CDL HOSPITALITY TRUSTS

A stapled group comprising:

CDL HOSPITALITY REAL ESTATE INVESTMENT TRUST
(a real estate investment trust constituted on 8 June 2006 under the laws of the Republic of Singapore)

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

ANNOUNCEMENT

INVESTMENT INTO RESIDENTIAL BUILD-TO-RENT FORWARD-FUNDING SCHEME IN MANCHESTER, UNITED KINGDOM

1. INTRODUCTION

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**", and H-REIT and HBT together, "**CDLHT**") are pleased to announce that CDL HBT Investments (I) Property Limited ("**HBT PropCo**"), an indirectly wholly-owned subsidiary of the HBT Trustee-Manager, has today:

(a) entered into a land purchase agreement with Packaged Living (FREOF V Heyrod) LLP (the "**Vendor**") and acquired certain land and buildings located on the south east side of Longacre Street, Ancoats Manchester, United Kingdom from the Vendor (the "**Land**", the agreement for the acquisition of the Land, the "**Land Purchase Agreement**" and the acquisition of the Land, the "**Land Acquisition**") for a total consideration of £9.5 million (S$17.6 million[1]) (the "**Land Consideration**"); and

(b) in connection with the Land Acquisition and together with CDL HBT Cambridge City Pte. Ltd. (a wholly-owned subsidiary of the HBT Trustee-Manager) (the "**Guarantor**"), entered into a development funding agreement with the Vendor (the "**Development Funding Agreement**"), pursuant to which the Vendor will redevelop the Land into a residential build-to-rent ("**BTR**") building to be known as "The Castings" (the "**New Property**" and the redevelopment of the Land into the New Property, the "**Property Development**") for a price of £63.8 million (S$118.4 million) (the "**Development Contract Price**"),

(the Land Acquisition and the Property Development collectively, the "**Transaction**").

The aggregate Land Consideration and Development Contract Price is £73.3 million (S$136.0 million) (the "**Purchase Consideration**") to deliver the New Property on a white-box basis. Taking into account the estimated furnishing and fit-out expenses of £3.1 million (S$5.8 million) to be incurred by HBT PropCo following the delivery of the New Property (the "**Additional**

1 Unless otherwise stated in this announcement, all conversions between £ and S$ are based on an assumed exchange rate of £1.00 = S$1.857.

Budget"), the aggregate cost of the forward-funding scheme is estimated to be £76.4 million (S$141.9 million) (the "**Total Project Cost**").

The Transaction is a forward-funding arrangement that allows CDLHT to acquire a BTR property at a fixed-cost, with cash flows managed over the duration of the Property Development (the "**Development Period**") in the following manner:

(i) an upfront payment of £9.5 million (S$17.6 million) as the Land Consideration to acquire the Land (paid today);

(ii) approximately £58.2 million (S$108.1 million) (the "**Progressive Payments**") to be paid periodically over the Development Period, based on the progressive construction costs incurred under the Development Funding Agreement; and

(iii) approximately £5.6 million (S$10.4 million) (the "**Balancing Payment**") to be paid as soon as reasonably practicable after the date of practical completion of the New Property under the Development Funding Agreement.

The fixed-cost model allows HBT PropCo to limit the development risk associated with the Transaction. Further, the forward-funding scheme is structured with payment mechanisms to safeguard the interest of CDLHT in the following manner:

(1) the Development Contract Price will be paid periodically during the Development Period based on the progressive construction costs incurred;

(2) the Progressive Payments to be paid will be net of a 3.0% construction retention, which will amount to about £1.6 million (S$3.0 million) over the course of the Development Period (the "**Construction Retention**");

(3) the Balancing Payment and 50.0% of the Construction Retention will only be paid after the completion of the Property Development; and

(4) the balance 50.0% of the Construction Retention will be released after the expiry of the 24 month defects rectification period following practical completion of the New Property, subject to any applicable deductions arising from the costs incurred by HBT PropCo to rectify defects in the New Property.

The date of practical completion of the New Property is targeted to be around May 2024, 140 weeks from today, subject to such extensions:

(A) as permitted under the building contract (excluding any extension caused by an act or default of the Vendor); and/or

(B) caused by HBT PropCo and permitted under the Development Funding Agreement.

