Comptroller may require to the Comptroller and MAS), Qualifying Income from the Relevant Notes derived by any company or a body of persons (as defined in the ITA) in Singapore is subject to tax at a concessionary rate of 10 per cent. (except for holders of the relevant Financial Sector Incentive(s) who may be taxed at different rates); and

(iii) subject to:

(aa) the Issuer including in all offering documents relating to the Relevant Notes a statement to the effect that any person whose interest, discount income, prepayment fee, redemption premium or break cost derived from the Relevant Notes is not exempt from tax shall include such income in a return of income made under the ITA; and

(bb) the Issuer, or such other person as the Comptroller may direct, furnishing to the Comptroller and MAS a return on debt securities for the Relevant Notes within such period as the Comptroller may specify and such other particulars in connection with the Relevant Notes as the Comptroller may require,

Qualifying Income derived from the Relevant Notes is not subject to withholding of tax by the Issuer.

However, notwithstanding the foregoing:

(A) if during the primary launch of any tranche of Relevant Notes, the Relevant Notes of such tranche are issued to fewer than four persons and 50 per cent. or more of the issue of such Relevant Notes is beneficially held or funded, directly or indirectly, by related parties of the Issuer, such Relevant Notes would not qualify as "qualifying debt securities"; and

(B) even though a particular tranche of Relevant Notes are "qualifying debt securities", if, at any time during the tenure of such tranche of Relevant Notes, 50 per cent. or more of the issue of such Relevant Notes is held beneficially or funded, directly or indirectly, by any related party(ies) of the Issuer, Qualifying Income derived from such Relevant Notes held by:-

(i) any related party of the Issuer; or

(ii) any other person where the funds used by such person to acquire such Relevant Notes are obtained, directly or indirectly, from any related party of the Issuer,

shall not be eligible for the tax exemption or concessionary rate of tax as described above.

The term "**related party**", in relation to a person, means any other person who, directly or indirectly, controls that person, or is controlled, directly or indirectly, by that person, or where he and that other person, directly or indirectly, are under the control of a common person.

The terms "**prepayment fee**", "**redemption premium**" and "**break cost**" are defined in the ITA as follows:

"prepayment fee", in relation to debt securities and qualifying debt securities, means any fee payable by the issuer of the securities on the early redemption of the securities, the amount of which is determined by the terms of the issuance of the securities;

"redemption premium", in relation to debt securities and qualifying debt securities, means any premium payable by the issuer of the securities on the redemption of the securities upon their maturity; and

"break cost", in relation to debt securities and qualifying debt securities, means any fee payable by the issuer of the securities on the early redemption of the securities, the amount of which is determined by any loss or liability incurred by the holder of the securities in connection with such redemption.

References to “prepayment fee”, “redemption premium” and “break cost” in this Singapore tax disclosure have the same meaning as defined in the ITA.

Notwithstanding that the Issuer is permitted to make payments of interest, discount income, prepayment fee, redemption premium and break cost in respect of the Relevant Notes without deduction or withholding for tax under Section 45 or Section 45A of the ITA, any person whose interest, discount income, prepayment fee, redemption premium or break cost derived from the Relevant Notes is not exempt from tax is required to include such income in a return of income made under the ITA.

The Qualifying Debt Securities Plus Scheme (“**QDS Plus Scheme**”) has also been introduced as an enhancement of the Qualifying Debt Securities Scheme. Under the QDS Plus Scheme, subject to certain conditions having been fulfilled (including the submission by the issuer, or such other person as the Comptroller may direct, of a return on debt securities in respect of the qualifying debt securities within such period as the Comptroller may specify and such other particulars in connection with the qualifying debt securities as the Comptroller may require to the Comptroller and the MAS), income tax exemption is granted on interest, discount income (not including discount income arising from secondary trading), prepayment fee, redemption premium and break cost derived by any investor from qualifying debt securities (excluding Singapore Government Securities) which:

(a) are issued during the period from 16 February, 2008 to 31 December, 2013;

(b) have an original maturity of not less than 10 years;

(c) cannot be redeemed, called, exchanged or converted within 10 years from the date of their issue; and

(d) cannot be re-opened with a resulting tenure of less than 10 years to the original maturity date.

However, even if a particular tranche of the Relevant Notes are “qualifying debt securities” which qualify under the QDS Plus Scheme, if, at any time during the tenure of such tranche of Relevant Notes, 50 per cent. or more of the issue of such Relevant Notes is beneficially held or funded, directly or indirectly, by any related party(ies) of the Issuer, interest, discount income, prepayment fee, redemption premium and break cost from such Relevant Notes derived by:

(aa) any related party of the Issuer; or

(bb) any other person where the funds used by such person to acquire such Relevant Notes are obtained, directly or indirectly, from any related party of the Issuer,

shall not be eligible for the tax exemption under the QDS Plus Scheme as described above.

2. Capital Gains

Any gains considered to be in the nature of capital made from the sale of the Notes will not be taxable in Singapore. However, any gains derived by any person from the sale of the Notes which are gains from any trade, business, profession or vocation carried on by that person, if accruing in or derived from Singapore, may be taxable as such gains are considered revenue in nature.

Holders of the Notes who are adopting Singapore Financial Reporting Standard 39 (“**FRS 39**”), may for Singapore income tax purposes be required to recognise gains or losses (not being gains or losses in the nature of capital) on the Notes, irrespective of disposal, in accordance with FRS 39. Please see the section below on “Adoption of FRS 39 Treatment for Singapore Income Tax Purposes”.

3. Adoption of FRS 39 Treatment for Singapore Income Tax Purposes

The Inland Revenue Authority of Singapore has issued a circular entitled “Income Tax Implications Arising from the Adoption of FRS 39 - Financial Instruments: Recognition and Measurement” (the “**FRS 39 Circular**”). The ITA has since been amended to give legislative effect to the FRS 39 Circular.

The FRS 39 Circular generally applies, subject to certain "opt-out" provisions, to taxpayers who are required to comply with FRS 39 for financial reporting purposes.

Holders of the Notes who may be subject to the tax treatment under the FRS 39 Circular should consult their own accounting and tax advisers regarding the Singapore income tax consequences of their acquisition, holding or disposal of the Notes.

4. Estate Duty

Singapore estate duty has been abolished with respect to all deaths occurring on or after 15 February, 2008.".

BUSINESS

The section "The Issuer" appearing on pages 35 to 37 of the 2000 Information Memorandum shall be deleted in its entirety and substituted with the following:

"**BUSINESS**

Keppel Corporation Limited ("**Keppel Corporation**" or the "**Issuer**") is one of Singapore's largest corporations with key businesses in Offshore & Marine, Infrastructure and Property. Keppel Corporation was listed on 24 October 1980 on the SGX-ST, with approximately S$24.5 billion in group total assets as at 31 December 2011. The Keppel Group has a global footprint in over 30 countries.

History

In 1968, Keppel Shipyard (Private) Limited was formed from the corporatisation of the Dockyard Department of the Singapore Harbour Board. It was managed by then British Ship-repair group, Swan Hunter. Keppel Shipyard (Private) Limited specialised in ship-repair and shipbuilding.

In the 1970s and 1980s, Keppel Shipyard (Private) Limited expanded and diversified its business by taking a controlling stake in Far East Levingston Shipbuilding, and setting up Keppel Philippines Shipyard. Keppel Shipyard (Private) Limited also started to offer financial services in 1978 through Shin Loong Credit, established to provide factoring services to marine contractors. In 1975, Keppel Shipyard (Private) Limited was renamed as Keppel Shipyard Limited.

In 1980, Keppel Shipyard Limited was listed on the Singapore Stock Exchange (now known as Singapore Exchange Securities Trading Limited).

In 1983, Keppel Shipyard Limited ventured into property development when it acquired Straits Steamship Company Limited, an established shipping company with substantial land holdings in Singapore. In 1989, Straits Steamship Company Limited was renamed as Straits Steamship Land Limited (now known as Keppel Land Limited ("**Keppel Land**")) to reflect its property focus. The non-property businesses were grouped under Steamers Maritime Holdings Ltd (now Keppel Telecommunications & Transportation Ltd ("**Keppel T&T**")). Re-positioned for diversification, Steamers Maritime Holdings Ltd led the Group's entry into the telecommunications business through an interest held in MobileOne Ltd. (now known as M1 Limited ("**M1**")) in Singapore in 1997.

In 1986, Keppel Shipyard Limited was renamed as Keppel Corporation Limited, and Keppel Shipyard Limited became a division of Keppel Corporation.

In 1990, Keppel Corporation acquired Asia Commercial Bank which was renamed as Keppel Bank. Keppel Bank was listed in 1993. 1999 marked the entry of Keppel Corporation into the oil and gas industry with the acquisition of an approximate 77% interest in Singapore Petroleum Company (Keppel Corporation's stake was reduced to approximately 49% in 2003, and it sold its entire investment in 2009).

In 2001, Keppel Corporation divested its Banking and Financial Services business, and in the same year, Keppel Corporation embarked on a strategic exercise to further streamline its diverse portfolio and focus on three key businesses of Offshore & Marine, Property and Infrastructure. Business units engaged in engineering services, power generation, telecommunications and transportation, and logistics and network engineering, were brought together under the Infrastructure business

In 2002, Keppel Offshore & Marine Ltd ("**Keppel O&M**") was formed through the privatisation and integration of the various units in the offshore and marine business. In the same year, Keppel Corporation started its environmental engineering business through the acquisition of Keppel Seghers Technology (formerly Seghers Better Technology) in Belgium. This acquisition enabled Keppel Corporation to secure contracts to build, own and operate a NEWater plant and a waste-to-energy plant from the Singapore Government in 2005.

In 2006, Keppel Land sponsored the establishment of a new real estate investment trust known as K-REIT Asia, which owns a portfolio of commercial real estate in Singapore and the region.

