
**ANNOUNCEMENT OF JOINT ACQUISITION OF PROPERTY LOCATED AT FRANKFURT,
GERMANY**

1. INTRODUCTION

- 1.1 The Board of Directors of City Developments Limited (the “**Company**” or “**CDL**”, and together with its subsidiaries, the “**CDL Group**”) wishes to announce that:
- (a) FSCT DE Property 1 GmbH & Co. KG (the “**Purchaser**”), has entered into a sale and purchase agreement (the “**SPA**”) on 6 December 2017 with Art-Invest Real Estate Funds GmbH (the “**Seller**”) in connection with the acquisition by the Purchaser of the Property (as defined herein) which is situated in Frankfurt, Germany (the “**Acquisition**”).
 - (b) Completion of the Acquisition (“**Completion**”) is subject to the receipt of all official approvals and permits necessary for the execution of the SPA. Completion is expected to take place in late December 2017 or early January 2018.

Information on the Purchaser

- 1.2 The Purchaser, a limited partnership established under the laws of Germany for the purpose of the Acquisition, has (a) three limited partners, namely, (i) CDL Properties B.V. (“**CDL Entity**”) (an indirect wholly-owned subsidiary of the Company), (ii) FS NL Property 18 B.V. (“**FS Entity**”), a wholly-owned subsidiary of First Sponsor Group Limited (“**FSGL**”), an associate of Millennium & Copthorne Hotels plc which is in turn a subsidiary of the Company, (iii) Tai Tak Frankfurt B.V. (“**Tai Tak Entity**”) (a wholly-owned subsidiary within the Tai Tak Estates Sendirian Berhad group (the “**Tai Tak Group**”) (the CDL Entity, FS Entity and Tai Tak Entity collectively hereinafter referred to as the “**Limited Partners**”); and (b) one general partner, SCUR-Alpha 940 GmbH (to be renamed FSCT DE Property 1 GmbH), a limited liability corporation incorporated under the laws of Germany for the purpose of the Acquisition. The Tai Tak Group and CDL Group have a deemed interest of 45.0% and 35.9% respectively in FSGL, as reflected in FSGL’s Register of Substantial Shareholders.
- 1.3 The Limited Partners have injected or have committed to inject, a total equity capital of €10.0 million (equivalent to approximately S\$16.0 million based on the Illustrative Exchange Rate¹) into the Purchaser. The Company (through an indirect wholly-owned subsidiary, Wideachieve Holdings Limited (“**CDL FinCo**”), FSGL (through its wholly-owned subsidiary, FS Euro Capital Limited (“**FS FinCo**”) and the Tai Tak Group (through its wholly-owned subsidiary, Chengdu Tianfu Properties Limited (“**Tai Tak FinCo**”)) have committed to provide an aggregate of €75.0 million (equivalent to approximately S\$119.9 million based on the Illustrative Exchange Rate) by way of loan financing to the Purchaser. Please refer to paragraph 1.4 for further details. The issued and outstanding share capital of the general partner of the Purchaser comprises 25,000 ordinary shares with a nominal value of €1.00 each. The Company, through CDL Entity, holds 25% of the shares in the general partner while FS Entity holds 50% and Tai Tak Entity holds 25% of the shares in the general partner. Unlike the Limited Partners, the general partner will not participate in the capital or profits of the Purchaser.

¹ The “**Illustrative Exchange Rate**” used in this announcement is €1: S\$1.599. The Illustrative Exchange Rate is solely for illustrative purposes and should not be construed as a representation that the relevant amounts have been or could be converted at this rate or any other rate.

1.4 CDL Entity, FS Entity and Tai Tak Entity have also entered into a partnership arrangement for the purposes of jointly undertaking the Acquisition through the Purchaser (the "**Partnership**"). Under the terms of the Partnership:

- (a) FS Entity has contributed or has committed to contribute, equity in the amount of €5.0 million (being its proportionate 50% interest in the Purchaser), and each of CDL Entity and Tai Tak Entity has contributed or has committed to contribute, equity in the amount of €2.5 million (being their respective proportionate 25% interest in the Purchaser) (the "**Equity Contribution**"). Each of the three limited partners shall participate in the capital and profits of the Purchaser, and their respective voting rights shall be, in proportion to their Equity Contribution;
- (b) CDL FinCo, FS FinCo and Tai Tak FinCo have also committed to extend junior loans in proportion of their Equity Contribution, in the amounts of €6.25 million from CDL FinCo, €12.5 million from FS FinCo and €6.25 million from Tai Tak FinCo. The junior loans that will be extended to the Purchaser shall carry an interest rate of 7.5% per annum for a term of seven years; and
- (c) CDL FinCo and Tai Tak FinCo have committed to extend senior loans to the Purchaser in the amount of €25.0 million each which carry an interest rate of 1.38% per annum for a term of three years.

1.5 Chapter 9 of the Listing Manual

The Company's participation in the Partnership for the Acquisition is not regarded as an "interested person transaction", in view that the Seller, and both FSGL and Tai Tak are not "interested persons" of the Company for purposes of Chapter 9 of the Listing Manual.

