



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)

and

CDL HOSPITALITY BUSINESS TRUST

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

ACQUISITION OF CAMBRIDGE CITY HOTEL IN THE UNITED KINGDOM

1. INTRODUCTION

1.1 Information on the Acquisition

M&C REIT Management Limited, as manager of CDL Hospitality Real Estate Investment Trust (“**H-REIT**”, and the manager of H-REIT, the “**H-REIT Manager**”) and M&C Business Trust Management Limited, as trustee-manager of CDL Hospitality Business Trust (“**HBT**”, and the trustee-manager of HBT, the “**HBT Trustee-Manager**”, and together with the H-REIT Manager, the “**Managers**”), are pleased to announce that CDL HBT Cambridge City (UK) Ltd (the “**Purchaser**”), being an indirect wholly owned subsidiary of the HBT Trustee-Manager, has today entered into a share purchase agreement (the “**Share Purchase Agreement**”) for the indirect acquisition of Cambridge City Hotel (the “**Property**”).

The Property is presently held by LR (Cambridge) Limited (the “**Target**”) and the acquisition of the Property by the Purchaser will be by way of acquiring 100% of the issued share capital of the Target (the “**Acquisition**”) from London & Regional Group Trading No.3 Limited (the “**Vendor**”). Upon completion of the Acquisition (“**Completion**”), the Target will be renamed as CDL HBT Cambridge City Hotel (UK) Ltd (or such other name as may be determined by the Purchaser) and continue to hold and operate the Property. Completion is expected to be on or around 1 October 2015.

1.2 Information on the Property

The Property is a purpose-built upper upscale hotel located in Cambridge, United Kingdom (“**UK**”). It is conveniently located in Cambridge city centre, within 1.6 kilometres of Cambridge railway station. It is also within the vicinity of popular tourist destinations, including the city’s historic colleges such as King’s College, University of Cambridge, and Cambridge’s largest shopping mall, the Grand Arcade Shopping Centre which is adjacent to the Property.

The Property commenced operations in 1991 and offers a total of 198 rooms. In early 2014, the Property underwent an £8.2 million phased refurbishment of its public areas and all the rooms, and this was completed in April 2015. Additional facilities owned by the Property include three F&B outlets, 50 on-site parking spaces, conference and events facilities.

The Property sits on leasehold land, with a 125-year lease granted by the Cambridge City Council (the “**Head Lessor**”, and the lease granted by the Head Lessor, the “**Head Lease**”) commencing on 25 December 1990. In addition to the approximate 100 years left on the lease, the lease term may be extended for a further term of 50 years pursuant to the lessee’s option to renew under the Head Lease.

1.3 Purchase Consideration

Pursuant to the terms of the Share Purchase Agreement, the purchase consideration for the Acquisition comprises payment of the property price of £61.5 million (approximately S\$133.2 million¹) (the “**Property Consideration**”) plus payment of approximately £1.0 million (approximately S\$2.1 million) based on the estimated net working capital and cash of the Target as at the time of Completion with the aggregate amount being approximately £62.5 million (approximately S\$135.3 million)².

The Property Consideration was arrived at on a willing-buyer and willing-seller basis following a tender exercise conducted by the Vendor, and taking into account the independent valuation of the Property of £61.5 million (approximately S\$133.2 million) by Knight Frank LLP (“**Knight Frank**”) as at 25 August 2015.

A refundable deposit of £6.15 million (approximately S\$13.3 million) (the “**Deposit**”), amounting to 10.0% of the Property Consideration was paid upon the execution of the Share Purchase Agreement into the Vendor’s solicitors’ account and held by the Vendor’s solicitors as stakeholder. The remainder of the purchase consideration, which is to be fully satisfied by payment in cash on Completion, is subject to Post-Completion Adjustments.

2. RATIONALE FOR THE ACQUISITION

The Managers believe that the Acquisition will bring the following key benefits to holders of Stapled Securities (“**Stapled Securities**”, and the holders of Stapled Securities, “**Stapled Security Holders**”):

2.1 Accretive Acquisition

The Managers are of the view that the Acquisition is accretive to Stapled Security Holders based on the pro forma financial effects of the Acquisition on the distribution per Stapled Security (“**DPS**”) of CDLHT.

