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THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION

19 October 2017

**POSSIBLE RECOMMENDED CASH OFFER**

for

**Millennium & Copthorne Hotels plc ("M&C")**

by

**Agapier Investments Limited ("Bidco")**

**(a company indirectly and wholly-owned by City Developments Limited ("CDL"))**

**Summary**

- Further to the announcement on 9 October 2017 setting out the financial terms of a possible offer by Bidco for M&C, the boards of CDL and Bidco and the independent non-executive directors of M&C (the "**M&C Independent Directors**") are pleased to announce further details of a possible recommended cash offer, pursuant to which Bidco would acquire the entire issued and to be issued ordinary share capital of M&C not already held by the CDL and its subsidiaries (the "**CDL Group**") (and persons acting in concert with them) (the "**Proposed Offer**").
- Under the terms of the Proposed Offer, M&C Shareholders would be entitled to receive a cash amount of 545 pence per M&C Share payable by Bidco (the "**Proposed Offer Price**") together with a special dividend of 7.5 pence per M&C Share (the "**Proposed Special Dividend**") payable to all M&C Shareholders upon the Proposed Offer becoming or being declared wholly unconditional.
- Under the terms of the Proposed Offer, M&C Shareholders would be entitled to receive in aggregate:

**for each M&C Share**

**552.5 pence in cash**

(the "**Proposed Offer Consideration**").

- The Proposed Offer Consideration represents:
  - a premium of approximately 23.7 per cent. to the Closing Price of the M&C Shares of 446.7 pence per M&C Share on 18 August 2017 (being the last Business Day prior to the date on which an initial proposal was received by M&C from CDL);
  - a premium of approximately 22.0 per cent. to the volume weighted average price of the M&C Shares for the period of the month prior to 6 October 2017 (being the last Business Day prior to the start of the Offer Period) of 452.7 pence per M&C Share; and

- a premium of approximately 21.4 per cent. to the Closing Price of the M&C Shares of 455.0 pence per M&C Share on 6 October 2017 (being the last Business Day prior to the start of the Offer Period).
- The M&C Independent Directors, who have been so advised by Credit Suisse, consider the financial terms of the Proposed Offer to be fair and reasonable. In providing advice to the M&C Independent Directors, Credit Suisse has taken into account the commercial assessments of the M&C Independent Directors. Accordingly, the M&C Independent Directors intend unanimously to recommend that M&C Shareholders accept the Proposed Offer, subject to finalisation of the terms and conditions related to regulatory clearances (as described below).
- The background to and reasons for the Proposed Offer by Bidco are described in detail in paragraph 4 of the full Proposed Offer announcement, below. The background to and reasons for the M&C Independent Directors' proposed recommendation are described in detail in paragraph 6 of the full possible offer announcement, below.
- CDL and Bidco are seeking consent from the New Zealand Overseas Investment Office (the "OIO") to the indirect acquisition of interests in sensitive land and significant business assets in New Zealand that would occur if the Proposed Offer takes place and is successful. CDL and Bidco are working with the OIO in relation to the likely timetable for obtaining this consent, which will impact the terms on which any Proposed Offer can be made to shareholders. Discussions relating to the regulatory clearances the parties would be required to seek and obtain in relation to the Proposed Offer, and the related terms of such clearances, are ongoing between CDL and the M&C Independent Directors.
- The Proposed Offer would be conditional on, amongst other things, Bidco securing valid acceptances of the Proposed Offer in respect of more than 50 per cent. in nominal value of the M&C Shares not already owned by the CDL Group and of the voting rights attached to those shares.
- Upon the Proposed Offer becoming or being declared wholly unconditional, M&C would apply for de-listing from the Official List of the UKLA.
- CDL is an established Singapore-based international property and hotel conglomerate involved in real estate development and investment, hotel ownership and management, facilities management and the provision of hospitality solutions. CDL currently owns and manages a portfolio of residential and investment properties, with extensive operations in 97 locations in 26 countries. Shares in CDL are admitted to trading on the SGX. Bidco is an indirect, wholly-owned subsidiary of CDL.
- M&C is an international hotel group which owns, leases, manages, franchises, invests in and/or operates 137 hotels in 27 countries around the world. The M&C Shares are listed on the premium segment of the Official List of the UKLA and are admitted to trading on the Main Market of the London Stock Exchange.
- As at 18 October 2017 (being the Last Practicable Date), the CDL Group owns 211,749,487 M&C Shares, representing approximately 65.20 per cent. of the issued ordinary share capital of M&C. The Proposed Offer would value the entire issued ordinary share capital of M&C as at the date of this announcement at approximately £1,794 million.
- In accordance with Rule 2.6(a) of the Code, CDL is required, by not later than 5.00 p.m. on 6 November 2017, either to announce a firm intention to make an offer in accordance with

Rule 2.7 of the Code or to announce that it does not intend to make an offer for M&C, in which case the announcement will be treated as a statement to which Rule 2.8 of the Code applies. This deadline can be extended with the consent of the Panel in accordance with Rule 2.6(c) of the Code.

- CDL reserves the right to make an offer at any time at a price below 552.5 pence per M&C Share:
  - if the actual diluted number of shares in M&C is greater than the assumed number of 325,403,550; or
  - by the amount of any dividend (or other distribution) which is paid or becomes payable by M&C to its shareholders after the date of this announcement except for the Proposed Special Dividend, which the M&C Shareholders will be entitled to receive.
- There can be no certainty that a formal offer will be made. The Proposed Offer will be made solely by certain offer documentation, which will set out the full terms and conditions of any offer. A further statement will be made as appropriate.

***This summary should be read in conjunction with the full text of this announcement, including the Appendices. Appendix I to this announcement contains the sources of information and bases of calculations of certain information contained in this announcement and Appendix II contains definitions of certain expressions used in this summary and in this announcement.***

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*HSBC Bank plc, which is authorised by the Prudential Regulation Authority and regulated in the United Kingdom by the Financial Conduct Authority and the Prudential Regulation Authority, is acting as financial adviser to CDL and for no-one else in connection with the subject matter of this announcement and will not be responsible to anyone other than CDL for providing the protections afforded to its clients or for providing advice in connection with the subject matter of this announcement.*

*Credit Suisse International (“**Credit Suisse**”) is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. Credit Suisse is acting exclusively for the Independent Committee and for no one else in connection with the Proposed Offer, the content of this announcement and other matters described in this announcement. Credit Suisse will not regard any other person as its client in relation to the Proposed Offer, the content of this announcement and other matters described in this announcement and will not be responsible to anyone other than the Independent Committee for providing the protections afforded to its clients, nor for providing advice to any other person in relation to the Proposed Offer, the content of this announcement or any other matters described in this announcement.*

*Save for the responsibilities and liabilities, if any, of Credit Suisse under FSMA or the regulatory regime established thereunder, Credit Suisse does not assume any responsibility whatsoever and makes no representations or warranties, express or implied, in relation to the content of this announcement, including its accuracy, completeness or verification or for any other statement made or purported to be made by the Independent Committee, or on the Independent Committee's behalf, or by Credit Suisse, or on its behalf, and nothing contained in this announcement is, or shall be, relied on as a promise or representation in this respect, whether as*

*to the past or the future, in connection with the Independent Committee or the Proposed Offer. Credit Suisse disclaims to the fullest extent permitted by law all and any responsibility and liability whether arising in tort, contract or otherwise which it might otherwise be found to have in respect of this announcement or any such statement.*

*This announcement is for information purposes only. It is not intended to and does not constitute, or form part of, an offer to sell or an invitation to purchase any securities or the solicitation of an offer to buy any securities, pursuant to the Proposed Offer or otherwise. The Proposed Offer would be made solely by means of an Offer Document and the Form of Acceptance accompanying the Offer Document (or, in the event that the Proposed Offer would be implemented by way of a scheme of arrangement, a scheme document) which would contain the full terms and conditions of the Proposed Offer, including details of how the Proposed Offer may be accepted.*

