



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

(A) THE PROPOSED REDEVELOPMENT TRANSACTION WHICH INVOLVES THE DIVESTMENT OF NOVOTEL SINGAPORE CLARKE QUAY AND THE FORWARD PURCHASE OF A HOTEL AS PART OF AN INTEGRATED DEVELOPMENT; AND (B) THE PROPOSED ACQUISITION OF W SINGAPORE – SENTOSA COVE

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 the entry into various agreements in respect of the following transactions (the “**Proposed Transactions**”):

The Redevelopment Transaction

- (i) the proposed redevelopment of the hotel located at 177A River Valley Road, Singapore 179031, currently managed and operated as “Novotel Singapore Clarke Quay” (the “**Novotel CQ Property**”) into a new hotel (as part of a redevelopment of the Liang Court Site (defined below) into a proposed integrated development) (the “**Redevelopment Transaction**”). The existing development comprises the Novotel CQ Property, Liang Court mall and Somerset Liang Court Singapore (the “**Liang Court Site**”).

A summary of the Redevelopment Transaction is as follows:

- (a) a divestment of the Novotel CQ Property (the “**Proposed Divestment**”) to a consortium including joint venture vehicles of City Developments Limited (“**CDL**”), the parent company of Millennium & Copthorne Hotels Limited¹ (the “**Sponsor**”) and CapitaLand Limited (“**CL**”), through the entry into of a conditional put and call option agreement (the “**Divestment PCOA**”) between DBS Trustee Limited (in its capacity as trustee of H-REIT) (in such capacity, the “**H-REIT Trustee**”), Legend Quay Pte. Ltd., Legend Commercial Trust

¹ Formerly known as Millennium & Copthorne Hotels plc.

and Gemini One Trust (the “**CDL Redevelopment Trust**”);

- (b) the forward purchase of a new, fully developed and fitted out hotel (the “**New Hotel Property**” and the forward purchase, the “**New Hotel Property Acquisition**”) in 2025² which forms part of a proposed integrated development with a gross floor area (“**GFA**”) of 100,263 sqm comprising two residential towers, a commercial component, a serviced residence with a hotel licence, and the New Hotel Property (the “**Proposed Integrated Development**”) after the redevelopment, through the entry into of a conditional development and sale agreement (the “**New Hotel DSA**”) between the H-REIT Trustee and CDL Aquila Pte. Ltd. (the “**CDL RE Owner**”) for the acquisition of all the units of CDL Redevelopment Trust, which will hold the New Hotel Property; and
- (c) in conjunction with the New Hotel Property Acquisition, the acquisition of the business and business assets concerning the New Hotel Property (the “**New Hotel Business**” and the acquisition, the “**New Hotel Business Acquisition**”, together with the New Hotel Property Acquisition, the “**New Hotel Acquisition**”), through the acquisition by HBT of all the shares in Gemini One Pte. Ltd., which will be the entity managing and holding the New Hotel Business (“**New Hotel OpCo**”). HBT Trustee-Manager and CDL Aquila Pte. Ltd. (the “**New Hotel OpCo Vendor**”) have entered into a conditional share purchase agreement (the “**New Hotel OpCo SPA**”) for the New Hotel Business Acquisition;

The W Hotel Acquisition

- (ii) the proposed acquisition of the hotel including plant and equipment as well as the furniture, fixtures, furnishings and equipment located at 21 Ocean Way, Singapore 098374 and currently managed and operated as “W Singapore – Sentosa Cove” (the “**W Hotel Property**”), which includes the following transactions:
 - (a) the acquisition of the W Hotel Property (the “**W Hotel Property Acquisition**”), through the entry into of a conditional put and call option agreement (the “**W Hotel PCOA**”) between the H-REIT Trustee and Cityview Place Holdings Pte. Ltd. (the “**W Hotel Vendor**”);
 - (b) the acquisition of the business and business assets concerning the W Hotel Property (the “**W Hotel Business**”, and the acquisition of the W Hotel Business, the “**W Hotel Business Acquisition**”), through the entry into of a conditional business transfer agreement (the “**W Hotel CBTA**”) between the W Hotel Vendor and Gemini Two Pte. Ltd., which is a wholly-owned subsidiary of HBT constituted to acquire the W Hotel Business (the “**W Hotel OpCo**”); and
 - (c) the entry into of a carpark arrangement (the “**W Hotel Carpark Transaction**”) through the entry into of a carpark agreement between the W Hotel OpCo and the W Hotel Vendor (the “**W Hotel Carpark Agreement**”),

(the W Hotel Property Acquisition, the W Hotel Business Acquisition and the W Hotel

² This is an estimated timeline and is subject to change.

Carpark Transaction shall collectively be known as the “**W Hotel Acquisition**”).

The completion of the Proposed Divestment is expected to take place in April 2020, with completion of the New Hotel Acquisition estimated to take place in 2025³, and the completion of the W Hotel Acquisition is expected to take place in early 2020, each subject to the fulfilment of various conditions precedent which include approvals having been obtained from the holders of stapled securities in CDLHT⁴ (“**Security Holders**”) and the relevant authorities.

2. THE PROPERTIES AND STRUCTURE OF THE PROPOSED TRANSACTIONS

2.1 The Redevelopment Transaction

2.1.1 The Proposed Divestment of the Novotel CQ Property

H-REIT is divesting the Novotel CQ Property to entities which include joint venture vehicles of CDL and CL.

The Novotel CQ Property, a 403-key hotel located along the River Valley Road in Singapore, forms part of the Liang Court Site which also sits on the land plot known as TS09-147V (the “**Whole Land**”, and CDLHT’s interest in the Whole Land with respect to the Novotel CQ Property, the “**Land**”).

Strategically located between the Central Business District (“**CBD**”) and minutes away from the prime shopping area of Orchard Road, the Novotel CQ Property is situated in the vibrant and dynamic entertainment hub of Clarke Quay.

A summary of selected information on the Novotel CQ Property is as follows:

Property Description	
Address	177A River Valley Road, Singapore 179031
Title	Leasehold estate of 97 years and 30 days expiring on 1 May 2077; 57 years leasehold remaining as at completion of the Proposed Divestment
Land Area	12,925.4 square metres (“ sqm ”)
GFA	34,908.7 sqm
Number of Rooms	403
Operator Brand Classification	Midscale
Year of Opening	1984

³ This is an estimated timeline and is subject to change.

⁴ 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 entered into between the H-REIT Manager, DBS Trustee Limited, in its capacity as trustee of H-REIT, and the HBT Trustee-Manager (as amended, varied and supplemented from time to time).

2.1.2 Structure of the Proposed Divestment

The Novotel CQ Property is held directly by H-REIT. CDLHT proposes to divest the Land to CDL Redevelopment Trust, Legend Quay Pte. Ltd. and Legend Commercial Trust (collectively, the **"Redevelopment Entities"**) for a total consideration of approximately S\$375.9 million (the **"Divestment Consideration"**) under the Divestment PCOA. The Divestment Consideration will be paid by the Redevelopment Entities in cash.

The Divestment Consideration was arrived at on a willing-buyer and willing-seller basis taking into account the Novotel CQ Property Valuations (as defined herein) and the Redevelopment Transaction as a whole. The net proceeds of the Proposed Divestment (the **"Net Divestment Proceeds"**) is expected to be approximately S\$369.3 million. The Managers intend to use the Net Divestment Proceeds for the repayment of existing debt and/or to make distributions to Security Holders and/or to fund future acquisitions, including the W Hotel Acquisition (should the W Hotel Acquisition be approved by Security Holders). Details of the use of the Net Divestment Proceeds will be determined by the Managers at the appropriate time.

Legend Quay Pte. Ltd. and Legend Commercial Trust are joint venture vehicles of CDL and CL, with each of CDL and CL indirectly holding a 50.0% interest in each of Legend Quay Pte. Ltd and Legend Commercial Trust. The CDL Redevelopment Trust is a wholly-owned private trust held by CDL RE Owner (itself a subsidiary of CDL), constituted to develop and hold the New Hotel Property.

Following the Proposed Divestment, it is intended that the Whole Land be redeveloped by a consortium led by CDL and CL (which also includes Ascott Residence Trust (**"Ascott Reit"**), and the consortium, the **"Redevelopment Consortium"**) into the Proposed Integrated Development. The CDL Redevelopment Trust will redevelop and hold the entire interest in the New Hotel Property.

Additionally, in connection with the Proposed Divestment, it is intended that the H-REIT Trustee (the **"Lessor"**), AAPC Clarke Quay Hotel Pte. Ltd. (a subsidiary of Accor S.A.) (the **"Lessee"**) and AAPC Singapore Pte. Ltd. (formerly known as AAPC Hotels Management Pte. Ltd.) enter into a termination deed (the **"Novotel CQ Property Lease Termination Deed"**) to terminate the existing lease agreement in relation to the Novotel CQ Property dated 7 June 2007, and which is due to expire on 31 December 2020 (the **"Novotel CQ Property Lease Agreement"**). Under the terms of the Novotel CQ Property Lease Termination Deed, subject to CDLHT having obtained the approval from Security Holders at extraordinary general meetings (the **"EGM"**) to be convened to approve the Redevelopment Transaction, all operational activities at the Novotel CQ Property shall cease on 3 April 2020, and the Novotel CQ Property Lease Agreement shall be terminated on 23 April 2020.

2.1.3 Valuation of the Novotel CQ Property

The H-REIT Trustee has commissioned Colliers International Consultancy & Valuation (Singapore) Pte Ltd (**"Colliers"**) and the H-REIT Manager has commissioned Knight Frank Pte Ltd (**"Knight Frank"**) as the independent valuers (collectively, the **"Independent Valuers"**) to value the Land.

Colliers has valued the Land at S\$368.7 million as at 15 October 2019 using the residual land

valuation method, and Knight Frank has valued the Land at S\$370.5 million as at 15 October 2019 using the residual land valuation method⁵ (the valuations of the Independent Valuers of the Novotel CQ property, the “**Novotel CQ Property Valuations**”).

The Divestment Consideration of the Novotel CQ Property is S\$375.9 million. The Divestment Consideration is S\$7.2 million or 1.9% higher than Collier’s valuation of the Novotel CQ Property, and S\$5.4 million or 1.4% higher than Knight Frank’s valuation of the Novotel CQ Property.

For the information of Security Holders, the Divestment Consideration is approximately 12.9% greater than the previous valuation of the Novotel CQ Property of S\$333.0 million on 31 December 2018 commissioned by the Managers and disclosed in CDLHT’s annual report for 2018.

2.1.4 The Proposed New Hotel Property Acquisition

H-REIT will undertake the forward purchase of the New Hotel Property which is expected to have about 460 to 475 keys, at the lower of the fixed price of S\$475.0 million⁶ for the property (the “**Fixed Price**” or the “**New Hotel Purchase Consideration**”) or 110% of the Development Costs⁷.

As part of the Proposed Integrated Development, the New Hotel Property is expected to be custom-built to specifications to the brand standards of the Moxy brand under Marriott International. Moxy Hotels (“**Moxy**”) is one of the newest lifestyle boutique hotel concepts by Marriott International that is designed to be appealing to the next-generation traveller, which includes millennials, and at great value.

⁵ The residual land valuation method entails the assumption of a proposed development on the site within the parameters of the planning and urban design requirements. The land value is determined after deducting the estimated costs of development such as building cost, professional fees, holding cost, land lease upgrading premium, differential premium (if any), developer’s profit, stamp duty, legal fees and other related costs from the estimated gross development value of the project. The residual value would represent the amount a prudent buyer would pay for the site.

⁶ Subject to the adjusted net asset value (“**NAV**”) of CDL Redevelopment Trust as at the date of completion of the sale and purchase of the units in CDL Redevelopment Trust which is not expected to be material. The adjusted NAV will exclude the carrying net book value of the New Hotel Property and any costs and expenses comprised in the Development Costs based on the principles set out in the New Hotel DSA.

⁷ The actual cost incurred in developing the New Hotel Property including, without limitation, the following: (i) land, building and related costs and taxes; (ii) construction, preliminaries and related costs; (iii) allowances for construction and/or building and related bonuses; (iv) professional and related fees; (v) furniture, fixtures and equipment and costs associated with fitting out and finishes; (vi) hotel operating supplies and equipment; (vii) information technology systems; (viii) mock-up room cost; (ix) pre-opening costs necessary to prepare the hotel for opening up to S\$1.9 million; (x) financing and related costs; (xi) any other fees payable to authorities; and (xii) construction and construction related contingencies and cost escalations actually incurred. However, if any extension fee or levy is payable by the Joint Development Parties (as defined herein) for any extension of time for the fulfilment of any condition imposed by the Singapore Land Authority in respect of the upgrading of lease tenure of the Whole Land to a fresh 99-year lease (“**LUP Levy**”), the consideration will be the lower of (i) Fixed Price; or (ii) 110% of the Development Cost plus the LUP Levy (or part thereof).