During the phased refurbishment of the Property, the rooms refurbishment which took place in 2014 affected occupancy as an average of approximately 16.0% of the rooms were taken out of inventory at any one time. Despite the disruptions arising from public areas of the Property being renovated from January 2015 to April 2015, the Property’s performance showed a marked improvement in 2015 over 2014 after the rooms refurbishment, recording a Revenue per Available Room (“**RevPAR**”) growth of 28.6% year-on-year (“**yoY**”) for the six months ended 30 June 2015 (“**1H2015**”). Correspondingly, the RevPAR achieved by the Property for

1 Unless otherwise stated in this announcement, all conversions are based on an assumed exchange rate of £1.00 = S\$2.1655.

2 The purchase consideration will be subject to post-completion adjustments based on the actual net working capital and cash of the Target as at Completion (“**Post-Completion Adjustments**”).

1H2015 was £101. The Property's trading performance is expected to further improve as the hotel continues to trade post-renovation without any disruption.

Based on the Property Consideration of £61.5 million (approximately S\$133.2 million) and assuming that CDLHT owned the Property from 1 January 2015, the pro forma annualised net property income yield of the Property for 1H2015 would be 5.6%³. On a pro forma 1H2015 basis, this translates to a DPS accretion of 1.9%⁴.

2.2 Maiden Entry into Europe through Presence in Cambridge, United Kingdom

This Acquisition in Cambridge marks CDLHT's first investment in Europe. UK is set to be the fastest-growing G7 economy as evidenced by its solid employment growth and the recent upturn in real earnings⁵. The hospitality outlook for 2015 continues to be strong⁶ with international tourist arrivals to UK expected to hit a record 35.1 million⁷. The recent streamlining of visa process for Chinese visitors entering UK⁸ is also likely to encourage more inbound travel from the world's largest tourism source market⁹. The record number of visitors, coupled with the improved economic outlook, is likely to have a positive effect on hotels across UK.

2.2.1 Robust Hospitality Market with Strong Demand Profile

Cambridge is a city renowned for its history, architecture and cultural appeal, and is one of the primary tourist destinations in UK, for both domestic and overseas visitors.

It is also an important location for UK's research and development ("R&D") sector. Cambridge is sometimes referred to as "Silicon Fen", an allusion to Silicon Valley. It is home to a large cluster of high-tech businesses focusing on software, electronics and biotechnology. Notable names include AstraZeneca, Pfizer, Microsoft, Hewlett-Packard, Amazon, Mundipharma and ARM Holdings.

According to Knight Frank, Cambridge is one of the strongest hospitality markets in the UK. For the year ended 31 December 2014, the competitive set of the Property registered a yoy RevPAR growth of 6% based on the STR Global report.

2.2.2 Exceptional City Centre Location

The Property boasts a prime location in Cambridge's city centre. Several of the city's key attractions including the King's College, The Fitzwilliam Museum, Cambridge University Botanic Garden and Trinity College are well within walking distance of the

3 Based on the pro forma annualised net property income of the Property for 1H2015 of £3.4 million (approximately S\$7.4 million), as a percentage of the Property Consideration of £61.5 million (approximately S\$133.2 million). Taking into consideration the transaction costs of £1.2 million (approximately S\$2.6 million), the pro forma annualised net property income yield will be 5.5%.

4 Based on the change of the pro forma DPS for 1H2015 of the enlarged portfolio over the DPS for 1H2015 of CDLHT. For the purpose of the computations, the Total Acquisition Cost is assumed to be 100.0% GBP debt-funded.

5 Source: Financial Times, "UK Set to be fastest-growing G7 economy", 30 June 2015 (<https://next.ft.com/95c6322a-1f05-11e5-ab0f-6bb9974f25d0>).