*Bidco reserves the right to elect (with the consent of the Panel) to implement the acquisition of M&C by way of a court-approved scheme of arrangement in accordance with Part 26 of the Companies Act. In such event, the acquisition would be implemented on substantially the same terms, subject to appropriate amendments, as those which would apply to the Proposed Offer.*

*The Proposed Offer would be subject to the applicable requirements of the Code, the Panel, the London Stock Exchange, the Financial Conduct Authority and the UKLA.*

*This announcement does not constitute a prospectus or prospectus equivalent document.*

#### **Overseas Shareholders**

*The release, publication or distribution of this announcement in certain jurisdictions may be restricted by law. Persons who are not resident in the United Kingdom or who are subject to the laws and/or regulations of any jurisdictions other than the United Kingdom should inform themselves of, and observe, any applicable requirements. Any failure to comply with the applicable legal and/or regulatory requirements may constitute a violation of the laws of any such jurisdiction. To the fullest extent permitted by applicable law, the companies and persons involved in the Proposed Offer disclaim any responsibility or liability for the violation of such restrictions by any person.*

*This announcement has been prepared for the purposes of complying with English law, the Listing Rules, the rules of the London Stock Exchange and the Code and the information disclosed may not be the same as that which would have been disclosed if this announcement had been prepared in accordance with the laws and/or regulations of jurisdiction outside the United Kingdom.*

*Unless otherwise determined by Bidco or required by the Code, and permitted by applicable law and regulation, the Proposed Offer would not be made, directly or indirectly, in, into or from a Restricted Jurisdiction where to do so would violate the laws in that jurisdiction, and the Proposed Offer shall not be capable of acceptance from or within a Restricted Jurisdiction. Accordingly, copies of this announcement and all documents relating to the Proposed Offer are not being, and must not be, directly or indirectly, mailed or otherwise forwarded, distributed or sent in, into or from a Restricted Jurisdiction where to do so would violate the laws in that jurisdiction, and persons receiving this announcement and all documents relating to the Proposed Offer (including agents, custodians, nominees and trustees) must not mail or otherwise distribute or send them in, into or from such Restricted Jurisdiction as doing so may invalidate any purported acceptance of the Proposed Offer. Any person (including, without limitation, any agent, custodian, nominee and trustee) who would, or otherwise intends to, or who may have a*

*contractual or legal obligation to, forward this announcement and/or any document relating to the Proposed Offer to any jurisdiction outside the UK should inform themselves of, and observe, any applicable legal or regulatory requirements of their jurisdiction.*

*The availability of the Proposed Offer to M&C Shareholders who are not resident in the United Kingdom may be affected by the laws of the relevant jurisdictions in which they are resident. Persons who are not resident in the United Kingdom should inform themselves of, and observe, any applicable requirements.*

***If you are a Resident of the United States, please read the following:***

*The Proposed Offer would be made for the securities of M&C, a company incorporated under the laws of England and Wales, and would be made in the United States in compliance with, and reliance on, Section 14(e) of the US Securities Exchange Act of 1934 (the "Exchange Act") and Regulation 14E thereunder. The Proposed Offer would be made in the United States by Bidco and no one else.*

*The Proposed Offer would be subject to the disclosure and procedural requirements of the United Kingdom which are different from those in the United States.*

*It may be difficult for United States holders of shares in CDL or M&C to enforce their rights and claims arising out of the United States federal securities laws, since CDL, Bidco and M&C are located in countries other than the United States, and some or all of their officers and directors may be residents of countries other than the United States. Holders in the United States may not be able to sue a non-United States company or its officers or directors in a non-United States court for violations of United States securities laws. Further, it may be difficult to compel a non-United States company and its affiliates to subject themselves to a United States court's judgement.*

***Forward Looking Statements***

*This announcement, including any information included or incorporated by reference in this announcement, contains statements about Bidco, CDL and M&C that are or may be forward looking statements. All statements other than statements of historical facts included in this announcement may be forward looking statements. Without limitation, any statements preceded or followed by or that include the words "targets", "plans", "believes", "expects", "aims", "intends", "will", "may", "anticipates", "estimates", "projects" or words or terms of similar substance or the negative thereof, are forward looking statements. Forward looking statements include statements relating to the following: (i) future capital expenditures, expenses, revenues, earnings, synergies, economic performance, indebtedness, financial condition, dividend policy, losses and future prospects; (ii) business and management strategies and the expansion and growth of Bidco's or CDL's or M&C's operations; and (iii) the anticipated effects of the Proposed Offer on the Wider CDL Group and the business and operations of M&C.*

*Such forward looking statements involve risks and uncertainties that could significantly affect expected results and are based on certain key assumptions. Many factors could cause actual results to differ materially from those projected or implied in any forward looking statements. Much of the risk and uncertainty relates to factors that are beyond the companies' abilities to control or estimate precisely, such as future events, future market conditions and the behaviours of other market participants. Other unknown or unpredictable factors could affect future operations and/or cause actual results to differ materially from those in the forward looking statements. Such forward looking statements should be construed in the light of such factors, and therefore undue reliance should not be placed on such statements.*

*Each forward-looking statement speaks only as at the date of this announcement. Neither Bidco nor CDL or M&C, nor any of their respective associates or directors, officers, employees, managers, agents, representatives, partners, members, consultants or advisers: (i) provide any representation, warranty, assurance or guarantee that the occurrence of the events expressed or implied in any forward looking statements will actually occur; nor (ii) assume any obligation to, and do not intend to, revise or update these forward looking statements, except as required pursuant to applicable law. Bidco and CDL disclaim any obligation to update any forward looking or other statements contained herein, except as required by applicable law. All forward looking statements contained in this announcement are expressly qualified in their entirety by the cautionary statements contained or referred to in this section.*

### **No Profit Forecasts or Estimates**

*No statement in this announcement is intended as a profit forecast or estimate for any period and no statement in this announcement should be interpreted to mean that earnings or earnings per share for Bidco, M&C or CDL, as appropriate, for the current or future financial years would necessarily match or exceed the historical published earnings or earnings per share for Bidco, M&C or CDL, as appropriate.*

### **Disclosure Requirements of the Code**

*Under Rule 8.3(a) of the Code, any person who is interested in 1 per cent. or more of any class of relevant securities of an offeree company or of any securities exchange offeror (being any offeror other than an offeror in respect of which it has been announced that its offer is, or is likely to be, solely in cash) must make an Opening Position Disclosure following the commencement of the Offer Period and, if later, following the announcement in which any securities exchange offeror is first identified. An Opening Position Disclosure must contain details of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any securities exchange offeror(s). An Opening Position Disclosure by a person to whom Rule 8.3(a) applies must be made by no later than 3.30 pm (London time) on the 10th Business Day following the commencement of the Offer Period and, if appropriate, by no later than 3.30 pm (London time) on the 10th Business Day following the announcement in which any securities exchange offeror is first identified. Relevant persons who deal in the relevant securities of the offeree company or of a securities exchange offeror prior to the deadline for making an Opening Position Disclosure must instead make a Dealing Disclosure.*

*Under Rule 8.3(b) of the Code, any person who is, or becomes, interested in 1 per cent. or more of any class of relevant securities of the offeree company or of any securities exchange offeror must make a Dealing Disclosure if the person deals in any relevant securities of the offeree company or of any securities exchange offeror. A Dealing Disclosure must contain details of the dealing concerned and of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company, and (ii) any securities exchange offeror, save to the extent that these details have previously been disclosed under Rule 8. A Dealing Disclosure by a person to whom Rule 8.3(b) applies must be made by no later than 3.30 pm (London time) on the Business Day following the date of the relevant dealing.*

