



CDL HOSPITALITY TRUSTS

FOR IMMEDIATE RELEASE

21 October 2020

DIVESTMENT OF NOVOTEL BRISBANE FOR A\$67.9 MILLION

Singapore, 21 October 2020 – CDL Hospitality Trusts (“CDLHT” or the “Group”), 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, has today entered into an agreement for the sale of Novotel Brisbane (the “Property”) to ADFA Brisbane Pty Ltd, an independent third party purchaser (the “Purchaser”), for A\$67.9 million (approximately S\$66.4 million¹) (“Sale Price”). The divestment is in line with CDLHT’s strategy of evaluating divestment opportunities periodically to recycle capital for better returns and achieve greater financial flexibility. In accordance with the terms of the agreement, the Purchaser will pay a deposit of A\$3.5 million (approximately S\$3.4 million) today.

The Sale Price is 6.9% or A\$4.4 million higher than the original purchase price of A\$63.5 million and represents a slight premium to the independent valuation of A\$67.5 million as at 31 August 2020². The Sale Price was arrived at on a willing buyer willing seller basis, after taking into account the valuation of the Property, and the remaining Sale Price (less the deposit) will be paid in cash upon the completion of the divestment.

Located in Brisbane, Australia, the Property is a premium 4.5-star hotel operated under the Novotel brand and comprises 296 guest rooms and suites with a gross floor area of 28,049 square metres over 15 levels, situated on a strata volumetric freehold title. Located in the central business district of the city, the Property is within walking distance to the Central Station, Queen Street Mall, Eagle Street Pier and the Howard Smith Wharves precinct. The Property was acquired on 18 February 2010 with a master lease which is expiring on 30 April 2021.

Mr Vincent Yeo, Chief Executive Officer of CDLHT’s managers, said: “As part of our proactive asset management strategy, the divestment of Novotel Brisbane allows us to recycle capital to maximise long-term value for Stapled Securityholders. With the essentially fixed rent structure of the Property, we have achieved a recurring rental yield of at least 7.8% per annum³ during our holding period. Upon expiry of the master lease in April 2021, CDLHT is likely to be exposed to the underlying trading conditions. Hence, the divestment is an opportunity for us to exit the market as Brisbane is facing near-term challenges stemming from the COVID-19 pandemic and more hotel supply coming on-stream in the coming years. Given the current environment, the divestment represents a good result in the context of strengthening our balance sheet while managing to divest an asset in the uncertain global tourism environment at a sale price that is at a slight premium to the independent valuation.”

CDLHT’s managers intend to utilise the proceeds from the divestment mainly to repay existing borrowings, which will further strengthen CDLHT’s balance sheet and enhance its financial flexibility through increased debt headroom, or fund acquisitions if suitable opportunities arise. Part of the proceeds may also be used to make distributions to Stapled Securityholders to mitigate the net effect of the divestment on CDLHT’s distributable income. The divestment is expected to complete on 30 October 2020.

– ENDS –

¹ Unless otherwise stated in this release, all conversions are based on an assumed exchange rate of A\$1.00 = S\$0.9777

² The Property was independently valued by Cushman & Wakefield (Valuations) Pty Ltd using the discounted cash flow and stabilised earnings valuation methodologies.

³ In AUD terms and computed based on fixed rent of A\$4.9 million per annum over original purchase price of A\$63.5 million



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About CDL Hospitality Trusts

CDL Hospitality Trusts ("CDLHT") is one of Asia's leading hospitality trusts with assets under management of about S\$3.1 billion as at 30 June 2020. 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 HBT.

CDLHT was established with the principal investment strategy of investing in a portfolio of hospitality and/or hospitality-related real estate assets. As at 16 July 2020, CDLHT owns 16 hotels and two resorts comprising a total of 4,926 rooms as well as a retail mall. The properties under CDLHT's portfolio include:

- (i) six hotels in the gateway city of Singapore (Orchard Hotel, Grand Copthorne Waterfront Hotel, M Hotel, Copthorne King's Hotel, Studio M Hotel and W Singapore – Sentosa Cove) as well as a retail mall adjoining Orchard Hotel (Claymore Connect);
- (ii) three hotels in Brisbane and Perth, Australia (Novotel Brisbane, Mercure Perth and Ibis Perth);
- (iii) two hotels in Japan's gateway city of Tokyo (Hotel MyStays Asakusabashi and Hotel MyStays Kamata);
- (iv) one hotel in New Zealand's gateway city of Auckland (Grand Millennium Auckland);
- (v) two hotels in United Kingdom (Hilton Cambridge City Centre in Cambridge and The Lowry Hotel in Manchester);
- (vi) one hotel in Germany's gateway city of Munich (Pullman Hotel Munich);
- (vii) one hotel in the historic city centre of Florence, Italy, (Hotel Cerretani Firenze - MGallery); and
- (viii) two resorts in Maldives (Angsana Velavaru and Raffles Maldives Meradhoo).