



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 HOTEL MYSTAYS ASAKUSABASHI AND
HOTEL MYSTAYS KAMATA IN TOKYO, JAPAN**

1. INTRODUCTION

1.1 Information on the Acquisition of Hotel MyStays Asakusabashi and Hotel MyStays Kamata

M&C REIT Management Limited, as manager of CDL Hospitality Real Estate Investment Trust (“**H-REIT**”, and as 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 as trustee-manager of HBT, the “**HBT Trustee-Manager**”), are pleased to announce that DBS Trustee Limited, as trustee of H-REIT (the “**H-REIT Trustee**”), has today through its indirect wholly-owned subsidiary entered into the following sale and purchase agreements for the acquisition of Hotel MyStays Asakusabashi and Hotel MyStays Kamata (the “**Properties**” and each a “**Property**”, and the acquisition of the Properties, the “**Property Acquisitions**”):

	<u>Purchaser</u> Indirect wholly-owned subsidiary of the H-REIT Trustee	<u>Vendor</u> Indirect wholly-owned subsidiary of Real Estate Capital Asia Partners III L.P. (“ RECAP Fund III ”)
Trust Beneficiary Interests in the Properties (“ TBIs ”, and the sale and purchase agreement in respect thereof, the “ TBI SPA ”)	CDLHT Hanei TMK	AKH GK
Furniture, fixtures, equipment of the Properties (“ FF&E ” and the sale and purchase agreement in respect thereof, the “ FF&E SPA ”)	CDLHT Hanei TMK	AKH GK

In addition, in connection with the Property Acquisitions, HBT has, through its indirect wholly-owned subsidiary, entered into the Business Sale SPA (as defined herein) (the Property

Acquisitions and the entry into the Business Sale SPA hereinafter referred to as “**Acquisitions**”):

	<u>Purchaser</u> Wholly-owned subsidiary of HBT	<u>Vendor</u> Indirect wholly-owned subsidiary of RECAP Fund III
All of the issued and outstanding membership equity in AKO GK (the “ Master Lessee ” and the sale and purchase agreement in respect thereof, the “ Business Sale SPA ”)	CDL HBT Hanei Pte. Ltd.	Ippan Shadan Hojin SH42

Collectively, the TBI SPA, FF&E SPA and Business Sale SPA will be referred to as the “**Sale and Purchase Agreements**”. Completion of the Acquisitions is expected to be on or around 19 December 2014.

1.2 Information on the Hotels

Hotel MyStays Asakusabashi is a business (economy) hotel which is located in central Tokyo. It has easy access to Asakusa and Akihabara, and is only a few stations away from several popular sightseeing spots and attractions, such as the traditional cultural area of Asakusa. The hotel is also within walking distance to various subway and railway stations. Hotel MyStays Asakusabashi commenced operations in late 2009. The hotel sits on freehold land and it offers a total of 138 hotel rooms. Additional facilities include a convenience store at the ground floor as well as parking spaces.

Hotel MyStays Kamata is a business (economy) hotel which is only a 10-minute train ride away from the Haneda Airport. It is within close proximity to JR Kamata Station where there is direct access to JR Tokyo Station as well as nearby major core cities such as Shinagawa, Kawasaki and Yokohama. Hotel MyStays Kamata commenced operations in late 2009. The hotel sits on freehold land and offers a total of 116 hotel rooms.

MyStays Hotel Management Co., Ltd. (the “**Hotel Operator**”), which will continue to manage the Properties, has been established since 1999. It currently manages over 6,500 rooms at 50 properties across five major regions of Japan - the Greater Tokyo Area (mainly metropolitan Tokyo), Nagoya, Kyoto, Osaka and Fukuoka. Brands under its management include “Hotel MyStays”, “Flexstay Inn” and “Monthly Resi Stays”. Currently, the Hotel Operator manages 15 hotels in Tokyo under the “Hotel MyStays” brand. For the nine months ended 30 September, the Properties recorded revenue per available room (“**RevPAR**”) of ¥6,847.

