



**CITY
DEVELOPMENTS
LIMITED**

Trusted
Since
1963



Transformation >> Building Scale in China

Strategic Investment in
Sincere Property Group

15 April 2020

Overview |

- Introduction
- New Transaction Summary
- Financial Impact to CDL
- Building Scale, Creating Value



Zhengzhou Financial Island, Zhengzhou
郑州金融岛

Artist's Impression

Starlight 68@Sincere Centre, Chongqing
重庆星光68

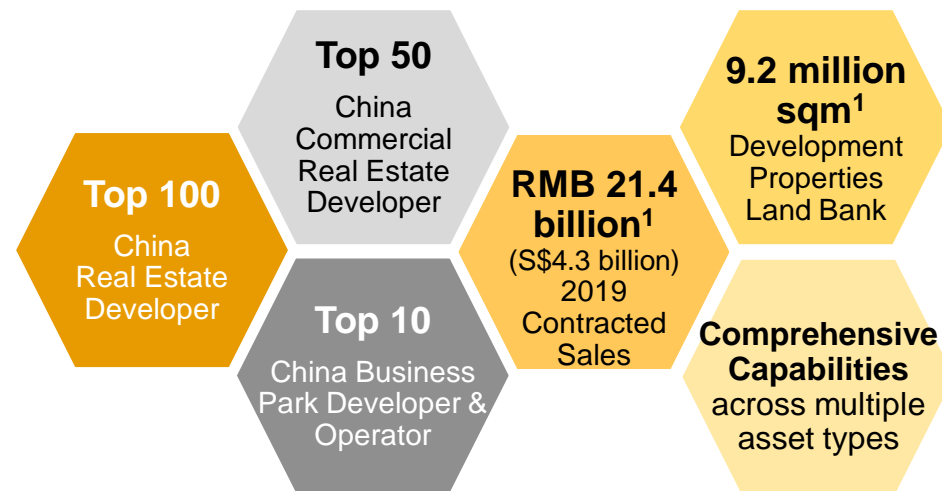


Introduction



About Sincere Property Group

Established real estate developer with comprehensive development and asset management capabilities across different asset types



Development Properties	64 projects	
Investment Properties	9 retail	13 office ²
	4 hotels	1 serviced residence

Notes: Data as of 31 Dec 2019, subject to further DD

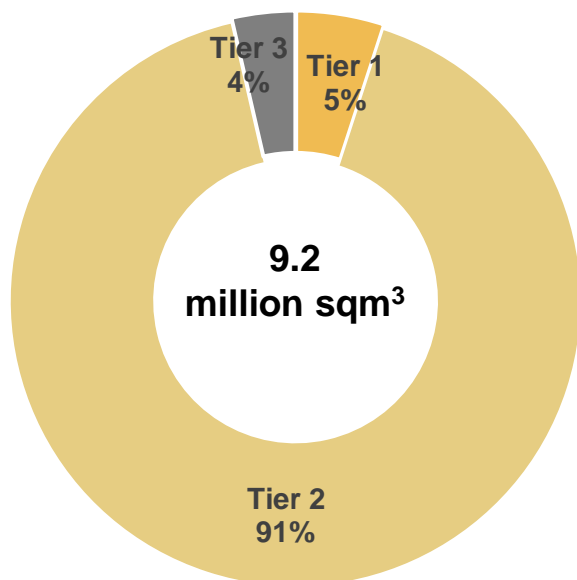
1. On 100% basis
2. Includes 2 self-use offices in Shanghai and Chongqing
3. Includes staff from property development, asset management and Starlight Retail



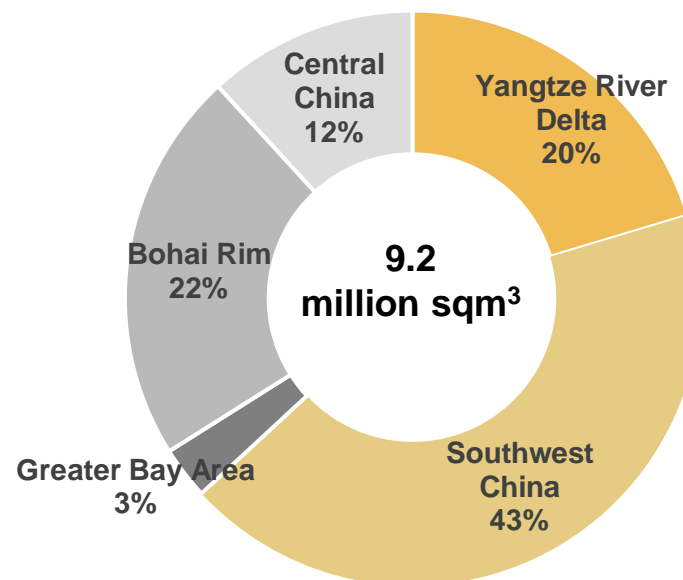
Substantial Land Bank to Support Future Growth

- Over 96% of land bank¹ located in Tier 1 and 2 cities
- 42% of land bank in developed regions of Yangtze River Delta and Bohai Rim
- 58% in fast growing Southwest China (mostly Chengdu & Chongqing), Greater Bay Area and Central China

Land bank by city tier²



Land bank by region



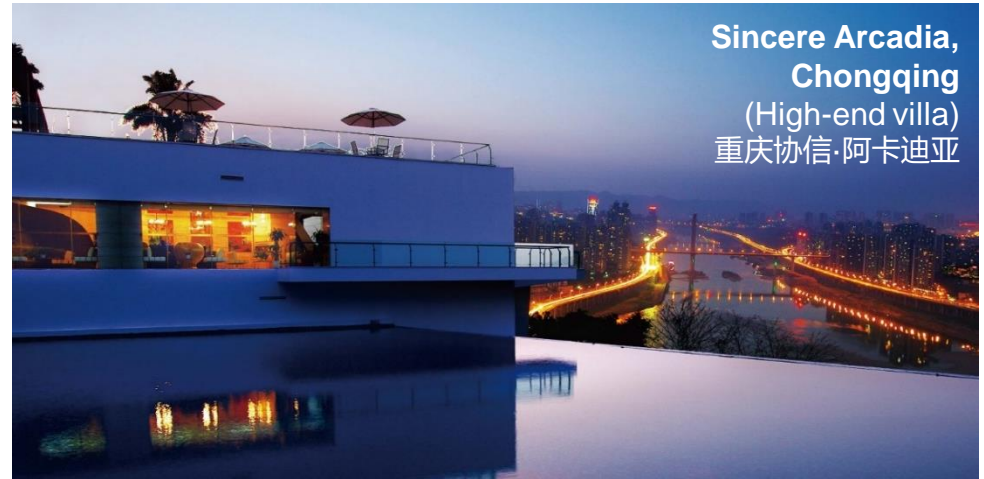
Notes: Data as of 31 Dec 2019

1. Total land bank equals to the sum of (i) total GFA available for sale for completed properties, (ii) total GFA for properties under development, and (iii) total GFA for properties held for future development; GFA available for sale of completed projects refers to the saleable GFA pre-sold/unsold
2. Tier 1 cities where Sincere has presence include Beijing, Shanghai, Shenzhen; Tier 2 cities include Tianjin, Chongqing, Chengdu, Zhengzhou, Qingdao, Yantai, Suzhou, Hangzhou, Wuxi, Ningbo, Changsha, Kunming, Changzhou; Tier 3 cities include Zhenjiang, Luoyang
3. On 100% basis



