

**General Announcement::Announcement by CDL Hospitality Trusts, an associate of Millennium & Copthorne Hotels plc****Issuer & Securities**

<b>Issuer/ Manager</b>	CITY DEVELOPMENTS LIMITED
<b>Securities</b>	CITY DEVELOPMENTS LIMITED - SG1R89002252 - C09
<b>Stapled Security</b>	No

**Announcement Details**

<b>Announcement Title</b>	General Announcement
<b>Date &amp; Time of Broadcast</b>	04-May-2017 20:47:00
<b>Status</b>	New
<b>Announcement Sub Title</b>	Announcement by CDL Hospitality Trusts, an associate of Millennium & Copthorne Hotels plc
<b>Announcement Reference</b>	SG170504OTHR7JH2
<b>Submitted By (Co./ Ind. Name)</b>	Enid Ling Peek Fong
<b>Designation</b>	Company Secretary
<b>Description (Please provide a detailed description of the event in the box below)</b>	<p>CDL Hospitality Trusts, an associate of Millennium &amp; Copthorne Hotels plc has on 4 May 2017, issued the announcement relating to the Acquisition of The Lowry Hotel in Manchester, United Kingdom.</p> <p>For details, please refer to the announcement posted by CDL Hospitality Trusts on the SGX website, <a href="http://www.sgx.com">www.sgx.com</a>.</p>

<b>Asset Acquisitions and Disposals::Acquisition of The Lowry Hotel in Manchester, United Kingdom</b>	
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<b>Issuer &amp; Securities</b>	
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<b>Issuer/ Manager</b>	M&C REIT MANAGEMENT LIMITED
<b>Securities</b>	CDL HOSPITALITY TRUSTS - SG1T66931158 - J85
<b>Stapled Security</b>	Yes

<b>Other Issuer(s) for Stapled Security</b>	
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<b>Name</b>	DBS TRUSTEE LIMITED
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<b>Announcement Details</b>	
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<b>Announcement Title</b>	Asset Acquisitions and Disposals
<b>Date &amp; Time of Broadcast</b>	04-May-2017 20:41:59
<b>Status</b>	New
<b>Announcement Sub Title</b>	Acquisition of The Lowry Hotel in Manchester, United Kingdom
<b>Announcement Reference</b>	SG170504OTHRHQ6K
<b>Submitted By (Co./ Ind. Name)</b>	Enid Ling Peek Fong
<b>Designation</b>	Company Secretary
<b>Description (Please provide a detailed description of the event in the box below)</b>	Please see the attached documents on the Acquisition of The Lowry Hotel in Manchester, United Kingdom by CDL Hospitality Business Trust: 1) Announcement; 2) Press Release; and 3) Presentation Slides.

<b>Attachments</b>	<a href="#">📎 Announcement Acquisition of The Lowry Hotel Final.pdf</a> <a href="#">📎 20170504_CDLHT_Press Release Acquisition of The Lowry Hotel Final.pdf</a> <a href="#">📎 20170504_CDLHT_Presentation Acquisition of The Lowry Hotel Final.pdf</a> Total size =2603K
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## 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**

### **ACQUISITION OF THE LOWRY HOTEL IN MANCHESTER, UNITED KINGDOM**

#### **1. INTRODUCTION**

##### **1.1 Information on the Acquisition**

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 CDL HBT North Ltd (the “**Purchaser**”), being an indirect wholly owned subsidiary of the HBT Trustee-Manager, has today entered into a share purchase agreement (the “**Share Purchase Agreement**”) and completed the indirect acquisition of The Lowry Hotel (the “**Property**”) located in Manchester, United Kingdom.

The Property is presently held by The Lowry Hotel Limited (the “**Target**”) and the acquisition of the Property by the Purchaser will be by way of acquiring 100% of the issued share capital of the Target (the “**Acquisition**”) from North Low S.Á R.L. (the “**Vendor**”). Upon the Acquisition (“**Completion**”), the Target will continue to hold and operate the Property.

##### **1.2 Information on the Property**

The Property is a purpose-built 5-star luxury hotel located in Manchester, United Kingdom (“**UK**”). It is located in proximity to the heart of Manchester city centre, and approximately 16.0 km from Manchester Airport. It is also close to top office developments such as Spinningfields, prominent retail establishments such as Arndale Shopping Centre, one of the busiest retail malls in UK<sup>1</sup>, and entertainment hubs such as Royal Theatre Exchange, the Manchester Opera House and the Manchester Arena.

The Property commenced operations in 2001 and offers a total of 165 rooms. In 2015 and 2016, refurbishment was implemented for the guest rooms, public areas, hotel spa and six

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<sup>1</sup> Source: Intu Group website, accessed 20 April 2017, (<https://www.intugroup.co.uk/en/our-centres/uk-overview/manchester-arndale/>)

luxurious suites. Additional facilities owned by the Property include food & beverage (“F&B”) facilities; a total of 908.5 sq m meeting space consisting of one Grand Ballroom; and eight meeting rooms as well as spa and gym facilities.

The Property sits on long leasehold land, with a 150-year lease granted by Chapel Wharf Limited (the “**Head Lessor**”, and the lease granted by the Head Lessor, the “**Head Lease**”) commencing on 18 March 1997 and later by Acroy Limited as varied by a deed of variation dated 15 November 2016. As at 4 May 2017, there is approximately 130 years left on the Head Lease.

### 1.3 Purchase Consideration

Pursuant to the terms of the Share Purchase Agreement, the purchase consideration for the Acquisition comprises payment of the property price of £52.5 million (approximately S\$94.1 million<sup>2</sup>) (the “**Property Consideration**”) plus payment of approximately £0.4 million (approximately S\$0.7 million) based on the estimated net working capital and cash of the Target, as at the time of Completion with the aggregate amount being approximately £52.9 million (approximately S\$94.7 million)<sup>3</sup>.

The Property Consideration was arrived at on a willing-buyer and willing-seller basis following a tender exercise conducted by the Vendor, and taking into account the independent valuation of the Property of £52.5 million (approximately S\$94.1 million) by Knight Frank LLP (“**Knight Frank**”) as at 28 April 2017.

The entire purchase consideration is fully satisfied by payment by way of transfer of funds for same-day value to the Vendor’s solicitors’ account and is subject to Post-Completion Adjustments.

## 2. RATIONALE FOR THE ACQUISITION

The Managers believe that the Acquisition, being the second in United Kingdom and in the high growth region of Manchester, one of the most important cities outside of London, will bring the following key benefits to holders of stapled securities of CDL Hospitality Trusts (“**Stapled Securities**”, and the holders of Stapled Securities, “**Stapled Security Holders**”):

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2 Unless otherwise stated in this announcement, all conversions are based on an assumed exchange rate of £1.00 = S\$1.7915.

3 The purchase consideration will be subject to post-completion adjustments based on payment of outstanding debt of the Target owed to the Vendor, the actual net working capital and cash of the Target as at Completion (“**Post-Completion Adjustments**”).

## 2.1 Accretive Acquisition

The Managers believe that the Acquisition is accretive to Stapled Security Holders based on the pro forma financial effects of the Acquisition on the distribution per Stapled Security (“DPS”) of CDLHT as set out below.

For the year 2016, the Property recorded a Revenue per Available Room (“RevPAR”) growth of 6.9% year-on-year (“yoy”) due to the strong demand for hotel accommodation in Manchester in both the corporate and leisure segments. The Property also benefitted from the refurbishment of its guest rooms in 2015 and second half of 2016. The Manchester hotel market is expected to remain buoyant this year.

Based on the Property Consideration of £52.5 million (approximately S\$94.1 million) and assuming that CDLHT owned the Property from 1 January 2016, the pro forma net property income yield of the Property would be 7.3%. On a pro forma basis for the financial year ended 31 December 2016 (“FY2016”), this translates to a DPS accretion of 2.7%<sup>4</sup>.

## 2.2 Positioned to Benefit from Buoyant Economic Outlook in Manchester, United Kingdom

Manchester is one of the key beneficiary cities of the Northern Powerhouse proposal<sup>5</sup> by the UK government: a proposal to boost economic growth in the North of England, particularly in the major northern cities of Manchester, Liverpool, Leeds, Sheffield and Newcastle. The main aim is to rebalance the UK economy away from London and the South East. At the forefront of the Northern Powerhouse, significant amount of investment is being ploughed into Manchester as it is in the process of regenerating key areas, creating new employment opportunities and bolstering the local economy<sup>6</sup>. Manchester’s economy is also well-balanced across all sectors<sup>7</sup> and is less prominently exposed to the financial sector which is expected to be the industry most affected by UK’s withdrawal from the European Union (Brexit).