A summary of the intended characteristics of the New Hotel Property is as follows:

Property Description	
Address	177A River Valley Road, Singapore 179031 ⁽¹⁾
Title	A fresh leasehold estate of 99 years from acceptance of lease renewal
GFA	15,540.7 sqm
Expected Number of Rooms⁸	About 460 to 475
Room Size⁹	Approximately 16.5 sqm to 22.9 sqm (majority expected to be around 16.5 sqm to 17.5 sqm)
Facilities	<ul style="list-style-type: none"> ▪ Rooftop bar ▪ Open social floor comprising a restaurant, flexible meeting space and a bar ▪ Rooftop pool and gym
Operator Brand Classification	Upper Midscale
Brand and Hotel Manager	International Luxury Hotels (Singapore) Pte. Ltd., an indirect wholly-owned subsidiary of Marriott International, Inc.
Expected Year of Completion of the New Hotel Property Acquisition	Around 2025 ¹⁰

Notes:

- (1) While the New Hotel Property is expected to be developed within the same site as where the present Novotel CQ Property is, the street address of the New Hotel Property may be subject to change as a result of the redevelopment.

2.1.5 Description of the Proposed Integrated Development

This prime site is strategically located in the heart of Clarke Quay, a highly popular and vibrant waterfront entertainment precinct along the Singapore River and minutes from the CBD and the Orchard Road shopping belt. It is well served by transport links including the Fort Canning and Clarke Quay MRT Stations and within walking distance to the nearby Boat Quay and Robertson Quay, which have offices and residences respectively, as well as dining and entertainment options.

The Redevelopment Consortium is led by CDL and CL, both of which have extensive experience in creating award-winning developments. Subject to the approval from the relevant authorities, the Proposed Integrated Development with a total GFA of 100,263 sqm will comprise two residential towers which is expected to offer around 700 apartment units, a commercial component, the New Hotel Property and a serviced residence with a hotel licence.

⁸ Room size and key count are subject to change.

⁹ Room size and key count are subject to change.

¹⁰ This is an estimated timeline and is subject to change.

Upon completion, the 50:50 CDL-CL joint venture entities will own the residential and commercial components. Ascott Reit will own the 192-unit serviced residence with a hotel licence and will retain its Somerset branding. H-REIT will own the New Hotel Property, which is expected to have about 460 to 475 rooms, following the forward purchase from the CDL RE Owner. The Proposed Integrated Development is targeted to open in phases from 2024¹¹, with H-REIT's New Hotel Property to open in 2025¹².

Along with the redevelopment, the Redevelopment Consortium plans to rejuvenate the river promenade flanking the Proposed Integrated Development which is in line with the Urban Redevelopment Authority's Draft Master Plan 2019 to enhance the area's vibrancy. This is expected to generate social activities around the Proposed Integrated Development, increase footfall and improve pedestrian accessibility along the Singapore River.

Summary of the Proposed Integrated Development (Subject to Approval and Design Planning)	
Location	River Valley Road / Tan Tye Place / Clarke Quay
Description	An integrated development comprising: <ul style="list-style-type: none"> ▪ New Hotel Property ▪ Two residential towers expected to offer around 700 apartments ▪ Commercial component ▪ Serviced residence with a hotel licence ▪ Basement carpark
Site Area	12,925.4 sqm
GFA	<ul style="list-style-type: none"> ▪ New Hotel Property: 15,541 sqm ▪ Residential: 60,158 sqm ▪ Commercial component: 11,530 sqm ▪ Serviced residence with a hotel licence: 13,034 sqm <p style="text-align: right;">-----</p> <p>Total: 100,263 sqm</p>
Developer	<ul style="list-style-type: none"> ▪ Residential and commercial components: CDL and CL on a 50:50 basis ▪ New Hotel Property: CDL ▪ Serviced residence with a hotel licence: Ascott Reit

2.1.6 Structure of the New Hotel Property Acquisition

(a) The New Hotel Property Acquisition

The New Hotel Property will be held directly by the CDL Redevelopment Trust. H-REIT proposes to acquire an indirect 100.0% interest in the New Hotel Property through the acquisition of all the units of the CDL Redevelopment Trust by the H-REIT Trustee from the CDL RE Owner under the New Hotel DSA. The consideration payable by the H-REIT Trustee under the New Hotel DSA will be the lower of the Fixed Price or 110%

¹¹ This is an estimated timeline and is subject to change.

¹² This is an estimated timeline and is subject to change.

of the Development Costs. Completion of the New Hotel Property Acquisition is expected to be the opening date of the New Hotel Property (the “**Completion**”).

The New Hotel Purchase Consideration will be paid by the H-REIT Trustee in cash, in four tranches as follows:

- (I) 5.0% of the estimated New Hotel Purchase Consideration (no higher than S\$23.8 million based on the Fixed Price) being paid after receipt of the temporary occupation permit for the New Hotel Property;
- (II) 90.0% of the estimated New Hotel Purchase Consideration (no higher than S\$427.5 million based on the Fixed Price) being paid at Completion;
- (III) 4.0% of the estimated New Hotel Purchase Consideration (no higher than S\$19.0 million based on the Fixed Price) being paid after receipt of a maintenance certificate issued in accordance with the contracts to be entered into by any or all of the Redevelopment Entities for the design and/or construction of the New Hotel; and
- (IV) the balance to be paid after the parties have reached final agreement on the Development Costs in order to ascertain the New Hotel Purchase Consideration.

(b) **The New Hotel Business Acquisition**

The New Hotel OpCo will be held by the New Hotel OpCo Vendor. HBT proposes to acquire a direct 100.0% interest in the New Hotel OpCo through the acquisition of all the shares of the New Hotel OpCo by HBT from the New Hotel OpCo Vendor under the New Hotel OpCo SPA. The consideration payable by HBT under the New Hotel OpCo SPA (the “**New Hotel OpCo Consideration**”) will be computed based on the NAV of the New Hotel OpCo¹³. HBT will reimburse the New Hotel OpCo Vendor for the pre-opening costs including but not limited to sales and marketing, public relations, training and pre-opening payroll expenses. The reimbursement will only be made if such costs are in excess of S\$1.9 million and HBT will pay up to a maximum of S\$3.1 million (the “**Pre-Opening Costs**”) (with Pre-Opening Costs in excess of S\$5 million to be borne by the New Hotel OpCo Vendor)¹⁴. HBT will be bearing the Pre-Opening Costs because these costs are beneficial for CDLHT and are costs necessary to prepare the hotel for opening on completion. The New Hotel OpCo Consideration will be paid by HBT in cash.

(c) **The New Hotel Internal Lease**

In connection with the New Hotel Property Acquisition and the New Hotel Business Acquisition, CDL Redevelopment Trust and the New Hotel OpCo intend to enter into an internal lease for CDL Redevelopment Trust (as lessor), which will be wholly-owned by H-REIT, to master lease the New Hotel Property to the New Hotel OpCo (as lessee), which will be wholly-owned by HBT.

¹³ To be determined at the time when the New Hotel Property Acquisition takes place and is not expected to be material.
¹⁴ The actual amount of Pre-Opening Costs (including but not limited to marketing, public relations, training and payroll expenses) to be reimbursed will only be known as at the date of completion of the New Hotel Acquisition.

(d) **Agreements in relation to the operation of the New Hotel Property**

The forward purchase of the New Hotel Property is expected to take place on the date of opening of the New Hotel Property. The New Hotel OpCo has entered into a hotel management agreement with International Luxury Hotels (Singapore) Pte. Ltd. (the “**New Hotel Manager**”, and the hotel management agreement, the “**New Hotel Management Agreement**”) for the management of the New Hotel Property, as a hotel under the name of “Moxy Singapore Clarke Quay”. The New Hotel OpCo and Global Hospitality Licensing S.A.R.L. (which is an affiliate of the New Hotel Manager, the “**Licensor**”) have also entered into a license and royalty agreement (the “**License and Royalty Agreement**”), where the Licensor has agreed to grant New Hotel OpCo a non-exclusive and non-transferable license to use certain Marriott trademarks for hotel services in Singapore and only in connection with the operation of the New Hotel Property. The terms of both agreements are for 20 years from the opening date of the New Hotel Property. Typical fees would apply under the New Hotel Management Agreement and the License and Royalty Agreement.

Under the operating profit guarantee agreement (the “**Operating Profit Guarantee Agreement**”) entered into between the New Hotel Manager, the New Hotel OpCo and International Hotel Licensing Company S.A.R.L. (as operating profit guarantor, the “**Operating Profit Guarantor**”), the Operating Profit Guarantor shall provide a profit guarantee to the New Hotel OpCo in respect of the New Hotel Property’s performance for the first 36 full months from the opening date of the New Hotel Property.

2.1.7 Valuation of the New Hotel Property

The H-REIT Trustee has commissioned Colliers and the H-REIT Manager has commissioned Knight Frank as the independent valuers to value the New Hotel Property.

Colliers has valued the New Hotel Property at S\$481.0 million as at 15 October 2019 using the discounted cashflow method, and Knight Frank has valued the New Hotel Property at S\$478.0 million as at 15 October 2019 using the discounted cashflow and capitalisation methods (the valuations of the Independent Valuers of the New Hotel Property, the “**New Hotel Property Valuations**”).

The New Hotel Purchase Consideration of the New Hotel Property is capped at the Fixed Price of S\$475.0 million and is 0.9% lower than the average of the New Hotel Property Valuations.

2.2 The W Hotel Acquisition

2.2.1 The W Hotel Property

The W Hotel Property is located in Sentosa Cove, a luxury waterfront precinct. A vibrant island resort for business and leisure, Sentosa has over 30 themed attractions, some 200 food and beverage (“**F&B**”) and retail outlets, a mega integrated resort, two world-class golf courses, a yachting marina, and more.

A luxury hotel with 240 guest rooms, the hotel has won several accolades for its design and has an expansive view of the marina and seafront, and the hotel also offers a comprehensive suite of facilities including a ballroom, function rooms, swimming pools, spa, restaurants and

bars. Nearby amenities include Quayside Isle, an upscale waterfront retail and dining concept, and ONE 15 Marina Sentosa Cove, Singapore, an exclusive marina and lifestyle destination.

Managed by Marriott International, one of the largest hotel groups in the world which operates and/or franchises more than 7,200 properties in 134 countries and territories, the W Hotel Property will be able to tap on the strong global distribution network of Marriott International¹⁵.

Property Description	
Address	21 Ocean Way, Singapore 098374
Title	Leasehold estate of 99 years commencing from 31 October 2006
Land Area	17,016 sqm
GFA	25,374 sqm
Number of Rooms	240
Room Size	40 sqm to 195 sqm (average room size of about 46 sqm)
F&B Outlets	3 F&B outlets and 1 poolside bar
Meeting Space	10 versatile meeting rooms covering more than 1,400 sqm including a ball room of 720 sqm with a capacity of up to 480 guests banquet-style and 500 guests theater-style
Number of Carpark Lots	121 ⁽¹⁾
Operator Brand Classification	Luxury
Hotel Operator	Luxury Hotels International of Hong Kong Limited, an indirect wholly-owned subsidiary of Marriott International, Inc.
Year of Completion	2012
FY2018 Occupancy	76%
FY2018 Average Room Rate (ADR) (excluding service charge)	S\$419

Notes:

- (1) Number of carpark lots available at the W Hotel Carpark (as defined herein), located within the hotel. However, taking into account the carpark lots at the neighbouring property known as Quayside Isle, there are in total 199 carpark lots available for public use.

2.2.2 Structure of the W Hotel Acquisition

(i) The W Hotel Property Acquisition

The W Hotel Property is directly held by the W Hotel Vendor. H-REIT proposes to acquire the W Hotel Property from the W Hotel Vendor at an aggregate purchase price

¹⁵

Source: Marriott International.

of S\$324.0 million (the “**W Hotel Property Consideration**”) under the W Hotel PCOA, subject to adjustments for net working capital.

The W Hotel Property Consideration will be paid by the H-REIT Trustee in cash. The W Hotel Property Consideration was arrived at on a willing-buyer and willing-seller basis, taking into account the W Hotel Property Valuations (as defined herein).

(ii) **The W Hotel Business Acquisition**

The W Hotel Vendor holds the W Hotel Business necessary for the continued operation of the W Hotel Property as a hotel under the “W” branding. In connection with the W Hotel Acquisition, it is intended that the W Hotel Vendor transfer, novate and/or assign and/or procure the novation and assignment of the W Hotel Business to W Hotel OpCo under the W Hotel CBTA at an aggregate purchase price of S\$1, subject to adjustments for net working capital.

(iii) **Associated Transactions**

Internal Lease

In connection with the W Hotel Acquisition, H-REIT and W Hotel OpCo intend to enter into an internal lease for H-REIT to master lease W Hotel Property to W Hotel OpCo simultaneously on completion of the W Hotel Acquisition.

The Carpark Transaction

In connection with the W Hotel Property Acquisition and the W Hotel Business Acquisition, it is intended that the W Hotel OpCo enter into the Carpark Transaction with the W Hotel Vendor under the W Hotel Carpark Agreement to govern the use, access, operation, management, revenue and expenses of the carpark lots spread across the W Hotel Carpark and the neighbouring property known as Quayside Isle. Pursuant to the W Hotel Carpark Agreement, the 199 available carpark lots shall be open to guests and public use.

