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PROPOSED DIVESTMENT OF INTERESTS IN UP TO 10 OIL RIGS, COMPRISING SIX OPERATIONAL OIL RIGS AND POTENTIALLY UP TO FOUR OIL RIGS UNDER CONSTRUCTION

1. INTRODUCTION

1.1. Keppel Ltd. (“**Keppel**” or the “**Company**”, and together with its subsidiaries, the “**Group**”) wishes to announce that Rigco Holding Pte. Ltd. ("**RigCo**"), an indirect wholly-owned subsidiary of Keppel, has on 27 July 2026 entered into a share purchase agreement (the "**SPA**") with Keppel Offshore Fund Investment Pte. Ltd. (the “**Fund HoldCo**”), a wholly-owned subsidiary of Keppel Offshore Fund, LP (the "**Fund**") in relation to the Initial Divestment (as defined below)[1].

1.2. An indirect wholly-owned subsidiary of Keppel (“**Keppel LP**”), and an unrelated third party which is a special purpose vehicle affiliated with Apollo Management Singapore Pte Ltd ("**Apollo LP**", together with the Keppel LP, the "**Limited Partners**"), have each entered into subscription agreements with the Fund, pursuant to which they have agreed to subscribe for their respective limited partnership interests in the Fund (the "**Keppel SSA**" and the "**Apollo SSA**", respectively). The drawdown of each of Keppel LP's and Apollo LP's respective capital commitments to the Fund for the purposes of acquiring the 6 Operational Rig SPVs (as defined below) will be satisfied by a contribution in kind and a contribution in cash, respectively, as further described in paragraph 4.1 below.

1.3. As at the date of this Announcement, RigCo wholly-owns, among others, six special purpose vehicles (collectively, the "**6 Operational Rig SPVs**") which each hold an operational oil rig (collectively, the "**6 Operational Rigs**"). In addition, RigCo wholly-owns four oil rigs that are currently under construction (collectively, the “**Remaining Rigs**”, and together with the 6 Operational Rigs, the "**Rigs**").

1.4. Pursuant to the SPA, RigCo has agreed to sell, and the Fund HoldCo has agreed to purchase, 100% of the issued and paid-up share capital of each of the 6 Operational Rig SPVs on the terms and subject to the conditions set out therein (the "**Initial Divestment**"). Immediately upon completion of the Initial Divestment ("**Completion**"), the 6 Operational Rig SPVs will be wholly-owned by the Fund though Fund HoldCo.

1.5. It is further contemplated that upon the completion of construction of any of the Remaining Rigs, subject to certain conditions being met including, among others, the purchase price of the relevant Remaining Rig falling within an agreed price range for each such Remaining Rig, RigCo has agreed (subject to the exercise of its right to opt-out from such divestments) to divest the interests in such relevant Remaining Rigs to the Fund ("**Subsequent Divestments**") pursuant to one or more sale and purchase agreements (“**Subsequent SPAs**”) to be entered into between RigCo and the Fund HoldCo. However, there can be no assurance as to whether such conditions will be satisfied or whether RigCo will decide to exercise its opt-out right, and accordingly whether or when any Subsequent Divestments will complete or any Subsequent SPA will be entered into in the future. Please refer to paragraph 5 below for more information.

[1] For completeness, Keppel Management Ltd (a subsidiary of Keppel) has entered into a deed of guarantee with Fund HoldCo to guarantee RigCo's liabilities in respect of fundamental warranty claims under the SPA.

1.6. Following Completion of the Initial Divestment, RigCo, which will receive an amount equal to the Apollo Contribution (as defined below) in connection with the Initial Divestment, will continue to be a wholly-owned subsidiary of, and remain under the sole control of, Keppel.

