



**CDL HOSPITALITY TRUSTS**

# Extraordinary General Meetings 23 January 2020



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# Table of Contents



▪ Executive Summary	4
▪ Overview of Proposed Redevelopment Transaction	6
▪ Rationale and Benefits of Proposed Redevelopment Transaction	14
▪ Overview of Proposed Acquisition of W Hotel	20
▪ Rationale and Benefits of Proposed Acquisition of W Hotel	26
▪ Rationale and Benefits of Proposed Transactions	32
▪ Approvals Required and Recommendations	45



# Executive Summary

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# Overview of Proposed Transactions



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1

## Redevelopment Transaction

- Divest Novotel Singapore Clarke Quay (“**NCQ**”)
- Forward purchase of a brand new, lifestyle hotel (“**New Hotel**”) at redeveloped Liang Court Site <sup>(1)</sup>

2

## Acquisition of W Singapore – Sentosa Cove (“**W Hotel**”)

- Acquire income producing luxury lifestyle hotel in coveted Sentosa market

**Primary objective:**  
retain presence on  
Liang Court Site



*Most ideal for lifestyle hotel  
due to prime location and  
dynamics of Clarke Quay*

**Unlock value & secure**  
new turnkey hotel with  
capped price



*Fixed price takes away  
development risk while cost  
plus model allows for cost  
savings <sup>(2)</sup>*

**Rare opportunity to**  
acquire a high quality,  
luxury hotel in tightly  
held SG market



*Also mitigates absence of  
income from divestment of  
NCQ during redevelopment*

**Preserve and increase**  
majority portfolio  
weightage in SG



*Further penetrate lifestyle  
hotel market in Singapore at  
different tiers & price points*

**Long-term value of Singapore hospitality real estate**

Distribution Per Stapled Security (“**DPS**”) accretive both on standalone and combined basis <sup>(3)</sup>

(1) Liang Court Site comprises NCQ, Liang Court mall and Somerset Liang Court Singapore (“**Liang Court Site**” or the “**Whole Land**”)

(2) Lower of fixed price of S\$475.0M or 110% of development costs (taking into account developer’s return). However, any extension fee or levy payable by the Joint Development Parties (as defined in CDLHT’s circular dated 3 Jan 2020) for any extension of time for the fulfilment of any condition imposed by the Singapore Land Authority in respect of the upgrading of lease tenure of the Whole Land to a fresh 99-year lease (“**Levy**”), the consideration will be the lower of (i) fixed price; or (ii) 110% of the development cost plus the Levy (or part thereof).

(3) On a pro forma basis for FY 2018



# Overview of Proposed Redevelopment Transaction

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# Liang Court Site



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Somerset Liang Court Singapore

## Novotel Singapore Clarke Quay

- CDLHT's interest in the Liang Court Site (the "NCQ Land")

Liang Court Site

## Liang Court mall

- ARMF II (Liang Court) Pte. Ltd. sold in May 2019 to Consortium<sup>(1)</sup>

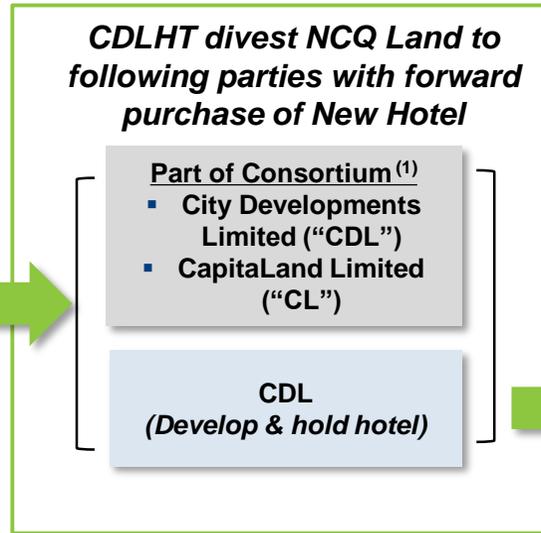
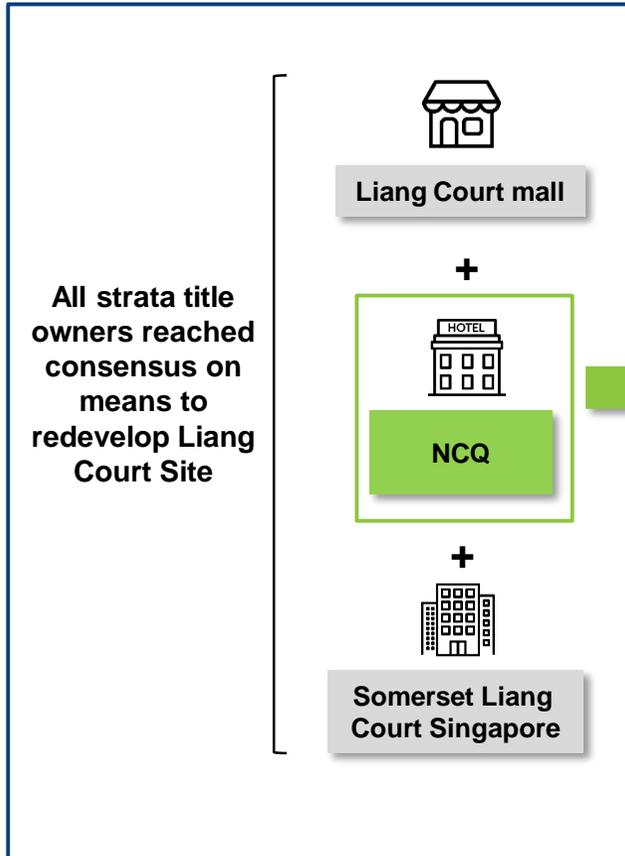
(1) As defined in slide 8

# Structure of Proposed Redevelopment Transaction



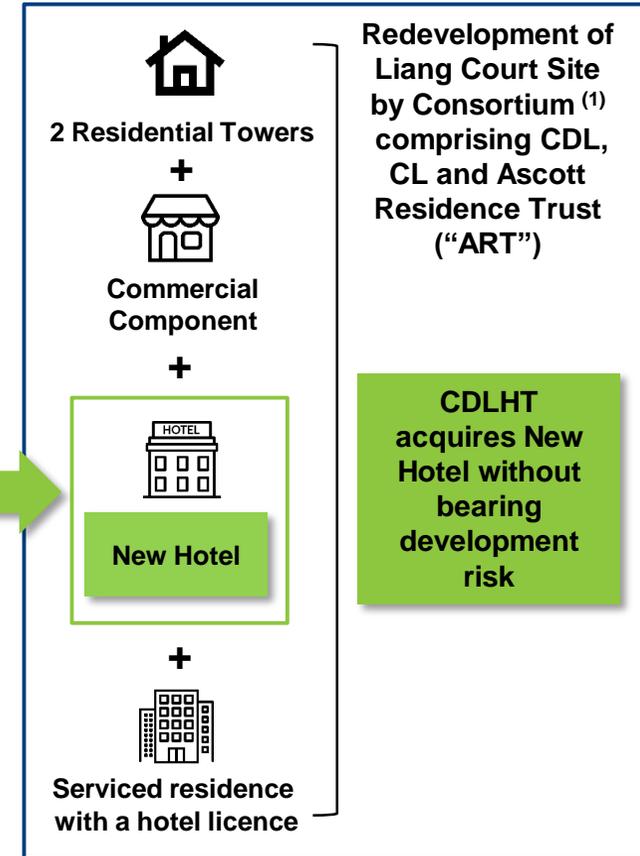
## Existing Mixed-Use Development

- 57 years left on land tenure
- Sale of 34,909 sqm of GFA\*



## New Iconic Integrated Development<sup>(2)</sup>

- 99-year land tenure<sup>(3)</sup>
- Forward purchase of 15,541 sqm of GFA\*



\* Gross floor area ("GFA")

(1) Consortium is led by CDL and CL, which also includes ART (together, the "Consortium")