2. OVERVIEW OF THE NEW PROPERTY

2.1 Property Information

A summary of the indicative specifications of the New Property is as follows:

<table>
<tr><td>Location</td><td>Piccadilly East, Manchester, UK
Bounded by Longacre Street, and the Metrolink line, to the north and Heyrod Street to the south in Manchester</td></tr>
<tr><td>Land Title</td><td>Freehold</td></tr>
<tr><td>Total Area</td><td>Approximately 236,900 sq ft</td></tr>
<tr><td>Residential Apartments</td><td>Net internal area: Approximately 219,600 sq ft
<table>
<tr><th>Unit Type</th><th>No. of Units</th></tr>
<tr><td>Studio</td><td>39</td></tr>
<tr><td>One Bedroom</td><td>77</td></tr>
<tr><td>Two Bedroom</td><td>227</td></tr>
<tr><td>Three Bedroom</td><td>9</td></tr>
<tr><td>Total Units</td><td>352</td></tr>
</table></td></tr>
<tr><td>Amenities Spaces and Other Common Areas</td><td>Internal and external common amenity spaces which may include a gym, a cinema, resident lounge areas, a roof terrace and ground floor retail spaces (subject to design and changes)
Approximately 350 bicycle storage
20 parking spaces</td></tr>
</table>

2.2 Location and Accessibility

The New Property is located in Piccadilly East, a developing neighbourhood situated close to the Manchester Piccadilly train station and the tram stop. The site is located within 2 kilometres from the Manchester CBD and boasts convenient accessibility, being within a 9-minute walk to Manchester Piccadilly Station, the main train station in Manchester which has direct access to the airport and links Manchester to London and other major cities across the UK.

Piccadilly East is a rapidly emerging mixed-use neighbourhood focused on providing a high quality public realm, vibrant ground floor activity and some of the best connectivity, working and living environments in the city. The Piccadilly East neighbourhood, which is currently undergoing a large scale rejuvenation as part of the Portugal Street East Strategic Redevelopment Framework[2], will be transformed into a new vibrant mixed-use, pedestrian community, which complements the arrival of High Speed 2 railway ("**HS2**") (est. 2035 to 2040)[3].

2 Source: Manchester City Council, Portugal Street East SRF April 2017
3 Source: BBC, "HS2: When will the line open and how much will it cost?", 11 February 2020

The future integration of HS2 and the Northern Powerhouse Rail (est. 2040)[4] into the existing Manchester Piccadilly Station is expected to transform the station into a world class intermodal transport facility. In addition, the strategic framework proposals for HS2 include comprehensive redevelopment of the railway station and plans to add almost 2.9 million sq ft of office space, 261,000 sq ft of retail space, 5,000 apartments and 250 hotel rooms[5]. HS2 line will provide high speed connectivity between Manchester, London, Birmingham and other key cities. When completed, the journey time from Manchester to London will be reduced by more than half to 1 hour and 7 minutes, from the current journey time of approximately 2 hours and 20 minutes.

In addition, the New Property is minutes from the highly popular districts of Ancoats, The Northern Quarter and New Islington. Ancoats is renowned for its distinct heritage and character, eclectic bars, food and coffee and public realm. The Northern Quarter has long been known as the 'creative quarter' of Manchester and is home to a variety of bars, restaurants, cafés, creative agencies, art galleries and independent businesses, while New Islington is another emerging mixed-use district, which will comprise residential apartments, town houses and office space.

By 2023, key developments to be completed around the New Property include the 4-star Leonardo Hotel (expected completion by the first half of 2022), one million sq ft of offices in New Islington and a new 23,500 pax capacity arena (7-minute drive from the New Property), Co-op Live Arena - making it the largest in the UK[6], close to the Etihad Stadium, and exceeding the current capacity of 21,000 pax of the Manchester Arena.

3. RATIONALE FOR THE TRANSACTION

The Managers believe that the Transaction will bring the following key benefits to CDLHT and holders of Stapled Securities[7] ("**Security Holders**"):

3.1 Strategic Pivot to Position for Growth

CDLHT's hospitality-only strategy was revised to cover other adjacent accommodation/lodging space including the rental housing sector. While the hospitality sector is expected to recover, the devastation to the transient accommodation industry caused by the COVID-19 pandemic has underscored the need for CDLHT to go beyond geographical diversification of the hospitality asset class. The strategic pivot in CDLHT's principal investment strategy is aimed at promoting growth in the coming years through the revision of mandate which will also bring about asset class diversification, and enhanced income stability, thereby lowering its portfolio risk. With the revised strategy, the total addressable market can also be increased.

This Transaction in the BTR space is CDLHT's first investment in the adjacent accommodation/lodging space under the revised principal investment strategy announced on 26 July 2021.

Following the targeted completion of the development of the New Property in 2024, the New Property will be contributing incremental base rental income to the portfolio. The New Property is expected to be leased out to a mix of individual residential tenants or families for periods of typically about one year or more. Tenant concentration risk is reduced with multiple tenants

4 Source: Transport For The North, Northern Powerhouse Rail
5 Source: Place North West, "Alternative HS2 Piccadilly hub 'could save billions'", 29 June 2020
6 Source: Manchester Evening News, "First images of how huge Co-Op Live stadium will look inside", 19 July 2021
7 Each "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) entered into between the H-REIT Manager, H-REIT Trustee, and the HBT Trustee-Manager.

leasing the apartments. In addition, BTR assets rely on different demand drivers to hospitality and may respond differently to macro risk events. These factors will lend more stability to CDLHT's income with the longer underlying tenant lengths of stay.

