CITY DEVELOPMENTS LIMITED
(Co. Reg. No. 196300316Z)

PROPOSED SALE OF PROPERTY BY CDL HOTELS (KOREA) LTD.

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1. INTRODUCTION

The Board of Directors (the "**Board**") of City Developments Limited ("**CDL**" or the "**Company**", and together with its subsidiaries, the "**Group**") wishes to announce that its indirect wholly-owned subsidiary, CDL Hotels (Korea) Ltd. (the "**Seller**"), has today entered into a property sale and purchase agreement (the "**SPA**") with YD427 PFV Co., Ltd., a company registered in the Republic of Korea which is an unrelated party of the Group (the "**Buyer**") for the sale of its assets as described below (the "**Transferred Assets**") to the Buyer for a consideration of One Trillion One Hundred Billion Korean Won (KRW1.1 trillion or approximately S$1.26 billion based on the exchange rate of KRW 0.00115 : S$1.00), excluding value-added tax (the "**Sale Consideration**"), upon the terms and conditions of the SPA (the "**Proposed Transaction**").

2. PRINCIPAL TERMS OF THE SPA

2.1 Transferred Assets

The Transferred Assets, comprise, *inter alia*, the following:

(a) the land at 395, 500-1, 627 – 630, 652-1, 653 – 656, Namdaemunno5-ga, Jung-gu, Seoul, Republic of Korea;

(b) the hotel building comprising 680 guest rooms and 29 suites, business center, fitness center, pool, area used for the casino and other retail shops, restaurants and bar facilities and other associated facilities and amenities (the "**Building**"); and

(c) all furniture, fixtures, equipment, supplies and other tangible personal properties that are utilised in the hotel business and casino business.

2.2 Sale Consideration

The Sale Consideration was arrived at after negotiations on an arm's length basis and on a willing-buyer and willing-seller basis after taking into account, *inter alia*, that it represents an excess of KRW835.17 billion (approximately S$960.44 million) over the Group's net book value of the Transferred Assets as at 30 November 2021 and was the highest offer received by the Group. The Group had received several unsolicited and competing offers for the Seller's assets.

Pursuant to the SPA, the Sale Consideration shall be paid in the following manner:

(a) Within three (3) business days following the execution of the SPA, the Buyer shall pay an amount equal to ten percent (10%) of the Sale Consideration.

(b) The Buyer shall pay to the Seller the balance Sale Consideration by the Closing Date (defined in the SPA as 28 February 2022), subject to certain adjustments in accordance with the terms of the SPA.

3. RATIONALE FOR THE PROPOSED TRANSACTION

The Board believes that the Proposed Transaction, which is in the ordinary course of the Group's business, is in the interests of the Company due to *inter alia* the following reasons:

(a) demonstrates the Group's commitment to recycle capital, and is in accord with the Group's overall strategy to divest assets at a premium to net book value, valuation or offers received, as well as the Group's execution of the strategic review of the Millennium & Copthorne hotel portfolio after the successful privatisation of Millennium & Copthorne Hotels Limited;

(b) performance of the Hotel has been trending negatively over the years, further exacerbated by the coronavirus outbreak in 2020 to-date; and

(c) the Proposed Transaction would improve the Group's RNAV gearing as at 30 September 2021 from 66% to 58%, had the transaction taken place on 30 September 2021.

4. FINANCIAL EFFECTS OF THE PROPOSED TRANSACTION

Upon completion of the Proposed Transaction, the Group is expected to recognise an estimated gain in the income statement of approximately S$529.73 million, net of taxes and related transaction costs. The Proposed Transaction is expected to be completed by 28 February 2022 and have a positive impact on the net asset value per share and the earnings per share of the Group.

5. DIRECTORS' AND CONTROLLING SHAREHOLDERS' INTEREST

Save for their shareholding interests in the Company, none of the Directors nor any of the controlling shareholders has any interest, direct or indirect, in the Proposed Transaction.

By Order of the Board

Yeo Swee Gim, Joanne
Enid Ling Peek Fong
Company Secretaries

13 December 2021