(2) Subject to change, approval and design planning

(3) A fresh leasehold estate of 99 years from acceptance of lease renewal

# Transaction Parameters



	Redevelopment of NCQ	
	Divestment of NCQ	Acquisition of New Hotel
Remaining Land Lease	~57 years	99 years <sup>(1)</sup>
Keys	403	About 460 to 475
Independent Valuations	<b>Residual Land Valuation</b> <ul style="list-style-type: none"> <li>▪ S\$368.7M (Colliers)</li> <li>▪ S\$370.5M (Knight Frank)</li> </ul>	<b>Valued as Hotel</b> <ul style="list-style-type: none"> <li>▪ S\$481.0M (Colliers) <sup>(2)</sup></li> <li>▪ S\$478.0M (Knight Frank) <sup>(2)</sup></li> </ul>
Price	S\$375.9M	Up to S\$475.0M <sup>(3)</sup> (with potential for savings)
Net Sale Proceeds or Total Acquisition Cost	S\$369.3M <sup>(4)</sup>	~S\$483.7M <sup>(5)</sup>
H-REIT Manager's Fees	S\$1.9M of divestment fees <b>waived</b> by H-REIT Manager	S\$3.6M of acquisition fees (to be issued in units)
Net Property Income ("NPI") Yield	5.6% <sup>(6)</sup>	5.6% <sup>(6)</sup>
Accretion	+2.0%	
Tenure of Encumbrance	Existing management lease with Accor will be terminated on 23 Apr 2020 <sup>(7)</sup>	Hotel management agreement term of ~20 years from New Hotel's opening date

(1) A fresh leasehold estate of 99 years from acceptance of the lease renewal

(2) Colliers: discounted cash flow method, Knight Frank: discounted cash flow and capitalisation methods

(3) Lower of fixed price of S\$475.0M or 110% of development costs (taking into account developer's return)

(4) Net of divestment costs comprising the estimated winding down related costs in relation to NCQ's closure and estimated professional fees & other expenses

(5) Assumes the fixed price of S\$475.0M, acquisition fee payable to H-REIT Manager, reimbursement of costs necessary to prepare the New Hotel for opening of up to S\$3.1M, estimated professional fees & other expenses and stamp duty with respect to internal lease

(6) Based on FY 2018 NPI and in the case of the New Hotel, the pro forma stabilised NPI

(7) Subject to Security Holders' approval of the Proposed Redevelopment Transaction

# Timeline of Proposed Redevelopment Transaction



(1) Estimated timeline, subject to change

(2) Temporary occupation permit ("TOP")

# Property Details of New Hotel



- New Hotel will be a uniquely designed lifestyle hotel, custom-built to specifications to the “Moxy” brand
- “Moxy” is one of the newest lifestyle boutique hotel concepts designed to be appealing to the next-generation traveller, which includes millennials, and at great value
- Able to tap on strong global distribution network of Marriott <sup>(1)</sup>
  - One of the largest hotel groups in the world
  - More than 7,200 properties in 134 countries and territories

## New Hotel: Moxy Singapore Clarke Quay

<b>Expected Opening and Completion of Acquisition</b>	<ul style="list-style-type: none"> <li>▪ Around 2025 <sup>(2)</sup></li> </ul>
<b>Rooms <sup>(3)</sup></b>	<ul style="list-style-type: none"> <li>▪ About 460 to 475 keys</li> <li>▪ ~16.5 sqm to ~22.9 sqm (majority expected to be ~16.5 sqm to ~17.5 sqm)</li> </ul>
<b>Facilities <sup>(3)</sup></b>	<ul style="list-style-type: none"> <li>▪ Rooftop restaurant/bar</li> <li>▪ Open social floor comprising a restaurant, flexible meeting space and a bar</li> <li>▪ Rooftop pool and gym</li> </ul>
<b>Brand</b>	<ul style="list-style-type: none"> <li>▪ Moxy (“<b>Moxy</b>”)</li> </ul>
<b>Hotel Operator</b>	<ul style="list-style-type: none"> <li>▪ Marriott</li> </ul>
<b>Operator Brand Classification</b>	<ul style="list-style-type: none"> <li>▪ Upper Midscale</li> </ul>

(1) Marriott International, Inc. (“**Marriott**”), as at Oct 2019

(2) Estimated timeline, subject to change

(3) Subject to change and the approval of the relevant authorities

# Property Details of New Hotel (Con't)



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## Moxy – An Exciting Lifestyle Hotel Concept By Marriott

**Lobbies and dining areas are planned as lively engaging communal spaces...**



**...where hotel guests can interact freely with one another**

- 46 Moxy hotels globally comprising 9,345 rooms <sup>(1)</sup> with many located in prominent metropolitan cities
- 104 properties comprising 19,338 rooms in the Moxy global pipeline <sup>(1)</sup>

Image credits: Marriott

Note: Images are meant to only illustrate the elements of Moxy and is not meant to represent how the New Hotel will look like

(1) Marriott, as at Oct 2019

# Property Details of New Hotel (Con't)



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## Moxy – An Exciting Lifestyle Hotel Concept By Marriott (Con't)

Rooms are designed to be stylish, modern and compact, with an efficient use of space



Rooftop bar – Moxy Atlanta Midtown



Queen guest room – Moxy Chicago Downtown

F&B and entertainment offerings caters to both guests and the local market, further enhancing its positioning as a lifestyle destination

Image credits: Marriott

Note: Images are meant to only illustrate the elements of Moxy and is not meant to represent how the New Hotel will look like

(1) Marriott, as at Oct 2019



# **Rationale and Benefits of Proposed Redevelopment Transaction**

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# Rationale and Benefits of Proposed Redevelopment Transaction



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## Redevelopment Transaction

1

Unlock Value of NCQ and Secure Brand New Hotel with Lease Refreshed to 99 years

2

Forward Purchase of a Turnkey Hotel at Fixed Price Without Bearing Development Risk, With Opportunity for Savings

3

Retain Presence in Prime Clarke Quay Location

## W Hotel Acquisition

1

Rare opportunity to Acquire a Luxury Lifestyle Hotel in Singapore & Penetrate the Sentosa Market

2

Acquire a High Quality Hotel with Long Term Capital Appreciation Potential

## Both Transactions

1

Increase Foothold in Hospitality Lifestyle Market

2

Preserve Majority Portfolio Weightage in Singapore and Further Solidify Future Exposure to a Vibrant Hospitality Market

3

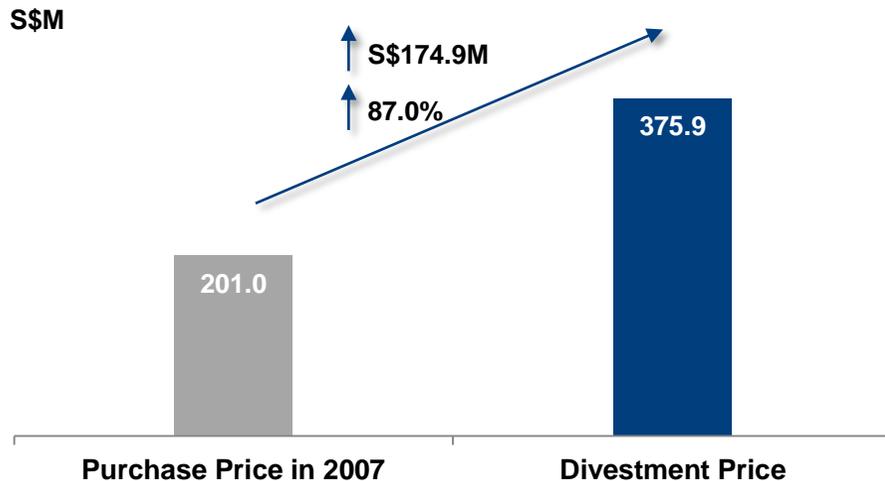
Allows Efficient Recycling of Capital

4

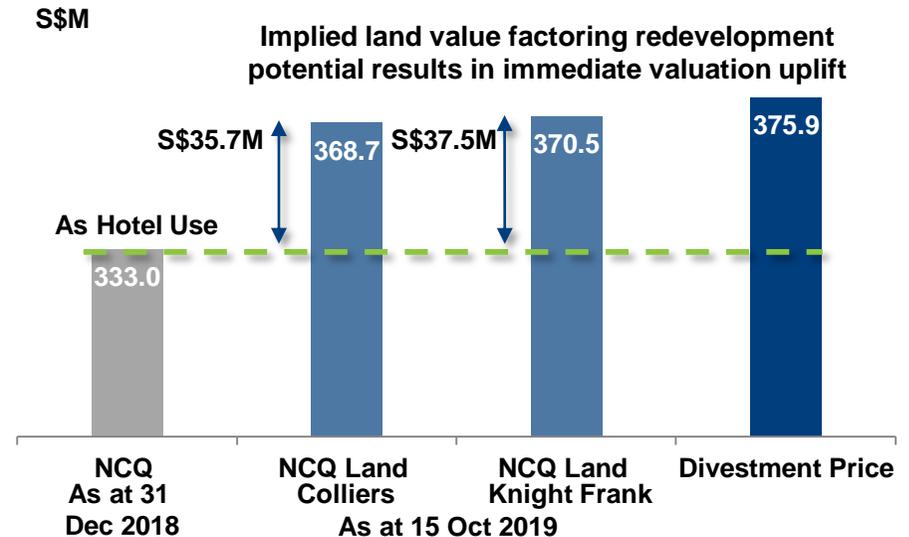
DPS Accretive Both on Standalone and Combined Basis