2. BACKGROUND

2.1. Information on the Rigs

By way of background, Keppel had disposed its offshore and marine business through a combination (the "**Combination**") of Keppel Offshore & Marine Ltd (now known as Seatrium Offshore & Marine Ltd) ("**KOM**") and Sembcorp Marine Ltd (now known as Seatrium Limited) ("**Seatrium**"), as described in the joint press release issued by Keppel and Seatrium on 27 April 2022 titled "*Keppel Corporation and Sembcorp Marine Sign Definitive Agreements for Proposed Combination of Keppel O&M and Sembcorp Marine to Create a Premier Global Player in Offshore Renewables, New Energy and Cleaner O&M Solutions*" and Keppel's circular dated 23 November 2022. As disclosed therein, RigCo was established for the purpose of holding certain legacy rigs and associated receivables of KOM which were not part of the Combination and which were sold by KOM, FELS Offshore Pte Ltd and Keppel FELS Limited to RigCo concurrently with the Combination. On 31 December 2024, Keppel announced the completion of a selective capital reduction exercise pursuant to which RigCo became an indirect wholly-owned subsidiary of the Company.

Information on the 6 Operational Rig SPVs and the 6 Operational Rigs that are subject to the Initial Divestment as well as the Remaining Rigs that may be acquired pursuant to Subsequent Divestments are set out below:

6 Operational Rigs

	Operational Rig SPV	Operational Rig	Builder's Hull Number
1.	FELS Asset Co Pte. Ltd.	ADM 686 (previously known as CANTARELL IV)	B357
2.	FELS Asset Co 2 Pte. Ltd.	ADM 685 (previously known as CANTARELL III)	B356
3.	FELS Asset Co 3 Pte. Ltd.	AD110	B352
4.	FELS Asset Co 4 Pte. Ltd.	AD120	B373
5.	FELS Asset Co 5 Pte. Ltd.	ADM 683	B371
6.	FELS Asset Co 6 Pte. Ltd.	ADM 684	B372

Remaining Rigs

	Remaining Rig	Builder's Hull Number
1.	Jasper	B370
2.	Can Do	M1179

3.	Nordic Winter	B379
4.	Nordic Spring	B382

2.2. Information on the Fund

The Fund was established as a limited partnership in Singapore under the Limited Partnerships Act 2008 of Singapore. The Fund is managed by Keppel Offshore Fund GP Pte. Ltd. as its general partner (the "**General Partner**") and Keppel Fund Management Limited as its investment manager (the "**Investment Manager**"). The Fund was established for the principal purpose of carrying on the business of making, monitoring and realising investments in the Rigs. The Fund is governed by the terms of the limited partnership agreement constituting the Fund ("**LPA**") which sets out, among others, certain lock-up arrangements and transfer rights, including rights of the Limited Partners over certain reserved matters, tag-along and drag-along rights and an agreed distribution waterfall governing distributions to the Limited Partners. In addition, the LPA grants Keppel LP a call option in respect of Apollo LP's interests in the Fund, exercisable, among others, from (and including) the 10th anniversary of the Initial Drawdown (as defined below) up to (and including) the 15th anniversary of the Initial Drawdown, subject to the conditions set out therein.

In connection with the LPA, Keppel has also entered into an inter-investor deed with Apollo LP on 27 July 2026 (the "**IIA**") pursuant to which Keppel has agreed to support Apollo LP, if required, to achieve certain minimum returns on its investment in the Fund.

In addition, if certain events occur in relation to Keppel, Keppel LP or the Fund relating to, among other matters: (i) Keppel, Keppel LP, the Investment Manager, the General Partner or the Fund HoldCo (the "**Keppel Fund Parties**") materially breaching the terms of the LPA and other Fund-related documentation or being found to have committed fraud, gross negligence, wilful misconduct or being in breach of anti-bribery, anti-corruption or sanctions laws, (ii) the Keppel Fund Parties becoming insolvent (or other events analogous to insolvency occurring), or (iii) any seizure, compulsory acquisition, expropriation or nationalisation of substantially all of the assets of any Keppel Fund Party, Apollo LP will have the right to require Keppel to make acceleration payments to Apollo LP to ensure Apollo LP achieves certain minimum returns on its investment in the Fund.

