

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

23 January 2015

Contents

Transaction Overview	3
Transaction Rationale	5
Pro Forma Financial Impact	14
Conclusion and Timeline	16

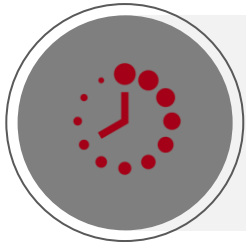
TRANSACTION OVERVIEW

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 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

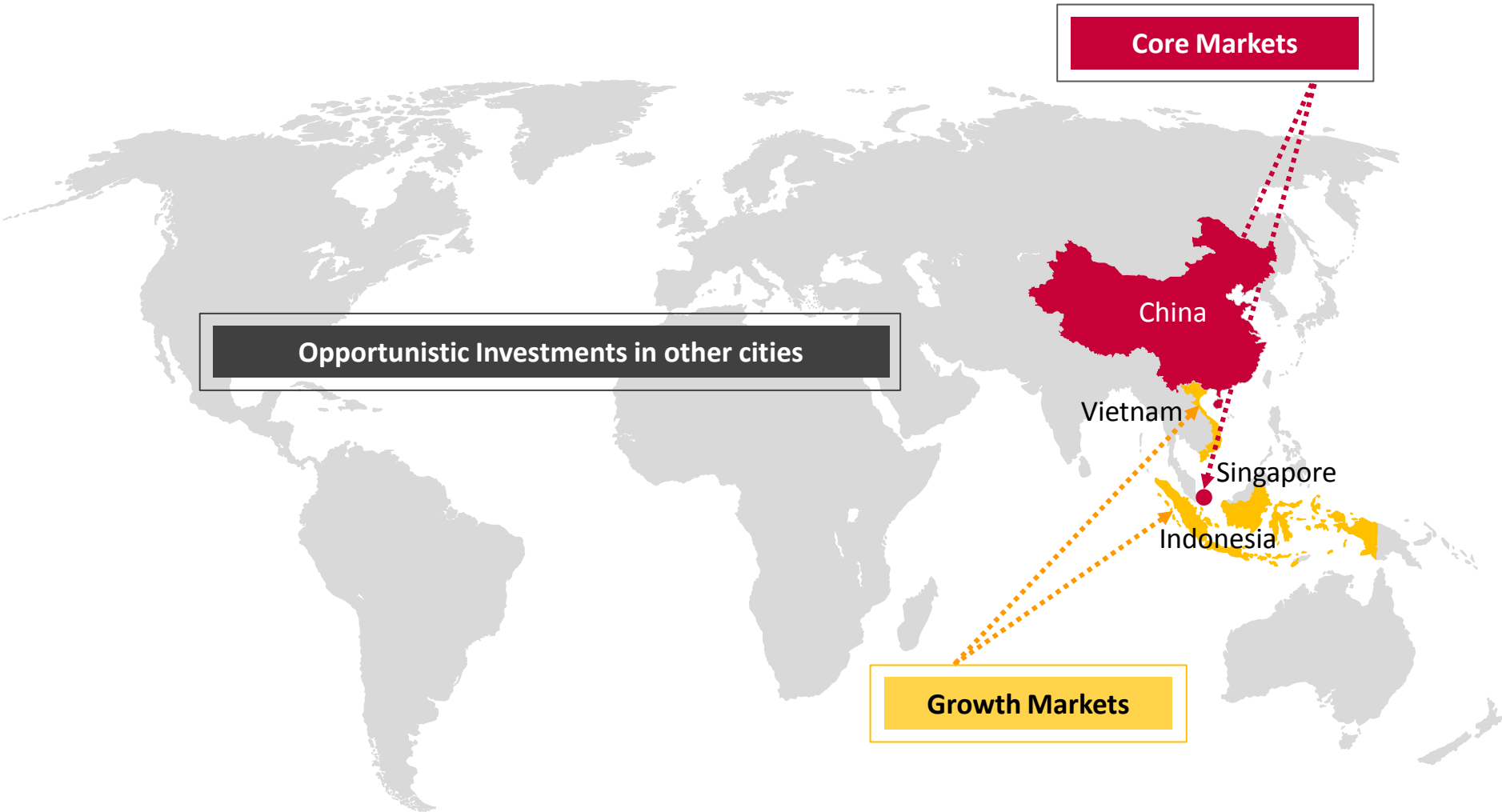
Number of new consumers in emerging markets by 2025