6 Source: Horwath HTL, Hotel Yearbook 2015 EMEA.

7 Source: VisitBritain (<https://www.visitbritain.org/2015-forecast>).

8 Source: Financial Times, "UK hopes new visa system will increase Chinese visitor numbers", 19 June 2015 (<https://next.ft.com/8ac43680-15cb-11e5-a58d-00144feabdc0>).

9 Source: COTTM, "Capturing the lucrative China outbound tourism market", 8 July 2015 (<http://www.cottm.com/news-center/news/capturing-lucrative-china-outbound-tourism-market>).

Property. Grand Arcade Shopping Centre, the city's principal shopping mall, is adjacent to the Property.

The Property's strategic location and its close proximity to popular tourist destinations and colleges makes it appealing to both leisure and business travellers. The Property is also easily accessible as it is located beside a main thoroughfare and has easy access to public transportation, with the Cambridge railway station being a 6-minute drive away.

2.2.3 Property to Benefit from High Barriers to Entry and New Demand Drivers

There are a very limited number of hotels in Cambridge, particularly commercial hotels with meeting facilities in the city centre. Hence, it is a rare opportunity to secure a prominent presence in the city through owning one of the largest hotels there. The Property is expected to benefit from the high barriers to entry in Cambridge city centre. The historical and cultural nature of the city has resulted in limited development sites, with most of the new supply taking place on the outskirts of the city. In addition, the central conservation area and high percentage of buildings belonging to the University have also restricted new hotel development opportunities. Although there is a new budget hotel opening in 2016 and a re-positioned hotel launching in 2017, the constrained supply of hotels in the city centre coupled with the new and upcoming demand drivers, are likely to support the continued growth of the Property in the medium term.

2.3 Buoyant Outlook Driven by Burgeoning Life Science Cluster

Cambridge is often regarded as an international centre for R&D. This has developed as a result of a strong tradition of scientific research in Cambridge University, and a supply of highly-trained personnel who choose to remain in Cambridge following their graduation. The city is currently home to more than 2,000 science- and technology-based companies and its growth in recent years has also attracted attention from venture capitalists and other strategic investors^{10,11}. Looking ahead, Cambridge's growth trajectory is set to continue with a number of major developments that are coming to fruition.

2.3.1 Addenbrooke's 2020 Vision to Benefit Cambridge

Cambridge benefits from a number of business parks and R&D facilities located in the outskirts and wider area of the city. One of the biggest developments relates to Addenbrooke's 2020 Vision to make Cambridge Biomedical Campus one of the largest concentrations of healthcare-related talent and enterprise in Europe. Part of this plan will see the construction of AstraZeneca's £330 million Corporate Headquarters and Global R&D Centre which is expected to employ close to 2,000 people when it is completed in 2016. The Forum Cambridge, a £120 million development, will see the addition of a postgraduate education centre, private hospital and conference centre when it is completed in 2018. Another project that is

10 Source: The Telegraph, "Is Cambridge UK's most successful city?", 7 March 2015 (<http://www.telegraph.co.uk/finance/festival-of-business/11456262/Is-Cambridge-the-UKs-most-successful-city.html>).

11 Source: Business Weekly, "Cambridge leads VC investment boom in UK Biotech", 19 January 2015 (<http://www.businessweekly.co.uk/news/biomedtech/18046-cambridge-leads-vc-investment-boom-uk-biotech>).

scheduled for completion in 2018 is the £165 million Papworth Hospital which will be UK's largest specialist centre for heart and lung transplant¹².

2.3.2 £850 million Urban Mixed-Use Development Near the Property

The Property is also expected to benefit from the £850 million mixed-use development at CB1 Station Road, which is located approximately 1.6 kilometres away. This 25-acre development, which is expected to be complementary to the growth of the life science cluster, comprises Grade A office space, leisure and health facilities, retail outlets as well as residential and student accommodation. It is currently under construction and will be opened progressively over the next few years¹³.

2.4 High Quality Asset with Upside Potential from Asset Enhancements and Rebranding

The Property is a newly refurbished upper upscale hotel with a comprehensive suite of facilities such as meeting rooms, F&B outlets, gym, sauna and covered parking spaces. All rooms come with wireless internet access, home entertainment system and en suite bathrooms.