Keppel Fund Management Limited, which holds a capital markets services licence for fund management, has been appointed by the Fund to act as the investment manager of the Fund (the "**Investment Manager**") pursuant to an investment management agreement (the "**IMA**"). At Completion of the Initial Divestment, Keppel, through the Investment Manager, will receive certain advisory fees from the Fund. Post-Completion of the Initial Divestment, the Investment Manager is also entitled to receive certain fees (including management and divestment fees) for its provision of fund management services to the Fund.

Upon Completion of the Initial Divestment, it is also contemplated that RigCo will enter into a management services agreement with Fund HoldCo, for the purposes of providing certain management services in respect of the Rigs.

2.3. Financial Information on the Divested Shares (as defined below)

Keppel, through Keppel LP, will make 50% of the contributions to the Fund for the purpose of acquiring the entire issued and paid-up share capital of the 6 Operational Rig SPVs, which will be satisfied by way of contribution in kind as described in paragraph 4.1 below. Accordingly, for the purposes of Chapter 10 of the Listing Manual (the "**Listing Manual**") of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"), the assets being disposed of pursuant to the Initial Divestment comprise 50% of the issued and paid-up share capital of the 6 Operational Rig SPVs (the "**Divested Shares**"). For the avoidance of doubt, the Divested Shares do not include any interests in the Remaining Rigs (please refer to paragraph 1.5 above and paragraph 5 below for details).

Based on the audited financial statements of the Group for the financial year ended 31 December 2025:

(a) the aggregate book value attributable to the Divested Shares was approximately S$635 million;

(b) the aggregate net tangible asset value ("**NTA**") attributable to the Divested Shares was approximately S$635 million; and

(c) the aggregate net loss attributable to the Divested Shares was approximately S$4.7 million.

The open market value of the Divested Shares is not available as the Divested Shares are not listed or traded on any securities exchange. No independent valuation was commissioned on the Divested Shares for the purpose of the Initial Divestment.

3. RATIONALE FOR THE INITIAL DIVESTMENT

Keppel believes that the Initial Divestment will bring the following key benefits to Keppel and its shareholders (the "**Shareholders**"):

3.1 Monetising the Group's legacy rig assets amid favourable offshore rig market fundamentals

The Initial Divestment is underpinned by the improving fundamentals of the offshore rig market, which are underpinned by supportive utilisation levels, a constrained supply of modern offshore rigs and more than a decade of limited newbuild activity. The global drilling fleet is ageing rapidly and years of under-investment in new supply is giving rise to future structural supply scarcity. The limited availability of modern drilling rigs, coupled with the higher cost, longer construction lead times and more stringent financing requirements associated with newbuild rigs, is expected to create compelling opportunities for owners of high-quality modern assets.

Against this backdrop, the Initial Divestment enables the Group to monetise the 6 Operational Rigs in the first instance, while enhancing the prospects for the completion, deployment and eventual monetisation of the Remaining Rigs. By combining the Group's operational, asset management and commercial capabilities with third party capital, the Group believes it is well-positioned to unlock the potential of its rig portfolio, thereby supporting its value realisation potential.

3.2 Raising third party capital and supporting the Group's funds management growth and recurring fee-based earnings

Through the Fund, the Group is able to raise third party capital alongside its retained interest, with the Group continuing to act through the Investment Manager and exercising strategic oversight of the underlying assets. This structure allows the Group to continue participating in the future upside of the underlying assets while attracting institutional capital.

This is also expected to increase the Group's funds under management and to generate recurring management fees, together with potential performance-related income over time. Accordingly, the Initial Divestment supports the Group's strategic objective of expanding its funds management platform and growing the contribution of recurring, fee-based earnings.

3.3 Unlocking capital for redeployment

The Initial Divestment enables the Group to monetise a portion of its investment in the relevant rigs and unlock capital that can be used for general corporate purposes, including to reduce debt, reinvest for growth and reward Shareholders. Accordingly, the Initial Divestment will also contribute towards the Group's ongoing asset monetisation programme.

