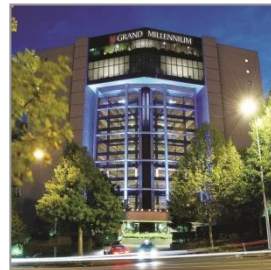
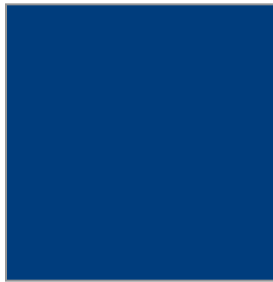




CDL HOSPITALITY TRUSTS

Acquisition of  
The Lowry Hotel  
Manchester, United Kingdom  
4 May 2017



# Important Notice



CDL HOSPITALITY TRUSTS

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# Executive Summary

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## The Lowry Hotel Manchester, United Kingdom

- Acquisition by HBT of an iconic, 5-star luxury hotel in Manchester with **165 keys**
- **Long leasehold interest** with ~130 years remaining
- **Property Price: £52.5M (~S\$94.1M)** <sup>(1)</sup>
- **Price Per Key: ~£318K (~S\$570K)**
- **Pro Forma NPI Yield for FY 2016** <sup>(2)</sup>: **~7.3%**
- **Pro Forma DPS Impact for FY 2016** <sup>(3)</sup>: **~2.7% accretion**
- Refurbishment implemented in 2015 and 2016

(1) Unless otherwise stated, all conversions are based on an assumed exchange rate of £1.00 = S\$1.7915.

(2) Based on the pro forma net property income (“**Pro Forma NPI**”) of the Property for the financial year ended 31 December 2016 (“**FY 2016**”), as a percentage of the Property Price of £52.5 million. The Pro Forma NPI yield will be 7.1% based on the current estimated total cost of the acquisition (“**Total Acquisition Cost**”) comprising the Property Price, estimated net working capital and cash of The Lowry Hotel Limited as at the time of completion, estimated professional fees, stamp duty and HBT Trustee-Manager’s acquisition fee.

(3) Based on the change of the pro forma distribution per Stapled Security (“**DPS**”) for FY 2016 of the enlarged portfolio over the DPS for FY 2016 of CDLHT. For the purpose of the computations, the Total Acquisition Cost is assumed to be 100.0% British pound (“**GBP**”) debt-funded.

# Executive Summary (Con't)



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**Exposure to Manchester**, the key city in Northern England and second most prominent city in the United Kingdom (“UK”) after London:

- Manchester is a city that is poised for strong growth with a buoyant economic outlook
- Manchester is part of the UK government’s focus to shift away from London and to establish “The Northern Powerhouse”

**Good location where Property is in proximity to the heart of Manchester city centre**, with top office developments, one of the busiest retail malls in UK and entertainment hubs within walking distance

**Hospitality market with strong mix** of corporate and leisure (sporting and entertainment) demand:

- Healthy corporate demand is supported by Manchester being identified as one of the cities with the lowest cost of doing business across 10 major European cities in 2016<sup>(1)</sup> and is a key beneficiary city of the “North-Shoring” trend where businesses relocate away from London and the South East to reduce operating costs
- Sporting demand, especially football-related demand, features prominently for the Property as Manchester is home to the world-famous Manchester United and Manchester City football clubs
- Manchester Arena is one of the busiest venues in the world and the largest indoor arena in Europe<sup>(2)</sup> where high profile concerts are frequently held which draws large crowds to stay in the city

**Iconic hotel in Manchester** which has hosted many notable celebrities and prestigious football teams

**Accretive acquisition** with pro forma DPS accretion of 2.7% for FY 2016

**Expanded presence in Europe** with a second hotel in UK strengthens CDLHT’s portfolio through diversification

**Transaction reinforces CDLHT’s strategy** to diversify and enter markets with strong fundamentals and growth potential

(1) KPMG Competitive Alternatives Survey 2016

(2) Manchester Evening News, Manchester Arena



# Overview of Transaction

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## Location

- Manchester is situated about 260km north of London
  - ~4 hours drive via M1 and M6 motorway from London city centre
  - ~2 hours commute by non-stop train from London King's Cross railway station to Manchester Piccadilly railway station via Virgin Trains
  - Direct international flights as well as regional flights through Heathrow and Stansted



## Heart of “Northern Powerhouse” of UK

- “Northern Powerhouse” is a proposal to boost economic growth in the North of England
- Significant amount of investment ploughed into Manchester – completed developments such as Spinningfields (£1.5 billion) and ongoing large scale developments such as N.O.M.A. (£800 million) and expansion of MediaCityUK (£1 billion)
- Well-balanced economy across all sectors and relatively less affected by Brexit <sup>(1)</sup>

## City of Sports and Entertainment

- Two world-renowned premier league football teams – Manchester United and Manchester City – draw fans from all over the world for matches and stadium tours
- Manchester Arena is one of the largest concert venues <sup>(2)</sup> in Europe featuring high profile performers such as Lady Gaga, Celine Dion and Linkin Park
- Host to Manchester International Festival, a biennial international arts festival with ~260,000 attendees in 2015 <sup>(3)</sup>