1.3 Further Details on the Acquisitions

The Property Acquisitions comprise (i) the entry into the TBI SPA for the acquisition of the TBIs in the Properties at a purchase consideration of (a) ¥3.2 billion (approximately S\$35.2 million) for Hotel MyStays Asakusabashi and (b) ¥2.6 billion (approximately S\$28.6 million) for

Hotel MyStays Kamata¹, and (ii) the entry into the FF&E SPA for the acquisition of the FF&E used in connection with the operations of the Properties for a nominal consideration of ¥100.

In connection with the Property Acquisitions, HBT has through its wholly-owned subsidiary CDL HBT Hanei Pte. Ltd., entered into the Business Sale SPA to acquire AKO GK, the existing operating company (being the Master Lessee) incorporated in Japan from Ippan Shadan Hojin SH42, at a purchase consideration of approximately ¥2.6 million.

The aggregate purchase consideration of the Acquisitions above amounts to ¥5.8 billion (approximately S\$63.8 million)¹.

In addition, in lieu of the payment of 5.0% of aggregate purchase consideration as security under the TBI SPA by cash, AKH GK has agreed to accept a corporate guarantee to be granted by the H-REIT Trustee.

As at the date of this announcement, AKH GK and Ippan Shadan Hojin SH42 are indirect wholly-owned subsidiaries of RECAP Fund III, a fund managed by SC Capital Partners Pte. Ltd. (the “**Fund Manager**”). Mr Vincent Yeo’s brother-in-law has a 75.0% interest in the Fund Manager. Mr Vincent Yeo is a director and the Chief Executive Officer of each of the H-REIT Manager and the HBT Trustee-Manager (the “**Managers**”).

Taking into account the family relationship between Mr Vincent Yeo and his brother-in-law (who has a 75.0% interest in the Fund Manager), the Managers have deemed the Acquisitions as Interested Person Transactions for the purpose of the listing manual of the SGX-ST (the “**Listing Manual**”) and Interested Party Transactions for the purpose of Appendix 6 of the Code on Collective Investment Schemes (the “**Property Funds Appendix**”) (“**IPTs**”).

1.4 Other Arrangements in Connection with the Acquisitions

CDL Hospitality Trusts (“**CDLHT**”) is a stapled group comprising H-REIT and HBT. Each stapled security (“**Stapled Security**”) comprises one unit in H-REIT and one unit in HBT stapled together under the terms of the stapling deed dated 12 June 2006 (as amended, varied and supplemented from time to time) made between the H-REIT Manager, the H-REIT Trustee and the HBT Trustee-Manager. As such, each holder of Stapled Securities (“**Stapled Security Holders**”) will be a holder of units in H-REIT and at the same time, units in HBT.

Upon completion under the Sale and Purchase Agreements (“**Completion**”), the Master Lessee will continue to assume the obligations under its existing agreements which include the hotel management agreements with the Hotel Operator (“**Hotel Management Agreements**”) and the master lease agreement with Sumitomo Mitsui Trust Bank, Limited (in its capacity as the trust bank holding the legal title to the Properties, the “**Trust Bank**”). The master lease will be an internal arrangement within the stapled group.

The third party Hotel Management Agreements will expire on 18 July 2016 subject to automatic renewal of 3 years unless the Master Lessee or the Hotel Operator serves a written

¹ Based on an assumed exchange rate of SGD1.00 = JPY90.88 as at 21 November 2014.

notice to terminate. The fees payable to the Hotel Operator include 2.0% of gross hotel revenue and 8.0% of gross operating profit of the Properties. CDLHT is responsible for capital expenditure including furniture, fixtures and equipment of each Property.

2. RATIONALE FOR THE ACQUISITIONS

The Acquisitions meet the strategy of CDLHT, which is to invest in a diversified portfolio of income-producing hospitality and/or hospitality-related properties globally, with the objective of broadening its earnings base and enhancing the Distribution per Stapled Security (“DPS”). The Managers believe that the Acquisitions will bring the following key benefits to Stapled Security Holders.

2.1 Accretive Acquisitions

The Property Acquisitions are expected to be accretive to Stapled Security Holders, based on the pro forma financial effects of the Property Acquisitions on the DPS of CDLHT. In addition, the funding environment is favourable with low borrowing rates for Japanese Yen.