The Warehouse Lease Transaction

In connection with the W Hotel Business, the W Hotel Vendor has procured a lease over offsite warehouse space pursuant to a warehouse lease entered into between the W Hotel Vendor and Cideco Pte. Ltd. (the “**Warehouse Lease**”), and it is intended that the Warehouse Lease be transferred from the W Hotel Vendor to the W Hotel OpCo.

2.2.3 Valuation of the W Hotel Property

The H-REIT Trustee has commissioned Colliers and the H-REIT Manager has commissioned Knight Frank as the independent valuers to value the W Hotel Property. Colliers has valued the W Hotel Property at S\$326.0 million as at 15 October 2019 using the discounted cashflow and capitalisation methods, and Knight Frank has valued the W Hotel Property at S\$324.0 million as at 15 October 2019 using the discounted cashflow and capitalisation methods (the valuations of the Independent Valuers of the W Hotel Property, the “**W Hotel Property Valuations**”).

The W Hotel Property Consideration is S\$324.0 million, subject to adjustments for net working

capital. The W Hotel Property Consideration is S\$2.0 million or 0.6% lower than Collier's valuation of the W Hotel Property, and is in line with Knight Frank's valuation of the W Hotel Property.

3. RATIONALE FOR THE PROPOSED TRANSACTIONS

The Managers strongly believe in the long-term value of hospitality real estate in Singapore. The primary objective of the Redevelopment Transaction is to retain CDLHT's hospitality presence within the same site as the present Novotel CQ Property, which the Managers consider to be the most ideal for a lifestyle hotel. The divestment of the Novotel CQ Property to a consortium through the unanimous agreement of all strata title owners to redevelop the site of the integrated development is the only way to unlock its redevelopment potential and at the same time secures the forward purchase of the New Hotel Property from a subsidiary of CDL (CDL being the developer of the New Hotel Property), without assuming development risk and structured with a pricing formula that protects the interest of Security Holders.

The W Hotel Acquisition is a rare off-market opportunity to acquire a luxury lifestyle hotel in Singapore and penetrate the highly sought-after Sentosa market. The concurrent acquisition of the W Hotel also helps to partially mitigate the absence of income and address the reduction of CDLHT's Singapore concentration from the Proposed Divestment and during the development period before the New Hotel Acquisition is completed in 2025¹⁶. On a pro forma basis, assuming the Proposed Transactions are completed on 1 January 2018, CDLHT's Singapore net property income ("NPI") contribution is expected to increase from 60% to 64% for the financial year ended 31 December 2018 ("FY2018").

The Proposed Transactions present an opportunity for CDLHT to further penetrate the lifestyle hotel market in Singapore so as to strengthen and align CDLHT's portfolio with the prevailing trends in the global travel market. The Proposed Transactions are also in line with CDLHT's acquisition, asset and capital management strategies to enhance long-term sustainable value for Security Holders.

4. KEY BENEFITS TO SECURITY HOLDERS

4.1 Proposed Transactions

4.1.1 Allows CDLHT to increase its foothold in the lifestyle hotel market

The New Hotel Property is intended to cater to the affordable lifestyle hotel market, while the W Hotel Property caters to the lifestyle and luxury hotel market. The Managers are of the view that the Proposed Transactions present an opportunity for CDLHT to further penetrate the lifestyle hotel market at different tiers or price points in Singapore so as to strengthen and align CDLHT's portfolio with the prevailing trends in the global travel market. There is an increasing focus on lifestyle hotels in the global travel market, which are hotels with unique designs, strong identities and story-telling potential, to cater to growing demand for distinct and unique experiences as compared to generic brand experiences and homogeneity in cookie-cutter hotels.

¹⁶ This is an estimated timeline and is subject to change.

The New Hotel Property will be a “Moxy” branded hotel, one of the newest boutique hotel concepts with an affordable lifestyle-oriented position by Marriott International that is designed to be appealing to the next-generation traveller, which includes millennials, through its boldly-designed rooms, lively lobby spaces and fun and playful service.

The W Hotel Property is a contemporary, design-led luxury lifestyle brand under Marriott International. Conceptualised from the bold and vibrant culture of New York City, W Hotels, part of Marriott International, is an iconic brand which has been the trendsetter for the lifestyle hotel concept in the global hospitality scene for over two decades. With more than 55 hotels globally and growing, the W brand is positioned to offer a unique mix of cutting-edge design, world-class service and passions around fashion, music and entertainment, and integrates restaurant concepts, entertainment experiences, retail concepts and signature spas to cater to discerning leisure travellers seeking luxury in a non-traditional way.

In addition, the F&B and entertainment offerings of these hotels are intended to cater to both travellers and the local market, further enhancing their positioning as a lifestyle destination.

4.1.2 Preserve majority portfolio weightage in Singapore and further solidify future exposure to a vibrant hospitality market with diversified long term growth drivers

The Managers are of the view that the Proposed Transactions are beneficial to Security Holders, as it allows CDLHT to preserve its majority portfolio weightage in Singapore and increase exposure in its core Singapore market at an opportune time, through the acquisition of the W Hotel Property and the forward purchase of the New Hotel Property respectively.

As a major international business and financial centre, Singapore is a vibrant tourist destination, attracting both leisure and business travel and is the 5th most visited city in the world¹⁷. Between 2006 and 2018, international visitor arrivals to Singapore almost doubled from 9.8 million to 18.5 million, representing an annualised growth rate of 5.5%¹⁸, and in 2019, arrivals are expected to grow a further 1% to 4% year-on-year¹⁹. As the top international meeting country for the 11th year running in 2018²⁰, Singapore is also a renowned meetings, incentives, conferences and exhibitions (“MICE”) destination and continues to grow its status with prominent events being added to its calendar. In 2020, Singapore will host a number of inaugural events, including International Trademark Association’s 142nd Annual Meeting, the world’s largest gathering of intellectual property professionals with 8,000 expected attendees, and the 103rd Lions Clubs International Convention, with an expected 20,000 foreign attendees, making it the largest association congress ever to be held in the city²¹.

¹⁷ Source: The valuation report issued by Colliers.

¹⁸ Source: Singapore Tourism Board, “International Visitor Arrivals Statistics”, (<<https://www.stb.gov.sg/content/stb/en/statistics-and-market-insights/tourism-statistics/international-visitorarrivals.html>> last accessed on 25 October 2019).

¹⁹ Source: Singapore Tourism Board, “Third consecutive year of growth for Singapore tourism sector in 2018”, 13 February 2019.

²⁰ Source: Singapore Exhibition & Convention Bureau, “Conferences, Events & Business Awards”, (<<https://www.visitsingapore.com/mice/en/why-singapore/awards-accolades/>> last accessed on 25 October 2019); Singapore Tourism Board, “Annual Report 2017/2018”, page 72 (<https://www.stbannualreport.com.sg/download/ANNUAL_REPORT2017-2018.pdf> last accessed on 25 October 2019).

²¹ Source: Singapore Tourism Board, “STB unveils a selection of over 60 lifestyle experiences to entice business groups to Singapore”, 10 September 2019.

On the supply front, there are 66,994 hotel rooms in Singapore as at end 2018²² and room inventory growth reached a ten-year low in 2018²³. In 2019, an estimated 1,703 rooms are slated to open, of which only 430 new rooms are in the city centre²⁴. Looking ahead, supply growth going forward is benign at a low annualised growth rate of 1.3% for the next four years, lending support to a favourable outlook for the Singapore hospitality market.

With the divestment of the Novotel CQ Property and acquisition of the W Hotel Property, CDLHT's portfolio is able to retain a core Singapore presence. The acquisition of the W Hotel Property will partially mitigate the absence of income from the Novotel CQ Property during the construction period. CDLHT's exposure to the Singapore market will further increase after the completion of the acquisition of the newly developed hotel when it opens in 2025²⁵. Hence, the Managers are of the view that the acquisition of the W Hotel Property is important as this allows CDLHT to continue to benefit from the limited new supply and growing MICE calendar in the next few years, which is supportive of a gradual recovery in the Singapore hotel market, even after the divestment of the Novotel CQ Property takes place.

Singapore continues to invest in tourism infrastructure, with several new large-scale projects being planned across the entire island, including the expansion of Changi International Airport, proposed development of Jurong Lake District, repositioning of Orchard Road, rejuvenation of the Riverfront, expansion of the two integrated resorts, makeover of Mandai Nature Precinct and Greater Southern Waterfront development, which includes the Sentosa-Brani masterplan. Given these diversified demand growth drivers, the longer-term prospects for Singapore is positive²⁶.

Hence, the Proposed Transactions will allow CDLHT to preserve its majority portfolio weightage in Singapore and further increase its future exposure to Singapore's vibrant hospitality market which is supported by diversified growth drivers and exciting tourism infrastructure plans for the medium and long term.

4.1.3 Achieve efficient recycling of capital

The Proposed Divestment allows CDLHT to unlock capital effectively and achieve greater financial flexibility. The unlocked capital will not be tied up for the purpose of the forward purchase of the turnkey project as CDLHT is not obliged to make payments during the development of the New Hotel Property. The Net Divestment Proceeds from the Proposed Divestment may be recycled by CDLHT for such purposes as the Managers deem fit, including the financing of other acquisition opportunities in the near term (such as the W Hotel Acquisition to acquire an income-producing asset to preserve CDLHT's majority portfolio weightage in Singapore and mitigate the absence of income from the Proposed Divestment) and/or the repayment of existing borrowings which will further strengthen CDLHT's balance sheet. With the divestment of the Novotel CQ Property and the W Hotel Acquisition (before the New Hotel Property Acquisition), CDLHT has a pro forma gearing of 35.3%²⁷ and ample debt headroom of S\$512.7 million²⁸, allowing it to have the flexibility to continue to pursue

²² Source: Singapore Tourism Board, "2018 Year-in-Review", 13 February 2019.

²³ Source: The valuation report issued by Colliers.

²⁴ Source: Horwath HTL (as at June 2019) and CDLHT research.

²⁵ This is an estimated timeline and is subject to change.

²⁶ Source: The valuation report issued by Colliers.

²⁷ As at 30 September 2019 and assumes Net Divestment Proceeds are utilised towards W Hotel Acquisition with the excess used for the repayment of debt.

²⁸ Based on a gearing limit of 45.0% for CDLHT as a whole.

suitable acquisitions to further grow its income base. At the sole discretion of the Managers, a portion of the Net Divestment Proceeds may also be used to make distributions to Security Holders.

4.1.4 Proposed Transactions expected to be accretive on a pro forma basis²⁹

The Managers are of the view that the Proposed Transactions are expected to be accretive to Security Holders based on the pro forma financial effects of the Proposed Transactions on the distribution per Stapled Security (“DPS”) of CDLHT.

Assuming that CDLHT divested the Novotel CQ Property and completed the New Hotel Acquisition and W Hotel Acquisition on 1 January 2018 and taking into account Net Divestment Proceeds of S\$369.3 million, estimated W Hotel Acquisition Cost (as defined herein) of S\$342.2 million and estimated Total New Hotel Acquisition Cost (as defined herein) of S\$483.7 million, the Proposed Transactions are expected, on a pro forma basis, to achieve a DPS accretion of 2.7% for FY2018.

4.2 Redevelopment Transaction

4.2.1 Trade a hotel with significant future capital expenditure obligations and remaining 57-year leasehold for a custom-built, fully fitted brand new hotel with underlying land tenure upgraded to a fresh 99-year leasehold

The Novotel CQ Property was first opened as “The New Otani Singapore” in October 1984, and subsequently rebranded as “Novotel Singapore Clarke Quay” in January 2005. In the coming years, the Novotel CQ Property may require significant future capital expenditure for the replacement of plant, mechanical and electrical equipment, façade upgrades and repairs and major refurbishment to remain competitive. If not fully addressed, this also has the effect of causing an increase in maintenance cost. This poses downside financial risks to future income stream and market value of the property. The Redevelopment Transaction is timely and seeks to address these risks.

The Redevelopment Transaction will allow CDLHT to divest an asset with remaining 57-year leasehold, and acquire a brand new, purpose-built lifestyle hotel that is significantly more efficient in space utilisation as compared to the existing hotel, with the underlying land tenure upgraded to a fresh 99-year leasehold from acceptance of lease renewal.

4.2.2 Acquire a turnkey hotel at a fixed price without taking on development risk with opportunity to realise savings

The New Hotel Acquisition transaction structure is a turnkey arrangement which allows CDLHT to avoid taking any development risk for a hotel component within a sizeable integrated development. CDLHT is able to leverage on CDL’s market renowned development expertise and experience, which have been recognised by both local and international accolades, for the delivery of a turnkey hotel. The pricing formula of the lower of 110% of the Development Costs or Fixed Price caps the forward price at a fixed number (supported by independent market valuations), and yet allows CDLHT to reap any savings based on a cost plus model after taking into account developer’s return.

²⁹ Based on financial impact on a pro forma basis for FY2018.