## Unlock Redevelopment Potential of NCQ



## Independent Valuations



- Rare opportunity to realise valuation gain on investment in NCQ over a 13-year holding period
- Land value unlocked after all strata title owners reached consensus on means to realise redevelopment potential of Liang Court Site
- NCQ has performed strongly since acquisition but may require significant capital expenditure and major refurbishment to remain competitive in future
  - Timely opportunity to trade a hotel with a remaining 57-year leasehold to a brand new hotel with a fresh 99-year leasehold from acceptance of lease renewal



## Tap on Strong Parentage of CDLHT



CITY DEVELOPMENTS LIMITED

103

Locations

29

Countries &amp; Regions

S\$9.9B <sup>(1)</sup>

Market Capitalisation

&gt;55

Years

&gt;145

Hotels Worldwide

Leading global real estate operating company with an extensive network

One of the largest property developers in Singapore

Proven track record

Through Millennium & Copthorne Hotels

- Secure forward purchase of turnkey hotel **without bearing development risk**
  - Pricing formula protects interests of Security Holders
    - Lower of fixed price of S\$475.0M or 110% of development costs
    - CDLHT protected from development risk and enjoys the opportunity to realise savings through cost plus model
    - Capped fixed price is lower than both independent valuations
- Leverage CDL's market renowned development expertise and experience (recognised by numerous local and international accolades)
  - Award-winning hotel developments in Singapore include The St Regis Singapore, W Hotel, Studio M Singapore, M Social Singapore and JW Marriott Hotel Singapore (South Beach)

### 3 Retain Presence in Prime Clarke Quay Location



#### Prime Clarke Quay Location



#### Most Ideal Location for a Lifestyle Hotel



- Considerably high barriers to entry at Clarke Quay due to limited available acquisition opportunities
- Rare opportunity to retain hospitality presence at coveted location, which is an ideal location for a lifestyle hotel
- Liang Court Site has prominent dual frontage of Singapore River and historically rich Fort Canning Park

### 3 Retain Presence in Prime Clarke Quay Location (Con't)



## Benefit from New Hotel Being Within a New Iconic Integrated Development

Summary of Proposed Integrated Development (Subject to Approval and Design Planning)	
<b>Location</b>	<ul style="list-style-type: none"> <li>▪ Liang Court Site (River Valley Road / Tan Tye Place / Clarke Quay)</li> </ul>
<b>Description<sup>(1)</sup></b>	<p>An integrated development comprising:</p> <ul style="list-style-type: none"> <li>▪ New Hotel</li> <li>▪ Two residential towers comprising around 700 apartments</li> <li>▪ Commercial component</li> <li>▪ Serviced residence with a hotel licence</li> <li>▪ Basement car park</li> </ul>
<b>Site Area</b>	<ul style="list-style-type: none"> <li>▪ 12,925.4 sqm</li> </ul>
<b>Developer</b>	<ul style="list-style-type: none"> <li>▪ Residential and commercial components: CDL and CL on a 50:50 basis</li> <li>▪ New Hotel: CDL</li> <li>▪ Serviced residence with a hotel licence: ART</li> </ul>

- New integrated development will be an iconic feature and prominent skyline addition to the Clarke Quay area
  - Consortium plans to rejuvenate the river promenade flanking the integrated development
    - In line with URA's Draft Master Plan 2019
- Desirability of the New Hotel's location will be significantly enhanced by:
    - Increased gentrification
    - Further activation of the waterfront lifestyle potential

(1) Subject to authority's approval and change



# Overview of Proposed Acquisition of W Hotel

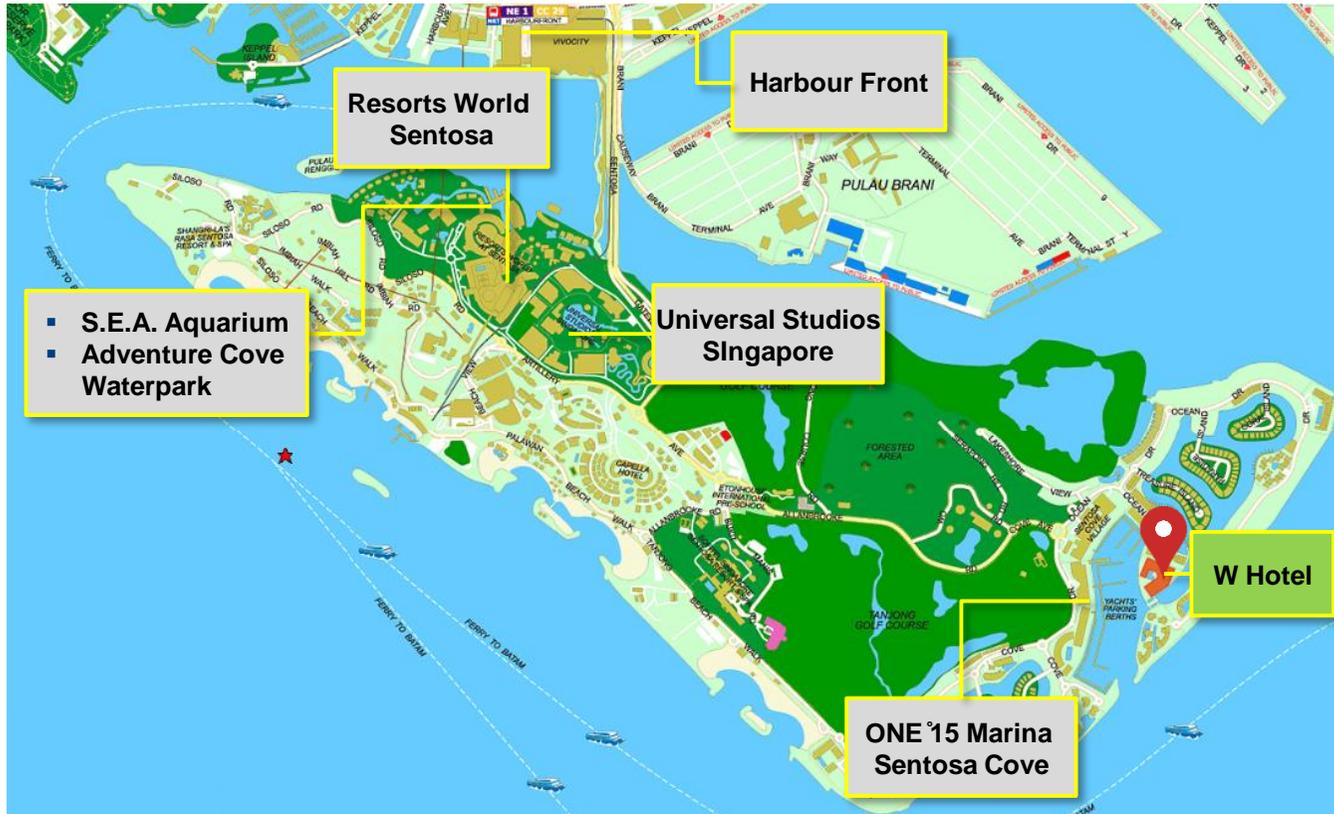
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# Sentosa – Singapore’s Premier Tourism Destination