4. DETAILS OF THE INITIAL DIVESTMENT

4.1 Consideration for the Initial Divestment

The aggregate purchase consideration payable by the Fund HoldCo to RigCo for the Initial Divestment is approximately US$957 [2] million (approximately S$1,221 million) (the "**Consideration**"), of which 5% of the Consideration may be payable on a deferred basis following Completion based on the leasing status of the relevant 6 Operational Rigs, in accordance with and subject to the terms of the SPA.

The Consideration was arrived at after arm’s-length negotiations between the Group and Apollo LP in respect of its investment in the Fund, taking into consideration, among others, the forecasted market outlook for the offshore rig sector, the projected cash flows via charter income of the 6 Operational Rigs, as well as the benefits of the Initial Divestment to Keppel as disclosed in paragraph 3 of this Announcement.

The Consideration payable by the Fund HoldCo to RigCo will be funded through the drawdowns of the Limited Partners' respective commitments to the Fund (the "**Initial Drawdown**"), to be satisfied in the following manner:

(a) in the case of Keppel LP, a contribution in kind of the entire issued and paid-up share capital of the 6 Operational Rig SPVs pursuant to the SPA, the value of which shall be equal to 50% of the Consideration; and

(b) in the case of Apollo LP, a cash contribution of an amount equal to 50% of the Consideration, being approximately US$478 million (approximately S$611 million) (the "**Apollo Contribution**"), of which an equal amount will be paid to RigCo.

Based on the unaudited financial statements of the Group for the financial year ended 30 June 2026, the book value of the Divested Shares represents an excess of approximately S$64 million over the aggregate of the Apollo Contribution and the fair value of the Divested Shares as at 30 June 2026. Correspondingly, the total loss on disposal, including recycling of foreign currency translation loss to profit or loss, in respect of the Initial Divestment was approximately S$92 million as at 30 June 2026.

[2] For the purpose of this Announcement, an exchange rate of US$1.2766 : S$1 is used to convert all values expressed in United States Dollars to Singapore Dollars for reference only.

4.2 Use of Proceeds

The net proceeds received by RigCo from the Initial Divestment (being an amount equivalent to the Apollo Contribution) will be used for general corporate purposes of the Group.

4.3 Conditions for Completion

Under the terms of the SPA, Completion is subject to the following conditions, among others (the “**Conditions**”), being satisfied to the satisfaction of Apollo LP (or waived) by 27 April 2027 (as may be extended by the agreement of the parties to the SPA):

(a) all consents, approvals, clearances, permissions, licenses, orders or waivers under or in connection with applicable antitrust laws for the lawful completion of the Initial Divestment under the SPA having been obtained and remaining valid and effect as at completion of the Initial Divestment under the SPA;

(b) all required third party consents having been obtained;

(c) each of the fundamental warranties under the SPA being true, accurate and not misleading (i) as at the date of the SPA and (ii) immediately before Completion;

(d) no proceedings have been initiated (and not withdrawn) or threatened in writing by any governmental authority that seek to restrain, prohibit, declare illegal, or otherwise challenge or interfere or obtain relief in connection with the Initial Divestment, nor there coming into force any applicable law having the same result;

(e) there being no material breach by, among others, Keppel or Apollo LP, of any of their respective obligations under the LPA, the IMA, the IIA, the Keppel SSA or the SPA (as applicable), if and to the extent not cured within 30 days of notice of such breach; and

(f) since the date of the SPA, no material adverse change having occurred,

the Conditions referred to in paragraphs 4.3(c), (d), (e) and (f), the "**Completion Date Conditions**".

4.4 Completion

Under the terms of the SPA, Completion shall take place (a) on the 15th business day after the last of the Conditions (other than the Completion Date Conditions) is satisfied or waived or (b) any other place and/or date agreed in writing by Keppel LP and Apollo LP (the “**Completion Date**”).

4.5 Other Salient Terms

The SPA contains certain provisions relating to the Initial Divestment, including certain representations and warranties, pre-Completion covenants, limitation of liability of RigCo and other commercial terms.