4.2.3 Opportunity to retain presence in the prime Clarke Quay location through the acquisition of a stake in an iconic and modern integrated development within the same site as the present Novotel CQ Property

Clarke Quay, which is a subzone within the Singapore River precinct, is among one of the most visited areas in Singapore³⁰. Facing the waterfront, Clarke Quay is a highly popular and vibrant entertainment, shopping and eating destination for tourists and families. In addition, Clarke Quay is situated only minutes from the Central Business District and the prime shopping area of Orchard Road. Served by both the Fort Canning MRT Station and the Clarke Quay MRT Station, the subzone is highly accessible and well connected³¹.

The Novotel CQ Property has benefited from its excellent location and performed strongly since it was acquired by CDLHT in 2007. Due to the limited available acquisition opportunities at Clarke Quay, there are considerably high barriers to entry. Therefore, the New Hotel Property Acquisition, as part of the Redevelopment Transaction, presents a rare opportunity for CDLHT to retain a presence in this prime location. The vibrancy of the Clarke Quay location makes it an ideal location for an affordable lifestyle hotel.

In unlocking the development potential of the site, CDLHT is expected to benefit from the New Hotel Property being within the Proposed Integrated Development as the desirability of the precinct will be significantly enhanced by its increased gentrification and further activation of waterfront lifestyle potential. The new development will be an iconic feature and prominent skyline addition to the Clarke Quay area.

4.2.4 Seize the unique opportunity to realise the valuation gain on investment in the Novotel CQ Property and the Land

The Redevelopment Transaction presents a unique opportunity for CDLHT to realise the valuation gain on its investment in the Novotel CQ Property and the Land. The Divestment Consideration of S\$375.9 million represents an 87.0% premium (or S\$174.9 million above) over the original purchase price for the Novotel CQ Property of S\$201.0 million in 2007.

In addition, the Liang Court Site is currently held by H-REIT and two other subsidiary proprietors under a strata title scheme (collectively, the “**Subsidiary Proprietors**”). Given the current distribution of share values under the existing strata title scheme in the Novotel CQ Property, any redevelopment of the Novotel CQ Property and the Whole Land would be subject to the consent of all three Subsidiary Proprietors.

No redevelopment could take place prior to this because there was no agreement between Subsidiary Proprietors on plans nor could land prices, except until recently, justify a redevelopment. Unless there was unanimous agreement from all the Subsidiary Proprietors to redevelop the site, any potential of the whole site was limited due to this encumbrance of consent. The potential of the asset is also limited if Subsidiary Proprietors have different objectives. In May 2019, CDL and CL completed the acquisition of the Liang Court mall from ARMF II (Liang Court) Pte, Ltd. (the “**Liang Court Retail Acquisition**”). Following the Liang Court Retail Acquisition, the Redevelopment Consortium and existing Subsidiary Proprietors have reached a consensus on the means to realise the redevelopment potential for the Whole Land.

³⁰ Source: The valuation report issued by Colliers.

³¹ Source: The valuation report issued by Colliers.

Hence, the Managers believe that the Redevelopment Transaction is compelling as this provides a unique and rare opportunity for CDLHT to unlock the valuation gains recorded over a 13-year holding period of the Novotel CQ Property and also the value of the Land, factoring in the redevelopment potential as opposed to the value of the Novotel CQ Property as a hotel with a remaining 57-year leasehold.

The immediate valuation uplift between Novotel CQ when valued as hotel use versus the implied land value factoring the redevelopment potential is evident:

- The valuation as at 31 December 2018 for the Novotel CQ Property was S\$333.0 million when valued as a hotel.
- Latest residual land valuations valued the Land at S\$368.7 million and S\$370.5 million respectively by Colliers and Knight Frank after factoring in the redevelopment potential.

At the Divestment Consideration of S\$375.9 million, which is higher than the two independent residual land valuations, Security Holders have the opportunity to realise the valuation gains over the years with the Proposed Divestment. At the Divestment Consideration of S\$375.9 million, CDLHT is expected to recognise total divestment gain and fair value gain of S\$36.3 million³², representing 12.9% above book value³³.

4.2.5 Redevelopment Transaction is expected to be DPS-accretive on a pro forma basis³⁴

The Managers are of the view that the Redevelopment Transaction is expected to be accretive to Security Holders based on the pro forma financial effects of the Redevelopment Transaction on the DPS of CDLHT.

Based on the Net Divestment Proceeds of S\$369.3 million and the estimated total New Hotel Acquisition Cost of S\$483.7 million and assuming that CDLHT divested the Novotel CQ Property and acquired the New Hotel Property on 1 January 2018, the Redevelopment Transaction is expected, on a pro forma basis, to contribute an annual stabilised NPI of S\$26.6 million, translating to a DPS accretion of 2.0% for FY2018. The pro forma stabilised NPI yield of the New Hotel Property is approximately 5.6%³⁵.

4.3 W Hotel Acquisition

4.3.1 Secure rare off-market opportunity to acquire a luxury lifestyle hotel in Singapore and penetrate the highly sought-after Sentosa market, which has been ear-marked to increase its role as a key future tourism driver for Singapore

The W Hotel Acquisition represents a rare off-market opportunity for CDLHT to acquire a luxury lifestyle hotel in the highly sought-after Sentosa market, where opportunities to secure a comparable hotel are seldom available in the tightly-held Singapore hospitality market.

Known for its diverse array of unique leisure experiences all on a 500-hectare island (situated south of the main Singapore island) and located just minutes away from the city and shopping

³² The divestment gain and fair value gain is S\$0.6 million and S\$35.7 million respectively.

³³ Divestment Consideration of \$375.9 million over book value of \$333.0 million as at 31 December 2018.

³⁴ Based on financial impact on a pro forma basis for FY2018.

³⁵ Stabilised yield based on expected number of keys assumed in the current development plan and subject to such adjustments as may be agreed between the parties.

districts, Sentosa has over 30 themed attractions, some 200 F&B and retail outlets, a mega integrated resort, two world-class golf courses, a yachting marina, and more³⁶, making Sentosa a vibrant island resort for business and leisure. In June 2018, the highly notable DPRK-USA Singapore Summit (commonly known as the Trump-Kim Summit) was held in Sentosa, strongly profiling the island and Singapore on a global scale.

Looking ahead, there are further major expansion plans for Sentosa which will likely enhance the island and Singapore's attractiveness as a premier tourist destination. This includes the S\$4.5 billion expansion plan of Resorts World Sentosa, which will see new attractions being added, and the mega Greater Southern Waterfront development.

Part of the Greater Southern Waterfront plans also comprises of the redevelopment of Sentosa and Pulau Brani (adjacent to Sentosa Island) to position Singapore as a leading destination for the next few decades. The first project will be a 30,000 sqm multi-sensory walkway connecting RWS to Sentosa's southern beaches. The S\$90 million project will commence in the fourth quarter of 2019 and complete in 2022. Looking further, Sentosa and Pulau Brani will be redeveloped together according to five zones, where each zone will have their own character and will deliver a unique experience to visitors. There will also be new attractions similar to Universal Studios Singapore at Pulau Brani as well as other MICE and entertainment facilities for the larger waterfront development³⁷.

The Managers believe that the W Hotel Acquisition will allow CDLHT to gain a presence in the highly desirable Sentosa market and the W Hotel Property will be a key beneficiary of the demand growth expected to be generated by the various expansion initiatives at Sentosa Island and the southern part of Singapore in the medium to long term.

4.3.2 Acquisition of a high quality asset with long term capital appreciation potential

Opened in 2012, the W Hotel Property is a luxury lifestyle hotel built to high specifications by CDL, with numerous design and construction accolades. The hotel is oriented towards the adjacent waterway and marina, and views are positioned to capture the most valuable perspectives.

The W Hotel Property boasts a total of 240 guest rooms with an average room size of approximately 46 sqm (with room sizes ranging from 40 sqm to 195 sqm). The hotel is also equipped with a comprehensive suite of facilities including outdoor pools, more than 1,400 sqm of event space, three F&B outlets and a pool bar, as well as a spa. Redesign works are being undertaken to some of the F&B outlets to increase seating capacity and enhance appeal so as to secure potential revenue upside. Managed by Marriott International, the W Hotel Property will be able to tap on the strong global distribution network of Marriott International.

The Managers believe the W Hotel Acquisition is attractive with long term capital appreciation potential as the asset quality is high and the price per key of S\$1.35 million is comparable to the past hotel transactions in a similar segment in Singapore over the last six years as the

³⁶ Source: Singapore Tourism Board, "Alipay, the go-to smart lifestyle wallet, now accepted at 70% of merchants in Sentosa Islander Membership programme", 23 January 2019.

³⁷ Source: Channel NewsAsia, "Sentosa's Merlion to go as Sentosa-Brani masterplan reshapes islands", 20 September 2019.

hotel has one of the largest average room size relative to the others transacted during the same period.

4.3.3 Transaction is expected to be DPS-accretive on a pro forma basis³⁸

The Managers are of the view that the W Hotel Acquisition is expected to be accretive to Security Holders based on the pro forma financial effects of the W Hotel Acquisition on the DPS of CDLHT.

Based on the estimated W Hotel Acquisition Cost of S\$342.2 million, and assuming that CDLHT acquired the W Hotel Property on 1 January 2018, the proposed transaction is expected, on a pro forma basis, to contribute an NPI of S\$10.1 million, translating to a DPS accretion of 0.9% for FY2018. The pro forma NPI yield of the W Hotel Property for FY2018 is approximately 3.1%.

5. CERTAIN PRINCIPAL TERMS OF THE PROPOSED TRANSACTIONS

The Redevelopment Transaction

5.1 The Divestment PCOA

The principal terms of the Divestment PCOA include:

- (a) (I) the H-REIT Trustee will grant a call option to the Redevelopment Entities to each purchase a specified share in the Whole Land and (II) the Redevelopment Entities will grant a put option to the H-REIT Trustee for the H-REIT Trustee to sell to each Redevelopment Entity a specified share in the Whole Land such that the cumulative share in the Whole Land acquired by the Redevelopment Entities amounts to the Land;
- (b) the exercise of the put option or the call option under the Divestment PCOA will be subject to, among others, the fulfilment or waiver of the following conditions:
 - (I) the H-REIT Trustee obtaining the approval from unitholders of H-REIT at an EGM to be convened to approve the Redevelopment Transaction;
 - (II) the H-REIT Trustee ceasing all commercial activities and operations for the use of the Novotel CQ Property as a hotel and all uses which are ancillary to, or associated with the business of the Novotel CQ Property as a hotel;
 - (III) the Redevelopment Entities obtaining in-principle approval from the Singapore Land Authority for the extension of the existing land lease of the Whole Land to a fresh 99-year land lease of the Whole Land; and
 - (IV) the Redevelopment Entities obtaining provisional planning permission from the Urban Redevelopment Authority of Singapore in respect of the Proposed Integrated Development;

³⁸ Based on financial impact on a pro forma basis for FY2018.

- (c) the Redevelopment Entities shall be entitled to exercise the call option, and the H-REIT Trustee shall be entitled to exercise the put option, on (i) 30 April 2020 or; (ii) in the event the deadline for satisfaction of the conditions precedent is extended, 14 May 2020, or such other date as the parties may mutually agree in writing; and
- (d) on completion, the H-REIT Trustee shall deliver to the Redevelopment Entities vacant possession of the building known as “Novotel Singapore Clarke Quay”.

5.2 The Novotel CQ Property Lease Termination Deed

The principal terms of the Novotel CQ Property Lease Termination Deed include:

- (a) all operational activities at the Novotel CQ Property shall cease on 3 April 2020;
- (b) the Novotel CQ Property Lease Agreement shall terminate on 23 April 2020;
- (c) termination of the Novotel CQ Property Lease Agreement is subject to CDLHT having obtained the approval from Security Holders at an EGM to be convened to approve the Redevelopment Transaction;
- (d) on termination of the Novotel CQ Property Lease Agreement, the employment of the Lessee’s employees shall be terminated in accordance with a retrenchment plan to be agreed between the parties to the Novotel CQ Property Lease Termination Deed; and
- (e) all relevant and incidental costs incurred by the Lessee in connection with, among others, the foregoing shall be borne by the Lessor.

5.3 The New Hotel DSA

The principal terms of the New Hotel DSA include:

- (a) the New Hotel Purchase Consideration shall be the lower of the Fixed Price or 110% of the Development Costs;
- (b) if any levy or fee is payable by the Joint Development Parties³⁹ for any extension of time for the fulfilment of conditions imposed by the Singapore Land Authority for upgrading the lease tenure of the Whole Land to a fresh 99-year lease (the “Levy”), the New Hotel Purchase Consideration shall be the lower of the Fixed Price or an amount equivalent to the aggregate of 110% of the Development Costs and the Levy (or part thereof);
- (c) completion of the New Hotel DSA is conditional on, among others, the fulfilment or waiver of the following conditions:
 - (I) the issuance of the temporary occupation permit for the New Hotel Property;
 - (II) certification that the New Hotel Property has been completed in accordance with the contract plans and specifications;

³⁹ Means Legend Quay Pte. Ltd., Legend Commercial Trustee Pte. Ltd. (as trustee-manager of Legend Commercial Trust), DBS Trustee Limited (as trustee of Ascott Reit), and DBS Trustee Limited (as trustee of Gemini One Trust).

