



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**

**LEASE IN RELATION TO GRAND MILLENNIUM AUCKLAND  
(FORMERLY RENDEZVOUS HOTEL AUCKLAND)**

**1. Introduction**

The Directors of M&C REIT Management Limited, as manager of CDL Hospitality Real Estate Investment Trust (“**H-REIT**” and as manager of H-REIT, the “**H-REIT Manager**”), and M&C Business Trust Management Limited, as trustee-manager of CDL Hospitality Business Trust (“**HBT**” and the trustee-manager of HBT, the “**HBT Trustee-Manager**”), wish to announce that CDLHT (BVI) One Ltd (the “**Landlord**”), a wholly-owned subsidiary of H-REIT, the owner of Rendezvous Hotel Auckland (“**RHA**”), has entered into a deed of lease (the “**Lease**”) with Hospitality Services Limited (the “**Tenant**”), in relation to the lease of RHA situated at 71 Mayoral Drive, Auckland, New Zealand, for use as a hotel and all and any activities associated with a hotel.

The Tenant is a wholly-owned subsidiary of Millennium & Copthorne Hotels New Zealand Limited (“**MCK**”). MCK has been operating in New Zealand for over 25 years and has vast experience and brand recognition. MCK has a significant network and geographical spread in New Zealand which is expected to benefit the trading performance of the hotel. Following the commencement of the Lease, RHA would be rebranded as Grand Millennium Auckland (the “**Hotel**”).

**2. Relevant Terms of the Transaction**

The Lease will commence from 7 September 2016, for a term of 3 years, following the expiry of the existing lease with Rendezvous Hotels (NZ) Limited, the current lessee of RHA, on 6 September 2016. The Lease provides for two renewal terms, each renewal term to be for a period of 3 years and subject to mutual agreement between the Landlord and the Tenant.

The Landlord will receive rent equivalent to the Net Operating Profit of the Hotel, subject to an annual base rent of NZ\$6.0 million (excluding GST). The Net Operating Profit shall mean the Gross Operating Profit of the Hotel less all property taxes, premium payable on the Landlord’s insurances, and fees retained by the Tenant. The Landlord is responsible for furniture, fixtures and equipment as well as capital expenditures of the Hotel.

**3. Outlook of Auckland and Merits of the Lease**

The tourism market in New Zealand is enjoying buoyant demand with tourist arrivals growing 9.6% year-on-year (“**yoy**”) to a record 3.1 million in 2015. For YTD April 2016, visitor arrivals have grown 12.1% yoy to 1.3 million<sup>1</sup>. Auckland, the key gateway city to New Zealand, is expected to experience strong demand growth in the hospitality sector and this combined with limited increases in supply of hotel rooms should result in a positive outlook for the sector. In 2017,

<sup>1</sup> Statistics New Zealand, 20 May 2016

Auckland will host a number of key events such as World Masters Games in April, the Lions Tour in June/July and the Rugby League World Cup in November.

The Auckland Tourism, Events and Economic Development (“**ATEED**”) has recently announced a new initiative to drive the conference and meeting related business, targeting growth of 8.2% in international conference related business as well as reducing the seasonality patterns through conferences and events held in the shoulder and low seasons<sup>2</sup>. The Ministry of Business, Innovation & Employment (“**MBIE**”) is also forecasting international visitor days to New Zealand to increase at a compound annual growth rate of 5.7% between 2015 and 2022<sup>3</sup>. Overall, the near term outlook for the hospitality sector is promising.

CDL Hospitality Trusts (“**CDLHT**”) is poised to benefit from the growth trajectory in the Auckland hospitality market through the terms under the Lease, which provide both downside protection and potential upside from the growth in the Hotel’s trading performance.

#### **4. Interested Person Transaction**

The Tenant is a wholly-owned subsidiary of MCK, which in turn is a subsidiary of Millennium & Copthorne Hotels plc, a controlling Stapled Securityholder of CDLHT. The Lease therefore constitutes an Interested Person Transaction under Chapter 9 of the Listing Manual of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”).

The Lease was negotiated on an arm’s length basis and on normal commercial terms. The Audit and Risk Committee of the H-REIT Manager had reviewed the Lease and is of the view that the terms of the Lease are fair and reasonable and are not prejudicial to the interests of CDLHT and its minority Stapled Securityholders.

The transaction does not require the approval of Stapled Securityholders as the total value of the Lease is below 3% of CDLHT’s latest audited net tangible assets.

#### **5. Interests of Directors and Substantial Stapled Securityholders**

As at the date of this announcement, certain directors of the H-REIT Manager and HBT Trustee-Manager (together, the “**Managers**”) collectively hold an aggregate, direct and indirect, interest in 230,000 Stapled Securities.

Mr Wong Hong Ren, the Chairman of the Boards of Directors of the Managers, is also the Chairman of the Board of Directors of MCK. Both Mr Wong Hong Ren and Mr Vincent Yeo, a Director and Chief Executive Officer of the Managers, collectively also hold an aggregate 755,000 ordinary shares in MCK, which is less than 1% of the total number of issued shares in MCK. Both Directors abstained from the Managers’ decision-making with regards to the entry into the Lease.

Other than the information as set out above and based on information available to the Managers, none of the directors of the Managers and the Substantial Stapled Securityholders have any interest, direct or indirect, in relation to the Lease.

#### **BY ORDER OF THE BOARD**

Enid Ling Peek Fong  
Company Secretary  
M&C REIT Management Limited  
(Company Registration Number 200607091Z)  
as manager of CDL Hospitality Real Estate Investment Trust

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<sup>2</sup> ATEED, Auckland’s Business Events Plan

<sup>3</sup> MBIE, New Zealand Tourism Forecasts 2016 – 2022, May 2016

**BY ORDER OF THE BOARD**

Enid Ling Peek Fong  
Company Secretary  
M&C Business Trust Management Limited  
(Company Registration Number 200607118H)  
as trustee-manager of CDL Hospitality Business Trust

17 June 2016

**IMPORTANT NOTICE**

The value of Stapled Securities and the income derived from them may fall as well as rise. Stapled Securities are not obligations of, deposits in, or guaranteed by, the H-REIT Manager, the HBT Trustee-Manager or any of their respective affiliates. An investment in Stapled Securities is subject to investment risks, including the possible loss of the principal amount invested.

Investors have no right to request that the H-REIT Manager and the HBT Trustee-Manager redeem or purchase their Stapled Securities while the Stapled Securities are listed. It is intended that the holders of Stapled Securities may only deal in their Stapled Securities through trading on Singapore Exchange Securities Trading Limited ("SGX-ST"). Listing of the Stapled Securities on the SGX-ST does not guarantee a liquid market for the Stapled Securities.