With the Spinningfields and Victoria Station developments having just been completed successfully, Manchester’s growth trajectory is set to continue with a number of major developments in the pipeline, including ongoing large scale developments such as N.O.M.A. (an £800 million, 20.0-acre mixed-use redevelopment scheme) and the £1 billion expansion of MediaCityUK (a 200-acre mixed-use property development with media organisations as principal tenants). The Managers believe that these projects will continue to raise Manchester’s profile as a business hub and destination for UK’s media industry.

## 2.3 Strong Mix of Corporate and Leisure Demand

In 2016, Manchester was identified as one of the cities with the lowest cost of doing business across 10 major European cities. In comparison to London, Manchester’s business costs are

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4 Based on the change of the pro forma DPS for FY2016 of the enlarged portfolio over the DPS for FY2016 of CDLHT. For the purpose of the computations, the Total Acquisition Cost is assumed to be 100.0% GBP debt-funded.

5 Source: Government of UK website, “Chancellor on building a Northern Powerhouse”, 14 May 2015 (<https://www.gov.uk/government/speeches/chancellor-on-building-a-northern-powerhouse>).

6 Source: The Telegraph, 5 December 2016 (<http://www.telegraph.co.uk/property/house-prices/manchesters-revival-leading-northern-powerhouse>).

7 Source: Savills Manchester Office Market Report, March 2017 (<http://pdf.euro.savills.co.uk/uk/office-reports/manchester-office-market-report-march-2017.pdf>).

estimated to be 23.8% lower due to substantially lower facility and labour costs<sup>8</sup>. With three universities (a total student population of more than 100,000) as well as relative lower business overheads and cost of living, Manchester provides a haven for businesses where skilled human capital resources are abundant and costs are competitive. As such, there is a compelling case going forward to support further “North-Shoring” – the relocation of businesses away from London and the South East to reduce operating costs, especially given the economic uncertainty due to Brexit. Besides having strong corporate demand, sporting demand – in particular, football-related demand – features prominently for the Property. Manchester is also home to two world-famous football clubs – Manchester United and Manchester City. Fans from all over the world travel to Manchester to watch football matches and take part in stadium tours. Additionally, with the Manchester Arena being one of the largest concert venues in Europe<sup>9</sup>, high profile concerts are frequently held in Manchester which draws large crowds to stay in the city. Overall, the high tourism demand is evident from the 20.0% yoy growth in international visitor arrivals to 1.4 million<sup>10</sup> in 2016 and 10.8% yoy growth in total passenger volume in 2016<sup>11</sup>. In the first two months of 2017, total passenger volume grew 14.3% yoy.

The strong corporate and leisure visitor demand is well-supported by transport infrastructure developments, with Manchester Airport touted as UK’s best airport for the third year in a row by Globe Awards<sup>12</sup> and new transport infrastructure projects in the pipeline. These include (1) the £1 billion expansion of the 200-acre MediaCityUK development; (2) the £800 million Airport City development expected to complete by late-2020, which will bring on-site logistics, manufacturing, office and leisure facilities to Manchester Airport; and (3) the £600 million Northern Hub rail project expected to complete by 2022, which is part of the Northern Powerhouse proposal to increase train services and reduce journey times between major cities and towns in Northern England. With further improved connection to global markets bolstered by new direct flights connecting Manchester to Beijing, Singapore, Phuket, Los Angeles and Houston in 2016, as well as to San Francisco, Boston, and Muscat in 2017, the growth momentum of international arrivals to Manchester is expected to remain healthy.

## **2.4 Good Location**

The Property is located in proximity to the heart of Manchester city centre, and approximately 16.0 km from Manchester Airport. It is also close to top office developments such as Spinningfields, prominent retail establishments such as Arndale Shopping Centre, one of the busiest retail malls in UK, and entertainment hubs such as Royal Theatre Exchange, the Manchester Opera House and the Manchester Arena.

## **2.5 Iconic Hotel in Manchester**

As one of two 5-star hotels in Manchester<sup>13</sup>, the Property is one of only 11 hotels in England

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8 Source: KPMG Competitive Alternatives Survey 2016.

9 Source: Manchester Evening News, accessed 20 April 2017 (<http://www.manchestereveningnews.co.uk/all-about/manchester-arena>).

10 Source: VisitBritain, Inbound nation, region & county data, accessed 18 April 2017 (<https://www.visitbritain.org/nation-region-county-data>).

11 Source: Manchester Airport Traffic Statistics, accessed 18 April 2017 (<http://www.manchesterairport.co.uk/about-us/publications/traffic-statistics/>).

12 Source: The Chester Chronicle, accessed 22 April 2017 (<http://www.chesterchronicle.co.uk/news/chester-cheshire-news/manchester-airport-crowned-best-uk-12467490>).

13 Source: Knight Frank Valuation Report dated 28 April 2017.

to be part of The Leading Hotels of the World, one of the largest collection of luxury hotels in the world with over 375 hotels in 75 countries<sup>14</sup>, and boasts a total of 165 guest rooms, including six suites and a Presidential Suite. The Property is well known throughout UK and leads Manchester with the highest Average Daily Rate<sup>15</sup>, driven by its luxury positioning and a comprehensive suite of facilities such as meeting rooms, F&B outlets, gym, spa and secure on-site parking facilities for 103 vehicles. Since its opening in 2001, the Property has hosted many notable celebrities including Beyoncé and Lady Gaga, prominent foreign dignitaries, sports stars such as the late Muhammad Ali as well as prestigious football teams.

## 2.6 Broadening Earnings Base and Strengthening Portfolio through Diversification

The Acquisition is expected to benefit Stapled Security Holders by broadening CDLHT's earning base. Assuming CDLHT owned the Property from 1 January 2016, it would contribute approximately 4.7%<sup>16</sup> of CDLHT's total net property income on a pro forma basis for FY2016. The Acquisition will also have the benefit of improving the geographical diversification of CDLHT's portfolio.

## 3. CERTAIN PRINCIPAL TERMS OF THE ACQUISITION

### 3.1 Estimated Total Acquisition Cost

The current estimated total cost of the Acquisition ("**Total Acquisition Cost**") is approximately £53.8 million (approximately S\$96.4 million), comprising:

- (i) the Property Consideration of £52.5 million (approximately S\$94.1 million);
- (ii) estimated net working capital and cash of the Target as at the time of Completion of approximately £0.4 million (approximately S\$0.7 million) subject to Post-Completion Adjustments;
- (iii) the HBT Trustee-Manager's acquisition fee in respect of the Acquisition (the "**Acquisition Fee**") under the HBT Trust Deed<sup>17</sup> which amounts to £0.05 million (approximately S\$0.09 million);
- (iv) stamp duty amounting to £0.2 million (approximately S\$0.3 million); and
- (v) the estimated professional fees and expenses incurred by HBT in connection with the Acquisition, which amount to approximately £0.7 million (approximately S\$1.2 million).

### 3.2 Valuation

HBT Trustee-Manager, in its capacity as the trustee-manager of HBT has commissioned an

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14 Source: The Leading Hotels of the World website, accessed 6 April 2017 (<http://www.lhw.com/find-a-hotel/browse-by-list/hotels-in-northern-europe>).

15 Source: CBRE Information Memorandum in relation to the sale of The Lowry Hotel.

16 Based on the pro forma net property income of CDLHT's enlarged portfolio for FY2016.

17 The trust deed constituting HBT dated 12 June 2006 as amended, varied and supplemented from time to time.

independent property valuer, Knight Frank, to value the Property. Knight Frank, in its valuation as at 28 April 2017, stated that the market value of the Property is £52.5 million (approximately S\$94.1 million). Knight Frank used the discounted cash flow and direct capitalisation methods in arriving at its valuation of the Property.

### 3.3 Share Purchase Agreement

Due to adverse UK tax consequences that will arise if H-REIT were to assume the Target's specific structure, it is not suitable for H-REIT to be the acquirer. Hence, HBT is undertaking the Acquisition instead of H-REIT.

### 3.4 Incorporation and Constitution of Subsidiary

The following subsidiary has been established:

Name of Company	Country of Incorporation / Establishment	Issued and Paid Up Share Capital	Purpose
CDL HBT North Ltd	England and Wales	£2.00	To hold the Target

## 4. METHOD OF FINANCING AND PRO FORMA FINANCIAL EFFECTS OF THE ACQUISITION

### 4.1 Method of Financing

The Total Acquisition Cost will be initially fully funded through 100.0% offshore GBP-denominated debt financing through a fresh multi-currency bridge loan facility directly drawn down by HBT. In April 2017, HBT secured a S\$200.0 million uncommitted multi-currency unsecured loan facility with a bank. The facility can be drawn down in multiple tranches with a repayment period of a maximum of one year, from each drawn down date per tranche.

Depending on market conditions, HBT's loan could be refinanced by a term loan or other means, as may be determined by the Managers. Upon completion, the aggregate leverage of CDLHT is expected to be approximately 39.1%<sup>18</sup>.