5. CHAPTER 10 OF THE LISTING MANUAL

Chapter 10 of the Listing Manual classifies transactions by Keppel into (i) non-discloseable transactions, (ii) discloseable transactions, (iii) major transactions and (iv) very substantial acquisitions or reverse takeovers, depending on the size of the relative figures computed on the bases set out in Rule 1006 of the Listing Manual. The relative figures for the Initial Divestment computed on the bases set out in Rule 1006 of the Listing Manual are as follows:

Rule 1006	Bases	Relative Figures (%)
(a)	The net asset value ("**NAV**") of the Divested Shares, compared with the Group's NAV.	5.7[(1)]
(b)	The net profits attributable to the Divested Shares, compared with the Group's net profits.	(0.4)[(2)]
(c)	The aggregate value of the consideration received for the Divested Shares, compared with the Group's market capitalisation based on the total number of issued shares excluding treasury shares.	3.0%[(3)]
(d)	The number of equity securities issued by Keppel as consideration for the Initial Divestment, compared with the number of equity securities previously in issue.	Not applicable[(4)]
(e)	The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the Group's probable and proved reserves. This basis is applicable to a disposal of mineral, oil or gas assets by a mineral, oil and gas company, but not to an acquisition of such assets.	Not applicable[(5)]

Notes:

(1) Based on the audited financial statements of the Group for the financial year ended 31 December 2025, (a) the NAV of the Divested Shares amounts to approximately S$635 million and (b) the Group's NAV amounts to approximately S$11,186 million.

(2) Based on the audited financial statements of the Group for the financial year ended 31 December 2025, (a) the net loss attributable to the Divested Shares amounts to approximately S$4.7 million and (b) the Group's net profits amounts to approximately S$1,052 million.

(3) The relative figure for the basis under Rule 1006(c) of the Listing Manual has been computed based on (a) the aggregate of the Apollo Contribution of approximately US$478 million (approximately S$611 million) and (b) Keppel's market capitalisation of approximately S$20,493 million, calculated based on the total number of shares (excluding treasury shares) multiplied by the volume weighted average price of S$11.4 per share on 24 July 2026, being the last full market day of trading in the shares preceding the date of the SPA.

(4) This basis is not applicable as no equity securities will be issued by Keppel as consideration for the Initial Divestment.

(5) This basis is not applicable as Keppel is not a mineral, oil and gas company.

The relative figures computed on the bases set out in Rules 1006(a) and 1006(c) of the Listing Manual do not exceed 20%. As the relative figure computed on the basis of Rule 1006(b) of the Listing Manual involves a negative figure, Rule 1007(1) provides that Chapter 10 of the Listing Manual may still be applicable to the transaction in accordance with the applicable circumstances in Practice Note 10.1 of the Listing Manual. In this regard, as the absolute relative figure computed on the basis of each of Rules 1006(a) and 1006(c)[3] does not exceed 20% and, as described in paragraph 4.1 above, the loss on disposal in respect of the Initial Divestment is estimated to be approximately S$92 million which exceeds 5% but does not exceed 10% of the net profits of the Group (in each case taking into account only the absolute values), the Initial Divestment falls within Paragraph 4.4(e) of Practice Note 10.1 of the Listing Manual. Accordingly, the Initial Divestment is classified as a “disclosable transaction” under Rule 1010 of the Listing Manual, and Chapter 10 of the Listing Manual does not require the specific approval of Shareholders to be obtained for the Initial Divestment.

For the avoidance of doubt, the relative figures computed under Rule 1006 of the Listing Manual set out above take into account only the Initial Divestment of the 6 Operational Rig SPVs and do not reflect any potential Subsequent Divestments of the Remaining Rigs, which may or may not occur in the future. Any potential sale of the Remaining Rigs by RigCo to the Fund HoldCo will be subject to the satisfaction of certain conditions and the entry into the relevant Subsequent SPAs. Accordingly, there can be no assurance as to whether the conditions for the sale of any of the Remaining Rigs will be satisfied and accordingly whether or when any Subsequent Divestments will complete or any Subsequent SPA will be entered into in the future. Keppel will make such further announcement(s) as may be required under Chapter 10 of the Listing Manual if and when a Subsequent SPA for any Subsequent Divestment is entered into.