Following its gestation period, the New Property is expected to provide CDLHT with a more diversified, balanced and stable revenue stream, in-line with the objectives of the revised principal investment strategy. With the favourable demand-supply dynamics of the BTR market in Manchester and across many other markets globally, and the increased institutional investment interest in the BTR sector, the Managers believe that the New Property will experience steady annual income growth and capital appreciation.

The New Property will also complement the expected recovery in the performance of CDLHT's hospitality assets which will continue to make up the majority of the portfolio. The New Property, together with any other assets CDLHT may acquire in the adjacent accommodation/lodging space, will provide CDLHT with more stability in the portfolio's income stream as well as additional income growth.

3.2 The New Property is expected to provide stable and resilient income

After its gestation period, the New Property will strengthen CDLHT's rental income base, supported by longer underlying average length of stay, and provide meaningful diversification, meeting the objectives of the Managers' principal investment strategy. Rent collection rates of BTR properties in the UK averaged 97% between April 2020 to September 2020, even during the COVID-19 pandemic, and this demonstrates the resilience of rent collectability of the BTR sector[8].

3.3 Good economic fundamentals

Manchester is a major employment centre, home to a growing number of global, European and national headquarters and the largest economic hub in the north of England. In terms of venture capital and corporate finance activity, Greater Manchester has the largest financial centre next to London[9]. In terms of gross value added, Greater Manchester is second only to London[10]. The city has undergone rapid population and employment growth in recent years, and is a globally recognised city boasting a very strong local economy with an ever-expanding workforce and numerous infrastructure investment projects.

Key employers are from a varied base of public and private sectors including law, banking, finance, insurance, public services, manufacturing, engineering as well as a thriving media presence and rapidly expanding life science and technology-based industries. The city is also recognised as one of Europe's largest creative, digital and technology clusters with a growing £5 billion digital ecosystem[11]. MediaCityUK, the city's creative hub and home to a dynamic mix of over 250 businesses[12], is a 15-minute drive from the New Property.

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8 Source: UK CBRE market research report commissioned by the HBT Trustee-Manager
9 Source: UK CBRE market research report commissioned by the HBT Trustee-Manager
10 Source: Invest in Manchester, accessed 30 August 2021 (https://www.investinmanchester.com/why-manchester/economic-overview)
11 Source: Invest in Manchester, accessed 30 August 2021 (https://www.investinmanchester.com/sectors/digital-and-technology)
12 Source: MediaCityUK, accessed 30 August 2021 (https://www.mediacityuk.co.uk/whos-here/#:~:text=An%20eclectic%20and%20exciting%20mix,up%2Dand%2Dcoming%20names)

3.4 Strong demand and supply dynamics

Young population which aligns with the main renter cohort age group

According to the 2017/18 English Housing Survey, the main renter cohort remains those aged between 25 to 34 years old[13]. The Manchester and Salford region has a relatively young population with 56% of people under the age of 35[14]. This is higher than that of the North West region of 43%. In 2024, the Manchester and Salford region is still expected to have the highest proportion of the population in the 25 to 34 years age group as compared to other key cities in the UK such as Leeds, London, and Birmingham.

Good employment opportunities coupled with a high graduate retention rate

Manchester is currently home to 80 of the FTSE 100 companies and is well-known for its media and digital sector and thriving technology community[15]. More than 100,000 students are enrolled across Greater Manchester's five universities[16], including the University of Manchester, which is a leading university and part of the Russell Group's 24 world-class universities. There is therefore an increasing supply of highly skilled residents in the city which continues to attract global businesses to the city. Good employment opportunities, coupled with a high graduate retention rate in Manchester, have driven demand for rental housing as these young workers make up a large proportion of the local renter demographic[17].

Increase in house price-to-income ratios and persistent housing shortage

Since 2002, house price-to-income ratios have trended upwards[18]. As houses become relatively unaffordable, the demand for rental housing will continue to increase. Affordability constraints in the sales market will also result in tenants staying longer in the rental sector as they save for a deposit.

Manchester also has the fastest population growth in England for 2019[19]. A housing shortage situation is created with the rapid increase in net additional households, but delivery of new homes falling short of the housing requirements[20].

Driven by the strong demand and supply dynamics, Manchester is likely to have continued demand for the rental housing sector.

