

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

23 January 2015

Keppel Corporation

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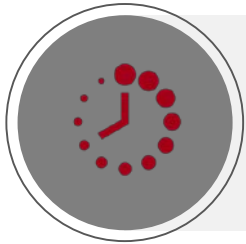
TRANSACTION OVERVIEW

Transaction Overview – Offer Summary

Transaction	<ul style="list-style-type: none"> ▪ 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	<ul style="list-style-type: none"> ▪ Base Offer Price - S\$4.38 for each KepLand share: <ul style="list-style-type: none"> • 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: <ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> ▪ All cash consideration
Conditions	<ul style="list-style-type: none"> ▪ Offer is unconditional
Shareholding in KepLand	<ul style="list-style-type: none"> ▪ KepCorp owns 54.6% of KepLand as of 22 Jan 15
Funding	<ul style="list-style-type: none"> ▪ Through a combination of internal cash resources and borrowings of KepCorp (excluding those of KepLand)
Financial Impact	<ul style="list-style-type: none"> ▪ Immediately accretive to Net Asset Value (“NAV”), Earnings per Share (“EPS”) and Return on Equity (“ROE”)

TRANSACTION RATIONALE

Transaction Rationale – for KepCorp



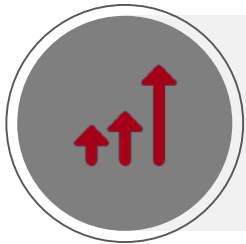
A sound and well-timed investment, in a business integral to Kepcorp and in markets with positive medium to long term outlooks



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

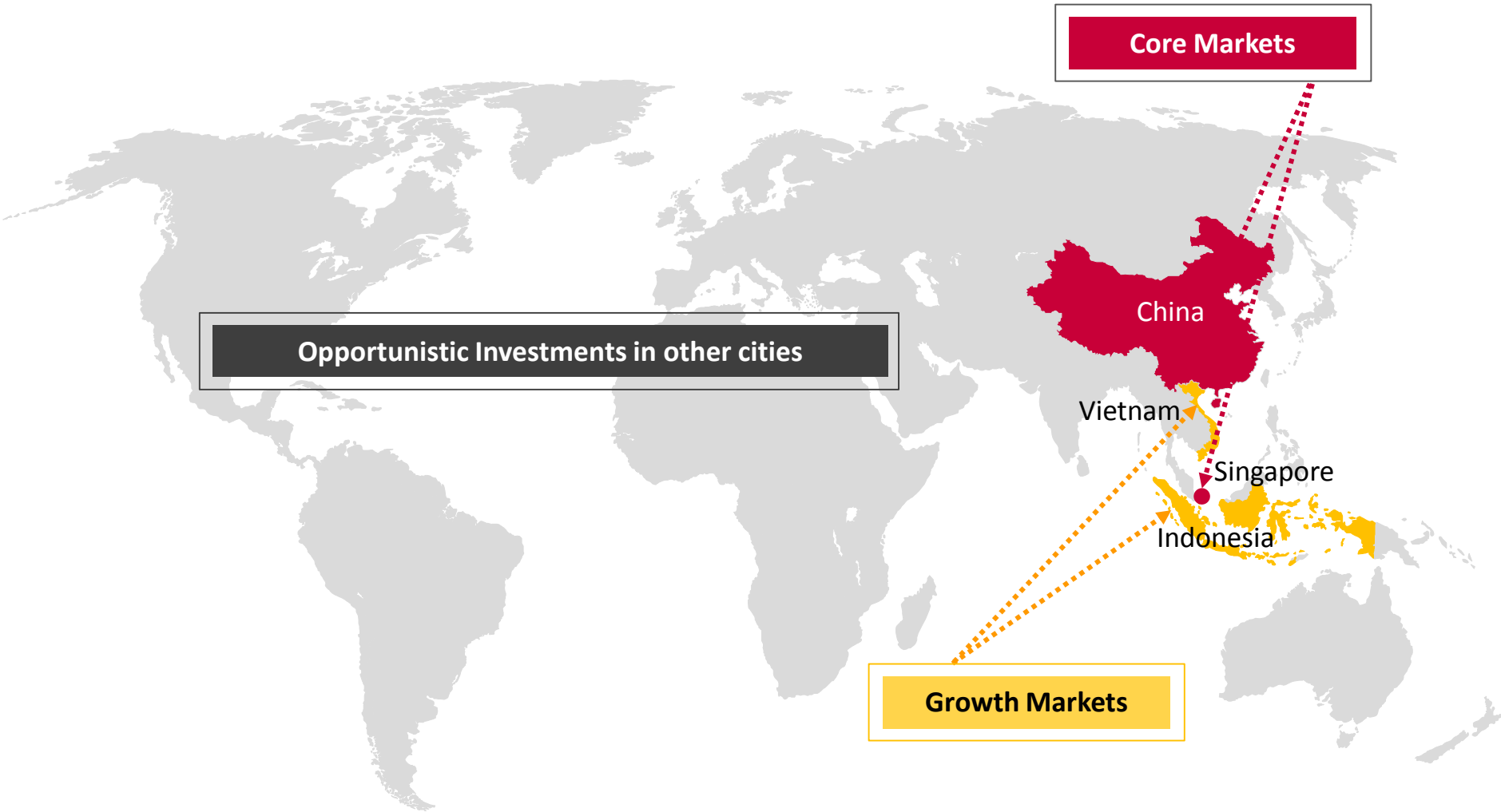
Number of new consumers in emerging markets by 2025