*If two or more persons act together pursuant to an agreement or understanding, whether formal or informal, to acquire or control an interest in relevant securities of an offeree company or a securities exchange offeror, they will be deemed to be a single person for the purpose of Rule 8.3.*

*Opening Position Disclosures must also be made by the offeree company and by any offeror and Dealing Disclosures must also be made by the offeree company, by any offeror and by any persons acting in concert with any of them (see Rules 8.1, 8.2 and 8.4).*

*Details of the offeree and offeror companies in respect of whose relevant securities Opening Position Disclosures and Dealing Disclosures must be made can be found in the Disclosure Table on the Panel's website at <http://www.thetakeoverpanel.org.uk>, including details of the number of relevant securities in issue, when the Offer Period commenced and when any offeror was first identified. If you are in any doubt as to whether you are required to make an Opening Position Disclosure or a Dealing Disclosure, you should contact the Panel's Market Surveillance Unit on +44 (0)20 7638 0129.*

### **Electronic Communications**

*Please be aware that addresses, electronic addresses and certain information provided by M&C Shareholders, persons with information rights and other relevant persons for the receipt of communications from M&C may be provided to Bidco during the Offer Period as requested under Section 4 of Appendix 4 of the Code to comply with Rule 2.11(c) of the Code.*

### **Publication on Website and Availability of Hard Copies**

*In accordance with Rule 26.1 of the Code, a copy of this announcement, subject to certain restrictions relating to persons resident in Restricted Jurisdictions, will be available on the website of CDL at: [www.cdl.com.sg/Millennium-Offer](http://www.cdl.com.sg/Millennium-Offer) and M&C at: <https://investors.millenniumhotels.com/regulatory-announcements-and-news/city-developments-ltd-offer-documents> promptly and by no later than 12 noon (London time) on the Business Day following this announcement. For the avoidance of doubt, the contents of these websites referred to in this announcement are not incorporated into and do not form part of this announcement.*

*You may request a hard copy of this announcement by contacting Equiniti Limited on 0371-384-2343 (if calling within the UK) or +44 (0)121-415-7047 (if calling from outside the UK). Lines are open Monday to Friday 8.30 a.m. to 5.30 p.m., excluding UK Bank Holidays. You may also request that all future documents, announcements and information to be sent to you in relation to the Proposed Offer should be in hard copy form.*

### **Rounding**

*Certain figures included in this announcement have been subjected to rounding adjustments. Accordingly, figures shown for the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures that precede them.*





last Business Day prior to the start of the Offer Period) of 452.7 pence per M&C Share; and

- a premium of approximately 21.4 per cent. to the Closing Price of the M&C Shares of 455.0 pence per M&C Share on 6 October 2017 (being the last Business Day prior to the start of the Offer Period).

The M&C Independent Directors, who have been so advised by Credit Suisse, consider the financial terms of the Proposed Offer to be fair and reasonable. In providing advice to the M&C Independent Directors, Credit Suisse has taken into account the commercial assessments of the M&C Independent Directors. Accordingly, the M&C Independent Directors intend unanimously to recommend that M&C Shareholders accept the Proposed Offer, subject to finalisation of the terms and conditions related to regulatory clearances (as described below).

CDL and Bidco are seeking consent from the New Zealand Overseas Investment Office (the "OIO") to the indirect acquisition of interests in sensitive land and significant business assets in New Zealand that would occur if the Proposed Offer takes place and is successful. CDL and Bidco are working with the OIO in relation to the likely timetable for obtaining this consent, which will impact the terms on which any Proposed Offer can be made to shareholders. Discussions relating to the regulatory clearances the parties would be required to seek and obtain in relation to the Proposed Offer, and the related terms of such clearances, are ongoing between CDL and the M&C Independent Directors.

The Proposed Offer would be conditional on, amongst other things, Bidco securing valid acceptances of the Proposed Offer in respect of more than 50 per cent. in nominal value of the M&C Shares not already owned by the CDL Group and of the voting rights attached to those shares.

Upon the Proposed Offer becoming or being declared wholly unconditional, M&C would apply for de-listing from the Official List of the UKLA.

Other than the Proposed Special Dividend, if any dividend or other distribution were authorised, declared, made or paid in respect of M&C Shares on or after the date of this announcement, the Proposed Offer Price would be reduced by the amount of any such dividend or other distribution.

The M&C Shares would be acquired under the Proposed Offer fully paid and free from all liens, charges, equitable interests, encumbrances, rights of pre-emption and any other rights and interests of any nature whatsoever and together with all rights now and hereafter attaching or accruing to them, including, without limitation, voting rights and the right to receive and retain in full all dividends and other distributions (if any) declared, made or paid (other than the Proposed Special Dividend), or any other return of capital (whether by reduction of share capital or share premium account or otherwise) made, on or after the date of this announcement.

M&C Shareholders who are on the register of members of M&C at 6.00 pm (London time) on the Business Day immediately prior to the Proposed Offer becoming wholly unconditional would be entitled to receive the Proposed Special Dividend.

As at 18 October 2017 (being the Last Practicable Date), CDL holds 211,749,487 M&C Shares through its wholly-owned subsidiaries Singapura Developments (Private) Limited and Reach Across International Limited, representing approximately 65.20 per cent. of the issued ordinary share capital of M&C. The Proposed Offer values the entire issued

ordinary share capital of M&C as at the date of this announcement at approximately £1,794 million.

In accordance with Rule 2.6(a) of the Code, CDL is required, by not later than 5.00 p.m. on 6 November 2017, either to announce a firm intention to make an offer in accordance with Rule 2.7 of the Code or to announce that it does not intend to make an offer for M&C, in which case the announcement will be treated as a statement to which Rule 2.8 of the Code applies. This deadline can be extended with the consent of the Panel in accordance with Rule 2.6(c) of the Code.

CDL reserves the right to make an offer at any time at a price below 552.5 pence per M&C Share:

- if the actual diluted number of shares in M&C is greater than the assumed number of 325,403,550; or
- by the amount of any dividend (or other distribution) which is paid or becomes payable by M&C to its shareholders after the date of this announcement except for the Proposed Special Dividend, which the M&C Shareholders will be entitled to receive.

There can be no certainty that a formal offer will be made. The Proposed Offer will be made solely by certain offer documentation, which will set out the full terms and conditions of any offer. A further statement will be made as appropriate.

### **3 M&C Independent Directors**

The M&C Independent Directors, which excludes the appointees of CDL to the M&C board (such appointees being Kwek Leng Beng, Kwek Leng Peck and Kwek Eik Sheng), have established an Independent Committee to which has been delegated the exercise of all powers of the M&C board in relation to the Proposed Offer.

### **4 Background to and reasons for the Proposed Offer**

CDL has been a highly supportive shareholder since M&C's initial public offering on the London Stock Exchange in 1996.

CDL believes it is in its best interest to maintain M&C's current business model and work steadfastly towards streamlining its operations and improving its performance, while also investing through capital expenditure where required. It should be noted that CDL has already established a separate business unit in UK to work independently on its development projects comprising a few UK sites which CDL has progressively acquired, selectively, since 2013. The decision to invest resources to establish a standalone UK residential business was complementary to the strategic intent of keeping M&C's hotel business intact under its existing owner operator model. In summary, if CDL wished to convert M&C's hotel assets to residential it is likely it would have done so much earlier, and refrained from developing a separate residential entity in the UK which reports directly in to CDL.

Therefore, CDL believes that keeping both the hotel and development business operationally separate, is aligned with the CDL Group's long-term policy and strategy. However, CDL also firmly believes that keeping these business units under one roof, with M&C as a wholly-owned, private subsidiary, will afford it better synergies, control and management efficiency.