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18 On a pro forma basis, assuming the Acquisition was completed on 31 March 2017. The pre-acquisition debt to total assets ratio was 36.8% as at 31 March 2017.



## 4.2 Pro Forma Financial Effects of the Acquisition

The pro forma financial effects of the Acquisition on the distribution per Stapled Security (“DPS”) and net asset value (“NAV”) presented below are strictly for illustrative purposes only and were prepared based on CDLHT’s audited consolidated financial statements for FY2016, taking into account the Total Acquisition Cost, the pro forma historical financial performance of the Property and the assumption that the Acquisition is 100.0% financed through debt.

The pro forma financial effects are for illustrative purposes only and do not represent CDLHT’s DPS and NAV per Stapled Security following Completion.

### Pro forma DPS and Distribution Yield

The pro forma financial effects of the Acquisition on the DPS and distribution yield for CDLHT for FY2016, as if the Acquisition was completed on 1 January 2016, and CDLHT held and operated the Property through to 31 December 2016, are as follows:

	FY2016	
	Before the Acquisition	After the Acquisition
Net Property Income (S\$'000)	137,560 <sup>(1)</sup>	144,393 <sup>(2)</sup>
Distributable Income (S\$'000) <sup>(3)</sup>	109,677	112,689
Stapled Securities entitled for distribution ('000)	992,696 <sup>(4)</sup>	992,696
DPS (cents) <sup>(5)</sup>	10.00	10.27
Distribution yield (%) <sup>(6)</sup>	6.54	6.71

#### Notes:

- (1) Based on the audited consolidated financial statements of CDLHT for FY2016.
- (2) Includes (i) pro forma income contribution from the Property, and (ii) deduction of additional property expenses in connection with the Acquisition for the period from 1 January 2016 to 31 December 2016.
- (3) The distributable income of CDLHT (before deducting income retained for working capital) represents the aggregate of distributions by H-REIT and HBT.
- (4) Number of Stapled Securities entitled for distribution as at 31 December 2016.
- (5) Figures rounded to two decimal places.
- (6) Based on the Stapled Securities’ closing market price of S\$1.53 as at 3 May 2017.

### Pro forma NAV per Stapled Security

The pro forma financial effects of the Acquisition on the NAV per Stapled Security as at 31 December 2016, as if the Acquisition was completed on 31 December 2016, are as follows:

	As at 31 December 2016	
	Before the Acquisition	After the Acquisition
NAV (S\$'000)	1,546,421 <sup>(1)</sup>	1,537,804 <sup>(2)</sup>
Stapled Securities in issue and to be issued ('000)	996,866 <sup>(3)</sup>	996,866 <sup>(4)</sup>
NAV per Stapled Security (cents) <sup>(5)</sup>	1.55	1.54

**Notes:**

- (1) Based on the audited consolidated financial statements of CDLHT for FY2016.
- (2) The drop in NAV is attributed to the expensing of the one-time transaction costs and goodwill written off relating to the Acquisition. Goodwill represents the excess of consideration transferred and the fair values of identifiable assets acquired and liabilities assumed. In arriving at the pro forma financial effects, the fair values of the identifiable assets acquired and liabilities assumed are estimated on a provisional basis and are subject to further adjustments based on a purchase price allocation exercise to be undertaken.
- (3) Number of Stapled Securities issued and issuable as at 31 December 2016.
- (4) Includes the issued and issuable Stapled Securities as at 31 December 2016 in Note (3) above, with no new Stapled Securities to be issued for the Acquisition.
- (5) Figures rounded to two decimal places.

## Pro forma Capitalisation

The following table sets forth the pro forma capitalisation of CDLHT as at 31 December 2016, as if the Acquisition was completed on 31 December 2016.

	As at 31 December 2016	
	Actual	As adjusted
	(Before the Acquisition) <sup>(1)</sup>	(After the Acquisition)
	(S\$ million)	(S\$ million)
<b>Short-term debt:</b>		
Secured	-	-
Unsecured	-	-
Total short-term debt	-	-
<b>Long-term debt:</b>		
Secured	38.3	38.3
Unsecured	894.4	990.7 <sup>(2)</sup>
Total long-term debt	932.6	1,029.0
Total Debt	932.6	1,029.0
Stapled Security Holders' funds	1,546.4	1,537.8
<b>Total Capitalisation</b>	<b>2,479.0</b>	<b>2,566.8</b>

### Notes:

- (1) Based on the audited consolidated financial statements of CDLHT as at 31 December 2016.
- (2) The borrowings include funding for the Total Acquisition Cost but exclude funding for future capital expenditure and working capital needs, which may be drawn down on or after Completion.

## 5. OTHER INFORMATION

### 5.1 Relative Figures Computed on the Bases Set Out in Rule 1006 of the Listing Manual

Chapter 10 of the Listing Manual classifies transactions 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, inter alia, the following applicable bases:

- (i) the net profits attributable to the assets acquired, compared with CDLHT's net profits pursuant to Rule 1006(b) of the Listing Manual; and
- (ii) 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.

Where any of the relative figures computed on the bases set out above exceeds 5% but does not exceed 20%, the transaction is classified as a “discloseable transaction” under Rule 1010 of the Listing Manual which would require the issue of an announcement. Where any of the relative figures computed on the bases set out above is 20.0% or more, the transaction is classified as a “major transaction” under Rule 1014 of the Listing Manual which would be subject to the approval of Stapled Security Holders, unless such transaction is in the ordinary course of CDLHT’s business.

The relative figures in relation to the Acquisition computed on the bases set out do not exceed 20.0%. Rule 1006(d) does not apply as no Stapled Securities will be issued by CDLHT as consideration for the Acquisition.

For the purposes of illustration to Stapled Security Holders, the relative figures for the Acquisition using the applicable bases of comparison are set out in the table below:

<b>Criteria</b>	<b>CDLHT (\$ million)</b>	<b>The Acquisition (\$ million)</b>	<b>Relative Percentage (%)</b>
The net profits attributable to the assets acquired compared with CDLHT’s net profits	137.6 <sup>(1)</sup>	6.8	4.9
Aggregate value of the purchase consideration given compared with CDLHT’s market capitalisation	1,526.5 <sup>(2)</sup>	94.7	6.2

**Notes:**

- (1) Based on the audited consolidated financial statements of CDLHT for FY2016. In the case of a real estate investment trust, net property income is a close proxy to the net profits attributable to its assets.
- (2) Based on the market capitalisation of CDLHT on 3 May 2017 which is the market date preceding the date of the Share Purchase Agreement.

**5.2 Interests of Directors and Substantial Stapled Security Holders**

As at the date of this announcement, certain directors of the Managers collectively hold an aggregate direct interest in 230,000 Stapled Securities.

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

**5.3 Director’s Service Contracts**

No person is proposed to be appointed as a Director in relation to the Acquisition or any other transactions contemplated in relation to the Acquisition.

## **6. DOCUMENTS FOR INSPECTION**

Copies of the following documents are available for inspection during normal business hours at the registered office of the Managers at 36 Robinson Road, #04-01 City House, Singapore 068877<sup>19</sup> from the date of this announcement up to and including the date falling three months thereafter:

- (i) the Share Purchase Agreement; and
- (ii) the valuation report of the Property by Knight Frank.

The H-REIT Trust Deed and HBT Trust Deed will also be available for inspection at the registered office of the Managers for so long as H-REIT and HBT are in existence.

### **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

4 May 2017

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<sup>19</sup> Prior appointment with the Managers will be appreciated.

## IMPORTANT NOTICE

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

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

Investors have no right to request that the H-REIT Manager and the HBT Trustee-Manager or any of their respective affiliates redeem or purchase their Stapled Securities while the Stapled Securities are listed. It is intended that the holders of Stapled Securities 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.

Consent has not been sought from Intu Group; Government of UK; The Telegraph; Savills; KPMG; Manchester Evening News; VisitBritain; Manchester Airport; The Chester Chronicle; The Leading Hotels of the World; CBRE and The Daily Mail for the inclusion of information extracted from the relevant reports published by them and therefore they are not liable for such information. While the Managers have taken reasonable actions to ensure that the information from the reports published by Intu Group; Government of UK; The Telegraph; Savills; KPMG; Manchester Evening News; VisitBritain; Manchester Airport; The Chester Chronicle; The Leading Hotels of the World; CBRE and The Daily Mail are reproduced in their proper form and context, and that the relevant information has been extracted accurately and fairly from such reports, neither the Managers nor any other party has conducted an independent review of the information contained in such reports and the market and industry information contained in this announcement nor verified the accuracy of the contents of the relevant information or the reports cited in this announcement.