(1) Savills, Manchester Office Market Report, Mar 2017

(2) Manchester Evening News, Manchester Arena

(3) Manchester City Council, Report for Resolution, 7 Oct 2015



# Location of The Lowry Hotel



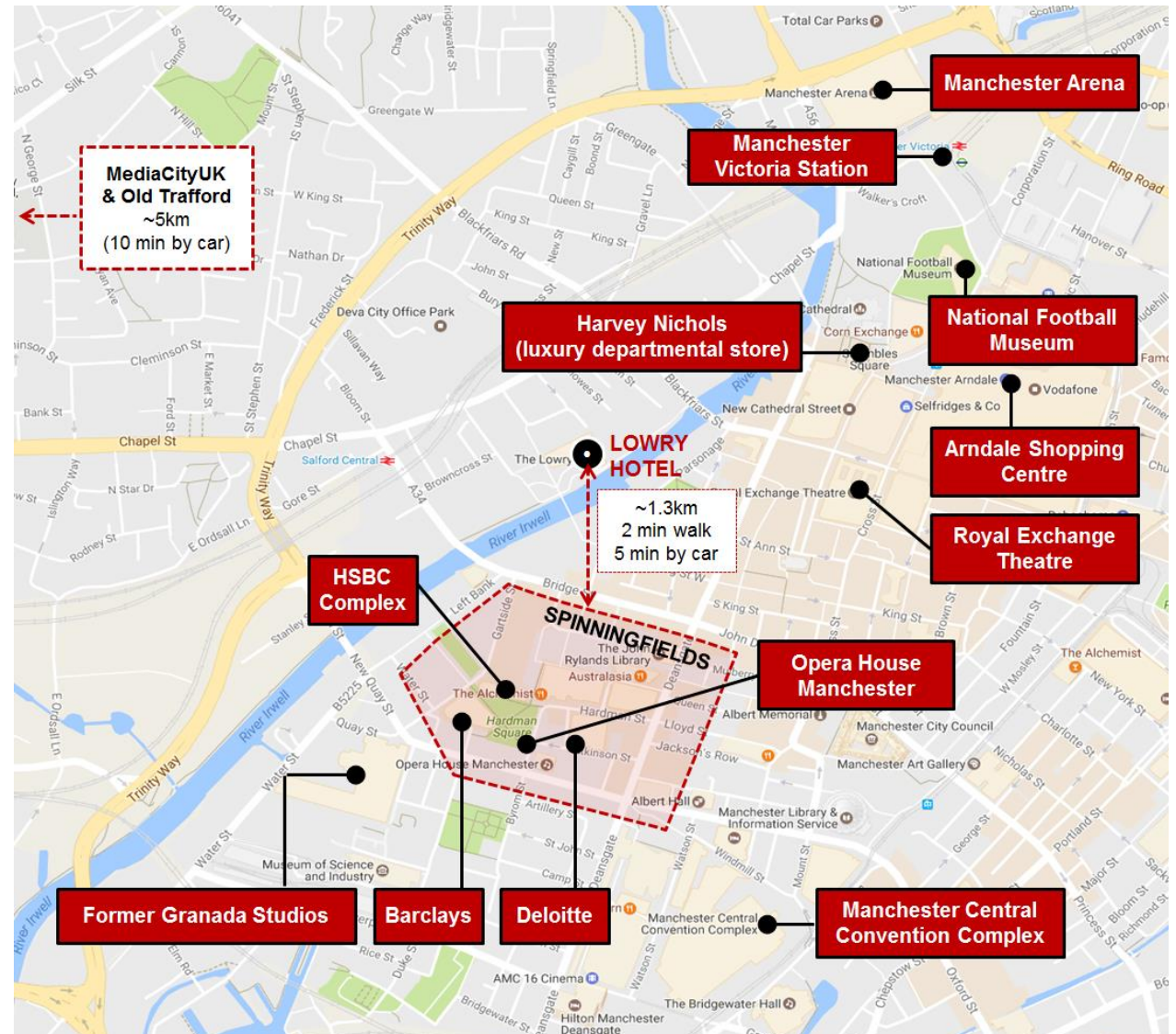
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## Good Location

- Within proximity to many of the city's key attractions including:
  - Manchester Arena
  - Arndale Shopping Centre
  - Royal Exchange Theatre
  - Manchester Opera House
- Within walking distance to Spinningfields:
  - The biggest commercial district in the city, housing some of the largest corporations in the North West of UK
  - Home to some of Manchester's most popular bars and restaurants

## Easy Access

- Less than 15 minutes walk to Manchester Victoria Station – a rail hub and light rail interchange



# Details and Description of Property



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*Superior Room - River View*



*Grand Ballroom*

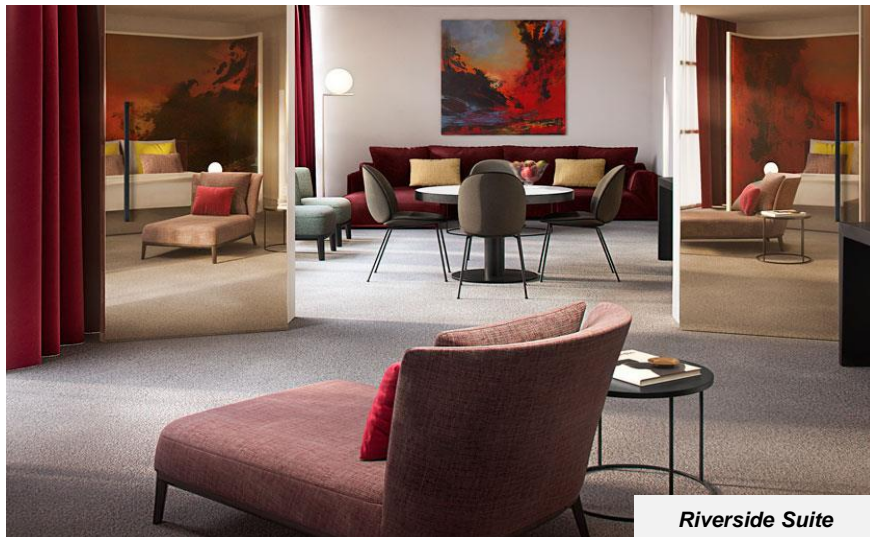
Property	The Lowry Hotel
Description	<ul style="list-style-type: none"> <li>Purpose-built 5-star luxury hotel with comprehensive suite of facilities</li> </ul>
Location	<ul style="list-style-type: none"> <li>50 Dearmans Place, Salford, Manchester M3 5LH</li> </ul>
Title Details	<ul style="list-style-type: none"> <li>Head Lessor: Acroy Limited<sup>(1)</sup></li> <li>Long Leasehold (~130 years remaining)</li> </ul>
Year of Opening	<ul style="list-style-type: none"> <li>Opened in 2001</li> <li>In 2015 and 2016, refurbishment was implemented for guest rooms, public areas, hotel spa and 6 luxurious suites</li> </ul>
Rooms	<ul style="list-style-type: none"> <li>165 rooms</li> <li>Weighted average room size of 37 sq m</li> </ul>
Others Amenities	<ul style="list-style-type: none"> <li>2 Food and Beverage (“F&amp;B”) outlets</li> <li>1 gym including saunas and a spa</li> <li>8 purpose-built meeting rooms for private events or business conferences and a grand ballroom for up to 400 people</li> <li>103 parking lots</li> </ul>

(1) The Property sits on long leasehold land, with a 150-year lease granted by Chapel Wharf Limited commencing on 18 March 1997 and later by Acroy Limited as varied by a deed of variation dated 15 November 2016.