Assuming CDLHT owned the Properties from 1 January 2014, the pro forma annualised net property income yield of the Properties for the nine months ended 30 September 2014 would be 5.7% based on the aggregate purchase consideration of ¥5.8 billion². On a pro forma annualised basis for the nine months ended 30 September 2014, this translates to a DPS accretion of 1.2%.

2.2 Initiating Presence in the Growing Hospitality Market in Japan

The Acquisitions mark CDLHT's first investment into the established and fast-growing Japanese hospitality market. Japan's tourism industry has witnessed tremendous growth over the last two years, aided by monetary easing, fiscal stimulus and structural reforms via “Abenomics”. The weakening Yen has been another major factor in encouraging inbound travel. In 2013, Japan registered a 24.0% year-on-year increase in international visitors to 10.4 million³. This was the first time that foreign visitors had crossed the 10 million mark in the country's history. The trend has since continued into 2014. International visitor arrivals to Japan grew 27.1% year-on-year to 11.0 million⁴ for year-to-date October 2014.

Looking ahead to the 2020 Tokyo Olympics, the Japanese government has identified tourism as part of their growth revitalisation plan. They have set an ambitious target of 20.0 million international visitors by 2020, representing a 7-year compound annual growth rate of 9.8% from 2013⁵.

2 This amount does not include consumption tax which is refundable

3 Japan National Tourism Organisation, 2013 Foreign Visitors & Japanese Departures

4 Japan National Tourism Organisation, Visitor Arrivals for October 2014

5 Japan Today, 19 January 2014, "Gov't eyes 20 mil foreign tourists year by 2020"

Tokyo, being the largest hospitality market in Japan, is expected to be a key beneficiary of the improving outlook. As the financial and cultural capital, Tokyo will continue to be a popular destination for both business and leisure travellers coming into Japan.

The Tokyo hospitality market has also performed well in recent years. For the first nine months of 2014, RevPAR grew by 9.3% compared with the same period last year, driven largely by rate increases. Hotel occupancy levels remain high at 85.5%.⁶

2.2.1 Favourable Government Policies towards Tourism

The Japanese government has been implementing numerous policies to attract international tourists. Since July 2013, the Japanese government has started relaxing visa requirements for a number of Southeast Asia nations (such as Thailand, Philippines and Malaysia)⁷ and visitor numbers have increased significantly. For the period between January and October 2014, visitor arrivals from the Philippines grew 65.4% to 146,500 while visitor arrivals from Thailand saw an increase of 48.2% to 513,300 as compared to the same period last year⁸.

The Japanese government is also tapping into the Muslim market by getting the private and public sectors to cater to the needs of Muslim travellers. At present, the largest source markets of Muslim travellers are from Malaysia and Indonesia⁹. In the first ten months of 2014, Malaysia registered 182,500 visitors, a 49.8% year-on-year increase while Indonesia registered 123,600 visitors, a 13.6% year-on-year increase¹⁰. In addition, the Japanese government has recently announced that the visa waiver for Indonesians will come into effect on 1 December 2014¹¹. With these initiatives in place, it is estimated that the number of Muslim travellers to Japan would reach approximately 1.0 million by 2020¹².

Another recently implemented policy was the relaxation of duty free rules for international visitors to Japan. The list of tax-exempt goods has expanded to include food and cosmetics on top of existing items such as electronics and clothing. Since the rule came into effect on 1 October 2014, sales of tax free goods have soared three to five times at department stores in major cities¹³.

2.2.2 Improving Accessibility via Haneda Airport

In March this year, the Japanese government expanded the capacity at Haneda Airport, where Hotel MyStays Kamata is nearby, to support the increase in international passengers¹⁴. Following the expansion, the airport can now handle