## CDL HOSPITALITY TRUSTS

FOR IMMEDIATE RELEASE

4 MAY 2017

### CDL HOSPITALITY TRUSTS EXPANDS THROUGH ACQUISITION OF LUXURY HOTEL IN THE HIGH GROWTH CITY OF MANCHESTER, UNITED KINGDOM

- Acquisition of a 5-star luxury hotel which is located in proximity to the heart of Manchester city centre
- Property price of £52.5 million with a net property income yield of 7.3% for FY 2016
- DPS accretion of 2.7%<sup>1</sup>
- Rare opportunity to acquire an iconic hotel in Manchester and gain exposure to a key beneficiary city of the Northern Powerhouse proposal
- Strengthens portfolio and earnings base through diversification

**Singapore, 4 May 2017** – 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 North Ltd, entered into a share purchase agreement and completed the indirect acquisition of The Lowry Hotel (the “Property”) by way of acquiring 100% of the issued share capital of The Lowry Hotel Limited (the “Target”, and the acquisition of the Target, the “Acquisition”) from North Low S.Á R.L. (the “Vendor”).

The purchase consideration for the Acquisition is based on the property price of £52.5 million (approximately S\$94.1 million)<sup>2</sup>, and payment of approximately £0.4 million (approximately S\$0.7 million) based on the estimated net working capital and cash of the Target, as at the time of completion with the aggregate amount being approximately £52.9 million (approximately S\$94.7 million)<sup>3</sup>.

Upon completion of the Acquisition, the Target continues to hold and operate the Property.

#### DESCRIPTION OF PROPERTY

The Property is a purpose-built 5-star luxury hotel offering 165 rooms and a comprehensive suite of facilities. It is located in proximity to the heart of Manchester city centre, and approximately 16.0 km from Manchester Airport, United Kingdom’s (“UK”) best airport for the third year in a row by Globe Awards<sup>4</sup>. It is also within the vicinity of top office developments such as Spinningfields, prominent retail establishments such as Arndale Shopping Centre, one of the busiest retail malls in UK<sup>5</sup>, and entertainment hubs such as Royal Theatre Exchange, the Manchester Opera House and the Manchester Arena.

In 2015 and 2016, refurbishment was implemented for the guest rooms, public areas, hotel spa and six luxurious suites.

<sup>1</sup> Based on the change of the pro forma distribution per Stapled Security of CDLHT (“DPS”) for the financial year ended 31 December 2016 (“FY 2016”) of the enlarged portfolio over the DPS for FY 2016 of CDLHT. For the purpose of the computations, the Total Acquisition Cost is assumed to be 100.0% British pound (“GBP”) debt-funded.

<sup>2</sup> Unless otherwise stated, all currency conversions are based on an assumed exchange rate of £1.00 = S\$1.7915.

<sup>3</sup> The purchase consideration will be subject to post-completion adjustments based on payment of outstanding debt of the Target owed to the Vendor, the actual net working capital and cash of the Target as at completion (“Post-completion Adjustments”).

<sup>4</sup> The Chester Chronicle, “Manchester Airport crowned best UK airport for third year in a row”, 18 January 2017

<sup>5</sup> Intu Group, Manchester Arndale



## CDL HOSPITALITY TRUSTS

**Mr Vincent Yeo, Chief Executive Officer of the Managers, commented on the Acquisition,** “This acquisition in Manchester reinforces our strategy to invest in markets with robust medium to long-term growth potential. Manchester is one of the most important cities outside of London with a buoyant economic outlook, and the hospitality market is supported by a strong mix of corporate and leisure demand, particularly in football-related and entertainment demand, which features prominently for the Property. The acquisition of The Lowry Hotel is a unique opportunity for us to acquire an iconic asset while capitalising on a low funding environment.”

### FUNDING

The Acquisition will be fully funded initially by GBP-denominated debt by HBT<sup>6</sup>. Upon completion of the Acquisition, CDLHT’s gearing will increase from 36.8% to 39.1%<sup>7</sup>.

### INVESTMENT HIGHLIGHTS

#### Accretive Acquisition

The Acquisition is expected to be accretive to Stapled Securityholders. For the year 2016, the Property recorded a Revenue per Available Room (“RevPAR”) growth of 6.9% year-on-year (“yoy”) due to the strong demand for hotel accommodation in Manchester in both the corporate and leisure segments, benefitting also from the refurbishment of its guest rooms in 2015 and second half of 2016. The Manchester hotel market is expected to remain buoyant this year.

Assuming CDLHT owned the Property from 1 January 2016, the pro forma net property income yield of the Property for FY 2016 would be 7.3%, based on the property price of £52.5 million. On a pro forma basis for FY 2016, this translates to a DPS accretion of 2.7%<sup>8</sup>.

#### Positioned to Benefit from Buoyant Economic Outlook in Manchester, UK

This Acquisition marks CDLHT’s second investment in UK and in the high growth region of Manchester, further diversifying its portfolio. Manchester is one of the key beneficiary cities of the Northern Powerhouse proposal<sup>9</sup> by the UK government to boost economic growth in the North of England, particularly in major northern cities such as Manchester.

Accordingly, significant amount of investment is being ploughed into Manchester as it is in the process of regenerating key areas, creating new employment opportunities and bolstering the local economy<sup>10</sup>. Manchester’s economy is also well-balanced across all sectors<sup>11</sup> and is less prominently exposed to the financial sector which is expected to be the industry most affected by UK’s withdrawal from the European Union (“Brexit”).

With the Spinningfields and Victoria Station developments having just been completed successfully and in the nearby vicinity of the Property, Manchester’s growth trajectory is set to continue with a number of ongoing large scale developments such as N.O.M.A. (an £800 million, 20.0-acre mixed-use redevelopment scheme) and the £1 billion expansion of MediaCityUK (a 200-acre mixed-use property development with media organisations as principal tenants such as BBC).

<sup>6</sup> In April 2017, HBT secured a S\$200.0 million uncommitted multi-currency unsecured loan facility with a bank.

<sup>7</sup> On a pro forma basis, assuming the Acquisition was completed on 31 March 2017. The pre-acquisition debt to total assets ratio was 36.8% as at 31 March 2017.

<sup>8</sup> Based on the change of the pro forma DPS for FY 2016 of the enlarged portfolio over the DPS for FY 2016 of CDLHT. For the purpose of the computations, the Total Acquisition Cost is assumed to be 100.0% GBP debt-funded.

<sup>9</sup> Government of UK, “Chancellor on building a Northern Powerhouse”, 14 May 2015

<sup>10</sup> The Telegraph, “How Manchester’s revival is leading the Northern Powerhouse”, 5 December 2016

<sup>11</sup> Savills, Manchester Office Market Report, March 2017





## CDL HOSPITALITY TRUSTS

The Property is well positioned to benefit from the healthy pipeline of projects, which will continue to raise Manchester's profile as a business hub and destination for UK's media industry.

### **Strong Mix of Corporate and Leisure Demand**

Manchester is a market with robust corporate demand drivers. In 2016, Manchester was identified as one of the cities with the lowest cost of doing business across 10 major European cities. In comparison to London, Manchester's business costs are estimated to be 23.8% lower due to substantially lower facility and labour costs<sup>12</sup>. Given the economic uncertainty due to Brexit, there is a compelling case going forward to support further "North-Shoring" – the relocation of businesses away from London and the South East to reduce operating costs.

Besides having strong corporate demand, sporting demand – in particular, football-related demand – is well associated with the Property. Manchester is home to two world-famous football clubs – Manchester United and Manchester City. Fans from all over the world travel to Manchester to watch football matches and take part in stadium tours.

Additionally, with the Manchester Arena being one of the largest concert venues in Europe<sup>13</sup>, high profile concerts are frequently held in Manchester which draws large crowds to stay in the city. Overall, the high tourism demand is evident from the 20.0% yoy growth in international visitor arrivals to 1.4 million<sup>14</sup> in 2016 and 10.8% yoy growth in total passenger volume in 2016. In the first two months of 2017, total passenger volume grew 14.3% yoy<sup>15</sup>.

These strong demand drivers in Manchester are well-supported by transport infrastructure developments in both aviation and rail. These include the £800 million Airport City development, which will bring on-site logistics, manufacturing, office and leisure facilities to Manchester Airport when completed in the late 2020s; and the £600 million Northern Hub rail project, which is part of the Northern Powerhouse proposal to enhance connectivity between major cities and towns in Northern England and is expected to complete by 2022.

The growth momentum of international arrivals to Manchester is expected to remain healthy with an increase in international air services from Beijing, Singapore, Phuket, Los Angeles and Houston in 2016, as well as San Francisco, Boston, and Muscat in 2017.

### **Iconic Hotel in Manchester**

As one of two 5-star hotels in Manchester<sup>16</sup>, the Property is one of only 11 hotels in England to be part of The Leading Hotels of the World, one of the largest collection of luxury hotels in the world with over 375 hotels in 75 countries<sup>17</sup>. While there is some upcoming increase in hotel rooms supply in the market, the Property leads Manchester with the highest Average Daily Rate<sup>18</sup> and strong demand drivers are expected to support its performance in the medium term.