# Details and Description of Property (Con't)



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## Transaction Summary

Acquisition	<ul style="list-style-type: none"> <li>Acquisition of The Lowry Hotel (the “<b>Property</b>”) through the purchase of 100% of the shares of The Lowry Hotel Limited (the “<b>Target</b>”) from North Low S.Á R.L (the “<b>Seller</b>”)</li> </ul>
Purchaser	<ul style="list-style-type: none"> <li>CDL HBT North Ltd, an indirect wholly owned subsidiary of HBT Trustee-Manager</li> </ul>
Acquisition by HBT	<ul style="list-style-type: none"> <li>HBT is undertaking the Acquisition instead of H-REIT</li> <li>The Acquisition is unsuitable for H-REIT as there are adverse tax consequences if it were to be the acquirer</li> </ul>
Property Price	<ul style="list-style-type: none"> <li>£52.5 million / (~S\$94.1 million)</li> </ul>
Property Price per key	<ul style="list-style-type: none"> <li>~£318,000 (~S\$570,000)</li> </ul>
Valuation <sup>(1)</sup>	<ul style="list-style-type: none"> <li>£52.5 million / (~S\$94.1 million)</li> </ul>
Net Working Capital and Cash of Target	<ul style="list-style-type: none"> <li>Apart from the payment of Property Price, the purchase consideration for the Acquisition also comprise a payment of a sum of approximately £0.4 million (~S\$0.7 million) based on the estimated net working capital and cash of the Target</li> </ul>
Vacant Possession	<ul style="list-style-type: none"> <li>Owner-operated, free of operator or brand</li> </ul>
Date of Completion	<ul style="list-style-type: none"> <li>4 May 2017</li> </ul>

(1) Valuation report as at 28 April 2017 by Knight Frank using the discounted cash flow and direct capitalisation methods to arrive at its valuation of the Property.

# Transaction Details (Con't)

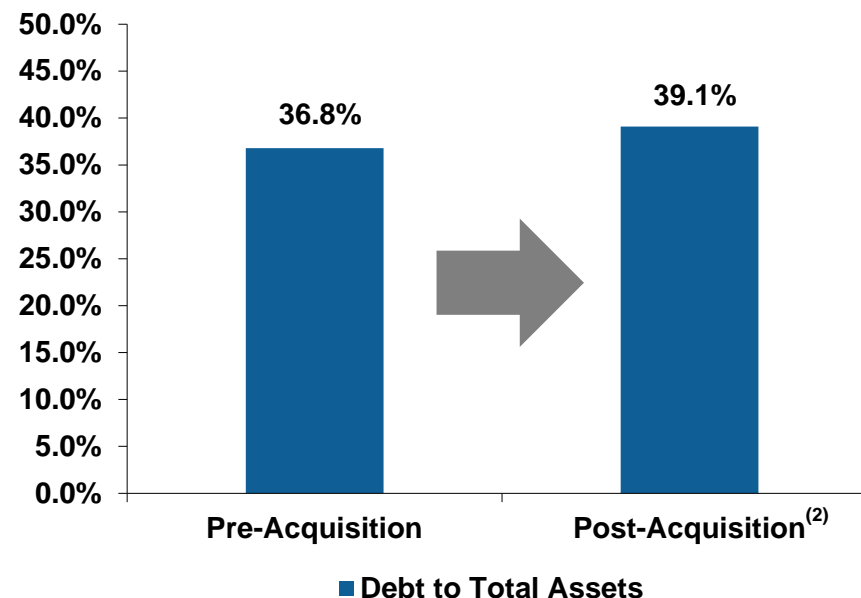


## Financing

Total Acquisition Cost	
Property Price	£52.5 million (~S\$94.1 million)
Estimated Net Working Capital & Cash of Target	£0.4 million (~S\$0.7 million)
Professional Fees & Expenses	£0.7 million (~S\$1.2 million)
Stamp Duty	£0.2 million (~S\$0.3 million)
Acquisition Fee <sup>(1)</sup>	£0.05 million (~S\$0.09 million)
<b>Total</b>	<b>£53.8 million (~S\$96.4 million)*</b>

\*Numbers will not add up due to rounding.

## Gearing



- Initially fully funded through 100.0% offshore GBP-denominated debt financing through a fresh multi-currency bridge loan facility directly drawn down by HBT <sup>(3)</sup>
- Depending on market conditions, HBT's loan could be refinanced by a term loan or other means, as may be determined by the Managers

(1) HBT Trustee-Manager's acquisition fee ("**Acquisition Fee**") is calculated based on 0.1% of the Property Price of £52.5 million and the Estimated Net Working Capital & Cash of Target of £0.4 million.

(2) On a pro forma basis, assuming the Acquisition was completed on 31 March 2017. The pre-acquisition debt to total assets ratio was 36.8% as at 31 March 2017.

(3) In April 2017, HBT secured a S\$200.0 million uncommitted multi-currency unsecured loan facility with a bank. The facility can be drawn down in multiple tranches with a repayment period of a maximum of one year, from each drawn down date per tranche.