In view of CDL's intent to retain an asset ownership model, coupled with M&C's lack of scale and ability to replicate an asset-light business model employed by its larger hospitality group peers, M&C should not be valued based on NAV but rather on its present and future hotel earnings, which is how the analyst community has been typically prioritising their assessment of M&C Shares. The Independent Directors of M&C negotiated hard and after several rounds of deliberations, CDL is pleased that good progress has now been made in advancing a possible recommended cash offer, the financial terms of which both parties believe are fair and reasonable, and which would provide M&C Shareholders with the opportunity to exit in a very illiquid market at a significant premium without continued exposure to the potential risks and challenges which M&C faces.

CDL believes that M&C currently faces multiple challenges, including intensifying competition from large-scale/ asset-light hotel conglomerates, geo-political instability, and technological disruption. CDL believes that to improve and maintain M&C's competitiveness, M&C needs to progress its capital expenditure refurbishment programmes in a number of hotels. This is expected to be a near-term, ongoing process which CDL believes will likely further impact M&C's earnings.

CDL believes that M&C's challenges and long-term financial requirements can be better navigated if the company becomes a private entity, for which nimbleness and flexibility will be a distinct advantage in a highly competitive operating environment. CDL also believes that by providing M&C with direct access to CDL's larger infrastructure as a diversified, global operating group, M&C will be able to leverage on CDL's network, financial resources and its proven execution capabilities to effect a quicker turnaround at a lower cost.

M&C has articulated over many years a twin strategy as both a hotel owner and operator. As stated previously, CDL intends to maintain M&C's business model as an owner and operator of its hotel portfolio.

M&C's generation of recurring income has been a critical component of CDL's operating performance for many years as it has provided a buffer against the volatility and cyclical nature of CDL's residential development business. Today, recurring income is even more important as margins on new residential projects are being reduced due to higher land costs and ongoing property cooling measures in several key gateway cities. Moreover, CDL is cognisant that different countries have different rules and restrictions, taxes and regulatory requirements, as well as different approval processes which can be overly onerous and time consuming. These can incur significant costs and carry certain political and economic risks, thus further discouraging CDL from redeveloping or repositioning M&C's assets.

For example, as a developer, CDL is acutely aware that the shortage of affordable housing in London will create pressure to provide for affordable housing components in future residential developments (including the proposal to seek 35% of new residential accommodation to be provided as affordable housing). Whilst CDL expects this alone will severely impact the financial viability of any potential redevelopment activities, CDL also notes that several London boroughs have adopted policies to resist the loss of hotel accommodation, and any uplift in floor space may be subject to community infrastructure levies.

Furthermore, for hotels held on a long-term leasehold basis, the landowner with the reversionary interest would look to extract significant premia and higher ground rents on any potential redevelopments.. Moreover, any extension of the hotels beyond their current building envelope may affect third party rights to light, resulting in potential injunctions or compensation payments. Collectively, and irrespective of M&C's attractiveness as a recurring income portfolio, these factors will continue to disincentivise CDL from pursuing any residential conversion strategy.

Similarly, in New York City, CDL notes the moratorium on the conversion of hotels with more than 150 rooms into condominiums in order to stem potential job losses from hotel closures is an impediment to any conversion or repurposing strategy. The moratorium was imposed in 2015 for two years, and was recently renewed for a further two years.

In Singapore, residential developers are subject to various cooling measures imposing escalating levels of taxes on developers. These include the Qualifying Certificate ("QC") scheme which imposes a series of penalties on certain developers in Singapore, including CDL, if they do not complete their development within five years and do not sell the units within an additional two years post completion. The QC penalties are equivalent to 8% of the land value in the first year of extension, increasing to 16% for the second year, and 24% for the third year and beyond.

These restrictions in the key cities of London and New York, as well as Singapore, highlight the severe impediments to pursuing a conversion or repurposing strategy for M&C's hotel assets.

## **5 Proposed Recommendation**

The M&C Independent Directors, who have been so advised by Credit Suisse, consider the terms of the Proposed Offer to be fair and reasonable. In providing advice to the M&C Independent Directors, Credit Suisse has taken into account the commercial assessments of the M&C Independent Directors. Accordingly, the M&C Independent Directors intend unanimously to recommend that M&C Shareholders accept the Proposed Offer subject to finalisation of the terms and conditions related to regulatory clearances.

## **6 Background to and reasons for the M&C Independent Directors' proposed recommendation**

CDL listed M&C on the London Stock Exchange in 1996. The initial 55% shareholding held by CDL in M&C has increased over time to the 65.2% that it currently owns today. As a controlling shareholder, CDL has continued to exercise influence over the strategy of M&C, indeed the Executive Chairman of CDL is also the Non-Executive Chairman of M&C and has been since listing.

The Independent Directors were approached by CDL on 21 August 2017 with an offer to take the company private for 510 pence in cash. This initial offer was rejected outright. CDL subsequently returned with a revised proposal on 14 September 2017, which was also rejected. As well as rejecting the second proposal with respect to value, the Independent Directors sought to better understand the intentions of CDL with regards to its potential future ownership of M&C in a private context, specifically as to whether any attempt would be made to sell or repurpose operating hotels within the group.

After a period of further negotiation, CDL made a third proposal of 552.5 pence in cash (including a special dividend of 7.5 pence per M&C share), conditional inter alia on the

recommendation of the Independent Directors, as well as providing assurances over the future strategy for the group and its assets.

In considering the Proposed Offer, the Independent Directors have taken into account both the potential growth and the risks inherent in the continued execution of M&C's strategy, as well as the underlying assets of M&C. These factors have been considered against the certainty of a cash offer at a level that the Independent Directors believe is unlikely to be seen in the public markets in the medium-term.

- The Independent Directors have considered the challenges M&C faces in the medium term, to address and adapt to changing market dynamics, as well as implementing and successfully executing several significant capital expenditure initiatives in multiple hotel locations. M&C continues to undergo significant management change, in particular at Chief Executive level.
- In forming its view on the Proposed Offer, the Independent Directors have had regard to a number of valuation methodologies to assess a fair market value of M&C as a hotel operator. The cash flows of the business have been valued and account has been taken of the underlying assets of M&C. The Proposed Offer also represents a premium of approximately 21.4% to the Closing Price per M&C share of 455 pence on 6 October 2017, which is within the range of premia paid in other UK take-private transactions undertaken by controlling shareholders. Whilst an assessment of the underlying assets of M&C is a relevant reference point, it is important to note that M&C has traded, and continues to be valued by the market, primarily on an earnings basis. M&C has historically traded at a sizeable discount to reported net book value (defined as total assets less total liabilities and minority interests, as set out in the M&C annual and quarterly reports) since the financial crisis of 2008.
- The Independent Directors have had particular regard to the prior statements by CDL that it does not intend to change strategy with respect to asset ownership at M&C. It is not M&C's strategy to realise value through the sale or repurpose of its assets. Further, any significant asset disposal would require shareholder approval. Therefore the Independent Directors believe that a listed M&C would continue to trade as a hotel owner and operator and there would be limited opportunity for minority shareholders to benefit from a sale or repurposing of the assets of M&C as a listed entity in the medium term, if at all. A sale of assets also needs to take into account tax and transaction costs, which can be significant in asset transactions. Nevertheless, the Independent Directors also engaged a leading property adviser to review certain key assets in London and New York with a particular focus on New York assets that are loss making.
- In response to CDL's statements regarding its proposed future operating model, the Independent Directors requested a confirmatory Post-Offer Intention Statement from CDL that it intends to continue to run M&C as an owner and operator of hotels as a private company following a successful offer. In particular it does not intend to sell or repurpose any hotels in New York or London. This Post-Offer Intention Statement is made under Rule 19.6 of the Code.