- 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

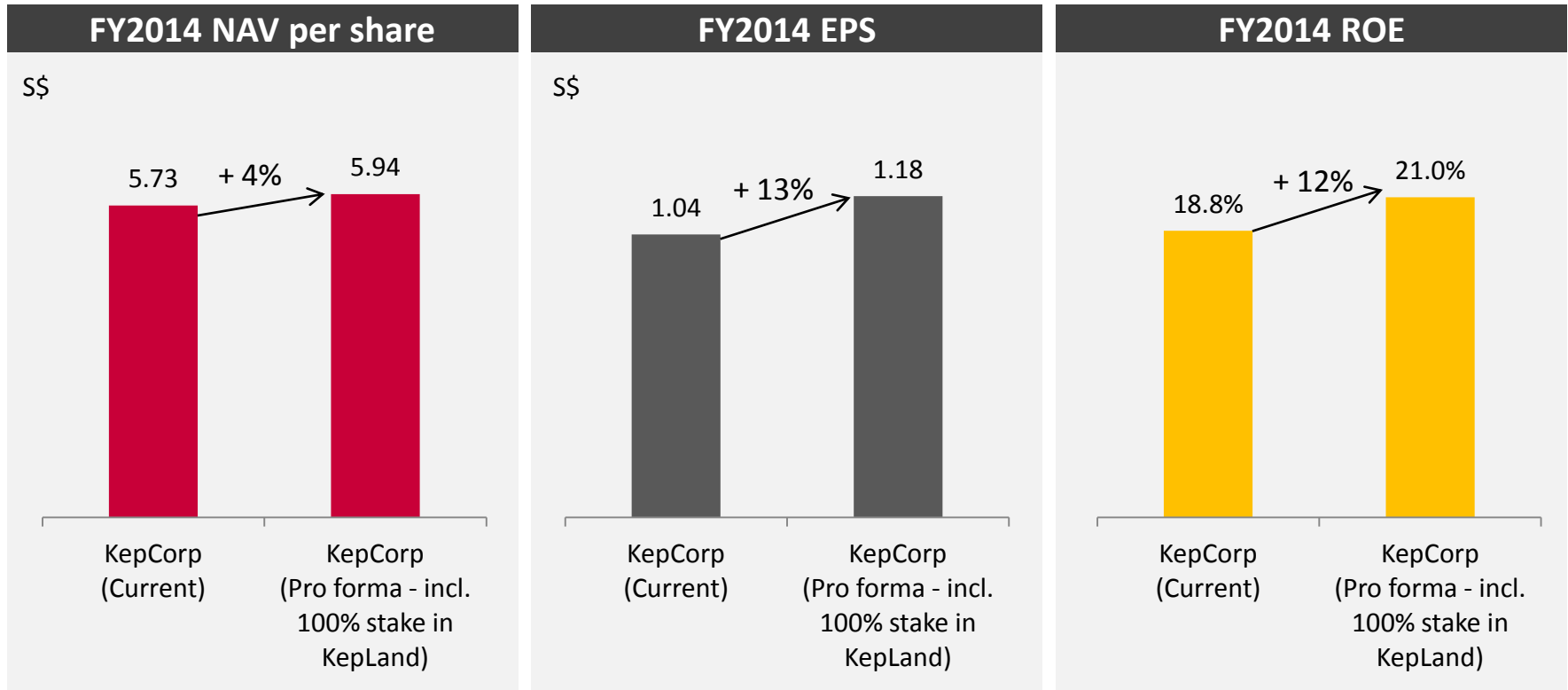
1 Transaction Rationale 1 (cont'd)