- 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

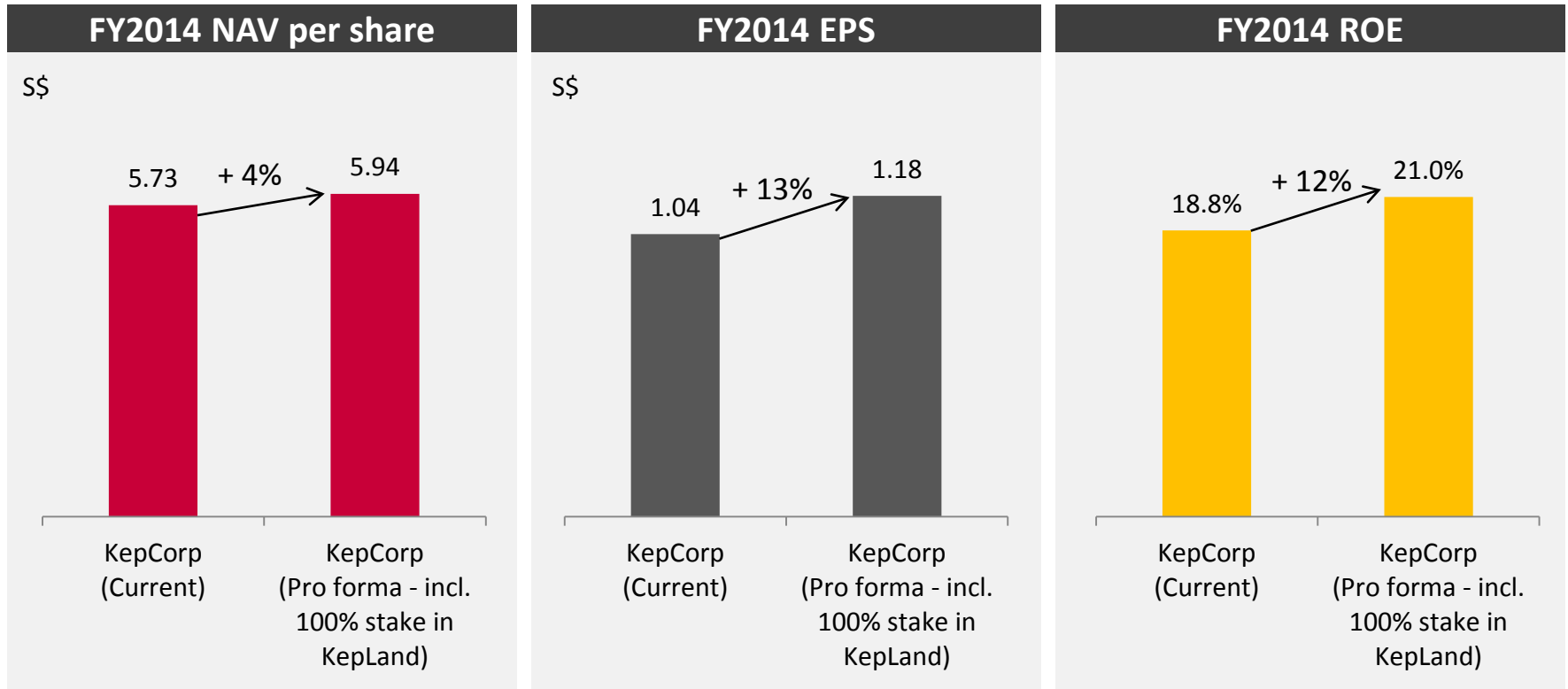
1 Transaction Rationale 1 (cont'd)