2.4.1 Asset Enhancement Opportunities

The increasing business activities in Cambridge are likely to generate higher demand for meetings, seminars and trainings. As the Property grows its meetings business, there will be opportunities to progressively expand the Property's meeting facilities by converting some of the under-utilised spaces. Such an undertaking could potentially unlock more value from the Property.

2.4.2 Rebranding Opportunity

Given that the Property is currently owner-operated, there is an opportunity to reposition the hotel under an international brand. This can boost access to a global customer base, thereby enhancing performance of the Property.

2.5 Broadening Earnings Base and Strengthening Portfolio through Diversification

The Acquisition is expected to benefit Stapled Security Holders by broadening CDLHT's earning base. Assuming CDLHT owned the Property from 1 January 2014, it would contribute approximately 4.0%¹⁴ and 5.3%¹⁵ of CDLHT's total net property income on a pro forma basis for the twelve months ended 31 December 2014 and 1H2015 respectively. The Acquisition will also have the benefit of improving the geographical diversification of CDLHT's portfolio.

12 Source: Cambridge Biomedical Campus (<http://cambridge-biomedical.com/about-the-campus-2/masterplan-2/>).

13 Source: CB1 Cambridge (<http://www.cb1cambridge.eu/>).

14 Based on the pro forma net property income of CDLHT's enlarged portfolio for the year ended 31 December 2014, assuming CDLHT owned the two Japan hotels from 1 January 2014 even though the Japan hotels acquisitions were only completed on 19 December 2014.

15 Based on the pro forma net property income of CDLHT's enlarged portfolio for the six months ended 30 June 2015.

3. CERTAIN PRINCIPAL TERMS OF THE ACQUISITION

3.1 Estimated Total Acquisition Cost

The current estimated total cost of the Acquisition ("**Total Acquisition Cost**") is approximately £63.6 million (approximately S\$137.8 million)¹⁶, comprising:

- (i) the Property Consideration of £61.5 million (approximately S\$133.2 million);
- (ii) estimated net working capital and cash of the Target as at the time of Completion of approximately £1.0 million (approximately S\$2.1 million) subject to Post-Completion Adjustments;
- (iii) the HBT Trustee-Manager's acquisition fee in respect of the Acquisition (the "**Acquisition Fee**") under the HBT Trust Deed¹⁷ which amounts to £0.06 million (approximately S\$0.1 million);
- (iv) stamp duty amounting to £0.3 million (approximately S\$0.7 million); and
- (v) the estimated professional fees and expenses incurred by HBT in connection with the Acquisition, which amount to approximately £0.8 million (approximately S\$1.8 million).

On or after Completion, the HBT Trustee-Manager may inject additional capital of up to an estimated £1.5 million (approximately S\$3.2 million) into the Target. The purpose of the capital injection is to fund future capital expenditure and for working capital needs.

3.2 Valuation

The Managers and DBS Trustee Limited, in its capacity as the trustee of H-REIT have commissioned an independent property valuer, Knight Frank, to value the Property. Knight Frank, in its valuation report dated 25 August 2015, stated that the market value of the Property is £61.5 million (approximately S\$133.2 million) on the basis that the Property is managed by an international hotel operator. Knight Frank used the discounted cash flow method in arriving at its valuation of the Property.

3.3 Share Purchase Agreement

Completion under the Share Purchase Agreement is subject to and conditional upon the satisfaction of certain conditions, including the discharge of any encumbrances in respect of the shares of the Target and of the Property.

Due to adverse UK tax consequences that will arise if H-REIT were to assume the Target's specific structure, it is not suitable for H-REIT to be the acquirer. Hence, HBT is undertaking the Acquisition instead of H-REIT.

¹⁶ Numbers will not add up due to rounding.

¹⁷ The trust deed constituting HBT dated 12 June 2006 as amended, varied and supplemented from time to time.

