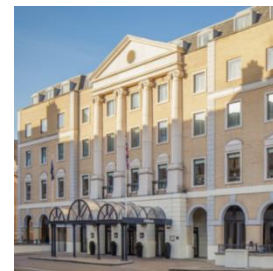
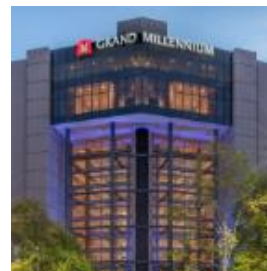
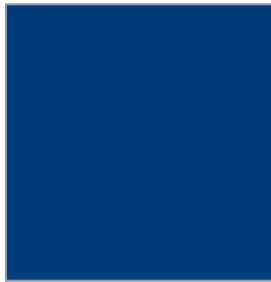




**CDL HOSPITALITY TRUSTS**

# Acquisition of Hotel Cerretani Florence, MGallery by Sofitel Italy 16 November 2018



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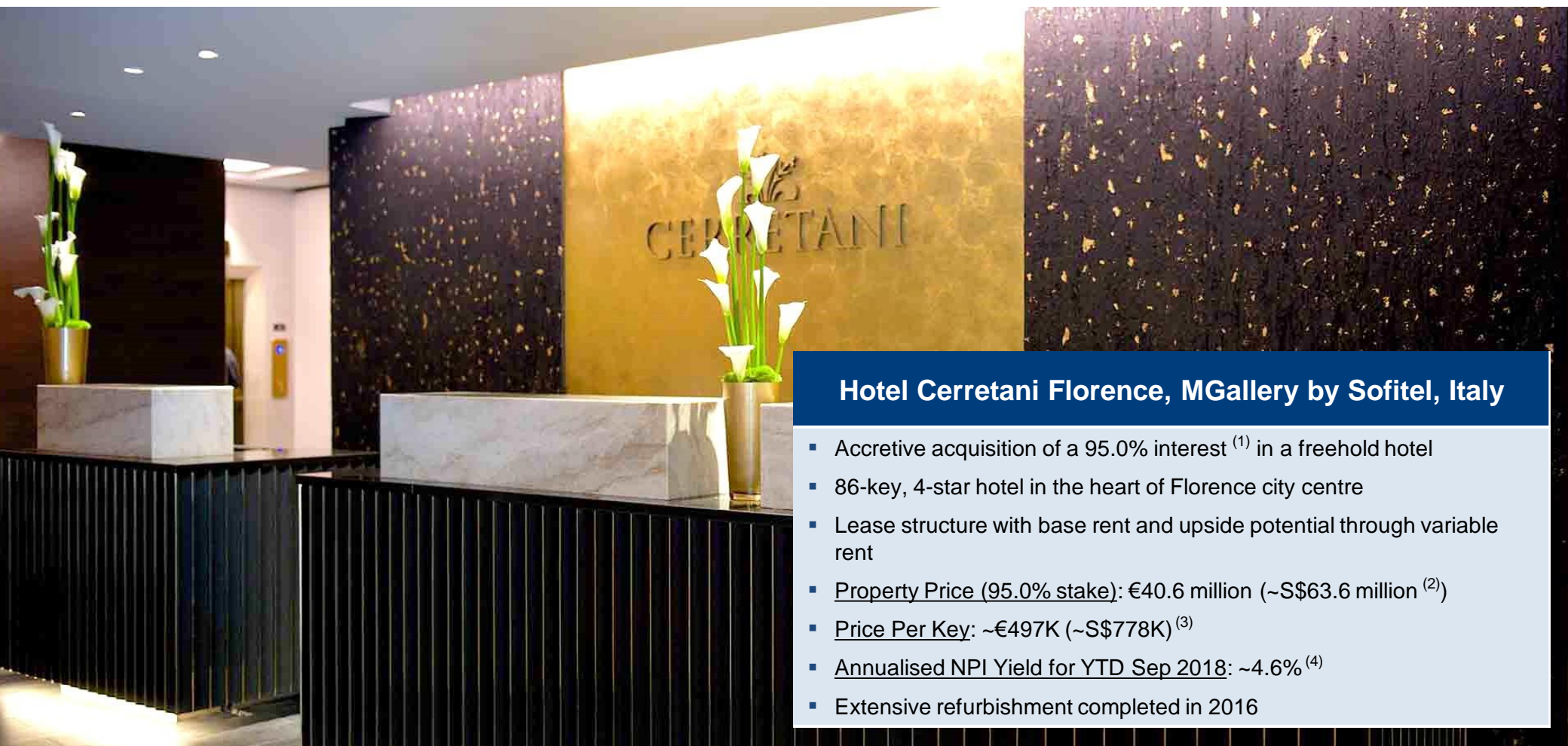
# Executive Summary