The Property is also well known throughout UK and since its opening in 2001, the Property has hosted many notable celebrities including Beyoncé and Lady Gaga, prominent foreign dignitaries, sports stars such as the late Muhammad Ali as well as prestigious football teams.

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12 KPMG Competitive Alternatives Survey 2016

13 Manchester Evening News, Manchester Arena

14 VisitBritain, Statistics on Inbound Tourism to Britain by Area

15 Manchester Airport Traffic Statistics

16 Knight Frank Valuation Report dated 28 April 2017

17 The Leading Hotels of the World, Hotel List

18 CBRE Information Memorandum



## CDL HOSPITALITY TRUSTS

### Broadening Earnings Base and Strengthening Portfolio through Diversification

The Acquisition is expected to benefit Stapled Securityholders by broadening CDLHT's earnings base. Assuming CDLHT owned the Property from 1 January 2016, the Property would contribute approximately 4.7%<sup>19</sup> of CDLHT's total net property income on a pro forma basis for FY 2016. The Acquisition will also have the additional benefit of improving the geographical diversification of CDLHT's portfolio.

**Mr Yeo concluded**, "Our latest acquisition provides further diversification of our income sources and augments our portfolio by further expanding our reach beyond Asia-Pacific. We believe our Stapled Securityholders will benefit from both this opportune entry at a low point of the currency cycle as well as the exposure to the fast-growing Manchester hospitality market."

– ENDS –

### For media and investor queries, please contact:

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### About CDL Hospitality Trusts

CDL Hospitality Trusts ("CDLHT") is one of Asia's leading hospitality trusts with assets valued at S\$2.4 billion. 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 diversified portfolio of hospitality and/or hospitality-related assets. As at 31 March 2017, CDLHT owns 15 hotels and two resorts comprising a total of 4,912 rooms as well as a retail mall. The properties under CDLHT's portfolio are:

- (i) six hotels in the gateway city of Singapore (Orchard Hotel, Grand Copthorne Waterfront Hotel, M Hotel, Copthorne King's Hotel, Novotel Singapore Clarke Quay and Studio M Hotel) as well as a retail mall adjoining Orchard Hotel (Claymore Connect);
- (ii) five hotels in Brisbane and Perth, Australia (Novotel Brisbane, Mercure Brisbane, Ibis 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, formerly known as Rendezvous Hotel Auckland);
- (v) one hotel in Cambridge, United Kingdom (Hilton Cambridge City Centre); and
- (vi) two resorts in Maldives (Angsana Velavaru and Jumeirah Dhevanafushi).

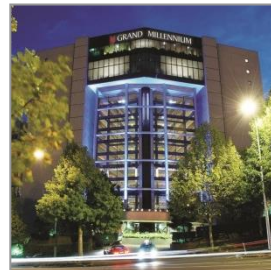
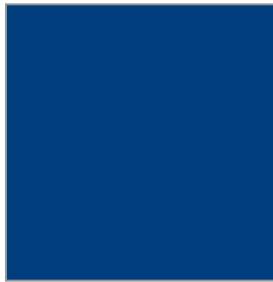
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<sup>19</sup> Based on the pro forma net property income of CDLHT's enlarged portfolio for FY 2016.



CDL HOSPITALITY TRUSTS

Acquisition of  
The Lowry Hotel  
Manchester, United Kingdom  
4 May 2017



# Important Notice



CDL HOSPITALITY TRUSTS

This document may contain forward-looking statements that involve assumptions, 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 developments or companies, shifts in expected levels of occupancy rate, property rental income, charge out collections, 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. Predictions, projections or forecasts of the economy or economic trends of the markets are not necessarily indicative of the future or likely performance of CDL Hospitality Trusts.

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 M&C REIT Management Limited, as manager of CDL Hospitality Real Estate Investment Trust (the "H-REIT Manager") or M&C Business Trust Management Limited, as trustee-manager of CDL Hospitality Business Trust (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/or the HBT Trustee-Manager redeem or purchase their Stapled Securities while the Stapled Securities are listed. It is intended that holders of the Stapled Securities 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.

This presentation contains certain tables and other statistical analyses (the "Statistical Information") which have been prepared by the H-REIT Manager and the HBT Trustee-Manager. Numerous assumptions were used in preparing the Statistical Information, which may or may not be reflected herein. As such, no assurance can be given as to the Statistical Information's accuracy, appropriateness or completeness in any particular context, nor as to whether the Statistical Information and/or the assumptions upon which they are based reflect present market conditions or future market performance. The Statistical Information should not be construed as either projections or predictions or as legal, tax, financial or accounting advice.

Market data and certain industry forecasts used throughout this presentation were obtained from internal surveys, market research, publicly available information and industry publications. Industry publications generally state that the information that they contain has been obtained from sources believed to be reliable but that the accuracy and completeness of that information is not guaranteed. Similarly, internal surveys, industry forecasts and market research, while believed to be reliable, have not been independently verified by the H-REIT Manager or the HBT Trustee-Manager and neither the H-REIT Manager nor the HBT Trustee-Manager makes any representations as to the accuracy or completeness of such information.

You are cautioned not to place undue reliance on these forward-looking statements, which are based on the current view of the H-REIT Manager or the HBT Trustee-Manager on future events.

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# Executive Summary

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# Executive Summary



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## The Lowry Hotel Manchester, United Kingdom

- Acquisition by HBT of an iconic, 5-star luxury hotel in Manchester with **165 keys**
- **Long leasehold interest** with ~130 years remaining
- **Property Price: £52.5M (~S\$94.1M)** <sup>(1)</sup>
- **Price Per Key: ~£318K (~S\$570K)**
- **Pro Forma NPI Yield for FY 2016** <sup>(2)</sup>: **~7.3%**
- **Pro Forma DPS Impact for FY 2016** <sup>(3)</sup>: **~2.7% accretion**
- Refurbishment implemented in 2015 and 2016

(1) Unless otherwise stated, all conversions are based on an assumed exchange rate of £1.00 = S\$1.7915.

(2) Based on the pro forma net property income (“**Pro Forma NPI**”) of the Property for the financial year ended 31 December 2016 (“**FY 2016**”), as a percentage of the Property Price of £52.5 million. The Pro Forma NPI yield will be 7.1% based on the current estimated total cost of the acquisition (“**Total Acquisition Cost**”) comprising the Property Price, estimated net working capital and cash of The Lowry Hotel Limited as at the time of completion, estimated professional fees, stamp duty and HBT Trustee-Manager’s acquisition fee.

(3) Based on the change of the pro forma distribution per Stapled Security (“**DPS**”) for FY 2016 of the enlarged portfolio over the DPS for FY 2016 of CDLHT. For the purpose of the computations, the Total Acquisition Cost is assumed to be 100.0% British pound (“**GBP**”) debt-funded.

# Executive Summary (Con't)



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**Exposure to Manchester**, the key city in Northern England and second most prominent city in the United Kingdom (“UK”) after London:

- Manchester is a city that is poised for strong growth with a buoyant economic outlook
- Manchester is part of the UK government’s focus to shift away from London and to establish “The Northern Powerhouse”

**Good location where Property is in proximity to the heart of Manchester city centre**, with top office developments, one of the busiest retail malls in UK and entertainment hubs within walking distance

**Hospitality market with strong mix** of corporate and leisure (sporting and entertainment) demand:

- Healthy corporate demand is supported by Manchester being identified as one of the cities with the lowest cost of doing business across 10 major European cities in 2016<sup>(1)</sup> and is a key beneficiary city of the “North-Shoring” trend where businesses relocate away from London and the South East to reduce operating costs
- Sporting demand, especially football-related demand, features prominently for the Property as Manchester is home to the world-famous Manchester United and Manchester City football clubs
- Manchester Arena is one of the busiest venues in the world and the largest indoor arena in Europe<sup>(2)</sup> where high profile concerts are frequently held which draws large crowds to stay in the city

**Iconic hotel in Manchester** which has hosted many notable celebrities and prestigious football teams

**Accretive acquisition** with pro forma DPS accretion of 2.7% for FY 2016

**Expanded presence in Europe** with a second hotel in UK strengthens CDLHT’s portfolio through diversification

**Transaction reinforces CDLHT’s strategy** to diversify and enter markets with strong fundamentals and growth potential

(1) KPMG Competitive Alternatives Survey 2016

(2) Manchester Evening News, Manchester Arena





# Overview of Transaction

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## Location

- Manchester is situated about 260km north of London
  - ~4 hours drive via M1 and M6 motorway from London city centre
  - ~2 hours commute by non-stop train from London King's Cross railway station to Manchester Piccadilly railway station via Virgin Trains
  - Direct international flights as well as regional flights through Heathrow and Stansted