# Investment Highlights

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# Investment Highlights



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1

Accretive Acquisition

2

Positioned to Benefit from Buoyant Economic Outlook in Manchester

3

Hospitality Market with Strong Demand Drivers

4

Iconic Hotel in Manchester

5

Broaden Earnings Base and Strengthen Portfolio through Diversification

# 1 Accretive Acquisition



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## The Lowry Hotel



- In 2015 and 2016, refurbishment was implemented for guest rooms, public areas, hotel spa and 6 luxurious suites
- The Property recorded a Revenue per Available Room (“**RevPAR**”) growth of 6.9% year-on-year (“**yoy**”) due to the strong demand for hotel accommodation in Manchester in both the corporate and leisure segments, benefitting also from the refurbishment of its guest rooms in 2015 and second half of 2016
- The Manchester hotel market is expected to remain buoyant this year
- Assuming that CDLHT owned the Property from 1 January 2016, the Pro Forma NPI yield of the Property would be 7.3% <sup>(1)</sup>, based on the Pro Forma NPI for FY 2016 of £3.8 million
- On a pro forma basis for FY 2016, this translates to a DPS accretion of 2.7% <sup>(2)</sup>

(1) Based on Property Price of £52.5 million.

(2) Based on the change of the pro forma DPS for FY 2016 of the enlarged portfolio over the DPS for FY 2016 of CDLHT. For the purpose of the computations, the Total Acquisition Cost is assumed to be 100.0% GBP debt-funded.





## High Growth City of Manchester

### UK Economy

- Interest rates are at record lows post the Brexit decision
- Uncertainty remains in UK as Article 50 was triggered in March 2017

### Local Market Conditions

- With a GVA (Gross Valued Added) of £60 billion in 2015 <sup>(1)</sup>, Greater Manchester has the second largest economy in the UK after London, driven by a broad and well-balanced mix of industries
- Impact of Brexit is not yet evident in Manchester's economy till date <sup>(2)</sup> and outlook for the Manchester economy remains optimistic:
  - 2016: estimated GDP growth of 2.9%, well above the UK average of 1.8% <sup>(2)</sup>
  - 2017 to 2019: estimate GVA growth of 2.0% p.a., surpassing the UK average by 0.5% <sup>(3)</sup>
- Manchester is one of the key beneficiary cities of the Northern Powerhouse proposal:
  - A proposal to boost economic growth in the North of England, particularly in major northern cities such as Manchester, to rebalance the UK economy away from London and the South East
  - Significant amount of investment is being ploughed into Manchester as it is in the process of regenerating key areas, creating new employment opportunities and bolstering the local economy <sup>(4)</sup>

(1) Office for National Statistics UK

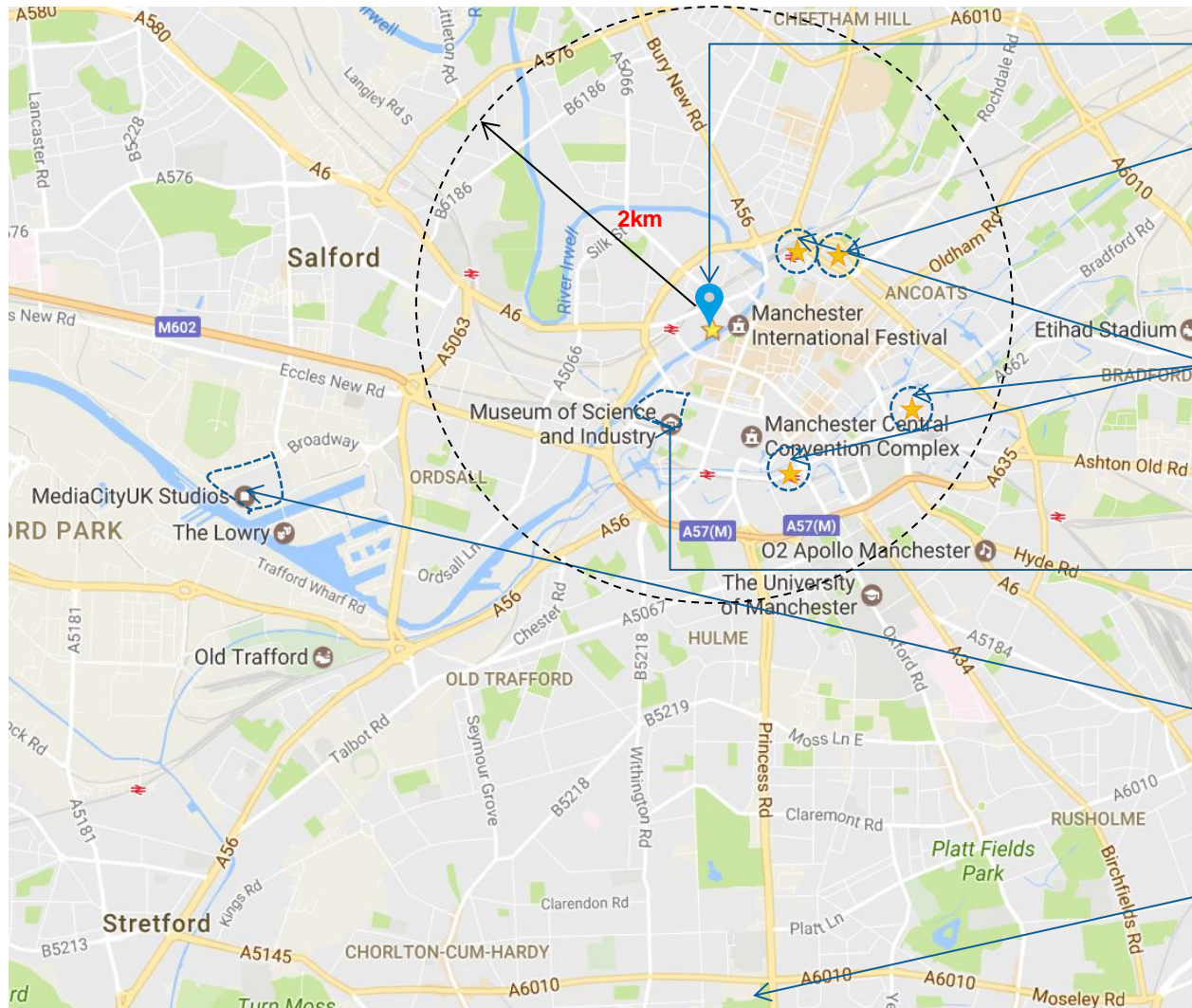
(2) Savills, Manchester Office Market Report, Mar 2017

(3) Ernst & Young, "Rebalancing the UK economy: time to seize the opportunity", 5 Dec 2016

