

Asset Acquisitions and Disposals::Announcement on the Joint Acquisition of Property Located at Frankfurt, Germany

Issuer & Securities

Issuer/ Manager	CITY DEVELOPMENTS LIMITED
Securities	CITY DEVELOPMENTS LIMITED - SG1R89002252 - C09
Stapled Security	No

Announcement Details

Announcement Title	Asset Acquisitions and Disposals
Date & Time of Broadcast	07-Dec-2017 07:06:29
Status	New
Announcement Sub Title	Announcement on the Joint Acquisition of Property Located at Frankfurt, Germany
Announcement Reference	SG171207OTHRD2UM
Submitted By (Co./ Ind. Name)	Shufen Loh @ Catherine Shufen Loh
Designation	Company Secretary
Description (Please provide a detailed description of the event in the box below)	Please refer to the attached announcement on the Joint Acquisition of Property Located at Frankfurt, Germany and a Joint Press Release titled "First Sponsor Partners with Key Shareholders CDL and Tai Tak For the Acquisition of The Le Meridien Frankfurt Hotel in Germany" dated 7 December 2017 issued by City Developments Limited, jointly with First Sponsor Group Limited and Tai Tak Estates Sendirian Berhad.
Attachments	<p>CDL_JointAnnc_final.pdf</p> <p>Joint Press Release.pdf</p> <p>Total size =490K</p>

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



CITY DEVELOPMENTS LIMITED



TAI TAK

Joint Press Release

FIRST SPONSOR PARTNERS WITH KEY SHAREHOLDERS CDL AND TAI TAK FOR THE ACQUISITION OF THE LE MERIDIEN FRANKFURT HOTEL IN GERMANY

Singapore, 7 December 2017 – Singapore Exchange (SGX) mainboard-listed First Sponsor Group Limited (“**First Sponsor**” or the “**Company**”, and together with its subsidiaries and associated companies, the “**Group**”), is pleased to announce that the Group, in partnership with its two key shareholders, City Developments Limited (“**CDL**”) and Tai Tak Estates Sendirian Berhad (“**Tai Tak**”), has through a joint venture partnership on 6 December 2017 entered into a sale and purchase agreement for the proposed acquisition of the Le Méridien Frankfurt Hotel in Germany (the “**Acquisition**”). The expected total consideration for this Acquisition is €85.0 million (S\$135.9 million) including transaction costs.

The Le Méridien Frankfurt Hotel is a freehold property that is located close to the main train station in the Frankfurt district of “Bahnhofsviertel” - the city centre of Frankfurt, and has an aggregate land size of approximately 4,405 square metres. The hotel comprises two buildings, a 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. The hotel is currently leased to MHP Parkhotel GmbH with a lease expiry date of 31 May 2040 and is operated under the “Le Méridien” brand on the basis of a franchise granted by Starwood.

Mr. Calvin Ho Han Leong (Chairman, First Sponsor) said, “First Sponsor is pleased to have the opportunity to directly co-invest with CDL and Tai Tak in the acquisition of Le Méridien Frankfurt. Their participation with First Sponsor in this acquisition is an endorsement of our Group’s expansion plan. First Sponsor has successfully diversified from a China centric real estate player to become a significant property player in the Netherlands since entering the Dutch market in 2015. As First Sponsor continues to build our property holding business segment’s recurrent income stream, our first foray into Germany together with Tai Tak and CDL marks another exciting chapter of our European growth story.”

Mr. Kwek Eik Sheng (Chief Strategy Officer and Head of Asset Management, CDL) said, “As a major hub for commerce, tourism and transportation, Frankfurt is a compelling destination for acquisitions in Germany which is the largest economy in Europe. Moreover, with Brexit, hotels in Frankfurt will see increasing demand as businesses including banks are shifting their operations and activities to this German city. More importantly, together with Tai Tak, CDL is pleased to support First Sponsor’s growth through this joint acquisition of a prime freehold hotel property in the city centre of Frankfurt. At the same time, it will also enable CDL to enhance our recurring income stream and enlarge our geographical footprint for

strategic diversification. Earlier in the year, the CDL Group entered Munich through CDL Hospitality Trusts' acquisition of Pullman Hotel Munich. With a strong balance sheet, CDL will continue to seek opportunities for new acquisitions and investments both locally and overseas."