3.5 Growth potential for BTR market

In the UK, existing and pipeline BTR inventory makes up only 2% of the existing residential rental stock, with private or buy-to-let ("**BTL**") landlords dominating most of the supply[21]. With the BTL mortgage market facing serious headwinds due to the 3% stamp duty surcharge, the reduction of mortgage interest tax relief and increased mortgage regulation[22], there is a growing

13 Source: Gov.uk, "English Housing Survey, Private rented sector 2017-18", 17 July 2019
14 Source: UK CBRE market research report commissioned by the HBT Trustee-Manager
15 Source: Select Property, "Why Manchester is such a high-demand location for investors and tenants", 23 June 2021
16 Source: Invest in Manchester, accessed 30 August 2021 (https://www.investinmanchester.com/why-manchester/talent/universities)
17 Source: Centre for Cities, "The Great British Brain Drain: An analysis of migration to and from Manchester", 22 March 2019
18 Source: Office for National Statistics, UK
19 Source: Office for National Statistics, UK
20 Source: Manchester Evening News, "Manchester council to set out new strategy to tackle 'major wealth and housing inequalities' in the city up to 2030", 23 June 2021
21 Source: Knight Frank Multihousing 2020
22 Source: Deloitte, "The Buy-to-Let Sector", 21 April 2021

opportunity for large-scale professional investors to enter the residential market and fill the gap through BTR properties as private BTL investors exit the market.

Moreover, BTR products are generally a better proposition for renters as they tend to have better amenities and are built with tenants in mind to promote a sense of community within the building. BTR products are therefore poised to take over some market share from the traditional BTL sector in the residential rental space.

3.6 Brand new property with great accessibility

As a newly constructed building, the New Property is not expected to require significant capital expenditure or repair & maintenance expenses in its initial years.

The site is within a 9-minute walk from Manchester Piccadilly Station which is served by the local Manchester Metrolink and bus lines, offering ease of travel to Spinningfields (a 6-minute tram ride), the biggest commercial district in the city, the prominent Manchester Arndale shopping centre (a 5-minute tram ride) and the famous Old Trafford football stadium (a 14-minute tram ride).

The Manchester Piccadilly Station provides direct access to the airport and other key cities across the UK. Future integration of HS2 (est. 2035 to 2040) and Northern Powerhouse Rail (est. 2040) into the existing Manchester Piccadilly Station is expected to create a world class intermodal transport facility, increasing capacity, reliability and significantly reducing travel time.

3.7 Potential income and capital upside from significant rejuvenation

Piccadilly is divided into distinct neighbourhoods featuring a wide mix of office, residential, hotel and commercial uses, creating much needed housing as well as major employment centres at Mayfield, North Campus and Piccadilly Place. Piccadilly East, where the New Property is located, is undergoing a large scale rejuvenation as part of the Portugal Street East Strategic Redevelopment Framework.

Public and private sectors are investing heavily into Piccadilly, which is being transformed into a new transport, leisure and employment hub within Manchester City Centre. Several projects within the redevelopment framework have been completed and others will progressively complete over the course of the coming years. The completion of the New Property is timely as it coincides with the completion of the other projects near the New Property.

In the UK, BTR is a burgeoning institutional investor asset class that has seen a strong influx of funds from 2016 to 2020[23]. This growing interest is likely to keep capital values well supported with strong upside potential. The constant augmentation of the Piccadilly area will also serve to enhance capital value over time as it builds out.

3.8 The Transaction is expected to be accretive on a pro forma basis

As the UK BTR market is a relatively young market, there are limited completed BTR products available for sale. Consequently, participation in a forward-funding scheme is required to secure exposure to this asset class in Manchester at a good price and in a very promising location.

23 Source: Savills UK, Build to Rent Market Update, Q4 2020

The Transaction is expected to be accretive to Security Holders based on the pro forma financial effects of the Transaction on the DPS of CDLHT when the New Property is stabilized.

Based on the Total Transaction Cost of £78.9 million (S$146.5 million) and assuming the Transaction and the development of the New Property had been completed and stabilized on 1 January 2020, the Transaction is expected, on a pro forma basis, to have contributed an annual stabilized net property income of £3.9 million (S$7.3 million), translating to a DPS accretion of 2.2%[24] for FY2020. The pro forma stabilized net property income yield of the New Property would have been approximately 5.1%[25].

4. VALUATION

The HBT Trustee-Manager and HBT PropCo has commissioned Savills (UK) Limited (the "**Independent Valuer**") to value the New Property on a forward-funding basis.

The Independent Valuer has valued the New Property on a forward-funding basis at £76.1 million (S$141.3 million) as at 27 August 2021, using the capitalisation method for the residential and car park components and the direct comparison method for the retail component (the "**New Property Independent Valuation**"). The New Property Independent Valuation is higher than the Purchase Consideration of £73.3 million (S$136.0 million).