3.4 Incorporation and Constitution of Subsidiaries

The following subsidiaries have been established:

Name of Company	Country of Incorporation / Establishment	Issued and Paid Up Share Capital	Purpose
CDL HBT Cambridge City Pte. Ltd.	Singapore	£2.00	To hold CDL HBT Cambridge City (UK) Ltd
CDL HBT Cambridge City (UK) Ltd (i.e. the Purchaser)	England and Wales	£2.00	To hold CDL HBT Cambridge City Hotel (UK) Ltd (or such other name as may be determined by the Purchaser) (i.e. the Target)
CDLHT Cambridge City Pte. Ltd.	Singapore	£2.00	Investment holding
CDLHT Cambridge City Holdings (UK) Ltd	England and Wales	£2.00	Investment holding

4. METHOD OF FINANCING AND PRO FORMA FINANCIAL EFFECTS OF THE ACQUISITION

4.1 Method of Financing

The Total Acquisition Cost will be initially fully funded through 100% offshore GBP-denominated debt financing through H-REIT's multi-currency bridge loan facility. H-REIT will lend funds amounting up to £65.1 million (approximately S\$141.1 million) comprising the Total Acquisition Cost of £63.6 million (approximately S\$137.8 million) and up to an estimated £1.5 million (approximately S\$3.2 million) that may be drawn down to fund future capital expenditure and working capital needs of the Target, out of its multi-currency bridge loan facility to HBT for the Acquisition¹⁸.

Depending on market conditions, H-REIT's bridge loan could be refinanced by a term loan or other means, as may be determined by the Managers. Upon Completion, the aggregate leverage of CDLHT is expected to be approximately 35.8%¹⁹.

4.2 Pro Forma Financial Effects of the Acquisition

The pro forma financial effects of the Acquisition on the DPS and net asset value ("**NAV**") presented below are strictly for illustrative purposes only and were prepared based on:

- (i) CDLHT's audited consolidated financial statements for the financial year ended 31 December 2014 (the "**FY2014 Audited Consolidated Financial Statements**"); and
- (ii) the unaudited consolidated financial statements of CDLHT for the six months ended 30 June 2015 (the "**1H2015 Unaudited Financial Statements**"),

taking into account the Total Acquisition Cost, the pro forma historical financial performance of the Property and the assumption that the Acquisition is 100.0% financed through debt.

The Property is accounted for as property, plant and equipment, which are measured at cost less depreciation and any provision for impairment. Depreciation and impairment losses charged to the statement of total return are non-cash items which are added back for the purposes of arriving at CDLHT's distributable income and thus do not have an impact on its distribution.

The reason for presenting the pro forma DPS and NAV per Stapled Security based on the 1H2015 Unaudited Financial Statements in addition to the FY2014 Audited Consolidated Financial Statements is because the Property underwent its phased refurbishment in 2014 and 2015. As part of the phased refurbishment, rooms were refurbished from early 2014 to December 2014. During this period, an average of about 32 rooms were taken out of inventory to undergo refurbishment at any one time, hence lowering the Property's occupancy for the period.

18 The H-REIT Manager will waive its management fee in relation to the funds lent by H-REIT to HBT to finance the Acquisition since the HBT Trustee-Manager will be earning its management fee on the Property going forward in relation to the Acquisition.

19 On a pro forma basis, assuming the Acquisition was completed on 30 June 2015. The gearing ratio assumes the inclusion of the estimated £1.5 million (approximately S\$3.2 million) that may be drawn down for future capital expenditure and working capital needs on or after Completion. The pre-acquisition debt to total assets ratio was 32.0% as at 30 June 2015.

The pro forma financial effects are for illustrative purposes only and do not represent CDLHT's DPS and NAV per Stapled Security following Completion. In addition, Stapled Security Holders should note that the hotel business is seasonal and the performance for 1H2015 may not be representative of the performance for the financial year ending 31 December 2015. The weakest quarter for the Property tends to be in the first quarter of the calendar year.