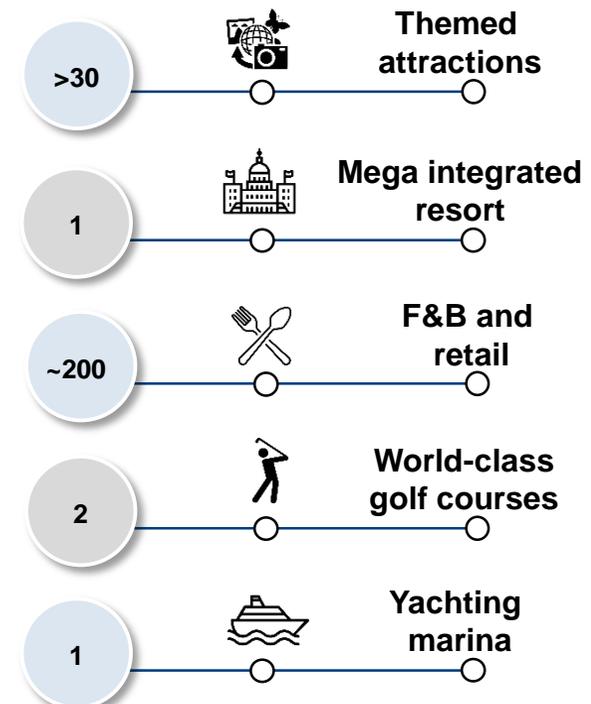


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- Known for its diverse array of unique leisure experiences all on a 500-ha island south of Singapore
- Strongly profiled on global scale after the highly notable Trump-Kim Summit was hosted on the island in Jun 2018



## Sentosa’s Offerings (1)



Map credit: Singapore Street Directory

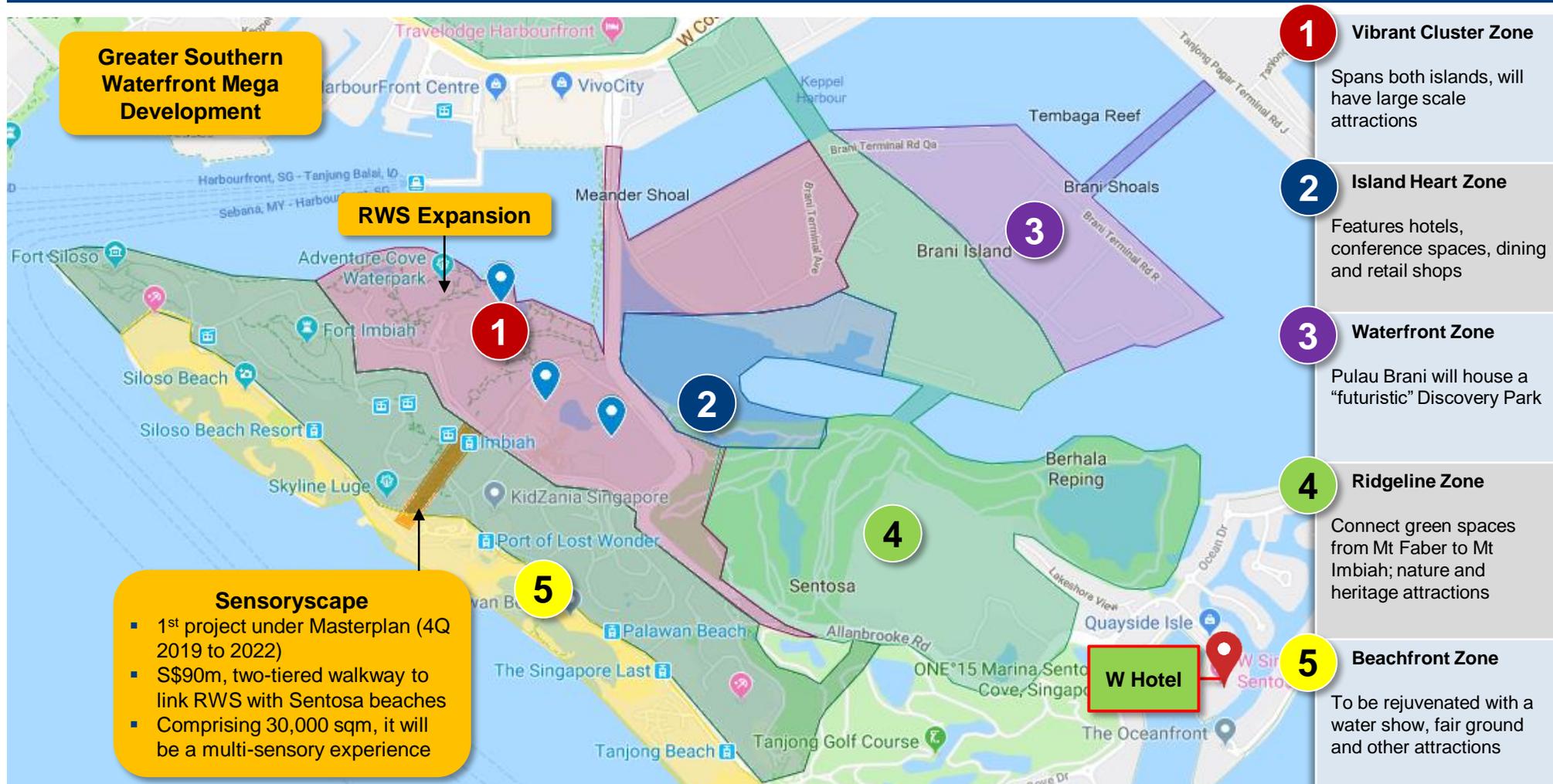
(1) STB, "Alipay, the go-to smart lifestyle wallet, now accepted at 70% of merchants in Sentosa Islander Membership programme", 23 Jan 2019

# Sentosa – Transformative Leisure and Tourism Offerings Underway



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## Sentosa-Brani Masterplan (1)(2)



Map is purely for illustration only and was adapted from public sources, as such, it may not be drawn to scale, fully accurate nor fully reflective of the actual zoning areas

(1) Straits Times, “Sentosa Merlion to make way for new \$90m themed linkway as part of Sentosa-Brani masterplan”, 16 Apr 2019

(2) Zaobao, “让路给圣淘沙未来发展 圣淘沙鱼尾狮塔10月20日走入历史”, 21 Sep 2019

# Transaction Parameters – Proposed W Hotel Acquisition



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Acquisition of W Hotel <sup>(1)</sup>	
Remaining Land Lease	~86 years
Keys	240
Independent Valuations	S\$326.0M (Colliers) S\$324.0M (Knight Frank)
Price	S\$324.0M
Price Per Key	S\$1.35M
Total Acquisition Cost	S\$344.5M <sup>(2)</sup>
H-REIT Manager's Fees	S\$2.4M (to be issued in units)
NPI Yield	3.1% <sup>(3)</sup>
Accretion	+0.9%
Tenure of Encumbrance	Hotel management agreement for 20 years from 16 Sep 2012 (Balance of ~13 years remaining)

- (1) H-REIT will own the property and HBT will own the operating company, with an internal lease. Operating contracts including the existing hotel management agreement will be transferred to HBT's operating company
- (2) Includes the purchase consideration of W Hotel of S\$324.0M, acquisition fee payable to H-REIT Manager, estimated net working capital, SDC consent fee, professional fees & other expenses and stamp duties for the acquisition of the hotel asset and internal lease
- (3) Based on FY 2018 NPI

