Keppel Corporation Limited launches voluntary unconditional cash offer for Keppel Land Limited

23 January 2015

Keppel Corporation

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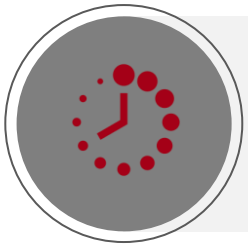
TRANSACTION OVERVIEW

Transaction Overview – Offer Summary

Transaction	▪ Voluntary Unconditional Cash Offer ("**Offer**") by Keppel Corporation Limited ("**KepCorp**" or the "**Offeror**"), for remaining shares in Keppel Land Ltd ("**KepLand**" or the "**Company**") that it does not own ▪ No chain offer for Keppel REIT ▪ Offer is made with a view to raise shareholding in KepLand, and if possible, to privatize KepLand
Offer Price	▪ Base Offer Price - **S$4.38** for each KepLand share: • S$4.38 represents a 25% premium to the last one-month volume weighted average price ("**VWAP**") of KepLand ▪ Higher Offer Price - **S$4.60** for each KepLand share, to be paid when KepCorp acquires or receives acceptances that will entitle it to exercise its rights of compulsory acquisition under the Companies Act: • S$4.60 represents a 31% premium to the last one-month VWAP of KepLand ▪ **KepCorp does not intend to revise the Offer Price**
Offer Consideration	▪ All cash consideration
Conditions	▪ Offer is unconditional
Shareholding in KepLand	▪ KepCorp owns 54.6% of KepLand as of 22 Jan 15
Funding	▪ Through a combination of internal cash resources and borrowings of KepCorp (excluding those of KepLand)
Financial Impact	▪ Immediately accretive to Net Asset Value ("**NAV**"), Earnings per Share ("**EPS**") and Return on Equity ("**ROE**")

TRANSACTION RATIONALE

Transaction Rationale – for KepCorp



A sound and well-timed investment, in a business integral to KepLand and in markets with positive medium to long term outlooks

Unlock value for KepCorp shareholders – Immediately accretive to NAV, EPS and ROE

Grow Keppel Group into a strong diversified group with sizeable contributions from all three core businesses

Leverage KepCorp's business platform and credit standing, enhancing its ability to allocate capital across all businesses for best risk-adjusted returns

1 Transaction Rationale 1

Positive long term fundamentals for property

36 Number of megacities with over 10m population by 2025 (a 50% increase from today)

1.2b Number of additional people living in cities by 2025

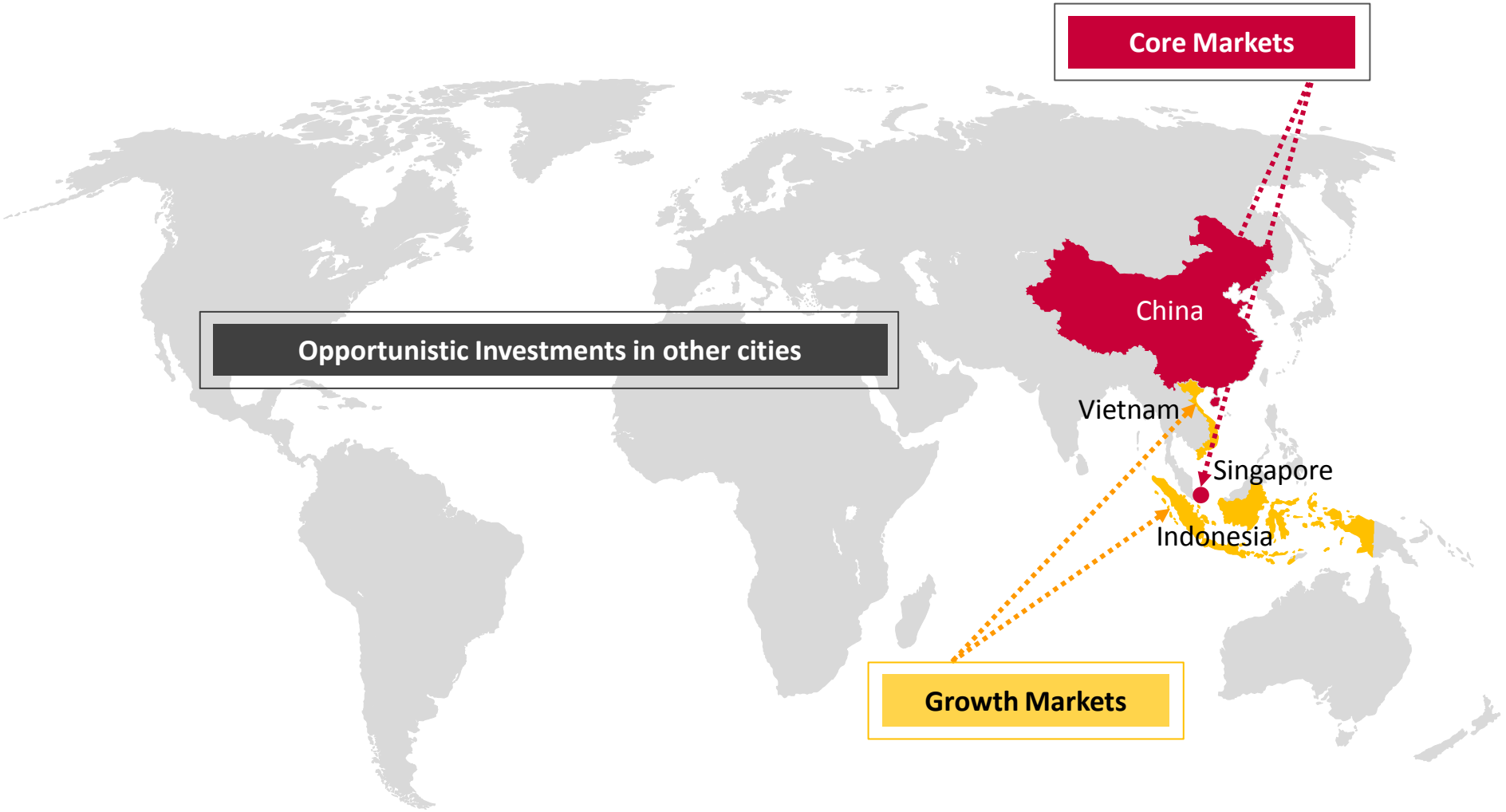
1.0b Number of new consumers in emerging markets by 2025