## Heart of “Northern Powerhouse” of UK

- “Northern Powerhouse” is a proposal to boost economic growth in the North of England
- Significant amount of investment ploughed into Manchester – completed developments such as Spinningfields (£1.5 billion) and ongoing large scale developments such as N.O.M.A. (£800 million) and expansion of MediaCityUK (£1 billion)
- Well-balanced economy across all sectors and relatively less affected by Brexit <sup>(1)</sup>



## City of Sports and Entertainment

- Two world-renowned premier league football teams – Manchester United and Manchester City – draw fans from all over the world for matches and stadium tours
- Manchester Arena is one of the largest concert venues <sup>(2)</sup> in Europe featuring high profile performers such as Lady Gaga, Celine Dion and Linkin Park
- Host to Manchester International Festival, a biennial international arts festival with ~260,000 attendees in 2015 <sup>(3)</sup>

(1) Savills, Manchester Office Market Report, Mar 2017

(2) Manchester Evening News, Manchester Arena

(3) Manchester City Council, Report for Resolution, 7 Oct 2015

# Location of The Lowry Hotel



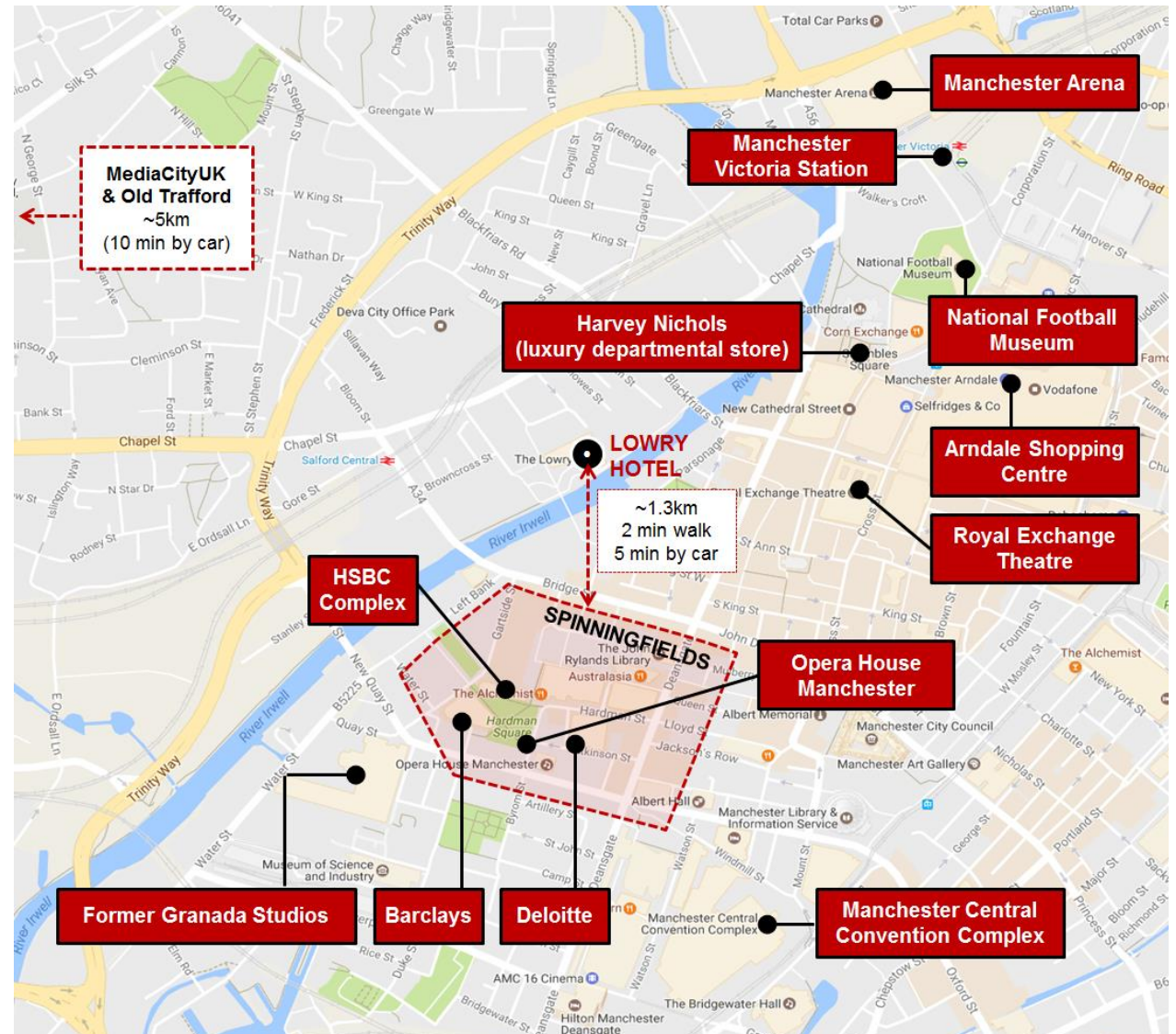
CDL HOSPITALITY TRUSTS

## Good Location

- Within proximity to many of the city's key attractions including:
  - Manchester Arena
  - Arndale Shopping Centre
  - Royal Exchange Theatre
  - Manchester Opera House
- Within walking distance to Spinningfields:
  - The biggest commercial district in the city, housing some of the largest corporations in the North West of UK
  - Home to some of Manchester's most popular bars and restaurants

## Easy Access

- Less than 15 minutes walk to Manchester Victoria Station – a rail hub and light rail interchange



# Details and Description of Property



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*Superior Room - River View*



*Grand Ballroom*

Property	The Lowry Hotel
Description	<ul style="list-style-type: none"> <li>Purpose-built 5-star luxury hotel with comprehensive suite of facilities</li> </ul>
Location	<ul style="list-style-type: none"> <li>50 Dearmans Place, Salford, Manchester M3 5LH</li> </ul>
Title Details	<ul style="list-style-type: none"> <li>Head Lessor: Acroy Limited <sup>(1)</sup></li> <li>Long Leasehold (~130 years remaining)</li> </ul>
Year of Opening	<ul style="list-style-type: none"> <li>Opened in 2001</li> <li>In 2015 and 2016, refurbishment was implemented for guest rooms, public areas, hotel spa and 6 luxurious suites</li> </ul>
Rooms	<ul style="list-style-type: none"> <li>165 rooms</li> <li>Weighted average room size of 37 sq m</li> </ul>
Others Amenities	<ul style="list-style-type: none"> <li>2 Food and Beverage (“F&amp;B”) outlets</li> <li>1 gym including saunas and a spa</li> <li>8 purpose-built meeting rooms for private events or business conferences and a grand ballroom for up to 400 people</li> <li>103 parking lots</li> </ul>

(1) The Property sits on long leasehold land, with a 150-year lease granted by Chapel Wharf Limited commencing on 18 March 1997 and later by Acroy Limited as varied by a deed of variation dated 15 November 2016.

# Details and Description of Property (Con't)



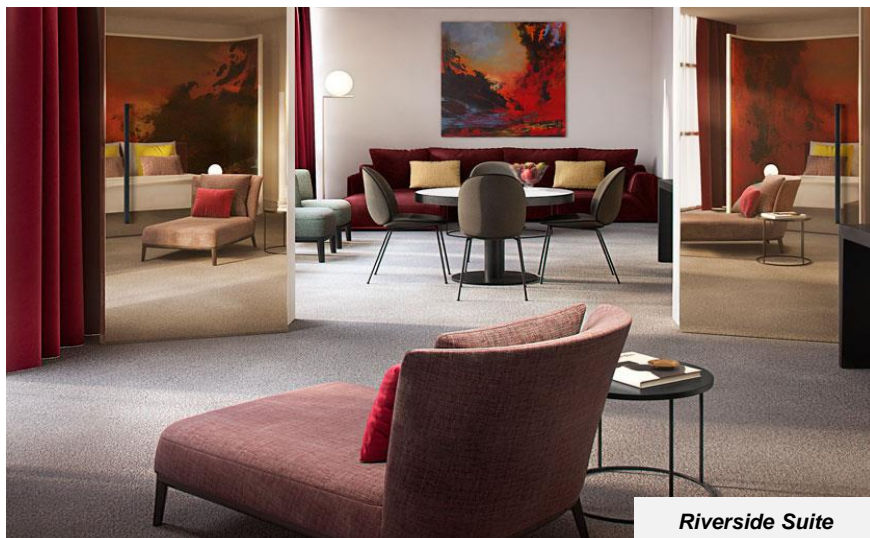
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*Lobby*