6. FINANCIAL EFFECTS OF THE INITIAL DIVESTMENT

The following tables setting out the *pro forma* financial effects of the Initial Divestment have been prepared strictly for illustrative purposes only to show:

(a) what the consolidated NTA per share of Keppel for FY2025 would have been if the Initial Divestment had been completed as of 31 December 2025; and

(b) what the consolidated earnings per share ("**EPS**") of Keppel for FY2025 would have been if the Initial Divestment had been completed with effect from 1 January 2025.

However, the *pro forma* financial effects of the Initial Divestment are neither indicative nor do they represent any projection of the financial performance or position of the Group after Completion.

The *pro forma* financial effects of the Initial Divestment set out in this paragraph 6 of this Announcement have been prepared based on the Group’s audited consolidated financial statements for FY2025, as well as the following key bases and assumptions:

(i) the *pro forma* financial effects analysis has been prepared based on the audited consolidated financial statements of the Group for FY2025;

(ii) transaction costs relating to the Initial Divestment have not been included; and

(iii) the estimated net loss arising from the fair value of the Divested Shares computed on a *pro forma* basis, with no financial effects from IIA and call option, assuming the Initial Divestment had been effected on 30 June 2026. In this regard, the actual net loss will depend on the fair valuation of the Divested Shares and working capital balances as at the date of Completion.

[3] Rule 1006(e) of the Listing Manual is not applicable as Keppel is not a mineral, oil and gas company.

6.1 <u>NTA per share</u>

The *pro forma* financial effects on the consolidated NTA per share of Keppel as at 31 December 2025, assuming the Initial Divestment had been effected on 31 December 2025, are as follows:

	Before the Initial Divestment	Adjusted for the Initial Divestment	% Change
NTA (S$ million)	10,054	9,962	(0.9%)

6.2 <u>EPS</u>

The *pro forma* financial effects on the consolidated EPS of Keppel for FY2025, assuming the Initial Divestment had been completed with effect from 1 January 2025, are as follows:

	Before the Initial Divestment	Adjusted for the Initial Divestment	% Change
Net profits attributable to Shareholders (S$ million)	789	706	(10.6%)
Weighted average number of issued shares (excluding treasury shares) ('000)	1,813,396	1,813,396	-
EPS (Singapore cents)	43.5	38.9	(10.6%)

7. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

Temasek Holdings (Private) Limited has an aggregate interest in less than 0.5% in Apollo Global Management, Inc.

Based on information available to the Company, save as disclosed in paragraph 7 of this Announcement, none of the directors of the Company or the controlling Shareholders has any interest, direct or indirect, in the Initial Divestment (other than through their respective shareholdings in the Company, if any).

8. SERVICE CONTRACTS

No person is proposed to be appointed as a director of the Company in connection with the Initial Divestment or any other transactions contemplated in relation to the Initial Divestment. Accordingly, no service contract is proposed to be entered into between the Company and any such person in connection with the Initial Divestment.

9. DOCUMENTS AVAILABLE FOR INSPECTION

A copy of the SPA will be made available for inspection at the registered office of the Company at 1 HarbourFront Avenue, #18-01 Keppel Bay Tower, Singapore 098632 by appointment during normal business hours from the date of this Announcement up to the date falling three months after the date of this Announcement.

10. CAUTIONARY STATEMENT

Shareholders are advised to refrain from taking any action in respect of their shares which may be prejudicial to their interests, and Shareholders and potential investors are advised to exercise caution when trading in the shares. Shareholders are advised to read this Announcement and any further announcements by the Company carefully. Persons who are in doubt as to the action they should take should consult their stockbroker, bank manager, solicitor or other professional advisers.

27 July 2026