- Bulk of urbanization growth to take place in Asia in the next 15 years
- Opportunities also exist in large cities of developed nations
- Developing countries will need to focus on infrastructure development for sustainable growth

Source: McKinsey Global Institute

1 Transaction Rationale 1 (cont'd)

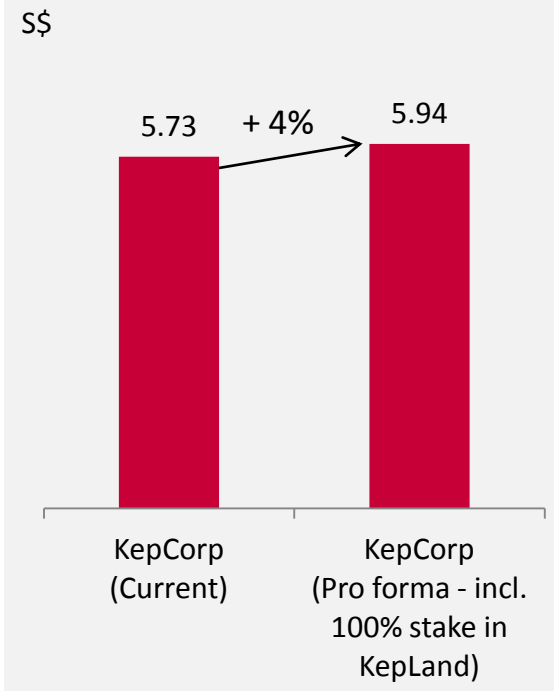
A sound and well-timed investment, in a business integral to Keppel Group and in markets with positive medium to long term outlooks



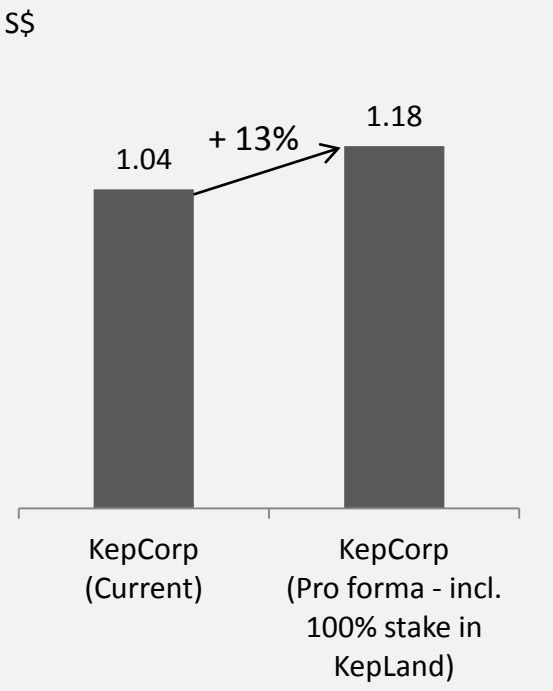
2 Transaction Rationale 2

Unlock value for KepCorp's shareholders – immediately accretive to NAV, EPS and ROE