In 2007, Keppel Energy Pte Ltd ("**Keppel Energy**"), a wholly-owned subsidiary of Keppel Corporation, completed the construction of a 500 MW co-generation power plant on Jurong Island, known as Keppel Merlimau Cogen Pte Ltd (Keppel Merlimau Cogen). The co-generation power plant is powered by natural gas which Keppel Energy secured from Malaysia's Petronas in 2005. 2008 was another milestone year for Keppel Corporation as it became the leader of the Singapore consortium to jointly develop a 30-sq km Sino-Singapore Tianjin Eco-City, a landmark bilateral project between the governments of China and Singapore.

In 2010, in a move which allows investors to participate directly in the "green" assets of Keppel Corporation held through Keppel Integrated Engineering Ltd ("**KIE**"), a "green" infrastructure trust known as K-Green Trust was formed and it was listed on the SGX-ST in June 2010.

Vision and Mission

Keppel Corporation aims to be the provider of choice for solutions to the offshore & marine industries, sustainable environment and urban living, guided by its key business thrusts of sustaining growth, empowering lives and nurturing communities.

Strategic Directions

Keppel Corporation intends to realise its vision by implementing the following strategic intiatives.

1) Fortifying Core Competencies
   - ensure continued focus on execution excellence to produce top quality products and solutions.
   - sharpen our competitive edge by investing in research and development for long-term growth.
   - maximise talent development and knowledge sharing to enhance productivity.
2) Expanding the Group's Global Footprint
   - build on the Group's strong global network for new business opportunities.
   - leverage the Keppel brand to enhance Keppel Corporation's presence in existing markets and enter new markets.
3) Leveraging Growth Platforms
   - maximise synergy and collective strength among businesses.
   - take advantage of opportunities when they arise.

Corporate Structure

The following diagram sets forth an overview of Keppel Corporation's organisation showing its major subsidiaries and associates and their principal functions:

Group Structure

Keppel Corporation Limited

Offshore & Marine

- Offshore rig design, construction, repair and upgrading
- Ship conversions and repair
- Specialised shipbuilding

Keppel Offshore & Marine Limited 100%

- Keppel FELS Limited 100%
- Keppel Shipyard Limited 100%
- Keppel Singmarine Pte Ltd 100%
- Keppel Nantong Shipyard Company Limited 100% — *China*
- Offshore Technology Development Pte Ltd 100%
- Deepwater Technology Group Pte Ltd 100%
- Marine Technology Development Pte Ltd 100%
- Keppel AmFELS LLC 100% — *United States*
- Keppel Verolme BV 100% — *The Netherlands*
- Keppel FELS Brasil SA 100% — *Brazil*
- Keppel Singmarine Brasil Ltda 100% — *Brazil*
- Keppel Philippines Marine Inc 98% — *The Philippines*
- Keppel Subic Shipyard, Inc 87% — *The Philippines*
- Keppel Kazakhstan LLP 50% — *Kazakhstan*
- Caspian Shipyard Company Limited 45% — *Azerbaijan*
- Arab Heavy Industries PJSC 33% — *UAE*
- Nakilat-Keppel Offshore & Marine Ltd 20% — *Qatar*
- Dyna-Mac Holdings Limited 27% — *Singapore*

Infrastructure

- Environmental engineering
- Power generation
- Logistics and data centres

Environmental Engineering

- **Keppel Integrated Engineering Ltd** 100%
- Keppel Seghers Engineering Singapore Pte Ltd 100%
- Keppel FMO Pte Ltd 100%
- Keppel DHCS Pte Ltd 100%
- Keppel Seghers Belgium NV 100% — *Belgium*
- K-Green Trust 49%

Power Generation

- **Keppel Energy Pte Ltd** 100%
- Keppel Merlimau Cogen Pte Ltd 100%
- Keppel Electric Pte Ltd 100%
- Keppel Gas Pte Ltd 100%

Logistics and Data Centres

- **Keppel Telecommunications & Transportation Ltd** 80%
- Keppel Logistics Pte Ltd 100%
- Keppel Data Centres Holding Pte Ltd 100%
- Keppel Logistics (Foshan) Pte Ltd 70% — *China*

Property

- Property development
- Property fund management
- Property trusts

- **Keppel Bay Pte Ltd** 100% (70%; 30%)
- **Keppel Land Limited** 53% (47%)
- **K-REIT Asia** 77% (30%)
- Keppel Land International Limited 100% — *Southeast Asia, India and Middle East*
- Keppel Land China 100% — *China*
- K-REIT Asia Management Limited 100%
- Alpha Investment Partners Ltd 100%

Investments

- Investments
- Telco

- **k1 Ventures Limited** 36%
- **MobileOne Ltd**[2] 20%

Sino-Singapore Tianjin Eco-City Investment and Development Co., Ltd[1] 50% — *China*

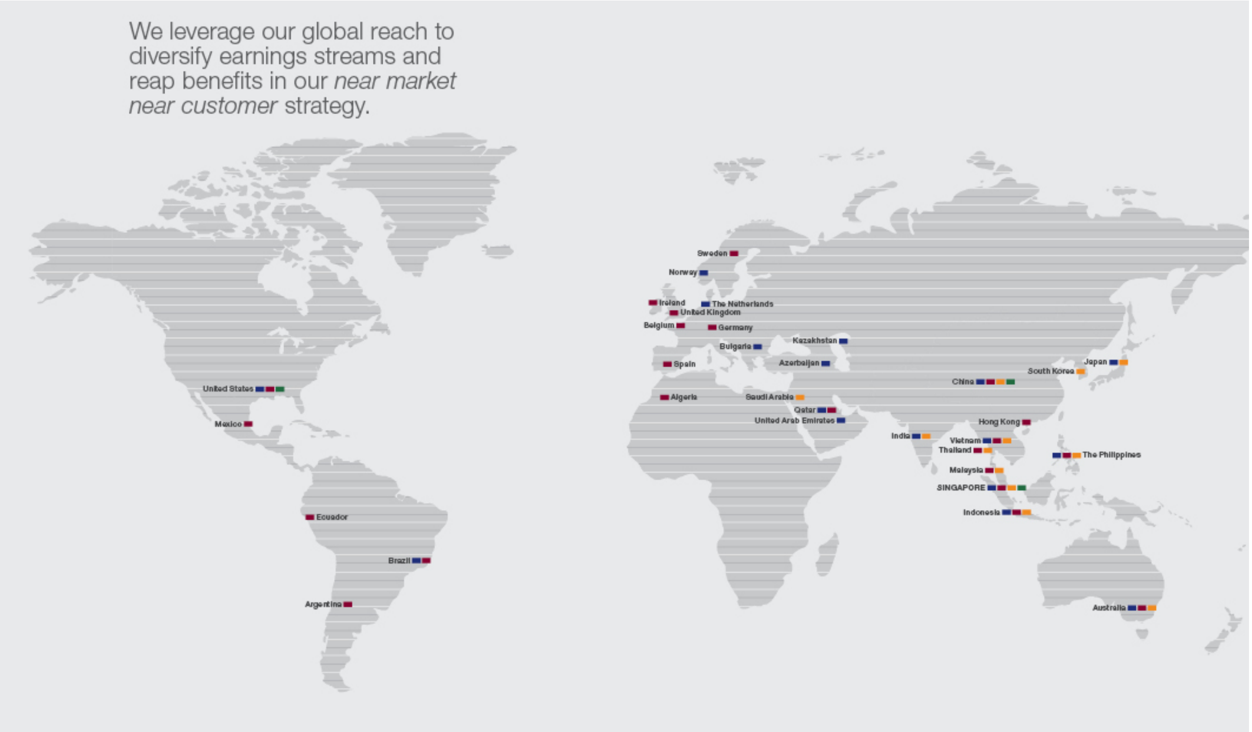
[1] Owned by Singapore Consortium, which is 90%-owned by the Keppel Group – Keppel Corporation (45%), Keppel Land (35%) and Keppel Integrated Engineering (20%)

[2] Owned by Keppel Telecommunications & Transportation Ltd, an 80%-owned subsidiary of the Company

Group Corporate Services

- Control & Accounts
- Corporate Communications
- Corporate Development/ Planning
- Human Resources
- Legal
- Risk Management
- Audit
- Tax
- Treasury

Global Footprint



Businesses

Keppel Corporation has three key businesses: Offshore & Marine, Infrastructure and Property.

Offshore & Marine

The Offshore & Marine Business is headed by Keppel O&M, a global leader in offshore rig design, construction and repair and upgrading, ship repair and conversion and specialised shipbuilding. Keppel O&M has three divisions: (i) Offshore, (ii) Marine and (iii) Specialised Shipbuilding. The Offshore division is led by Keppel FELS Limited ("**Keppel FELS**"), the Marine division is led by Keppel Shipyard Limited and the Specialised Shipbuilding division is led by Keppel Singmarine Pte Ltd ("**Keppel Singmarine**").

Infrastructure

The Infrastructure Business comprises three divisions: Environmental Engineering, Power Generation and Logistics and Data Centres. The Environmental Engineering business is headed by KIE, a provider of comprehensive environmental solutions and services ranging from consultancy, design and engineering, technology and construction to operations and maintenance of facilities, as well as investments in such projects. The Power Generation business is headed by Keppel Energy which develops, owns and operates power plants globally. Keppel T&T has key businesses in Logistics and Data Centres with operations spanning 12 countries.

Property

The Property Business is headed by Keppel Land, a multi-national property company providing urban living solutions through two divisions: Property Development and Property Fund Management. Keppel Land is one of the largest listed property companies by total assets on the SGX-ST, with approximately S$9.5 billion in total assets as at 31 December 2011. It is a developer with a portfolio of award-winning residential and waterfront developments, integrated townships and investment grade commercial properties. Keppel Land is geographically diversified in Asia, with a current focus on Singapore, China, Vietnam, Indonesia and India.

Investment

Keppel Corporation's investments are made mainly through k1 Ventures Limited ("**k1 Ventures**") and M1 through Keppel T&T. k1 Ventures is an investment company with stakes in companies across diverse sectors including transportation leasing, education, oil and gas exploration, financial services and automotive retail. M1 is a leading integrated telecommunications service provider in Singapore.

Employees

As at 31 December 2011, the Group had approximately 40,138 employees in more than 30 countries around the world.

Litigation

There will from time to time be litigation in relation to work carried out in the ordinary course of business in connection with the Group's projects. The nature of these proceedings is such that the Group cannot be sure what the outcome of these proceedings would be. These matters are continuously managed by the respective project teams and management.