The Independent Directors have concluded, on the basis of the above, that the Proposed Offer would represent an opportunity for M&C Shareholders to realise their investment in cash today at a certain valuation. In addition, since CDL holds a controlling interest in

M&C, the Independent Directors believe it is unlikely that there would be any third party competing offers for M&C Shareholders to consider. Accordingly, the Independent Directors believe the Proposed Offer would represent fair and reasonable value and intend to recommend unanimously the Proposed Offer to M&C Shareholders, subject to finalisation of the terms and conditions related to regulatory clearances.

## **7 Information on CDL**

CDL is an established Singapore-based international property and hotel conglomerate involved in real estate development and investment, hotel ownership and management, facilities management and the provision of hospitality solutions. CDL currently owns and manages a portfolio of residential and investment properties, with extensive operations in 97 locations in 26 countries encompassing Asia, Europe, the Middle East, North America, New Zealand and Australia.

CDL has developed over 40,000 homes and owns over 18 million square feet of lettable office, industrial, retail, residential and hotel space globally. In 2016 CDL achieved revenue of S\$3.9 billion (£2.1 billion) and net profit before tax of S\$914 million (£486 million), with a net asset value of approximately S\$9.3 billion (£5.2 billion) as at 31 December 2016.

CDL is a limited company registered in Singapore. Shares in CDL are admitted to trading on the SGX.

## **8 Information on Bidco**

Bidco is a limited company registered in the British Virgin Islands. It is an indirect, wholly-owned subsidiary of CDL.

## **9 Information on M&C**

M&C is an international hotel group which owns, leases, manages, franchises, invests in and/or operates 137 hotels in 27 countries around the world.

M&C is a public limited company registered in England and Wales. M&C Shares are listed on the premium segment of the Official List of the UKLA and admitted to trading on the Main Market of the London Stock Exchange.

## **10 Management, employees and locations**

In the event of the Proposed Offer becoming or being declared unconditional in all respects, Bidco intends that the existing employment rights, including pension rights, of the management and employees of M&C would be fully safeguarded in accordance with contractual and statutory requirements. Bidco's current plans for M&C do not involve any material change in the employment of, or in the conditions of employment of, M&C's employees.

Separately, the M&C Independent Directors have confirmed that they intend to resign as M&C directors in the event of the Proposed Offer becoming or being declared wholly unconditional.

Further details of Bidco's strategic plans for M&C and any impact on its management, employees and locations would be contained in certain offer documentation that would follow in due course.

Bidco confirms that it intends to maintain M&C's current business model, in particular to run the business as an owner and operator of its hotel portfolio. Bidco also confirms it has no intention to sell or repurpose any of M&C's hotels in London or in New York.

## **11 M&C Share Schemes**

Participants in the M&C Share Schemes would be contacted regarding the effect of the Proposed Offer on their rights under the M&C Share Schemes and, if the Proposed Offer proceeds, appropriate proposals would be made to such participants in due course. Details of such proposals would be set out in the Offer Document and in separate letters to be sent to participants of the M&C Share Schemes and are summarised below.

The Proposed Offer would extend to any M&C Shares which are unconditionally allotted or issued as a result of the exercise of existing options and vesting of existing awards under the M&C Share Schemes before the date on which the Proposed Offer closes.

Awards under the LTIP would not accelerate as a result of the Proposed Offer, and instead would remain outstanding and capable of vesting on their normal vesting dates. Awards under the ABP and ESP would accelerate and vest as to a time pro-rated proportion on the Proposed Offer becoming or being declared wholly unconditional, and the remaining proportion of these awards would remain outstanding and capable of vesting on their normal vesting dates. Consideration would be given to adjusting the terms of the awards which remain outstanding as appropriate in light of these awards continuing after the Proposed Offer becomes or is declared wholly unconditional. On vesting, either on or after the Proposed Offer becoming or being declared wholly unconditional, participants in the LTIP, ABP and ESP would receive a payment in lieu of the Proposed Special Dividend by reference to each M&C Share in respect of which the awards vest.

Options under the all employee Sharesave Plans would become exercisable in accordance with their terms in the event that M&C Shares become the subject of a compulsory purchase process pursuant to the provisions of Chapter 3 of Part 28 of the Companies Act, as described in paragraph 16 below. Participants would then be entitled to accept the Proposed Offer in respect of the M&C Shares acquired on exercise. Bidco has also agreed that in such case participants may be compensated in respect of losing the opportunity of being able to continue saving under these arrangements as a result of early exercise. In the event that M&C Shares do not become the subject of a compulsory purchase process pursuant to the provisions of Chapter 3 of Part 28 of the Companies Act, options under the Sharesave Plans would continue to remain outstanding until their normal maturity dates, subject to their terms. In either case, subject to the Proposed Offer becoming or being declared wholly unconditional, participants would also receive a payment in lieu of the Proposed Special Dividend in respect of any M&C Shares acquired after the record date of the Proposed Special Dividend pursuant to the exercise of options under the Sharesave Plans.

ABP and ESP awards which vest on or after the Proposed Offer becomes or is declared wholly unconditional would be settled in cash calculated by reference to the Proposed Offer Price.

Any vesting or exercise of awards or options under the LTIP and Sharesave Plans after the Proposed Offer becomes or is declared wholly unconditional may be satisfied by newly issued M&C Shares. Any M&C Shares issued after the Proposed Offer ceased to be capable of acceptance would, pursuant to an amendment to the M&C articles of



association which Bidco would implement as soon as practicable following the Proposed Offer becoming or being declared wholly unconditional, be immediately transferred to Bidco in consideration of a cash payment calculated by reference to the Proposed Offer Price. Any vesting of awards under the LTIP may, alternatively, be settled in cash calculated by reference to the Proposed Offer Price.

## **12 Conditions to the Offer**

The Proposed Offer would be subject to certain conditions, which include:

- (i) the granting of consent under the New Zealand Overseas Investment Act 2005 and/or receipt of applicable exemptions in accordance with the New Zealand Overseas Investment Regulations 2005 by the New Zealand Overseas Investment Office for the indirect acquisition of interests in sensitive land and sensitive business assets in New Zealand that would occur as a result of the Proposed Offer;
- (ii) Bidco securing valid acceptances of the Offer in respect of more than 50 per cent. in nominal value of the M&C Shares not already owned by the CDL Parties and of the voting rights attached to those shares; and
- (iii) the granting by the Takeovers Panel of New Zealand of an unconditional exemption from the requirements of rule 6(1) of the New Zealand Takeovers Code.

## **13 Reserving the right to proceed by Scheme**

Bidco reserves the right to elect, with the consent of the Panel (where necessary), to implement the Proposed Offer by way of a Scheme. If Bidco elected to implement the Proposed Offer by way of a Scheme, that Scheme would be implemented on the same terms (subject to appropriate amendments), so far as applicable, as those which would apply to the Proposed Offer.

## **14 Compulsory acquisition, de-listing and re-registration**

If Bidco received acceptances under the Proposed Offer in respect of, and/or otherwise acquires, 90 per cent. or more of the M&C Shares by nominal value and voting rights attaching to such shares to which the Proposed Offer relates (which would not include any M&C Shares held by the CDL Parties), and assuming that all of the other Conditions of the Proposed Offer have been satisfied or waived (if capable of being waived), Bidco would intend to exercise its rights pursuant to the provisions of Chapter 3 of Part 28 of the Companies Act to acquire compulsorily the remaining M&C Shares on the same terms as the Proposed Offer.

If the Proposed Offer were to become or be declared wholly unconditional, M&C would make an application for the cancellation of the listing of M&C Shares on the Official List of the UKLA and for the cancellation of trading of the M&C Shares on the London Stock Exchange's Main Market for listed shares.