For the information of Security Holders, the Independent Valuer has also valued the New Property on a stabilized basis at £88.0 million (S$163.3 million) as at 27 August 2021, using the capitalisation method for the residential and car park components and the direct comparison method for the retail component.

5. DETAILS OF THE TRANSACTION

5.1 The Land Acquisition

5.1.1 Details of the Land

The Land comprises the land and buildings on the south east side of Longacre Street, Ancoats Manchester, being the whole of the property registered at HM Land Registry under Title Numbers GM211492, GM410710, GM184940 and adjoining parcels of unregistered land. HBT PropCo has today completed the Land Acquisition and acquired the title to the Land.

5.1.2 Certain principal terms of the Land Purchase Agreement

The principal terms of the Land Purchase Agreement include, among others:

(i) the completion of the Land Acquisition on the date of the Land Purchase Agreement (the "**Land Completion Date**");

(ii) the payment of the Land Consideration by HBT PropCo in cash to the Vendor on the Land Completion Date; and

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24 Based on the change of the pro forma FY2020 DPS of the enlarged portfolio over the FY2020 DPS of CDLHT. For purpose of the computations, the Total Transaction Cost is assumed to be 100% GBP debt-funded.

25 Computed based on the pro forma annual stabilized net property income of £3.9 million (S$7.3 million) and Total Project Cost of £76.4 million (S$141.9 million).

(iii) the requirement for HBT PropCo, the Guarantor and the Vendor to enter into the Development Funding Agreement on the Land Completion Date.

5.2 The Property Development

5.2.1 Details of the Property Development

In connection with the Land Acquisition, the Vendor has agreed to undertake the Property Development.

The Vendor is a joint venture between FREOF V (General Partner) LLP and Packaged Living (FREOF V Heyrod PM) LLP, ultimately owned by Fiera Capital Corporation ("**Fiera Capital**") and Packaged Living Ltd ("**PL**") respectively. PL is a vertically integrated business, established for the direct investment and development of BTR assets across the UK. Since its inception in 2017, PL has secured a number of development sites across the UK, providing a pipeline of over 4,000 BTR homes[26]. The senior management team of the Vendor has been heavily involved in the BTR sector in the UK and has a collective track record of bringing forward approximately 5,000 BTR homes, investing in excess of £1 billion into the sector. PL is backed by Fiera Real Estate UK Limited ("**Fiera Real Estate**"), a leading investment management company managing over US$5.3 billion of commercial real estate through a range of investment funds and accounts as at 30 June 2021. Fiera Real Estate is wholly owned by Fiera Capital.

The Vendor has appointed Midgard Limited ("**Midgard**") as the main contractor for the Property Development. Midgard was formed in 2006 and has been providing main contractor services, as the turnkey contracting division of JRL Group Limited ("**JRL Group**"), with a specific focus towards residential. It was awarded Contractor of the Year in the Building Awards 2018[27]. As a wholly owned subsidiary of JRL Group, a managed integrated construction solutions company with an annual turnover in excess of over £500 million, Midgard is able to leverage on JRL Group's resources and offer real value engineering opportunities and certainty of delivery of the New Property.

The Property Development is expected to complete around May 2024.

5.2.2 Certain principal terms of the Development Funding Agreement

The principal terms of the Development Funding Agreement for the Property Development include, among others:

(i) the Property Development being made in connection with the transfer of the Land to HBT PropCo pursuant to the Land Purchase Agreement;

(ii) the Vendor being responsible for applying for (or procuring the application for) and taking all necessary steps to obtain and maintain statutory consents necessary to commence the Property Development or obtain lawful relaxations or waiver of such statutory consents so that at all times the necessary statutory consents in connection with the development are obtained and maintained,

26 Source: Packaged Living Ltd
27 Source: Building.co.uk, "Building Awards 2018: Contractor of the Year (up to £300m)", 15 November 2018

with HBT PropCo assisting the Vendor in obtaining and maintaining such statutory consents where required to do so as the owner of the Land;

(iii) the appointment of the contractor and other professionals by the Vendor, such appointment to include such terms and warranties as may be specified in the Development Funding Agreement;

(iv) the right for HBT PropCo's representatives to access the site at all reasonable times and the right for HBT PropCo and its representatives to attend site meetings between the Vendor, the contractor and other professionals and receive copies of the minutes of all such site meetings;

(v) the obligation for the Vendor to insure or cause to be insured with an insurer approved by HBT PropCo (acting reasonably) the works and the development and all fixtures, chattels and materials thereon against loss or damage by such risks as specified by HBT PropCo in the Development Funding Agreement for the full reinstatement costs (and other incidental costs and expenses for the reinstatement) together with insurance for loss of anticipated rent, such insurance policy to include, amongst others, a waiver of the rights of subrogation of the insurer as against each of the Vendor, the contractor, HBT PropCo and the Guarantor;

