

Asset Acquisitions and Disposals::Announcement on Unlocking Value in Nouvel 18

Issuer & Securities

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Designation	Company Secretary
Description (Please provide a detailed description of the event in the box below)	Please see attached announcement titled "Unlocking Value in Nouvel 18" together with a News Release issued by City Developments Limited on 21 October 2016.

Attachments	<p>📎Nouvel 18 Announcement.pdf</p> <p>📎CDLNewsRelease-UnlocksValuein Nouvel 18.PDF</p> <p>Total size =359K</p>
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CITY DEVELOPMENTS LIMITED
(Incorporated in the Republic of Singapore)
Company Registration No. 196300316Z

ANNOUNCEMENT

UNLOCKING VALUE IN NOUVEL 18

1. INTRODUCTION

The Board of City Developments Limited (the "**Company**") and together with its subsidiaries, the "**CDL Group**") is pleased to announce that its wholly-owned subsidiary, Sunmaster Holdings Pte. Ltd. ("**Sunmaster**"), has on 20 October 2016 entered into and completed a conditional agreement to exit its entire interest in Summervale Properties Pte. Ltd. ("**Summervale**") (the "**Transaction**"). Summervale was a wholly-owned subsidiary of Sunmaster immediately prior to the completion of the Transaction.

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

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

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

2. THE TRANSACTION

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

3. **GREEN 18**

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

4. **FINANCIAL EFFECTS OF THE TRANSACTION**

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

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

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

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

Notes:

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

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

5. MISCELLANEOUS

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

By Order of the Board of
CITY DEVELOPMENTS LIMITED

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



News Release

21 October 2016

CDL UNLOCKS VALUE OF NOUVEL 18 THROUGH THE THIRD PROFIT PARTICIPATION SECURITIES PLATFORM FOR S\$977.6 MILLION

- *First capital market transaction targeted at Singapore high net worth investors*
- *Capital raised will be recycled for growth plans*
- *Increases CDL's funds under management to over S\$3.5 billion*

City Developments Limited (CDL), through its wholly-owned subsidiary Sunmaster Holdings Pte. Ltd. (Sunmaster), has entered into an agreement to exit its entire interest in Summervale Properties Pte. Ltd. (Summervale), which owns Nouvel 18 (名筑), a 156-unit luxury, freehold residential development on Anderson Road. In doing so, CDL has unlocked value in Nouvel 18 through its third Profit Participation Securities (PPS) platform for S\$977.6 million. Summervale has received the Clearance Certificate from the Land Dealings (Approval) Unit on 20 October 2016.

CDL will not hold any interests in the ordinary shares and preference shares in Summervale (the Investment Shares) post completion of the transaction. None of the direct or indirect shareholders of Green 18 Pte. Ltd. (Green 18) is related to CDL or its substantial shareholders.

Summervale will raise a total of S\$977.6¹ million via the PPS transaction through the following sources:

<p>Issuance of ordinary and preference shares PPS will be issued in the form of ordinary and preference shares to Green 18, a special purpose vehicle company whose shareholders are high net worth Singaporeans and companies wholly-owned by Singapore citizens.</p> <p>Green 18 will enjoy a preferred 5% annual internal rate of return and enjoy upside beyond that, less any incentives fees payable.</p>	S\$102.0 million	10.4%
<p>Senior Loans Provision of credit facility by DBS Bank Ltd and United Overseas Bank Limited.</p>	S\$579.2 million	59.3%
<p>Issuance of Notes (Fixed income securities) DBS Bank Ltd will be the initial purchaser of the Notes, due in 2021.</p>	S\$156.4 million	16.0%
<p>CDL, through its wholly-owned subsidiary, Ventagrand Holdings Limited (Ventagrand), will be a subscriber of the Notes, due in 2023.</p>	S\$140.0 million	14.3%
TOTAL	S\$977.6 million	100%

¹Nouvel 18 is valued at S\$965.4 million, or S\$2,750 per square foot based on the project's saleable area of approximately 351,000 square feet. Approximately S\$12.2 million will be used by Summervale to pay for professional fees, debt arrangement fees and other miscellaneous expenses.

CDL's wholly-owned subsidiary, Trentwell Management Pte. Ltd. (Trentwell), will be appointed as the exclusive asset manager and marketing agent (for five years with an option to extend to seven) to manage, lease, market and sell the units of Nouvel 18.