- (III) the issuance of a letter of offer from the Singapore Land Authority in respect of the extension of the lease tenure of the Whole Land to a fresh 99-year lease of the Whole Land;
 - (IV) the receipt of a written approval, of which its conditions (if any) have been fulfilled, from the Inland Revenue Authority of Singapore (“**IRAS**”) that CDL Redevelopment Trust will be regarded as an approved sub-trust of CDLHT with effect from (and including) completion under the New Hotel DSA. In the event that any approval issued by IRAS is subject to conditions which are unacceptable to the H-REIT Trustee (at its sole unfettered discretion), that approved sub-trust status shall not be deemed to be obtained; and
 - (V) the receipt of a written confirmation from the IRAS that the purchase of all of the units of the CDL Redevelopment Trust will not give rise to any (i) buyer stamp duty and (ii) additional conveyance duty for the H-REIT Trustee (“**ADCB**”) or if ADCB is payable, a remission for such ADCB has been obtained from the IRAS.
- (d) save where the condition precedent in paragraph 5.3(c)(IV) above has been waived by the H-REIT Trustee, the H-REIT Trustee, if such condition precedent is not obtained by the CP Fulfilment Longstop Date (as defined herein) and CDL RE Owner shall procure DBS Trustee Limited (in its capacity as trustee of CDL Redevelopment Trust) (the “**CDL Redevelopment Trust Trustee**”) to enter into an asset sale and purchase agreement to acquire the New Hotel Property from the CDL Redevelopment Trust Trustee at a price equivalent to the lower of the Fixed Price or 110% of the Development Costs under substantially the same terms and conditions as the New Hotel DSA;
 - (e) the date by which the conditions precedent for the completion of the New Hotel DSA (“**Conditions**”) shall be fulfilled is 90 months after the date of the New Hotel DSA (“**CP Fulfilment Longstop Date**”), and the H-REIT Trustee shall be entitled to terminate the New Hotel DSA if any of the Conditions are not fulfilled by the CP Fulfilment Longstop Date;
 - (f) upon the rescission or termination of the New Hotel DSA in accordance with subparagraph (e) above, all monies paid by the H-REIT Trustee prior to such termination to CDL RE Owner under the New Hotel DSA shall be refunded to the H-REIT Trustee; and
 - (g) the completion of the New Hotel Property Acquisition is conditional on and subject to, the concurrent completion of the New Hotel Business Acquisition.

5.4 Operating Profit Guarantee Agreement

The principal terms of the Operating Profit Guarantee Agreement, include, among others, the following:

- (a) for the 36 full months after the opening of the New Hotel Property, if the operating profit of the New Hotel is less than the guaranteed operating profit threshold, the Operating Profit Guarantor will pay the difference to the New Hotel OpCo (the “**Guaranty Amount**”);

- (b) payments of the Guaranty Amount is subject to (i) an annual cap of S\$4 million, and (ii) an aggregate limit of S\$8 million for the term of the guarantee⁴⁰;
- (c) on and from the full fiscal year immediately following the expiry of the term of the guarantee, the New Hotel OpCo will repay the aggregate amount of all payments made by the Operating Profit Guarantor under the Operating Profit Guarantee Agreement, from Excess Operating Profit⁴¹;
- (d) the New Hotel OpCo's repayment of the Guaranty Amount will not exceed 50% of Excess Operating Profit with respect to any single fiscal year; and
- (e) the Guaranty Amount must be repaid by the New Hotel OpCo in full, upon the termination of the New Hotel Management Agreement⁴² or the transfer of New Hotel OpCo's interest in the New Hotel Property to any person other than a company that is a wholly-owned subsidiary of H-REIT or HBT.

5.5 The New Hotel OpCo SPA

The principal terms of the New Hotel OpCo SPA include, among other, the following:

- (a) the New Hotel OpCo Consideration will be computed based on the NAV of the New Hotel OpCo⁴³;
- (b) HBT will reimburse the New Hotel OpCo Vendor the pre-opening costs necessary to prepare the hotel for opening prior to completion of the New Hotel Property Acquisition which pertain to costs in excess of S\$1.9 million but subject to a maximum of S\$3.1 million⁴⁴;
- (c) completion of the New Hotel OpCo SPA is conditional on, among others, the fulfilment or waiver of the following conditions:
 - (i) the satisfaction of the conditions precedent set out in the New Hotel DSA; and
 - (ii) each of the agreements to be entered into for the operation of the New Hotel Property, being in full force and effect;
- (d) neither party shall be obliged to complete the purchase and sale of the total issued share capital of New Hotel OpCo, unless the New Hotel Property Acquisition is completed simultaneously; and
- (e) in the event that the Divestment PCOA is terminated or completion does not occur, any of the parties shall be entitled to terminate the New Hotel OpCo SPA.

⁴⁰ Subject to certain proration/adjustments for change in room keys or hotel specifications.

⁴¹ Means, for each fiscal year after expiry of the term of the guarantee (including any partial fiscal year), the operating profit for such fiscal year minus certain claw-back threshold amounts (as indicated in the Operating Profit Guarantee Agreement) for such fiscal year, provided always that the difference is greater than zero.

⁴² Other than a termination as a result of a default by the New Hotel Manager, arising from its gross negligence or wilful misconduct in performing its obligations.

⁴³ To be determined at the time when the New Hotel Property Acquisition takes place and is not expected to be material.

⁴⁴ The actual amount of Pre-Opening Costs (including but not limited to marketing, public relations, training and payroll expenses) to be reimbursed will only be known as at the date of completion of the New Hotel Acquisition.

5.6 Cost of the Proposed Divestment

The total cost of the Proposed Divestment (the “**Total Divestment Cost**”) is estimated to be approximately S\$6.5 million comprising:

- (i) the provision for estimated winding down related costs to be incurred by H-REIT in connection with the closure of the Novotel CQ Property, which amounts to approximately S\$6.0 million; and
- (ii) the estimated professional fees and other expenses in connection with the Proposed Divestment which amounts to approximately S\$0.6 million.

To demonstrate its support for the overall Redevelopment Transaction, the H-REIT Manager has elected to voluntarily waive the divestment fee for the Proposed Divestment of approximately S\$1.9 million (the “**H-REIT Divestment Fee**”).

5.7 Cost of the New Hotel Acquisition

The total cost of the New Hotel Acquisition is currently estimated to be approximately S\$483.7 million (the “**Total New Hotel Acquisition Cost**”) comprising:

- (i) the purchase consideration for the New Hotel Property of no higher than S\$475.0 million⁴⁵ adjusted for the NAV of CDL Redevelopment Trust as at the date of completion of the sale and purchase of the units in the CDL Redevelopment Trust⁴⁶;
- (ii) the acquisition fee payable to the H-REIT Manager pursuant to the trust deed constituting H-REIT (as amended, varied or supplemented from time to time) (the “**H-REIT Trust Deed**”) in respect of the acquisition of the New Hotel Property of no higher than S\$3.6 million;
- (iii) the New Hotel OpCo Consideration for the New Hotel Business which will be computed based on the net asset value of the New Hotel OpCo⁴⁷. HBT will reimburse the New Hotel OpCo Vendor the Pre-Opening Costs in excess of S\$1.9 million but subject to a maximum of S\$3.1 million⁴⁸ (with Pre-Opening Costs in excess of S\$5 million to be borne by the New Hotel OpCo Vendor); and
- (iv) the estimated professional and other fees and expenses incurred or to be incurred by H-REIT and HBT in connection with the New Hotel Acquisition and estimated stamp duty to be incurred in connection with entering into of an internal lease between CDL Redevelopment Trust and New Hotel OpCo of approximately S\$2.1 million.

⁴⁵ Subject to being the lower of (a) an amount equivalent to 110.0% of the Development Cost and (b) the Fixed Price.
⁴⁶ The adjusted NAV of CDL Redevelopment Trust as at the date of completion of the sale and purchase of the units in CDL Redevelopment Trust (computed by excluding the carrying net book value of the New Hotel Property and any costs and expenses comprised in the Development Costs based on the principles set out in the New Hotel DSA) is not expected to be material.

⁴⁷ To be determined at the time of the New Hotel Property Acquisition and is not expected to be material.

⁴⁸ The actual amount of Pre-Opening Costs (including but not limited to marketing, public relations, training and payroll expenses) to be reimbursed will only be known as at the date of completion of the New Hotel Acquisition.

5.8 Payment of the H-REIT New Hotel Acquisition Fee in Stapled Securities

As the New Hotel Property Acquisition will constitute an “interested party transaction” under paragraph 5 of the Property Funds Appendix, the acquisition fee payable to the H-REIT Manager in connection with the New Hotel Property Acquisition (the “**H-REIT New Hotel Acquisition Fee**”) will be satisfied via the issue of new Stapled Securities (the “**H-REIT New Hotel Acquisition Fee Stapled Securities**”), which shall not be sold within one year from the date of issuance. For the avoidance of doubt, the H-REIT New Hotel Acquisition Fee will only be paid (and the H-REIT New Hotel Acquisition Fee Stapled Securities will only be issued) after the completion of the New Hotel Acquisition.

The W Hotel Acquisition

5.9 The W Hotel PCOA

The principal terms of the W Hotel PCOA, include, among others, the following:

- (i) the W Hotel Vendor will grant a call option to the H-REIT Trustee to purchase the W Hotel Property and the H-REIT Trustee will grant a put option to the W Hotel Vendor to sell the W Hotel Property to the H-REIT Trustee;
- (ii) the exercise of the call option or put option under the W Hotel PCOA will be subject to, among others, the fulfilment of the following conditions:
 - (a) (I) the approval of the Sentosa Development Corporation (“**SDC**”) to the W Hotel Property Acquisition (“**SDC Sale Approval**”), and (II) the approval of SDC to the lease of the W Hotel Property by the H-REIT Trustee to the W Hotel OpCo for an initial lease term of 20 years commencing on completion with an option to renew for a further term of 20 years (“**SDC Lease Approval**”, and together with the SDC Sale Approval, the “**SDC Approvals**”), and (III) the approval of any authorities (“**Authorities Approval**”) as may be required by the Sentosa Development Corporation, in each case having been obtained; and
 - (b) the approval of unitholders of H-REIT having been obtained at an EGM to be convened to approve the W Hotel Acquisition;
- (iii) if any of the terms and conditions of the SDC Approvals which are imposed on H-REIT or the W Hotel Vendor has an adverse financial impact on H-REIT or the W Hotel Vendor respectively, either party shall be entitled to serve on the other party, a written notice to rescind the W Hotel PCOA; and
- (iv) the completion of the W Hotel Property Acquisition is conditional on and subject to the concurrent completion of the W Hotel Business Acquisition.

5.10 The W Hotel CBTA

The principal terms of the W Hotel CBTA, the conditional business transfer agreement, include, among others, the following:

- (i) the completion of the W Hotel CBTA is conditional upon the fulfilment of certain conditions precedent, including but not limited to:

- (a) the concurrent completion of the W Hotel Property Acquisition; and
 - (b) the approval of unitholders of H-REIT and HBT having been obtained at an EGM to be convened to approve the W Hotel Acquisition and the W Hotel Business Acquisition;
- (ii) the W Hotel OpCo shall with effect from the date immediately following completion (the “**Post Completion Date**”), observe, perform, take over, discharge and fulfil all obligations of the W Hotel Vendor under the contracts to be transferred pursuant to the W Hotel CBTA (the “**Contracts**”);
 - (iii) the W Hotel OpCo shall, from the Post Completion Date, keep the W Hotel Vendor fully indemnified from and against, among other things, all claims, damages, losses, and liabilities caused or contributed by any default or failure on W Hotel OpCo’s part to discharge and fulfil as aforesaid the W Hotel Vendor’s obligations under such Contracts, such that the W Hotel Vendor shall be under no further obligations or liabilities to the relevant counterparties to such Contracts in respect of such Contracts and relating to the period from the Post Completion Date; and
 - (iv) following completion, the transfer of the employment of the employees of the W Hotel Vendor who are immediately prior to completion employed in the W Hotel Business shall be governed by the Employment Act (Chapter 91 of Singapore) and both parties to the W Hotel CBTA shall comply with their respective obligations thereunder:
 - (a) the W Hotel Vendor shall perform and discharge all its obligations as employer up to (and including) the date of completion in respect of all the relevant employees; and
 - (b) the W Hotel OpCo shall be responsible for all obligations as employer to each relevant employee, from the Post Completion Date.