RISK FACTORS

The Issuer believes that the following factors may affect its ability to fulfil its obligations under Notes issued under the MTN Programme. Most of these factors are contingencies which may or may not occur and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring.

In addition, factors which are material for the purpose of assessing the market risks associated with Notes issued under the MTN Programme are also described below.

The Issuer believes that the factors described below represent the principal risks inherent in investing in Notes issued under the MTN Programme, but the inability of the Issuer to pay interest, principal or other amounts on or in connection with any Notes may occur for other reasons which may not be considered significant risks by the Issuer based on information currently available to it or which it may not currently be able to anticipate. Prospective investors should also read the detailed information set out elsewhere in this Information Memorandum (including any documents deemed to be incorporated by reference herein) and reach their own views prior to making any investment decision.

Limitations of this Information Memorandum

This Information Memorandum is not, and does not purport to be, investment advice. A prospective investor should make an investment in Notes only after it has determined that such investment is suitable for its investment objectives. Determining whether an investment in any Notes is suitable is a prospective investor's responsibility, even if the investor has received information to assist it in making such determination. Neither this Information Memorandum nor any document or information (or any part thereof) delivered or supplied under or in relation to the MTN Programme or any Notes (nor any part thereof) is intended to provide the basis of any credit or other evaluation and should not be considered a recommendation by the Issuer, the Trustee or any of the Dealer(s) that any recipient of this Information Memorandum or any such other document or information (or such part thereof) should subscribe for or purchase or sell any Notes. Each person receiving this Information Memorandum acknowledges that such person has not relied on the Issuer, any of its subsidiaries or associated companies, the Trustee or any of the Dealer(s) or any person affiliated with any of them in connection with its investigation of the accuracy or completeness of the information contained therein or any additional information considered by it to be necessary in connection with its investment or divestment decision. Any recipient contemplating subscribing for or purchasing or selling Notes should determine for itself the relevance of the information contained in this Information Memorandum and any such other document or information (or any part thereof) and its investment or divestment should be, and shall be deemed to be, based solely on its own independent investigation of the financial condition and affairs, and its own appraisal of the credit worthiness of, the Issuer and the Group, the terms and conditions of the relevant Notes and any other factors relevant to its decision, including the merits and risk involved. A prospective investor should consult with its legal, tax and financial advisers prior to deciding to make an investment in any Notes.

Factors that may affect the Issuer's ability to fulfil its obligations under Notes issued under the Programme

Creditworthiness of the Issuer

The Notes constitute general and unsecured contractual obligations of the Issuer only, which will rank equally with all other unsecured contractual obligations of the Issuer and behind preferred liabilities, including those mandatorily preferred by law. If you purchase the Notes, you are relying upon the creditworthiness of the Issuer and no other person.

The Issuer is a holding company incorporated for the purpose of holding investments both in Singapore and abroad. The Issuer will rely on its investment income, including dividends and distributions from its subsidiaries, associated companies and investee companies and proceeds from divestments, to meet its obligations, including obligations under the Notes. The ability of the Issuer’s subsidiaries, associated companies and investee companies to pay dividends and other distributions and, to the extent that the Issuer relies on dividends and distributions to meet its obligations, the ability of the Issuer to make payments, are subject to applicable laws and regulations (contractual or otherwise) on the payment of dividends and distributions contained in relevant financing or other agreements of such companies.

Payments on the Notes are statutorily subordinated to all and any existing and future liabilities and obligations of each of the Issuer’s subsidiaries, associated companies and investee companies. Claims of creditors of such companies will have priority as to the assets of such companies over the Issuer and its creditors, including holders of the Notes seeking to enforce the Notes.

Risks affecting the Issuer’s businesses generally

Economic and social conditions globally and in the countries where the Issuer operates may adversely impact the Issuer

With a presence in over 30 countries, the Issuer is exposed to the development of the global economy as well as the industries and geographical markets in which it operates. As a result, its business, financial condition, prospects and results of operations may be influenced by the general state of the global economy or the general state of a specific market or economy. A significant percentage of the Issuer's revenue is derived from its business in the Asia Pacific region and a key part of its strategy involves expanding its business in several other emerging markets, including South America. In recent years, these markets have been among the world’s fastest growing economies in terms of gross domestic product growth. However, there is no assurance that such growth will be sustained or that these countries will not experience negative growth in the future. A deterioration in the economies of emerging markets, a national, regional or global recession, any slowdown in the economies of the United States or the European Union, a devaluation of the currencies of emerging markets or a significant decrease in demand for imports to, and exports from, such emerging markets may adversely affect economic growth in these emerging markets and elsewhere and may have a material adverse effect on the Issuer's business, financial condition, prospects and results of operations.

Although there have been signs of economic recovery in the United States, Japan and other major economies, this recovery may be fragile and partially attributable to the effects of various government economic stimulus efforts. The sustainability of the recovery is uncertain, particularly as the effects of these various government stimulus programs subside. Without further government action, the recovery may not continue because of deflationary pressures and other negative factors. Significant uncertainty regarding the rising debt burden in the United States has affected consumer confidence and concerns about European economies, triggered by uncertainty as to the ability of certain European countries to repay their sovereign debt, have caused unstable market conditions. Geopolitical instability in various parts of the world, including in North Africa, the Middle East and Asia, could also contribute to economic instability in those and other regions. These events could adversely affect the Issuer's business, financial condition, prospects and results of operation.

The U.S. economy and credit markets have experienced, and may continue to experience, volatility and liquidity disruptions, which have resulted in the consolidation, failure or near failure of a number of institutions in the banking and insurance industries. These and other related events have had a significant impact on the global capital markets associated not only with asset-backed securities but also with the global credit and financial markets as a whole. These events have resulted in increased difficulty in borrowing from financial institutions and an increased risk of counterparty default. These events could adversely affect the Issuer’s business, financial condition, prospects and results of operations, as a result of, among other things, failure of financial and other institutions, negatively impacting treasury operations including but not limited to counterparty risks relating to deposits, money market investments and treasury contracts, including those related to foreign exchange or interest rate transactions.

In addition, many of the economies in the developing countries where the Issuer does business differ from the economies of most developed countries in many respects including:

- extent of government involvement;
- political stability;
- level of development;
- growth rate;
- control of foreign exchange; and
- allocation of resources.

While many of these developing economies (for example Brazil and Vietnam) have experienced significant growth in the past 20 years, growth has often been uneven, both geographically and among various sectors of the economy. The governments have implemented various measures to encourage economic growth and guide the allocation of resources. Some of these measures benefit the overall economy, but may also have a negative effect on the Issuer. For example, the Issuer's business, financial condition, prospects and results of operations may be adversely affected by governmental control over capital investments or changes in tax regulations that are applicable to the Issuer or regulatory changes affecting the industries in which the Issuer operates.

Several of the economies in which the Issuer operates have been transitioning from planned economies to more market-oriented economies (for example China and Vietnam). Although in recent years, local governments have implemented measures emphasising the utilisation of market forces for economic reform, the reduction of state ownership of productive assets and the establishment of sound corporate governance business enterprises, a substantial portion of productive assets is still owned by local governments. In addition, local governments continue to play a significant role in regulating industrial development through industrial policies. Accordingly, changes introduced by those governments during this transition may adversely affect the Issuer's business, financial condition, prospects and results of operations.

The Issuer may also be adversely affected by exchange controls, changes in taxation laws, changes in foreign investment policies and other restrictions and controls which may be imposed by the relevant authorities of the countries in which the Issuer operates.

The Issuer is affected by any possible loss of major customers

There is no assurance that the Issuer will be able to continue to retain its major customers or that its customers will maintain or increase their current level of business with the Issuer. In the event that any of the Issuer's major customers ceases to have business dealings with it or materially reduces the level of business activities with it, the Issuer's business, financial condition and results of operations will be adversely affected.

The Issuer's success in the future may depend, in part, on the successful implementation of its strategy

The Issuer's ability to successfully pursue new growth opportunities will depend on its continued ability to implement its strategies. There can be no assurance that the Issuer will be able to successfully implement its strategies.

The Issuer anticipates that its future growth will come partly from the expansion of its operations outside Singapore. The Issuer's overseas projects are located in both developing and developed countries. Overseas expansion will also include entering into new markets. The Issuer's business is subject to various risks beyond its control, such as the instability of foreign economies and governments and changes in laws and policies in overseas countries affecting trade and investment activities. The events arising from such risks could potentially affect the Issuer's business or investments overseas in the future.

The Issuer operates in capital intensive industries that relies on the availability of sizeable amounts of debt and the Issuer may experience limited availability of funds

There can be no assurance that the Issuer will be able to obtain financing for its needs and further expansion, either on a short-term, or a long-term basis on terms favourable to the Issuer or at all. The factors that could affect the Issuer's ability to procure financing include market disruption risks which could adversely affect the liquidity, interest rates and the availability of funding sources. In addition, further consolidation in the banking industry in Singapore and/or elsewhere may also reduce the availability of credit as the merged banks seek to reduce their combined exposure to any one company or sector.

The Issuer is exposed to foreign exchange risks

The Issuer is exposed to foreign exchange risks due to fluctuations in foreign exchange rates. A substantial portion of the Issuer's investments and revenues are and will continue to be denominated in U.S. Dollars and the respective local currencies of countries where the Issuer operates, while its reporting currency is in Singapore Dollars. This being the case, many of the Issuer's activities, income, costs and operating cash flows are exposed to foreign exchange risks arising from various currency exposures, primarily with respect to the U.S. Dollar and the respective local currencies of countries where the Issuer operates when the assets and liabilities are translated into Singapore Dollars for financial reporting purposes. Consequently, portions of the Issuer's costs and margins are affected by fluctuations in the exchange rates between these currencies. As far as possible, the Issuer adopts a natural hedge by funding its investments in the same local currencies to mitigate its exposure to exchange rate fluctuations. However, there can be no assurance that the Issuer will not be exposed to future exchange rate fluctuations in the relevant countries when capital and profits are repatriated back to Singapore.