Wide Range of Residential Development Products

Full spectrum ranging from high-end to mass market (including villa, low-rise and high-rise residential apartments)



**Sincere Arcadia,
Chongqing**
(High-end villa)
重庆协信·阿卡迪亚

MAIN PRODUCT LINES

High-end



**Jinglan Peak,
Chongqing**
重庆敬澜山



**Xiexin Gongguan,
Chongqing**
重庆协信公馆

Mid to high-end



**Xingluyuan,
Chongqing**
重庆星麓原



**Xingluyuan,
Chengdu**
成都星鹭源

Mass market



**Xinglanhui,
Changsha**
长沙星澜汇



**Tianjiao,
Qingdao**
青岛天骄观澜国际



Strong Retail Portfolio

Established platform covering retail property development, management and operation

- Sincere has 9 retail malls across various market segments, from community to luxury
- Further expansion via third party management contracts



High-end shopping mall

Mid to high-end urban fashion shopping mall

Quality community shopping mall



Starlight 68 (Phase 1),
Chongqing
重庆星光68 (一期)



Shibe Starlight Plaza,
Shanghai
上海市北星光广场



Yongchuan Starlight Plaza,
Chongqing
重庆永川星光广场



Yubei Starlight World,
Chongqing
重庆渝北星光天地



Daping Starlight World,
Chongqing
重庆大坪星光天地



Starlight 68 (Phase 2 under
development), Chongqing
重庆星光68 (二期)



Nanping Starlight Place,
Chongqing
重庆南坪星光时代广场



Starlight World,
Shanghai
上海星光天地



Leading Business Park Developer & Operator

Ranked Top 10 Business Park Developer and Operator in China¹



- Tusincere was jointly incorporated by **Sincere** and **Tus Holdings** in 2015
- **Tus Holdings** (启迪控股), is a leading science and technology investment holdings group, leveraging on the network and resources from its parent company, Tsinghua University
- Mixed developments comprising office, residential, retail and research spaces



Shenzhen Tech Park

启迪协信深圳科技园

- Total GFA: approx. 800,000 sqm
- Target high-tech industries



Shanghai Chint Tus Harbor

上海正泰启迪智电港

- Total GFA: approx. 200,000 sqm
- Positioned as a centre for high-end manufacturing



Wuxi Tusincere City

启迪协信无锡科技城

- Total GFA: approx. 800,000 sqm
- Target high-tech industries



Chongqing Headquarters City

重庆总部城

- Total GFA: approx. 700,000 sqm
- Target high-tech industries



Note: 1. Rating by Guandian in 2019

Hotels & Serviced Apartments

Includes high-end luxury to mass market projects

- A serviced residence with 404 apartments and four hotels with more than 1,000 rooms
- Pipelines in discussion for further expansion



协信家
Sincere Hub



Changfeng Serviced Apartment, Shanghai

In operation since Sep 2018

No. of rooms: 404



Chengdu Hilton Hotel

In operation since Feb 2019

No. of rooms: 298



Chongqing Jiangbei Doubletree by Hilton

In operation since Nov 2011

No. of rooms: 284



Starlight 68@Sincere Centre, Chongqing
重庆星光68



STARLIGHT
星光68廣場

New Transaction Summary



Investment Overview

Renegotiated Transaction at a Significantly Lower Valuation



**CITY
DEVELOPMENTS
LIMITED**



SINCERE 协信远创

让建筑具有生命

	“TRANSACTION” Year 2020	“CALL OPTION” Year 2022	TOTAL
Transaction Overview	Acquisition of initial 51.01% effective stake in Sincere Property with a Call Option for another 9.00% effective stake		
Effective Equity Stake	51.01%	9.00%	60.01%
Investment Consideration	RMB 4.39 billion (S\$0.88 billion)	RMB 0.77 billion (S\$0.16 billion)	RMB 5.16 billion (S\$1.04 billion)
Sincere Property	<ul style="list-style-type: none"> An established real estate group with over 20 years’ track record One of China’s Top 100 Developers¹ Contracted sales of RMB 21.4 billion² (S\$4.3 billion) in 2019 		

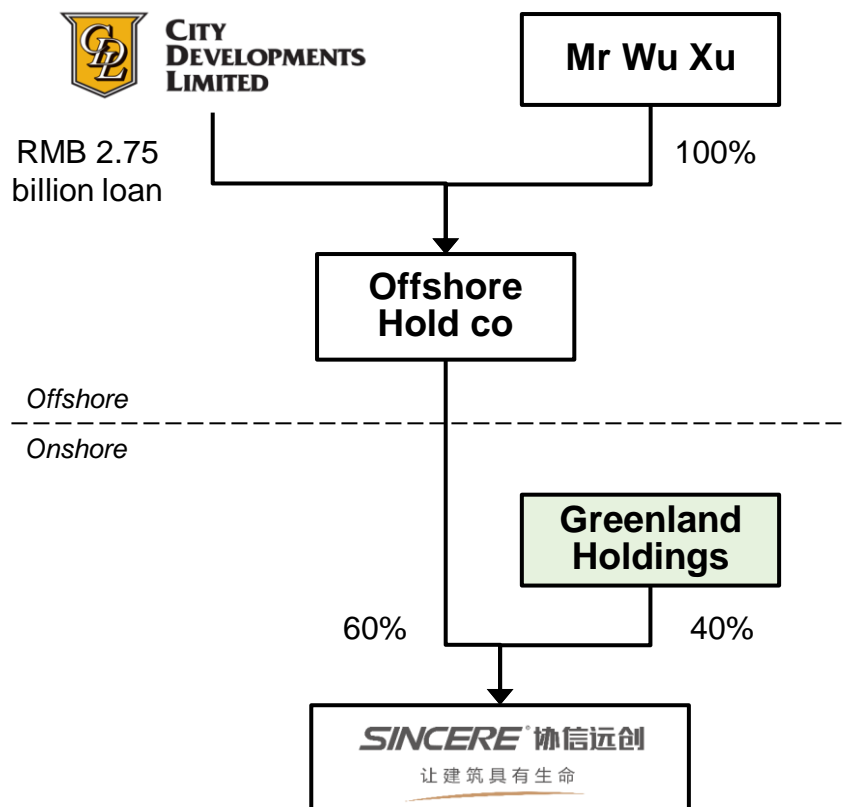
Notes:

- 2019 Ranking by China Real Estate Association (中国房地产业协会)
 - On 100% basis
- Exchange rate of RMB1 : S\$0.2009 as at 14 April 2020



Existing Holding Structure

Interest held by Sincere Property's Chairman & Founder and Greenland Holdings



Name of shareholder	Direct interest in Offshore Hold Co (%)	Effective interest in Sincere Property (%)
CDL	Not applicable	Not applicable
Mr Wu Xu ¹	100.00	60.00
Greenland Holdings ²	Not applicable	40.00

CDL had extended an interest-bearing loan in 2019 to Sincere Property in the amount of **RMB 2.75 billion** (representing approximately S\$0.55 billion)

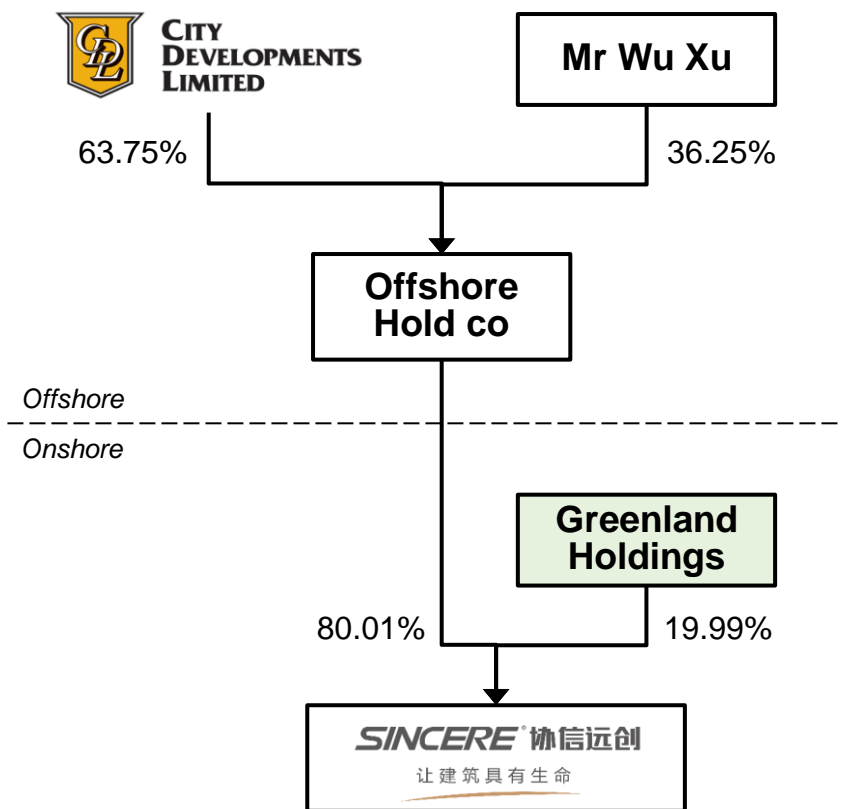
Notes:

1. Mr Wu Xu is the Chairman and Founder of Sincere Property
2. Greenland Holdings Group Co., Ltd.



Structure – Transaction Completion in 2020

Joint Controlling Stake of 51.01% to be held by CDL Group



Name of shareholder	Direct interest in Offshore Hold Co (%)	Effective interest in Sincere Property (%)
CDL	63.75	51.01
Mr Wu Xu ¹	36.25	29.00
Greenland Holdings ²	Not applicable	19.99

CDL's Effective Equity Stake in Sincere will be approximately **51.01%**, becoming the largest shareholder

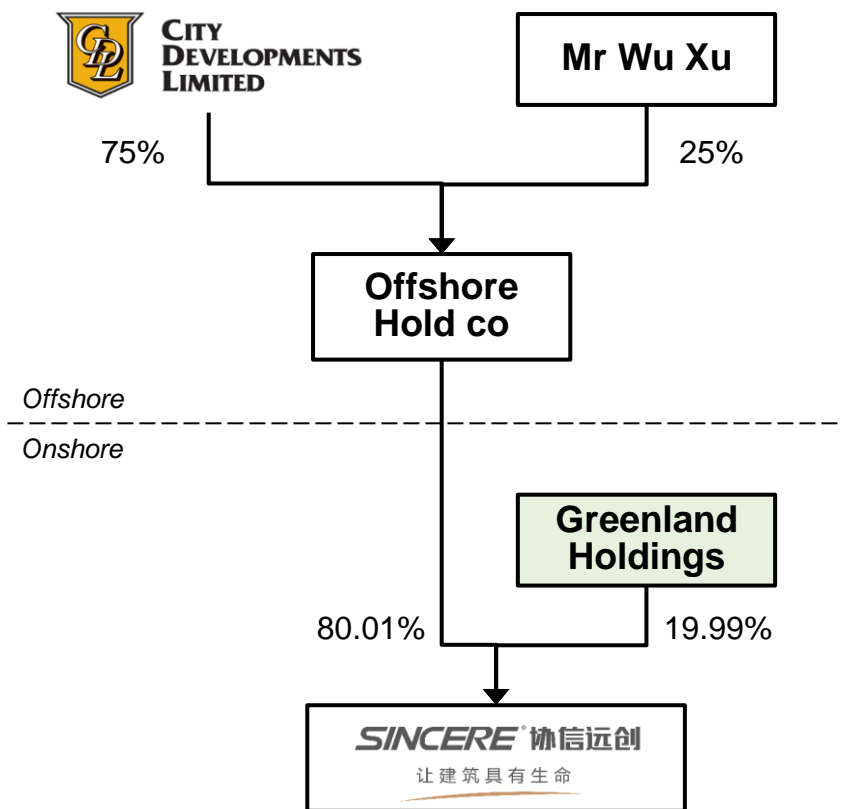
Notes:

1. Mr Wu Xu is the Chairman and Founder of Sincere Property
2. Greenland Holdings Group Co., Ltd.



Structure – Exercise of Call Option in 2022

Controlling Stake of 60.01% to be held by CDL Group



Name of shareholder	Direct interest in Offshore Hold Co (%)	Effective interest in Sincere Property (%)
CDL	75.00	60.01
Mr Wu Xu ¹	25.00	20.00
Greenland Holdings ²	Not applicable	19.99

After the exercise of the call option, CDL's Effective Equity Stake in Sincere Property will be approximately **60.01%**

The call option will be exercisable on the later of (i) 18 months from completion of transaction and (ii) 1 July 2022





Notes:

1. Mr Wu Xu is the Chairman and Founder of Sincere Property
2. Greenland Holdings Group Co., Ltd.



Compelling Transaction Rationale

Significantly Improved Terms for New Transaction

- 1 Attractive Price**

 - Attractive entry valuation at RMB 8.60 billion – almost 50% below Sincere Property's NAV of RMB 16.48 billion¹
 - Current macroeconomic conditions offer a window of opportunity to assess real estate investments with attractive valuations
- 2 Immediate Scale**

 - Expand the Group's geographical presence from 3 to 18 cities in China
 - Increase CDL's global portfolio allocation in China from 13% to 17%
- 3 Growth Potential**

 - Access to pipeline of 64 development projects, land bank of 9.2 million sqm²
 - More than 96% of the land bank in Tier 1 and 2 cities
 - Broaden capabilities to include business parks
- 4 Strategic Fit**

 - Sincere provides local capabilities with over 2,000 professionals across 18 cities
 - CDL contributes international experience, sophisticated capital management and sustainability leadership to help strengthen and professionalise Sincere Property

Notes:

1. Based on the unaudited consolidated financial statements of Sincere Property for the financial year ended 31 December 2019
2. On 100% basis



Strategic Initiatives

Upon Transaction Completion, Strong Focus on These Initiatives



PORTFOLIO REBALANCING



SALES ACCELERATION



ASSET DIVESTMENT



CAPABILITY ENHANCEMENT



TREASURY OPTIMISATION



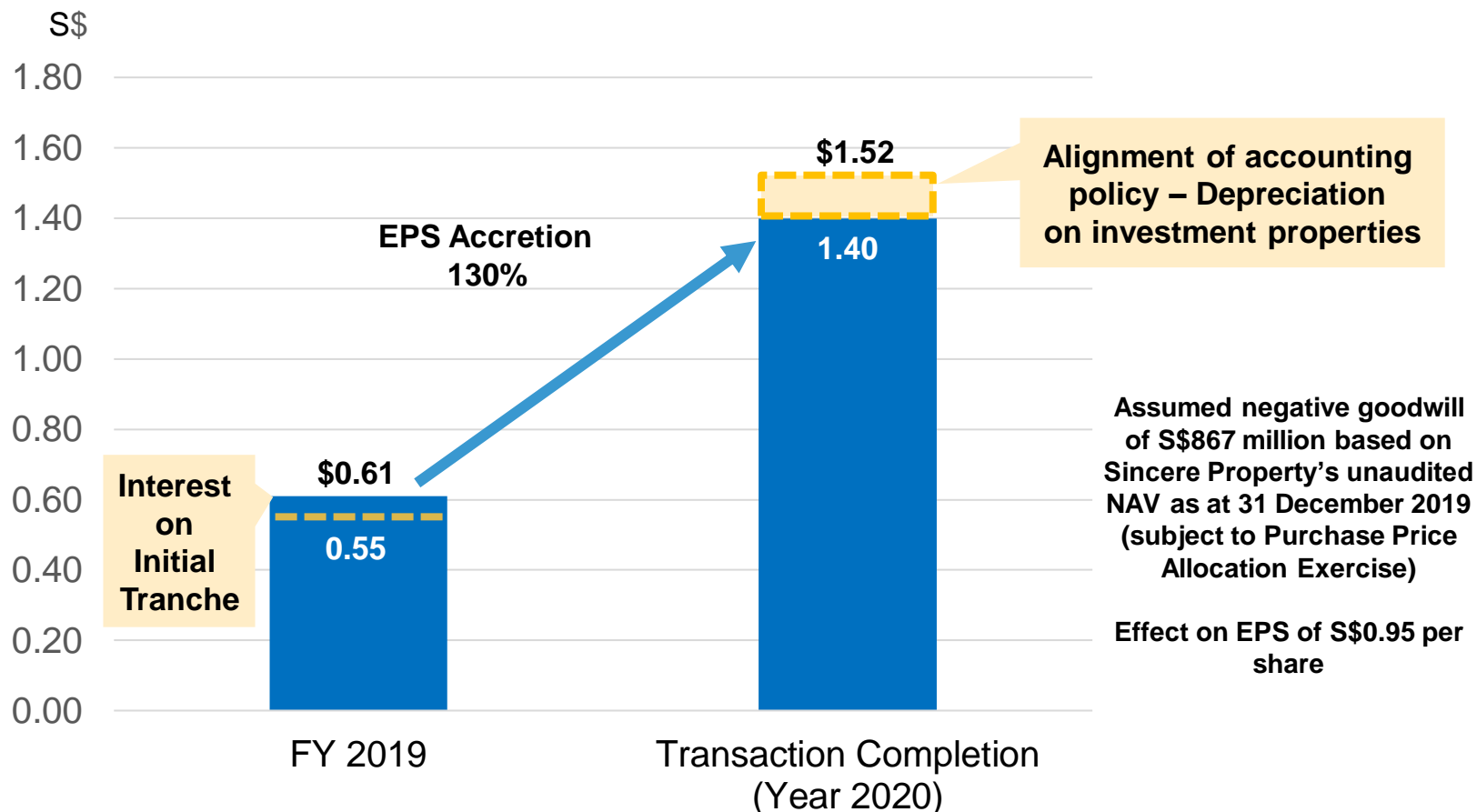
Xinhua Sincere Center, Chongqing
重庆新华协信中心

**Financial
Impact
to CDL**



Proforma Impact to EPS

EPS Accretive Transaction – Expected 130% boost to EPS upon Transaction Completion

