



CDL HOSPITALITY TRUSTS

A stapled group comprising:

CDL HOSPITALITY REAL ESTATE INVESTMENT TRUST

(a real estate investment trust constituted on 8 June 2006 under the laws of the Republic of Singapore)

CDL HOSPITALITY BUSINESS TRUST

(a business trust constituted on 12 June 2006 under the laws of the Republic of Singapore)

RESPONSE TO SGX-ST'S QUERY ON ANNUAL REPORT

M&C REIT Management Limited, as manager of CDL Hospitality Real Estate Investment Trust ("H-REIT" and the manager, the "H-REIT Manager") and M&C Business Trust Management Limited, as trustee-manager of CDL Hospitality Business Trust ("HBT", and the trustee-manager as the "HBT Trustee-Manager") have received certain queries from Singapore Exchange Securities Trading Limited ("SGX-ST") on 7 April 2016 in connection with the Annual Report of CDL Hospitality Trusts, a stapled group comprising H-REIT and HBT for the financial year ended 31 December 2015. The H-REIT Manager and the HBT Trustee-Manager (collectively, the "Managers") sets out their responses to the queries below.

SGX-ST Query (a)

With reference to "Interested Person Transactions" on page 189 of the Annual Report 2015, please disclose the relevant information in the format required under Rule 907 of the SGX-ST Mainboard Listing Manual.

Response

We wish to highlight that CDL Hospitality Trusts, the stapled group, has not sought any general mandate from the H-REIT unitholders and the HBT unitholders for interested person transactions pursuant to Rule 920 of the SGX-ST Mainboard Listing Manual. We append below the relevant information on Interested Person Transactions/Related Party Transactions in the format required under Rule 907 of the SGX-ST Mainboard Listing Manual, which include the underlined amendments:-

Name of Interested Persons/ Related Parties	Aggregate value of all interested person transactions and/or related party transactions during the financial year under review (excluding transactions less than \$100,000 and transactions conducted under any shareholders' mandate pursuant to Rule 920)	<u>Aggregate value of all interested person transactions and/or related party transactions during the financial year under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)</u>

Republic Hotels & Resorts Limited - Rental income in relation to Copthorne King's Hotel and Grand Copthorne Waterfront Hotel - Rental income in relation to Waterfront Conference Centre ⁽¹⁾	\$27,549,855 \$755,244	<u>Not applicable</u> ⁽²⁾ <u>Not applicable</u> ⁽²⁾
City Hotels Pte. Ltd. - Rental income in relation to Orchard Hotel Singapore	\$24,127,633	<u>Not applicable</u> ⁽²⁾
Harbour View Hotel Pte. Ltd. - Rental income in relation to M Hotel	\$15,089,923	<u>Not applicable</u> ⁽²⁾
City Century Pte. Ltd. - Rental income in relation to units at Claymore Connect	\$1,431,411	<u>Not applicable</u> ⁽²⁾
City Developments Limited - Rental expense in relation to Waterfront Conference Centre ⁽¹⁾ - Corporate secretarial service fees	\$755,244 \$138,838	<u>Not applicable</u> ⁽²⁾ <u>Not applicable</u> ⁽²⁾
Republic Iconic Hotel Pte. Ltd. - Rental income in relation to Studio M Hotel	\$7,809,770	<u>Not applicable</u> ⁽²⁾
Millennium & Copthorne International Limited - Accounting, internal audit, IT and HR function expense for outsourced services	S\$173,223	<u>Not applicable</u> ⁽²⁾

Notes:

⁽¹⁾ This relates to a lease agreement with City Developments Limited ("CDL") for the lease of the second level of Waterfront Plaza which comprises the Waterfront Conference Centre which H-REIT has sub-let to Republic Hotels & Resorts Limited ("RHRL"). Rental income received from RHRL is thereafter paid to CDL as rental expense.

⁽²⁾ CDL Hospitality Trusts, the stapled group, has not sought any general mandate from the H-REIT unitholders and the HBT unitholders for interested person transactions pursuant to Rule 920.

SGX-ST Query (b)

Guideline 9.3 of the Code of Corporate Governance 2012 (the "Code") states that the company should name and disclose the remuneration of at least the top five key management personnel (who are not directors or the CEO) in bands of S\$250,000. Companies need only show the applicable bands. There should be a breakdown (in percentage or dollar terms) of each key management personnel's remuneration earned through base/fixed salary, variable or performance-related income/bonuses, benefits in kind, stock options granted, share-based incentives and awards, and other long-term incentives.

In addition, the company should disclose in aggregate the total remuneration paid to the top five key management personnel (who are not directors or the CEO) (emphasis added).

As required under Listing Rule 1207(12) of the Listing Manual, please disclose in aggregate the total remuneration paid to the top five key management personnel (who are not directors or the CEO), or provide any explanation for deviation from the Code.

Response

The Boards of the H-REIT Manager and the HBT Trustee-Manager have assessed and decided against the disclosure of the aggregate total remuneration paid to the top five key management personnel (who are not directors or the CEO), and believe that the interests of the H-REIT unitholders and the HBT unitholders (the “**Stapled Security Holders**”) have not been prejudiced as a result of such non-disclosure, for the following reasons:-

- i) there is no misalignment between the remuneration of the management personnel and the interest of Stapled Security Holders, given that their remuneration is not linked to gross revenue of H-REIT or HBT and are paid out of the own assets of the Managers. For the avoidance of doubt, the remuneration of the management personnel and other staff of the Managers are not paid out of the funds of the Stapled Security Holders. The Managers are of the view that the non-disclosure of the aggregate total remuneration is not prejudicial to the interests of the Stapled Security Holders, taking into account that the Managers’ remuneration policy for its employees has already been set out on page 82 of the Annual Report 2015 and disclosure has been given of the total amount of fees paid by H-REIT and HBT to the Managers;
- ii) due to the highly competitive human resource environment for personnel with the requisite knowledge, expertise and experience in the area of real estate investment trusts and business trusts, disclosure of such aggregate remuneration information may give rise to recruitment and talent retention issues for the Managers;
- iii) the negative impact to H-REIT and HBT if members of the experienced and qualified management team are poached, thereby affecting the ability to nurture a sustainable talent pool and the continuity of business and operations of H-REIT and HBT;
- iv) due to the confidentiality and sensitivity of staff remuneration matters, especially in the case where the key management team is small, the Managers are of the view that such disclosure could be prejudicial to the human resource management capabilities of the Managers.

By Order of the Board

Enid Ling Peek Fong
Company Secretary
M&C REIT Management Limited
(Company Registration No. 200607091Z)
as manager of CDL Hospitality Real Estate Investment Trust

11 April 2016

By Order of the Board

Enid Ling Peek Fong
Company Secretary
M&C Business Trust Management Limited
(Company Registration No. 200607118H)
as trustee-manager of CDL Hospitality Business Trust

11 April 2016

IMPORTANT NOTICE

The value of Stapled Securities and the income derived from them may fall as well as rise. Stapled Securities are not obligations of, deposits in, or guaranteed by, the H-REIT Manager, the HBT Trustee-Manager or any of their respective affiliates. An investment in Stapled Securities is subject to investment risks, including the possible loss of the principal amount invested.

Investors have no right to request that the H-REIT Manager and the HBT Trustee-Manager redeem or purchase their Stapled Securities while the Stapled Securities are listed. It is intended that the holders of Stapled Securities may only deal in their Stapled Securities through trading on Singapore Exchange Securities Trading Limited ("SGX-ST"). Listing of the Stapled Securities on the SGX-ST does not guarantee a liquid market for the Stapled Securities.