The Issuer is exposed to general inflationary pressures

Future increases in prices in goods and services globally may negatively affect the economic growth and stability of countries in which the Issuer operates, and as a result, may reduce the ability of consumers to purchase properties, shop or travel. The economic and political conditions in these countries make it difficult to predict whether goods and services will continue to be available at prices that will not negatively affect economic growth and stability. There can be no assurance that future increases in prices generally in the countries in which the Issuer operates will not lead to political, social and economic instability, which in turn could have a material adverse effect on the Issuer's business, financial condition, prospects and results of operations.

The Issuer is subject to interest rate fluctuations

The interest cost to be borne by the Issuer for its floating interest rate borrowings (if any) will be subject to fluctuations in interest rates. In addition, the Issuer is subject to market disruption clauses contained in its loan agreements with banks. Such clauses state that to the extent that banks face difficulties in raising funds in the interbank market or pay materially more for interbank deposits than the displayed screen rates, they may pass on the higher costs of funds to the borrower despite the margins agreed. Furthermore, although the Issuer may enter into some hedging transactions to partially mitigate the risk of interest rate fluctuations, there can be no assurance that its exposure to interest rate fluctuations will be adequately covered. As a result, the Issuer's business, financial condition, prospects and results of operations could potentially be adversely affected by interest rate fluctuations.

The Issuer's performance may be affected by its ability to attract and retain personnel

The Issuer's future performance depends largely on its ability to attract, train, retain and motivate high quality personnel, especially for its management and technical teams. The loss of key employees may have a material adverse effect on the Issuer's business, financial condition, prospects and results of operations.

The outbreak of an infectious disease or any other serious public health concerns in Asia and elsewhere could adversely impact the Issuer's business, financial condition, prospects and results of operations

The outbreak in 2009 of H1N1 Influenza (commonly known as swine flu) caused deaths worldwide. Countries and territories including Singapore officially reported cases of H1N1 Influenza infection. An increase in the number of H1N1 Influenza infected cases in Asia and elsewhere could indicate a possible full-blown pandemic, which would in turn threaten human lives and would undermine local and cross-border business activities and threaten the prospects of economic recovery in affected areas. It is unclear whether any epidemic will become more aggressive or will wane in the near future. In late 2003, June 2004 and June 2007, outbreaks of avian influenza occurred in several countries in Asia. In 2005 and 2006, outbreaks were reported in other parts of the world including Europe, Saudi Arabia and Africa. These outbreaks severely affected the poultry and related industries and there were several reported cases of bird-to-human transmission of avian influenza. The World Heath Organisation and other agencies continue to issue warnings of a potential avian influenza pandemic if there are sustained human-to-human transmissions.

In 2003, Hong Kong, Taiwan, China, Singapore, Malaysia and other places experienced an outbreak of Severe Acute Respiratory Syndrome, which adversely affected Asian economies, including Singapore. The outbreak of an infectious disease in Asia and elsewhere, together with any resulting restrictions on travel and/or imposition of quarantine measures, could have a negative impact on the global economy, and business activities in Asia and could thereby adversely impact the revenues and results of the Issuer. There can be no assurance that any precautionary measures taken against infectious diseases would be effective. A future outbreak of an infectious disease or any other serious public health concern in Asia could seriously harm the Issuer’s businesses.

Some or all of the Issuer's existing and planned projects may not be completed

The success and financial performance of the Issuer will depend on its ability to identify, develop, market and sell its products in a timely and cost effective manner. The Issuer's projects are subject to the risks of changes in regulations, delays in obtaining required approvals, availability of raw materials, increases in costs, natural disasters, any reliance on third party contractors as well as the risk of decreased market demand during the development of a project. As a result of these and other factors described herein, no assurance can be given as to whether or when existing and planned projects will be successfully completed. Although the Issuer plans to apply many of the development and marketing strategies that it has employed in the past, new projects may pose unforeseen challenges and demands on its managerial and financial resources. Non-completion of the projects may have a material and adverse effect on the Issuer's business, financial condition, prospects and results of operations.

The Issuer is exposed to terrorist attacks, other acts of violence or war and adverse political developments

The terrorist attacks in the U.S. on 11 September 2001, in Bali on 12 October 2002 and 1 October 2005, in Jakarta on 5 August 2003 and July 2009 and in Mumbai in November 2008, together with the military response by the U.S. and its allies in Afghanistan and in Iraq, have resulted in substantial and continuing global economic volatility and social unrest. Further developments stemming from these events or other similar events could cause further volatility. The direct and indirect consequences of any of these terrorist attacks or armed conflicts are unpredictable, and the Issuer may not be able to foresee events that could have an adverse effect on its business operations and results. Any additional significant military or other response by the U.S. and/or its allies or other nations or any further terrorist activities could also materially and adversely affect international financial markets and the economies in which the Issuer operates and may thereby adversely affect its business, financial condition, prospects and results of operations.

The Issuer may be involved in legal and other proceedings from time to time

From time to time, the Issuer may be involved in disputes with various parties such as contractors, sub-contractors, consultants, suppliers, construction companies, purchasers and other partners involved in the development, operation, purchase and sale of its properties. These disputes may lead to legal and other proceedings, and may cause the Issuer to suffer additional costs and delays in the construction or completion of its properties. In addition, the Issuer may have disagreements with regulatory bodies in the course of its operations, which may subject it to administrative proceedings and unfavourable orders, directives or decrees that may result in financial losses and delay the construction or completion of its projects.

There can be no assurance that these disputes will be settled, or settled on favourable or reasonable terms. In the event such disputes are not settled on favourable or reasonable terms, or at all, the Issuer's business, financial condition, prospects and results of operations may be adversely affected.

The Issuer is subject to risks inherent in joint venture structures and/or funds

The Issuer has, and expects in the future to have, interests in joint venture entities and/or funds in connection with its businesses. Disagreements may occur between the Issuer, its joint venture partners and/or third party fund investors, as the case may be, regarding the business and operations of the joint ventures and/or funds which may not be resolved amicably. In addition, the Issuer's joint venture partners and/or third party fund investors may (i) have economic or business interests or goals that are not aligned with the Issuer's, (ii) take actions contrary to the Issuer's instructions, requests, policies or objectives, (iii) be unable or unwilling to fulfil their obligations, (iv) have financial difficulties or (v) have disputes with the Issuer as to the scope of their responsibilities and obligations.

Additionally, in light of the current economic climate, the Issuer's joint venture partners or third party fund investors (a) may not be able to fulfil their respective contractual obligations (for example, they may default in making payments during future capital calls or capital raising exercises), or (b) may experience a decline in creditworthiness. Although joint venture and private fund agreements generally contain terms that govern the treatment of such events to the detriment of the defaulting party and the Issuer would generally seek to enforce its rights as enumerated in these legal agreements, the occurrence of any of these events may materially and adversely affect the performance of the Issuer's joint ventures and/or funds, which in turn may materially and adversely affect its business, financial condition, prospects and results of operations.

The Issuer engages in transactions in the ordinary course of business with related parties

The Issuer engages in transactions in the ordinary course of its business with related parties. The Issuer believes it engages in these transactions on an arm's-length basis, in the best interests of the Issuer and generally on terms no less favourable to the Issuer than the terms of similar transactions with non-related parties. While the Issuer cannot assure you that it will not enter into other related party transactions in the future, it has committed to only engage in related party transactions on an arm's-length basis and in compliance with its high standards of corporate governance which are in accordance with the principles set out in the Code of Corporate Governance 2005 and the rules prescribed by Singapore Exchange Securities Trading Limited.

Risks affecting the Issuer's offshore & marine business

The Issuer's offshore & marine business is affected by existing and possible new competitors

The Issuer's offshore & marine business (the "**O&M Business**") faces competition from other local and international offshore & marine product and service providers. The O&M Business expects to face increased competition from existing competitors and any new entrants into the market in the future. Competitive factors include price, delivery schedule and quality/specifications of the products and services offered by other providers. Some of the O&M Business' competitors have longer operating histories, larger customer bases and stronger relationships with customers and other partners and possess greater financial, technical, political, marketing and other resources in the markets that we operate in or intend to venture into.

If this business fails to compete successfully against existing competitors and new entrants, its business and financial condition, as well as operating results, may be adversely affected.

Fluctuations in input costs and disruption in input supplies could adversely affect profitability and consequently the O&M Business' financial condition and results of operations and prospects

The profitability of Keppel Offshore & Marine Ltd. ("**Keppel O&M**", and together with its subsidiaries, the "**Keppel O&M Group**") is affected by a variety of input costs including the price of steel, transportation costs and labour costs. These input costs represent a significant portion of the total cost of the services Keppel O&M provides to its customers.

Steel is one of the main raw materials required by the O&M Business. The price of steel is subject to global demand and supply of steel and other macroeconomic conditions. In order to provide quality services at competitive prices, the O&M Business needs to obtain sufficient quantities of quality steel materials at acceptable prices and in a timely manner. Although Keppel O&M Group has established good working relationships with its suppliers, there is no assurance that it will continue to be able to obtain steel materials from its suppliers at acceptable prices or that its suppliers would be able to meet the Keppel O&M Group's requirements.

Wages in Singapore are generally higher compared to neighbouring countries such as Malaysia, Thailand, India, Bangladesh and China. To ensure that the Keppel O&M Group remains competitive, it recruits a significant number of workers from these countries. In the event of a shortage of supply of foreign workers or the implementation of restrictions against employing foreign employees by the Ministry of Manpower in Singapore, Keppel O&M Group's operations and project schedules may be affected.

Any significant increases in the above input costs could result in an increase in Keppel O&M Group's cost of sales and adversely affect the O&M Business, financial condition, results of operations and prospects.