2. INFORMATION ON THE SELLER AND THE PROPERTY

2.1 The Seller is a capital management company incorporated under the laws of Germany and manages a fund structure under the name of "*Hotel-Manage to Core-Fonds*" (which has ownership of the Property).

2.2 The freehold property which is the subject of the Acquisition (the "**Property**") is located at Wiesenhüttenplatz 28, 30, 32, and Wiesenhüttenstraße 36-38 Frankfurt am Main, 60329, Germany, which is close to the main train station in the Frankfurt district of "Bahnhofsviertel" – the city centre of Frankfurt, and has an approximate aggregate land size of approximately 4,405 square metres. The Property comprises an existing hotel currently operated under the "*Le Méridien Frankfurt*" name (the "**Hotel**") (including the underlying land parcels and the buildings thereon), all inventory and equipment (including certain fixtures, furniture and equipment as well as small operating equipment) and operating facilities which are owned by the Seller. The Hotel comprises two buildings: an historic part with a monumental status built in 1905 that has 80 rooms and a modern part built in the 1970s with 220 rooms. The Hotel also has 670 square metres of conference space with an extensive fitness and wellness area, and 48 parking spaces.

2.3 The Hotel is currently leased to MHP Parkhotel GmbH (the "**Tenant**") for 25 years expiring on 31 May 2040, with a renewal option of 5 years (exercisable at the option of the Tenant) and operated by the Tenant under the "*Le Méridien*" brand on the basis of a franchise granted by Starwood.

3. RATIONALE FOR AND BENEFITS OF THE ACQUISITION

- 3.1 The Acquisition offers the opportunity for the CDL Group to build-up its recurring income stream from the CDL Group's investment properties portfolio, and also helps to diversify its geographic exposure.
- 3.2 The participation in the Acquisition by the CDL Group together with FSGL is also an endorsement of the FSGL group's expansion plan.

4. CONSIDERATION PAYABLE BY THE PURCHASER FOR THE ACQUISITION

- 4.1 The aggregate cash consideration payable by the Purchaser for the Acquisition is €79.4 million (equivalent to approximately S\$126.9 million based on the Illustrative Exchange Rate) (the "**Consideration**"). The Purchaser is also responsible for paying certain transaction-related expenses (including but not limited to real estate transfer tax) which are currently estimated to be approximately €5.6 million (equivalent to approximately S\$9.0 million based on the Illustrative Exchange Rate).
- 4.2 The aggregate contribution by the CDL Group to the Purchaser for the Acquisition is approximately €33.75 million (equivalent to approximately S\$53.97 million based on the Illustrative Exchange Rate) comprising (a) €2.5 million by way of Equity Contribution in the Purchaser by CDL Entity; and (b) €25.0 million and €6.25 million by way of senior and junior loans respectively to the Purchaser by CDL FinCo. The aggregate contribution by the Tai Tak Group to the Purchaser for the Acquisition mirrors that of the CDL Group comprising an aggregate of €33.75 million. The aggregate contribution by the FSGL group to the Purchaser for the Acquisition is approximately €17.5 million (equivalent to approximate S\$27.98 million based on the Illustrative Exchange Rate) comprising (a) €5.0 million by way of Equity Contribution in the Purchaser by FS Entity; and (b) €12.5 million by way of the junior loan to the Purchaser by FS FinCo.
- 4.3 The Consideration was the result of arm's length, commercial negotiations between the Purchaser and the Seller on a willing-buyer, willing-seller basis, taking into consideration relevant factors such as the current property market conditions in Germany, the historical and expected rental yield from the Property, the physical condition of the Property, the location of the Property, as well as the commercial analysis provided by JLL Hotels & Hospitality Group, the appointed commercial advisor in relation to the Acquisition.
- 4.4 The Purchaser had paid an advance payment of approximately €7.9 which is held by a notary in escrow, pending release to the Seller upon Completion. The remainder of approximately €71.5 million (being the Consideration less the advance payment) shall be paid by the Purchaser within ten bank working days from the Purchaser's receipt of notification from the Seller of certain pre-Completion information as stipulated in the SPA, and the transfer of the Property to the Purchaser will be completed on the calendar day after full payment has been made. As mentioned in paragraph 1.1, this is expected to take place in late December 2017 or early January 2018.
- 4.5 The Company does not have information on the book value or the NTA value of the Property. The Property does not have an available open market value and the Limited Partners have not commissioned a third-party valuation of the Property.

5. FINANCING OF THE ACQUISITION

The CDL Group will finance its contribution for the Acquisition using its existing internal cash resources and credit facilities.

6. FINANCIAL EFFECTS OF THE PARTNERSHIP AND ACQUISITION

The Acquisition and the investment in the Partnership is not expected to have any material impact on the net tangible assets or earnings of the CDL Group for the financial year ending 31 December 2017.

7. DISCLOSURE OF INTEREST

None of the Directors or the controlling shareholders of the Company has any interest, direct or indirect, in the Partnership or the Acquisition.

By Order of the Board

Shufen Loh @ Catherine Shufen Loh
Enid Ling Peek Fong
Company Secretaries

7 December 2017