



**CITY
DEVELOPMENTS
LIMITED**

Trusted
Since
1963

Charting the Next Phase of Growth in China

15 May 2019

Agenda I

- Strategic Investment into Sincere Property Group
- Sincere – One of China's Top 100 Developers
- Financial Impact
- Charting the Next Phase of Growth in China





STARLIGHT
星光68廣場

Strategic Investment
into Sincere
Property Group



Investment Overview



**CITY
DEVELOPMENTS
LIMITED**



SINCERE® 协信远创

让建筑具有生命

Proposed Transaction

- City Developments Limited (CDL) entered into agreements to acquire an effective equity stake of approximately 24% in Sincere Property Group (Sincere)

Sincere

- An established real estate group with over 20 years' track record
- One of China's Top 100 Developers¹
- One of China's Top 10 Business Park Developers and Operators²
- Sizable contracted sales of RMB 21.3 billion (S\$ 4.3 billion³) in 2018

Investment Consideration

- Total consideration of RMB 5.5 billion (S\$ 1.1 billion)
- Comprises share subscription and a 4-year interest bearing loan⁴

Timeline

- Stage 1 was completed in the form of a loan
- Stage 2 comprises share subscription and loan, expected to be completed by Q4 2019

Separate Asset Acquisition

- Acquire 70% stake of a prime commercial asset from Sincere for RMB 1.2 billion (S\$ 247 million)⁵
- Target asset is Shanghai Hongqiao Sincere Centre (Phase 2)
- Completion expected by Q3 2019

Notes:

1. 2019 Ranking by China Real Estate Association (中国房地产业协会)
2. 2019 Ranking by Guandian (观点地产)

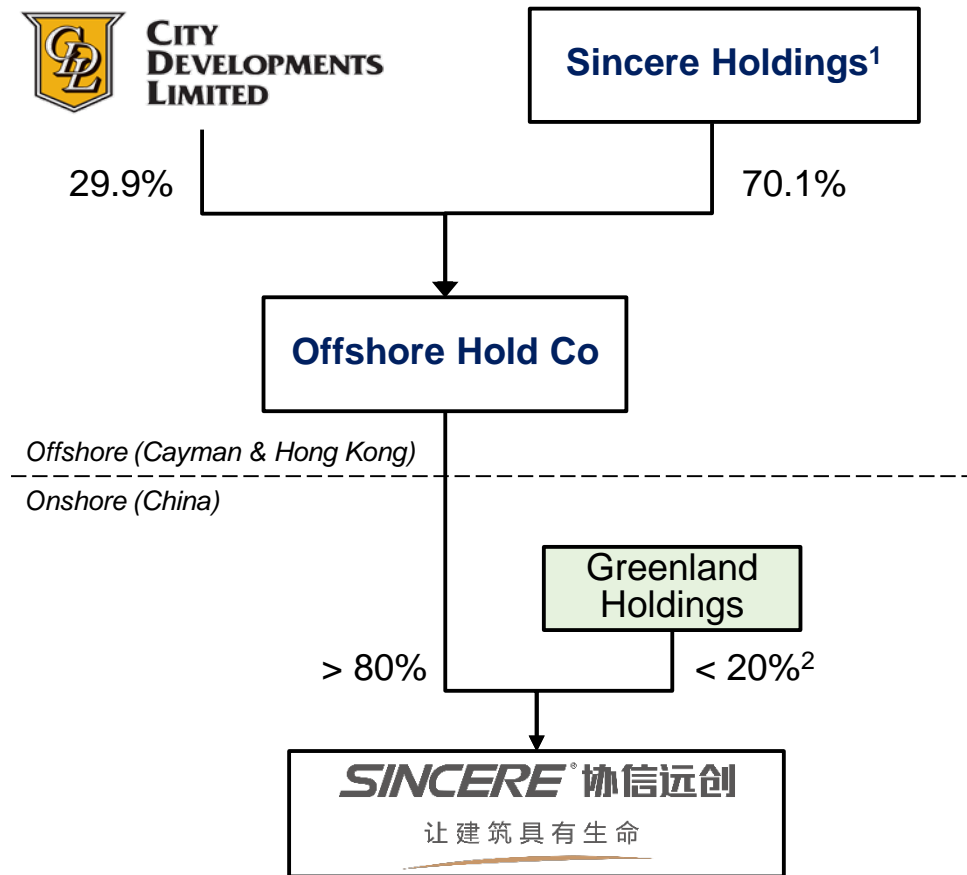
3. Exchange rate used is S\$1 : RMB 4.95

4. Part of the loan will be converted to equity at Stage 2 completion

5. On 100% basis, the property value is RMB 1.75 billion (S\$ 354 million)



Post Completion Investment Structure



CDL's Effective Equity Stake³ in Sincere will be approximately **24%**, becoming second largest shareholder after its founder

CDL will have Board Representation at both offshore and onshore levels, and will have rights to participate in key decision making


Notes:


1. Sincere Holdings is 100% owned by the founder and chairman, Mr Wu Xu
2. Percentage is subject to further discussion with Greenland Holdings
3. 24% effective shareholding is calculated based on offshore x onshore stake (29.9% x ~80%)



Investment Rationale

A transformational investment to accelerate growth in China

- 1 Attractive Price**

 - Acquisition at attractive entry price for CDL
 - Entered into the investment at an opportune time
- 2 Immediate Scale**