6 STR, 17 October 2014, Asia Pacific Hotel Review

7 The Japan Times, 26 June 2013, "Relaxed visa program for Southeast Asian visitors start"

8 Japan National Tourism Organisation, Visitor Arrivals for October 2014

9 TODAY, 12 November 2014, "Japan looking to attract more Muslim tourists"

10 Japan National Tourism Organisation, Visitor Arrivals for October 2014

11 The Jakarta Post, 2 October 2014, "Japan's visa exemption for RI visitors starts Dec 1: Minister"

12 AFP, 1 August 2014, "Muslim visitors to Japan forecast to hit a million by 2020"

13 Nikkei Asian Review, 9 October 2014, "Japan retailers boosted by relaxed duty-free rules"

14 The Japan Times, 28 March 2014, "Haneda Expansion a travel game-changer"

90,000 international flights a year, a 50% increase from its previous capacity of 60,000¹⁵. In addition, the Japanese government has also expanded flight routes from Haneda Airport to major cities such as Vancouver, Toronto, Munich, Doha, Jakarta, Hanoi and Ho Chi Minh City. These expansions are likely to encourage more inbound travel via Haneda Airport which is growing in importance given that it is only 20 to 30 minutes from central Tokyo.

2.3 Hotel Assets with Potential for Growth

Both Properties are located in close proximity to major transport nodes and tourist attractions. Hotel MyStays Asakusabashi is located in central Tokyo, a few stations away from several sightseeing spots such as Asakusa, Tokyo Sky Tower and Akihabara area. Hotel MyStays Kamata is a 10-min train ride away from Haneda Airport and within close proximity to the JR Kamata Station where there is direct access to JR Tokyo Station as well as nearby major core cities such as Shinagawa, Kawasaki and Yokohama.

Post-Completion, the Properties will continue to be operated by MyStays Hotel Management Co., Ltd. which oversees 50 hotels in Japan including 15 hotels in Tokyo under the “Hotel MyStays” brand. Both Properties have been awarded TripAdvisor's 2013 Certificate of Excellence¹⁶ under the management of the Hotel Operator. Occupancy achieved by the two Properties was strong, recording 90.2% for year-to-date September 2014, up from 88.5% in the same period last year.

Looking ahead, the Properties are expected to benefit from the positive demand drivers and the Acquisitions present an attractive opportunity for CDLHT to ride on the growth trajectory in the Japanese hospitality market.

2.4 Broadening Earnings Base and Strengthening the Portfolio through Diversification

Assuming CDLHT owned the Properties from 1 January 2014, the Properties are expected to account for 2.6% of CDLHT's total net property income for the nine months ended 30 September 2014 on a pro forma basis. The Acquisitions will also have the additional benefit of improving the geographical diversification of CDLHT's portfolio.

15 Ministry of Land, Infrastructure, Transport and Tourism

16 Company Website of Hotel MyStays Management

3. CERTAIN PRINCIPAL TERMS OF THE ACQUISITIONS

3.1 Incorporation of Companies

In connection with the Acquisitions, H-REIT has established the following subsidiaries:

Name of Company	Country of Incorporation / Establishment	Issued and Paid Up Share Capital	Purpose
CDLHT Hanei One Pte. Ltd.	Singapore	JPY20,000	To hold 100% of the common voting shares and just under 50% of the preferred voting shares issued by CDLHT Hanei TMK
CDLHT Hanei Two Pte. Ltd.	Singapore	JPY20,000	To hold the Japan Branch
CDLHT Hanei Two Pte. Ltd., Japan Branch	Japan	JPY100,000	To hold just over 50% of the preferred voting shares issued by CDLHT Hanei TMK
CDLHT Hanei TMK	Japan	Paid-up Specified Share Capital: JPY100,000 Paid-up Preferred Share Capital: N.A. ¹⁷	To hold the TBIs in the Properties

In connection with the Acquisitions, HBT has established the following subsidiary:

Name of Company	Country of Incorporation / Establishment	Issued and Paid Up Share Capital	Purpose
CDL HBT Hanei Pte. Ltd.	Singapore	JPY20,000	To hold the Master Lessee acquired from Ippan Shadan Hojin SH42

3.2 Sale and Purchase Agreements

The aggregate purchase consideration of ¥5.8 billion (approximately S\$63.8 million) for the Acquisitions was arrived at on a willing-buyer and willing-seller basis after taking into account the two independent valuations as described in paragraph 3.3 below. The purchase consideration is to be fully satisfied by payment in cash upon Completion.

¹⁷ The paid-up preferred share capital will be increased by the issue of preferred shares.