(4) The Telegraph, "How Manchester's revival is leading the Northern Powerhouse", 5 Dec 2016



## Major Development Projects



### The Lowry Hotel

#### N.O.M.A.

- £800 million, 20-acre mixed-use redevelopment with ~4 million sq ft of offices, homes, retail and amenities (Estimated completion: Late 2020s)
- Hanover building refurbishment - 91,000 sq ft of offices and 18,000 sq ft of retail and leisure (Estimated completion: 2018)

### Northern Hub rail project

- New Ordsall Chord railway section to link Victoria, Piccadilly and Oxford Road stations (Estimated opening: 2018)

### St John's Quarter

- £1 billion mixed-use development with 560,000 sq ft of offices and 240,000 sq ft of retail (Estimated opening: 2018)
- The Factory: culture centre for Manchester International Festival (Estimated opening: 2019)

### MediaCityUK

- 200-acre mixed-use property development
- Planned £1 billion expansion over 10 years to double in size which will include shops, offices, 330-bed hotel and >1,400 homes

### Manchester Airport

- Doubling size of T2 with 900,000 sq ft extension and link to T3. Passenger capacity to double to 50 million (Estimated completion: 2023)
- Airport City: 5 million sq ft of office, logistics, retail, hotel and manufacturing space (Estimated completion: Late 2020s)

# Positioned to Benefit from Buoyant Economic Outlook in Manchester (Con't)



Artist's Impression of £800 million N.O.M.A. Development



Artist's Impression of £1 billion MediaCityUK Phase 2



Artist's Impression of £1 billion St John's Quarter



Artist's Impression of Studio Square\* ~117,000 sq ft of office space



## Healthy Corporate Demand Drivers

- Market conditions in Manchester continue to be positive with strong investments due to:
  - A well-balanced economy across sectors <sup>(1)</sup> and less prominently exposed to the financial sector which is expected to be the industry most affected by Brexit
  - Cost of doing business 23.8% lower than London due to substantially lower facility and labour costs – Manchester enjoys the lowest business costs amongst 10 major European cities <sup>(2)</sup>
  - Abundant skilled human capital resources with 3 universities (a total student population of more than 100,000)
  - Growing “North-Shoring” trend of businesses to Manchester led to a 1.3 million sq ft take-up of office space in 2016, surpassing the 9 year average of ~1 million sq ft <sup>(1)</sup>; the 5-year average take up was the highest in cities outside London <sup>(3)</sup>
  - ~60% of room nights of the Property is derived from domestic demand



Image Credits: Zill Niazi (<http://bit.ly/2oOMLTZ>), FMori (<http://bit.ly/2oSrGrR>)

(1) Savills, Manchester Office Market Report, Mar 2017

(2) KPMG Competitive Alternatives Survey 2016

(3) CBRE, Manchester, An Introduction and Market Overview, Mar 2017



## Leisure Demand – Football-related Business Features Prominently for Property



### Manchester United Football Club (“MUFC”)

- Highest earning football club in the world (by revenue), supported by MUFC’s strong commercial growth coupled with a return to European football <sup>(1)</sup>
- Average attendance per league match is approximately 75,300 <sup>(1)</sup>
- MUFC has a fan base over 100 million in China <sup>(2)</sup> and 659 million globally <sup>(3)</sup>



### Manchester City Football Club (“MCFC”)

- 5<sup>th</sup> highest earning football club in the world (by revenue) <sup>(1)</sup>
- Average attendance per league match is approximately 54,000 <sup>(1)</sup>

### Vibrant Football Scene

- In 2016/2017, MUFC and MCFC has 38 premier league matches each, with 19 being held at Old Trafford and Etihad Stadium respectively
- In addition, both football clubs are also in the FA Cup and EFL Cup; while MUFC is in the UEFA Europa Cup and MCFC is in the UEFA Champions League, for the 2016/2017 season

Image Credits: Manchester United Football Club, Manchester City Football Club

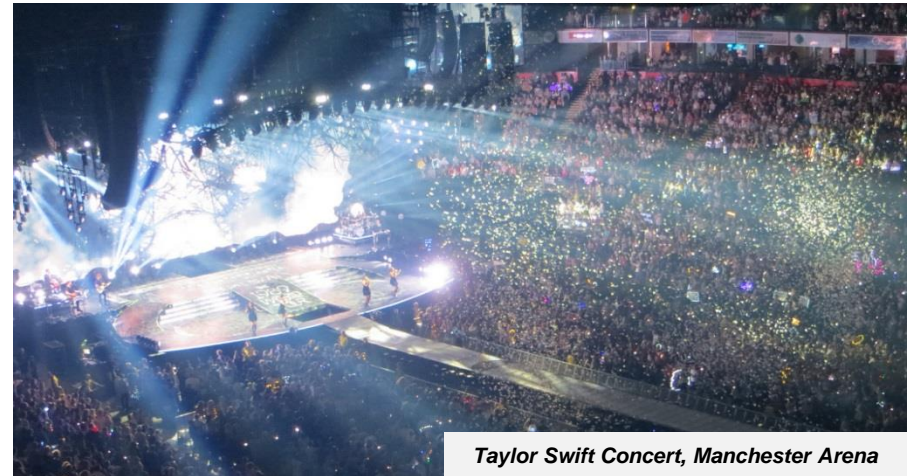
(1) Deloitte, Football Money League, Jan 2017

(2) Jing Daily, “Thomas Cook Partners with Manchester United to Win Over Chinese Tourists”, 5 Jan 2017

(3) The Telegraph, “Manchester United survey reveals they have doubled their global fan base to 659 million over five years”, 29 May 2012