 - Expand geographical presence from 3 to 20 cities in China
 - Increase CDL's global portfolio allocation in China from 9% to 15%
- 3 Growth Potential**

 - Access to pipeline of 70 development projects with land bank of 12.6 million sqm
 - More than 90% of the land bank in Tier 1 and 2 cities
 - Broaden asset classes to include business parks and serviced apartments
- 4 Strategic Fit**

 - Sincere provides local capabilities with over 1,800 professionals across 20 cities
 - CDL contributes international expertise and capital markets connections to help Sincere tap international and resources



Acquisition of Sincere's Prime Asset in Shanghai

Acquire 70% Stake of Shanghai Hongqiao Sincere Centre (Phase 2)

- In addition to the platform investment, CDL has entered into agreement to acquire 70% stake in one of Sincere's prime commercial assets in Shanghai
- Strategically located in the heart of Hongqiao CBD and within 10 minutes' drive to one of China's most important transportation hubs which consists of Hongqiao Airport, Railway and Subway Stations

Transaction Value

RMB 1.2 billion¹

or

RMB 49,000 psm

Stabilised NOI Yield

~ 4%

GFA

35,739 sqm

Property Type

11 blocks

Comprising office,
a 132-room serviced apartment,
retail on ground floor and carpark



Notes:

1. CDL's investment is RMB 1.2 billion for 70% stake. On 100% basis, the property value is RMB 1.75 billion

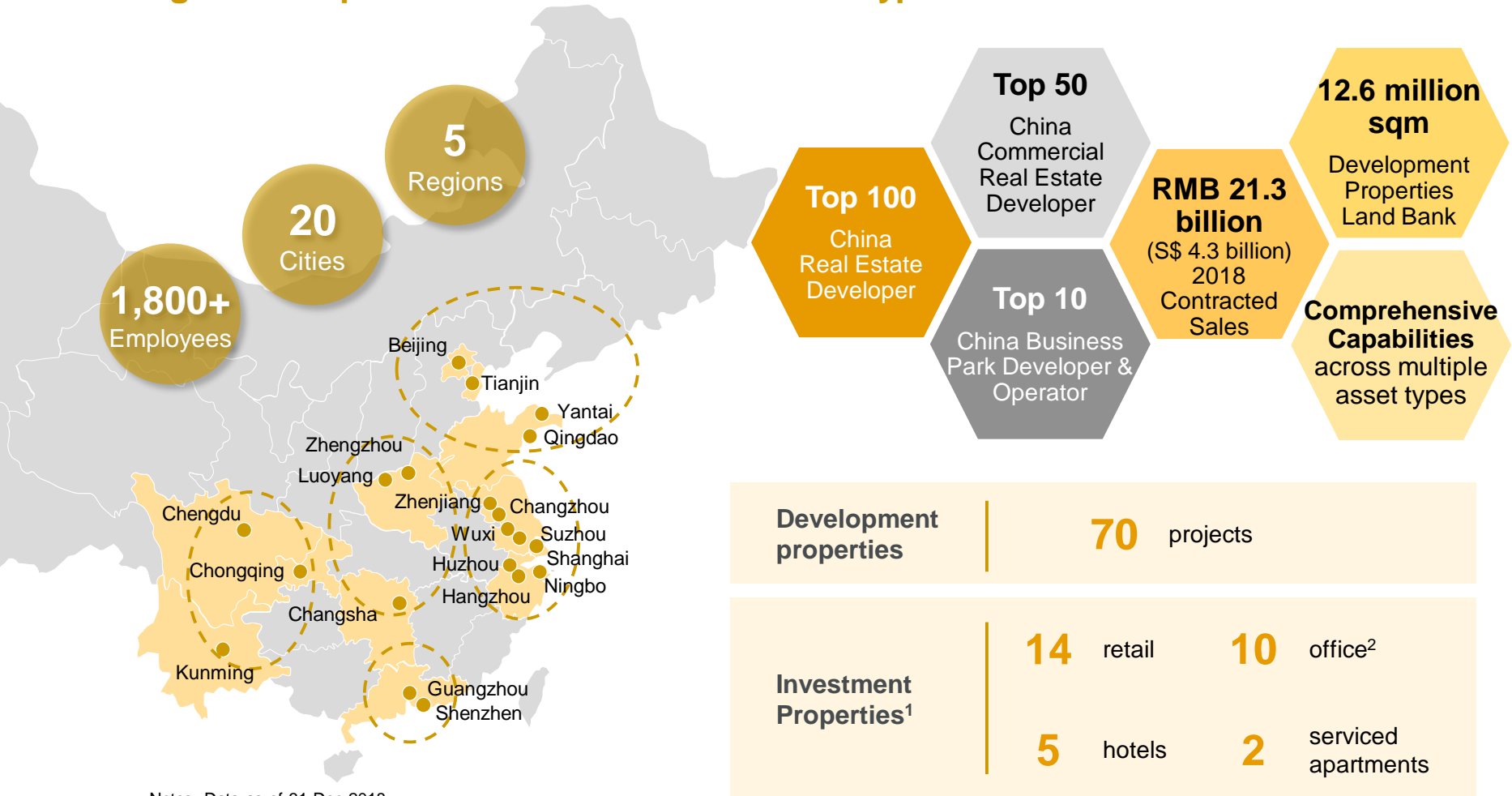




Sincere
One of China's Top 100
Developers

Overview of Sincere

An established real estate developer with comprehensive development and asset management capabilities across different asset types