It is anticipated that cancellation of the listing of M&C Shares on the Official List of the UKLA and cancellation of trading of the M&C Shares on the London Stock Exchange would take effect no earlier than 20 Business Days after the date on which Bidco has, by virtue of its shareholdings and acceptances of the Proposed Offer, acquired or agreed to acquire issued share capital carrying 75 per cent. of the voting rights of M&C as well as a

majority of voting rights held by the Independent M&C Shareholders. Bidco would notify M&C Shareholders when the required percentages have been attained (or the compulsory acquisition notices served) and confirm that the notice period has commenced and the anticipated date of cancellation.

It is also intended that, if the Proposed Offer were to become or be declared wholly unconditional and the M&C Shares were to be de-listed, M&C would be re-registered as a private company.

**Any such cancellation and re-registration would significantly reduce the liquidity and marketability of any M&C Shares not assented to the Proposed Offer and their value may be affected as a consequence. Any remaining M&C Shareholders would become minority shareholders in a privately controlled limited company and may be unable to sell their M&C Shares and there can be no certainty that any dividends or other distributions would be made by M&C or that the M&C Shareholders would again be offered as much for the M&C Shares held by them as under the Proposed Offer.**

## **15 Dividend**

Other than the Proposed Special Dividend, if any dividend or other distribution is authorised, declared, made or paid in respect of M&C Shares on or after the date of this announcement, the Proposed Offer Price would be reduced by the amount of any such dividend or other distribution.

## **16 General**

The bases and sources of certain financial information contained in this announcement are set out in Appendix I to this announcement. Certain terms used in this announcement are defined in Appendix II to this announcement.

## **17 Documents available on website**

This announcement will be made available on CDL's website at [www.cdl.com.sg/Millennium-Offer](http://www.cdl.com.sg/Millennium-Offer) and M&C's website at: <https://investors.millenniumhotels.com/regulatory-announcements-and-news/city-developments-ltd-offer-documents> until the end of the Proposed Offer.

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Linklaters LLP is retained as legal adviser to CDL. Herbert Smith Freehills LLP is retained as legal adviser to M&C.

**Important Notices**

*Deutsche Bank AG is subject to supervision by the European Central Bank and by BaFin, Germany's Federal Financial Supervisory Authority, and is subject to limited regulation in the United Kingdom by the Prudential Regulation Authority and Financial Conduct Authority and in Singapore by the Monetary Authority of Singapore. Details about the extent of Deutsche Bank AG's authorisation and regulation by the Prudential Regulation Authority, the Financial Conduct Authority and the Monetary Authority of Singapore are*

*available on request. Deutsche Bank AG, acting through its Singapore branch, is acting as financial adviser to CDL and no-one else in connection with the subject matter of this announcement and would not be responsible to anyone other than CDL for providing the protections afforded to its clients or for providing advice in connection with the subject matter of this announcement.*

*HSBC Bank plc, which is authorised by the Prudential Regulation Authority and regulated in the United Kingdom by the Financial Conduct Authority and the Prudential Regulation Authority, is acting as financial adviser to CDL and for no-one else in connection with the subject matter of this announcement and would not be responsible to anyone other than CDL for providing the protections afforded to its clients or for providing advice in connection with the subject matter of this announcement.*

*Credit Suisse International (“**Credit Suisse**”) is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. Credit Suisse is acting exclusively for the Independent Committee and for no one else in connection with the Proposed Offer, the content of this announcement and other matters described in this announcement. Credit Suisse would not regard any other person as its client in relation to the Proposed Offer, the content of this announcement and other matters described in this announcement and would not be responsible to anyone other than the Independent Committee for providing the protections afforded to its clients, nor for providing advice to any other person in relation to the Proposed Offer, the content of this announcement or any other matters described in this announcement.*

*Save for the responsibilities and liabilities, if any, of Credit Suisse under FSMA or the regulatory regime established thereunder, Credit Suisse does not assume any responsibility whatsoever and makes no representations or warranties, express or implied, in relation to the content of this announcement, including its accuracy, completeness or verification or for any other statement made or purported to be made by the Independent Committee, or on the Independent Committee's behalf, or by Credit Suisse, or on its behalf, and nothing contained in this announcement is, or shall be, relied on as a promise or representation in this respect, whether as to the past or the future, in connection with the Independent Committee or the Proposed Offer. Credit Suisse disclaims to the fullest extent permitted by law all and any responsibility and liability whether arising in tort, contract or otherwise which it might otherwise be found to have in respect of this announcement or any such statement.*

*This announcement is for information purposes only. It is not intended to and does not constitute, or form part of, an offer to sell or an invitation to purchase any securities or the solicitation of an offer to buy any securities, pursuant to the Proposed Offer or otherwise. The Proposed Offer would be made solely by means of an Offer Document and the Form of Acceptance accompanying the Proposed Offer Document (or, in the event that the Proposed Offer would be implemented by way of a scheme of arrangement, a scheme document) which would contain the full terms and conditions of the Proposed Offer, including details of how the Proposed Offer may be accepted.*

*Bidco reserves the right to elect (with the consent of the Panel) to implement the acquisition of M&C by way of a court-approved scheme of arrangement in accordance with Part 26 of the Companies Act. In such event, the acquisition would be implemented on substantially the same terms, subject to appropriate amendments, as those which would apply to the Proposed Offer.*

*The Proposed Offer would be subject to the applicable requirements of the Code, the Panel, the London Stock Exchange, the Financial Conduct Authority and the UKLA.*

*This announcement does not constitute a prospectus or prospectus equivalent document.*

### **Overseas Shareholders**

*The release, publication or distribution of this announcement in certain jurisdictions may be restricted by law. Persons who are not resident in the United Kingdom or who are subject to the laws and/or regulations of any jurisdictions other than the United Kingdom should inform themselves of, and observe, any applicable requirements. Any failure to comply with the applicable legal and/or regulatory requirements may constitute a violation of the laws of any such jurisdiction. To the fullest extent permitted by applicable law, the companies and persons involved in the Proposed Offer disclaim any responsibility or liability for the violation of such restrictions by any person.*

*This announcement has been prepared for the purposes of complying with English law, the Listing Rules, the rules of the London Stock Exchange and the Code and the information disclosed may not be the same as that which would have been disclosed if this announcement had been prepared in accordance with the laws and/or regulations of jurisdiction outside the United Kingdom.*

*Unless otherwise determined by Bidco or required by the Code, and permitted by applicable law and regulation, the Proposed Offer would not be made, directly or indirectly, in, into or from a Restricted Jurisdiction where to do so would violate the laws in that jurisdiction, and the Proposed Offer shall not be capable of acceptance from or within a Restricted Jurisdiction. Accordingly, copies of this announcement and all documents relating to the Proposed Offer are not being, and must not be, directly or indirectly, mailed or otherwise forwarded, distributed or sent in, into or from a Restricted Jurisdiction where to do so would violate the laws in that jurisdiction, and persons receiving this announcement and all documents relating to the Proposed Offer (including agents, custodians, nominees and trustees) must not mail or otherwise distribute or send them in, into or from such Restricted Jurisdiction as doing so may invalidate any purported acceptance of the Proposed Offer. Any person (including, without limitation, any agent, custodian, nominee and trustee) who would, or otherwise intends to, or who may have a contractual or legal obligation to, forward this announcement and/or any document relating to the Proposed Offer to any jurisdiction outside the UK should inform themselves of, and observe, any applicable legal or regulatory requirements of their jurisdiction.*

*The availability of the Proposed Offer to M&C Shareholders who are not resident in the United Kingdom may be affected by the laws of the relevant jurisdictions in which they are resident. Persons who are not resident in the United Kingdom should inform themselves of, and observe, any applicable requirements.*

***If you are a Resident of the United States, please read the following:***

*The Proposed Offer would be made for the securities of M&C, a company incorporated under the laws of England and Wales, and would be made in the United States in compliance with, and reliance on, Section 14(e) of the Exchange Act and Regulation 14E thereunder. The Proposed Offer would be made in the United States by Bidco and no one else.*