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# Executive Summary



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## Hotel Cerretani Florence, MGallery by Sofitel, Italy

- Accretive acquisition of a 95.0% interest <sup>(1)</sup> in a freehold hotel
- 86-key, 4-star hotel in the heart of Florence city centre
- Lease structure with base rent and upside potential through variable rent
- Property Price (95.0% stake): €40.6 million (~S\$63.6 million <sup>(2)</sup>)
- Price Per Key: ~€497K (~S\$778K) <sup>(3)</sup>
- Annualised NPI Yield for YTD Sep 2018: ~4.6% <sup>(4)</sup>
- Extensive refurbishment completed in 2016

(1) Acquisition of a 95.0% interest in Hotel Cerretani Florence, MGallery by Sofitel (the “Hotel” or “Hotel Cerretani Florence”) and the fixtures, furniture and equipment therein (collectively, the “Property”)

(2) Unless otherwise stated, all conversions are based on an assumed exchange rate of €1.00 = S\$1.5661

(3) Based on 100% of the Property Price

(4) Based on the annualised net property income (“NPI”) of the Property for nine months ended 30 Sep 2018 (“YTD Sep 2018”) of €1.9 million (approximately S\$2.9 million), as a percentage of the Property Price of €40.6 million (approximately S\$63.6 million). The Property Price and NPI figures provided are pro-rated based on a 95.0% interest in the Property.

# Executive Summary (Con't)



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1

**Maiden entry into Italy** with presence in Florence, strengthening CDLHT's portfolio through diversification

2

**Exceptional location** as Property is situated in the heart of the historic city centre with world-famous tourist attractions, good connectivity and transportation within walking distance

3

**Rare opportunity to penetrate a highly sought-after market with growth potential**

- Renaissance city of Florence has a unique status in the leisure and tourism markets in Italy due to its cultural and historical heritage
- High barriers to entry due to restrictions on new hotel supply

4

**Accretive acquisition of a high quality asset with ~€5.3 million refurbishment completed in 2016**

5

**Lease structure offers both downside protection and upside participation**



# Overview of Transaction

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# Profile of Florence



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## Location

- Florence Airport is ~8km from the city centre and serves 31 international destinations <sup>(1)</sup>
  - Airport is easily reached from other Tuscan cities as it is just off the highway exits
- Florence is also accessible by Pisa Airport which serves 72 international destinations <sup>(1)</sup>
  - ~1 hour commute to Florence via train or bus
  - <90km drive via highway

## Renaissance City

- Florence ranks amongst Italy's top 5 most visited cities
- Famed for its UNESCO protected old town, numerous museums and galleries, as well as its Renaissance art and architecture
- World renowned masters of science and art, including Michelangelo, Brunelleschi, Da Vinci and Galileo are directly associated to Florence