Completion under the Sale and Purchase Agreements is subject to and conditional upon the satisfaction of certain conditions, including the discharge of any mortgages and encumbrances in respect of the Properties. Further, the Sale and Purchase Agreements are interdependent and completion under any one Sale and Purchase Agreement is therefore conditional upon completion under the others.

3.3 Valuation

As stated in paragraph 1.3 above, the Managers have deemed the Acquisitions as IPTs. Pursuant to paragraph 5.1(c) of the Property Funds Appendix, two independent valuations are required in respect of the Properties, with one independent valuer to be commissioned by the H-REIT Trustee.

The H-REIT Manager has commissioned the independent property valuer, DTZ Debenham Tie Leung Kodo Kaisha (“DTZ”) and the H-REIT Trustee has commissioned the independent property valuer, International Appraisals Incorporated (“IAI”), respectively to value the Properties. DTZ, in its valuation reports dated 25 November 2014, stated that the open market value of the Properties is ¥6.07 billion and IAI, in its valuation reports dated 25 November 2014, stated that the open market value of the Properties is ¥6.05 billion.

The independent valuations were derived using the discounted cash flow method and the aggregate purchase price for the Properties is lower than the average valuation of the Properties by the two valuers.

The following sets out the break-down of each Property’s purchase price and valuation:

Property		Purchase Price	Valuation (DTZ)	Valuation (IAI)	Average of Valuation
1.	Hotel MyStays Asakusabashi	¥3.20 billion	¥3.35 billion	¥3.45 billion	¥3.40 billion
2.	Hotel MyStays Kamata	¥2.60 billion	¥2.72 billion	¥2.60 billion	¥2.66 billion
Total		¥5.80 billion	¥6.07 billion	¥6.05 billion	¥6.06 billion

3.4 Estimated Total Acquisition Cost

The current estimated total cost of the Acquisitions (the “**Total Acquisition Cost**”) is approximately ¥6.0 billion, comprising:

- (i) the aggregate purchase consideration of approximately ¥5.8 billion¹⁸;
- (ii) the H-REIT Manager’s acquisition fee in respect of the Property Acquisitions (the “**Acquisition Fee**”) pursuant to the trust deed of H-REIT (the “**H-REIT Trust Deed**”) ¹⁹ which amounts to approximately ¥58.0 million; and
- (iii) the estimated professional fees and other expenses incurred or to be incurred in connection with the Acquisitions, which amount to approximately ¥130.0 million.

Having deemed the Acquisitions as IPTs, the Acquisition Fee will be in the form of Stapled Securities which shall not be sold within one year from the date of issuance.

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

4.1 Method of Financing

The Total Acquisition Cost²⁰ will be initially fully funded through Yen-denominated debt financing by way of onshore and offshore bridge loans.

Depending on market conditions, the bridge loans could be refinanced by a combination of bond issuance to qualified institutional investor(s) and a term loan or other means, at such time to be determined by the H-REIT Manager.

Upon completion, the debt to total assets ratio of CDLHT is expected to be approximately 32.2%.²¹

4.2 Certain Financial Information Relating to the Acquisitions

The pro forma DPS and net asset value (“**NAV**”) per Stapled Security presented below are strictly for illustrative purposes only and were prepared based on the unaudited consolidated

18 The aggregate purchase consideration comprises ¥5.8 billion for the Property Acquisitions and ¥2.6 million for the shares of the Master Lessee, as detailed in paragraph 1.3.

19 The H-REIT Trust Deed as amended by the first supplemental deed dated 11 January 2007, the second supplemental deed dated 26 March 2010 and the third supplemental deed dated 20 July 2010.

20 The Total Acquisition Cost will be funded by debt with the exception of the Acquisition Fee which is payable in Stapled Securities and the nominal consideration for shares of the Master Lessee.

21 On a pro forma basis, assuming the Acquisitions were completed on 30 September 2014. The pre-acquisition debt to total assets ratio was 30.2% as at 30 September 2014. The additional debt includes the Total Acquisition Cost (excluding Acquisition Fees paid in Stapled Securities and nominal consideration for the shares of the Master Lessee), working capital and refundable consumption tax.

financial statements of CDLHT for the nine-month period from 1 January 2014 to 30 September 2014 (“**FP2014**”), taking into account the Total Acquisition Cost.