4.2.1 Financial Year ended 31 December 2014 ("FY2014")

Pro forma DPS and Distribution Yield

The pro forma financial effects of the Acquisition on the DPS and distribution yield for CDLHT for FY2014, as if the Acquisition was completed on 1 January 2014, and CDLHT held and operated the Property through to 31 December 2014, are as follows:

	FY2014	
	Before the Acquisition	After the Acquisition
Net Property Income (S\$'000)	140,526 ⁽¹⁾	146,557 ⁽²⁾
Distributable Income (S\$'000) ⁽³⁾	119,515	120,444
Units in issue and to be issued ('000)	982,232 ⁽⁴⁾	982,232 ⁽⁵⁾
DPS (cents) ⁽⁶⁾	12.19	12.26
Distribution yield (%) ⁽⁷⁾	9.23	9.29

Notes:

- (1) Based on the audited consolidated financial statements of CDLHT for FY2014.
- (2) Includes (i) pro forma income contribution from the Property, and (ii) deduction of additional property expenses in connection with the Acquisition for the period from 1 January 2014 to 31 December 2014.
- (3) The distributable income of CDLHT (before deducting income retained for working capital) represents the aggregate of distributions by H-REIT and HBT.
- (4) Number of Stapled Securities issued and issuable as at 31 December 2014.
- (5) No new Stapled Securities are assumed to be issued as payment of the management fee to the HBT Trustee-Manager as no profit before interest and tax was recorded on a pro forma basis mainly due to the expensing of the one-time transaction costs relating to the Acquisition.
- (6) Figures rounded to two decimal places.
- (7) Based on the Stapled Securities' closing market price of S\$1.320 as at 8 September 2015.

Pro forma NAV per Stapled Security

The pro forma financial effects of the Acquisition on the NAV per Stapled Security as at 31 December 2014, as if the Acquisition was completed on 31 December 2014, are as follows:

	As at 31 December 2014	
	Before the Acquisition	After the Acquisition
NAV (S\$'000)	1,616,127 ⁽¹⁾	1,613,570 ⁽²⁾
Units in issue and to be issued ('000)	982,232 ⁽³⁾	982,232 ⁽⁴⁾
NAV per Stapled Security (cents) ⁽⁵⁾	1.65	1.64

Notes:

- (1) Based on the audited consolidated financial statements of CDLHT for FY2014.
- (2) The drop in NAV is attributed to the expensing of the one-time transaction costs relating to the Acquisition.
- (3) Number of Stapled Securities issued and issuable as at 31 December 2014.
- (4) Includes the issued and issuable Stapled Securities as at 31 December 2014 in Note (2) above, with no new Stapled Securities to be issued for the Acquisition.
- (5) Figures rounded to two decimal places.

Pro forma Capitalisation

The following table sets forth the pro forma capitalisation of CDLHT as at 31 December 2014, as if the Acquisition was completed on 31 December 2014.

	As at 31 December 2014	
	Actual	As adjusted
	(Before the Acquisition) ⁽¹⁾	(After the Acquisition)
	(S\$ million)	(S\$ million)
Short-term debt:		
Secured	-	-
Unsecured	317.9	317.9
Total short-term debt	317.9	317.9
Long-term debt:		
Secured	-	-
Unsecured	458.8	596.6 ⁽²⁾
Total long-term debt	458.8	596.6
Total Debt	776.7	914.5
Stapled Security Holders' funds	1,616.1	1,613.6
Total Capitalisation	2,392.8	2,528.1

Notes:

- (1) Based on the audited consolidated financial statements of CDLHT as at 31 December 2014.
- (2) The borrowings include funding for the Total Acquisition Cost but exclude the estimated £1.5 million (approximately S\$3.2 million) funding for future capital expenditure and working capital needs, which may be drawn down on or after Completion.