Florence

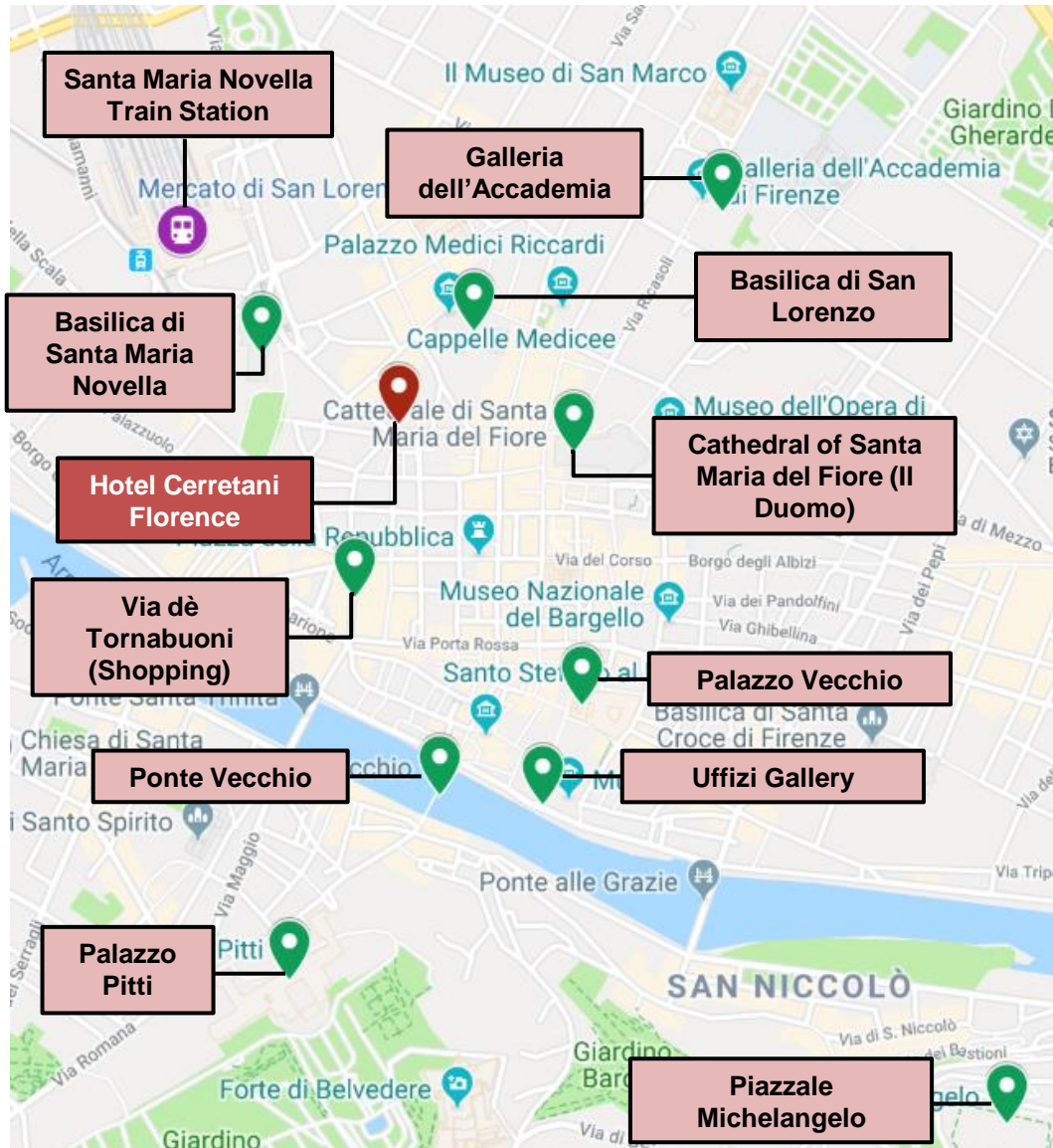
(1) Toscana Aeroporti



# Location of Hotel Cerretani Florence



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## Exceptional Location

- Within walking distance to many of the city's key attractions including:
  - Cathedral of Santa Maria del Fiore (Il Duomo)
  - Ponte Vecchio (symbolic bridge of Florence)
  - Galleria dell'Accademia (which houses David of Michelangelo)
  - Uffizi Gallery museum, which houses some of the most important works of the Renaissance period, such as those by Leonardo da Vinci, Botticelli and Michelangelo
  - Palazzo Vecchio
  - Basilica di Santa Maria Novella
  - Via de' Tornabuoni (high fashion boutiques)

## Easy Access

- Situated in the heart of Florence city centre
- 600m (~8min) walk from main train station
- ~8km (~25min) drive from airport