## Leisure Demand – Regional Centre for Entertainment

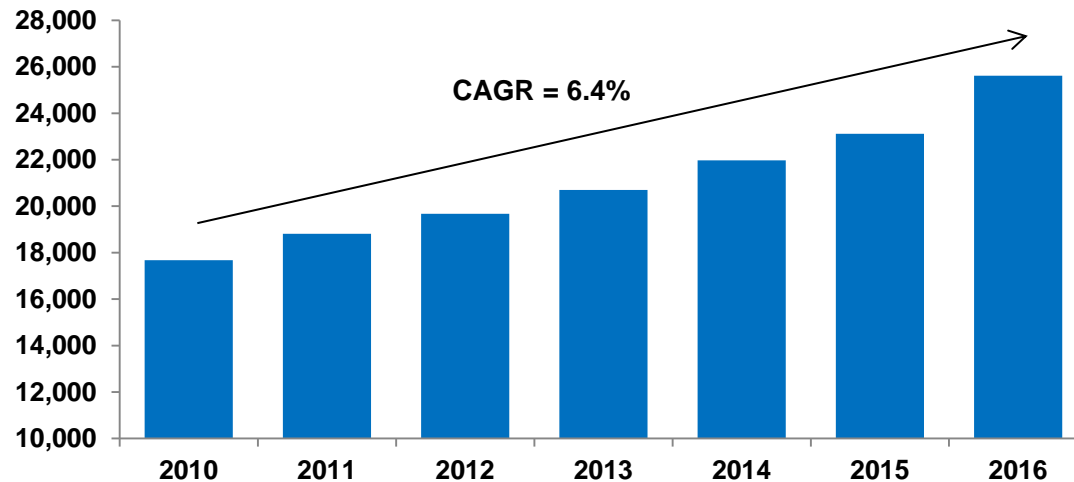
- Manchester has a strong programme of cultural events, concerts and exhibitions, hosting several concerts all year round featuring A-List artists as well as large city wide festivals
- Manchester Arena is one of the busiest venues in the world and the largest indoor arena in Europe <sup>(1)</sup> (capacity ~21,000):
  - Hosted the biggest names in live entertainment including U2, The Rolling Stones, Madonna, Lady Gaga and the late Pavarotti
  - 2017 concerts include Ed Sheeran, Iron Maiden, Kings of Leon, Celine Dion, Lady Gaga and Linkin Park
- City is host to Manchester International Festival, a biennial international arts festival which draws in tourism and strengthens Manchester as an international centre for culture (attendance ~260,000 in 2015) <sup>(2)</sup>





## Manchester Airport Total Passengers (1)

Thousand



## New International Direct Flights

Manchester → Beijing	Jun-16
Singapore → Manchester*	Oct-16
Manchester → Houston	Oct-16
Manchester → Nuremberg	Nov-16
Manchester → San Francisco	Mar -17
Manchester → Boston	Mar-17
Manchester → Los Angeles	May-17
Manchester → New York	May-17
Muscat → Manchester	May-17

## Improvements to Rail Network

- Northern Hub rail project was launched in 2014 to improve connection to and across Manchester
  - New Ordsall Chord railway section is currently under construction to directly link Manchester's 3 main railway stations – Manchester Piccadilly, Manchester Victoria and Oxford Road
  - Once complete in 2018, Manchester Victoria railway station will become the rail hub for TransPennine services, which serves North-West England, and will greatly enhance connectivity to Manchester<sup>(2)</sup>
- Planned high-speed railway line (HS2) connecting London, Manchester, Birmingham and Leeds via Manchester Piccadilly and Manchester Airport railway stations, which will greatly reduce travel time to ~1 hour between Manchester and London once complete by 2033<sup>(3)</sup>

\* First non-stop flight from Singapore to Manchester

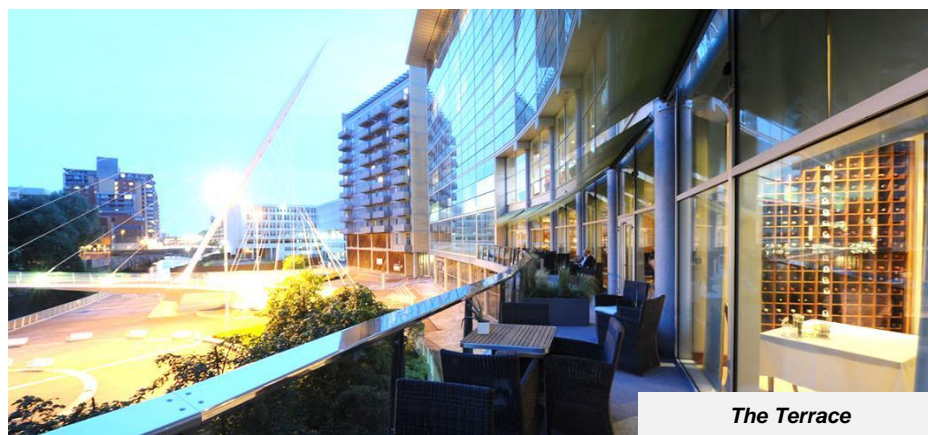
(1) Manchester Airport, Traffic Statistics

(2) Arcadis, Manchester Victoria Station

(3) BBC, "What do we know about HS2?", 15 Nov 2016



## Unique Opportunity to Own an Iconic Asset



- One of two 5-star hotels in Manchester<sup>(1)</sup>
- Property is one of only 11 hotels in England to be part of The Leading Hotels of The World, one of the largest collection of luxury hotels in the world with over 375 hotels in 75 countries<sup>(2)</sup>
- Property boasts a total of 165 guest rooms, including six suites and a Presidential Suite
- While there is some upcoming increase in hotel rooms supply in the market, the Property leads Manchester with the highest Average Daily Rate<sup>(3)</sup> and strong demand drivers are expected to support its performance in the medium term
- Since its opening in 2001, the Property has hosted many notable celebrities including Beyoncé and Lady Gaga, prominent foreign dignitaries, sports stars such as the late Muhammad Ali as well as prestigious football teams

(1) Knight Frank Valuation Report dated 28 Apr 2017

(2) The Leading Hotels of the World, Hotel List

(3) CBRE Information Memorandum



# Broaden Earnings Base and Strengthen Portfolio through Diversification



Singapore	6 Hotels & 1 Retail Mall
Australia	5 Hotels
New Zealand	1 Hotel
Maldives	2 Resorts
Japan	2 Hotels
United Kingdom	2 Hotels