*The Proposed Offer would be subject to the disclosure and procedural requirements of the United Kingdom which are different from those in the United States.*

*It may be difficult for United States holders of shares in CDL or M&C to enforce their rights and claims arising out of the United States federal securities laws, since CDL, Bidco and M&C are located in countries other than the United States, and some or all of their officers and directors may be residents of countries other than the United States. Holders in the United States may not be able to sue a non-United States company or its officers or directors in a non-United States court for violations of United States securities laws. Further, it may be difficult to compel a non-United States company and its affiliates to subject themselves to a United States court's judgement.*

### **Forward Looking Statements**

*This announcement, including any information included or incorporated by reference in this announcement, contains statements about Bidco, CDL and M&C that are or may be forward looking statements. All statements other than statements of historical facts included in this announcement may be forward looking statements. Without limitation, any statements preceded or followed by or that include the words "targets", "plans", "believes", "expects", "aims", "intends", "will", "may", "anticipates", "estimates", "projects" or words or terms of similar substance or the negative thereof, are forward looking statements. Forward looking statements include statements relating to the following: (i) future capital expenditures, expenses, revenues, earnings, synergies, economic performance, indebtedness, financial condition, dividend policy, losses and future prospects; (ii) business and management strategies and the expansion and growth of Bidco's or CDL's or M&C's operations; and (iii) the anticipated effects of the Proposed Offer on the Wider CDL Group and the business and operations of M&C.*

*Such forward looking statements involve risks and uncertainties that could significantly affect expected results and are based on certain key assumptions. Many factors could cause actual results to differ materially from those projected or implied in any forward looking statements. Much of the risk and uncertainty relates to factors that are beyond the companies' abilities to control or estimate precisely, such as future events, future market conditions and the behaviours of other market participants. Other unknown or unpredictable factors could affect future operations and/or cause actual results to differ materially from those in the forward looking statements. Such forward looking statements should be construed in the light of such factors, and therefore undue reliance should not be placed on such statements.*

*Each forward-looking statement speaks only as at the date of this announcement. Neither Bidco nor CDL or M&C, nor any of their respective associates or directors, officers, employees, managers, agents, representatives, partners, members, consultants or advisers: (i) provide any representation, warranty, assurance or guarantee that the occurrence of the events expressed or implied in any forward looking statements will actually occur; nor (ii) assume any obligation to, and do not intend to, revise or update these forward looking statements, except as required pursuant to applicable law. Bidco*

and CDL disclaim any obligation to update any forward looking or other statements contained herein, except as required by applicable law. All forward looking statements contained in this announcement are expressly qualified in their entirety by the cautionary statements contained or referred to in this section.

#### **No Profit Forecasts or Estimates**

No statement in this announcement is intended as a profit forecast or estimate for any period and no statement in this announcement should be interpreted to mean that earnings or earnings per share for Bidco, M&C or CDL, as appropriate, for the current or future financial years would necessarily match or exceed the historical published earnings or earnings per share for Bidco, M&C or CDL, as appropriate.

#### **Disclosure Requirements of the Code**

Under Rule 8.3(a) of the Code, any person who is interested in 1 per cent. or more of any class of relevant securities of an offeree company or of any securities exchange offeror (being any offeror other than an offeror in respect of which it has been announced that its offer is, or is likely to be, solely in cash) must make an Opening Position Disclosure following the commencement of the Offer Period and, if later, following the announcement in which any securities exchange offeror is first identified. An Opening Position Disclosure must contain details of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any securities exchange offeror(s). An Opening Position Disclosure by a person to whom Rule 8.3(a) applies must be made by no later than 3.30 pm (London time) on the 10<sup>th</sup> Business Day following the commencement of the Offer Period and, if appropriate, by no later than 3.30 pm (London time) on the 10<sup>th</sup> Business Day following the announcement in which any securities exchange offeror is first identified. Relevant persons who deal in the relevant securities of the offeree company or of a securities exchange offeror prior to the deadline for making an Opening Position Disclosure must instead make a Dealing Disclosure.

Under Rule 8.3(b) of the Code, any person who is, or becomes, interested in 1 per cent. or more of any class of relevant securities of the offeree company or of any securities exchange offeror must make a Dealing Disclosure if the person deals in any relevant securities of the offeree company or of any securities exchange offeror. A Dealing Disclosure must contain details of the dealing concerned and of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company, and (ii) any securities exchange offeror, save to the extent that these details have previously been disclosed under Rule 8. A Dealing Disclosure by a person to whom Rule 8.3(b) applies must be made by no later than 3.30 pm (London time) on the Business Day following the date of the relevant dealing.

If two or more persons act together pursuant to an agreement or understanding, whether formal or informal, to acquire or control an interest in relevant securities of an offeree company or a securities exchange offeror, they will be deemed to be a single person for the purpose of Rule 8.3.

Opening Position Disclosures must also be made by the offeree company and by any offeror and Dealing Disclosures must also be made by the offeree company, by any offeror and by any persons acting in concert with any of them (see Rules 8.1, 8.2 and 8.4).

Details of the offeree and offeror companies in respect of whose relevant securities Opening Position Disclosures and Dealing Disclosures must be made can be found in the

Disclosure Table on the Panel's website at <http://www.thetakeoverpanel.org.uk>, including details of the number of relevant securities in issue, when the Offer Period commenced and when any offeror was first identified. If you are in any doubt as to whether you are required to make an Opening Position Disclosure or a Dealing Disclosure, you should contact the Panel's Market Surveillance Unit on +44 (0) 20 7638 0129.

### **Electronic Communications**

Please be aware that addresses, electronic addresses and certain information provided by M&C Shareholders, persons with information rights and other relevant persons for the receipt of communications from M&C may be provided to Bidco during the Offer Period as requested under Section 4 of Appendix 4 of the Code to comply with Rule 2.11(c) of the Code.

### **Publication on Website and Availability of Hard Copies**

In accordance with Rule 26.1 of the Code, a copy of this announcement, subject to certain restrictions relating to persons resident in Restricted Jurisdictions, will be available on the website of CDL at: [www.cdl.com.sg/Millennium-Offer](http://www.cdl.com.sg/Millennium-Offer) and M&C at: <https://investors.millenniumhotels.com/regulatory-announcements-and-news/city-developments-ltd-offer-documents> promptly and by no later than 12 noon (London time) on the Business Day following this announcement. For the avoidance of doubt, the contents of these websites referred to in this announcement are not incorporated into and do not form part of this announcement.

You may request a hard copy of this announcement by contacting Equiniti Limited on 0371-384-2343 (if calling within the UK) or +44 (0)121-415-7047 (if calling from outside the UK). Lines are open Monday to Friday 8.30 a.m. to 5.30 p.m.; excluding UK Bank Holidays. You may also request that all future documents, announcements and information to be sent to you in relation to the Proposed Offer should be in hard copy form.

### **Rounding**

Certain figures included in this announcement have been subjected to rounding adjustments. Accordingly, figures shown for the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures that precede them.



## **APPENDIX I**

### **SOURCES OF INFORMATION AND BASES OF CALCULATION**

The value placed by the Proposed Offer on the existing issued share capital of M&C is based on 324,751,275 M&C Shares in issue on 18 October 2017, being the last dealing day prior to the date of this announcement.

The Closing Prices referenced in this announcement are taken from the Daily Official List.

Unless otherwise stated, the financial information relating to M&C is extracted from the audited consolidated financial statements of M&C for the financial year to 31 December 2016, prepared in accordance with IFRS as required by EU law (IAS Regulation EC 1606/2002).

Unless specified otherwise, the SGD:GBP exchange rates used in this Announcement are those set out in this Appendix I.