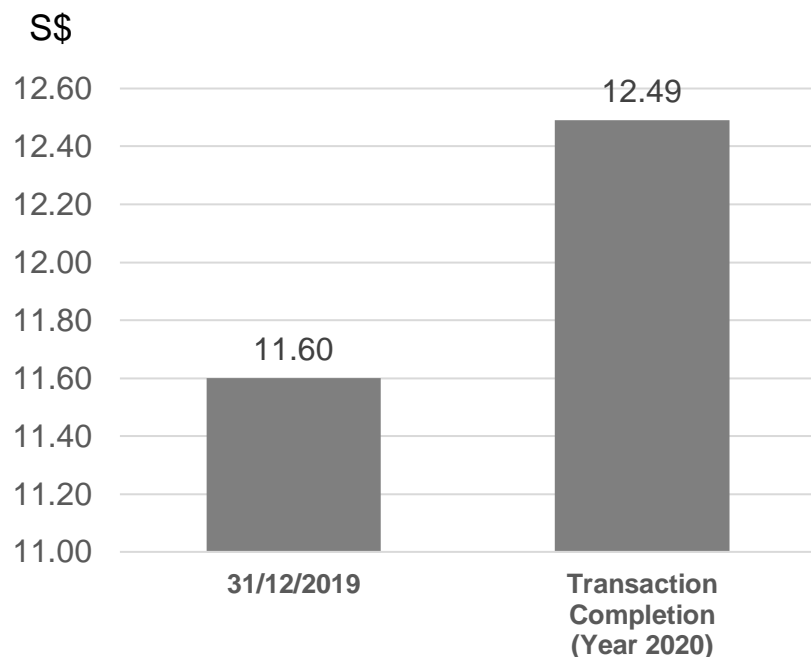


EPS is boosted by negative goodwill but impacted by alignment of accounting policy as CDL depreciates its investment properties vis-à-vis the fair value model

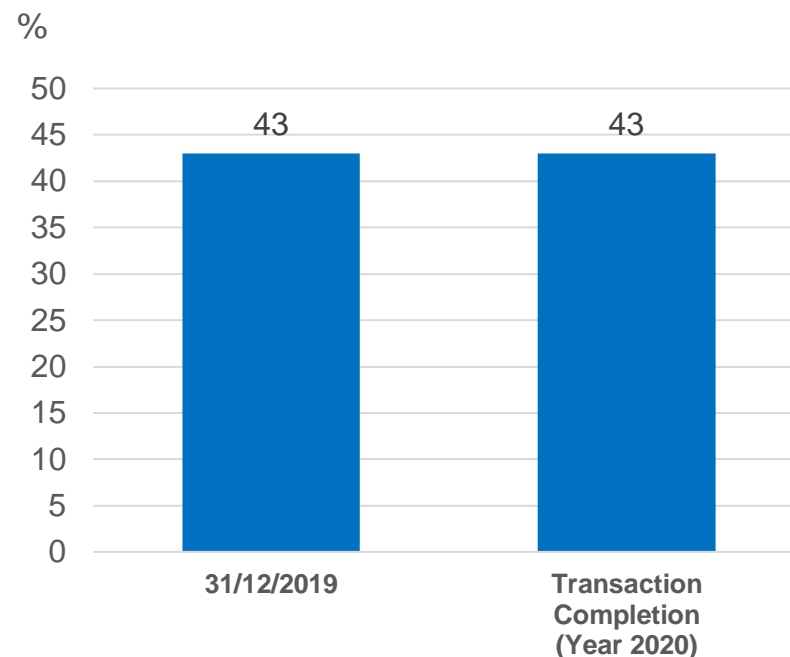


Proforma Impact to NAV & Net Gearing

NAV



Net Gearing¹



- NAV boosted by the recognition of negative goodwill
- Excluding negative goodwill, NAV is fairly constant

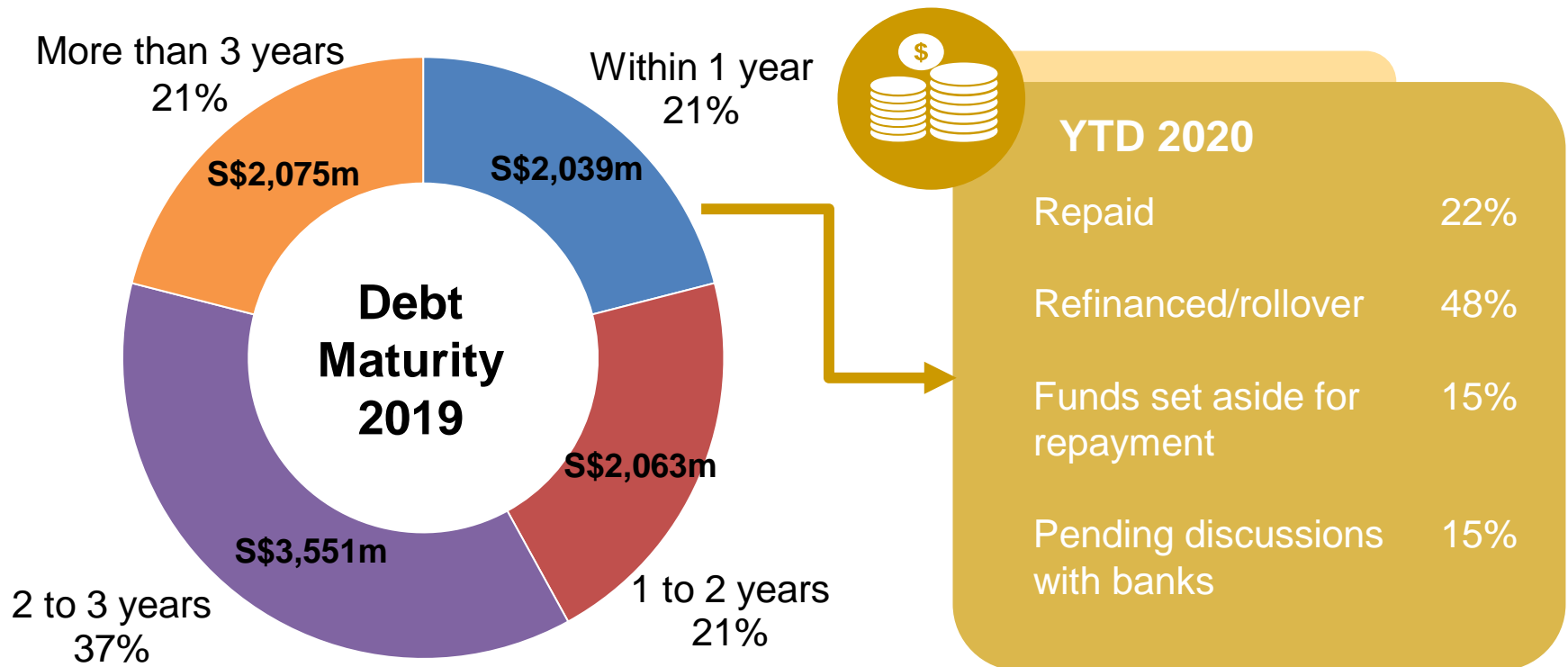
Gearing remains robust



Note:

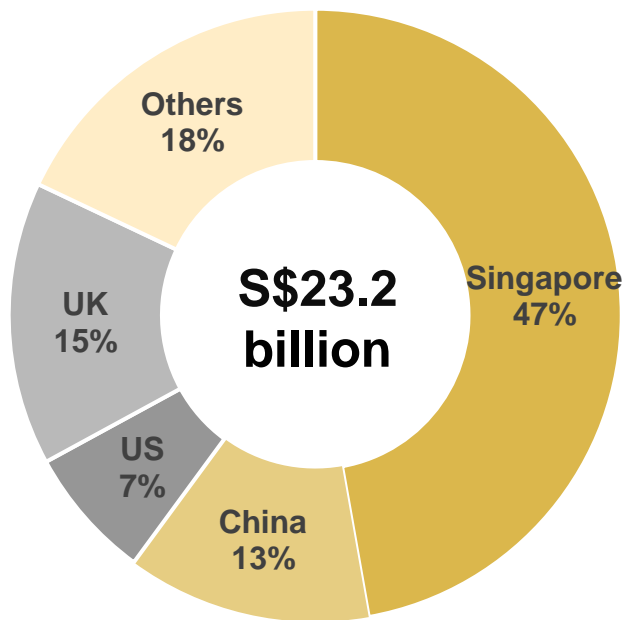
1. Including fair value on investment properties

CDL Debt Maturity Profile

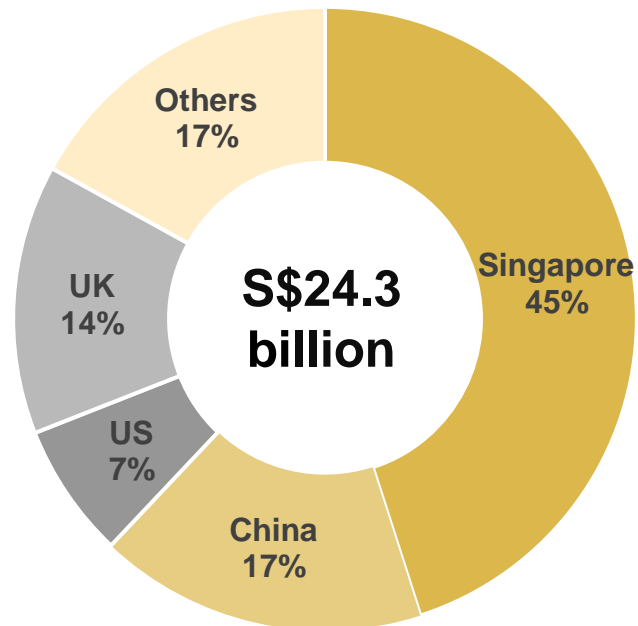


Proforma Impact to Total Assets

As at 31/12/2019



Upon Completion of Transaction



CDL continues to focus on its key geographical segments, with added focus on China and the UK



Healthy Future Revenue Recognition

Pre-sold approximately **RMB 23.1 billion (S\$4.6 billion)**¹ as of end 2019, to be booked as revenue for Sincere from 2020 to 2022 upon property handover



Notes: Images are artist's impressions

1. Include the sales of both residential and commercial GFA, on 100% basis

Jinglan Peak, Chongqing
重庆敬澜山

Building Scale, Creating Value

– Transforming the
Group's Portfolio



Building Scale in World's Most Populous Nation

Depressed Valuations triggered by COVID-19 Pandemic and Global Uncertainties



Transformation >>

Establish CDL as a Major Player in China's Property Market

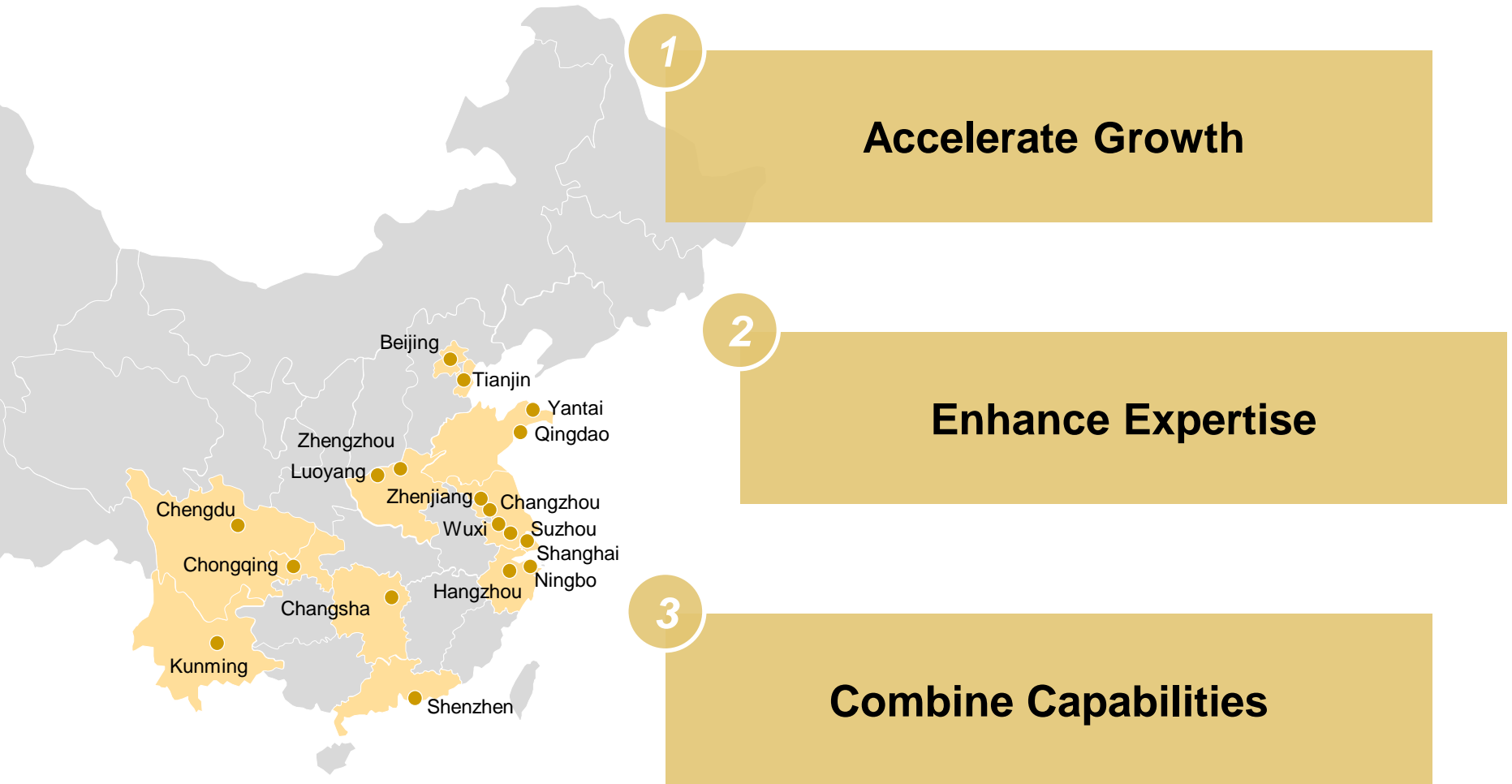
WHY NOW?