The Keppel O&M Group is exposed to potential liability arising from any damage, injury or death resulting from accidents or other causes

Due to the nature of the Keppel O&M Group's operations, it is subject to the risk of accidents occurring either to its employees or to third parties who may be involved in accidents while on its premises or vessels. These accidents may occur as a result of fire, explosions or other incidents which may result in injury to persons, death or damage to property or vessels. While the Keppel O&M Group has instituted safety procedures for its employees, it is unable to ensure that accidents resulting in injury to persons, death or damage to property or vessels will not arise. A company within the Keppel O&M Group may be liable, whether contractually or under the law, for any or all of such loss or damage or injury to or loss of life. In the event of an accident that is not covered by its insurance policies or the claims of which are in excess of its insurance coverage or are contested by the insurance companies, its financial performance and position may be adversely affected. In addition, the payment by insurers of such insurance claims may result in increases in the premiums payable by the Keppel O&M Group for its insurance, thereby also increasing the costs of its operations and adversely affecting its financial performance.

The O&M Business is affected by any change in current environmental regulations

The O&M Business is required to ensure that its operations are in compliance with the relevant environmental legislation governing activities in each of the locations in which the O&M Business operates. There is a possibility that the governments of each of these locations may change its regulations with regards to environmental matters in the future which would require the O&M Business to modify its facilities or operations and therefore incur expenses that could have an effect on Keppel O&M Group's operating results. In the event the relevant environmental regulations in any of the locations in which Keppel O&M operates are changed, no assurance can be given that the ensuing steps taken by Keppel O&M Group to comply with such new regulations will not have a material effect on its operating results.

The Keppel O&M Group and the O&M Business are affected by any change in the political, economic, regulatory or social conditions in the countries in which it operates or which it intends to expand into

The Keppel O&M Group and the O&M Business are governed by the laws, regulations and government policies in each of the countries in which it operates or into which it intends to expand its businesses and operations. The Keppel O&M Group, the O&M Business and future growth are dependent on the political, economic, regulatory and social conditions in these countries. Any economic downturn or changes in policies in these countries, currency and interest rate fluctuations, capital controls or capital restrictions, labour laws, changes in environmental protection laws and regulations, duties and taxation and limitations on imports and exports could materially and adversely affect the Keppel O&M Group's operations, financial performance and future growth.

The Keppel O&M Group's operations and financial position are dependent on the state of the offshore oil and gas industry

The Keppel O&M Group’s operations are dependent on the state of, and capital expenditure by its customers in, the offshore oil and gas industry, in terms of the level of activities in the exploration, development and production of oil and natural gas. Such activities are affected by factors such as fluctuations in oil and natural gas prices, changes in capital spending by customers in the offshore oil and gas industry, the numbers and locations of oil and gas fields, the ability to economically justify putting discoveries of oil and gas reserves into production, the need to clear all structures from the production site once the oil and gas reserves have been depleted, as well as weather conditions. The prices of oil and natural gas are volatile and are affected by the fundamental principles of supply and demand as well as global political and economic factors. They in turn will affect the level of capital spending by companies in the offshore oil and gas industry. Low oil and natural gas prices tend to reduce the amount of oil and natural gas that producers can produce economically. When lower oil and gas prices prevail, major oil and gas companies generally reduce their spending budgets for offshore drilling, exploration and development.

The Keppel O&M Group's customers are also affected by the laws, regulations, policies, directives and regulations relating to energy, investment, taxation and such other laws promulgated by the governments of countries from which they will need to obtain licences to engage in the exploration, development and production of oil and gas. The demand for the Keppel O&M Group’s services and the potential for growth of its business will be affected if its customers cannot obtain the necessary licences to engage in exploration, development and production activities in the relevant areas.

Any decline in the level of activities in the offshore oil and gas industry will result in a decrease in demand for the Keppel O&M Group’s products and services. In the event of a reduction in the level of activities in the exploration, development and production of oil and natural gas as a result of any changes in capital spending by the offshore oil and gas industry, the Keppel O&M Group’s results of operations and financial position may be adversely affected.

The O&M Business is affected by the cyclical nature of the shipping industry

The O&M Business is affected by the cyclical nature of the shipping industry. The shipping industry is affected by general economic conditions and any adverse change in general economic conditions will have a negative impact on the Keppel O&M Group’s operations. In weak economic conditions, ship owners may defer the building or procurement of new vessels and/or the execution of repair and maintenance work on existing vessels, which will have an impact on the O&M Business in shipbuilding, repair, conversion and upgrading services. Should any such development occur, Keppel O&M Group’s financial performance may be adversely affected.

The Keppel O&M Group may be affected by project cost overruns

In preparing tender submissions for projects, Keppel O&M Group carries out internal costing and budgeting estimates based on the scope of work, labour and material costs and third party costs. The accuracy of the internal costing and budgeting estimates is subject to the Keppel O&M Group's experience and expertise in understanding and accessing the complexity and engineering challenges of each project.

However, unforeseen circumstances such as unanticipated price fluctuations of raw materials, changes or damages during fabrication processes, increases in labour costs and omissions in estimation in the Keppel O&M Group's internal costing may arise. As these circumstances may require additional costs and work which were not factored in the contract value, these may lead to cost overruns which may erode the Keppel O&M Group's profit margin for the project. If these develop into actual events, Keppel O&M Group's financial performance will be adversely affected. In the event that any of the above circumstances occurs and if the Keppel O&M Group is unable to manage such cost overruns, then its profitability and financial results will be adversely affected.

The Keppel O&M Group may incur additional costs or liquidated damages in the event of disputes, claims, defects or delays

If a company within the Keppel O&M Group is required to rectify defects during the warranty period which result in substantial additional costs being borne by the Keppel O&M Group, the profitability of the relevant project will be reduced.

The Keppel O&M Group may also encounter disputes with its customers in relation to non-compliance with contract specifications, defects in workmanship and materials used. There can be no assurance that any such disputes and claims will not result in protracted litigation, which will have a negative impact on the Keppel O&M Group's profits, cash flow and financial position. In the event that its customers suffer loss and damage due to defects which may be attributable to an entity of the Keppel O&M Group, the customers may claim for such loss and damage against such entity and call on the advance payment guarantees and/or performance bonds relating thereto, thereby adversely affecting the Keppel O&M Group’s financial performance. Sub-contractors may also claim for, inter alia, prolongation costs.

Contracts for projects usually contain provisions for payment of liquidated damages by the relevant company within the Keppel O&M Group in the event that the hand-over of projects is delayed. Should such projects encounter any delays, whether attributable to the relevant entity of the Keppel O&M Group or its suppliers or sub-contractors or events beyond its control, the relevant entity of the Keppel O&M Group may be required to pay liquidated damages. This will have an adverse impact on the Keppel O&M Group financial position.

The Keppel O&M Group is subject to the credit risks of customers

The Keppel O&M Group's projects typically involve progressive billing according to the stages of project completion pursuant to the terms of the contracts. There are also several newbuild projects on deferred payment terms, where the bulk of the contract price is payable at delivery of the vessel. There is no assurance on the timeliness of customers’ payment or whether they will be able to fulfil their payment obligations. The Keppel O&M Group is therefore subject to the risk of bad debts should any of its customers fail to promptly settle the amounts due to the Keppel O&M Group for work done, and the risk of the inability of customers to take delivery of their vessels, particularly if its customers experience cash flow difficulties or deterioration in their business performance and financial position. Any incidence of bad debts or the inability of a customer to take delivery of their vessel will have an adverse impact on the Keppel O&M Group's financial position.

Risks affecting the Issuer's infrastructure business (the “Infrastructure Business”)

The Issuer's Infrastructure Business clients may default in making payment

During the course of their business, certain companies within the Issuer's infrastructure business group (the “**Infrastructure Group**”) may enter into agreements with third parties from which they may derive income in relation to the operation of their businesses. The inability of such third parties to raise sufficient funds to develop and/or undertake the relevant project and operations may affect the Infrastructure Business' ability to derive such income as contracted for in the relevant agreements, and this may have an adverse impact on the Infrastructure Business' prospects, financial condition and results of operations.

Contracts have been entered into by companies within the Infrastructure Group which contain provisions regarding penalties which may have a material adverse effect on the Infrastructure Business

Certain contracts which contain provisions for the payment of penalties for any delays for the supply of power have been entered into by companies within the Infrastructure Group. In addition, the Environmental Engineering division is exposed to penalties due to non-conformance to required standards, including delay in delivery. The inability of the relevant company within the Infrastructure Group to adhere to delivery schedules or quality parameters could make it liable for payment of penalties, which may adversely affect the financial condition and results of operations of the Infrastructure Business.

The plans of the Keppel Infrastructure Group require significant capital expenditure and if the Infrastructure Business is unable to obtain the necessary funds on acceptable terms, it may not be able to finance its projects, which may adversely affect its business and results of operations

The development of power projects, telecommunication and transportation projects, logistics and environmental engineering projects is capital intensive and requires significant capital expenditure. The Infrastructure Group may not be able to fulfil all its funding requirements from the resources available to it and may need to look for additional sources of finance, which may not be readily available, or may not be available on commercially reasonable terms. The Infrastructure Group is required to make capital expenditures to maintain, upgrade and expand these facilities to keep pace with competitive developments, technological advances and evolving safety standards in the industry. Any significant change in the contemplated financial requirements and development costs may have an adverse effect on the Infrastructure Group's cash flows, financial condition and results of operations. If the Infrastructure Group decides to incur more debt, its interest payment obligations will increase and it may be subject to additional restrictive conditions from lenders. In addition, the expansion of the Infrastructure Business and pursuit of business opportunities may require it to have access to significant amounts of capital.

The Infrastructure Group's ability to finance its capital expenditure plans is also subject to a number of risks, contingencies and other factors, some of which are beyond the Infrastructure Business' control, including tariff regulations, borrowing or lending restrictions imposed by applicable government regulations and general economic and capital market conditions. No assurance can be given that the Infrastructure Group will be able to raise sufficient funds to meet its capital expenditure requirements on terms acceptable to it. If the Infrastructure Group is unable to raise the capital required by its businesses on commercially acceptable terms or at all, or experiences any delays in raising such funds, there could be an adverse effect on its ability to complete its projects and on the Infrastructure Group's revenues and profitability.

The Infrastructure Business' inability to compete effectively may have a material adverse effect on its business, financial position and results of operations

The Infrastructure Business operates in highly competitive markets and faces competition on a local, regional, national and international level. Maintaining or increasing its market share will depend upon its ability to anticipate and respond to various competitive factors affecting its business segments, including its ability to improve its processes, respond to pricing strategies of its competitors and adopt new technology efficiently.

