

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

ANNOUNCEMENT

**SALE OF CASHFLOW OF CITYVIEW PLACE HOLDINGS PTE. LTD.
(THE “PROPOSED TRANSACTION”)**

1. INTRODUCTION

The Board of City Developments Limited (the “**Company**” and together with its subsidiaries, the “**CDL Group**”) is pleased to announce that its wholly-owned subsidiary, Baynes Investment Pte. Ltd. (“**Baynes**”), has entered into an agreement to sell the present and future cashflow of the dividends and other shareholders' distributions (the “**Dividends**”) in its wholly-owned subsidiary, Cityview Place Holdings Pte. Ltd. (“**Cityview**”).

Cityview is currently the owner of the hotel known as “*The W Singapore – Sentosa Cove*”, a 7-storey 240-room 5-star luxury hotel located in Sentosa, Singapore. Cityview also holds the retail property with a net lettable area of 44,121 square feet at the “*Quayside Isle*”, a food and beverage waterfront development located in Sentosa Cove. Finally, Cityview is the developer of the “*The Residences at W Singapore – Sentosa Cove*”, a residential development located in Sentosa Cove. The aforementioned real properties (collectively, the “**Quayside Collection**”) are located adjacent to one another.

The cashflow from the Dividends will be purchased by Sunbright Holdings Limited (“**Sunbright**”), a special purpose vehicle established in the Cayman Islands. Sunbright will be initially funded by three institutional investors, Blackstone Tactical Opportunities Fund (through its vehicle BTO Sentosa Holdings L.P.) (“**Blackstone**”), CIMB Bank Berhad, Labuan Offshore Branch (“**CIMB**”) and Astoria Holdings Limited (“**Astoria**”), a wholly-owned subsidiary of the CDL Group. Astoria will contribute 37.5% of the equity of Sunbright.

This transaction represents an opportunity for Baynes to unlock the shareholders' value in Cityview. For the CDL Group, it also creates a new platform and forges a strong partnership with its co-investors in Sunbright to invest in cashflows from quality assets such as the Quayside Collection. Additionally, the net gearing of the CDL Group is expected to improve from 36% to 25% had the transaction took place on 30 September 2014. This does not factor in any revaluation gains in investment properties.

2. THE SALE OF CASHFLOW FROM THE DIVIDENDS

- (a) **The Sale of Cashflow from the Dividends.** Baynes is currently the sole shareholder of Cityview. Baynes has entered into a conditional sale and purchase agreement (“**SPA**”) with Sunbright to sell to Sunbright the cashflow from the Dividends.

- (b) **Conditions Precedent:** Completion of the sale and purchase of the cashflow from the Dividends is conditional upon certain conditions having been fulfilled including (among other things) the following conditions:
- (i) the successful drawdown of certain loans under two separate senior loan facilities, with an aggregate of S\$750,000,000, granted by DBS Bank Ltd. and Oversea-Chinese Banking Corporation Limited to Cenric Holdings Pte. Ltd. and Centrovie Holdings Pte. Ltd., which are wholly-owned subsidiaries of Sunbright; and
 - (ii) Sunbright raising funds amounting to not less than S\$750,000,000 from its investors.
- (c) **Consideration.** The consideration payable by Sunbright to Baynes for the sale and purchase of the cashflow from the Dividends is S\$800 million to be paid in cash on the completion date of the Proposed Transaction. The consideration was arrived at, taking into account expected future cashflows¹ from the Dividends and discounting to net present value.
- (d) **Distribution of cashflow from Dividends.** Following completion of the Proposed Transaction, Baynes will procure Cityview to distribute profits from its business operations (after satisfying the claims of secured bank financiers and creditors), as dividends to Baynes and Baynes shall transfer such cashflow to Sunbright.
- (e) **CDL will continue to manage the real estate assets held by Cityview.** Ellinois Management Services Pte. Ltd., a wholly-owned subsidiary of the CDL Group, will be appointed as the asset manager of Cityview on the completion date to assist Cityview in managing and leasing out its properties, sale of the residential units, as well as liaising with the hotel operator of *W Singapore – Sentosa Cove*.
- (f) **Repayment of existing loan owing by Cityview to the Company.** On completion of the Proposed Transaction, Cityview will repay an existing shareholder's loan of S\$700 million extended by the Company to Cityview.