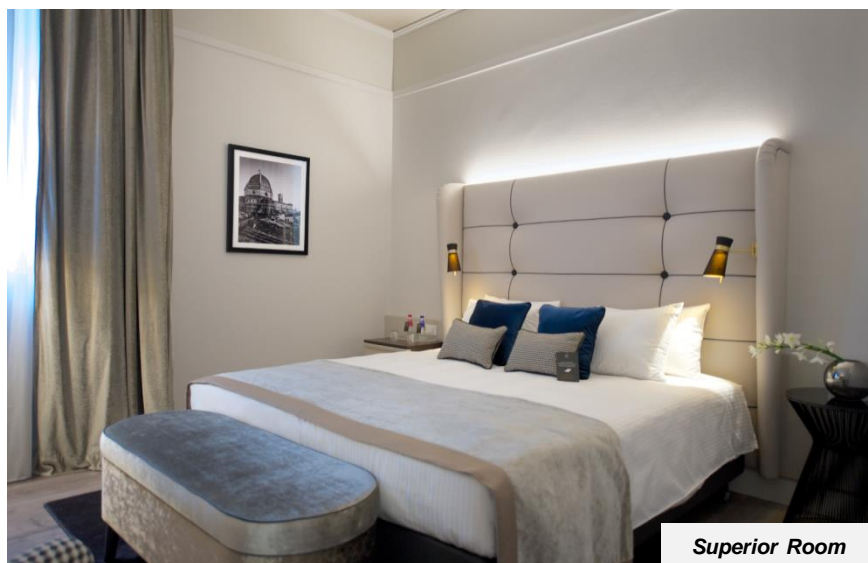
# Description of Property and Transaction Details



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Bar



Superior Room

Property	Hotel Cerretani Florence, MGallery by Sofitel
Description	<ul style="list-style-type: none"> <li>4-star hotel under the “MGallery by Sofitel” brand</li> </ul>
Location	<ul style="list-style-type: none"> <li>Via de' Cerratani 68, 50123 Florence, Italy</li> </ul>
Title	<ul style="list-style-type: none"> <li>Freehold</li> </ul>
Rooms and Amenities	<ul style="list-style-type: none"> <li>86 rooms (weighted average room size ~24 sq m)</li> <li>2 food and beverage outlets</li> </ul>
Property Price (95.0% interest)	<ul style="list-style-type: none"> <li>€40.6 million (~S\$63.6 million)</li> </ul>
Price per key (100% basis)	<ul style="list-style-type: none"> <li>~€497K (~S\$778K) per key</li> </ul>
Valuation <sup>(1)</sup> (100% basis)	<ul style="list-style-type: none"> <li>€43.8 million (~S\$68.6 million)</li> </ul>
Encumbrances	<ul style="list-style-type: none"> <li>Franchise Agreement with AccorHotels (~12 years unexpired term)</li> <li>Entering into new Management Lease with FC Operations Hotel SRL (“<b>Lessee</b>”), affiliated to EVENT Hotels</li> </ul>
Term of Lease	<ul style="list-style-type: none"> <li>20 years commencing from completion date</li> </ul>
Rent Payment	<ul style="list-style-type: none"> <li>Around 93% of the net operating profit of the Property subject to a base rent of €1.3 million</li> </ul>

(1) Valuation report dated 8 Nov 2018 by HVS Global Hospitality Services using the discounted cash flow method to arrive at its valuation of the Property

## 5.0% Minority Shareholder and Lessee



- The Property will be leased and operated by the existing lessee <sup>(1)</sup>
- The Lessee is affiliated to the existing minority shareholder, which is part of the EVENT Hotels group, and will be staying in with a 5.0% (indirect) stake in the Property
- EVENT Hotels is the largest fully integrated hotel management platform in Germany which owns, operates and manages 80 hotels with approximately 14,100 keys throughout Europe
- The Property will also continue to be marketed under the “MGallery by Sofitel” flag pursuant to an existing franchise agreement with AccorHotels
  - AccorHotels is a top leading hotel group operating ~4,500 hotels in 100 countries <sup>(2)</sup>

(1) Upon completion, the new management lease agreement between an indirect subsidiary of CDLHT and the existing lessee will become effective.