The markets for the Infrastructure Business' energy products are also price competitive and sensitive to product substitution. In many of these businesses, the Infrastructure Business' competitors have greater economies of scale and are also more vertically integrated. The Infrastructure Business' competitors include licensees and deemed licensees such as generation and distribution companies. Any failure to compete effectively, including any delay in the Infrastructure Business' reactions to changes in market conditions, may affect its competitiveness, thereby reducing its market share and resulting in a decline in its revenues. There can be no assurance that the Infrastructure Business will be able to continue to compete successfully and the competitive environment may have an adverse effect on its business, financial position and results of operations.

Compliance with and changes in, safety, health and environmental laws and regulations may adversely affect the Keppel Infrastructure Group's results of operations and its financial condition

The Infrastructure Business is subject to a broad range of safety, health and environmental laws and regulations. Its manufacturing facilities, plants and other facilities are subject to local laws and government regulations on safety, health and environmental protection. These laws and regulations impose controls on air and water discharge, noise levels, storage handling, discharge and disposal of chemicals, employee exposure to hazardous substances and other aspects of the Infrastructure Business' operations and products. Environmental laws and regulations may become more stringent and the scope and extent of any new regulations, including their effect on the Infrastructure Business operations, cannot be predicted with any certainty. Any changes in environmental regulations may impose additional taxes and other levies and/or require establishment of additional infrastructure for handling discharge of effluents and other emissions. Further, a failure to comply with any existing or future environmental regulations may result in levy of fines, commencement of judicial proceedings and/or third party claims. Any levies or fines imposed on the Infrastructure Business under environmental regulations or additional expenditure for establishment of additional infrastructure for handling discharge of effluents and other emissions, may adversely affect its results of operations and financial condition. Environmental regulations also impose joint and several liability, irrespective of fault or legality of the original conduct that caused the release of hazardous substances into the environment, on the persons who contributed to the release of a hazardous substance into the environment.

Further, there can be no assurance that entities of the Keppel Infrastructure Group will not be involved in future litigation or other proceedings or be held responsible in any litigation or proceedings relating to safety, health and environmental matters, the costs of which could be material. The Infrastructure Business could be subject to substantial civil and criminal liability and other regulatory consequences in the event the operation of any of its businesses results in material contamination of the environment. Companies within the Infrastructure Business may be the subject of allegations of environmental pollution in suits filed by pollution control authorities which may attract criminal and civil liabilities. If such cases are determined against such company, there could be an adverse effect on its business and operations. Clean-up and remediation costs of the Keppel Infrastructure Group's sites and related litigation could also adversely affect the Keppel Infrastructure Group and its profitability.

The Keppel Infrastructure Group's operations in Environmental Engineering services, cooling service provision, logistics and other services are subject to stringent and complex regional and local environmental laws and regulations across the countries it operates in. Non-compliance with these environmental laws may result in substantial administrative, civil and criminal penalties.

Keppel Infrastructure Group and the Infrastructure Business are affected by changes in the political, economic, regulatory or social conditions in the countries in which the Keppel Infrastructure Group operates

The Keppel Infrastructure Group and the Infrastructure Business are governed by the laws, regulations and government policies in each of the countries in which the Keppel Infrastructure Group operates. The Infrastructure Business and future growth are dependent on the political, economic, regulatory and social conditions in these countries. Any economic downturn or changes in policies in these countries, currency and interest rate fluctuations, capital controls or capital restrictions, labour laws, changes in environmental protection laws and regulations, duties and taxation and limitations on imports and exports could materially and adversely affect the Keppel Infrastructure Group's operations, financial performance and future growth.

The Keppel Infrastructure Group's insurance coverage may not adequately protect it against certain operational risks and it may be subject to losses that might not be covered in whole or in part by existing insurance coverage

The Keppel Infrastructure Group maintains insurance which it believes is typical in the industries in which it operates and in amounts which it believes are commercially appropriate for a variety of risks, including risks relating to fire, burglary and natural disasters. However, such insurance may not be adequate to cover all losses or liabilities that may arise from the Keppel Infrastructure Group's operations, particularly when the loss suffered is not easily quantifiable. Even if the Keppel Infrastructure Group has adequate insurance covers, it may not be able to successfully assert its claims for any liability or loss under the relevant insurance policies. Additionally, there may be various other risks and losses for which the Infrastructure Group is not insured either because such risks are uninsurable or not insurable on commercially acceptable terms. Furthermore, there can be no assurance that in the future the Infrastructure Business will be able to maintain insurance of the types or at levels which it deems necessary or adequate.

The occurrence of an event for which the Keppel Infrastructure Group is not insured, where the loss is in excess of insured limits or where the Keppel Infrastructure Group is unable to successfully assert insurance claims from losses, could result in uninsured liabilities. Any such uninsured losses or liabilities could result in a material adverse effect on the Keppel Infrastructure Group's business operations, financial condition and results of operations.

The Infrastructure Business may be affected by project cost overruns

In preparation for tender submissions for Power Generation, Logistics and Environmental Engineering projects, the relevant company within the Infrastructure Business carries out internal costing and budgeting estimates based on the scope of work, labour and material costs and third party costs. The accuracy of the internal costing and budgeting estimates is subject to the experience and expertise of the relevant company within the Infrastructure Business in understanding and assessing the complexity and engineering challenges of each project. However, unforeseen circumstances such as unanticipated price fluctuations of raw materials, changes or damages during fabrication processes, increases in labour costs and omissions in estimation in such company's internal costing may arise. As these circumstances may require additional costs and work which were not factored in the contract value, these may lead to cost overruns which may erode the company's profit margin for the project. In addition, if the company decides to incur more debt, its interest payment obligations will increase, and it may be subject to additional restrictive conditions from lenders. In the event that any of the above circumstances occurs and if the relevant company within the Infrastructure Business is unable to manage such cost overruns, then the profitability and financial results of the Infrastructure Business as a whole will be adversely affected.

The Keppel Infrastructure Group may incur additional costs or liquidated damages in the event of disputes, claims, defects or delays

Various projects undertaken within the Keppel Infrastructure Group may also encounter disputes with its customers in relation to non-compliance with contract specifications, defects in workmanship and materials used. There can be no assurance that any such disputes and claims will not result in protracted litigation, which will have a negative impact on the profits, cash flow and financial position of the relevant companies within the Keppel Infrastructure Group. In the event that customers suffer loss and damage due to defects which may be attributable to such company, the customers may claim for such loss and damage against such company and call on the advance payment guarantees and/or performance bonds relating thereto, thereby adversely affecting the financial performance of the Keppel Infrastructure Group as a whole.

Contracts for various projects usually contain provisions for payment of liquidated damages by the relevant companies within the Keppel Infrastructure Group in the event that the hand-over of projects is delayed. Should any such projects encounter any delays, whether attributable to the relevant company within the Infrastructure Business or such company's suppliers or sub-contractors or events beyond such company's control, such company may be liable to pay liquidated damages. Sub-contractors may also claim for, inter alia, prolongation costs. This will have an adverse impact on the financial position of the Infrastructure Business as a whole.

Risks affecting the Issuer's property business (the "Property Business")

The Property Division is subject to the credit risks of customers

The Property Division's projects typically involve progressive billing according to the stages of project completion pursuant to the terms of the contracts. There is no assurance on the timeliness of customers' payment or whether they will be able to fulfil their payment obligations. The Property Division is therefore subject to the risk of bad debts should any of its customers fail to promptly settle the amounts due to the Property Division for work done, particularly if its customers experience cash flow difficulties or deterioration in their business performance and financial position. Any incidence of bad debts will have an adverse impact on the Property Division's financial position.

The Issuer's investments, held through Keppel Land, are currently concentrated in Asia

The majority of Keppel Land's business activities are currently concentrated in Asia, mainly in Singapore, China, Vietnam, India and Indonesia. As a result, Keppel Land's revenue, prospects, results of operations and future growth depend, to a large extent, on the continued growth of the markets in Asia. Given this concentration of Keppel Land's business activities, the specific laws, regulations, practices, economic and financial conditions, property market and other aspects of each of these countries and their corresponding micro-regions could have a significant impact on the business, financial condition, operations and results of Keppel Land. In addition, future excesses in property supply over demand as a result of economic uncertainty, slower growth and increased interest rates (which reduces the ability of Keppel Land's customers to finance real estate purchases and increases Keppel Land's own costs of financing) may lead to further volatility in property prices and yields which could in turn adversely affect the financial condition, prospects and results of operations of Property Business.

Higher interest rates may have a significant impact on the real estate industry

An increase in interest rates in Singapore and/or any of the countries in which Keppel Land operates may negatively impact its residential and commercial property developments. Higher interest rates generally impact the real estate industry by making it harder for consumers to secure financing, which can lead to a decrease in the demand for residential and commercial sites. Any downturn in the economy or consumer confidence could negatively impact the demand for all types of property that Keppel Land has under development and negatively affect the financial condition, prospects and results of operations of the Property Business.

Some or all of Keppel Land's existing and planned projects may not be completed

The success and financial performance of Keppel Land will depend on its ability to identify, develop, market and sell its developments in a timely and cost effective manner. Keppel Land's development activities are subject to the risks of changes in regulations, delays in obtaining required approvals, availability of raw materials, increases in construction costs, natural disasters, any reliance on third party contractors as well as the risk of decreased market demand during the development of a project. As a result of these and other factors described herein, no assurance can be given as to whether or when existing and planned projects will be successfully completed. Although Keppel Land plans to apply many of the development and marketing strategies that it has employed in the past, new projects may pose unforeseen challenges and demands on its managerial and financial resources. Non-completion of such developments, or any of Keppel Land's other developments, may have a material and adverse effect on the financial condition, prospects and results of operations Property Business.

Keppel Land is exposed to fluctuations in the residential and commercial property markets

The real estate development industry in Singapore and the other countries in which Keppel Land operates is cyclical and is significantly affected by changes in general and local economic conditions, including employment levels, availability of financing, interest rates, consumer confidence and demand for developed products, whether residential or commercial. The process of development of a project begins, and financial and other resources are committed, long before a real estate project comes to market, which could occur at a time when the real estate market is depressed. A depressed real estate market will adversely affect the financial condition, prospects and results of operations of the Property Business.