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

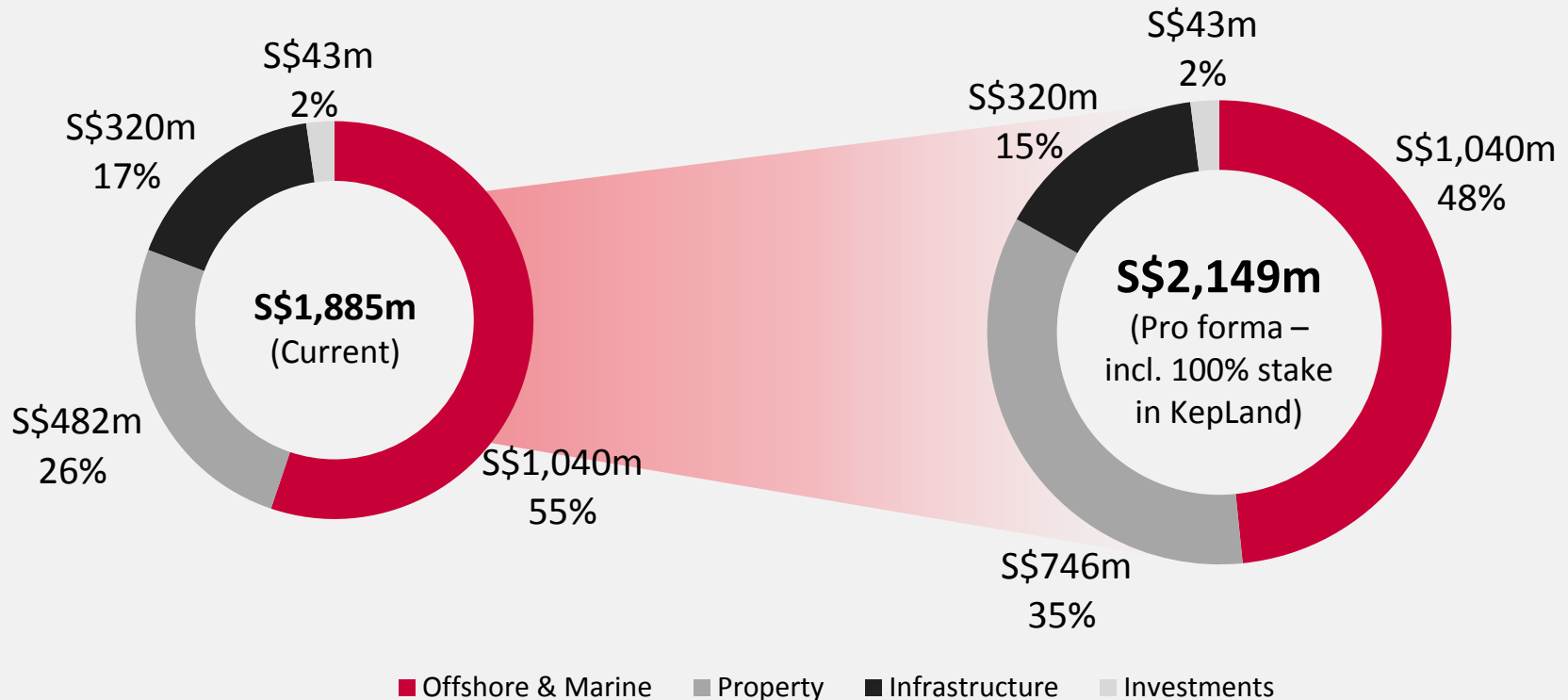
Unlock value for KepCorp's shareholders – immediately accretive to NAV, EPS and ROE



3 Transaction Rationale 3

More balanced contributions from all 3 key businesses

KepCorp FY2014 Net Profit



3 Transaction Rationale 3 (cont'd)

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



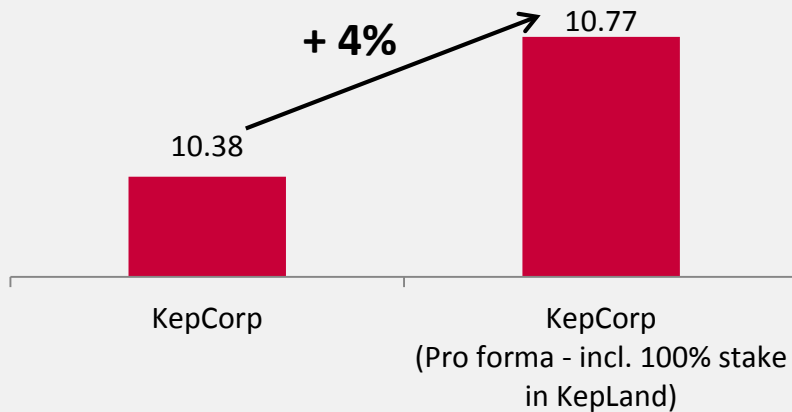
Increase collaboration among the three core businesses