(2) AccorHotels website, accessed 8 Nov 2018 (<https://www.accorhotels.group/group/who-we-are/accorhotels-in-brief>)



# Investment Highlights

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# Investment Highlights



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- 1 Accretive Acquisition
- 2 Hospitality Market with Growth Potential and High Barriers to Entry
- 3 High Quality Asset with Exceptional Location
- 4 Capitalising on Low Funding Environment
- 5 Broaden Earnings Base and Strengthen Portfolio through Diversification



# 1 Accretive Acquisition



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## Hotel Cerretani Florence, MGallery by Sofitel



Façade



Suite

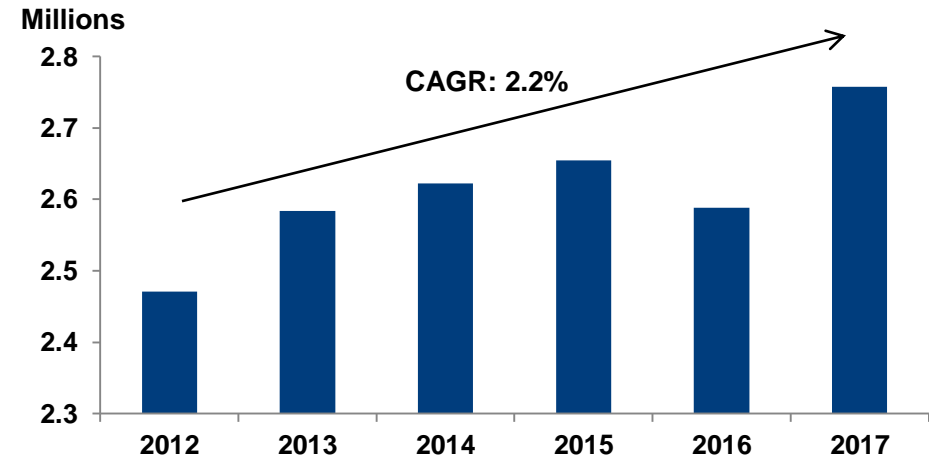
- Annualised NPI yield of the Property for YTD Sep 2018 is ~4.6% <sup>(1)</sup>
- Acquisition is accretive on a pro forma historical basis for FY 2017, assuming CDLHT owned the Property for the period from 1 Jan 2017 to 31 Dec 2017 <sup>(2)</sup>

(1) Based on annualised YTD Sep 2018 NPI of the Property of €1.9 million (approximately S\$2.9 million), as a percentage of the Property Price of €40.6 million (approximately S\$63.6 million). The Property Price and NPI figures provided are pro-rated based on a 95.0% interest in the Property.

(2) Based on the change of the pro forma DPS for FY 2017 of the enlarged portfolio over the DPS for FY 2017 of CDLHT



## Total International Visitor Arrivals to Florence <sup>(1)</sup>



- Florence is a highly desirable tourist destination – famous for its culture, art and architecture, and monuments and is considered the birthplace of the Renaissance <sup>(2)</sup>
- Presence of a strong fashion district where prime luxury brands (e.g. Roberto Cavalli, Salvatore Ferragamo, Gucci, Emilio Pucci) are based in the greater Florence area <sup>(2)</sup>
- Vibrant exhibition and fair calendar including the “Pitti Immagine Uomo” biannual international fashion exhibition which attracted more than 30,000 visitors in Jun 2018 <sup>(3)</sup>
- Total international visitor arrivals to Florence recorded a steady 2.2% CAGR for the past 5 years <sup>(1)</sup>
- Limited future hotel supply due to high barriers to entry from new urban planning regulations prohibiting new hotel developments in the city centre <sup>(4)</sup>

(1) Provincia di Firenze

(2) Hospitality Net, “In Focus: Florence, Italy”, 13 Mar 2017

(3) Pitti Immagine Uomo

(4) JLL Hotel Intelligence Florence, Mar 2018



### 3 High Quality Asset with Exceptional Location



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**Hotel Cerretani  
Florence,  
MGallery by  
Sofitel**

*Only a 3-minute  
walk to Il Duomo*



**Cathedral of Santa Maria del Fiore  
(Il Duomo)**

*Top tourist attraction in Florence*

#### **Rare Opportunity to Penetrate a Highly Sought-After Market**

- A total of ~€5.3 million was invested towards a phased refurbishment for the Property in 2016, including a full renovation of its 86 guest rooms and public areas
- The Property benefits from an exceptional location where it is within walking distance to key tourist hotspots and key transportation nodes
- Construction of tramway service (Line 2) to connect the city centre to airport has been completed and tests are underway before official service commencement <sup>(1)</sup>, which will further enhance the city's connectivity