Keppel Land is exposed to general risks associated with the ownership and management of real estate

Real estate investments are generally illiquid, limiting the ability of an owner or a developer to convert property assets into cash on short notice with the result that property assets may be required to be sold at a discount in order to ensure a quick sale. Such illiquidity also limits Keppel Land's ability to manage its portfolio in response to changes in economic or other conditions. Moreover, Keppel Land may face difficulties in securing timely and commercially favourable financing in asset-based lending transactions secured by real estate due to such illiquidity or as a result of restrictions in its various debt obligations.

Property investments are subject to risks incidental to the ownership and management of residential and commercial properties including, among other things, competition for tenants, changes in market rents, inability to renew leases or re-let space as existing leases expire, inability to dispose of major investment properties for the values at which they are recorded in Keppel Land's financial statements, increased operating costs, the need to renovate, repair and re-let space periodically and to pay the associated costs, wars, terrorist attacks, riots, civil commotions, natural disasters and other events beyond Keppel Land's control. Keppel Land's activities may also be impacted by changes in laws and governmental regulations in relation to real estate, including those governing usage, zoning, taxes and governmental charges. Such revisions may lead to an increase in management expenses or unforeseen capital expenditures to ensure compliance. Rights related to the relevant properties may also be restricted by legislative actions, such as revisions to the laws relating to building standards or town planning laws or the enactment of new laws relating to government appropriation, condemnation and redevelopment.

Keppel Land's insurance policies may be insufficient to cover potential liabilities and losses

Although Keppel Land maintains insurance with reputable insurance companies and believes that such insurance coverage is consistent with industry standards to protect against its operational risks, certain types of risks (such as war risks) may be uninsurable or the cost of insurance may be prohibitive or not economically viable when compared to the risks. Keppel Land currently maintains insurance on a 'First Loss' basis for acts of terrorism for certain of its properties in Singapore, Thailand, Indonesia, Vietnam and China. Keppel Land also maintains global property damage and business interruption and general/public liability insurance in the Asia Pacific region but principally in Singapore, Myanmar, Vietnam, Indonesia, China and Thailand. Should an uninsured loss or a loss in excess of insured limits occur, Keppel Land could be required to pay compensation and/or lose capital invested in the affected property as well as anticipated future revenue for that property. There can be no assurance that material losses in excess of insurance proceeds will not occur in the future or that adequate insurance coverage will be available in the future on commercially reasonable terms or at commercially reasonable rates.

Keppel Land's property development business is subject to external factors in foreign countries

Keppel Land's property development business has development projects in countries where the projects are dependent on obtaining the approvals of a variety of governmental authorities at different levels, receipt of which cannot be assured. These development projects have been and may in the future be subject to certain risks, including the cyclical nature of the property markets, changes in governmental regulations and economic policies, including, among other things, regulations and policies restricting construction of properties and buildings and related limitations on extensions of credit, building material shortages, increases in labour and material costs, changes in general economic and credit conditions and the illiquidity of land and other property. There can be no assurance that required approvals will be obtained or that the cost of Keppel Land's developments will not exceed projected costs.

Although Keppel Land generally seeks to maintain a sufficient level of control over the projects through ownership of a controlling interest and/or management in order to impose established financial control, management and supervisory techniques, property investment and development in these countries may involve special risks or problems associated with joint venture partners, including, among other things, inconsistent business interests or one or more of the partners experiencing financial difficulties.

Keppel Land's property development business requires substantial capital investments and may require Keppel Land to seek external financing which may not be available on terms acceptable to it or at all

Keppel Land's property development business pursues a strategy of pre-selling the development properties. This reduces the need for Keppel Land to seek external financing as payments are received in advance from the purchasers of Keppel Land's development properties. There can be no assurance that Keppel Land's pre-selling strategy will be sufficient to help cover all of Keppel Land's anticipated financing needs. Keppel Land's property development business may be required to seek external financing to fund working capital or capital expenditures to support the completion of its properties. Keppel Land's ability to arrange for external financing and the cost of such financing are dependent on numerous factors, including general economic and capital market conditions, interest rates, credit availability from banks or other lenders, investor confidence in Keppel Land, success of Keppel Land's businesses, restrictions of tax and securities laws that may affect to Keppel Land's efforts to raise capital, any restrictions imposed on the lenders in the provisions of loans to the property sector in countries where it operates, and political and economic conditions. There can be no assurance that additional financing either on a short-term or long-term basis would be available, or if available, would be obtained on terms favourable or acceptable to Keppel Land.

Keppel Land's property development division may face increasing competition in property markets

Keppel Land's residential and commercial development operations face competition from both international and local property developers with respect to factors such as location, facilities and supporting infrastructure, services and pricing. Intensified competition between property developers may result in increased costs for land acquisition, oversupply of properties and a slowdown in the approval process for new property developments by the relevant government authorities, all of which may adversely affect Keppel Land's property development business. There can be no assurance that Keppel Land's strategies will be effective or that it will be able to compete successfully in the future against its existing or potential competitors or that increased competition with respect to its activities may not have a material adverse effect on the financial condition, prospects and results of operations of the Property Business.

Keppel Land's property development business faces competition from other property developers who may have greater financial resources than Keppel Land. This competition may limit Keppel Land's opportunity to invest in projects that could add value or have a higher rate of return.

Keppel Land is dependent on the quality of title to the properties in its land bank

Due to the immature nature of property law in some of the countries where Keppel Land operates and the lack of a uniform title system in such countries, there is potential for disputes over the quality of titles purchased from previous landowners. For example, in Indonesia, Keppel Land must negotiate each time it acquires land as a licence-holder with the actual owner of the land which may result in property purchases and acquisition of title being delayed or not proceeding in the event that negotiations are unsuccessful. Such delays in acquiring properties required for Keppel Land's development activities could negatively affect its business, financial condition, prospects and results of operations.

Keppel Land's land and/or real property may be subject to compulsory acquisition

Land and real property comprise a significant part of Keppel Land's property development business. Properties of Keppel Land or the land on which the properties are located in various countries may be compulsorily acquired by the respective governments of the countries in which they are located for, among other things, public use or due to public interest. In the event Keppel Land's properties or the land on which they are located are compulsorily acquired, and the market value of the land (or part thereof), to be compulsorily acquired is greater than the compensation paid to Keppel Land in respect of the acquired land, the income of Keppel Land may be adversely affected. Accordingly, financial condition, prospects and results of operations of the Property Business would be adversely affected.

Keppel Land is subject to risks in relation to its pre-sold properties

Failure or delay in completion or delivery

In the event Keppel Land pre-sells any properties prior to completion of construction, it may be liable for potential losses that purchasers of such pre-sold properties may suffer if there is a failure or delay in the delivery of such pre-sold properties. Failure to complete a property development on time may be attributed to factors such as delays in obtaining requisite licences, permits or approvals from government agencies or authorities, shortages of labour, adverse weather conditions, natural disasters, labour disputes, disputes with contractors, accidents and changes in government priorities and policies. If the delay in delivery extends beyond the contractually specified period, purchasers may also be entitled to terminate the pre-sale agreements and claim refunds of monies paid, damages and compensation for late delivery. There can be no assurance that Keppel Land will not experience failure or significant delays in completion or delivery.

Payment default by purchasers

Following the global financial crisis and the imposition of lending restrictions by governments in certain countries, financial institutions have reduced the availability of credit as well as increased borrowing costs. This has resulted in a general fall in real estate prices and the demand for real estate, as well as a decrease in the value of other securable interests which purchasers of properties could provide to such financial institutions in these countries. Purchasers of Keppel Land's properties under deferred payment schemes or otherwise may find it increasingly difficult to secure financing to fund their purchases and could default on their obligations to pay for their units. Keppel Land has granted and may from time to time grant purchasers of its properties (including purchasers of a substantial number of units in a development) an extension of time to pay for their units. There can be no assurance that any such extension or other accommodation granted by Keppel Land to purchasers in respect of their obligations to pay for their units, will subsequently result in a purchaser being able to pay for their units. In the event a purchaser defaults, and the total amount in default is substantial, this could adversely affect the financial condition, prospects and results of operations of the Property Business.

Certain construction risks may arise during the development of any new property

Construction of new developments entails significant risks, including shortages of materials or skilled labour, unforeseen engineering, environmental or geological problems, work stoppages, litigation, weather interference, floods and unanticipated cost increases, any of which could give rise to delays in completion or result in cost overruns. Any significant increase in the price of construction materials, for example, would increase the cost of development. Difficulties in obtaining any requisite licences, permits, allocations or authorisations from regulatory authorities could also increase the cost, or delay the construction or opening of new developments. If any of these events were to occur, the financial condition, prospects and results of operations of the Property Business could be adversely affected.

Keppel Land relies on contractors to provide it with various services

Keppel Land engages third-party contractors to provide it with various services in connection with its residential and commercial developments, including construction, piling and foundation, building and property fitting out work, interior design, installation of air-conditioning units and lifts and gardening and landscaping work. Keppel Land is exposed to the risk that a contractor may require additional capital in excess of the price originally tendered to complete a project and it may have to bear such additional amounts in order to provide the contractor with sufficient incentive to complete the project. Furthermore, there is a risk that contractors may experience financial or other difficulties, which may affect their ability to carry out or continue works, thus delaying the completion of development projects or resulting in additional cost to Keppel Land. There can be no assurance that the services rendered by third-party contractors will be satisfactory or match Keppel Land's targeted quality levels. If any of these events were to occur the financial condition, prospects and results of operations of the Property Business may be adversely affected.

Keppel Land could incur significant costs related to environmental matters

Keppel Land may be subject to various laws and regulations in countries where it operates relating to the protection of the environment that may require a current or previous owner of such real estate to investigate and clean up hazardous or toxic substances at a property. For example, in Indonesia, owners and operators of real estate may be liable for the costs of removal or remediation of certain hazardous substances or other regulated materials on or in such property. Such laws often impose such liability without regard to whether the owner or operator knew of, or was responsible for, the presence of such substances or materials. The cost of investigation, remediation or removal of these substances may be substantial.