(vi) the obligation for HBT PropCo to pay for the development costs and the construction costs of the Property Development, such obligation being capped at the Development Contract Price, with the Vendor being liable for any remaining development costs, construction costs and any other costs and expenses required to complete the Property Development (provided further, where HBT PropCo instructs the Vendor to proceed with certain variations to the Property Development and/or additional fit-out works, the Development Contract Price shall be increased by a sum equal to the additional costs incurred by such variations and/or additional fit-out works);

(vii) the obligation for the Vendor to provide HBT PropCo with periodic payment notices certifying the constructions costs incurred, such payment notices to be accompanied by:

(1) a breakdown of the amount applied for in respect of construction costs under the payment notice including:

(a) in the case of the construction costs, an analysis against the relevant cost cap; and

(b) a copy of the proposed costs of the works done under the building contract (prepared by the employer's agent appointed under the building contract);

(2) copies of invoices and demands for payment, only to the extent that the same are available in respect of the relevant payment notice,

and the Vendor shall procure that any payment notice takes into proper account any retention sums under the building contract;

(viii) the obligation of the Vendor to provide HBT PropCo with a written cash flow statement within 5 business days of the end of each calendar month showing:

(1) the total of all development costs and construction costs then incurred by or on behalf of the developer including the categories in which those development costs and construction costs were incurred;

(2) the development costs and construction costs that the developer reasonably anticipates will be incurred before the next cash flow statement; and

(3) except in the case of the first cash flow statement, the development costs and construction costs incurred by the developer since the previous cash flow statement, indicating details of any variances between the costs previously anticipated and the costs actually incurred;

(ix) the Development Contract Price being paid in cash in the following manner:

(1) periodic payments over the course of the Property Development in respect of the development costs and construction costs incurred;

(2) a balancing payment to be made by HBT PropCo to the Vendor after the completion of the Property Development, being the balance of the Development Contract Price less:

(a) 50.0% of the Construction Retention;

(b) such other retention sums (if applicable);

(c) such sums in dispute or owed by the Vendor under the Development Funding Agreement, including any compensation or damages payable by the Vendor due to a delay in the completion of the Property Development and/or a shortfall in the aggregate gross internal area of the New Property (if applicable); and

(d) such sums as outstanding or to be paid under any planning agreement or community infrastructure levy;

(3) a payment equivalent to the remaining construction retention (being 50.0% of the Construction Retention, less any applicable deductions arising from the costs incurred by HBT PropCo to rectify defects in the New Property) after the expiry of the 24 month defects rectification period following the date of practical completion of the New Property;

(x) the Guarantor providing a guarantee to the Vendor that whenever the Vendor does not receive any payments due under the Development Funding Agreement in the manner and at the times specified in the Development Funding Agreement, the Guarantor shall pay within 10 business days of the Guarantor's receipt of written demand therefor the sums due as if the Guarantor was the principal debtor;

(xi) the right for HBT PropCo to terminate the Development Funding Agreement upon the occurrence of one or more of the following events (each an "**Event of Default**"):

(1) the Vendor becoming insolvent;

(2) the failure for the Vendor to procure the issuance of the practical completion certificate for the New Property on or before the date falling 244 weeks from and including the date of the Development Funding Agreement (or in the event of damage by an insured risk, 280 weeks from and including the date of the Development Funding Agreement);

(3) the gross internal area of the New Property being less than or equal to 95.0% of the area agreed upon;

(4) the Vendor failing to perform its obligations under the Development Funding Agreement in any material respect which (a) is not capable of remedy or (b) if the failure is capable of remedy, has not been remedied within the periods specified under the Development Funding Agreement; and

(5) the Vendor failing to appoint the contractor and other professionals in accordance with the Development Funding Agreement; and

(xii) in the event the Development Funding Agreement is terminated due to the occurrence of an Event of Default, the right for HBT PropCo to require the Vendor to assign agreements and materials (to the extent such matters are assignable) to allow HBT PropCo to procure the completion of the Property Development.

6. ESTIMATED COST OF THE TRANSACTION AND SOURCE OF FUNDS

The total cost of the Transaction (the "**Total Transaction Cost**") is estimated to be £78.9 million (S$146.5 million) comprising:

(a) the Land Consideration of £9.5 million (S$17.6 million);

(b) the Development Contract Price of £63.8 million (S$118.4 million);

(c) the estimated Additional Budget of £3.1 million (S$5.8 million);

(d) the acquisition fee payable to the HBT Trustee-Manager under the Trust Deed of HBT for the Transaction (the "**Acquisition Fee**") of approximately £0.7 million (S$1.4 million); and

(e) other transaction expenses and professional fees in connection with the Transaction of approximately £1.8 million (S$3.3 million) incurred[28].