Trentwell will receive an incentive fee after a performance benchmark is met. The benchmark ensures that Summervale will have funds to first repay the Senior Loans and Notes, and then redeem and deliver the annual 5% internal rate of return on the PPS. After the benchmark is fulfilled, Summervale will pay a portion of any excess as the incentive fee for Trentwell, and the remainder will be distributed to Green 18.

CDL Executive Chairman Mr Kwek Leng Beng said, "CDL's third PPS is in line with our strategy to grow our funds management business. It is also our first funds management platform where the asset is a purely high-end residential project. The success of our latest PPS initiative reflects investors' confidence in the tremendous value and potential of a rare, freehold product like Nouvel 18, as prices of Singapore's luxury residential segment show signs of bottoming out. There is a return of interest in Singapore's high-end properties due to their competitive pricing compared to other global cities and pent-up demand. Moreover, high-end residential supply remains limited in the medium and long term."

According to a JLL report in February 2016, the average luxury prime residential price in Singapore in Q4 2015 was down about 20% from 2011, and prices of prime properties in other global cities like London, New York and Hong Kong have a 92%, 82% and 165% premium over Singapore.

CDL Chief Executive Officer Mr Grant Kelley said, "Since embarking on our funds management strategy in 2014, CDL is on track to achieve our target of S\$5 billion in funds under management (FUM) within five years. Having successfully executed three PPS platforms to date, we now have over S\$3.5 billion in FUM. Our latest PPS initiative is unique as it has attracted a new pool of untapped Singaporean high net worth investors, as compared to the previous two which targeted institutional investors. The funds raised will also allow us to unlock shareholder value and further recycle capital for our growth plans."

In 2014, CDL partnered with Blackstone's Tactical Opportunities Fund and CIMB Bank Berhad, Labuan Offshore Branch for the S\$1.5 billion PPS that invests in the cashflows of CDL's upscale properties in Sentosa Cove, called the Quayside Collection. In 2015, CDL executed its second PPS platform involving a joint investment with Alpha Investment Partners Limited in a S\$1.1 billion office portfolio comprising CDL's prime office buildings, Central Mall (Office Tower), Manulife Centre, and 7 & 9 Tampines Grande.

Nouvel 18 is situated on an exclusive prime site of approximately 112,098 sq ft, tucked away in a quiet enclave just a few minutes' walk from Orchard Road. Designed by renowned French architect, Jean Nouvel, the project has a chic, modern façade and plentiful vertical and horizontal greenery.

Please refer to Annex for more information on Nouvel 18.

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ANNEX:

FACT SHEET

NOUVEL 18



Address	16 and 18 Anderson Road
Development Layout	Two 36-storey towers of apartments
Tenure of Land	Freehold
Site Area	Approximately 10,414 square metres / 112,098 square feet
Number of Apartments	156

Configuration/ Sizes	2-Bedroom + Study	1,335 – 1,539 square feet: 26 units
	3-Bedroom	1,582 – 1,679 square feet: 23 units
	3-Bedroom + Study	1,765 – 1,862 square feet: 33 units
	4-Bedroom + Study	2,476 – 3,337 square feet: 69 units
	Penthouse	4,306 – 6,458 square feet: 5 units
Recreational Facilities	<ul style="list-style-type: none"> • Swimming Pool • Water Feature • Pool Deck • Jacuzzi • BBQ Pit • The Club <ul style="list-style-type: none"> - Indoor/ Outdoor Gourmet Dining - Screening Room, Changing Rooms • Children’s Playground • Tennis Court • Tiered Seating • Green Lawn • Glass Lift • Block 16 Sky Terrace <ul style="list-style-type: none"> - Level 14 <ul style="list-style-type: none"> ○ Aqua Veranda • Block 18 Sky Terrace <ul style="list-style-type: none"> - Level 10 <ul style="list-style-type: none"> ○ Forest Conservatory - Level 11 <ul style="list-style-type: none"> ○ Fitness Arena, Therapeutic Patio - Level 14 <ul style="list-style-type: none"> ○ Wellness Terrace, Gourmet Pavilion - Level 19 <ul style="list-style-type: none"> ○ Sky Botanique - Level 24 <ul style="list-style-type: none"> ○ Meditation Garden 	