5.11 The associated transactions in relation to the W Hotel Acquisition

The principal terms of the associated transactions in relation to the W Hotel Acquisition, include, among others, the following:

(i) The W Hotel Carpark Agreement

The principal terms of the W Hotel Carpark Agreement, include, among others, the following:

- (a) the fixed monthly management fee payable by W Hotel OpCo to the W Hotel Vendor is S\$5,000;
- (b) the W Hotel Vendor shall provide W Hotel OpCo with up to 3,000 carpark tickets per month, at a concessionary fee of S\$3.00 per carpark ticket;
- (c) W Hotel OpCo and W Hotel Vendor hereby agree that as at the date of the W Hotel Carpark Agreement, the agreed proportion (the “**Agreed Proportion**”) shall be:

(I) W Hotel Vendor: 39.0%; and

(II) W Hotel OpCo: 61.0%,

each proportion expressed as a percentage of the number of carpark lots located in each of Quayside Isle (78 carpark lots) (the “**Quayside Carpark**”, and together with the W Hotel Carpark, the “**Carparks**”) and the W Hotel Carpark (121 carpark lots) in proportion to the total number of carpark lots in Quayside Isle and the W Hotel Carpark (199 carpark lots);

(d) the revenue to be generated from the use of the Carparks shall be shared between the parties to the W Hotel Carpark Agreement in the Agreed Proportion;

(e) all costs and expenses incurred by the W Hotel Vendor in connection with the Carparks in accordance with the W Hotel Carpark Agreement, shall be borne by the parties to the W Hotel Carpark Agreement in the Agreed Proportion; and

(f) the W Hotel Carpark Agreement shall terminate on the date falling 20 years from the date of the W Hotel Carpark Agreement.

(ii) The Warehouse Lease

The principal terms of the Warehouse Lease, include, among others, the following:

(a) the warehouse space at the 3rd storey of the Cideco Industrial Complex at 50 Genting Lane, Singapore is leased by Cideco Pte. Ltd. to the W Hotel Vendor for a term of three years commencing from 1 May 2019;

(b) the rent and service charge payable each month for the term of the lease is S\$10,780.80; and

(c) the W Hotel Vendor is obliged to pay and maintain with Cideco Pte. Ltd., for the duration of the term of the Warehouse Lease, a cash security deposit amount equivalent to three months of the monthly lease rental and service charge.

5.12 Cost of the W Hotel Acquisition

The total cost of the W Hotel Acquisition (the “**W Hotel Acquisition Cost**”) is estimated to be approximately S\$342.2 million comprising:

(i) the purchase consideration for the W Hotel Property of approximately S\$324.0 million;

(ii) estimated stamp duty and fees expected to be incurred for the W Hotel Property Acquisition and stamp duty to be incurred in connection with the entry into of an internal lease between H-REIT and W Hotel OpCo of approximately S\$13.9 million;

(iii) the acquisition fee payable to the H-REIT Manager in respect of the acquisition of the W Hotel Property of approximately S\$2.4 million;

(iv) the purchase consideration for the W Hotel Business of S\$1.00;

- (v) the estimated professional fees and other expenses in connection with the W Hotel Acquisition which amounts to approximately S\$0.9 million; and
- (vi) payment of S\$1.0 million for estimated net working capital in connection with the W Hotel Acquisition (subject to further post-completion net working capital adjustments).

5.13 Payment of the H-REIT W Hotel Acquisition Fee in Stapled Securities

As the W Hotel Property Acquisition will constitute an “interested party transaction” under paragraph 5 of the Property Funds Appendix, the acquisition fee payable to the H-REIT Manager in respect of the W Hotel Property Acquisition will be satisfied via the issue of new Stapled Securities (the “**H-REIT W Hotel Acquisition Fee Stapled Securities**”), which shall not be sold within one year from the date of issuance.

6. METHODS OF FINANCING

6.1 The New Hotel Acquisition

The Managers currently intend to finance the acquisition cost in respect of the New Hotel through debt financing, save for the acquisition fee payable to the H-REIT Manager for the New Hotel Acquisition which will be satisfied via the issue of the H-REIT W Hotel Acquisition Fee Stapled Securities. The Managers will determine the actual method of financing the New Hotel Acquisition closer to the completion of the New Hotel Acquisition which is expected to be in 2025⁴⁹ taking into account, among other things, the cost of the various financing options and market conditions at the relevant time.

6.2 The W Hotel Acquisition

The Managers currently intend to finance the W Hotel Acquisition through the use of internal resources (including from the Net Divestment Proceeds, should the Redevelopment Transaction be approved by Security Holders⁵⁰) and/or debt financing, the details of which will be determined by the Managers at the appropriate time, save for the acquisition fee payable to the H-REIT Manager for the W Hotel Acquisition which will be satisfied via the issue of the H-REIT W Hotel Acquisition Fee Stapled Securities.

⁴⁹ This is an estimated timeline and is subject to change.

⁵⁰ Should the completion of W Hotel Acquisition take place prior to the receipt of the Net Divestment Proceeds, the Managers may use bridge financing to finance W Hotel Acquisition first.

6.3 Gearing

The following table sets forth CDLHT's gearing on a pro forma basis, as at 30 September 2019.

	Upon completion of the Proposed Divestment only	Upon completion of the W Hotel Acquisition only	Upon completion of both the Proposed Divestment and W Hotel Acquisition
Total Assets (S\$'000)⁽¹⁾	2,582.0	3,210.2	2,918.4
Total Gross Borrowings (S\$'000)⁽²⁾	688.9 ⁽⁴⁾	1,359.4	1,031.3 ⁽⁵⁾
Gearing Ratio (%)⁽³⁾	26.7	42.3	35.3

Notes:

- (1) For purposes of gearing computation, the total assets exclude non-controlling interests and the effect of FRS 116/SFRS(I) Leases (adopted with effect from 1 January 2019).
- (2) For purposes of gearing computation, the total gross borrowings of CDLHT excludes borrowings attributed to non-controlling interests.
- (3) Based on the total gross borrowings of CDLHT divided by the total assets of CDLHT.
- (4) Assumes repayment of debt out of the Net Divestment Proceeds.
- (5) Assumes that the Net Divestment Proceeds is utilised to fund the W Hotel Acquisition and to repay debt.

7. FINANCIAL EFFECTS

The pro forma financial effects of the Redevelopment Transaction and the W Hotel Acquisition 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 FY2018 (the "CDLHT FY2018 Audited Financial Statements") and several matters and assumptions as stated under the respective sections.

7.1 The Redevelopment Transaction

In respect of the Redevelopment Transaction, several matters and assumptions were taken into consideration, including (but not limited to) the following:

- (a) the Total Divestment Cost;
- (b) the Total New Hotel Acquisition Cost;

- (c) the income of the New Hotel Property is based on a pro forma stabilised year of operations;
- (d) the waiver of the H-REIT Divestment Fee by the H-REIT Manager;
- (e) the acquisition fee payable to the H-REIT Manager will be settled wholly via the issuance of Stapled Securities;
- (f) funding through Net Divestment Proceeds, internal resources and borrowings; and
- (g) the pro forma financials did not take into account the time value of money and the market movements in interest rate.

7.1.1 Pro Forma DPS and Distribution Yield

The following table sets forth the pro forma financial effects of the Redevelopment Transaction on the DPS and distribution yield of CDLHT for FY2018, as if CDLHT had completed the Redevelopment Transaction on 1 January 2018 and operated the New Hotel Property through to 31 December 2018.

Pro forma effects of the Redevelopment Transaction for FY2018		
	Before the Redevelopment Transaction	After the Redevelopment Transaction
Net Property Income of CDLHT (S\$'000)	146,054 ⁽¹⁾	151,651 ⁽²⁾
Distributable Income of CDLHT (S\$'000) ⁽³⁾	111,603 ⁽¹⁾	114,180
Stapled Securities entitled for distribution ('000)	1,206,437	1,208,676 ⁽⁴⁾
DPS (cents) ⁽⁵⁾	9.26	9.44
Distribution Yield (%) ⁽⁶⁾	5.82	5.94

Notes:

- (1) Based on the CDLHT FY2018 Audited Financial Statements.
- (2) Includes the annual stabilised NPI of the New Hotel Property of S\$26.6 million which is calculated based on the Managers' assumptions, as if the New Hotel Property had been fully operational since 1 January 2018.
- (3) The distributable income of CDLHT (after deducting income retained for working capital) represents the aggregate of distributions by H-REIT and HBT.
- (4) Increase in the number of Stapled Securities entitled for distribution relates to the Stapled Securities issued/to be issued as partial satisfaction of the management fee and satisfaction of the acquisition fee.
- (5) DPS is derived based on the distributable income of CDLHT (after deducting income retained for working capital) over the number of Stapled Securities entitled for distribution.
- (6) Based on the closing market price of the Stapled Securities of S\$1.59 as at 19 November 2019.

7.1.2 Pro Forma NAV

The following table sets forth the pro forma financial effects of the Redevelopment Transaction on the NAV per Stapled Security as at 31 December 2018, as if CDLHT had completed the Redevelopment Transaction on 31 December 2018.

Pro forma effects of the Redevelopment Transaction for FY2018		
	Before the Redevelopment Transaction⁽¹⁾	After the Redevelopment Transaction
NAV (S\$'000)	1,847,663	1,884,836
Stapled Securities in issue and to be issued ('000)	1,209,888	1,212,285 ⁽²⁾
NAV per Stapled Security (S\$)	1.527	1.555

Notes:

- (1) Based on the CDLHT FY2018 Audited Financial Statements.
- (2) Increase in the number of Stapled Securities relates to the Stapled Securities issued/to be issued as partial satisfaction of the management fee and satisfaction of the acquisition fee.

7.1.3 Pro Forma Capitalisation

The following table sets forth the pro forma financial effects of the Redevelopment Transaction on the capitalisation of CDLHT as at 31 December 2018, as if CDLHT had completed the Redevelopment Transaction on 31 December 2018.

Pro forma effects of the Redevelopment Transaction as at 31 December 2018		
	Before the Redevelopment Transaction	After the Redevelopment Transaction
Total Assets (S\$'000)	2,962,167 ⁽¹⁾	3,060,327
Total Gross Borrowings (S\$'000)	1,014,414 ⁽¹⁾	1,075,974
Total Security Holders' Funds (S\$'000)	1,847,663 ⁽¹⁾	1,884,836
Total Capitalisation (S\$'000)	2,862,077	2,960,810
Gearing Ratio⁽²⁾ (%)	34.2	35.2

Notes:

- (1) Based on the CDLHT FY2018 Audited Financial Statements.
- (2) Based on the total gross borrowings of CDLHT divided by the total assets of CDLHT.

7.2 The W Hotel Acquisition

In respect of the W Hotel Acquisition, several matters and assumptions were taken into consideration, including (but not limited to) the following:

- (a) the W Hotel Acquisition Cost;
- (b) the historical financial results of the W Hotel Property for FY2018;
- (c) the acquisition fee payable to the H-REIT Manager will be settled wholly via the issuance of Stapled Securities;
- (d) funding through internal resources and borrowings; and
- (e) the effects of FRS 116 / SFRS(I) 16 Leases, which is only effective in 2019, have not been taken into account.

7.2.1 Pro Forma DPS and Distribution Yield

The following table sets forth the pro forma financial effects of the W Hotel Acquisition on the DPS and distribution yield of CDLHT for FY2018, as if CDLHT had completed the W Hotel Acquisition on 1 January 2018 and operated the W Hotel Property through to 31 December 2018.

Pro forma effects of the W Hotel Acquisition for FY2018		
	Before the W Hotel Acquisition	After the W Hotel Acquisition
Net Property Income of CDLHT (S\$'000)	146,054 ⁽¹⁾	156,144 ⁽²⁾
Distributable Income of CDLHT (S\$'000) ⁽³⁾	111,603 ⁽¹⁾	112,902
Stapled Securities entitled for distribution ('000)	1,206,437	1,208,258 ⁽⁴⁾
DPS (cents) ⁽⁵⁾	9.26	9.35
Distribution Yield (%) ⁽⁶⁾	5.82	5.88

Notes:

- (1) Based on the CDLHT FY2018 Audited Financial Statements.
- (2) Includes the net property income of the W Hotel Property of S\$10.1 million which is calculated based on the historical financial results of the W Hotel Property for FY2018 made available to the Managers by the W Hotel Vendor.
- (3) The distributable income of CDLHT (after deducting income retained for working capital) represents the aggregate of distributions by H-REIT and HBT.
- (4) Increase in the number of Stapled Securities entitled for distribution relates to the Stapled Securities issued/to be issued as partial satisfaction of the management fee and satisfaction of the acquisition fee.
- (5) DPS is derived based on distributable income of CDLHT (after deducting income retained for working capital) over the number of Stapled Securities entitled for distribution.
- (6) Based on the closing market price of the Stapled Securities of S\$1.59 as at 19 November 2019.

7.2.2 Pro Forma NAV

The following table sets forth the pro forma financial effects of the W Hotel Acquisition on the NAV per Stapled Security, as if CDLHT had completed the W Hotel Acquisition on 31 December 2018.

Pro forma effects of the W Hotel Acquisition for FY2018		
	Before the W Hotel Acquisition ⁽¹⁾	After the W Hotel Acquisition
NAV (S\$'000)	1,847,663	1,834,899
Stapled Securities in issue and to be issued ('000)	1,209,888	1,211,523 ⁽²⁾
NAV per Stapled Security (S\$)	1.527	1.515

Notes:

- (1) Based on the CDLHT FY2018 Audited Financial Statements.
(2) Increase in the number of Stapled Securities relates to the Stapled Securities issued/to be issued as partial satisfaction of the management fee and satisfaction of the acquisition fee.