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

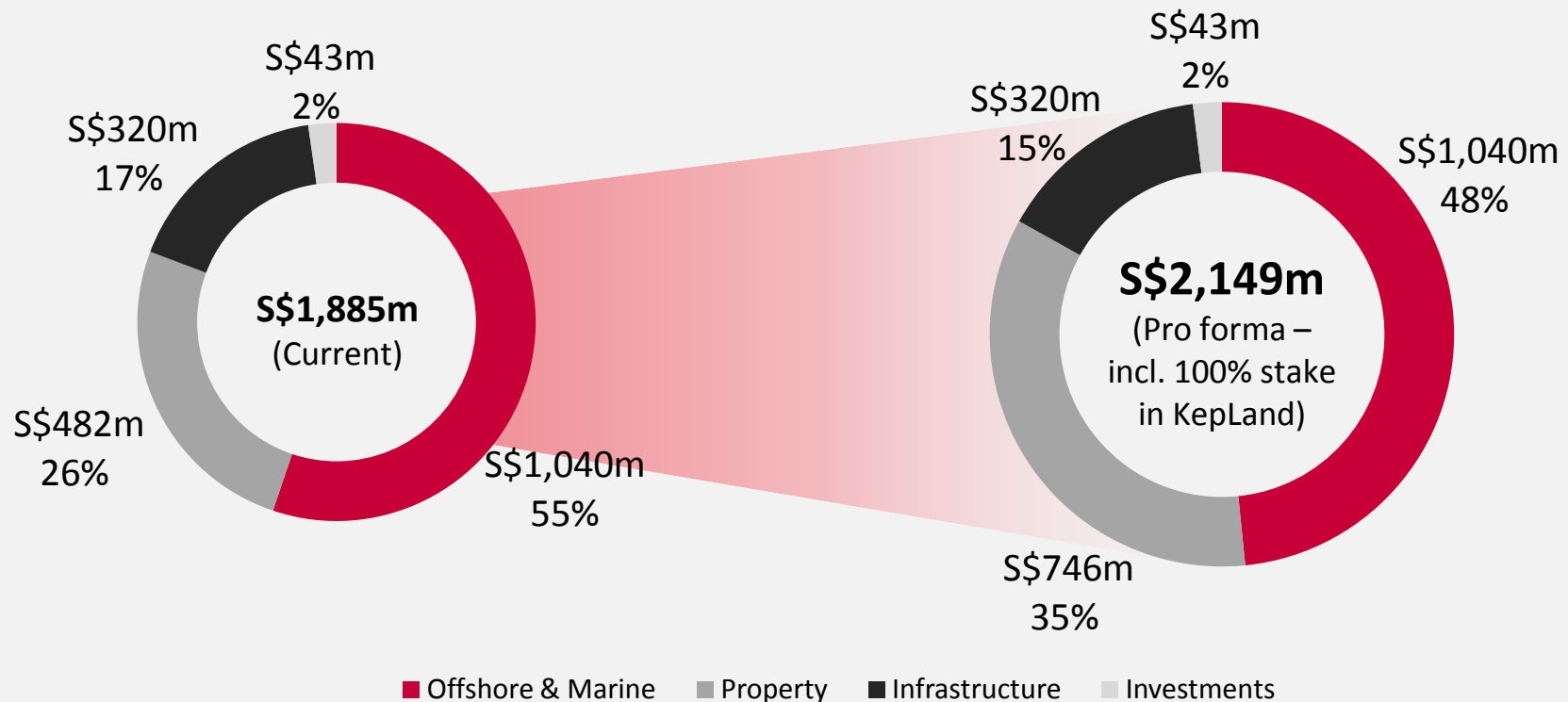
Unlock value for KepCorp's shareholders – immediately accretive to NAV, EPS and ROE



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.



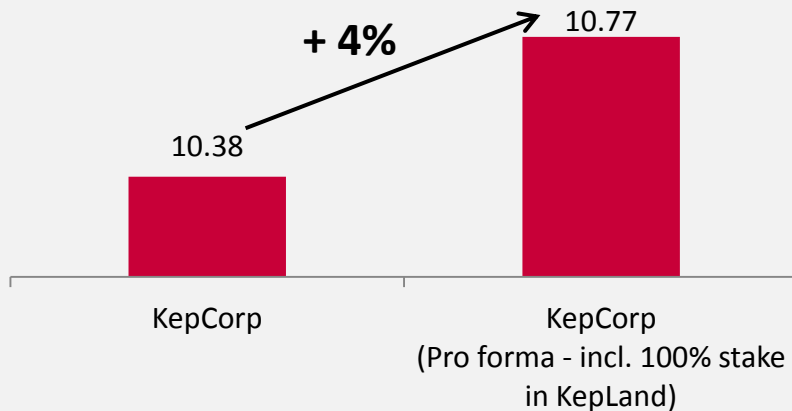
Increase collaboration among the three core businesses

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

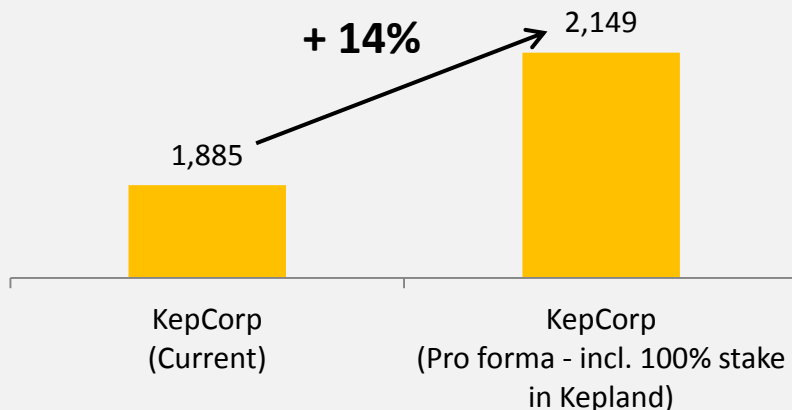
4 Transaction Rationale 4

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

FY2014 NAV (S\$'b)