- **Window of opportunity:** A rare opportunity to gain a controlling stake in a Top 100 developer in China
- **Positive outlook:** The Group remains confident of China's strong fundamentals and its ability to rebound and takes a long-term view of investments in China
- **Green shoots of recovery:** China's economy will likely be the first to recover from the COVID-19 crisis and emerge stronger



Charting the Next Phase of Growth in China

Transformative Deal to Build Scale



1

Accelerate Growth

Achieve scale and attractive returns through immediate access to enlarged portfolio

Current Presence
(Pre-Transaction)

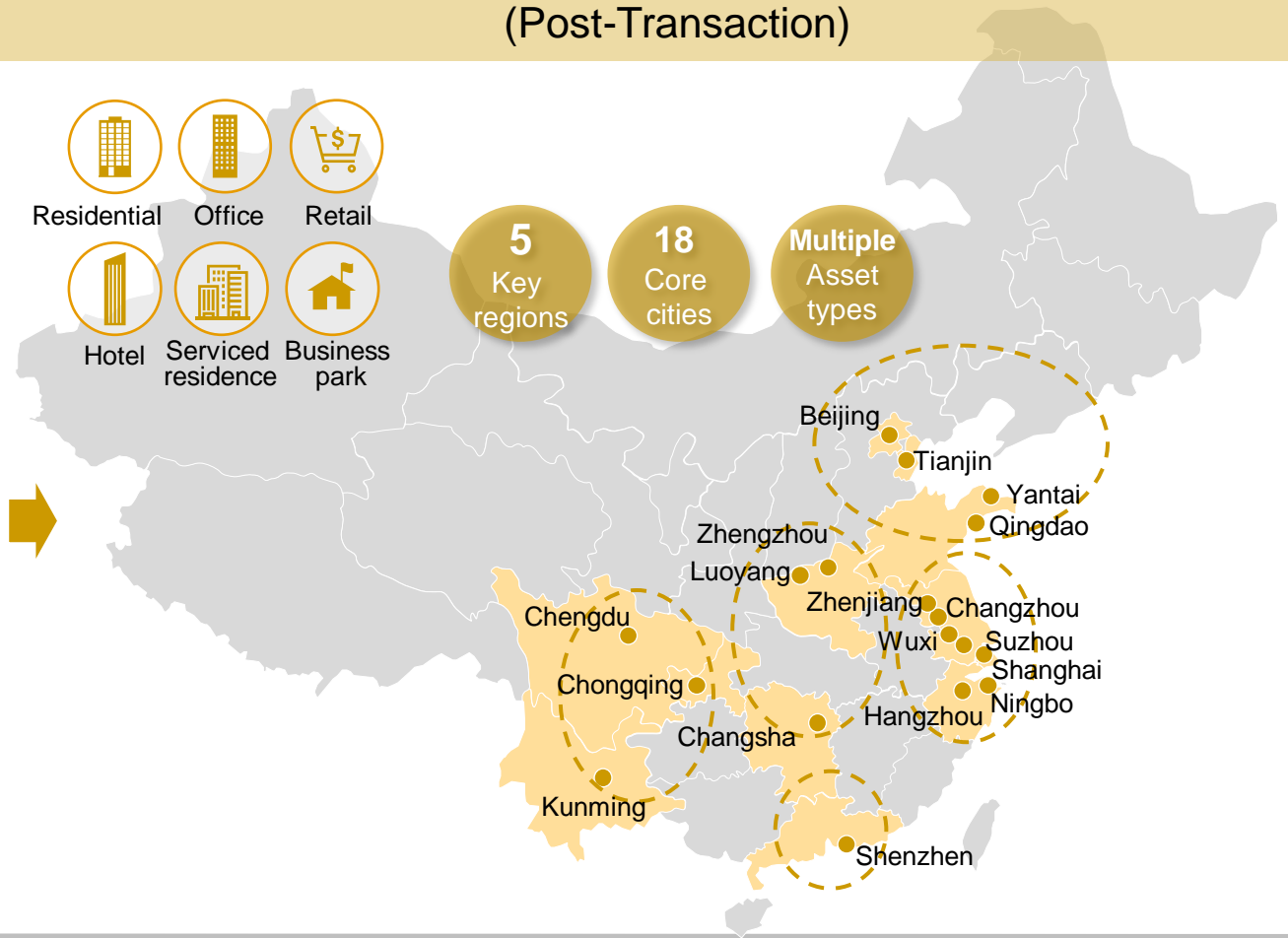
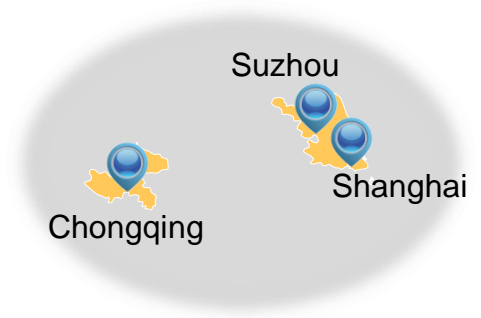
Expanded Presence
(Post-Transaction)

- Residential
- Office
- Retail
- Hotel
- Serviced residence
- Business park

5 Key regions

18 Core cities

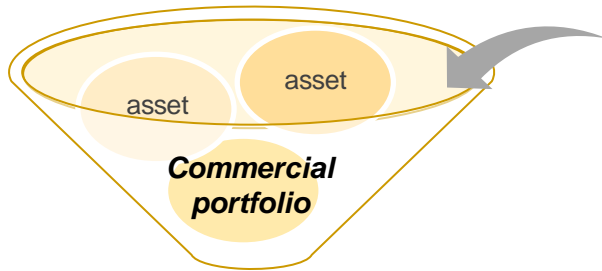
Multiple Asset types



1

Accelerate Growth

Strong Commercial Portfolio



- Identify opportunities with attractive value (e.g. during development stage)
- Seek value added opportunities
- Focus on Tier 1 and key Tier 2 cities