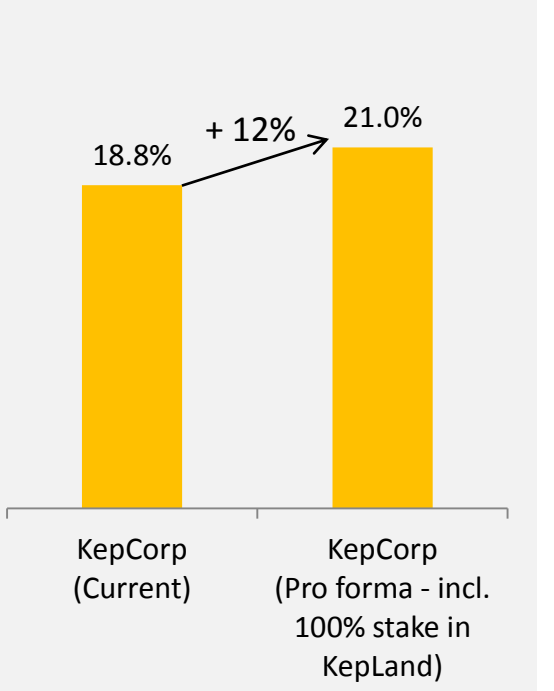
FY2014 NAV per share



FY2014 EPS

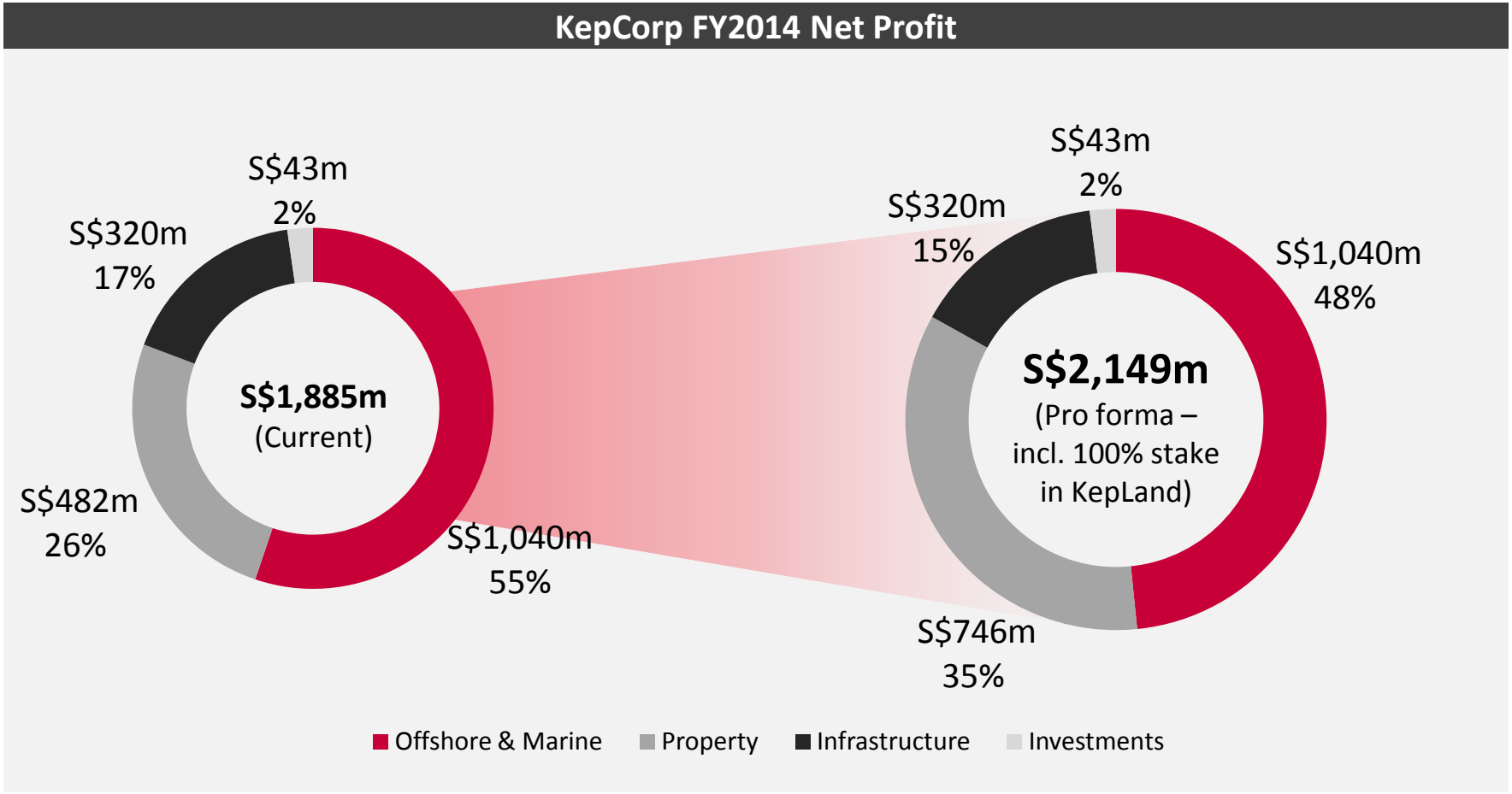


FY2014 ROE



3 Transaction Rationale 3

More balanced contributions from all 3 key businesses



3 Transaction Rationale 3 (cont'd)

Opportunity to leverage Keppel Group's financial and organizational strengths to realize potential synergies across three core businesses.

Offshore & Marine

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

+

Property

- Property development
- Property fund management