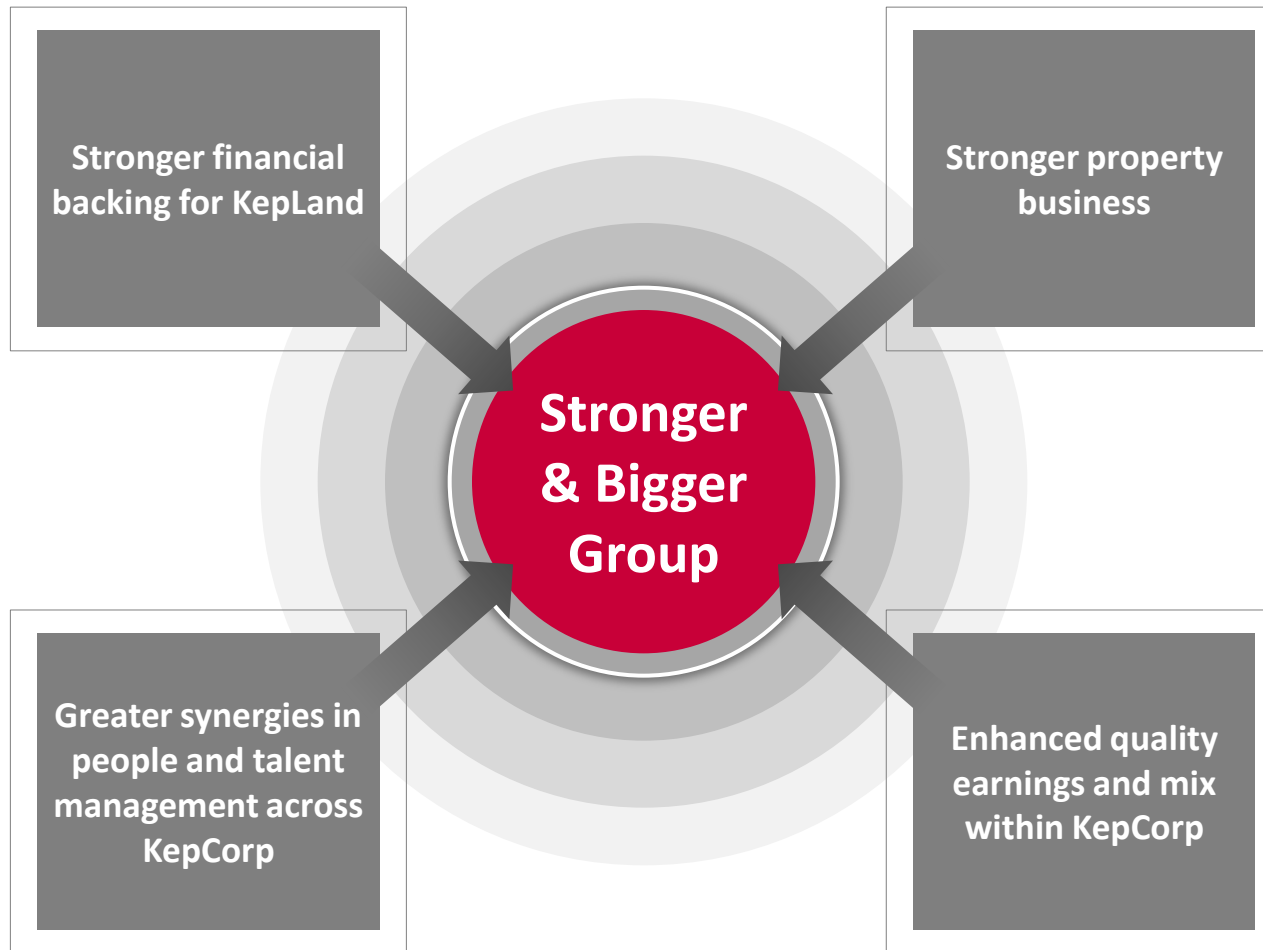


FY2014 Net Profit (S\$'m)



- 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)

Responsibility Statement

The directors of Keppel Corporation Limited (including any who may have delegated detailed supervision of this Presentation) have taken all reasonable care to ensure that the facts stated and all opinions expressed in this Presentation are fair and accurate and that no material facts have been omitted from this Presentation, and they jointly and severally accept responsibility accordingly. Where any information has been extracted or reproduced from published or publicly available sources, the sole responsibility of the directors of Keppel Corporation Limited has been to ensure through reasonable enquiries that such information is accurately extracted from such sources or, as the case may be, reflected or reproduced in this Presentation.

-

Disclaimer

This presentation may contain forward-looking statements that involve risks and uncertainties. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions. Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate trends, cost of capital and capital availability, availability of real estate properties, competition from other companies and venues for the sale/distribution of goods and services, shifts in customer demands, customers and partners, changes in operating expenses, including employee wages, benefits and training, governmental and public policy changes and the continued availability of financing in the amounts and the terms necessary to support future business. You are cautioned not to place undue reliance on these forward looking statements, which are based on the current view of management on future events. No undisclosed material price-sensitive information relating to Keppel Land Limited and its subsidiaries has been considered in the preparation of, or included or referenced in, this Presentation.