# Property Details of W Hotel



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AWAY Spa



WET Pool and W Lawn

W Hotel	
<b>Rooms</b>	<ul style="list-style-type: none"> <li>240 rooms</li> <li>~40 sqm to 195 sqm</li> <li>Weighted average: ~46 sqm</li> </ul>
<b>F&amp;B Outlets</b>	<ul style="list-style-type: none"> <li>3 F&amp;B outlets and 1 poolside bar</li> </ul>
<b>Meeting Space</b>	<ul style="list-style-type: none"> <li>10 versatile meeting rooms covering more than 1,400 sqm including a ball room of 720 sqm with a capacity of up to 480 guests banquet-style and 500 guests theater-style</li> </ul>
<b>Other Facilities</b>	<ul style="list-style-type: none"> <li>Spa</li> <li>Gym</li> <li>Swimming pool (one of Singapore's largest resort outdoor pool areas)</li> </ul>
<b>Operator Brand Classification</b>	<ul style="list-style-type: none"> <li>Luxury</li> </ul>
<b>Brand</b>	<ul style="list-style-type: none"> <li>W Hotels</li> </ul>
<b>Hotel Operator</b>	<ul style="list-style-type: none"> <li>Marriott</li> </ul>
<b>Opening Date</b>	<ul style="list-style-type: none"> <li>2012</li> </ul>
<b>FY 2018 Occupancy</b>	<ul style="list-style-type: none"> <li>76%</li> </ul>
<b>FY 2018 Average Room Rate (ADR)</b>	<ul style="list-style-type: none"> <li>S\$419</li> </ul>

# Property Details of W Hotel (Con't)



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W Hotel – Managed by Marriott

**134**  
**Countries & Territories**



**7,200**  
**Properties**

- W Hotels is an iconic brand which has been the trendsetter for the lifestyle hotel concept in the global hospitality scene for over two decades
  - More than 55 hotels globally and growing <sup>(1)</sup>
  - 32 properties comprising 7,603 rooms in the W Hotels global pipeline <sup>(1)</sup>
- Positioned to offer a unique mix of cutting-edge design, world-class service and passions around fashion, music and entertainment



# **Rationale and Benefits of Proposed Acquisition of W Hotel**

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# Rationale and Benefits of Proposed Acquisition of W Hotel



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## Redevelopment Transaction

1

Unlock Value of NCQ and Secure Brand New Hotel with Lease Refreshed to 99 years

2

Forward Purchase of a Turnkey Hotel at Fixed Price Without Bearing Development Risk, With Opportunity for Savings

3

Retain Presence in Prime Clarke Quay Location

## W Hotel Acquisition

1

Rare opportunity to Acquire a Luxury Lifestyle Hotel in Singapore & Penetrate the Sentosa Market

2

Acquire a High Quality Hotel with Long Term Capital Appreciation Potential

## Both Transactions

1

Increase Foothold in Hospitality Lifestyle Market

2

Preserve Majority Portfolio Weightage in Singapore and Further Solidify Future Exposure to a Vibrant Hospitality Market

3

Allows Efficient Recycling of Capital

4

DPS Accretive Both on Standalone and Combined Basis

1

# Rare Opportunity to Acquire a Luxury Lifestyle Hotel in Singapore & Penetrate the Sentosa Market



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## Penetrate Desirable and Sought-After Sentosa Market



- Rare off-market opportunity to acquire a luxury lifestyle hotel in Sentosa and in tightly-held Singapore market
- Sentosa will be a key future tourism driver for Singapore, expansion plans will enhance Singapore's attractiveness as a premier tourist destination
- W Hotel to be a beneficiary of the demand growth expected to be generated by the various plans

## 2 Acquire a High Quality Hotel with Long Term Capital Appreciation Potential



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### W Hotel – Luxury Lifestyle Hotel



*AWAY Spa Lounge – W Hotel*



*Newly Refurbished WOOBAR – W Hotel*

- Built to high specifications by CDL
- Won numerous design and construction accolades
- Panoramic views of waterway and marina
- Redesign works are being undertaken to some of the F&B outlets to increase seating capacity and enhance appeal so as to secure potential revenue upside
- Capital appreciation potential due to:
  - Medium to longer term demand growth drivers in Sentosa
  - Price per key of S\$1.35M being reasonable due to high quality of asset and large room sizes

2

# Acquire a High Quality Hotel with Long Term Capital Appreciation Potential (Con't)



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2

# Acquire a High Quality Hotel with Long Term Capital Appreciation Potential (Con't)



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WET Pool – W Hotel



SKIRT Restaurant – W Hotel



Living Room (Lobby Lounge) – W Hotel



FIT – W Hotel



# **Rationale and Benefits of Proposed Transactions**

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# Rationale and Benefits of Proposed Transactions



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## Redevelopment Transaction

- 1 Unlock Value of NCQ and Secure Brand New Hotel with Lease Refreshed to 99 years
- 2 Forward Purchase of a Turnkey Hotel at Fixed Price Without Bearing Development Risk, With Opportunity for Savings
- 3 Retain Presence in Prime Clarke Quay Location

## W Hotel Acquisition

- 1 Rare opportunity to Acquire a Luxury Lifestyle Hotel in Singapore & Penetrate the Sentosa Market
- 2 Acquire a High Quality Hotel with Long Term Capital Appreciation Potential

## Both Transactions

- 1 Increase Foothold in Hospitality Lifestyle Market
- 2 Preserve Majority Portfolio Weightage in Singapore and Further Solidify Future Exposure to a Vibrant Hospitality Market
- 3 Allows Efficient Recycling of Capital
- 4 DPS Accretive Both on Standalone and Combined Basis

# 1 Increase Foothold in Lifestyle Hotel Market



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## Further Penetrate Singapore Lifestyle Hotel Market At Different Tiers & Price Points



**Affordable  
Lifestyle**



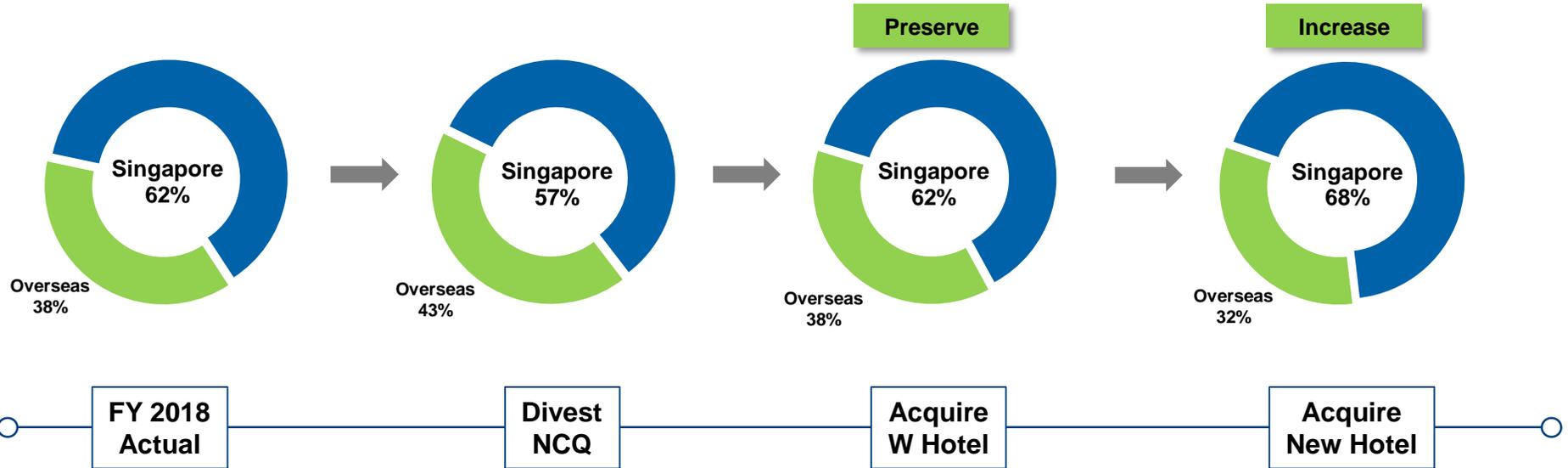
**Luxury  
Lifestyle**

- Strengthen and align CDLHT's portfolio with the prevailing trends in the global travel market
- Increasing focus on lifestyle hotels in the global travel market:
  - Hotels with unique designs and strong identities
  - Cater to growing demand for distinct experiences
- Lifestyle hotels appeals to the next-generation traveller, which includes millennials
- Millennials are more discerning, spend more on travel <sup>(1)</sup> and are attracted to highly "shareable" hotel areas and F&B via social media

