City Developments Limited (CDL) has entered into an agreement with Alpha Investment Partners Limited (Alpha), through Alpha Asia Macro Trends Fund II (AAMTF II), to create a joint office investment platform via its second Profit Participation Securities (PPS) transaction that will acquire three of CDL’s prime office assets. Through this transaction, both CDL and AAMTF II will jointly invest in an office portfolio with a total value of approximately S$1.1 billion.

The three prime office assets to be acquired by the joint investment entity, Golden Crest Holdings Pte. Ltd., include:

- Central Mall (Office Tower) – S$218.0 million
- 7 & 9 Tampines Grande – S$366.0 million
- Manulife Centre – S$487.5 million

Alpha and CDL will co-finance the portfolio in the ratio of 60:40.

Investors in the PPS transaction will, in addition to a participation in asset divestment, be entitled to a fully secured fixed coupon payout of 5% interest per annum for a period of five years, in relation to a component of the PPS transaction involving the subscription of bonds. The transaction provides AAMTF II with preferred returns to an internal rate of return of 12.6% per annum, following which CDL will then receive all cash flows until its capital is fully repaid. Thereafter, further upside sharing will occur between AAMTF II and CDL in the proportion of 40:60 respectively.

The total aggregated value of the securities issued in the PPS transaction is S$333.5 million, comprising S$133.3 million of securities subscribed by Bestro Holdings Limited, a wholly-owned subsidiary of CDL and a contribution of S$200.2 million by AAMTF II. Concurrently, DBS Bank Ltd. and Oversea-Chinese Banking Corporation Limited will provide S$750.1 million in senior loan facilities.

CDL Executive Chairman Mr Kwek Leng Beng said, “We are pleased to partner Alpha in this landmark transaction. Over the past two years, we have been advancing our two-pronged diversification strategy of developing new overseas and investment platforms. By building on the success of our first PPS transaction last year, this new initiative allows us to recycle capital for our growth plans. In line with CDL’s long-term investment perspective, we are committed to realising the capital appreciation potential of our real estate assets. By partnering our co-investor Alpha in this new PPS platform, we continue to remain a substantial investor in these prime assets.”
Ms Christina Tan, Managing Director, Alpha, said, “We seek to enhance the performance of assets under AAMTF II through strategic portfolio planning to create value for our investors. The partnership with CDL allows us to invest in a portfolio of well-located office properties in Singapore with opportunities for rental reversions in the medium term. Moreover, the investment in the PPS platform offers a downside protection for AAMTF II with a guaranteed fixed coupon as well as preferred returns with further upside sharing thereafter, giving us the opportunity to participate in the upside potential of the office capital market.”

CDL will continue to manage the office asset portfolio which currently has a strong occupancy of 98%. Its high-quality and diversified tenant base comprises a good mix of large multinational corporations (MNCs), financial institutions, small medium enterprises (SMEs) as well as food and beverage (F&B) outlets, ensuring resilience across different market cycles.

This funds management initiative is CDL’s second PPS. Last year, it 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.

Refer to Annex A for information on the Partners.
Refer to Annex B for information on the Assets.

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ANNEX A: ABOUT THE PARTNERS

About City Developments Limited

A property pioneer since 1963, City Developments Limited (CDL) is a Singapore-listed international property and hospitality conglomerate with businesses in real estate development and investment, hotel ownership and management, facilities management and the provision of hospitality solutions. It is one of Singapore’s largest companies with a current market capitalisation of about S$7 billion.

CDL has an extensive network of more than 400 subsidiaries and associated companies in 25 countries, with five companies listed on notable stock exchanges. The Group currently owns and manages a portfolio of residential, investment and hotel properties.

With over 50 years of experience, CDL has developed over 36,000 luxurious homes across diverse market segments, and is one of Singapore’s biggest landlords. Through CDL’s London-listed subsidiary, Millennium & Copthorne Hotels plc (M&C) – one of the world’s largest hotel chains, the Group owns and manages over 120 hotels globally.

For more information, visit www.cdl.com.sg.

About Alpha Investment Partners

Alpha Investment Partners (Alpha) is a real estate investment advisory firm managed by a team of established professionals with proven fiduciary experience. The gross value of assets under Alpha's management stands at US$8.6 billion when fully invested and leveraged.

Equipped with a strong business network, Alpha’s team of Asian professionals aims to achieve superior investment performance by capitalising on unique and pertinent insights into the region’s property markets. The corporate culture at Alpha is shaped by empowerment and trust. In addition to the expertise it possesses in the area of investment, Alpha establishes the highest standards of corporate governance, reporting and compliance to meet investors’ expectations.
Central Mall (Office Tower)

An integral part of the Central Mall development, which includes conservation buildings, Central Mall (Office Tower) is a 7-storey office building with retail units on ground floor.

Located by the historic Singapore River and near the Central Business District (CBD), the property is a short distance from Raffles Place MRT station and within 8-minute walking distance of Clarke Quay MRT station.

Completed in 1997, the building has a net lettable area of around 132,000 square feet (sq ft).

Its anchor tenants include Langdon & Seah, SDV Asia Pacific Corporate and Holiday Tours & Travel.

7 & 9 Tampines Grande

Designed as a cutting-edge, new generation green office, 7 & 9 Tampines Grande offers close to 288,000 sq ft of lettable space.

Comprising two 8-storey office blocks with retail units on the ground floor, the property is situated in the heart of Tampines Regional Centre.

It is a 5-minute walk to the Tampines bus interchange and MRT station and 10-minute drive to the Changi Airport, and is easily accessible via the Tampines Expressway (TPE), East Coast Parkway (ECP) and Pan Island Expressway (PIE).

Completed in 2009, 7 & 9 Tampines Grande is a Building and Construction Authority (BCA) Green Mark Platinum building.

Anchor tenants include Hitachi, Manulife, ING Bank and BNP Paribas.
Manulife Centre

Strategically located at the junction of Bras Basah Road and Bencoolen Road, beside Bras Basah MRT station, Manulife Centre is an 11-storey office building with retail units on the ground floor.

It is in close vicinity to the CBD and served by another three MRT stations: Dhoby Ghaut, City Hall and the upcoming Bencoolen MRT station.

The building was completed in 1989. It has a net lettable area of approximately 242,000 sq ft.

Anchor tenants include Manulife, Intellectual Property Office, Parexel International and Din Tai Fung (retail).