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Miscellaneous

* Asterisks denote mandatory information

Name of Announcer *	CITY DEVELOPMENTS LIMITED
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Announcement is submitted with respect to *	CITY DEVELOPMENTS LIMITED
Announcement is submitted by *	Enid Ling Peek Fong
Designation *	Company Secretary
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>> Announcement Details

The details of the announcement start here ...

Announcement Title * Announcement by Subsidiary Company, Millennium & Copthorne Hotels plc on Proposed Acquisition and Development of site in Ginza District, Tokyo, Japan

Description Please refer to the attached announcement issued by Millennium & Copthorne Hotels plc on 8 July 2011.

Attachments

 [AcquisitionGinza08072011.pdf](#)

Total size = **26K**
(2048K size limit recommended)

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MILLENNIUM & COPTHORNE HOTELS PLC

Proposed Acquisition and Development of site in Ginza District, Tokyo, Japan

Millennium & Copthorne Hotels plc ("**M&C**") is pleased to announce that it will extend its global hotel portfolio with a new property in the Ginza district of Tokyo, Japan. This will be M&C's first investment in the Japanese hotel market.

CDL Hotels Holdings Japan Limited (the "**Company**") (a wholly-owned subsidiary of M&C) has today entered into a conditional purchase and sale agreement (the "**Land PSA**") with Cosmos Initia Co., Ltd. (the "**Seller**") for the acquisition by the Company (or its assignee) of a land site located at Ginza 5-chome, Chuo-Ward, Tokyo, Japan (the "**Land**") together with the building thereon known as "Ginza Crest Building" (the "**Building**", the Land and the Building collectively referred to as the "**Property**").

The Land comprises of four lots (Lots 204-1, 204-12, 204-13 and 204-14), of which three lots (namely, Lots 204-1, 204-12 and 204-14) are in the nature of freehold, and the remaining lot (namely, Lot 204-13) is a 30-year leasehold interest commencing in 2009 which is presently leased by the Chuo-ward to the Seller.

The Seller is listed on the JASDAQ Securities Exchange in Japan, with its principal business in real estate sales, brokerage, leasing and renovation.

The purchase price for the Property is ¥9.5 billion (£73.6 million)¹ ("**Purchase Price**"). On the date of the Land PSA, the Company has paid the Seller a deposit of 10% of the Purchase Price and the remaining Purchase Price will be paid, in cash, on completion which is expected to take place on 30 September 2011, subject to the fulfillment of certain conditions precedent. The deposit will be refundable to the purchaser in the event that the Land PSA is terminated.

It is the intention of M&C that a special purpose vehicle known as a Tokutei Mokuteki Kaisha will be set up in Japan to hold the Property at completion of the Land PSA. M&C may also invite other investors to participate in this investment in Japan, with the objective of managing project risks and improving group-level returns but M&C will hold a majority stake in the overall investment. Depending on the outcome of these deliberations, the relevant announcements will be made at the appropriate time, where so required.

Following completion, M&C intends for the Building to be demolished and construction undertaken of a new development on the Land which as presently envisaged will comprise a deluxe hotel with approximately 325 rooms ("**Hotel Premises**") and separate dining and carpark facilities. The construction of the new building is presently envisaged to be completed no later than the fourth quarter of 2014.

The above development project will be project managed by Mitsui Fudosan Co., Ltd ("**MFC**"). In addition, negotiations are underway for the purchaser to grant a fixed term lease of the Hotel Premises to MFC upon the completion of the construction of the new development on the Land, and for MFC (or its affiliates) to operate the Hotel Premises as an international hotel which will serve the domestic and international guests, both in the leisure and Corporate segments, and under a co-branding arrangement involving the "Millennium" and "Mitsui Garden Hotel" hotel brands. It is envisaged that the parties will finalise the principal terms of the above master lease at completion of the acquisition of the Property.

Arising from the above, the Company has concurrently with the signing of the Land PSA entered into the following agreements with MFC:

- (a) a Project Management Services Agreement pursuant to which MFC will, among other things, promote and manage the development project on the Land; and
- (b) a Memorandum of Understanding to set out the intention to effect the above master lease of the Hotel Premises and other related arrangements.

MFC and its subsidiaries are the largest comprehensive real estate group in Japan. For the financial year ending 31 March 2010, MFC's revenue stood at ¥1,385 billion with net income of ¥60 billion. The Mitsui Garden Hotel chain currently operates five hotels in Tokyo, and approximately 4,000 hotel rooms at 17 locations throughout Japan.

M&C's current preliminary estimate of the total investment cost for the proposed acquisition and development of the Property is approximately ¥14.56 billion (approximately £113 million)¹. On this basis, this project presents an opportunity for the M&C group to gain a foothold in prime real estate in Ginza, Tokyo at the projected cost of approximately ¥45 million (approximately £349,000)¹ per room key for hotel on a completed basis.

M&C Chairman, Kwek Leng Beng said, "We have been trying to secure a hotel presence for the M&C group in Tokyo (being a key gateway city) since the mid-1990s. As is common knowledge, however, securing a hotel presence in the Ginza prime real estate area in Tokyo has been virtually impossible unless a buyer is willing to pay a high premium. Through the collaborative efforts of Mitsui Fudosan Co., Ltd, I am pleased that the M&C group has now been able to secure this prime acquisition opportunity at an acceptable price in a very desirable location. Mitsui Fudosan group and the Hong Leong Investment Holdings Pte Ltd group in Singapore ("**Hong Leong Group**") have been business associates since the mid 1960s, and this is just another instance where the M&C group has leveraged off the experience and contacts of the Hong Leong Group to its advantage."

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¹ Based on £1 =Yen 129.00 as at 28 June 2011