4.2.2 Six Months ended 30 June 2015

Pro Forma DPS and Distribution Yield

The pro forma financial effects of the Acquisition on the DPS and distribution yield for CDLHT for the six months ended 30 June 2015, as if the Acquisition was completed on 1 January 2015, and CDLHT held and operated the Property through to 30 June 2015, are as follows:

	1H2015	
	Before the Acquisition	After the Acquisition
Net Property Income (S\$'000)	66,118 ⁽¹⁾	69,809 ⁽²⁾
Distributable Income (S\$'000) ⁽³⁾	51,234	52,184
Stapled Securities in issue and to be issued ('000)	985,224 ⁽⁴⁾	985,224 ⁽⁵⁾
DPS (cents) for the period ⁽⁶⁾	5.20	5.30
Distribution yield (annualised) (%) ⁽⁷⁾	7.94	8.09

Notes:

- (1) Based on the unaudited consolidated financial statements of CDLHT for the period from 1 January 2015 to 30 June 2015.
- (2) Includes (i) pro forma income contribution from the Property, and (ii) deduction of additional property expenses in connection with the Acquisition for the period from 1 January 2015 to 30 June 2015.
- (3) The distributable income of CDLHT (before deducting income retained for working capital) represents the aggregate of distributions by H-REIT and HBT.
- (4) Number of Stapled Securities issued and issuable as at 30 June 2015.
- (5) No new Stapled Securities are assumed to be issued as payment of the management fee to the HBT Trustee-Manager as no profit before interest and tax was recorded on a pro forma basis mainly due to the expensing of the one-time transaction costs relating to the Acquisition.
- (6) Figures rounded to two decimal places.
- (7) Based on the Stapled Securities' closing market price of S\$1.320 as at 8 September 2015.

Pro Forma NAV per Stapled Security

The pro forma financial effects of the Acquisition on the NAV per Stapled Security as at 30 June 2015, as if the Acquisition was completed on 30 June 2015, are as follows:

	As at 30 June 2015	
	Before the Acquisition	After the Acquisition
NAV (\$'000)	1,594,536 ⁽¹⁾	1,591,979 ⁽²⁾
Units in issue and to be issued ('000)	985,224 ⁽³⁾	985,224 ⁽⁴⁾
NAV per Stapled Security (cents) ⁽⁵⁾	1.62	1.62

Notes:

- (1) Based on the unaudited consolidated financial statements of CDLHT for the period from 1 January 2015 to 30 June 2015.
- (2) The drop in NAV is attributed to the expensing of the one-time transaction costs relating to the Acquisition.
- (3) Number of Stapled Securities issued and issuable as at 30 June 2015.
- (4) Includes the issued and issuable Stapled Securities as at 30 June 2015 in Note (2) above, with no new Stapled Securities to be issued for the Acquisition.
- (5) Figures rounded to two decimal places.

Pro Forma Capitalisation

The following table sets forth the pro forma capitalisation of CDLHT as at 30 June 2015, as if the Acquisition was completed on 30 June 2015.

	As at 30 June 2015	
	Actual	As adjusted
	(Before the Acquisition) ⁽¹⁾	(After the Acquisition)
	(S\$ million)	(S\$ million)
Short-term debt:		
Secured	-	-
Unsecured	313.5	313.5
Total short-term debt	313.5	313.5
Long-term debt:		
Secured	-	-
Unsecured	461.6	599.4 ⁽²⁾
Total long-term debt	461.6	599.4
Total Debt	775.1	912.9
Stapled Security Holders funds	1,594.5	1,592.0
Total Capitalisation	2,369.6	2,504.9

Notes:

- (1) Based on the unaudited consolidated financial statements of CDLHT as at 30 June 2015.
- (2) The borrowings include funding for the Total Acquisition Cost but exclude the estimated £1.5 million (approximately S\$3.2 million) funding for future capital expenditure and working capital needs, which may be drawn down on or after Completion.

5. OTHER INFORMATION

5.1 Relative Figures Computed on the Bases Set Out in Rule 1006 of the Listing Manual

Chapter 10 of the Listing Manual classifies transactions into (i) non-discloseable transactions, (ii) discloseable transactions, (iii) major transactions, and (iv) very substantial acquisitions or reverse takeovers, depending on the size of the relative figures computed on, inter alia, the following applicable bases:

- (i) the net profits attributable to the assets acquired, compared with CDLHT's net profits pursuant to Rule 1006(b) of the Listing Manual; and
- (ii) the aggregate value of the consideration given or received, compared with CDLHT's market capitalisation based on the total number of issued Stapled Securities pursuant to Rule 1006(c) of the Listing Manual.