Notes: Data as of 31 Dec 2018

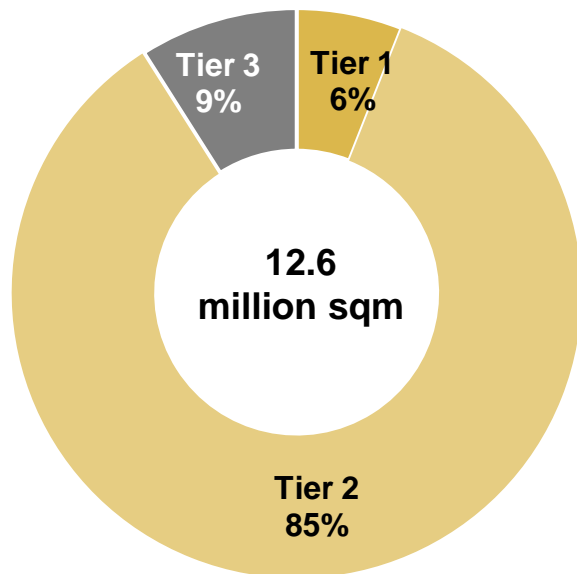
1. Includes both in operation and under development
2. Includes 2 self-use offices in Shanghai and Chongqing



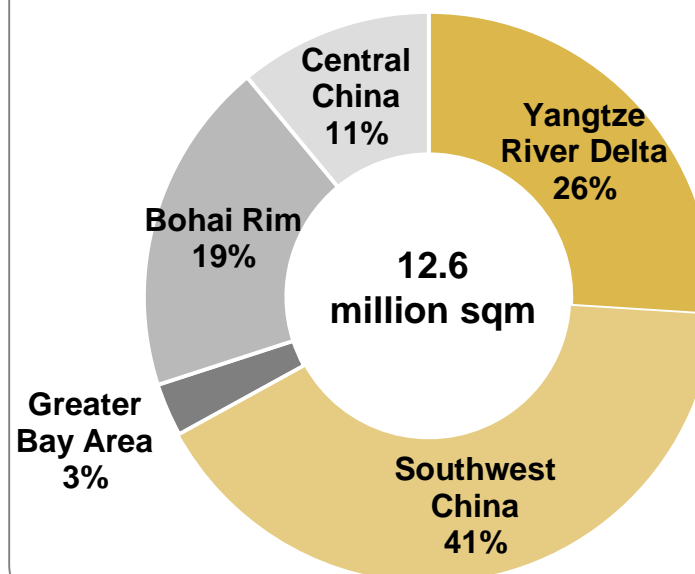
Substantial Land Bank to Support Future Growth

- Over 90% of land bank¹ located in Tier 1 and 2 cities
- 45% of land bank in developed regions of Yangtze River Delta and Bohai Rim
- 55% in fast growing Southwest China (mostly Chengdu & Chongqing), Greater Bay Area and Central China

Land bank by city tier²



Land bank by region



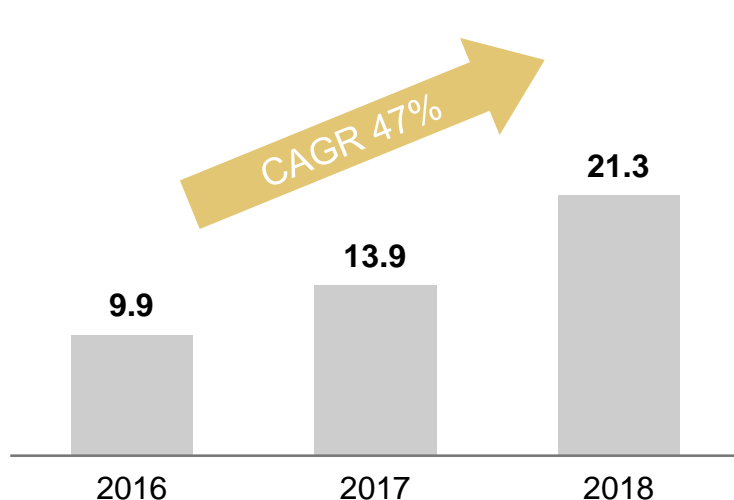
Notes: Data as of 31 Dec 2018

1. Total land bank equals to the sum of (i) total GFA available for sale for completed properties, (ii) total GFA for properties under development, and (iii) total GFA for properties held for future development; GFA available for sale of completed projects refers to the saleable GFA pre-sold/unsold
2. Tier 1 cities where Sincere has presence include Beijing, Shanghai, Guangzhou, Shenzhen; Tier 2 cities include Tianjin, Chongqing, Chengdu, Zhengzhou, Qingdao, Yantai, Suzhou, Hangzhou, Wuxi, Ningbo, Changsha, Kunming, Changzhou; Tier 3 cities include Huzhou, Zhenjiang, Luoyang