The Managers intend to fund the Land Consideration through the use of offshore debt.

The remaining Total Transaction Cost (excluding the Land Consideration and including the Acquisition Fee) will be paid wholly in cash through the use of internal resources, offshore debt or a combination of both or other means, as may be determined by the Managers at the appropriate time. The Development Contract Price will be paid out periodically over the Development Period as described under paragraph 5.2.1(ix).

For the avoidance of doubt, the Acquisition Fee will only be paid after the completion of the Transaction (after the development of the New Property is completed).

7. *PRO FORMA* FINANCIAL EFFECTS

7.1 *Pro Forma* Financial Effects for FY2020

The *pro forma* financial effects of the Transaction on the DPS and NAV per Stapled Security presented below are strictly for illustrative purposes and were prepared based on the audited financial statements of CDLHT for the financial year ended 31 December 2020 (the "**CDLHT FY2020 Audited Financial Statements**") and the matters and assumptions as stated under the respective sections, taking into account the Total Transaction Cost and assuming the Transaction is 100% financed through GBP borrowings.

7.1.1 *Pro Forma* Distribution per Stapled Security for FY2020

The following table sets forth the *pro forma* financial effects of the Transaction on the distribution per Stapled Security ("**DPS**") of CDLHT for FY2020, as if the Transaction and the development of the New Property had been completed on 1 January 2020 and CDLHT had operated the New Property on a stabilized basis through to 31 December 2020.

***Pro forma* financial effects of the Transaction for FY2020**		
	Before the Transaction(1)	**After the Transaction**
Net Property Income of CDLHT (S$'000)	69,325	76,597**(2)**
Distributable Income of CDLHT (S$'000)(3)	60,408	61,812
Stapled Securities entitled for distribution ('000)	1,222,632	1,224,067
DPS (cents)(4)	4.95	5.06
Distribution Yield (%)(5)	4.27	4.36

Notes:

(1) Based on the CDLHT FY2020 Audited Financial Statements.

(2) Includes the annual stabilized net property income of the New Property of S$7.3 million which is calculated based on the Managers' assumptions, as if the New Property had been fully operational and stabilized since 1 January 2020.

(3) The distributable income of CDLHT (after deducting income retained for working capital and including capital distribution) represents the aggregate of distributions by H-REIT and HBT.

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28 This includes approximately £0.1 million (S$0.2 million) to be paid to Alphagate Holdings Limited ("**Alphagate**"), an indirect wholly owned subsidiary of City Developments Limited ("**CDL**"). CDL is a controlling shareholder of each of the Managers and a controlling unitholder of CDLHT. HBT PropCo will enter into a service agreement with Alphagate for certain personnel to provide technical advisory and development monitoring services for the Property Development on behalf of HBT PropCo (the "**CDL Services**"). The CDL Services are to be provided over the term of the Property Development and throughout the 24-month defects rectification period.

(4) DPS is derived based on the distributable income of CDLHT (after deducting income retained for working capital and including capital distribution) over the number of Stapled Securities entitled for distribution.
(5) Based on the closing market price of the Stapled Securities of S$1.16 as at 30 August 2021.

7.1.2 *Pro Forma* Net Asset Value per Stapled Security for FY2020

The following table sets forth the *pro forma* financial effects of the Transaction on the net asset value per Stapled Security as at 31 December 2020, as if the Transaction and the development of the New Property had been completed on 31 December 2020.

***Pro forma* financial effects of the Transaction as at 31 December 2020**		
	Before the Transaction[1]	**After the Transaction**
Net Asset Value of CDLHT (S$'000)	1,619,908	1,630,596[2]
Stapled Securities issued and to be issued ('000)	1,226,495	1,227,212
Net Asset Value per Stapled Security (S$)	1.32	1.33

Notes:
(1) Based on the CDLHT FY2020 Audited Financial Statements.
(2) Includes the valuation of the New Property as valued on a stabilized basis by the Independent Valuer.

7.1.3 *Pro Forma* Capitalisation for FY2020

The following table sets forth the *pro forma* financial effects of the Transaction on the capitalisation of CDLHT as at 31 December 2020, as if the Transaction and the development of the New Property had been completed on 31 December 2020.

***Pro forma* financial effects of the Transaction as at 31 December 2020**		
	Before the Transaction[1]	**After the Transaction**
Total Assets (S$'000)	2,854,459	3,012,189[2]
Total Gross Borrowings (S$'000)[3]	1,032,449	1,179,038
Total Security Holders' Funds (S$'000)	1,619,908	1,630,596
Total Capitalisation (S$'000)	2,652,357	2,809,634
Gearing Ratio (%)[4]	37.5	40.6

Notes:
(1) Based on the CDLHT FY2020 Audited Financial Statements.
(2) Includes the valuation of the New Property, valued on a stabilized basis by the Independent Valuer.
(3) Excluded from total gross borrowings are lease liabilities which are secured over the finance lease receivables and right-of-use assets.
(4) Gearing ratio is derived based on the total assets (excluding the effect of FRS 116/SFRS(I) Leases (adopted with effect from 1 January 2019)) and total gross borrowings, aggregated on a proportionate basis based on CDLHT's share of each subsidiary.

