

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

**ANNOUNCEMENT**

**UNLOCKING VALUE IN NOUVEL 18**

**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, Sunmaster Holdings Pte. Ltd. ("**Sunmaster**"), has on 20 October 2016 entered into and completed a conditional agreement to exit its entire interest in Summervale Properties Pte. Ltd. ("**Summervale**") (the "**Transaction**"). Summervale was a wholly-owned subsidiary of Sunmaster immediately prior to the completion of the Transaction.

Summervale is currently the owner of all strata units and common property erected on Lot 1780A of Town Subdivision 25 comprising a luxury residential development in Anderson Road known as "Nouvel 18" (the "**Relevant Asset**").

Green 18 Pte. Ltd. ("**Green 18**"), a special purpose vehicle incorporated in Singapore and a Singapore company as defined under Section 2(1) of the Residential Property Act (Chapter 274 of Singapore) (the "**RPA**"), has been allotted S\$102.0 million of ordinary shares and preference shares in Summervale (the "**Investment Shares**") pursuant to the Transaction.

The Transaction represents an opportunity for Sunmaster to unlock the shareholders' value in Summervale.

**2. THE TRANSACTION**

(a) **Investment Agreement.** Prior to completion of the Transaction, Sunmaster was the sole shareholder of Summervale. Sunmaster and Summervale have entered into an investment agreement (the "**IA**") with Green 18 whereby, subject to the fulfillment of the conditions precedent in the IA, the following events shall take place in chronological order on the completion of the IA:

- (i) the cancellation of all the ordinary shares held by Sunmaster in the capital of Summervale for nil consideration by way of a capital reduction and share buy-back undertaken by Summervale pursuant to Section 78A(1)(b) and Section 76D of the Companies Act (Chapter 50 of Singapore) (the "**Companies Act**") to cancel paid-up share capital which is lost or unrepresented by available assets;
- (ii) the issue of Investment Shares in Summervale to Green 18; and
- (iii) the novation of existing loans extended to Summervale by Sunmaster (as the outgoing creditor) to Green 18 (as the incoming creditor) such that the loans will be owed by Summervale to Green 18 instead of Sunmaster (the "**Novation**").

The conditions precedent in the IA were duly fulfilled on 20 October 2016 and the abovementioned events took place chronologically on the completion of the IA.

CDL will not and does not hold any interest in the Investment Shares post completion of the Transaction.

Summervale has received the Clearance Certificate from the Land Dealings (Approval) Unit on 20 October 2016 to acquire and retain residential property.

(b) **Conditions Precedent.** Completion of the IA was conditional upon certain conditions having been fulfilled including (among other things) the following conditions:

- (i) Summervale entering into a facility agreement with DBS Bank Ltd. and United Overseas Bank Limited for the provision of a credit facility of S\$579.2 million to Summervale by the banks, and the successful drawdown of such credit facility (the "**Senior Loans**") concurrently on the completion of the IA; and
- (ii) Summervale raising funds amounting to not less than S\$296.4 million through the issuance of fixed income securities (the "**Notes**") concurrently on completion of the IA. Summervale has appointed DBS Bank Ltd. to be the arranger of the Notes and it was envisaged that DBS Bank Ltd. would be the initial purchaser of S\$156.4 million Notes due 2021 and Ventagrand Holdings Limited ("**Ventagrand**"), a wholly-owned subsidiary of the Company, would be the subscriber of S\$140.0 million Notes due 2023.

The drawdown of the Senior Loans has been completed and the Notes have been issued, allowing for the completion of the IA.

(c) **Transaction Value.** The Transaction had envisaged the following sources of funding to be raised by Summervale:

Issuance of Investment Shares	S\$102.0 million
Issuance of Notes	S\$296.4 million
Senior Loans	S\$579.2 million
<b>Total</b>	<b>S\$977.6 million</b>

Of the above, approximately S\$12.2 million will be utilised by Summervale to pay for professional fees, debt arrangement fees and other miscellaneous expenses, a certain portion retained as working capital and an amount of S\$947.5 million shall be paid to Sunmaster for the Novation.