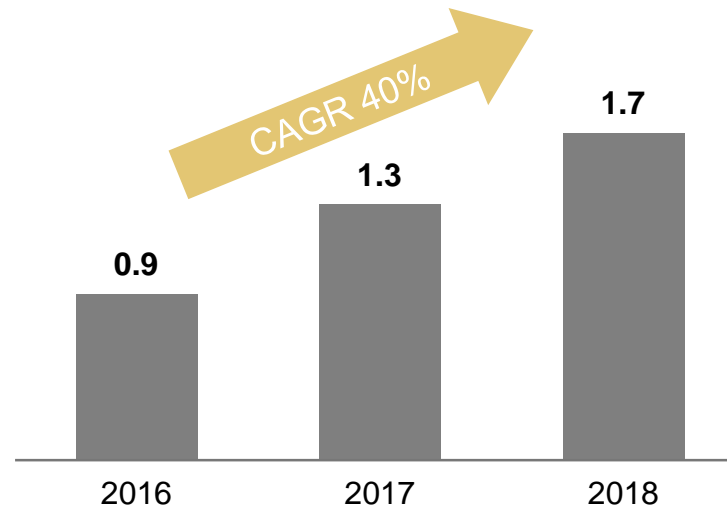


Rapid Growth in Contracted Sales to Achieve Scale

Contracted sales (RMB billion)



Contracted GFA (million sqm)



- 47% and 40% of CAGR from 2016-2018 for contracted sales and contracted GFA, respectively
- Strong momentum supported by expanding business and growing land bank



Wide Range of Residential Development Products

Full spectrum ranging from high-end to mass market (including villa, low-rise and high-rise residential apartments)



Sincere Arcadia, Chongqing
(High-end villa)
重庆协信·阿卡迪亚

MAIN PRODUCT LINES

High-end



Jinglan Peak, Chongqing
重庆敬澜山



Xingluyuan, Chengdu
成都星鹭原

Mid to high-end



Xingyue, Huzhou
湖州协信星悦



Tianjiao, Qingdao
青岛天骄观澜国际

Mass market



Xinglanhui, Changsha
长沙星澜汇



Tianyujiayuan, Wuxi
无锡天谕骄园



Growing Retail Portfolio

Established platform covering retail property development, management and operation

- 7 retail malls in operation (GFA ~400,000 sqm) and 7 under development (GFA ~300,000 sqm)
- Further expansion via third party management contracts



High-end shopping mall



Starlight 68 (Phase 1),
Chongqing
重庆星光68 (一期)



Starlight 68 (Phase 2 under
development), Chongqing
重庆星光68 (二期)

Mid to high-end urban fashion shopping mall



Shibei Starlight Plaza,
Shanghai
上海市北星光广场



Yongchuan Starlight Plaza,
Chongqing
重庆永川星光广场



Nanping Starlight Place,
Chongqing
重庆南坪星光时代广场

Quality community shopping mall



Yubei Starlight World,
Chongqing
重庆渝北星光天地



Daping Starlight World,
Chongqing
重庆大坪星光天地



Starlight Walk,
Qingdao
青岛星光里



Leading Business Park Developer & Operator

Ranked Top 10 Business Park Developer and Operator in China¹



- Tusincere was jointly incorporated by **Sincere** and **Tus Holdings** in 2015
- **Tus Holdings** (启迪控股), is a leading science and technology investment holdings group, leveraging on the network and resources from its parent company, Tsinghua University
- Mixed developments comprising office, residential, retail and research spaces



Shenzhen Tech Park

启迪协信深圳科技园

- Total GFA: 800,000 sqm
- Target high-tech industries



Shanghai Chint Tus Harbor

上海正泰启迪智电港

- Total GFA: 200,000 sqm
- Positioned as a centre for high-end manufacturing



Wuxi Tusincere City

启迪协信无锡科技城

- Total GFA: 1.0 million sqm
- Target high-tech industries



Hangzhou Tusincere City

启迪协信杭州科技城

- Total GFA: 1.8 million sqm
- Positioned as an industrial cluster for digital information, life science and culture innovation

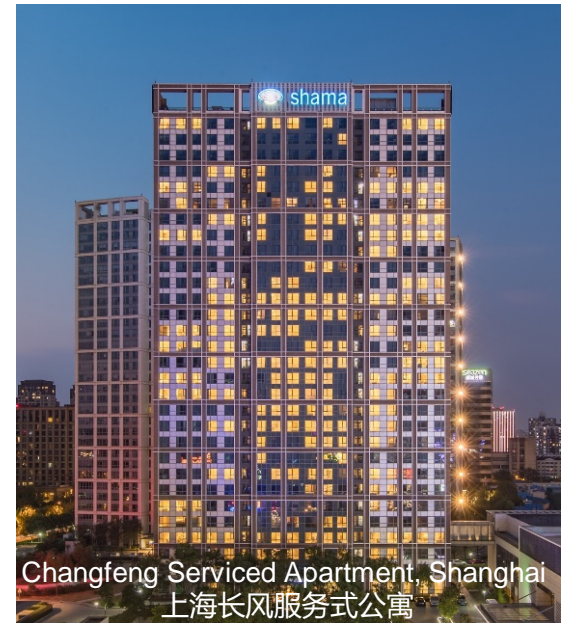


Note: 1. Rating by Guandian in 2019

Wide Range of Serviced Apartments

Includes high-end luxury to mass market projects

- 2 self-owned serviced apartments in Shanghai with 536 rooms commenced operations in 2018
- 6 assets secured with master lease / management contracts in Q1 2019
- Pipelines in discussion for further expansion