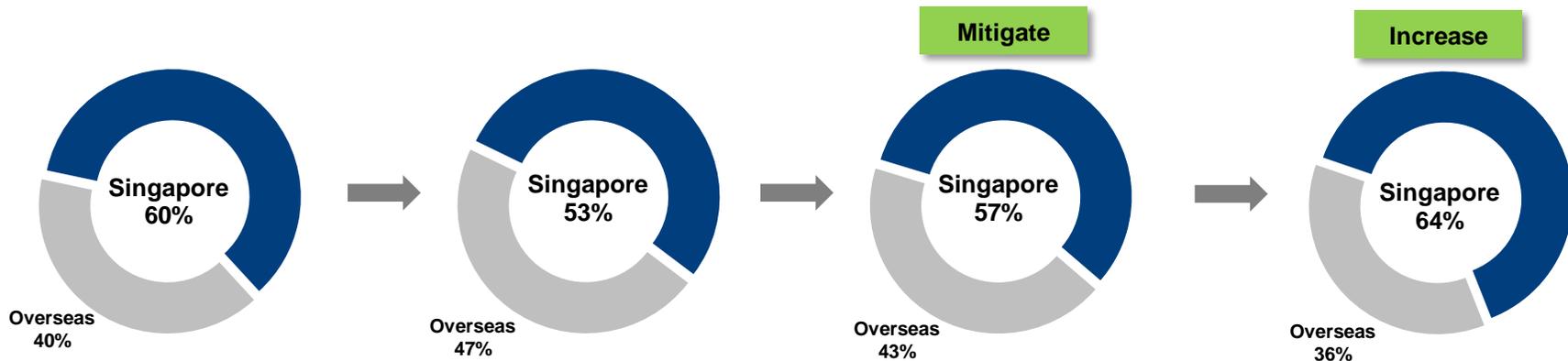
(1) Asia Travel Leaders Summit (Singapore Tourism Board, McKinsey & Company and Visa), "Capturing the Asian Millennial Traveller", 2013

# 2 Preserve Majority Portfolio Weightage in Singapore and Further Solidify Future Exposure to a Vibrant Hospitality Market

Portfolio Valuation (on a pro forma basis as at 31 Dec 2018)

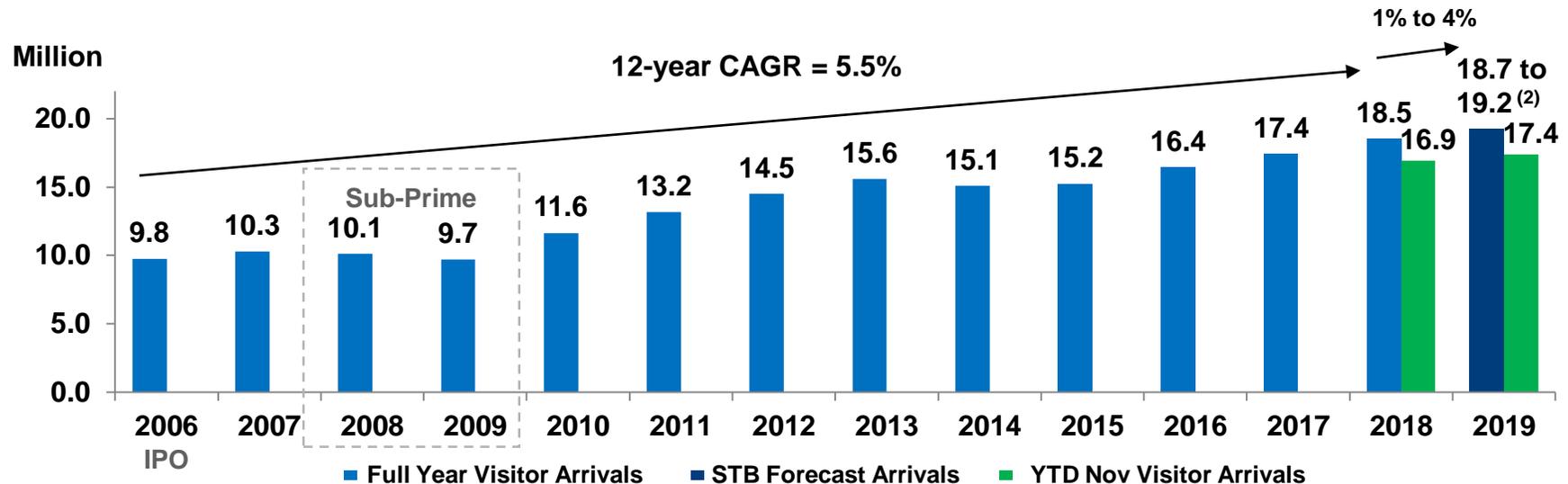


NPI (on a pro forma basis for FY 2018)



## 2 Preserve Majority Portfolio Weightage in Singapore and Further Solidify Future Exposure to a Vibrant Hospitality Market (Con't)

### Benefit from Continued Growth in International Visitor Arrivals to Singapore (1)



- Over more than a decade of robust growth in inbound tourism to Singapore, with 2.9% year-on-year (“yoy”) growth to 17.4 million for year-to-date (“YTD”) Nov 2019
- Singapore will host more events in 2020, including a number of inaugural events such as the:
  - International Trademark Association’s 142<sup>nd</sup> Annual Meeting (~8,000 attendees)<sup>(3)</sup>
  - 103<sup>rd</sup> Lions Clubs International Convention (~20,000 foreign attendees)<sup>(3)</sup>

(1) STB  
 (2) STB, “Third consecutive year of growth for Singapore tourism sector in 2018”, 13 Feb 2019  
 (3) STB, “STB unveils a selection of over 60 lifestyle experiences to entice business groups to Singapore”, 10 Sep 2019

# 2 Preserve Majority Portfolio Weightage in Singapore and Further Solidify Future Exposure to a Vibrant Hospitality Market (Con't)

## Diversified Long Term Growth Drivers

### MICE

 <b>103rd Lions Clubs International Convention 2020</b> Expected Attendees: 20,000	 <b>asia gamescom 2020</b> Expected Attendees: 30,000	 <b>Rotary International Convention 2024</b> Expected Attendees: 24,000
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- Top international meeting country for the 11<sup>th</sup> year running in 2018 <sup>(1)</sup>
- Growing status as a leading MICE destination with prominent events being added to its calendar

### Leisure

 <b>FORMULA 1 2019 SINGAPORE AIRLINES SINGAPORE GRAND PRIX</b>		
 International Champions Cup Singapore		 <b>MICHELIN GUIDE</b>
 <b>UFC FIGHT NIGHT</b>		 WORLD RUGBY™ HSBC SEVENS SERIES Singapore

- Strong leisure and entertainment offerings and continued investment in tourism infrastructure:
  - To boost leisure tourism
  - Add to Singapore's appeal as a MICE destination
  - Encourage increase in the length of stay

### Business

	
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- Singapore as a business and financial hub will continue to drive corporate travel into the city

Image Credits: Lions Clubs International Convention, asia gamescom, Rotary International Convention, Changi Airport Group, STB, F1, Michelin Guide, UFC, International Champions Cup, HSBC Singapore Rugby 7s

(1) Singapore Exhibition & Convention Bureau, "Conferences, Events & Business Awards"

# 2 Preserve Majority Portfolio Weightage in Singapore and Further Solidify Future Exposure to a Vibrant Hospitality Market (Con't)



## New Large-Scale Tourism Projects Being Planned Across the Entire Island

### Changi Airport

- Recently opened Jewel Changi Airport augments Changi Airport's position as one of the world's best airports<sup>(1)</sup>
- Terminal 5 is slated to open by 2030, which will double current capacity to 150 million passengers per annum



### Jurong Lake District<sup>(2)</sup>

- Set to be a new growth area with two precincts – the commercial hub at Jurong Gateway, and leisure and recreational activities at Lakeside
- A 7-ha site has been set aside for an integrated tourism development that will include attractions, eateries and retail shops



### Mandai Nature Precinct<sup>(3)</sup>

- Rejuvenation of Mandai into an integrated nature and wildlife destination
- Eco-tourism hub will house the new Bird Park and Rainforest Park
- Development will be completed in phases, with the Bird Park and Rainforest Park scheduled to open by 2020 and 2021 respectively



