

CITY DEVELOPMENTS LIMITED
(Incorporated in the Republic of Singapore)
Company Registration No. 196300316Z

NEW INVESTMENT PLATFORM INVOLVING THREE COMMERCIAL PROPERTIES OF CITY DEVELOPMENTS LIMITED

1. INTRODUCTION

1.1 The Board of City Developments Limited (the "**Company**") and together with its subsidiaries, the "**CDL Group**") is pleased to announce that a wholly-owned subsidiary of the Company, Bestro Holdings Limited ("**Bestro**"), has entered into an agreement with an investment fund managed by Alpha Investment Partners Limited ("**AIP**") to form a joint venture entity known as Golden Crest Holdings Pte. Ltd. ("**Golden Crest**"), a private limited company incorporated in Singapore. Both CDL and AIP have procured that Golden Crest through its wholly-owned subsidiaries have contemporaneously entered into sale and purchase agreements (the "**Property Sale Agreements**") for the acquisition of three prime commercial properties in Singapore (the "**Properties**") from the CDL Group, the particulars of which are described in paragraph 1.2 below.

1.2 The Property Sale Agreements were entered into in respect of each of the following three Properties:

- (a) the sale of a 99-year leasehold estate by way of a grant of a 99-year lease in respect of the property comprised in Lot 327P of Town Subdivision 8 located at 1 Magazine Road, Central Mall, Singapore 059567, together with the office building comprised within the property known as "Central Mall (Office Tower)" ("**Central Mall Office Tower**"), by the Company to Centro Property Holding Pte. Ltd. ("**Centro**");
- (b) the sale of the remaining 99-year leasehold interest commencing on 20 August 2007 in respect of the property comprised in Lot 2559K of Mukim 29 located at 7 Tampines Grande, Singapore 528736 and 9 Tampines Grande, Singapore 528735, together with the office buildings comprised within the property known as "7 and 9 Tampines Grande" ("**Tampines Grande**"), by Fairsteps Properties Pte. Ltd., a wholly-owned subsidiary of the Company, to T-Grande Property Holding Pte. Ltd. ("**T-Grande**"); and
- (c) the sale of a 99-year leasehold estate by way of a grant of a 99-year lease in respect of the property comprised in Lot 432L of Town Subdivision 11 located at 51 Bras Basah Road, Singapore 189554, together with the office building comprised within the property known as "Manulife Centre" ("**Manulife Centre**"), by Elishan Investments Pte Ltd, a wholly-owned subsidiary of the Company, to Victorian Property Holding Pte. Ltd. ("**Victorian**").

Centro, T-Grande and Victorian are indirect wholly-owned subsidiaries of Golden Crest.

1.3 It is envisaged that Golden Crest will finance the acquisition of the Properties partly through the issuance of equity shares in Golden Crest to Bestro and Alpha Asia Macro Trends Fund II (AAMTF II), the fund managed by AIP (the "**Alpha fund**"), and partly through a five-year loan obtained from In-V Asset Holding Pte. Ltd. ("**In-V**"), a financing vehicle. In-V has agreed to issue S\$332,500,000 in aggregate value of junior fixed rate bonds which carries a fixed rate interest of 5% per annum for a period of five years to Bestro and the Alpha fund. The Alpha fund and Bestro will (between the two parties) co-finance the portfolio in the ratio of 60:40,

with the total investment by CDL, through Bestro, amounting to S\$133,300,000 in the form of equity shares and bonds and the total investment by the Alpha fund amounting to S\$200,200,000 in the form of equity shares and bonds. The rest of the financing for In-V is funded through senior loan facilities of an aggregate amount of S\$750.1 million from DBS Bank Ltd. and Oversea-Chinese Banking Corporation Limited. As between Bestro and the Alpha fund, it has been agreed that payouts shall be in accordance with a distribution waterfall such that the Alpha fund will enjoy a preferred return of up to 12.6% per annum following which Bestro will then receive all cash flows until its capital is fully repaid and thereafter, further upside sharing between the Alpha fund and Bestro will occur in the proportion of 40:60 respectively.

- 1.4 The simultaneous completion of the Property Sale Agreements and the subscription of the bonds by Bestro and the Alpha fund are expected to occur no later than 22 December 2015 and will be announced by the Company in due course.
- 1.5 The consummation of the transactions and the formation of Golden Crest as a joint investment enterprise with the Alpha fund represent an opportunity for the CDL Group to unlock shareholders' value in the Properties, and yet continue to remain a substantial investor in the prime assets comprised in this portfolio of Properties.