Where any of the relative figures computed on the bases set out above exceeds 5% but does not exceed 20%, the transaction is classified as a "discloseable transaction" under Rule 1010 of the Listing Manual which would require the issue of an announcement. Where any of the relative figures computed on the bases set out above is 20.0% or more, the transaction is classified as a "major transaction" under Rule 1014 of the Listing Manual which would be subject to the approval of Stapled Security Holders, unless such transaction is in the ordinary course of CDLHT's business.

The relative figures in relation to the Acquisition computed on the bases set out do not exceed 20.0%. Rule 1006(d) does not apply as no Stapled Securities will be issued by CDLHT as consideration for the Acquisition.

For the purposes of illustration to Stapled Security Holders, the relative figures for the Acquisition using the applicable bases of comparison are set out in the table below:

Criteria	CDLHT (S\$ million)	The Acquisition (S\$ million)	Relative Percentage (%)
The net profits attributable to the assets acquired compared with CDLHT's net profits	66.1 ⁽¹⁾	3.7	5.6
Aggregate value of the consideration given compared with CDLHT's market capitalisation	1,305.4 ⁽²⁾	135.3	10.4

Notes:

- (1) Based on the unaudited consolidated financial statements of CDLHT for 1H2015. In the case of a real estate investment trust, net property income is a close proxy to the net profits attributable to its assets.
- (2) Based on the market capitalisation of CDLHT on 8 September 2015 which is the market date preceding the date of the Share Purchase Agreement.

5.2 Interests of Directors and Substantial Stapled Security Holders

As at the date of this announcement, certain directors of the Managers collectively hold an aggregate, direct and indirect, interest in 230,000 Stapled Securities.

Based on the information available to the Managers as at the date of this announcement, none of the directors of the Managers and Substantial Stapled Security Holders have any interest, direct or indirect, in relation to the Acquisition.

5.3 Director's Service Contracts

No person is proposed to be appointed as a Director in relation to the Acquisition or any other transactions contemplated in relation to the Acquisition.

6. DOCUMENTS FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours at the registered office of the Managers at 36 Robinson Road, #04-01 City House, Singapore 068877²⁰ from the date of this announcement up to and including the date falling three months thereafter:

- (i) the Share Purchase Agreement; and
- (ii) the valuation report of the Property by Knight Frank.

The H-REIT Trust Deed and HBT Trust Deed will also be available for inspection at the registered office of the Managers for so long as H-REIT and HBT are in existence.

BY ORDER OF THE BOARD

Vincent Yeo Wee Eng
Chief Executive Officer
M&C REIT Management Limited
(Company Registration Number 200607091Z)
as manager of CDL Hospitality Real Estate Investment Trust

BY ORDER OF THE BOARD

Vincent Yeo Wee Eng
Chief Executive Officer
M&C Business Trust Management Limited
(Company Registration Number 200607118H)
as trustee-manager of CDL Hospitality Business Trust

9 September 2015

²⁰ Prior appointment with the Managers will be appreciated.

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 or any of their respective affiliates 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 (the "**SGX-ST**"). Listing of the Stapled Securities on the SGX-ST does not guarantee a liquid market for the Stapled Securities.

The past performance of CDL Hospitality Trusts is not necessarily indicative of the future performance of CDL Hospitality Trusts.

Consent has not been sought from STR Global, the Financial Times, Horwath HTL, VisitBritain, COTTM, The Telegraph, Business Weekly, Cambridge Biomedical Campus and CB1 Cambridge for the inclusion of information extracted from the relevant reports published by them and therefore they are not liable for such information. While the Managers have taken reasonable actions to ensure that the information from the reports published by STR Global, the Financial Times, Horwath HTL, VisitBritain, COTTM, The Telegraph, Business Weekly, Cambridge Biomedical Campus and CB1 Cambridge are reproduced in their proper form and context, and that the relevant information has been extracted accurately and fairly from such reports, neither the Managers nor any other party has conducted an independent review of the information contained in such reports and the market and industry information contained in this announcement nor verified the accuracy of the contents of the relevant information or the reports cited in this announcement.