Ongoing Plans to Open New Hotels by 2021

Target to hit ~1,400 hotel room keys

1 Chongqing Jiangbei Doubletree by Hilton In operation since Nov 2011



- Location: Chongqing Jiangbei Guanyinqiao CBD
- No. of rooms: 284

2 Chengdu Hilton Hotel In operation since Feb 2019



- Location: Chengdu Fuqin Road, Chenghua District
- No. of rooms: 298

3 Chongqing YongChuan Hotel To be opened by 2019



- Location: Chongqing Yongchuan District
- No. of rooms: 135

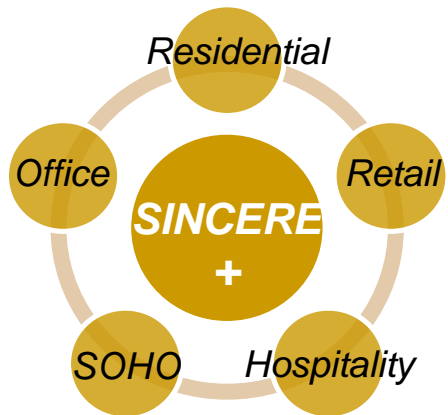
4 5 2 luxury hotels, Zhengzhou New CBD To be opened by 2021



- Location: Zhengdong New District, Zhengzhou
- No. of rooms: 680 in total for 2 hotels



Integrated Capabilities through “Sincere+”



- Full suite of development capabilities in different sectors
- Experienced in large-scale mixed development
- Wide collaboration with strategic partners



Zhengzhou Financial Island

- Helmed as the new CBD of Zhengzhou and future financial centre of Central China
- Sincere’s joint venture is the major developer for the island, currently working on developments with GFA of 2.6 million sqm¹
- Comprises offices, serviced apartments, hotels and a retail component²

Notes:

1. Sincere’s joint venture entity owns GFA of 1.2 million sqm (12 land parcels). Sincere is also development manager for an additional GFA of 1.4 million sqm (10 land parcels)
2. Sincere will manage and operate the retail mall upon completion of project





shama

Seazen

Financial Impact |

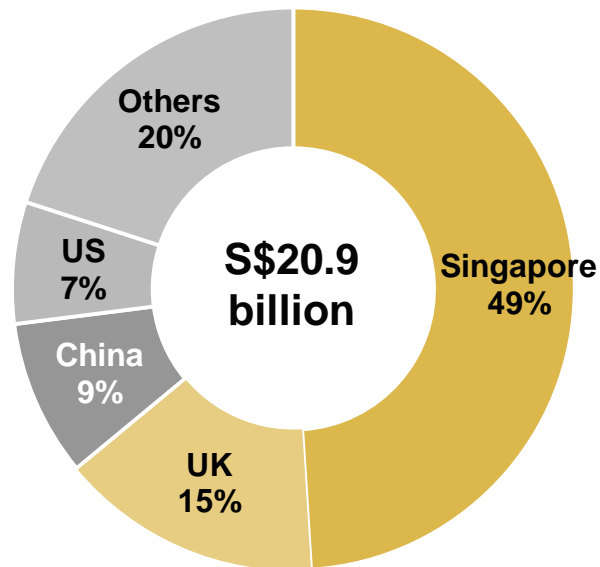


CDL's Global Portfolio Allocation

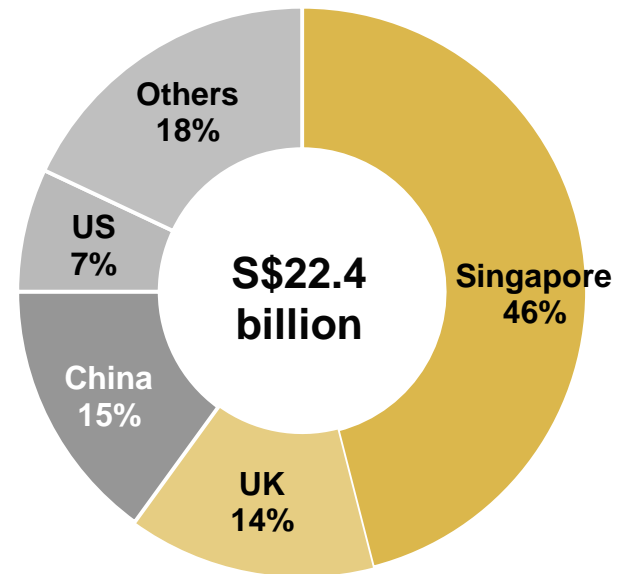
Deepening presence in China market with reasonable allocation increase