*River Restaurant*



*Riverside Suite*



*Private Dining Room*



## Transaction Summary

Acquisition	<ul style="list-style-type: none"> <li>Acquisition of The Lowry Hotel (the “<b>Property</b>”) through the purchase of 100% of the shares of The Lowry Hotel Limited (the “<b>Target</b>”) from North Low S.Á R.L (the “<b>Seller</b>”)</li> </ul>
Purchaser	<ul style="list-style-type: none"> <li>CDL HBT North Ltd, an indirect wholly owned subsidiary of HBT Trustee-Manager</li> </ul>
Acquisition by HBT	<ul style="list-style-type: none"> <li>HBT is undertaking the Acquisition instead of H-REIT</li> <li>The Acquisition is unsuitable for H-REIT as there are adverse tax consequences if it were to be the acquirer</li> </ul>
Property Price	<ul style="list-style-type: none"> <li>£52.5 million / (~S\$94.1 million)</li> </ul>
Property Price per key	<ul style="list-style-type: none"> <li>~£318,000 (~S\$570,000)</li> </ul>
Valuation <sup>(1)</sup>	<ul style="list-style-type: none"> <li>£52.5 million / (~S\$94.1 million)</li> </ul>
Net Working Capital and Cash of Target	<ul style="list-style-type: none"> <li>Apart from the payment of Property Price, the purchase consideration for the Acquisition also comprise a payment of a sum of approximately £0.4 million (~S\$0.7 million) based on the estimated net working capital and cash of the Target</li> </ul>
Vacant Possession	<ul style="list-style-type: none"> <li>Owner-operated, free of operator or brand</li> </ul>
Date of Completion	<ul style="list-style-type: none"> <li>4 May 2017</li> </ul>

(1) Valuation report as at 28 April 2017 by Knight Frank using the discounted cash flow and direct capitalisation methods to arrive at its valuation of the Property.

# Transaction Details (Con't)

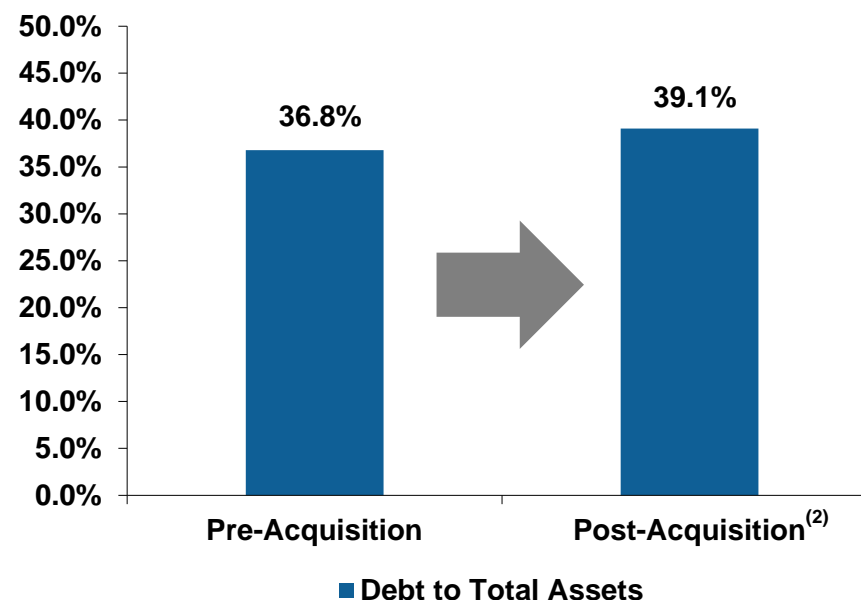


## Financing

Total Acquisition Cost	
Property Price	£52.5 million (~S\$94.1 million)
Estimated Net Working Capital & Cash of Target	£0.4 million (~S\$0.7 million)
Professional Fees & Expenses	£0.7 million (~S\$1.2 million)
Stamp Duty	£0.2 million (~S\$0.3 million)
Acquisition Fee <sup>(1)</sup>	£0.05 million (~S\$0.09 million)
<b>Total</b>	<b>£53.8 million (~S\$96.4 million)*</b>

\*Numbers will not add up due to rounding.

## Gearing



- Initially fully funded through 100.0% offshore GBP-denominated debt financing through a fresh multi-currency bridge loan facility directly drawn down by HBT <sup>(3)</sup>
- Depending on market conditions, HBT's loan could be refinanced by a term loan or other means, as may be determined by the Managers

(1) HBT Trustee-Manager's acquisition fee ("**Acquisition Fee**") is calculated based on 0.1% of the Property Price of £52.5 million and the Estimated Net Working Capital & Cash of Target of £0.4 million.

(2) On a pro forma basis, assuming the Acquisition was completed on 31 March 2017. The pre-acquisition debt to total assets ratio was 36.8% as at 31 March 2017.

(3) In April 2017, HBT secured a S\$200.0 million uncommitted multi-currency unsecured loan facility with a bank. The facility can be drawn down in multiple tranches with a repayment period of a maximum of one year, from each drawn down date per tranche.



# Investment Highlights

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# Investment Highlights



CDL HOSPITALITY TRUSTS

1

Accretive Acquisition

2

Positioned to Benefit from Buoyant Economic Outlook in Manchester

3

Hospitality Market with Strong Demand Drivers

4

Iconic Hotel in Manchester

5

Broaden Earnings Base and Strengthen Portfolio through Diversification

# 1 Accretive Acquisition



CDL HOSPITALITY TRUSTS

## The Lowry Hotel



Riverside Suite



Grand Ballroom

- In 2015 and 2016, refurbishment was implemented for guest rooms, public areas, hotel spa and 6 luxurious suites
- The Property recorded a Revenue per Available Room (“**RevPAR**”) growth of 6.9% year-on-year (“**yoy**”) due to the strong demand for hotel accommodation in Manchester in both the corporate and leisure segments, benefitting also from the refurbishment of its guest rooms in 2015 and second half of 2016
- The Manchester hotel market is expected to remain buoyant this year
- Assuming that CDLHT owned the Property from 1 January 2016, the Pro Forma NPI yield of the Property would be 7.3% <sup>(1)</sup>, based on the Pro Forma NPI for FY 2016 of £3.8 million
- On a pro forma basis for FY 2016, this translates to a DPS accretion of 2.7% <sup>(2)</sup>

(1) Based on Property Price of £52.5 million.

(2) Based on the change of the pro forma DPS for FY 2016 of the enlarged portfolio over the DPS for FY 2016 of CDLHT. For the purpose of the computations, the Total Acquisition Cost is assumed to be 100.0% GBP debt-funded.



## High Growth City of Manchester

### UK Economy

- Interest rates are at record lows post the Brexit decision
- Uncertainty remains in UK as Article 50 was triggered in March 2017

### Local Market Conditions

- With a GVA (Gross Valued Added) of £60 billion in 2015 <sup>(1)</sup>, Greater Manchester has the second largest economy in the UK after London, driven by a broad and well-balanced mix of industries
- Impact of Brexit is not yet evident in Manchester's economy till date <sup>(2)</sup> and outlook for the Manchester economy remains optimistic:
  - 2016: estimated GDP growth of 2.9%, well above the UK average of 1.8% <sup>(2)</sup>
  - 2017 to 2019: estimate GVA growth of 2.0% p.a., surpassing the UK average by 0.5% <sup>(3)</sup>
- Manchester is one of the key beneficiary cities of the Northern Powerhouse proposal:
  - A proposal to boost economic growth in the North of England, particularly in major northern cities such as Manchester, to rebalance the UK economy away from London and the South East
  - Significant amount of investment is being ploughed into Manchester as it is in the process of regenerating key areas, creating new employment opportunities and bolstering the local economy <sup>(4)</sup>