### Orchard Road<sup>(4)</sup>

- Revamp of Orchard Road shopping belt via 4 sub-precincts with new retail concepts and attractions
  - Tanglin – Arts and lifestyle
  - Orchard – Retail core
  - Somerset – Youth hub
  - Dhoby Ghaut – Green and family-friendly attractions



Image Credits: STB, Mandai Park Holdings

(1) Jewel Changi Airport Fact Sheet

(2) TODAY, "Part of Jurong Lake District to be developed into a key tourist attraction by 2026", 16 Apr 2019

(3) CNA, "New Mandai eco-tourism hub to feature global wildlife, create jobs", 16 Jan 2017

(4) The Straits Times, "Major revamp of Orchard Road announced with new developments, different offerings in sub-precincts", 30 Jan 2019

## 2 Preserve Majority Portfolio Weightage in Singapore and Further Solidify Future Exposure to a Vibrant Hospitality Market (Con't)



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### New Large-Scale Tourism Projects Being Planned Across the Entire Island

#### Greater Southern Waterfront <sup>(1)</sup>

- Shifting of city port terminals and Pasir Panjang terminal to Tuas by 2027 and 2040 respectively
- Frees up ~2,000ha of land for a new waterfront city (6x Marina Bay size)
- A new major gateway and vibrant location for waterfront lifestyle attractions, recreational options, homes and offices



#### Sentosa-Brani Masterplan <sup>(2)</sup>

- Reshaping Sentosa and Pulau Brani into a premier leisure and tourism destination over next 2 to 3 decades
- Both islands will be divided into 5 distinct zones for redevelopment
- Brani will be linked to Sentosa and mainland and will have large scale attractions similar to Universal Studios Singapore (“USS”)



#### Marina Bay Sands <sup>(3)</sup>

- Marina Bay Sands to add 4<sup>th</sup> new tower which will have 30% to 40% more MICE space and a 15,000-seat arena
- The new arena will be optimised for concerts with state-of-the-art production infrastructure, with the aim of drawing A-list artists
- Increase in gaming space



#### RWS <sup>(3)</sup>

- RWS expanding with multiple new attractions
- New Minion Park and Super Nintendo World in USS
- SEA Aquarium expanding to 3x its current size
- Phased opening of attractions from 2020 to 2025



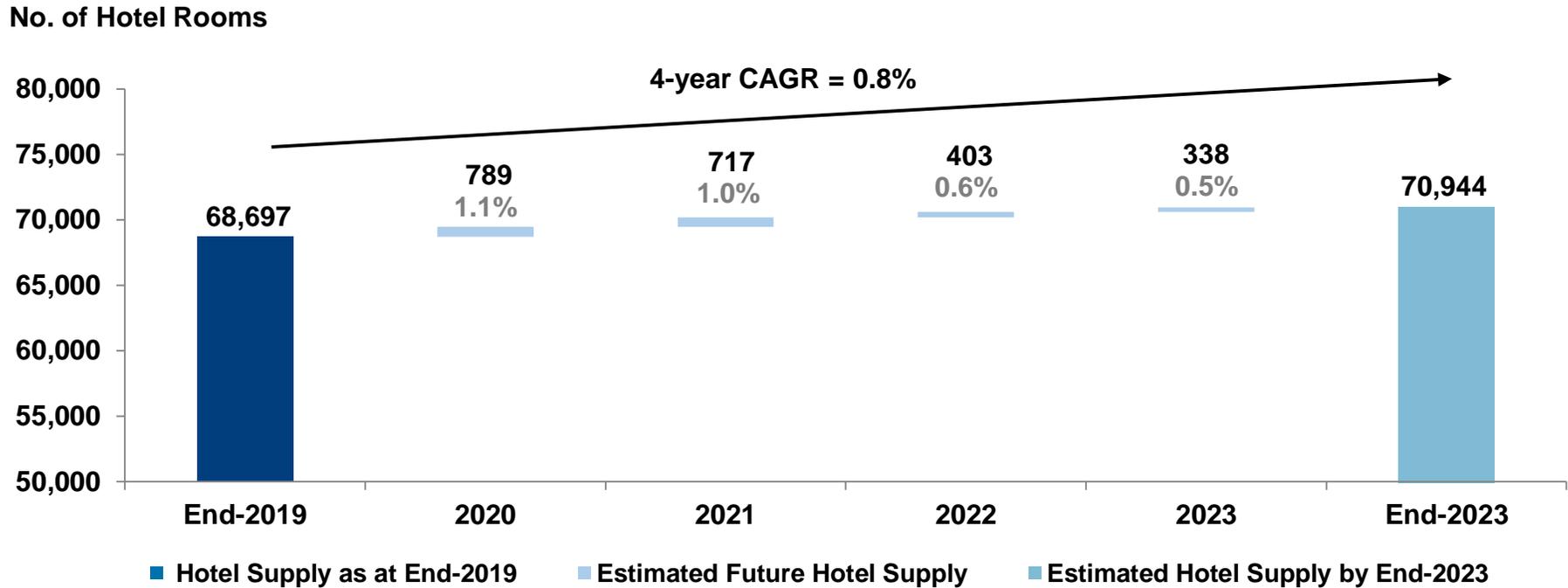
Image Credits: STB

- (1) The Straits Times, “National Day Rally 2019: ‘Downtown South’ resort likely to be built on Pulau Brani”, 19 Aug 2019
- (2) The Straits Times, “Sentosa Merlion to make way for new \$90m themed linkway as part of Sentosa-Brani masterplan”, 21 Oct 2019
- (3) Business Times, “Singapore IRs bet on S\$9b expansion; exclusive licences extended to 2030”, 4 Apr 2019

## 2 Preserve Majority Portfolio Weightage in Singapore and Further Solidify Future Exposure to a Vibrant Hospitality Market (Con't)



### Limited New Hotel Supply Growth in Singapore <sup>(1)</sup>



- Low supply growth at CAGR of 0.8% for the next 4 years <sup>(1)</sup>
- Limited future supply growth is supportive of a gradual recovery in the hotel sector

<sup>(1)</sup> New supply of rooms is a summation of new rooms deducted by existing rooms taken out of inventory  
Sources: STB, Horwath HTL (as at Dec 2019) and CDLHT research



*WET Pool and W Lawn – W Hotel*



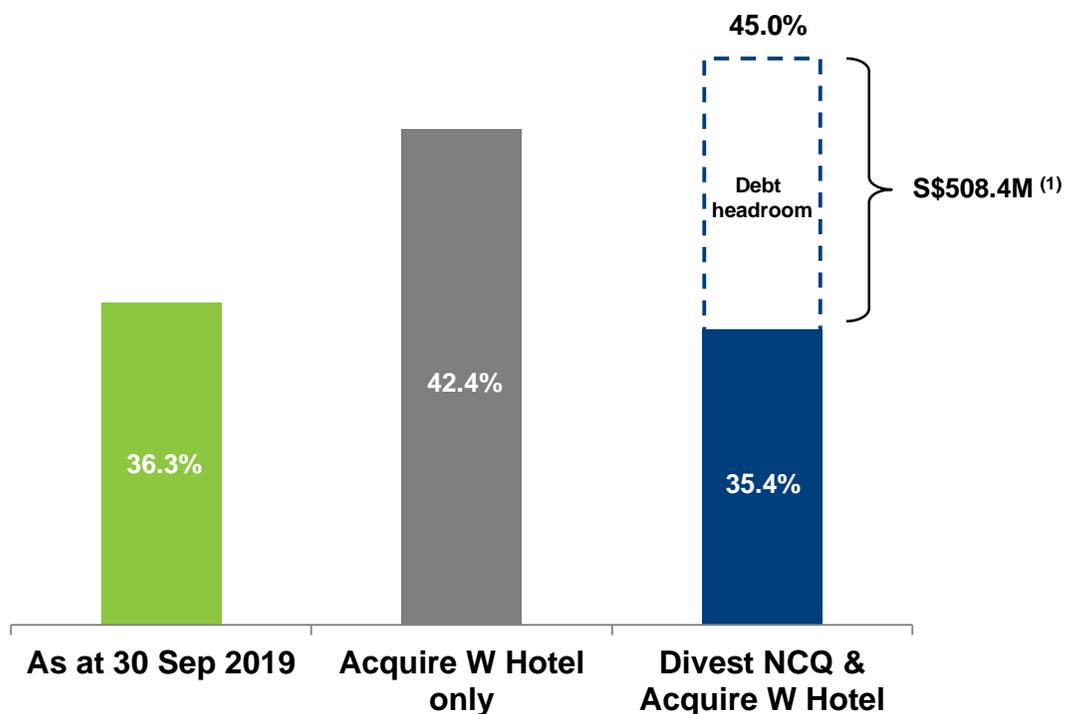
*\*Skyline of Singapore*

- W Hotel acquisition allows CDLHT to continue to benefit from the positive supply-demand trend at an opportune time
- Concurrent acquisition of W Hotel will also help to partially mitigate the absence of income during the development period of the New Hotel
- In 2025, the New Hotel acquisition will further increase exposure to Singapore's vibrant hospitality market which is supported by diversified growth drivers and exciting tourism infrastructure plans for the medium and long term
- After both transactions, CDLHT will have seven hotels comprising more than 3,000 rooms in Singapore