- From 9% before acquisition to 15% post acquisition

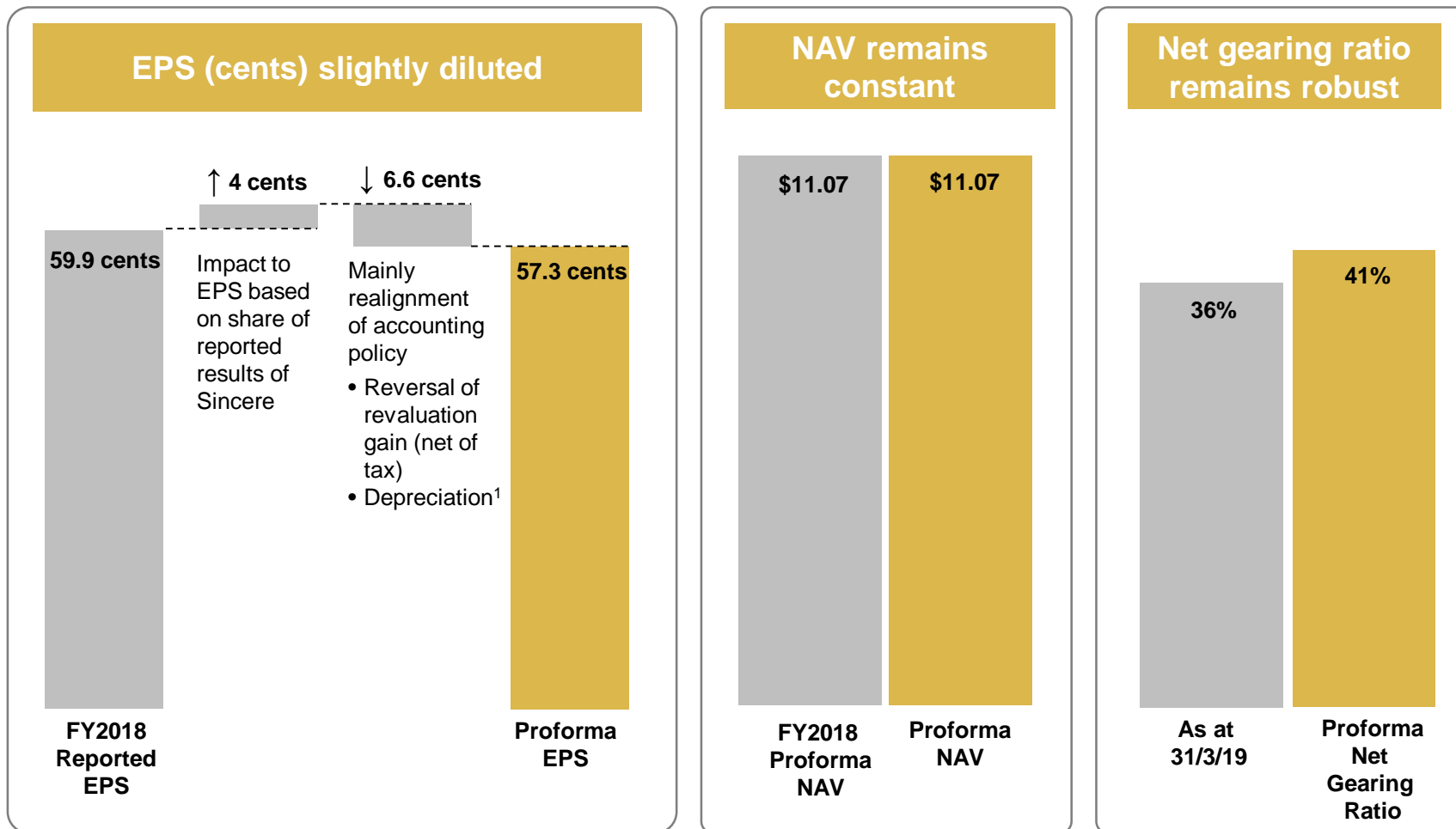
Before Acquisition (FY 2018)



Post Acquisition (Proforma)



Proforma Financial Impact to CDL Group



Note:

1. Depreciation is based on estimation of the Purchase Price Allocation (PPA) to the assets of Sincere. Detailed PPA will be carried out upon completion.

Healthy Future Revenue Recognition from Sincere

Pre-sold approximately RMB 24 billion (S\$ 4.85 billion) as of end 2018, to be booked as revenue for Sincere from 2019 to 2021 upon property handover



Notes: Images are artist's impressions

1. Include the sales of both residential and commercial GFA

Transaction Advisors

Financial Advisor



Legal Advisor

FANGDA PARTNERS
方達律師事務所





**Charting the
Next Phase of Growth
in China**



Alignment with CDL Group GET Strategy

Accelerate Transformation of Asset Portfolio and Business Operations for Growth

Growth
Enhancement
Transformation



Growth

- Build development pipeline & recurring income streams

Enhancement

- Enhance asset portfolio
- Drive operational efficiency



Transformation

- Transform business via new platforms:
Strategic Investments,
Fund Management,
Innovation &
Venture Capital



Driving the Next Phase of Growth in China



1

Accelerate Growth of CDL's Portfolio in China

2

Enhance and Deepen CDL's Expertise

3

Combine Local and International Capabilities



1

Accelerate Growth of CDL's Portfolio in China

Achieve scale and attractive returns through immediate access to enlarged portfolio as well as potential JV opportunities in Tier 1 & 2 cities

Current Presence
(Pre acquisition)

