



CDL HOSPITALITY TRUSTS

FOR IMMEDIATE RELEASE

9 September 2015

CDL HOSPITALITY TRUSTS MARKS MAIDEN ENTRY INTO EUROPE WITH ACQUISITION OF CAMBRIDGE CITY HOTEL IN THE UNITED KINGDOM

- Acquisition of a newly refurbished hotel in an exceptional city centre location in Cambridge
- Property price of £61.5 million with an annualised net property income yield of 5.6% for the six months ended 30 June 2015
- DPS accretion of 1.9%¹
- Rare opportunity to acquire a prime asset in one of the strongest performing markets in United Kingdom (“UK”)
- Strengthens portfolio and earnings base through diversification

Singapore, 9 September 2015 – 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”), are pleased to announce that HBT Trustee-Manager, has today through its indirect wholly owned subsidiary, CDL HBT Cambridge City (UK) Ltd, entered into a share purchase agreement, to indirectly acquire Cambridge City Hotel (the “Property”) by way of acquiring 100% of the issued capital of LR (Cambridge) Limited (the “Target”, and the acquisition of the Target, the “Acquisition”) from London & Regional Group Trading No.3 Limited (the “Vendor”).

The purchase consideration for the Acquisition is based on the property price of £61.5 million (approximately S\$133.2 million)², and payment of approximately £1.0 million (approximately S\$2.1 million) based on the estimated net working capital and cash of the Target as at the time of completion³, with the aggregate amount being approximately £62.5 million (approximately S\$135.3 million).

Upon completion of the Acquisition, the Target will be renamed as CDL HBT Cambridge City Hotel (UK) Ltd⁴ and continue to hold and operate the Property.

DESCRIPTION OF PROPERTY

The Property is a newly-refurbished upper upscale hotel offering 198 rooms and a comprehensive suite of facilities. It boasts a prime location in the heart of Cambridge city centre, being 1.6 kilometres from Cambridge railway station and is situated beside a main thoroughfare. It is also within the vicinity of popular tourist destinations such as King’s College, Fitzwilliam Museum, and Cambridge’s largest shopping mall, the Grand Arcade Shopping Centre which is adjacent to the Property. In April 2015, it completed an £8.2 million phased refurbishment programme involving the public areas and all the 198 rooms.

Mr Vincent Yeo, CEO of the Managers, commented on the Acquisition, “This acquisition in Cambridge, UK, is in line with our strategy to invest in markets with good growth potential. Cambridge has been one of the strongest performing hospitality markets in UK and the burgeoning life science cluster will support the growth trajectory of the market. This acquisition of Cambridge City Hotel is a rare opportunity for us to acquire a prime asset in a tightly held investment market.”

1 Based on the change of the pro forma Distribution per Stapled Security (“DPS”) for the six months ended 30 June 2015 (“1H2015”) of the enlarged portfolio over the DPS for 1H2015 of CDLHT.

2 Unless otherwise stated, all currency conversions are based on an assumed exchange rate of £1.00 = S\$2.1655.

3 The purchase consideration will be subject to post-completion adjustments based on the actual net working capital and cash of the Target as at completion.

4 Subject to change.



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FUNDING

The Acquisition will be fully funded initially by GBP-denominated debt. Upon completion of the Acquisition, CDLHT's gearing will increase from 32.0% to 35.8%⁵.

INVESTMENT HIGHLIGHTS

Accretive Acquisition

The Acquisition is expected to be accretive to the Stapled Security holders. During the phased refurbishment of the Property, the rooms refurbishment which took place in 2014 affected occupancy as an average of approximately 16.0% of the rooms were taken out of the inventory at any one time. Despite the disruption arising from the public areas of the Property being renovated from January 2015 to April 2015, the Property's performance showed a marked improvement in 2015 over 2014 after the rooms refurbishment, recording a year-on-year ("yoy") Revenue per Available Room ("RevPAR") growth of 28.6% for 1H2015. Correspondingly, the RevPAR achieved by the Property for 1H2015 was £101. The Property's trading performance is expected to further improve as the hotel continues to trade post-renovation without any disruption.

Assuming CDLHT owned the Property from 1 January 2015, the pro forma annualised net property income yield of the Property for 1H2015 would be 5.6%⁶, based on the property price of £61.5 million. On a pro forma basis for 1H2015, this translates to a DPS accretion of 1.9%⁷.

Maiden Entry into Europe Through Presence in Cambridge, UK

This Acquisition in Cambridge marks CDLHT's first investment in Europe and represents a diversification of its portfolio from the Asia-Pacific region. The hospitality outlook for UK continues to be strong⁸ with international tourist arrivals expected to hit a record 35.1 million in 2015⁹. The recent streamlining of visa process for Chinese visitors entering UK¹⁰ is also likely to encourage more inbound travel from the world's largest tourism source market¹¹.

Cambridge is a robust hospitality market with strong demand profile. It is one of the primary tourist destinations in UK due to its historical and cultural appeal, and also an important location for UK's research and development ("R&D") sector where it is home to a large cluster of high-tech businesses focusing on software, electronics and biotechnology. Cambridge is sometimes referred to as "Silicon Fen", an allusion to Silicon Valley.

According to Knight Frank, Cambridge is one of the strongest hospitality markets in UK. For the year ended 31 December 2014, the competitive set of the Property registered a yoy RevPAR growth of 6% based on the STR Global report.

5 On a pro forma basis, assuming the Acquisition was completed on 30 June 2015. The pre-acquisition debt to total assets ratio was 32.0% as at 30 June 2015. The additional debt totalling £65.1 million (approximately S\$141.1 million) comprises total acquisition cost of £63.6 million and an estimated £1.5 million that may be drawn down to fund future capital expenditure and working capital needs of the Target.