+

Infrastructure

- Energy and related infrastructure:
  - Gas-to-Power
  - Waste-to-Energy
  - X-to-Energy
- Logistics and data centres

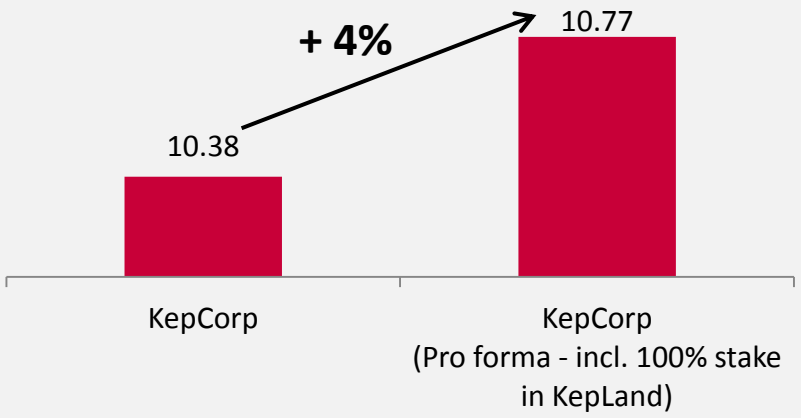
Increase collaboration among the three core businesses

- Development of integrated townships, e.g. Tianjin Eco-city
- Development of data centres
- District cooling and heating systems

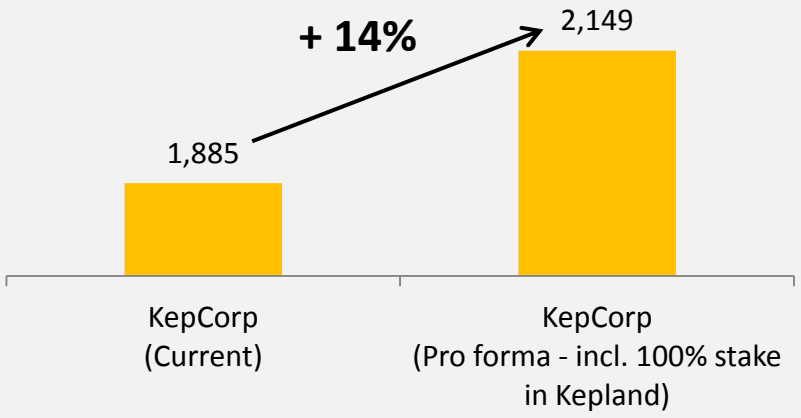
4 Transaction Rationale 4

Leverage KepCorp's strengths to achieve the best risk-adjusted returns

FY2014 NAV (S$'b)