The reason for presenting the pro forma DPS and NAV per Stapled Security based on the consolidated financial statements of CDLHT for FP2014 instead of the financial year ended 31 December 2013 is because only certain selective financial information on the Properties for the financial year ended 31 December 2013 is available.

The Properties are accounted for as property, plant and equipment, which are measured at cost less depreciation and any provision for impairment. Under the current accounting standards, the master lease arrangements between Trust Bank and the Master Lessee are viewed as owner-occupied properties, therefore the Properties are recorded as property, plant and equipment instead of investment properties. 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 pro forma financial effects are for illustrative purposes only and do not represent CDLHT’s DPS and NAV following completion of the Acquisitions. In addition, Stapled Security Holders should note that the hotel business is seasonal and the performance for FP2014 may not be representative of the full year performance.

4.3 Pro Forma DPS and Distribution Yield

The table below sets out the pro forma financial effects of the Acquisitions on CDLHT's DPS and distribution yield for FP2014, as if the Acquisitions were completed on 1 January 2014.

	Pro Forma Effects of the Acquisitions for FP2014	
	Before the Acquisitions	After the Acquisitions
Net Income (S\$'000)	75,517 ⁽¹⁾	75,992 ⁽²⁾
Distributable Income⁽³⁾ (S\$'000)	85,398	86,560
No. of Stapled Securities in issue ('000)	980,285 ⁽⁴⁾	980,833 ⁽⁵⁾
DPS (cents) for FP2014⁽⁶⁾	8.7	8.8
Annualised Distribution yield (%)⁽⁷⁾	6.9	7.0

Notes:

- (1) Based on the unaudited consolidated financial statements of CDLHT for FP2014. The net income is derived before deducting income tax expense.
- (2) Includes (i) pro forma rental income contribution from the Properties, and (ii) deduction of additional borrowing costs, H-REIT Manager's fees, H-REIT Trustee's fees, HBT Trustee-Manager's fees, depreciation expense, property expenses and other trust expense in connection with the Acquisitions.
- (3) The distributable income of CDLHT (before deducting income retained for working capital) represents aggregate of distributions by H-REIT and HBT.
- (4) Number of Stapled Securities issued and issuable as at 30 September 2014.
- (5) Based on the issued and issuable Stapled Securities as at 30 September 2014 in Note (4) above and approximately 417,000 new Stapled Securities are assumed to be issued as payment of the Acquisition Fee and an additional 131,000 new Stapled Securities are assumed to be issued as payment of management fee to the H-REIT Manager as a result of the Property Acquisitions.
- (6) Figures rounded to one decimal place.
- (7) Based on Stapled Securities' closing market price of S\$1.695 as at 21 November 2014.
- (8) The exchange rate between SGD and JPY is assumed to be 81.97.

4.4 Pro Forma Consolidated NAV

The table below sets out the pro forma financial effects of the Acquisitions on the consolidated NAV as at 30 September 2014, as if the Acquisitions were completed on 30 September 2014.

	As at 30 September 2014	
	Before the Acquisitions	After the Acquisitions
NAV (S\$'000)	1,566,931 ⁽¹⁾	1,567,635
Stapled Securities in issue ('000)	980,285 ⁽²⁾	980,702 ⁽³⁾
NAV per Stapled Security (S\$)⁽⁴⁾	1.6	1.6

Notes:

- (1) Based on the unaudited consolidated financial statements of CDLHT as at 30 September 2014.
- (2) Number of Stapled Securities issued and issuable as at 30 September 2014.
- (3) Includes the issued and issuable Stapled Securities as at 30 September 2014 in Note 2 above and approximately 417,000 new Stapled Securities assumed to be issued in satisfaction of the Acquisition Fee payable to H-REIT Manager at the issue price of S\$1.695 per new Stapled Security.
- (4) Figures rounded to one decimal place.
- (5) The exchange rate between SGD and JPY is assumed to be 81.97.

4.5 Pro Forma Capitalisation

The table below sets out the pro forma capitalisation of CDLHT as at 30 September 2014, as if the Acquisitions were completed on 30 September 2014.