Total Rooms 5,077

Portfolio Valuation S\$2.5 billion

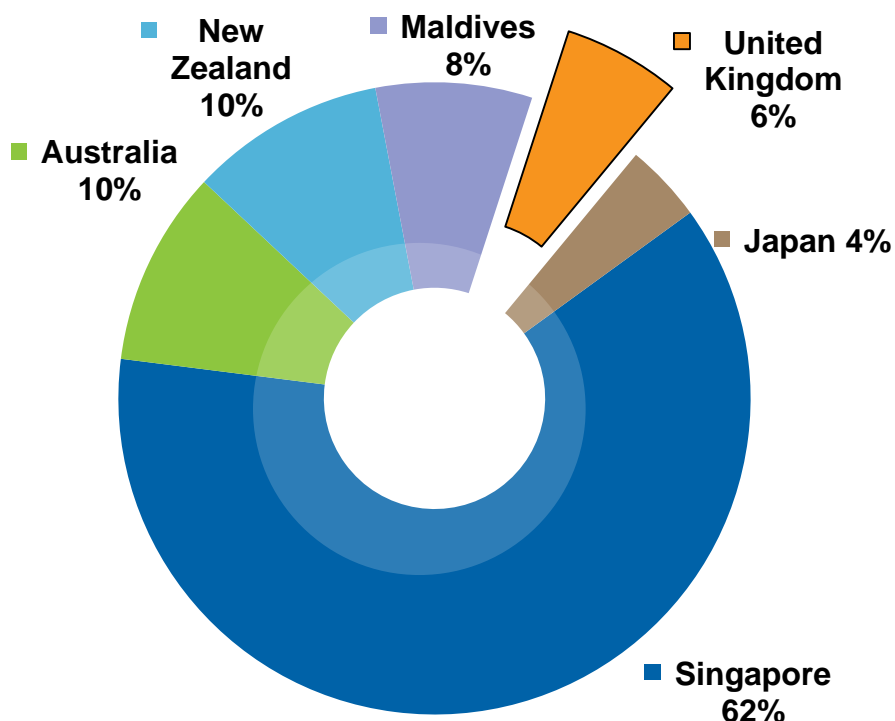


- Upon completion, total number of properties will increase to 19

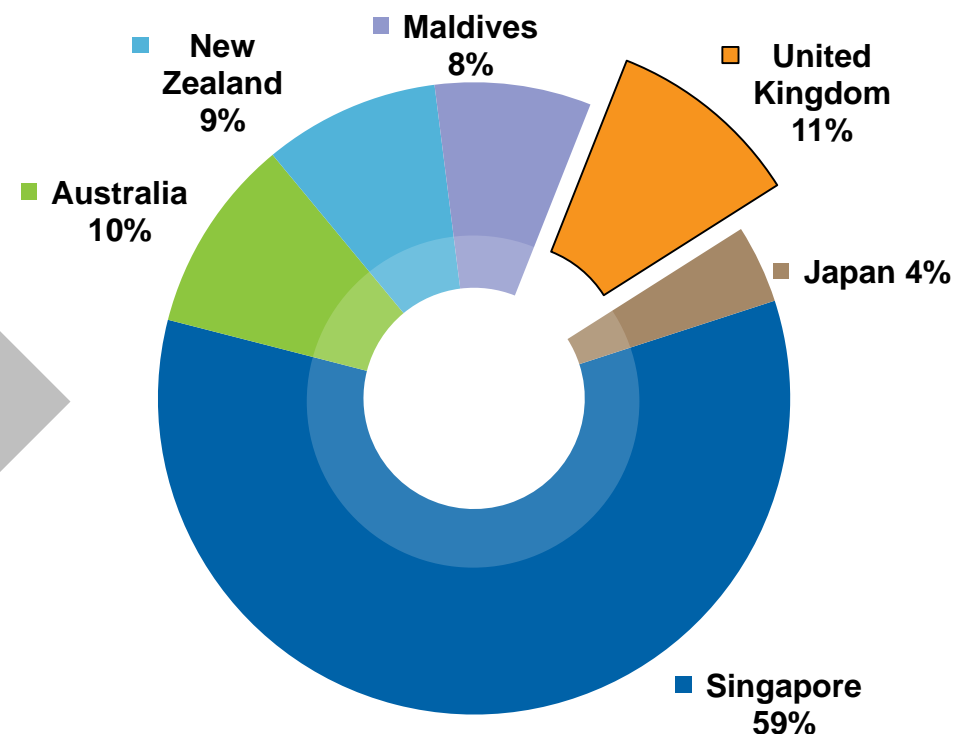


## Pro Forma Net Property Income Contribution for FY 2016

### Pre-Acquisition



### Post-Acquisition <sup>(1)</sup>

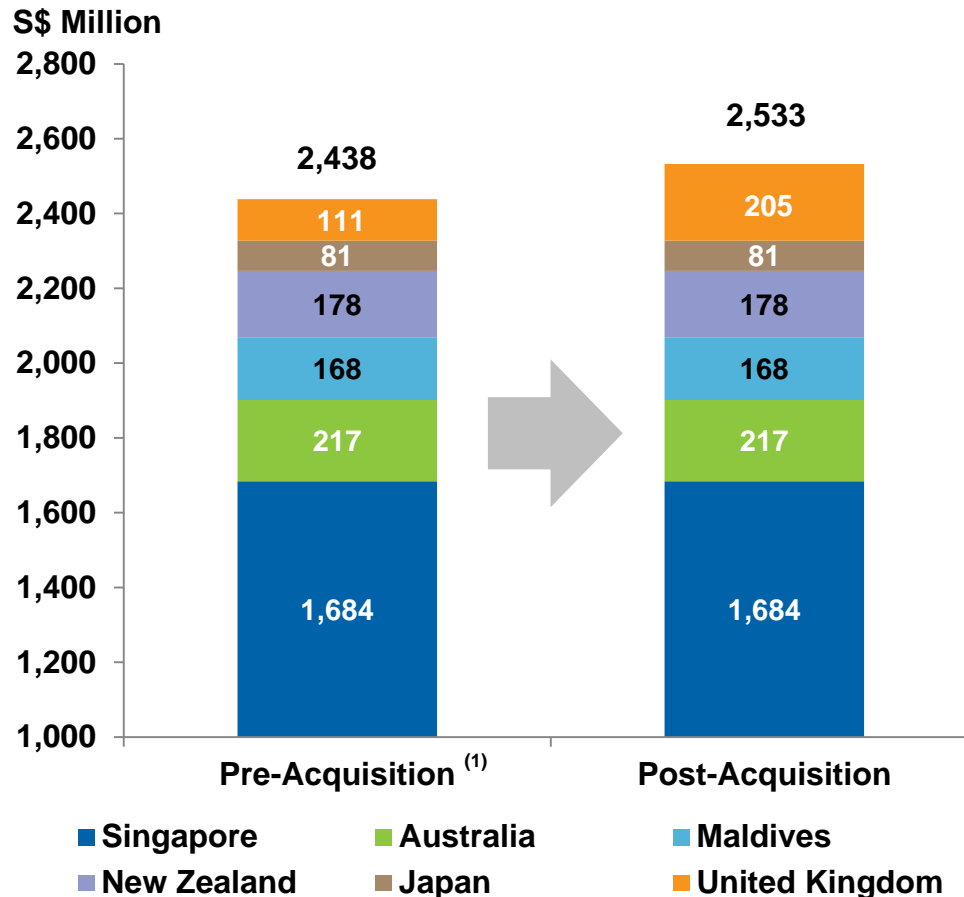


- Assuming CDLHT owned the Property from 1 January 2016, the Property would have accounted for 4.7% of CDLHT's total net property income on a pro forma basis for FY 2016

