



CDL HOSPITALITY TRUSTS

FOR IMMEDIATE RELEASE

22 December 2017

PROPOSED DIVESTMENT OF MERCURE BRISBANE AND IBIS BRISBANE FOR A\$77.0 MILLION

Singapore, 22 December 2017 – CDL Hospitality Trusts (“CDLHT” or the “Group”), a stapled group comprising CDL Hospitality Real Estate Investment Trust (“H-REIT”), a real estate investment trust, and CDL Hospitality Business Trust (“HBT”), a business trust, is pleased to announce that DBS Trustee Limited, in its capacity as trustee of H-REIT (“H-REIT Trustee”), has today indirectly entered into an agreement (the “Agreement”) for the sale of Mercure Brisbane and Ibis Brisbane (collectively, the “Property”) to CR Hotel Target Pty Ltd, an independent third party purchaser (the “Purchaser”), for A\$77.0 million (approximately S\$79.6 million¹) (“Sale Price”). Pursuant to the terms of the Agreement, the Purchaser will pay H-REIT a deposit of A\$3.9 million (approximately S\$4.0 million) today.

The Sale Price translates to an attractive exit yield of 5.3% on the fixed rental, representing a 43.4% premium over the original purchase price of A\$53.7 million and a 10.0% premium over the independent valuation of A\$70.0 million, as stated in the valuation report dated 22 December 2017². The Sale Price was agreed on a willing buyer willing seller basis, after taking into account the valuation of the Property and its location, and the remaining Sale Price (less the deposit) will be paid in cash upon the completion of the divestment. The valuation was commissioned by the H-REIT Trustee, in conjunction with this divestment as well as part of H-REIT’s annual valuation exercise of its portfolio of properties.

Located in Brisbane, Australia, the Property is positioned within the central business district fronting the Brisbane River and opposite the Performing Arts Complex Centre and Brisbane Convention and Exhibition Centre. It comprises the 194-room Mercure Brisbane and the 218-room Ibis Brisbane, which are interconnected at the basement and situated on a single freehold title. The Property was acquired on 18 February 2010 with a master lease expiring on 30 April 2021, and comprises approximately 2.4% of CDLHT’s portfolio value³.

This sale is in line with CDLHT’s asset management strategy where CDLHT’s managers evaluate divestment opportunities periodically to recycle capital for better returns, unlock underlying asset values and achieve greater financial flexibility. CDLHT’s managers intend to utilise the proceeds from the divestment mainly to repay existing borrowings, which will further strengthen CDLHT’s balance sheet. Part of the proceeds will also be used to make distributions to holders of CDLHT’s stapled securities (“Stapled Securityholders”) in FY 2018 to mitigate the net effect of the divestment on CDLHT’s distributable income. The proceeds may also be used to fund future acquisitions if opportunities arise in the short term. The proposed divestment is expected to complete in January 2018.

Mr Vincent Yeo, Chief Executive Officer of CDLHT’s managers, said: “In line with our proactive asset management strategy, the divestment of Mercure Brisbane and Ibis Brisbane allows us to realise the underlying value of these assets and create further debt headroom to continue to actively pursue acquisitions in other markets with stronger growth trajectory, so as to enhance returns for our Stapled Securityholders.”

– ENDS –

¹ Based on an assumed exchange rate of A\$1.00 = S\$1.0334

² The Property was independently valued by Jones Lang Lasalle Property Consultants Pte. Ltd. using the Discounted Cash Flow approach.

³ As at 30 September 2017



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About CDL Hospitality Trusts

CDL Hospitality Trusts (“CDLHT”) is one of Asia’s leading hospitality trusts with assets valued at S\$2.7 billion. CDLHT is a stapled group comprising CDL Hospitality Real Estate Investment Trust (“H-REIT”), a real estate investment trust, and CDL Hospitality Business Trust (“HBT”), a business trust. CDLHT was listed on the Singapore Exchange Securities Trading Limited on 19 July 2006. M&C REIT Management Limited is the manager of H-REIT, the first hotel real estate investment trust in Singapore, and M&C Business Trust Management Limited is the trustee-manager of HBT.

CDLHT was established with the principal investment strategy of investing in a portfolio of hospitality and/or hospitality-related real estate assets. As at 30 September 2017, CDLHT owns 17 hotels and two resorts comprising a total of 5,414 rooms as well as a retail mall. The properties under CDLHT’s portfolio include:

- (i) six hotels in the gateway city of Singapore (Orchard Hotel, Grand Copthorne Waterfront Hotel, M Hotel, Copthorne King’s Hotel, Novotel Singapore Clarke Quay and Studio M Hotel) as well as a retail mall adjoining Orchard Hotel (Claymore Connect);
- (ii) five hotels in Brisbane and Perth, Australia (Novotel Brisbane, Mercure Brisbane, Ibis Brisbane, Mercure Perth and Ibis Perth);
- (iii) two hotels in Japan’s gateway city of Tokyo (Hotel MyStays Asakusabashi and Hotel MyStays Kamata);
- (iv) one hotel in New Zealand’s gateway city of Auckland (Grand Millennium Auckland, formerly known as Rendezvous Hotel Auckland);
- (v) two hotels in United Kingdom (Hilton Cambridge City Centre in Cambridge and The Lowry Hotel in Manchester);
- (vi) one hotel in Germany’s gateway city of Munich (Pullman Hotel Munich); and
- (vii) two resorts in Maldives (Angsana Velavaru and Dhevanafushi Maldives Luxury Resort, Managed by AccorHotels (previously known as Jumeirah Dhevanafushi)).