	Actual (Before the Acquisition)⁽¹⁾	As Adjusted (After the Acquisition)
	(S\$ million)	(S\$ million)
Short-term debt:		
Secured debt	-	-
Unsecured debt	76.8	76.8
Total short-term debt	76.8	76.8
Long-term debt:		
Secured debt	-	-
Unsecured debt	621.8	698.1 ⁽²⁾
Total long-term debt	621.8	698.1⁽²⁾
Total debt:	698.6	774.9
Stapled Security Holders' funds	1,566.9	1,567.3
Total Capitalisation	2,265.5	2,342.2

Notes:

- (1) Based on the unaudited consolidated financial statements of CDLHT as at 30 September 2014.
- (2) The borrowings will include funding for the Total Acquisition Cost (excluding Acquisition Fees paid in Stapled Securities and nominal consideration for the shares of the Master Lessee), working capital and refundable consumption tax.
- (3) The exchange rate between SGD and JPY is assumed to be 81.97.

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 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;

- (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; and
- (iii) the number of Stapled Securities issued by CDLHT as consideration for the transaction, compared with the number of Stapled Securities previously in issue pursuant to Rule 1006(d) 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 Acquisitions computed on the bases set out do not exceed both 5.0% and 20.0%. Rule 1006(d) does not apply as no Stapled Securities will be issued by H-REIT as consideration for the Acquisitions.

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

Criteria	CDLHT (S\$ million)	The Acquisitions (S\$ million)	Relative Percentage (%)
The net profits attributable to the assets acquired compared with CDLHT's net profits	102 ⁽¹⁾	2.7	2.7
Aggregate value of the consideration given compared with CDLHT's market capitalisation	1,662 ⁽²⁾	63.8 ⁽³⁾	3.8

Notes:

- (1) Based on the unaudited consolidated financial statements of CDLHT for the nine months ended 30 September 2014. 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 CDLHT's market capitalisation on 21 November 2014.
- (3) This amount does not include consumption tax.
- (4) The exchange rate between SGD and JPY is assumed to be 90.88 as at 21 November 2014.

5.2 Interests of Directors and Substantial Stapled Security Holders²²

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.

Save as disclosed above and in paragraph 1.3, 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 has any interest, direct or indirect, in relation to the Acquisitions.

5.3 Interested Person Transactions and Interested Party Transactions²³

As the purchase consideration under the Sale and Purchase Agreements is approximately S\$63.8 million, which is within 3.0% to 5.0% of the latest audited net tangible assets of CDLHT, Stapled Security Holders' approval for the Acquisitions is not required.

5.4 Statement of the Audit Committees

Having considered the terms and conditions of the Sale and Purchase Agreements, as well as the rationale for the Acquisitions, the Audit Committees of the H-REIT Manager and of the HBT Trustee-Manager are of the view that the Acquisitions have been made on normal commercial terms and are not prejudicial to the interests of CDLHT and its minority Stapled Security Holders.

5.5 Directors' Service Contracts

No person is proposed to be appointed as a director as a result of the Acquisitions or any other transactions contemplated in relation to the Acquisitions.

22 "Substantial Stapled Security Holders" refers to Stapled Security Holders with an interest in more than 5.0% of the total number of Stapled Securities in issue.

23 Please refer to paragraph 1.3 of this announcement for details on why the Acquisitions are being regarded as IPTs.

6. DOCUMENTS FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours²⁴ at the registered office of the Managers at 36 Robinson Road, #04-01 City House, Singapore 068877 from the date of this announcement up to and including the date falling three months thereafter:

- (i) the Sale and Purchase Agreements;
- (ii) Hotel Management Agreements; and
- (iii) the full valuation reports of the Properties.

The H-REIT Trust Deed and HBT Trust Deed²⁵ 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

1 December 2014

²⁴ Prior appointment with the H-REIT Manager will be appreciated.

²⁵ "HBT Trust Deed" refers to the trust deed of HBT (as amended, varied and supplemented from time to time).

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.

The H-REIT Manager and the HBT Trustee-Manager have not conducted an independent review of the market and industry information contained in this announcement or verified the accuracy of the contents of the relevant reports cited in this announcement.