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

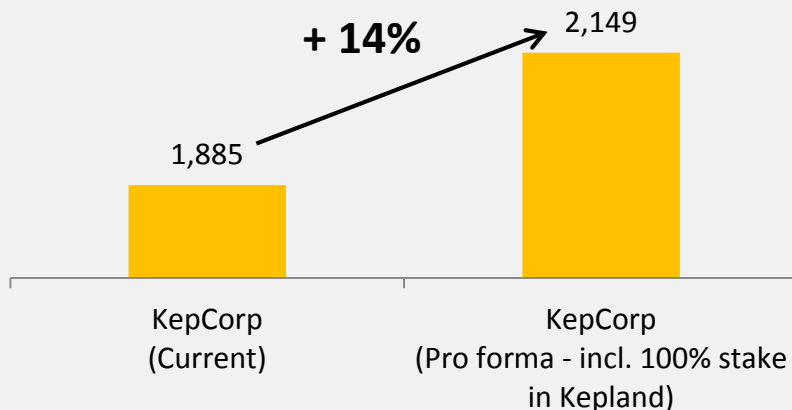
4 Transaction Rationale 4

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

FY2014 NAV (S\$'b)

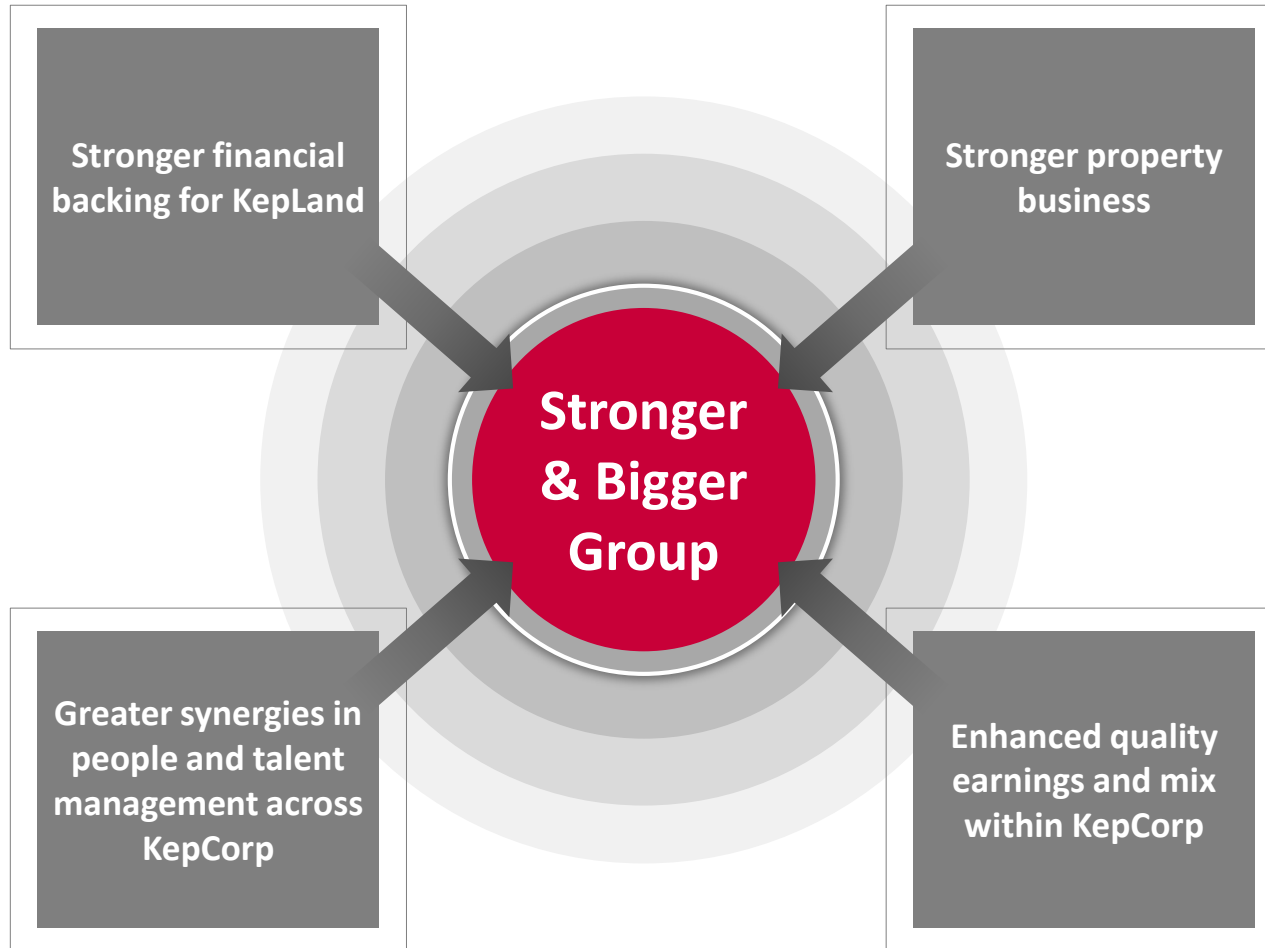


FY2014 Net Profit (S\$'m)







- 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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