7.2.3 Pro Forma Capitalisation

The following table sets forth the pro forma financial effects of the W Hotel Acquisition on the capitalisation of CDLHT as at 31 December 2018, as if CDLHT had completed the W Hotel Acquisition on 31 December 2018.

Pro forma effects of the W Hotel Acquisition as at 31 December 2018		
	Before the W Hotel Acquisition	After the W Hotel Acquisition
Total Assets (S\$'000)	2,962,167 ⁽¹⁾	3,250,615
Total Gross Borrowings (S\$'000)	1,014,414 ⁽¹⁾	1,307,498
Total Security Holders' Funds (S\$'000)	1,847,663 ⁽¹⁾	1,834,899
Total Capitalisation (S\$'000)	2,862,077	3,142,397
Gearing Ratio (%) ⁽²⁾	34.2	40.2

Notes:

- (1) Based on the CDLHT FY2018 Audited Financial Statements.
(2) Based on the gross borrowings of CDLHT divided by the total assets of CDLHT.

7.3 The combined financial effects of the Proposed Transactions

7.3.1 Pro Forma DPS and Distribution Yield

The following table sets forth the pro forma financial effects of the Proposed Transactions on the DPS and distribution yield of CDLHT for FY2018, as if CDLHT had completed the Proposed Transactions on 1 January 2018 and operated the New Hotel Property and the W Hotel Property through to 31 December 2018.

Pro forma effects of the Proposed Transactions for FY2018		
	Before the Proposed Transactions	After the Proposed Transactions
Net Property Income of CDLHT (S\$'000)	146,054 ⁽¹⁾	161,741 ⁽²⁾
Distributable Income of CDLHT (S\$'000) ⁽³⁾	111,603 ⁽¹⁾	115,129
Stapled Securities entitled for distribution ('000)	1,206,437	1,210,561 ⁽⁴⁾
DPS (cents) ⁽⁵⁾	9.26	9.51 ⁽⁶⁾
Distribution Yield (%) ⁽⁷⁾	5.82	5.98

Notes:

- (1) Based on the CDLHT FY2018 Audited Financial Statements.
- (2) Includes the net property income of the New Hotel Property, as if the New Hotel Property had been fully operational since 1 January 2018, and W Hotel Property based on the historical financial results of the W Hotel Property for FY2018 made available to the Managers by the W Hotel Vendor.
- (3) The distributable income of CDLHT (after deducting income retained for working capital) represents the aggregate of distributions by H-REIT and HBT.
- (4) Increase in the number of Stapled Securities entitled for distribution relates to the Stapled Securities issued/to be issued as partial satisfaction of the management fee and satisfaction of the acquisition fee.
- (5) DPS is derived based on distributable income of CDLHT (after deducting income retained for working capital) over the number of Stapled Securities entitled for distribution.
- (6) Assuming the New Hotel Property Acquisition was not completed on 1 January 2018, the pro forma DPS for FY2018 would be 8.47 cents.
- (7) Based on the closing market price of the Stapled Securities of S\$1.59 as at 19 November 2019.

7.3.2 Pro Forma NAV

The following table sets forth the pro forma financial effects of the Proposed Transactions on the NAV per Stapled Security, as if CDLHT had completed the Proposed Transactions on 31 December 2018.

Pro forma effects of the Proposed Transactions for FY2018		
	Before the Proposed Transactions⁽¹⁾	After the Proposed Transactions
NAV (S\$'000)	1,847,663	1,872,072
Stapled Securities in issue and to be issued ('000)	1,209,888	1,213,919 ⁽²⁾
NAV per Stapled Security (S\$)	1.527	1.542

Notes:

- (1) Based on the CDLHT FY2018 Audited Financial Statements.
- (2) Increase in the number of Stapled Securities relates to the Stapled Securities issued/to be issued as partial satisfaction of the management fee and satisfaction of the acquisition fee.

7.3.3 Pro Forma Capitalisation

The following table sets forth the pro forma financial effects of the Proposed Transactions on the capitalisation of CDLHT as at 31 December 2018, as if CDLHT had completed the Proposed Transactions on 31 December 2018.

Pro forma effects of the Proposed Transactions as at 31 December 2018		
	Before the Proposed Transactions	After the Proposed Transactions
Total Assets (S\$'000)	2,962,167 ⁽¹⁾	3,397,820
Total Gross Borrowings (S\$'000)	1,014,414 ⁽¹⁾	1,418,325
Total Security Holders' Funds (S\$'000)	1,847,663 ⁽¹⁾	1,872,072
Total Capitalisation (S\$'000)	2,862,077	3,290,397
Gearing Ratio⁽²⁾ (%)	34.2	41.7

Notes:

- (1) Based on the CDLHT FY2018 Audited Financial Statements.
- (2) Based on the gross borrowings of CDLHT divided by the total assets of CDLHT.

8. INTERESTS OF DIRECTORS AND CONTROLLING SECURITY HOLDERS

As at the date of this announcement, and based on information available to the Managers, certain directors of the Managers collectively hold an aggregate direct and indirect interest in 138,000 Stapled Securities.

Based on the Register of Directors' Stapled Security Holdings maintained by the Managers and save as disclosed below, none of the Directors currently holds a direct or deemed interest in the Stapled Securities as at the date of this announcement:

Name of Director	Direct Interest		Deemed Interest		Total no. of Stapled Securities Held	% ⁽¹⁾
	No. of Stapled Securities Held	% ⁽¹⁾	No. of Stapled Securities Held	% ⁽¹⁾		
Vincent Yeo Wee Eng	138,000	0.01	-	-	138,000	0.01

Note:

(1) The Stapled Securityholding percentage is calculated based on 1,212,583,713 Stapled Securities in issue as at the date of this announcement.

Based on the Register of Substantial Security Holders' Stapled Security Holdings maintained by the Managers the Substantial Security Holders and their interests in the Security Holdings as at the date of this announcement are as follows:

Name of Substantial Security Holder	Direct Interest		Deemed Interest		Total no. of Stapled Securities Held	% ⁽¹⁾
	No. of Stapled Securities Held	% ⁽¹⁾	No. of Stapled Securities Held	% ⁽¹⁾		
Hospitality Holdings Pte. Ltd.	313,950,000	25.89	-	-	313,950,000	25.89
M&C REIT Management Limited	80,544,343	6.64	764,564 ⁽²⁾	0.06	81,308,907 ⁽²⁾	6.70
Republic Hotels & Resorts Limited	62,790,000	5.18	-	-	62,790,000	5.18
ATOS Holding GmbH	-	-	313,950,000 ⁽³⁾	25.89	313,950,000 ⁽³⁾	25.89
M&C Hotel Investments Pte. Ltd.	-	-	144,098,907 ⁽⁴⁾	11.88	144,098,907 ⁽⁴⁾	11.88
M&C Hospitality International Limited	-	-	144,098,907 ⁽⁴⁾	11.88	144,098,907 ⁽⁴⁾	11.88
M&C Singapore Holdings (UK) Limited	-	-	144,098,907 ⁽⁴⁾	11.88	144,098,907 ⁽⁴⁾	11.88
Millennium & Copthorne Hotels Limited	-	-	458,048,907 ⁽⁵⁾	37.78	458,048,907 ⁽⁵⁾	37.78
City Developments Limited	-	-	458,048,907 ⁽⁵⁾	37.78	458,048,907 ⁽⁵⁾	37.78
Hong Leong Investment Holdings Pte. Ltd.	-	-	462,848,907 ⁽⁵⁾	38.17	462,848,907 ⁽⁵⁾	38.17
Davos Investment Holdings Private Limited	-	-	462,848,907 ⁽⁵⁾	38.17	462,848,907 ⁽⁵⁾	38.17
Kwek Holdings Pte Ltd	-	-	462,848,907 ⁽⁵⁾	38.17	462,848,907 ⁽⁵⁾	38.17

Notes:

- (1) The Stapled Securityholding percentage is calculated based on 1,212,583,713 Stapled Securities in issue as at the date of this announcement.
- (2) M&C REIT Management Limited is deemed under Section 4 of the Securities and Futures Act (Chapter 289 of Singapore) (“SFA”), to have an interest in the 764,564 Stapled Securities held by a company in which they are entitled to exercise or control the exercise of not less than 20.0% of the votes attached to the Stapled Securities thereof.
- (3) ATOS Holding GmbH is deemed under Section 4 of the SFA, to have an interest in the 313,950,000 Stapled Securities held by a company in which they are entitled to exercise or control the exercise of not less than 20.0% of the votes attached to the Stapled Securities thereof.
- (4) M&C Hotel Investments Pte. Ltd., M&C Hospitality International Limited and M&C Singapore Holdings (UK) Limited are deemed under Section 4 of the SFA, to have an interest in the 144,098,907 Stapled Securities held by companies in which they are entitled to exercise or control the exercise of not less than 20.0% of the votes attached to the Stapled Securities thereof.
- (5) Millennium & Copthorne Hotels Limited and City Developments Limited are deemed under Section 4 of the SFA, to have an interest in the 458,048,907 Stapled Securities held by companies in which they are entitled to exercise or control the exercise of not less than 20.0% of the votes attached to the Stapled Securities thereof.
- (6) Hong Leong Investment Holdings Pte. Ltd., Davos Investment Holdings Private Limited and Kwek Holdings Pte Ltd are deemed under Section 4 of the SFA, to have an interest in the 462,848,907 Stapled Securities held by companies in which they are entitled to exercise or control the exercise of not less than 20.0% of the votes attached to the Stapled Securities thereof.

Save as disclosed above and based on information available to the Managers as at the date of this announcement, none of the directors of the H-REIT Manager or the “controlling Security Holders” has an interest, direct or indirect, in the Redevelopment Transaction or the W Hotel Acquisition.

9. INTERESTED PERSON TRANSACTION AND INTERESTED PARTY TRANSACTION

Under Chapter 9 of the Listing Manual, where either H-REIT or HBT proposes to enter into a transaction with an interested person and the value of the transaction (either in itself or when aggregated with the value of other transactions, each of a value equal to or greater than S\$100,000, with the same interested person during the same financial year) is equal to or exceeds 5.0% of H-REIT’s or HBT’s, as the case may be, latest audited net tangible assets (“NTA”), Security Holders’ approval is required in respect of the transaction. Paragraph 5.2(b) of the Property Funds Appendix also imposes a requirement for Security Holders’ approval for an “interested party transaction” by H-REIT whose value is equal to or exceeds 5.0% of H-REIT’s latest audited NAV.

9.1 H-REIT

Based on the latest audited financial statements of H-REIT for FY2018 (the “**H-REIT FY2018 Audited Financial Statements**”) as disclosed in the annual report of CDLHT issued on 4 March 2019, the latest audited NTA of H-REIT and its subsidiaries (the “**H-REIT Group**”) as at 31 December 2018 was S\$1.8 billion and the NAV of H-REIT Group as at 31 December 2018 was S\$1.8 billion. Accordingly, if the value of a transaction which is proposed to be entered into by H-REIT during the current financial year ending 31 December 2019 with an interested person is, either in itself or in aggregation with all other earlier transactions (each of a value equal to or greater than S\$100,000) entered into with the same interested person during the current financial year ending 31 December 2019, equal to or greater than S\$88.1 million, such a transaction would be subject to Security Holders’ approval under Rule 906(1) the Listing Manual and Paragraph 5.2(b) of the Property Funds Appendix.

As at the date of this announcement, save for the Proposed Divestment, the New Hotel Property Acquisition and the W Hotel Property Acquisition, the value of all “interested persons transactions” entered into between H-REIT and CDL as well as the Sponsor, and their associates during the course of the current financial year ending 31 December 2019 that are subject to disclosure under Chapter 9 of the Listing Manual is approximately S\$41.4 million

(the “**H-REIT Existing Interested Person Transactions**”), which is approximately 2.3% of the latest audited NTA and 2.3% of the latest audited NAV of the H-REIT Group based on the H-REIT FY2018 Audited Financial Statements.

9.2 CDLHT

Based on the latest audited financial statements of CDLHT as disclosed in the annual report of CDLHT issued on 4 March 2019, the latest audited NTA of CDLHT as at 31 December 2018 was approximately S\$1.9 billion. Accordingly, if the value of a transaction which is proposed to be entered into by CDLHT during the current financial year ending 31 December 2019 with an interested person is, either in itself or in aggregation with all other earlier transactions (each of a value equal to or greater than S\$100,000) entered into with the same interested person during the current financial year ending 31 December 2019, equal to or greater than S\$92.8 million, such a transaction would be subject to Security Holders’ approval under Rule 906(1) the Listing Manual.

As at the date of this announcement, save for the Redevelopment Transaction and the W Hotel Acquisition, the value of all “interested persons transactions” entered into between CDLHT and CDL as well as the Sponsor, and their associates during the course of the current financial year ending 31 December 2019 that are subject to disclosure under Chapter 9 of the Listing Manual is approximately S\$41.4 million, which is approximately 2.2% of the latest audited NTA of CDLHT.