Environmental laws may also impose compliance obligations on owners and operators of properties with respect to the management of hazardous materials and other regulated substances. Failure to comply with these laws can result in penalties or other sanctions.

Existing environmental reports with respect to any of Keppel Land's properties may not reveal (i) all environmental liabilities, (ii) that prior owners or operators of the properties did not create any material environmental condition not known to Keppel Land, or (iii) that a material environmental condition does not otherwise exist in any one or more of the properties. There also exists the risk that material environmental conditions, liabilities or compliance concerns may have arisen after the review was completed or may arise in the future. Finally, future laws, ordinances or regulations and future interpretations of existing laws, ordinances or regulations may impose additional material environmental liability. Keppel Land may be subject to liabilities or penalties relating to environmental matters which could adversely affect the financial condition, prospects and results of operations of the Property Business.

Keppel Land's property fund management division is subject to investment risks and market fluctuations

The capital value of investments in Keppel Land's property fund management division may fall as well as rise and the income derived from them may fluctuate. A fall in such capital values may result in a reduction in the level of income which Keppel Land may derive and/or a reduction in the aggregate value of such investments may require additional contributions from investors.

Keppel Land's property fund management division is subject to changes in general economic conditions such as fluctuations in the financial and property markets, increases in inflation and changes in investment returns. Adverse effects on Keppel Land resulting from changes in market conditions could include reduced returns on investments and an increase in credit defaults. Falls in investment returns could impair Keppel Land's operational capability, including its ability to derive new business. Adverse general movements in the market and consequent reductions in the value of assets under Keppel Land's management may lead to reduced operating profit of Keppel Land.

Keppel Land's property fund management division is subject to operational risks

Keppel Land's property fund management division is subject to operational risks, including the risk of direct or indirect loss resulting from inadequate or failed internal and external processes, systems and human error or from external events.

Keppel Land's property fund management division is dependent on processing a large number of complex transactions across numerous and diverse products. Furthermore, the long term nature of the majority of Keppel Land Group's business means that accurate records have to be maintained for significant periods.

Keppel Land's property fund management's systems and processes are designed to ensure that the operational risks associated with Keppel Land's activities are appropriately controlled, although weakness in the systems could have a negative impact on Keppel Land's business, financial condition and results of operations during the affected period, resulting in material reputational damage, the loss of customers and could have a consequent material adverse effect on the property fund management division.

Keppel Land's property fund management business is subject to competition

Keppel Land's property fund management division is conducted in a highly competitive environment and its success depends on the Keppel Land's management's ability to respond to the competition.

There are many factors which affect Keppel Land's ability to sell its products, including price and yields offered, financial strength and ratings, the range and quality of products offered, brand strength and name recognition, investment management performance and historical bonus levels. Further, heightened competition for talented and skilled employees with local experience may limit Keppel Land's potential to grow its business.

Keppel Land's principal competitors in the property fund management division include many of the major financial services businesses. Keppel Land believes that competition will intensify in response to consumer demand, technological advances, the impact of consolidation, regulatory actions and other factors. Keppel Land's ability to generate an appropriate return depends significantly on its ability to anticipate and respond appropriately to these competitive pressures.

Keppel Land's property fund management division has illiquid real estate investments

Real estate investments, particularly in high value properties such as those which Keppel Land owns and those which it invests in, are relatively illiquid. Such illiquidity may affect Keppel Land's ability to vary its investment portfolio or liquidate part of its assets in response to changes in economic, real estate market or other conditions. This could have an adverse impact on the financial condition and results of operations of the Property Business, and could consequently affect Keppel Land's ability to make expected returns.

Keppel Land's property fund management division may be subject to risks in investing outside Singapore

As part of Keppel Land's growth strategy, investment will be made in properties in Asia, which would expose Keppel Land to the risk of political, economic, regulatory and social uncertainties, specific to those countries. These investments may also be adversely affected by a number of local real estate market conditions in these countries, such as oversupply, the performance of other competing properties or reduced demand for these properties. Any changes in the political environment and government policies in these countries, which include, among other things, restrictions on foreign currency conversion or remittance of earnings, the requirement for approval by government authorities, changes in law, regulations and interpretation thereof and changes in taxation could adversely affect Keppel Land's future results and investments which will also be exposed to currency fluctuations when they are converted to Singapore Dollars. Thus, unfavourable events in such foreign countries will have an adverse impact on Keppel Land's distributable income and asset value.

Risks affecting the Issuer's investment business

Failure to effectively manage acquisitions may adversely impact the Issuer's growth and profitability

The Issuer has made investments through acquisitions of assets in recent years and continues to evaluate merger and acquisition opportunities as part of its growth strategy. The Issuer may commit itself to mergers or acquisitions in the future if suitable opportunities arise. These may require significant investments which may not result in favourable returns. The Issuer may acquire or enter into new lines of business in which it may not have substantial previous experience thus resulting in overpaying for such acquisitions. Acquisitions involve additional risks, including unforeseen contingent risks or latent liabilities relating to these businesses that may become apparent only after the merger or acquisition is completed, integration and management of the operations and systems, retention of select personnel, co-ordination of sales and marketing efforts and diversion of management's attention from other ongoing business concerns. Any inability to effectively develop and operate its new business segments may have an adverse impact on the Issuer's financial condition and results of operations.

The Issuer has strategically invested in the telecommunication sector through M1 which is exposed to extensive laws and regulations

The Issuer's telecommunications operations in Singapore are subject to extensive government regulations which may impact or limit competition, new technologies, changes in cost structures or flexibility to respond to market conditions. The Singapore Government may alter its policies relating to the telecommunications, information technology and related industries and the regulatory environment (including taxation) in which M1 operates. Such changes could have a material adverse effect on the Issuer's financial performance and operations.

Factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme

Notes may not be a suitable investment for all investors

Each potential investor in any Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

(i) have sufficient knowledge and experience to make a meaningful evaluation of the relevant Notes, the merits and risks of investing in the relevant Notes and the information contained or incorporated by reference in this Information Memorandum or any applicable supplement;

(ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the relevant Notes and the impact such investment will have on its overall investment portfolio;

(iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the relevant Notes, including where principal or interest is payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor's currency;

(iv) understand thoroughly the terms of the relevant Notes and be familiar with the behaviour of any relevant indices and financial markets; and

(v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Some Notes are complex financial instruments and such instruments may be purchased as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A potential investor should not invest in Notes which are complex financial instruments unless it has the expertise (either alone or with the help of a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of such Notes and the impact this investment will have on the potential investor's overall investment portfolio.

Risks related to the structure of a particular issue of Notes

A wide range of Notes may be issued under the Programme. A number of these Notes may have features which contain particular risks for potential investors. Set out below is a description of certain such features:

Notes subject to optional redemption by the Issuer

An optional redemption feature is likely to limit the market value of Notes. During any period when the Issuer may elect to redeem Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period.

The Issuer may be expected to redeem Notes when its cost of borrowing is lower than the interest rate on the Notes. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

Variable rate Notes with a multiplier or other leverage factor

Notes with variable interest rates can be volatile investments. If they are structured to include multipliers or other leverage factors, or caps or floors, or any combination of those features or other similar related features, their market values may be even more volatile than those for securities that do not include those features.

Hybrid Notes

Hybrid Notes may bear interest at a rate that the Issuer may elect to convert from a fixed rate to a floating rate, or from a floating rate to a fixed rate. The Issuer's ability to convert the interest rate will affect the secondary market and the market value of such Notes since the Issuer may be expected to convert the rate when it is likely to produce a lower overall cost of borrowing. If the Issuer converts from a fixed rate to a floating rate, the spread on the Hybrid Notes may be less favourable than then prevailing spreads on comparable Floating Rate Notes tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other Notes. If the Issuer converts from a floating rate to a fixed rate, the fixed rate may be lower than then prevailing rates on its Notes.

Notes issued at a substantial discount or premium

The market values of securities issued at a substantial discount or premium to their nominal amount tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest-bearing securities. Generally, the longer the remaining term of the securities, the greater the price volatility as compared to conventional interest-bearing securities with comparable maturities.

Risks related to Notes generally

Set out below is a brief description of certain risks relating to the Notes generally:

Modification and waivers

The Terms and Conditions of the Notes contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

Change of law

The Terms and Conditions of the Notes are based on Singapore law in effect as at the date of issue of the relevant Notes. No assurance can be given as to the impact of any possible judicial decision or change to Singapore law or administrative practice after the date of issue of the relevant Notes.

Risks related to the market generally

Set out below is a brief description of the principal market risks, including liquidity risk, exchange rate risk, interest rate risk and credit risk:

The secondary market generally

Notes may have no established trading market when issued, and one may never develop. If a market does develop, it may not be very liquid. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. This is particularly the case for Notes that are especially sensitive to interest rate, currency or market risks, are designed for specific investment objectives or strategies or have been structured to meet the investment requirements of limited categories of investors. These types of Notes generally would have a more limited secondary market and more price volatility than conventional debt securities. Illiquidity may have a severely adverse effect on the market value of Notes.

Exchange rate risks and exchange controls

The Issuer will pay principal and interest on the Notes in the Specified Currency. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than the Specified Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease (1) the Investor's Currency-equivalent yield on the Notes, (2) the Investor's Currency equivalent value of the principal payable on the Notes and (3) the Investor's Currency equivalent market value of the Notes.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

Interest rate risks

Noteholders may suffer unforeseen losses due to fluctuations in interest rates. An investment in Fixed Rate Notes involves the risk that subsequent changes in market interest rates may adversely affect the value of the Fixed Rate Notes.

Inflation risk

Noteholders may suffer erosion on the anticipated return of their investments due to inflation. An unexpected increase in inflation could reduce the actual returns received by a Noteholder in connection with its purchase of a Tranche of Notes.

Credit ratings may not reflect all risks

One or more independent credit rating agencies may assign credit ratings to the Notes. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by its assigning rating agency at any time.

Legal investment considerations may restrict certain investments

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (1) Notes are legal investments for it, (2) Notes can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisors or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.