6 Based on the pro forma annualised net property income of the Property for 1H2015 of £3.4 million, as a percentage of the property price of £61.5 million. Taking into consideration the transaction costs of £1.2 million, the pro forma annualised net property income yield will be 5.5%.

7 Based on the change of the pro forma DPS of the enlarged portfolio over the DPS of CDLHT's existing portfolio for 1H2015. The total acquisition cost is 100.0% GBP debt-funded.

8 Horwath HTL, Hotel Yearbook 2015 EMEA

9 VisitBritain, 2015 Forecast

10 Financial Times, "UK hopes new visa system will increase Chinese visitor numbers", 19 June 2015

11 COTTM, "Capturing the lucrative China outbound tourism market", 8 July 2015



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The Property is also expected to benefit from the high barriers to entry in Cambridge city centre. The historical nature of the city has resulted in limited development sites, with most of the new supply taking place on the outskirts of the city. Although there is a new budget hotel opening in 2016 and a re-positioned hotel launching in 2017, the constrained supply of hotels in the city centre, coupled with the new demand drivers coming up, is likely to support the continued growth of the Property in the medium term.

Buoyant Outlook Driven by Burgeoning Life Science Cluster

Cambridge is often regarded as an international centre for R&D. The city is currently home to more than 2,000 science- and technology-based companies and its growth in recent years has also attracted venture capitalists and strategic investors into the market^{12,13}. Looking ahead, Cambridge's growth trajectory is set to continue with a number of major developments that are coming to fruition. Significant developments include AstraZeneca's £330 million Corporate Headquarters and Global R&D Centre, and an £850 million mixed-use development which is located approximately 1.6 km away from the Property.

High Quality Asset with Upside Potential from Asset Enhancements and Rebranding

The Property is one of the largest hotels in Cambridge and comes unencumbered with any management contract. It boasts a prominent presence due to its exceptional location in the city centre, and is one of the few hotels within the vicinity that comes well-equipped with meeting facilities. The Property has also been rejuvenated following an £8.2 million phased refurbishment that was completed in April 2015. Looking ahead, the Property could potentially unlock more value by converting some of the under-utilised spaces for meeting facilities. In addition, repositioning the hotel under an international brand can boost access to a global customer base, thereby enhancing performance.

Broadening Earnings Base and Strengthening the Portfolio through Diversification

The Acquisition is expected to benefit Stapled Security holders by broadening CDLHT's earnings base. Assuming CDLHT owned the Property from 1 January 2014, the Property would contribute approximately 4.0%¹⁴ and 5.3%¹⁵ of CDLHT's total net property income on a pro forma basis for the twelve months ended 31 December 2014 and 1H2015 respectively. The Acquisition will also have the additional benefit of improving the geographical diversification of CDLHT's portfolio.

Mr Yeo concluded, "Our latest acquisition provides us with the opportunity to augment our portfolio and income, as well as to diversify our earnings base. We believe our unitholders will benefit from the exposure to the robust and growing Cambridge hospitality market."

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For more information, please contact:

Mandy Koo
Vice President, Investments & Investor Relations
M&C REIT Management Limited
Tel: +65 6664 8887
Email: mandykoo@cdlht.com

Jason Chan
Assistant Manager, Investor Relations
M&C REIT Management Limited
Tel: +65 6664 8890
Email: jasonchan@cdlht.com

¹² The Telegraph, "Is Cambridge the UK's most successful city?", 7 March 2015

¹³ Business Weekly, "Cambridge leads VC investment boom in UK Biotech", 19 January 2015

¹⁴ Based on the pro forma net property income of CDLHT's enlarged portfolio for the twelve months ended 31 December 2014, assuming CDLHT owned the two Japan hotels from 1 January 2014 even though the Japan hotels acquisitions were only completed on 19 December 2014.

¹⁵ Based on the pro forma net property income of CDLHT's enlarged portfolio for the six months ended 30 June 2015.



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About CDL Hospitality Trusts

CDLHT is a stapled group comprising CDL Hospitality Real Estate Investment Trust (“H-REIT”), a real estate investment trust, and CDL Hospitality Business Trust (“HBT”), a business trust. CDLHT was listed on the Singapore Exchange Securities Trading Limited on 19 July 2006. M&C REIT Management Limited is the manager of H-REIT, the first hotel real estate investment trust in Singapore, and M&C Business Trust Management Limited is the trustee-manager of CDL Hospitality Business Trust.

CDLHT was established with the principal investment strategy of investing, directly or indirectly, in a diversified portfolio of income-producing real estate, which is primarily used for hospitality and/or hospitality-related purposes, whether wholly or partially, and real estate-related assets in relation to the foregoing.

As at 30 June 2015, CDLHT owns 14 hotels and two resorts with a total of 4,711 rooms, comprising six hotels in Singapore (Orchard Hotel, Grand Copthorne Waterfront Hotel, M Hotel, Copthorne King’s Hotel, Novotel Singapore Clarke Quay and Studio M Hotel); five hotels in Australia’s key gateway cities of Brisbane and Perth (Novotel Brisbane, Mercure Brisbane, Ibis Brisbane, Mercure Perth and Ibis Perth); one hotel in New Zealand’s gateway city of Auckland (Rendezvous Grand Hotel Auckland); two hotels in Japan’s gateway city of Tokyo (Hotel MyStays Asakusabashi and Hotel MyStays Kamata); two resorts in Maldives (Angsana Velavaru and Jumeirah Dhevanafushi), as well as Claymore Connect (formerly known as Orchard Hotel Shopping Arcade), the shopping arcade adjoining Orchard Hotel in Singapore.