As at the date of this announcement, the Sponsor held an aggregate indirect interest in 458,048,907 Stapled Securities, which is equivalent to approximately 37.78% of the total number of the Stapled Securities then in issue, and is therefore regarded as a “controlling unitholder” of H-REIT and HBT under the Listing Manual and a “controlling unitholder” of H-REIT under the Property Funds Appendix. In addition, as each of the H-REIT Manager and the HBT Trustee-Manager is an indirect wholly-owned subsidiary of the Sponsor, the Sponsor is therefore regarded as a “controlling shareholder” of the H-REIT Manager and the HBT Trustee-Manager under the Listing Manual and a “controlling shareholder” of the H-REIT Manager under the Property Funds Appendix.

The Sponsor is an indirect wholly-owned subsidiary of CDL. Accordingly, CDL is also regarded as a “controlling unitholder” of H-REIT and HBT under the Listing Manual, a “controlling unitholder” of H-REIT under the Property Funds Appendix, a “controlling shareholder” of the H-REIT Manager and the HBT Trustee-Manager under the Listing Manual and a “controlling shareholder” of the H-REIT Manager under the Property Funds Appendix.

9.3 The Redevelopment Transaction

As each of the Redevelopment Entities is an associate of the Sponsor, for the purposes of Chapter 9 of the Listing Manual and the Property Funds Appendix, each of the Redevelopment Entities (being an “associate” of a “controlling unitholder” of H-REIT and an “associate” of a “controlling shareholder” of the H-REIT Manager) is (for the purposes of the Listing Manual) an “interested person” and (for the purposes of the Property Funds Appendix) an “interested party” of H-REIT.

Therefore, the Proposed Divestment will constitute an “interested person transaction” under Chapter 9 of the Listing Manual as well as an “interested party transaction” under the Property Funds Appendix.

As the CDL RE Owner is an associate of the Sponsor, for the purposes of Chapter 9 of the Listing Manual and the Property Funds Appendix, the CDL RE Owner (being an “associate” of

a “controlling unitholder” of H-REIT and an “associate” of a “controlling shareholder” of the H-REIT Manager) is (for the purposes of the Listing Manual) an “interested person” and (for the purposes of the Property Funds Appendix) an “interested party” of H-REIT.

Therefore, the New Hotel Property Acquisition will constitute an “interested person transaction” under Chapter 9 of the Listing Manual as well as an “interested party transaction” under the Property Funds Appendix.

The aggregate value of the Divestment Consideration and New Hotel Purchase Consideration is approximately S\$850.9 million (being 48.3% of H-REIT’s latest audited NTA and NAV as at 31 December 2018). The aggregate value of the Proposed Divestment and the New Hotel Property Acquisition and the H-REIT Existing Interested Person Transactions exceeds 5.0% of the latest audited NTA and the latest audited NAV of H-REIT, being the respective thresholds under Rule 906(1)(b) of Listing Manual and paragraph 5.2(b) Property Funds Appendix in respect of Related Party Transactions, and the Proposed Divestment and the New Hotel Property Acquisition would therefore be subject to Security Holders’ approval in accordance with Rule 906(1)(a) of the Listing Manual.

As the New Hotel OpCo Vendor is an associate of the Sponsor, for the purposes of Chapter 9 of the Listing Manual, the New Hotel OpCo Vendor (being an “associate” of a “controlling unitholder” of HBT and an “associate” of a “controlling shareholder” of the HBT Trustee-Manager) is (for the purposes of the Listing Manual) an “interested person” of HBT.

Therefore, the New Hotel Business Acquisition will constitute an “interested person transaction” under Chapter 9 of the Listing Manual.

The aggregate value of the Redevelopment Transaction exceeds 5.0% of CDLHT’s latest NTA. Therefore, the Managers are seeking the approval of the Security Holders in respect of the Redevelopment Transaction as a whole.

9.4 The W Hotel Acquisition

As the W Hotel Vendor is an indirect wholly-owned subsidiary of CDL, for the purposes of Chapter 9 of the Listing Manual and the Property Funds Appendix, the W Hotel Vendor (being an “associate” of a “controlling unitholder” of H-REIT and an “associate” of a “controlling shareholder” of the H-REIT Manager) is (for the purposes of the Listing Manual) an “interested person” and (for the purposes of the Property Funds Appendix) an “interested party” of H-REIT.

Therefore, the W Hotel Property Acquisition will constitute an “interested person transaction” under Chapter 9 of the Listing Manual as well as an “interested party transaction” under the Property Funds Appendix.

The aggregate value of the W Hotel Property Acquisition with net working capital adjustments is approximately S\$327.6 million (being 18.6% of H-REIT Group’s latest audited NTA and NAV as at 31 December 2018). Hence, the value of the W Hotel Acquisition and the H-REIT Existing Interested Person Transactions exceeds 5.0% of the latest audited NTA and the latest audited NAV of H-REIT Group, being the respective thresholds under Rule 906(1)(b) of Listing Manual and paragraph 5.2(b) of the Property Funds Appendix in respect of Related Party Transactions, and the W Hotel Acquisition would therefore be subject to Security Holders’ approval in accordance with Rule 906(1)(a) of the Listing Manual.

As the W Hotel Vendor is an indirect wholly-owned subsidiary of CDL, for the purposes of Chapter 9 of the Listing Manual, the W Hotel Vendor (being an “associate” of a “controlling unitholder” of HBT and an “associate” of a “controlling shareholder” of the HBT Trustee-

Manager) is (for the purposes of the Listing Manual) an “interested person” of HBT.

Therefore, the W Hotel Business Acquisition and the Carpark Transaction will each constitute an “interested person transaction” under Chapter 9 of the Listing Manual.

The aggregate value of the W Hotel Acquisition exceeds 5.0% of CDLHT’s latest NTA. Therefore, the Managers are seeking the approval of Security Holders in respect of the W Hotel Acquisition as a whole.

In approving the Proposed Transactions, Security Holders will be deemed to have approved all documents required to be executed or assigned by the parties in order to give effect to the Proposed Transactions. In this respect, a Security Holders’ circular (the “**Circular**”) will be issued and an extraordinary general meeting of CDLHT will be held in due course.

Security Holders should note that the approval to be sought for the Redevelopment Transaction shall be independent of the approval sought for the W Hotel Acquisition and vice versa.

10. DIRECTORS’ SERVICE CONTRACTS

No person is or is proposed to be appointed as a director of the Managers in connection with the Proposed Transactions or any other transactions contemplated in relation to the Proposed Transactions.

11. DISCLOSURE UNDER RULE 1010(13) OF THE LISTING MANUAL

Chapter 10 of the Listing Manual classifies transactions by CDLHT 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, among others, the following bases of comparison:

- (i) the net asset value of the assets to be disposed of, compared with CDLHT’s net asset value pursuant to Rule 1006(a) of the Listing Manual;
- (ii) 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
- (iii) 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.

The relative figures for the Redevelopment Transaction using the applicable bases of comparison in Rule 1006 are set out below.

	The Redevelopment Transaction (S\$ million)	CDLHT (S\$ million)	Relative Figure
<u>Rule 1006(a)</u> Net asset value of the assets to be disposed of ⁽¹⁾	333.2 ⁽²⁾	1,782.1 ⁽³⁾	18.7%
<u>Rule 1006(b)</u> Net profits attributable to the assets to be acquired or disposed of, compared with CDLHT's net profits	35.0 ⁽⁴⁾	103.2 ⁽⁵⁾	33.9%
<u>Rule 1006(c)</u> Aggregate value of the consideration given or received, compared with CDLHT's market capitalisation based on the total number of issued Stapled Securities	854.0 ⁽⁶⁾	1,928.0 ⁽⁷⁾	44.3%

Notes:

- (1) Only applicable to the Proposed Divestment.
- (2) Based on the Novotel CQ Property's book value as at 30 September 2019.
- (3) Based on the unaudited financial statements of CDLHT as at 30 September 2019.
- (4) Based on the aggregate of the net profits attributable to the Novotel CQ Property and the net profits ascribed to the New Hotel Property for year-to-date ("YTD") September 2019.
- (5) Based on the unaudited financial statements of CDLHT for YTD September 2019.
- (6) Based on the aggregate of the Divestment Consideration, the New Hotel Purchase Consideration and the New Hotel OpCo Consideration.
- (7) Based on the market capitalisation of CDLHT on 19 November 2019, which is the market date preceding the date of the Divestment PCOA and New Hotel DSA.

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

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

The H-REIT Manager is of the view that the Proposed Divestment and New Hotel Property Acquisition is in the ordinary course of H-REIT's business as the Redevelopment Transaction is within the investment policy of H-REIT and does not change the risk profile of H-REIT.

The HBT Trustee-Manager is of the view that the New Hotel Business Acquisition is in the ordinary course of HBT's business as the New Hotel Business Acquisition is within the investment policy of HBT and does not change the risk profile of HBT.

However, as the Proposed Divestment, the New Hotel Property Acquisition and the New Hotel Business Acquisition each constitutes an "interested person transaction" under Chapter 9 of the Listing Manual and, in respect of H-REIT for the Proposed Divestment and the New Hotel Property Acquisition, an "interested party transaction" under the Property Funds

Appendix, the Redevelopment Transaction will still be subject to the specific approval of Security Holders.

The relative figures for the W Hotel Acquisition using the applicable bases of comparison in Rule 1006 are set out below.

	The W Hotel Acquisition (S\$ million)	CDLHT (S\$ million)	Relative Figure
<u>Rule 1006(b)</u> Net profits attributable to the assets to be acquired or disposed of, compared with CDLHT's net profits	6.1 ⁽¹⁾	103.2 ⁽²⁾	5.9%
<u>Rule 1006(c)</u> Aggregate value of the consideration given or received, compared with CDLHT's market capitalisation based on the total number of issued Stapled Securities	325.0 ⁽³⁾	1,928.0 ⁽⁴⁾	16.9%

Note:

- (1) Based on the NPI attributable to the W Hotel Property for YTD September 2019.
- (2) Based on the unaudited financial statements of CDLHT for YTD September 2019.
- (3) Based on the W Hotel Property Consideration of S\$324.0 million and net working capital of S\$1.0 million.
- (4) Based on the market capitalisation of CDLHT on 19 November 2019, which is the market date preceding the date of the W Hotel PCOA and the W Hotel CBTA.

The H-REIT Manager is of the view that the W Hotel Property Acquisition is in the ordinary course of H-REIT's business as the W Hotel Property Acquisition is within the investment policy of H-REIT and does not change the risk profile of H-REIT.

The HBT Trustee-Manager is of the view that the W Hotel Business Acquisition is in the ordinary course of HBT's business as the W Hotel Business Acquisition is within the investment policy of HBT and does not change the risk profile of HBT.

However, as the W Hotel Property Acquisition and the W Hotel Business Acquisition each constitutes an "interested person transaction" under Chapter 9 of the Listing Manual and, in respect of H-REIT for the W Hotel Acquisition, an "interested party transaction" under the Property Funds Appendix, the W Hotel Acquisition will still be subject to the specific approval of Security Holders.

12. INDEPENDENT DIRECTORS' AND AUDIT AND RISK COMMITTEES' STATEMENTS

The Managers have appointed Deloitte & Touche Corporate Finance Pte Ltd as the Independent Financial Adviser (the "IFA") to advise the independent directors of the Managers (the "Independent Directors"), the Audit and Risk Committees of the Managers (the "Audit and Risk Committees") and the H-REIT Trustee as to whether the Redevelopment Transaction and the W Hotel Acquisition are based on normal commercial terms and are not prejudicial to the interests of CDLHT and the minority Security Holders. The Independent Directors and Audit and Risk Committees will form their own views after reviewing the opinion of the IFA, which will be set out in the Circular.

13. DOCUMENTS 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 048619⁵¹ from the date of this announcement up to and including the date falling three months thereafter:

- (i) the Divestment PCOA;
- (ii) the New Hotel DSA;
- (iii) the New Hotel OpCo SPA;
- (iv) the W Hotel PCOA;
- (v) the W Hotel CBTA;
- (vi) the W Hotel Carpark Agreement; and
- (vii) the valuation reports of the Independent Valuers.

The H-REIT Trust Deed will be available for inspection during normal business hours at the registered office of the H-REIT Manager for so long as H-REIT continues to be in existence.

The HBT Trust Deed will be available for inspection during normal business hours at the registered office of the HBT Trustee-Manager for so long as HBT continues to be in existence.

The Stapling Deed will be available for inspection during normal business hours at the registered office of the Managers for so long as CDLHT continues to be in existence.

Further details of the Proposed Transactions will be contained in the Circular which will be issued by the Managers in due course. Security Holders are advised to refer to the Circular for any updates to the information contained in this announcement.

⁵¹ Prior appointment with the Managers will be appreciated.

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

21 November 2019

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.

While the Managers have taken reasonable actions to ensure that the information from the relevant sources cited in footnotes 15, 18, 19, 20, 21, 22, 24, 36 and 37 are reproduced in their proper form and context, and that the information is extracted accurately and fairly from such sources, neither the Managers, nor any other party has conducted an independent review of the information contained in such sources or verified the accuracy of the contents of the relevant information.

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.

Any discrepancies in the tables included in this announcement between the listed amounts and total thereof are due to rounding.