Summervale had obtained independent valuations of the Relevant Asset from Edmund Tie & Company (SEA) Pte. Ltd. as at 8 September 2016 and Savills Valuation And Professional Services (S) Pte Ltd as at 21 July 2016, which determined the market value of the Relevant Asset to be S\$965.4 million or S\$2,750 per square foot.

(d) **CDL will continue to manage the Relevant Asset held by Summervale.** In consideration of Ventagrand agreeing to subscribe for S\$140.0 million Notes, Summervale has appointed Trentwell Management Pte. Ltd. ("**Trentwell**"), a wholly-owned subsidiary of the CDL Group, as the asset manager and marketing agent of Summervale on the completion date of the IA. Trentwell shall be given exclusive authority by Summervale for the period of five (5) years (with an option to extend to seven (7) years) to manage and lease out the Relevant Asset as well as to market and divest units of the Relevant Asset. The terms and conditions of the asset management and marketing agreement which has been executed by Trentwell, Summervale and Green 18 will entitle Trentwell to receive a base annual management fee and an incentive fee after a

performance benchmark is satisfied. The performance benchmark is set to ensure Summervale would have the funds to repay the Senior Loans and the Notes, redeem and deliver a preferred 5% annual internal rate of return on the Investment Shares issued by Summervale, with the Investment Shares entitled to upside beyond that less any incentives fees payable.

- (e) **Priority of repayment to creditors.** On the completion of the IA, an inter-creditors deed has been executed by the creditors of Summervale, namely, DBS Bank Ltd. and United Overseas Bank Limited, Green 18 (in its capacity as a preference shareholder) and Ventagrand to establish the order of priority of repayment by Summervale to its creditors. Under the inter-creditors deed, Ventagrand will rank behind the commercial banks and the preference shareholder(s) of Green 18 in receiving repayment as a creditor of Summervale.

### 3. **GREEN 18**

Green 18 is incorporated in Singapore and is a Singapore company as defined under Section 2(1) of the RPA. Green 18 is capitalised by its shareholders who are high-net worth Singaporean citizens and Singapore companies that are in turn wholly owned by Singaporean citizens. None of the direct or indirect shareholders of Green 18 is related to the Company.

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

- (a) The financial effects of the Transaction have been prepared based on the audited consolidated financial statements of the CDL Group for the financial year ended 31 December 2015 and based on the following assumptions:
- (i) for the purpose of computing the financial effects of the Transaction on the net tangible assets (the "**NTA**") per ordinary share of the Company ("**Share**"), the Transaction is assumed to have been effected on 31 December 2015; and
- (ii) for the purpose of computing the financial effects of the Transaction on the earnings per Share ("**EPS**"), the Transaction is assumed to have been effected on 1 January 2015.

#### Effect on the NTA per Share and EPS for the financial year ended 31 December 2015

	<b>Before the Transaction</b>	<b>After the Transaction</b>
NTA per Share <sup>(1)</sup> (Singapore dollar)	S\$9.86	S\$9.89
EPS <sup>(2)</sup> (Singapore cents)	83.6	85.6

The net gearing of the CDL Group as at 30 June 2016 is expected to improve from 27% to 19%. This does not factor in any revaluation gains in investment properties.

#### **Notes:**

- (1) NTA per Share is calculated based on 909,301,330 Shares as at 31 December 2015.

- (2) EPS is calculated based on the weighted average number of Shares of 909,301,330 Shares as at 31 December 2015.

**5. MISCELLANEOUS**

- (a) None of the Directors or controlling shareholders of the Company has any interest in the Transaction. None of the Directors or controlling shareholders of the Company are direct or indirect shareholders of Green 18 on the completion of the IA.
- (b) No person is proposed to be appointed as a director of the Company in connection with the Transaction. Accordingly, there is no service contract proposed to be entered into by the Company with an individual in connection with the Transaction.

By Order of the Board of  
**CITY DEVELOPMENTS LIMITED**

Shufen Loh @ Catherine Shufen Loh  
Enid Ling Peek Fong  
Company Secretaries  
21 October 2016