Mr. Ho Han Khoon (Executive Director, Tai Tak) said, "Tai Tak has been very supportive of First Sponsor's European expansion plan. We are excited to have the opportunity to directly co-invest with First Sponsor and CDL in such a centrally located German hotel. This is our third business joint venture with Chairman Kwek following two successful cooperation with his Hong Leong Singapore Group of companies. Tai Tak believes this cooperation is well placed to make the most of the potential growth in Frankfurt. Tai Tak looks forward to seeing this investment grow and prosper for all parties in this joint venture."

Details of the Acquisition

Property	<ul style="list-style-type: none">• Le Méridien Frankfurt Hotel, Germany
Number of keys	<ul style="list-style-type: none">• 300 rooms (Modern Wing: 220, Classic Wing: 80)
Land tenure	<ul style="list-style-type: none">• Freehold
Total consideration	<ul style="list-style-type: none">• €85.0m (S\$135.9m) or €283,000 (S\$453,000) per Key
Lease term	<ul style="list-style-type: none">• 25 years expiring on 31 May 2040 with tenant having an option to renew for another 5 years
Expected completion date	<ul style="list-style-type: none">• Late December 2017 or early January 2018

- End -

Please refer to the SGX announcement and related investor presentation dated 7 December 2017 for further details of the Acquisition.

For media enquiries, please contact:

Zhang Jiarong
Vice President – Financial Planning & Analysis
First Sponsor Group Limited
Email: ir@1st-sponsor.com.sg
Tel: (65) 6436 4920 Fax: (65) 6438 3170

Belinda Lee
Head, Investor Relations and Corporate Communications
City Developments Limited
Email: belindalee@cdl.com.sg
Tel: (65) 6428 9315

Gerry De Silva
Head, Group Corporate Affairs
Hong Leong Group Singapore
Email: Gerry@cdl.com.sg
Tel: (65) 6428 9308

Tan Hock Lee
Senior Manager, Corporate Communications
City Developments Limited
Email: hocklee@cdl.com.sg
Tel: (65) 6428 9312

About First Sponsor Group Limited (www.1st-sponsor.com.sg)

First Sponsor Group Limited (“**First Sponsor**”, and together with its subsidiaries and associated companies, the “**Group**”), a mixed property developer and owner of commercial properties (including hotels), and a provider of property financing services in the People’s Republic of China and the Netherlands, was listed on the Mainboard of Singapore Exchange Securities Trading Limited on 22 July 2014. The Group is supported by both its established key controlling shareholders, the Hong Leong Singapore group of companies, through its shareholding interests in Millennium & Copthorne Hotels plc and Tai Tak Estates Sendirian Berhad, a private company with a long operating history, which was incorporated in Singapore in 1954.

About City Developments Limited (www.cdl.com.sg)

City Developments Limited (CDL) is a Singapore-listed international real estate operating company with a global presence spanning 97 locations in 26 countries. As one of Singapore’s largest companies by market capitalisation, its income-stable and geographically-diversified portfolio comprises residences, offices, hotels, serviced apartments, integrated developments and shopping malls, totalling over 18 million square feet of floor area globally. CDL has hotel assets in one of the world’s largest hotel groups – its London-listed subsidiary, Millennium & Copthorne Hotels plc (M&C), has over 130 hotels globally, many in key gateway cities. Globally, CDL has developed over 40,000 homes and is one of Singapore’s largest commercial landlords, with one of the biggest landbanks amongst Singapore private-sector developers. Building on its track record of over 50 years in real estate development, investment and management, CDL has developed growth platforms in five key international markets – UK, US, China, Japan and Australia. CDL is also leveraging its stable of prime assets and growing its real estate funds management business. It currently has over \$3.5 billion in funds under management.

About Tai Tak Group

Tai Tak Estates Sendirian Berhad is a private company which was incorporated in 1954. It has long operating history which began in rubber plantation ownership and management. Subsequently, Tai Tak diversified into the palm oil business, undertook logging and sawmilling operations. It currently invests in a wide range of businesses, including plantations, listed and private equities and property holding and development.