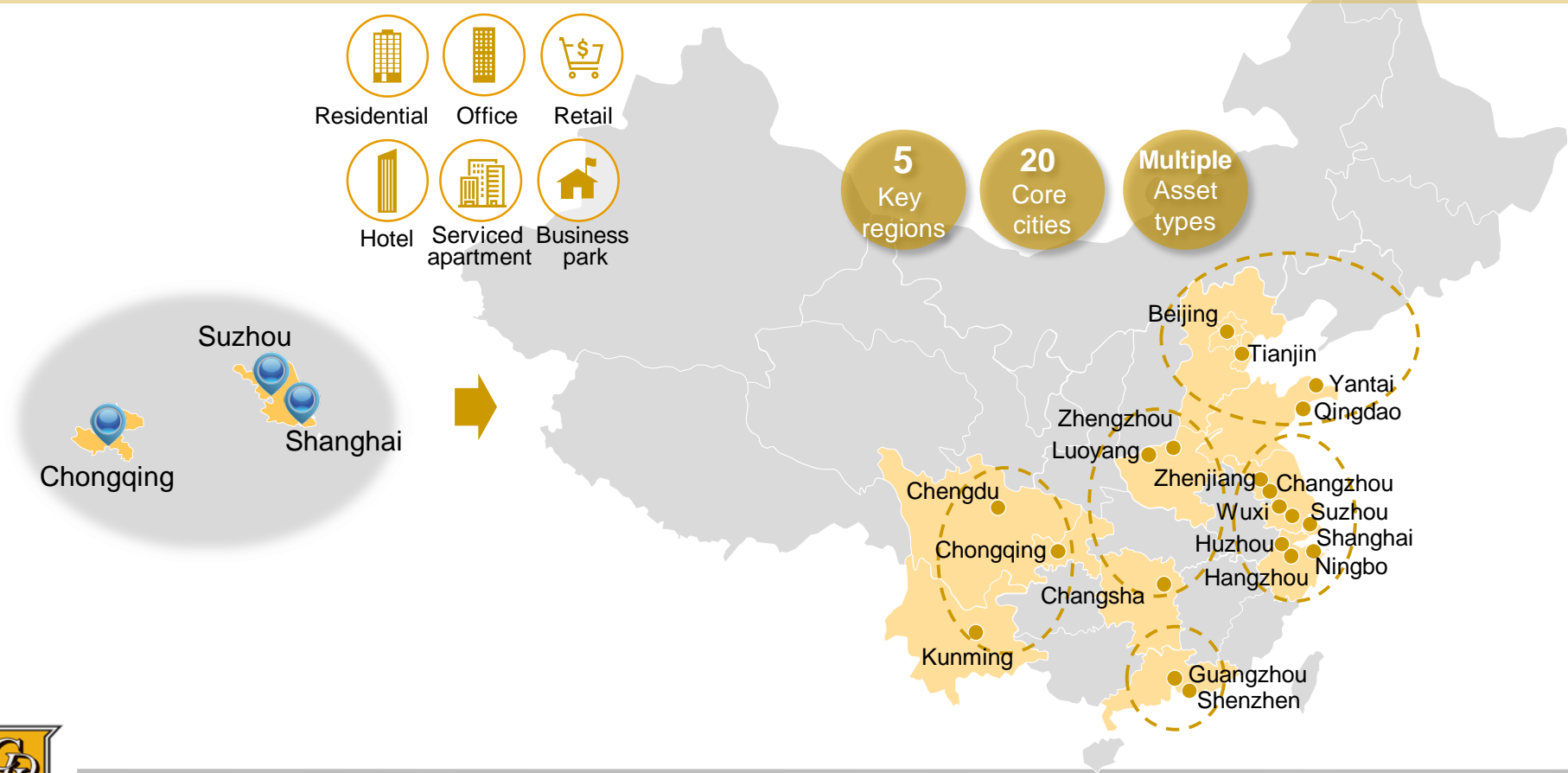
Expanded Future Access
(Post acquisition)

- Residential
- Office
- Retail
- Hotel
- Serviced apartment
- Business park

5 Key regions

20 Core cities

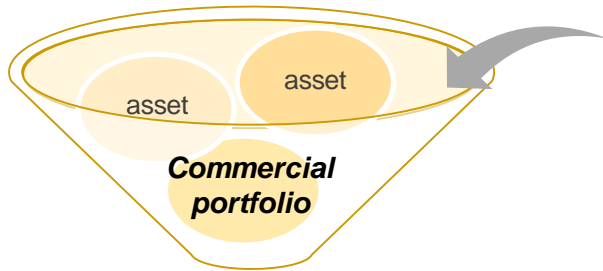
Multiple Asset types



1

Accelerate Growth of CDL's Portfolio in China

Through opportunities from development pipeline and market acquisition



- Identify opportunities with attractive value (e.g. during development stage)
- Seek value added opportunities
- Focus on Tier 1 and key Tier 2 cities

Existing Portfolio



Hong Leong City Centre, Suzhou

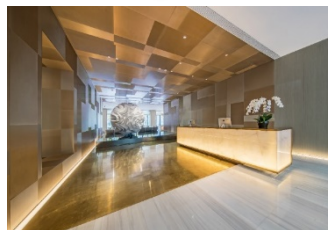


Yaojiang International, Shanghai



Hong Leong Plaza, Shanghai

Recent Acquisition



Hongqiao Sincere Centre (Phase 2), Shanghai¹

Potential Future Collaboration



Xinhua Sincere Centre, Chongqing



Sincere Centre, Qingdao



Nanping Starlight Place, Chongqing



Shibe Starlight Plaza, Shanghai



Note: 1. CDL acquired 70% stake of Hongqiao Sincere Centre (Phase 2)