3. SUNBRIGHT AND THE PPS

- (a) **Structure.** Sunbright is established as a Cayman company and will be capitalised by its investors who will infuse S\$750 million in aggregate for a capital instrument called profit participation securities ("**PPS**").

The PPS as a cashflow participation instrument will have a tenor of 5 years. The PPS will expire upon final payment of the cashflow arising from Dividends.

The PPS carries a fixed payout amount which is calculated based on the rate of 5 per cent. per annum against its investment amount. In addition, the PPS-holders will receive from Sunbright the cashflows purchased from Baynes (after satisfying certain senior ranking liabilities) in accordance with a pre-agreed order of priority as set out in the terms of the PPS.

¹ In projecting the future cashflows, Baynes and Sunbright have assumed that the residential units of the Quayside Collection would be sold at not less than S\$2,400 per square feet.

- (b) **Astoria's Investment.** Astoria will subscribe for S\$281,333,333.33 of PPS.
- (c) **Subscription Agreement.** Astoria, Blackstone and CIMB (collectively, the "**Investors**") have entered into a subscription agreement with Sunbright in connection with the issue of the PPS. The obligations of each of the Investors to subscribe for the PPS are conditional upon, among other things:
- (i) all the conditions precedent under the SPA being met; and
 - (ii) the concurrent subscription of the respective PPS by all the Investors.
- (d) **No Listing.** There are currently no plans to list Sunbright or the PPS on a securities exchange.

4. **FINANCIAL EFFECTS OF THE PROPOSED TRANSACTION**

- (a) The financial effects of the Proposed Transaction have been prepared based on the audited consolidated financial statements of The CDL Group for FY2013 and based on the following assumptions:
- (i) for the purpose of computing the financial effects of the Proposed Transaction on the net tangible assets (the "**NTA**") per ordinary share of the Company ("**Share**"), the Proposed Transaction are assumed to have been effected on 31 December 2013; and
 - (ii) for the purpose of computing the financial effects of the Proposed Transaction on the earnings per Share ("**EPS**"), the Proposed Transaction are assumed to have been effected on 1 January 2013.

Effect on the NTA per Share and EPS for the financial year ended 31 December 2013

	Before the Proposed Transaction	After the Proposed Transaction
NTA per Share ⁽¹⁾ (Singapore dollar)	\$8.61	\$8.98
EPS ⁽²⁾ (Singapore dollar)	\$0.74	\$1.10

Notes:

- (1) NTA per Share is calculated based on 909,301,330 Shares as at 31 December 2013.
- (2) EPS is calculated based on the weighted average number of Shares of 909,301,330 Shares as at 31 December 2013.

5. MISCELLANEOUS

- (a) None of the Directors or controlling shareholders of the Company has any interest in the Proposed Transaction.
- (b) No person is proposed to be appointed as a director of the Company in connection with the Proposed Transaction. Accordingly, there is no service contract proposed to be entered into by the Company with an individual in connection with the Proposed Transaction.
- (c) The Proposed Transaction 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 Rule 1006(c) of the SGX-ST 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 ⁽¹⁾ to be disposed of, compared with The CDL Group's latest announced consolidated net asset value.	0.1%
Rule 1006(b)	The net profits attributable to the assets ⁽¹⁾ disposed of, compared with the CDL Group's latest announced consolidated net profits.	(0.8)% ⁽²⁾
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.	8.8% ⁽³⁾
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) As Cityview is not declaring any dividends at the present time, the net asset value of Cityview shares is used as a proxy for "net asset value of assets to be disposed" for the purpose of Rule 1006(a) and Rule 1006(b).
- (2) As Cityview is in a loss-making position at the present time, the losses in Cityview's financial statements for the period ended 30 September 2014 is used as a proxy for "net profits attributable to the assets disposed of" for the purpose of Rule 1006(b).
- (3) On the basis of the Company's shares' weighted average price on SGX-ST of S\$10.0128 (as of 12 December 2014, being the market day immediately preceding the date of the SPA).
- (d) A copy of the SPA may be inspected during the Company's usual business hours (from 9.00 a.m. to 5.00 p.m.) on any business day for a period of three (3) months from the date of this announcement at the registered office of the Company at 36 Robinson Road, #04-01 City House, Singapore 068877.

By Order of the Board of
CITY DEVELOPMENTS LIMITED

Shufen Loh @ Catherine Shufen Loh
Enid Ling Peek Fong
16 December 2014