The M&C FY2016 Results are reported in pounds sterling (£) and accordingly, the figures herein have been converted, where necessary, into Singapore dollar (S\$) based on the exchange rates adopted by CDL when consolidating the M&C FY2016 Results in the CDL Group FY2016 Results, being:

- the closing exchange rate of S\$1.7808:£1 as at 31 December 2016 for the translation of the balance sheet items; and
- the average exchange rate of S\$1.8791:£1 for FY2016 for the translation of the profit and loss items.

## **APPENDIX II DEFINITIONS**

The following definitions apply throughout this announcement unless the context requires otherwise.

<b>“ABP”</b>	the Annual Bonus Plan
<b>“Bidco”</b>	Agapier Investments Limited, a company incorporated in the British Virgin Islands with British Virgin Islands Company Number 707681 whose registered office is at Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands
<b>“Business Day”</b>	a day (other than Saturdays, Sundays and public holidays in the UK) on which banks are open for business in the City of London
<b>“CDL”</b>	City Developments Limited, a company incorporated in Singapore with registration number 196300316Z whose registered office is at 36 Robinson Road, #04-01 City House, Singapore 068877
<b>“CDL Group”</b>	CDL and its subsidiaries
<b>“CDL Parties”</b>	Bidco, CDL and those persons acting in concert (within the meaning of the term given in the Code) with them
<b>“Code”</b>	the City Code on Takeovers and Mergers
<b>“Closing Price”</b>	the closing middle market price of a M&C Share on a particular trading day as derived from the Daily Official List
<b>“Companies Act”</b>	the Companies Act 2006, as amended
<b>“Credit Suisse”</b>	Credit Suisse International
<b>“Daily Official List”</b>	the Daily Official List published by the London Stock Exchange
<b>“Dealing Disclosure”</b>	has the same meaning as in Rule 8 of the Code
<b>“ESP”</b>	the 2016 Executive Share Plan
<b>“Financial Conduct Authority”</b>	the Financial Conduct Authority acting in its capacity as the competent authority for the purposes of Part VI of the UK Financial Services and Markets Act 2000
<b>“Form of Acceptance”</b>	the form of acceptance and authority which would accompany the Offer Document for use by M&C Shareholders with shares in certificated form in connection with the Proposed Offer
<b>“FSMA”</b>	Financial Services and Markets Act 2000
<b>“HSBC”</b>	HSBC Bank plc
<b>“Independent Committee”</b>	the independent committee of the M&C Independent

	Directors
<b>“Independent M&amp;C Shareholders”</b>	M&C Shareholders other than the CDL Parties
<b>“Last Practicable Date”</b>	18 October 2017, being the last practicable date prior to the date of this announcement
<b>“Listing Rules”</b>	the rules and regulations made by the Financial Conduct Authority in its capacity as the UK Listing Authority under the Financial Services and Markets Act 2000, and contained in the UKLA’s publication of the same name
<b>“London Stock Exchange”</b>	London Stock Exchange plc
<b>“LTIP”</b>	the 2016 Long Term Incentive Plan and the 2006 Long Term Incentive Plan
<b>“M&amp;C”</b>	Millennium & Copthorne Hotels plc, a company incorporated in England and Wales with registration number 03004377 whose registered office is at Victoria House, Victoria Road, Horley, Surrey, RH6 7AF
<b>“M&amp;C FY2016 Results”</b>	the audited consolidated financial statements of the M&C Group for the year ended 31 December 2016
<b>“M&amp;C Group”</b>	M&C and its subsidiary undertakings and, where the context permits, each of them
<b>“M&amp;C Independent Directors”</b>	the independent non-executive directors of M&C which excludes the appointees of CDL to the M&C Board (such appointees being Kwek Leng Beng, Kwek Leng Peck and Kwek Eik Sheng)
<b>“M&amp;C Shareholders”</b>	the holders of M&C Shares
<b>“M&amp;C Share Schemes”</b>	the LTIP, the ABP, the ESP, and the Sharesave Plans
<b>“M&amp;C Shares”</b>	the existing unconditionally allotted or issued and fully paid ordinary shares of 30 pence each in the capital of M&C and any further such ordinary shares which are unconditionally allotted or issued while the Proposed Offer remains open for acceptance or before such earlier date as Bidco (subject to the Code) may determine, not, unless the Panel so permits, being earlier than the date on which the Proposed Offer being or becoming declared unconditional as to acceptances or, if later, the first closing date of the Proposed Offer
<b>“New Zealand Takeovers Code”</b>	the Takeovers Code of New Zealand
<b>“Offer Document”</b>	any document despatched to M&C Shareholders containing the full terms and conditions of the Proposed Offer
<b>“Offer Period”</b>	the Offer Period (as defined by the Code) relating to M&C, which commenced on 9 October 2017
<b>“OIO”</b>	means New Zealand Overseas Investment Office

<b>“Opening Position Disclosure”</b>	has the same meaning as in Rule 8 of the Code
<b>“Panel”</b>	the Panel on Takeovers and Mergers
<b>“Proposed Offer”</b>	the possible recommended cash offer, made by Bidco, to acquire the entire issued and to be issued ordinary M&C Shares on the terms and subject to the conditions which would be set out in the Offer Document and (in respect of M&C Shares in certificated form) the Form of Acceptance and including, where the context permits, any subsequent revision, variation, extension or renewal of such offer
<b>“Proposed Offer Consideration”</b>	552.5 pence in cash for each M&C Share held
<b>“Proposed Offer Price”</b>	545 pence per M&C Share
<b>“Proposed Special Dividend”</b>	the special dividend of 7.5 pence per M&C Share to be paid conditional upon the Proposed Offer being declared wholly unconditional
<b>“Prudential Regulation Authority”</b>	the Prudential Regulation Authority in the UK
<b>“Restricted Jurisdiction”</b>	any jurisdiction local laws or regulations may result in significant risk of civil, regulatory or criminal exposure if information concerning the Proposed Offer would be sent or made available to M&C Shareholders in that jurisdiction
<b>“Scheme”</b>	a scheme of arrangement (as that term is defined in the Companies Act) under Part 26 of the Companies Act between Bidco and M&C Shareholders (should Bidco elect to acquire M&C by way of scheme of arrangement)
<b>“Sharesave Plans”</b>	the 2016 Sharesave Plan and the 2006 Sharesave Plan
<b>“SGX”</b>	the Singapore Exchange
<b>“Significant Interest”</b>	in relation to an undertaking, a direct or indirect interest of 20 per cent. or more of the total voting rights conferred by the equity share capital (as defined in section 548 of the Companies Act) of such undertaking
<b>“UKLA”</b>	the UK Listing Authority, being the Financial Conduct Authority Limited acting in its capacity as the competent authority for the purposes of Part VI of the Financial Services and Markets Act 2000
<b>“United Kingdom” or “UK”</b>	the United Kingdom of Great Britain and Northern Ireland
<b>“United States” or “US”</b>	the United States of America, its territories and possessions, any state of the United States of America, and the District of Columbia
<b>“Wider CDL Group”</b>	CDL and associated undertakings and any other body corporate, partnership, joint venture or person in which CDL and all such undertakings (aggregating their interests) have a Significant Interest

For the purposes of this announcement, “**subsidiary**”, “**subsidiary undertaking**”, “**undertaking**” and “**associated undertaking**” have the respective meanings given thereto by the Companies Act.

All references to “**pounds**”, “**pounds Sterling**”, “**Sterling**”, “**£**”, “**pence**”, “**penny**” and “**p**” are to the lawful currency of the United Kingdom.

All references to “**S\$**” and “**Singapore Dollars**” are to the lawful currency of the Republic of Singapore.

All the times referred to in this announcement are London times unless otherwise stated.

References to the singular include the plural and vice versa.