Existing Portfolio



Hong Leong City Centre, Suzhou

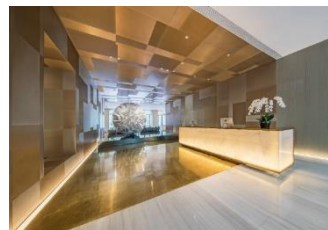


Yaojiang International, Shanghai



Hong Leong Plaza, Shanghai

Recent Acquisition



Hongqiao Sincere Centre (Phase 2), Shanghai¹

Potential Future Collaboration



Xinhua Sincere Centre, Chongqing



Sincere Centre, Qingdao



Nanping Starlight Place, Chongqing



Shibe Starlight Plaza, Shanghai

Note:

1. CDL acquired Hongqiao Sincere Centre (Phase 2)



2

Enhance Expertise

Significant enhancement of CDL's overall asset management capabilities

CDL's existing platforms and investments



Sincere Property's product Offerings and capabilities



Boulevard 88



Amber Park



Residential



Sincere Gongguan



Jinglan Peak



Office

Leading co-working operator



Retail



Established platform for retail property development and management



Apartment Rental

Fast growing apartment rental platform



Business Park



Top 10 Business Park Developer and Operator



Hotel

International hotel owner and operator



Serviced Apartment



Specialises in serviced apartment management

Active Value Creation via Professionally Managed Platform

Support Potential Fund Management Business



Combine Capabilities

Leverage enlarged resource pool to create competitive advantages

- Strong local execution capability supported by a team of over 2,000 professionals from Sincere Property
- Achieve competitive edge with Sincere Property’s local expertise and strong partnerships coupled with CDL’s international experience, sophisticated capital management and sustainability leadership



International Experience



Capital Management



Innovation



Sustainability



SINCERE 协信远创

让建筑具有生命



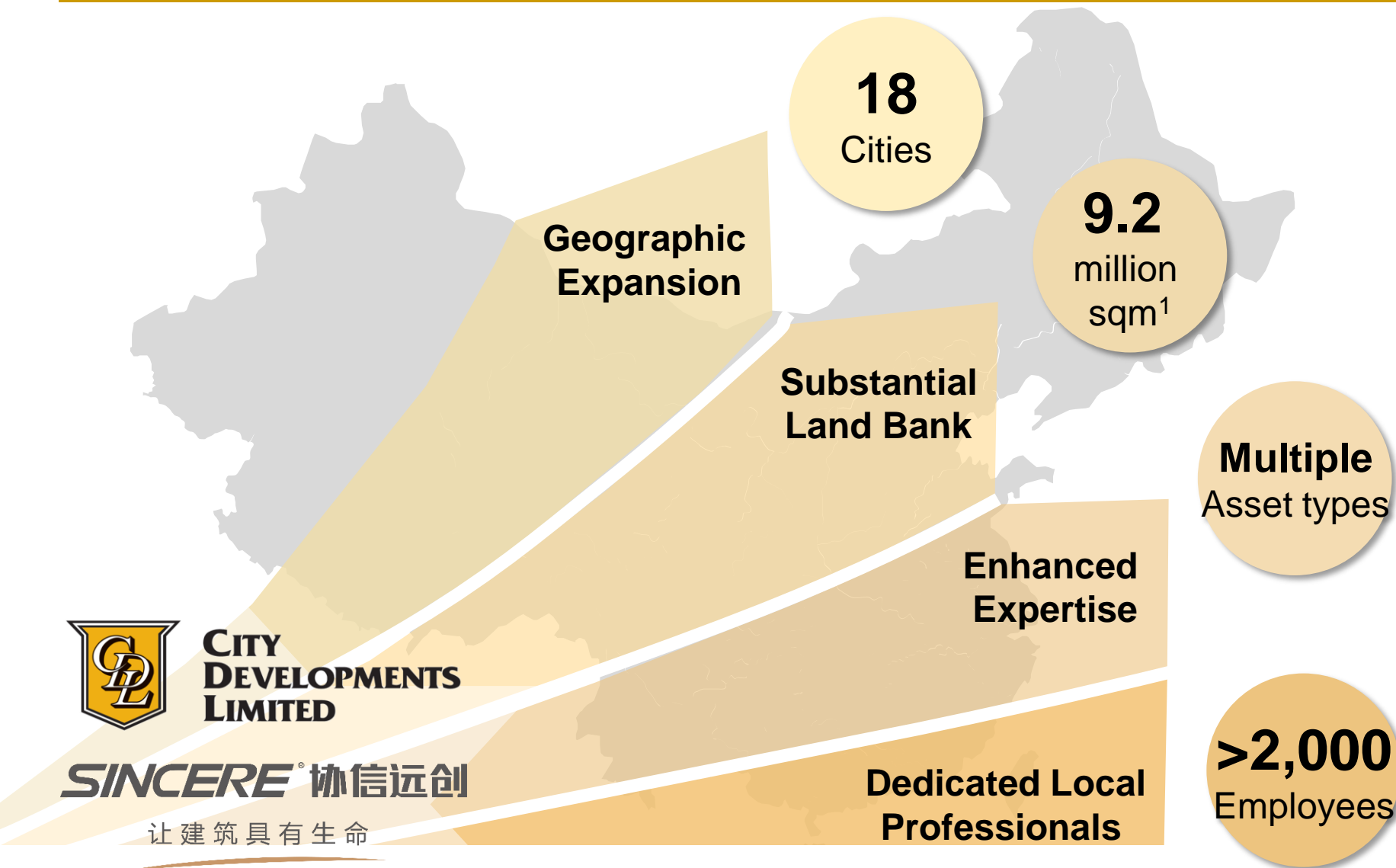
>2,000
Employees across
18 cities



Extensive
networks and
partnerships



Growth, Enhancement and Transformation



Note:
1. On 100% basis

Disclaimer:

This document may contain forward-looking statements that involve assumptions, 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 developments or companies, shifts in customer demands, customers and partners, expected levels of occupancy rate, property rental income, charge out collections, changes in operating expenses (including employee wages, benefits and training costs), 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. Numbers in tables and charts may not add up due to rounding.



**CITY
DEVELOPMENTS
LIMITED**

Trusted
Since
1963

Jinglan Peak, Chongqing
重庆敬澜山

www.cdl.com.sg