8. DISCLOSEABLE TRANSACTION

8.1 Discloseable Transactions – Chapter 10 of the Listing Manual

Chapter 10 of the listing manual of the Singapore Exchange Securities Trading Limited (the "**Listing Manual**") governs the acquisition or disposal of assets, including options to acquire or dispose of assets, by CDLHT. Such transactions are classified into the following categories:

(i) non-discloseable transactions;

(ii) discloseable transactions;

(iii) major transactions; and

(iv) very substantial acquisitions or reverse take-overs.

A proposed transaction by CDLHT may fall into any of the categories set out above depending on the size of the relative figures computed on the following bases of comparison:

(a) the net profits attributable to the assets to be acquired or disposed of, compared with CDLHT's net profits pursuant to Rule 1006(b) of the Listing Manual; and

(b) 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.

Rule 1006(a) of the Listing Manual is not applicable to the Transaction as CDLHT will not be disposing of any assets under the Transaction.

Rule 1006(d) of the Listing Manual is not applicable to the Transaction as CDLHT will not be issuing any Stapled Securities as consideration for the Transaction.

8.2 The Transaction

The relative figures computed on the bases set out in Rules 1006(b) and 1006(c) of the Listing Manual in respect of the Transaction are as follows:

	The Transaction (S$ millions)	**CDLHT (S$ millions)**	**Relative Figures (%)**
Rule 1006(b) Net profits attributable to the assets to be acquired or disposed of, compared with CDLHT's net profits	3.6(1)	37.0(2)	9.7
Rule 1006(c) Aggregate value of the consideration given or received, compared with CDLHT's market capitalisation based on the total number of issued Stapled Securities	141.9(3)	1,425.3(4)	10.0

Notes:
(1) Based on the net property income ascribed to the New Property for year-to-date ("**YTD**") June 2021.
(2) Based on the net property income of CDLHT for YTD 30 June 2021.
(3) Based on the Total Project Cost of £76.4 million (S$141.9 million).
(4) Based on the closing market price of the Stapled Securities of S$1.16 per Stapled Security as at 30 August 2021 which is the market date preceding the date of the Land Purchase Agreement and the Development Funding Agreement.

Under Rule 1010 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 regarded as being a discloseable transaction.

9. OTHER INFORMATION

9.1 Interests of Directors and Substantial Security Holders

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

9.2 Directors' Service Contracts

No person is or is proposed to be appointed as a director of the Managers in connection with the Transaction.

9.3 Incorporation of Subsidiaries

In connection with the Transaction, the following subsidiaries have been incorporated:

Name	Country of Incorporation	Remarks
CDL HBT Investments (I) Pte. Ltd.	Singapore	Wholly-owned subsidiary of the HBT Trustee-Manager
CDL HBT Investments (I) Limited	United Kingdom	Wholly-owned subsidiary of CDL HBT Investments (I) Pte. Ltd.
CDL HBT Investments (I) Property Limited	United Kingdom	Wholly-owned subsidiary of CDL HBT Investments (I) Limited
CDL HBT Investments (I) Operations Limited	United Kingdom	Wholly-owned subsidiary of CDL HBT Investments (I) Limited

10. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours at the registered office of the Managers at 9 Raffles Place, #12-01 Republic Plaza, Singapore 048619[29] from the date of this announcement up to and including the date falling three months thereafter:

(a) the Land Purchase Agreement;

(b) the Development Funding Agreement; and

(c) the report by the Independent Valuer setting out the New Property Independent Valuation.

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

29 Subject to measures taken by the Managers to minimise the spread of COVID-19. Prior appointment with the Managers will be appreciated.

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

31 August 2021

IMPORTANT NOTICE

This announcement may contain forward-looking statements that involve risks and uncertainties. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions. Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate trends, cost of capital and capital availability, competition from other companies, shifts in customer demands, customers and partners, changes in operating expenses (including employee wages, benefits and training costs, governmental and public policy changes and the continued availability of financing in the amounts and the terms necessary to support future business). Investors are cautioned not to place undue reliance on these forward-looking statements, which are based on the current view of the Managers on future events.

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 Security Holders 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.

Due to rounding, numbers presented throughout this announcement may not add up precisely to the totals and percentages may not precisely reflect the absolute figures.