2

Enhance and Deepen CDL's Expertise

Significant enhancement of CDL's overall asset management capabilities

CDL's existing platforms and investments



Sincere's value-add product offerings & capabilities



Boulevard 88



Amber Park



Residential



Sincere Gongguan



Jinglan Peak



Office

Leading co-working operator



Retail



Established platform for retail property development and management



Apartment Rental

Fast growing apartment rental platform



Business Park



Top 10 Business Park Developer and Operator



Hotel

International hotel owner and operator



Serviced Apartment



Specialised in serviced apartment management

Active Value Creation via Professionally Managed Platform

Support Potential Fund Management Business



3

Combine Local and International Capabilities

Leveraging on enlarged resource pool to create competitive advantages

- Strong local execution capabilities supported by a sizeable team from Sincere
- Achieve significant competitive edge with Sincere’s local networks and partnerships coupled with CDL’s international expertise and capital markets connections



International Expertise



Capital Markets Connections



Innovation



Sustainability



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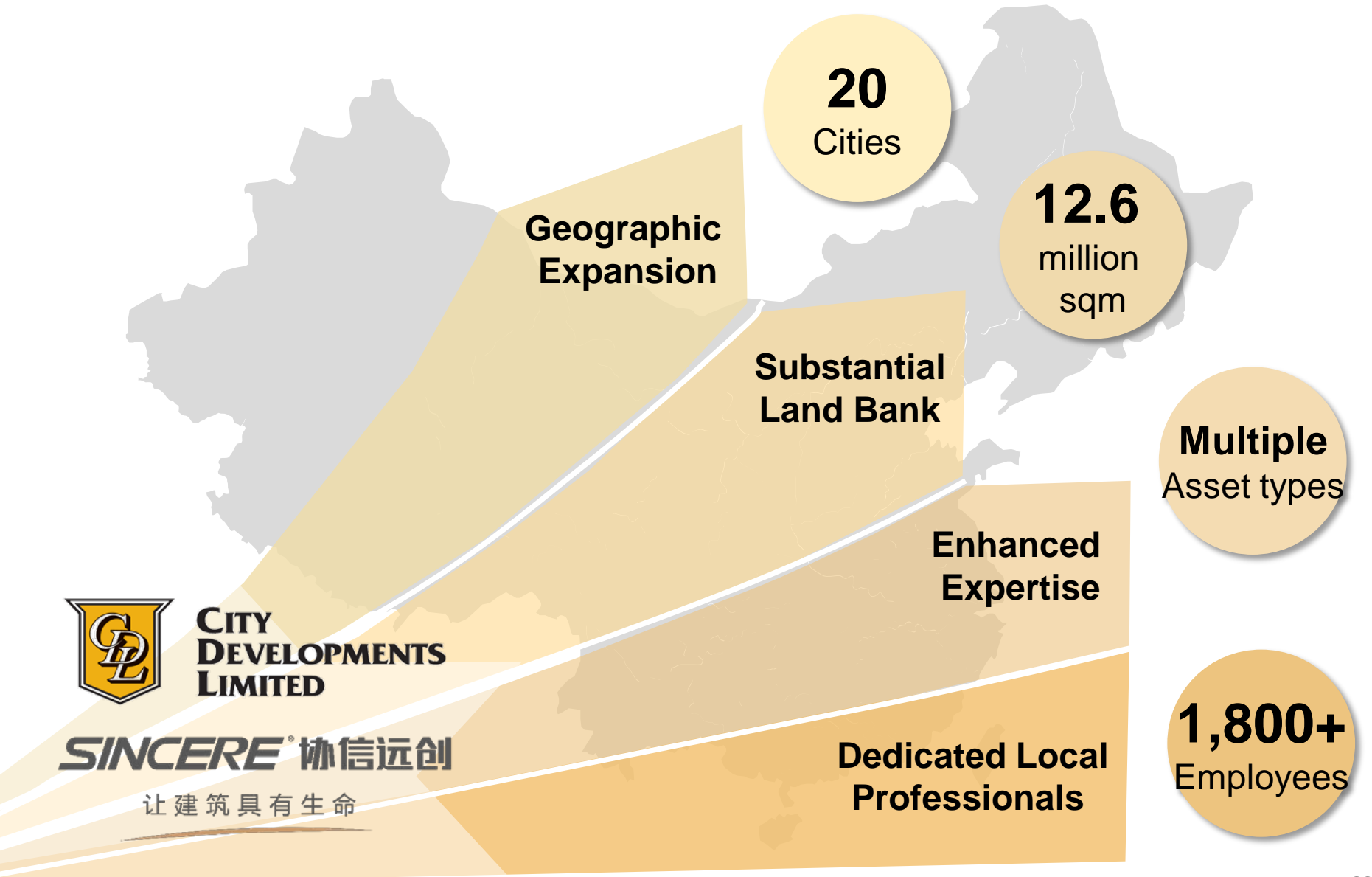
1,800+
Employees across
20 cities



Extensive
networks and
partnerships



The Game Changer





CITY
DEVELOPMENTS
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Trusted
Since
1963

G > E > T > R E A D Y

G R O W T H > E N H A N C E M E N T > T R A N S F O R M A T I O N

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