2. OTHER SALIENT INFORMATION ON THE TRANSACTION

- 2.1 The CDL Group had obtained independent valuations of each of the Properties from DTZ Debenham Tie Leung (SEA) Pte Ltd and Savills Valuation And Professional Services (S) Pte Ltd as at 20 November 2015 and 1 December 2015 respectively. The average open market value of each of the Properties derived from the valuation reports and the consideration paid in respect of each of the Properties are set out in the table below.

Property	Average Valuation	Consideration Paid
Central Mall Office Tower	S\$218 million	S\$218 million
Tampines Grande	S\$366 million	S\$366 million
Manulife Centre	S\$487.5 million	S\$487.5 million
	S\$1,071.5 million	S\$1,071.5 million

- 2.2 The cash consideration payable in respect of each of the Properties upon completion of the Property Sale Agreements was arrived at on an arm's length basis, on a willing-buyer, willing-seller basis after taking into account the prevailing market conditions and open market value of each of the Properties.
- 2.3 The aggregate consideration which shall be received by the CDL Group upon completion of the Property Sale Agreements would amount to S\$1.0715 billion ("**Aggregate Consideration**") and will be applied by the CDL Group for general corporate purposes, including for general working capital, acquisitions and diversifications.

- 2.4 Upon completion of the Property Sale Agreements, Redvale Investments Pte. Ltd., an indirect wholly-owned subsidiary of the Company, will be appointed as the asset manager of the Properties and will assist in managing and leasing out the Properties and to provide other ancillary administrative services.

3. **FINANCIAL EFFECTS OF THE TRANSACTIONS**

The financial effects of the transactions described above have been prepared based on the audited consolidated financial statements of the CDL Group for the financial year ended 31 December 2014 (the "**FY2014 Financial Statements**") and based on the following assumptions:

- (a) for the purpose of computing the financial effects on the net tangible assets ("**NTA**") per ordinary share of the Company ("**Share**"), the transactions are assumed to have been effected on 31 December 2014; and
- (b) for the purpose of computing the financial effects on the earnings per Share ("**EPS**"), the transactions are assumed to have been effected on 1 January 2014.

Effect on the NTA per Share and EPS for the financial year ended 31 December 2014

	Before the completion of the transactions	After the completion of the transactions
NTA per Share ⁽¹⁾ (Singapore dollar)	\$9.22	\$9.51
EPS ⁽²⁾ (Singapore dollar)	\$0.83	\$1.08

Notes:

- (1) NTA per Share is calculated based on 909,301,330 Shares as at 31 December 2014.
- (2) EPS is calculated based on the weighted average number of Shares of 909,301,330 Shares as at 31 December 2014.

4. **MISCELLANEOUS**

- 4.1 None of the directors or controlling shareholders of the Company has any interest in the transactions disclosed above.
- 4.2 No person is proposed to be appointed as a director of the Company in connection with the transactions disclosed above. Accordingly, there is no service contract proposed to be entered into by the Company with an individual in connection with the same.

- 4.3 The simultaneous entry into the Property Sale Agreements would constitute a discloseable transaction for the purposes of Chapter 10 of the listing manual (the "**Listing Manual**") of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"), as the relative figure computed under 1006(c) of the Listing Manual exceeds 5% but does not exceed 20%. Please see below for further details on the computation of the relative figures under Rule 1006 of the Listing Manual.

Rule 1006(a)	The net asset value of assets to be disposed of, compared with the CDL Group's latest announced consolidated net asset value.	4.3%
Rule 1006(b)	The net profits attributable to the assets disposed of, compared with the CDL Group's latest announced consolidated net profits.	2.8%
Rule 1006(c)	The aggregate value of the consideration received, compared with the Company's market capitalisation based on the total number of issued shares excluding treasury shares.	16.8% ⁽¹⁾
Rule 1006(d)	The number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue.	Not applicable.

Note:

- (1) On the basis of the Company's shares' weighted average price on SGX-ST of S\$7.01 (as of 14 December 2015, being the market day immediately preceding the date of the Property Sale Agreements).

- 4.4 Copies of the Property Sale Agreements and the valuation reports referred to in paragraph 2.1 above will be made available for inspection during the Company's normal business hours on any business day at the Company's registered office for a period of 3 months from the date of this Announcement.

By Order of the Board of
CITY DEVELOPMENTS LIMITED

Enid Ling Peek Fong
Company Secretary
15 December 2015