# Broaden Earnings Base and Strengthen Portfolio through Diversification (Con't)



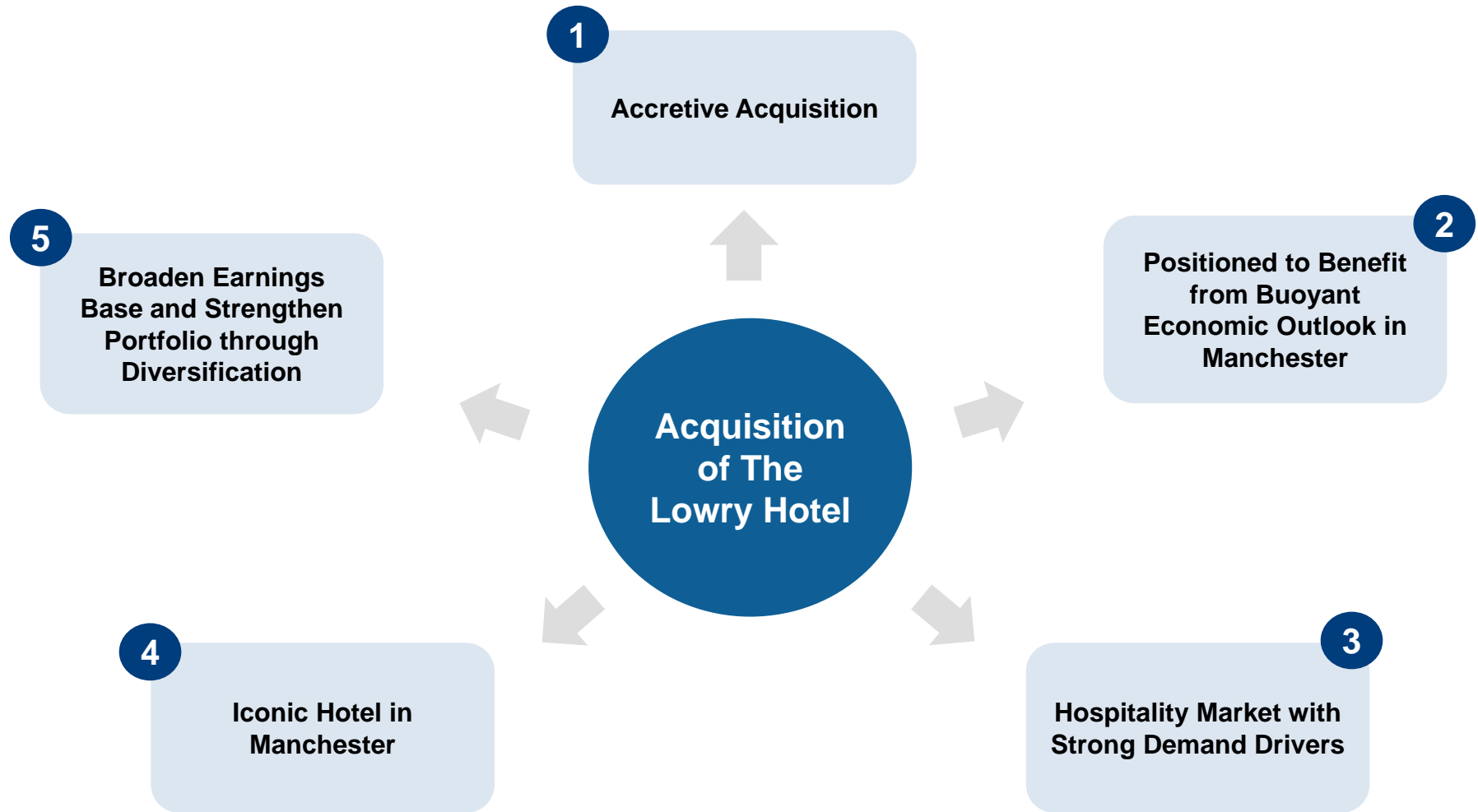
## Valuation of CDLHT's Properties



Country	Pre-Acquisition <sup>(1)</sup>	Post-Acquisition
Singapore	69.1%	66.5%
Australia	8.9%	8.6%
Maldives	6.9%	6.6%
New Zealand	7.3%	7.0%
Japan	3.3%	3.2%
United Kingdom	4.5%	8.1%

(1) Valuations as reflected in CDLHT Annual Report 2016.

# Summary of Investment Highlights



CDLHT is poised to benefit from this opportune entry at a low point of the currency cycle as well as the exposure to the fast-growing Manchester hospitality market



THANK YOU