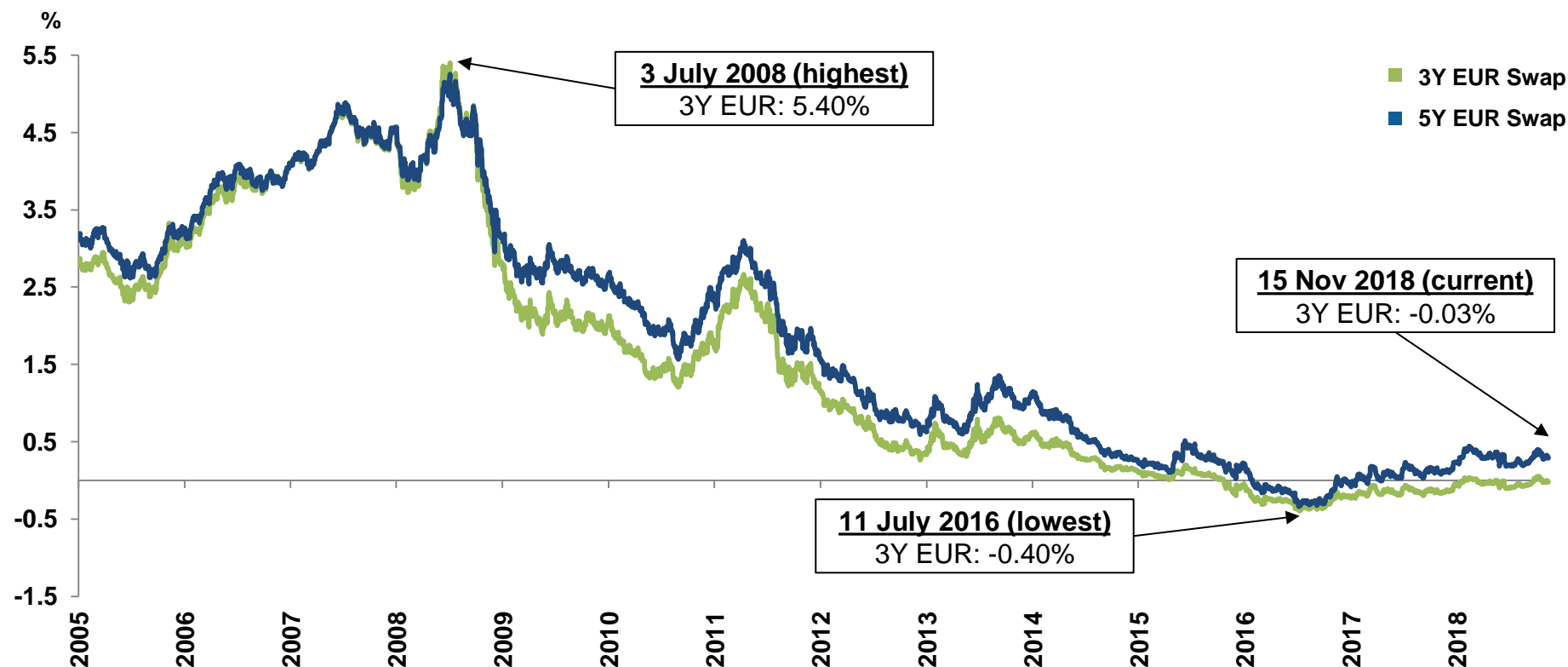
(1) HVS Valuation Report dated 8 Nov 2018

## 4 Capitalising on Low Funding Environment



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### EUR Swap <sup>(1)</sup>



- Acquisition enables CDLHT to capitalise on the window of opportunity afforded by the extraordinarily low funding environment in Europe to enjoy a spread between the property yield and borrowing rates
- Acquisition will initially be funded either through internal sources or offshore debt or a combination of both

(1) Bloomberg

# Broaden Earnings Base and Strengthen Portfolio through Diversification



Singapore	6 Hotels & 1 Retail Mall
Australia	3 Hotels
New Zealand	1 Hotel
Maldives	2 Resorts
Japan	2 Hotels
United Kingdom	2 Hotels
Germany	1 Hotel
Italy	1 Hotel