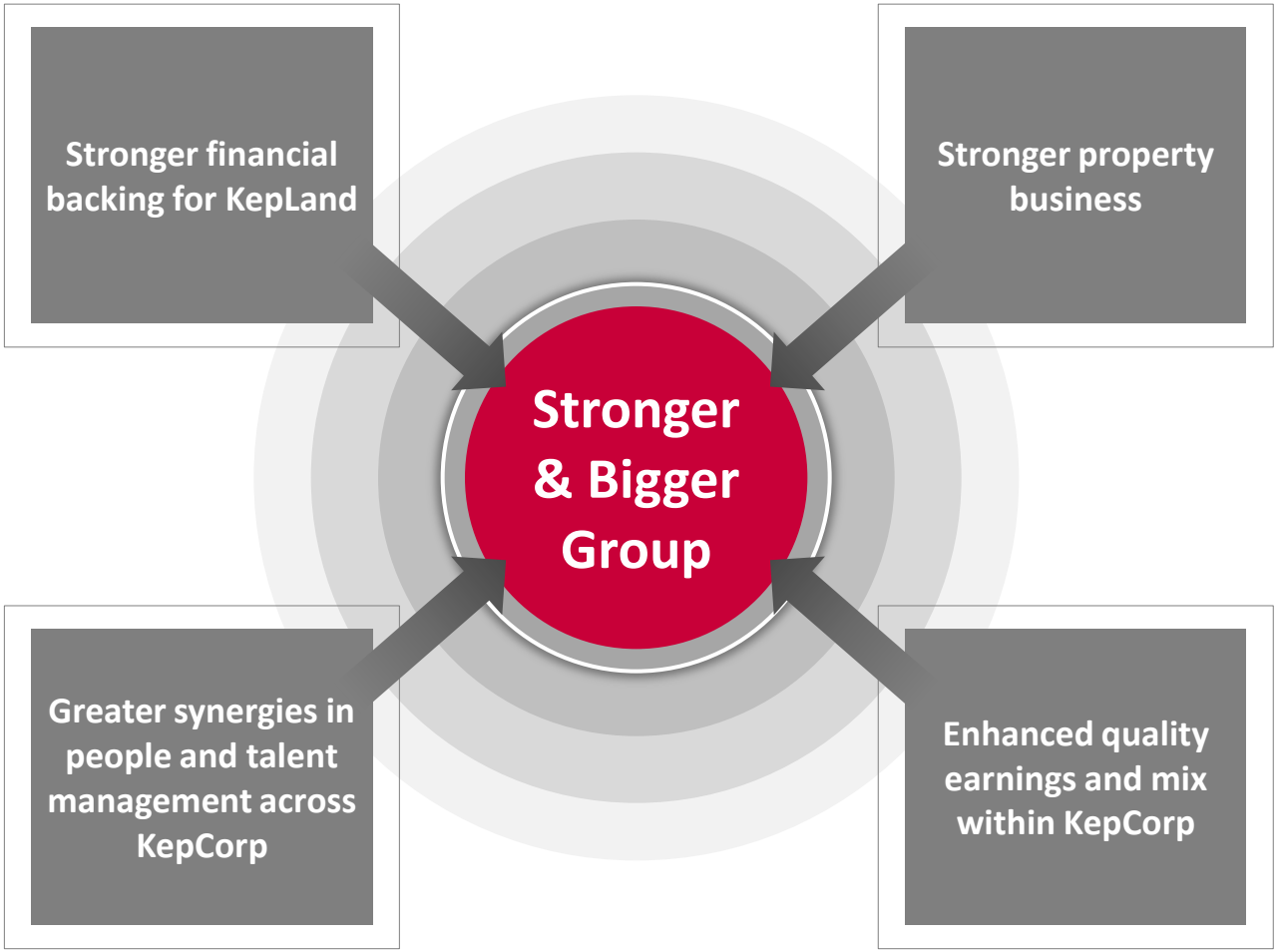


FY2014 Net Profit (S$'m)



- By privatizing KepLand, KepCorp would raise its NAV from S$10.38 b to S$10.77 b on a pro forma basis, and net profit from S$1,885 m to approximately S$2,149 m on a pro forma basis.
- It will enable Keppel Group to streamline its organizational structure to allocate capital and direct resources across businesses to optimize risk adjusted returns, and enhance shareholder returns.
- KepCorp's diversified earnings streams and credit standing would provide easier access to financing. The financial strength of KepCorp can be harnessed to support KepLand's property business.

4 Transaction Rationale 4 (cont'd)



PRO FORMA FINANCIAL IMPACT

Pro Forma Financial Impact

	KepCorp (FY2014)	KepCorp + KepLand (FY2014)	Percentage Change
Net Profit (S$'m)	1,885	2,149	14% ↑
EPS (S$)	1.04	1.18	13% ↑
ROE	18.8%	21.0%	12% ↑
NAV (S$'b)	10.38	10.77	4% ↑
Net Debt (S$'m)	1,647	4,734	
Net Gearing Ratio (x)	0.11	0.41	

CONCLUSION AND TIMELINE

Conclusion

Stronger group with sizeable contributions from all three core businesses

Transaction Overview – Expected Timeline

Event	Date
Announcement of Offer	23 January 2015
Despatch Offer document / Offer commences	By 13 February 2015
Earliest closing date permitted under the takeover code	By 13 March 2015 (based on an Offer document despatch date of 13 February 2015)

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