## Unlock Capital Effectively and Achieve Greater Financial Flexibility

### Pro Forma Financial Effects on Gearing



- CDLHT not obliged to make payments during the development of the New Hotel until TOP onwards
- Unlocked capital from divestment will not be tied up
- Net divestment proceeds may be used to fund acquisitions; make distributions to Security Holders; and/or repay existing borrowings
- Part of the net divestment proceeds may also be used to make distributions to mitigate the net effects of the divestment on distributable income
- Ample debt headroom after divestment of NCQ and acquisition of W Hotel to further pursue DPS accretive acquisitions

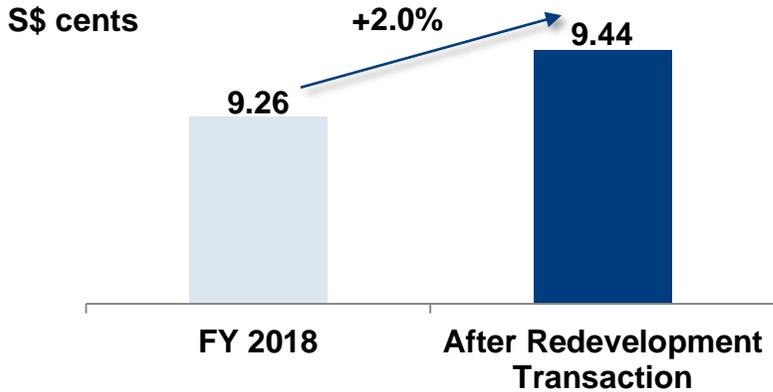
(1) Assuming gearing limit of 45.0%

# 4 DPS Accretive Both on Standalone and Combined Basis

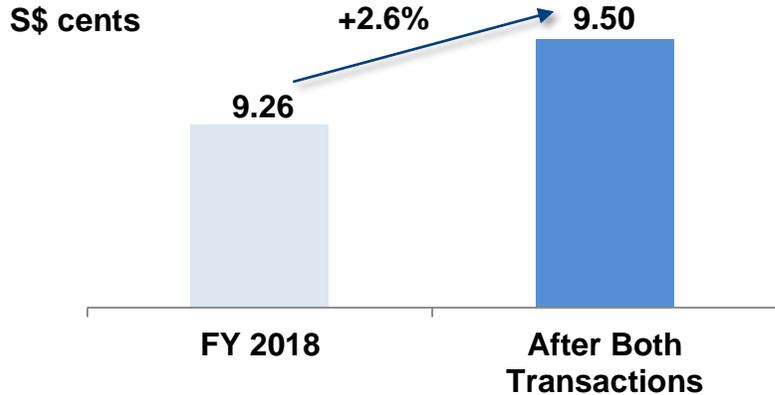


## Pro Forma Financial Effects of Both Transactions on FY 2018 DPS

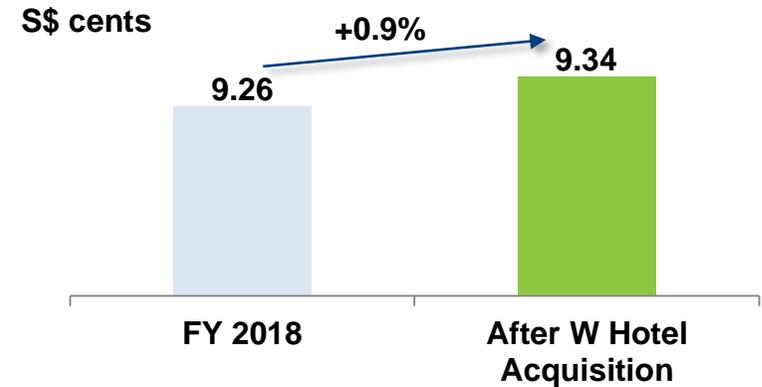
### Redevelopment Transaction



### Both Transactions <sup>(1)</sup>



### W Hotel Acquisition



- Both transactions are accretive to Security Holders on a standalone and combined basis

(1) Assuming the divestment of NCQ and acquisition of W Hotel were completed but acquisition of the New Hotel was not completed on 1 January 2018, the pro forma DPS for FY 2018 would be 8.47 cents on the basis that no capital distribution was made from the net divestment proceeds

# Summary of Rationale and Benefits



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## Redevelopment Transaction

- 1 Unlock Value of NCQ and Secure Brand New Hotel with Lease Refreshed to 99 years
- 2 Forward Purchase of a Turnkey Hotel at Fixed Price Without Bearing Development Risk, With Opportunity for Savings
- 3 Retain Presence in Prime Clarke Quay Location

## W Hotel Acquisition

- 1 Rare opportunity to Acquire a Luxury Lifestyle Hotel in Singapore & Penetrate the Sentosa Market
- 2 Acquire a High Quality Hotel with Long Term Capital Appreciation Potential

## Both Transactions

- 1 Increase Foothold in Hospitality Lifestyle Market
- 2 Preserve Majority Portfolio Weightage in Singapore and Further Solidify Future Exposure to a Vibrant Hospitality Market
- 3 Allows Efficient Recycling of Capital
- 4 DPS Accretive Both on Standalone and Combined Basis

**CDLHT is poised to benefit from investing close to S\$800M in two Singapore hotels, in line with its strategy of creating long-term value for Security Holders**



# Approvals Required and Recommendations

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# Security Holders' Approvals Required



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The transactions constitute Interested Person Transactions under the Listing Manual and the Property Funds Appendix

Security Holders' approvals sought for:

- Redevelopment Transaction
- W Hotel Acquisition

Redevelopment Transaction and W Hotel Acquisition are not inter-conditional



## Opinion of Independent Financial Adviser (“IFA”)

- Both transactions are :
  - On NORMAL commercial terms**; and
  - NOT PREJUDICIAL** to the interests of H-REIT, HBT or the minority Security Holders

- Independent Directors and Audit and Risk Committees of the Managers can recommend that Security Holders **VOTE IN FAVOUR** of:
  - the Redevelopment Transaction (Resolution 1); and
  - the W Hotel Acquisition (Resolution 2)

### Independent Financial Adviser

**DELOITTE & TOUCHE CORPORATE FINANCE PTE LTD**  
(Incorporated in the Republic of Singapore) (Company Registration No.: 200200144N)

## Recommendation of Independent Directors and Audit and Risk Committees

- Independent Directors and the Audit and Risk Committees of the Managers have considered, *inter alia*, the opinion and advice given by the IFA

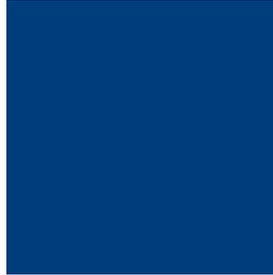
- Recommend that Security Holders **VOTE IN FAVOUR** of :
  - the Redevelopment Transaction (Resolution 1); and
  - the W Hotel Acquisition (Resolution 2)



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**Independent  
Directors**

**Audit and Risk  
Committees**



THANK YOU

