



**CITY
DEVELOPMENTS
LIMITED**

News Release

7 June 2019

CDL LAUNCHES TAKEOVER OFFER FOR MILLENNIUM & COPTHORNE HOTELS, SUPPORTED BY IRREVOCABLE UNDERTAKINGS FROM KEY MINORITY SHAREHOLDERS

- Move is in line with CDL's strong focus on boosting recurring income and enhancing underperforming assets
- A privatised M&C will be in the best position to navigate the increasingly challenging and competitive global hospitality landscape with agility and nimbleness
- Pre-conditional final cash offer for the remaining 34.8% of M&C not already held by CDL, at 685 pence for each M&C share, which is final and will not be increased
- Secured irrevocable undertakings for approximately 43.6% of the M&C shares not already owned by CDL
- Final Offer Consideration represents an increase of 65 pence from the previous cash offer of 620 pence per M&C share (which included a special dividend of 20 pence per share), and a premium of approximately 37.0% to M&C's closing price¹
- Final Offer values the entire issued and to be issued ordinary share capital of M&C at £2.23 billion (approximately S\$3.86 billion²)
- The maximum cash consideration payable by CDL amounts to £776.29 million (approximately S\$1.34 billion²)

The boards of City Developments Limited (CDL) and Agapier Investments Limited (Bidco), an indirect wholly owned subsidiary of CDL, and the independent directors of Millennium & Copthorne Hotels Plc (M&C) have reached an agreement on the terms of a recommended pre-conditional final cash offer where Bidco will acquire the entire issued and to be issued ordinary share capital of M&C not already held by CDL. Currently, CDL owns approximately 65.2% of M&C. This offer is final and will not be increased.

M&C shareholders will be entitled to receive a cash amount of 685 pence for each M&C share. This represents a premium of approximately 37.0% to M&C's closing price¹. It is also an increase of 65 pence from the previously recommended final cash offer of 620 pence per M&C share (which included a special dividend of 20 pence per share) made to M&C shareholders on 21 December 2017. The previous offer lapsed on 26 January 2018 because CDL did not satisfy the minimum acceptance condition of more than 50% of M&C's shares that it did not already own.

Irrevocable Undertakings from Key Minority Shareholders and Support of Independent Directors

This time, CDL has received irrevocable undertakings to accept the Final Offer from JNE Partners LLP, MSD Capital, L.P., International Value Advisers, LLC, Classic Fund Management AG and BWM AG. These key minority shareholders hold a total of 49,268,604 M&C shares representing approximately 43.6% of the M&C shares not already owned by CDL. Further, M&C's independent directors, who have been advised by Credit Suisse, consider that the terms of the Final Offer are fair and reasonable, and intend unanimously to recommend that M&C shareholders accept the Final Offer.

The Final Offer values the entire issued and to be issued ordinary share capital of M&C at £2.23 billion (approximately S\$3.86 billion²). The maximum cash consideration payable by CDL amounts to £776.29 million (approximately S\$1.34 billion²) which will be funded through a combination of internal cash resources as well as funds made available to CDL under a credit facility.

¹ Closing price of 500 pence based on the closing middle market price of a M&C share on 6 June 2019.

² Based on an exchange rate of S\$1.7317 to £1 as at 6 June 2019.

Benefits of the Privatisation

CDL has been a highly supportive shareholder since M&C's initial public offering on the London Stock Exchange in 1996. M&C faces a number of challenges and a highly competitive landscape. It would require significant and targeted capital investment to reposition assets as part of its long-term strategy.

Mr Sherman Kwek, CDL's Group Chief Executive Officer, said, "Taking M&C private is in line with CDL's strong focus on boosting recurring income and enhancing underperforming assets. We are pleased to have garnered the support of M&C's independent directors and key minority shareholders. The offer enables shareholders to exit an illiquid stock at a significant premium. We believe that a privatised M&C will be in the best position to navigate the increasingly challenging and competitive global hospitality landscape with agility and nimbleness. M&C will be able to leverage CDL's significant resources, comprehensive real estate capabilities and global network to reposition its assets and drive sustainable hotel performance."

Following completion of the Final Offer, CDL intends to work with M&C's management team and employees to meet the operational challenges faced by M&C and to identify opportunities to improve the operating and financing efficiency of its hotels by leveraging on CDL's infrastructure, network, financial resources and execution capabilities. However, given these operational challenges, CDL believes that it will have to become increasingly involved in the operational and financial management of M&C.

CDL intends that M&C will continue to own, lease, manage, franchise, invest in and/or operate hotel assets across a wide geographical landscape. CDL will continue to evaluate opportunities and may make changes to individual hotels within M&C's portfolio to meet the challenges facing its business.

Approvals and Next Steps

As M&C owns land in New Zealand, the Final Offer is subject to a New Zealand Overseas Investment Office (OIO) Pre-Condition relating to the granting of consent and/or receipt of applicable exemptions under the New Zealand Overseas Investment Act 2005 and the New Zealand Overseas Investment Regulations 2005 for the indirect acquisition of interests in sensitive land and significant business assets in New Zealand that would occur if the Final Offer takes place and is successful. In addition to the OIO Pre-Condition the Final Offer is also conditional, amongst other things, on: (i) CDL securing valid acceptances of more than 50% of the M&C issued share capital not already owned by CDL, and (ii) 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.

The making of the Final Offer by the publication of the Offer Document shall take place within 28 days following the satisfaction of the OIO Pre-Condition (or waiver if permitted by the UK Panel on Takeovers and Mergers). When the Final Offer becomes unconditional, M&C will apply for de-listing from the Official List of the UK Financial Conduct Authority.

If any dividend, distribution or other return of value is declared, made, paid or becomes payable by M&C on or after 7 June 2019, the Final Offer Consideration shall be reduced accordingly. In such circumstances, M&C shareholders would be entitled to retain the dividend, distribution or other return of value declared, made or paid.

Barclays Bank PLC and Merrill Lynch (Singapore) Pte. Ltd. are acting as the joint financial advisers and Linklaters LLP is acting as legal adviser to CDL.

About CDL

CDL is a leading global real estate operating company with a network spanning 103 locations in 29 countries and regions. Listed on the Singapore Exchange, the CDL group is one of the largest companies by market capitalisation. The CDL group's geographically-diverse portfolio comprises residences, offices, hotels, serviced apartments, integrated developments and shopping malls.

With over 55 years of experience in real estate development, investment and management, CDL has developed over 43,000 homes and owns over 18 million square feet of lettable office, industrial, retail, residential and hotel space globally.

www.cdl.com.sg

About M&C

M&C is an international hotel group which owns, leases, manages, franchises, invests in and/or operates 140 hotels in over 26 countries around the world. M&C's shares are listed on the premium segment of the Official List of UK's Financial Conduct Authority and are admitted to trading on the Main Market of the London Stock Exchange.

www.millenniumhotels.com

This press release should be read in conjunction with the full text of the "Recommended Pre-Conditional Final Cash Offer" announcement dated 7 June 2019, jointly released by the boards of CDL, Bidco and the M&C independent directors on the London Stock Exchange which is available at CDL's website at www.cdl.com.sg/Millennium-offer

For media enquiries, please contact:

Belinda Lee
Head, Investor Relations and
Corporate Communications
City Developments Limited
(Regn No: 196300316Z)

Tel: (65) 6877 8315
Email: belindalee@cdl.com.sg

Tan Hock Lee
Senior Manager,
Corporate Communications
City Developments Limited

Tel: (65) 6877 8369
Email: hocklee@cdl.com.sg