**Total Rooms** 5,088

**Portfolio Valuation** S\$2.7 billion

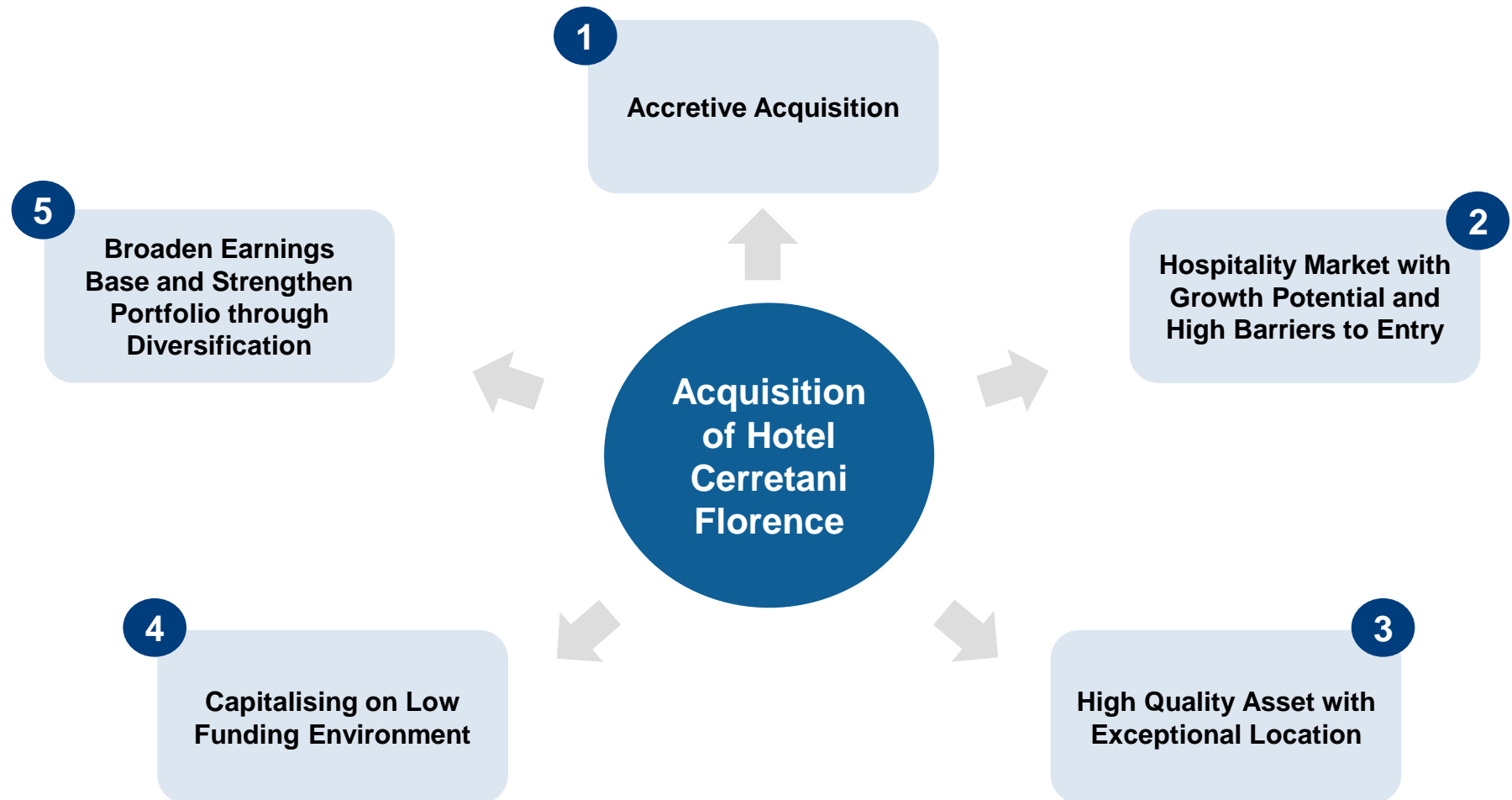


- Upon completion, total number of properties will increase to 19

# Summary of Investment Highlights



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CDLHT is poised to benefit from the rare opportunity to secure a presence in a greatly sought-after market with high barriers to entry while capitalising on low funding cost



THANK YOU