(1) Office for National Statistics UK

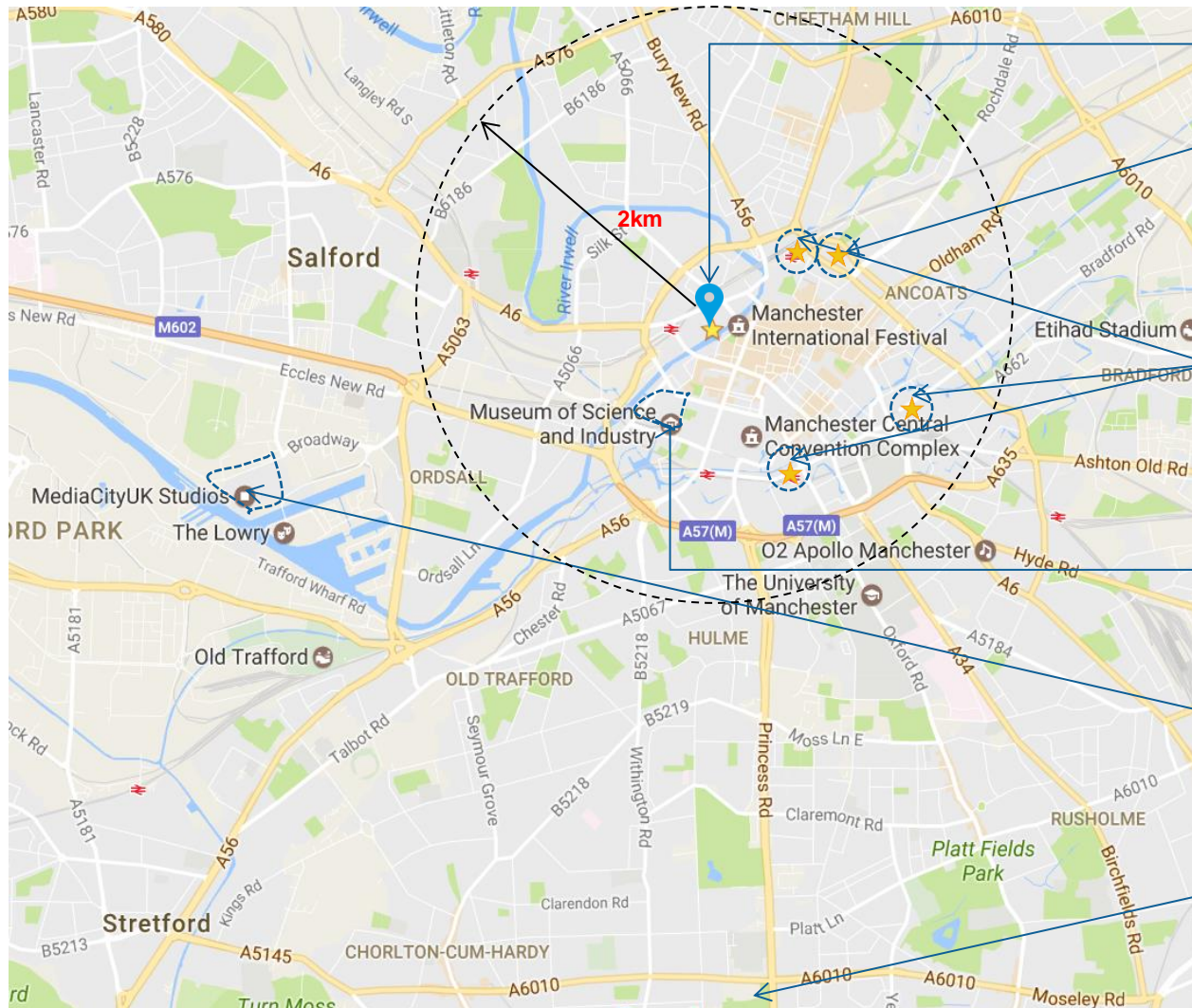
(2) Savills, Manchester Office Market Report, Mar 2017

(3) Ernst & Young, "Rebalancing the UK economy: time to seize the opportunity", 5 Dec 2016

(4) The Telegraph, "How Manchester's revival is leading the Northern Powerhouse", 5 Dec 2016



## Major Development Projects



### The Lowry Hotel

#### N.O.M.A.

- £800 million, 20-acre mixed-use redevelopment with ~4 million sq ft of offices, homes, retail and amenities (Estimated completion: Late 2020s)
- Hanover building refurbishment - 91,000 sq ft of offices and 18,000 sq ft of retail and leisure (Estimated completion: 2018)

### Northern Hub rail project

- New Ordsall Chord railway section to link Victoria, Piccadilly and Oxford Road stations (Estimated opening: 2018)

### St John's Quarter

- £1 billion mixed-use development with 560,000 sq ft of offices and 240,000 sq ft of retail (Estimated opening: 2018)
- The Factory: culture centre for Manchester International Festival (Estimated opening: 2019)

### MediaCityUK

- 200-acre mixed-use property development
- Planned £1 billion expansion over 10 years to double in size which will include shops, offices, 330-bed hotel and >1,400 homes

### Manchester Airport

- Doubling size of T2 with 900,000 sq ft extension and link to T3. Passenger capacity to double to 50 million (Estimated completion: 2023)
- Airport City: 5 million sq ft of office, logistics, retail, hotel and manufacturing space (Estimated completion: Late 2020s)

# Positioned to Benefit from Buoyant Economic Outlook in Manchester (Con't)



Artist's Impression of £800 million N.O.M.A. Development



Artist's Impression of £1 billion MediaCityUK Phase 2



Artist's Impression of £1 billion St John's Quarter



Artist's Impression of Studio Square\* ~117,000 sq ft of office space



## Healthy Corporate Demand Drivers

- Market conditions in Manchester continue to be positive with strong investments due to:
  - A well-balanced economy across sectors <sup>(1)</sup> and less prominently exposed to the financial sector which is expected to be the industry most affected by Brexit
  - Cost of doing business 23.8% lower than London due to substantially lower facility and labour costs – Manchester enjoys the lowest business costs amongst 10 major European cities <sup>(2)</sup>
  - Abundant skilled human capital resources with 3 universities (a total student population of more than 100,000)
  - Growing “North-Shoring” trend of businesses to Manchester led to a 1.3 million sq ft take-up of office space in 2016, surpassing the 9 year average of ~1 million sq ft <sup>(1)</sup>; the 5-year average take up was the highest in cities outside London <sup>(3)</sup>
  - ~60% of room nights of the Property is derived from domestic demand



Image Credits: Zill Niazi (<http://bit.ly/2oOMLTZ>), FMori (<http://bit.ly/2oSrGrR>)

(1) Savills, Manchester Office Market Report, Mar 2017

(2) KPMG Competitive Alternatives Survey 2016

(3) CBRE, Manchester, An Introduction and Market Overview, Mar 2017



## Leisure Demand – Football-related Business Features Prominently for Property



### Manchester United Football Club (“MUFC”)

- Highest earning football club in the world (by revenue), supported by MUFC’s strong commercial growth coupled with a return to European football <sup>(1)</sup>
- Average attendance per league match is approximately 75,300 <sup>(1)</sup>
- MUFC has a fan base over 100 million in China <sup>(2)</sup> and 659 million globally <sup>(3)</sup>



### Manchester City Football Club (“MCFC”)

- 5<sup>th</sup> highest earning football club in the world (by revenue) <sup>(1)</sup>
- Average attendance per league match is approximately 54,000 <sup>(1)</sup>

### Vibrant Football Scene

- In 2016/2017, MUFC and MCFC has 38 premier league matches each, with 19 being held at Old Trafford and Etihad Stadium respectively
- In addition, both football clubs are also in the FA Cup and EFL Cup; while MUFC is in the UEFA Europa Cup and MCFC is in the UEFA Champions League, for the 2016/2017 season

Image Credits: Manchester United Football Club, Manchester City Football Club

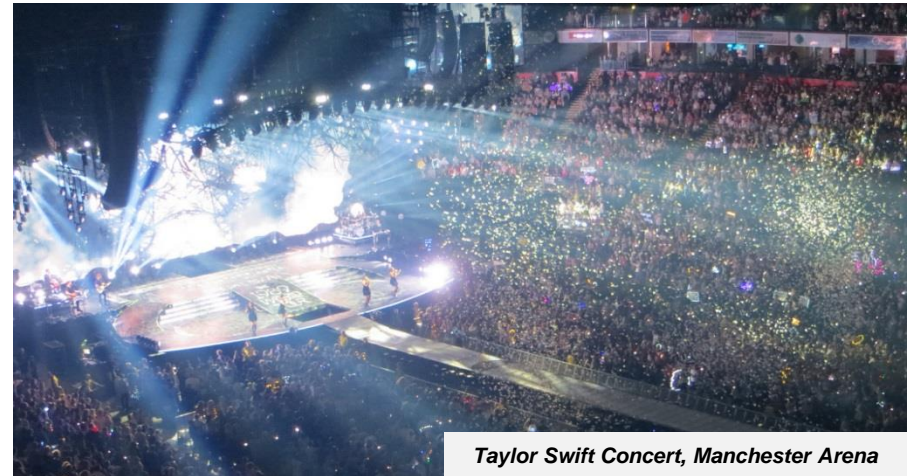
(1) Deloitte, Football Money League, Jan 2017

(2) Jing Daily, “Thomas Cook Partners with Manchester United to Win Over Chinese Tourists”, 5 Jan 2017

(3) The Telegraph, “Manchester United survey reveals they have doubled their global fan base to 659 million over five years”, 29 May 2012

## Leisure Demand – Regional Centre for Entertainment

- Manchester has a strong programme of cultural events, concerts and exhibitions, hosting several concerts all year round featuring A-List artists as well as large city wide festivals
- Manchester Arena is one of the busiest venues in the world and the largest indoor arena in Europe <sup>(1)</sup> (capacity ~21,000):
  - Hosted the biggest names in live entertainment including U2, The Rolling Stones, Madonna, Lady Gaga and the late Pavarotti
  - 2017 concerts include Ed Sheeran, Iron Maiden, Kings of Leon, Celine Dion, Lady Gaga and Linkin Park
- City is host to Manchester International Festival, a biennial international arts festival which draws in tourism and strengthens Manchester as an international centre for culture (attendance ~260,000 in 2015) <sup>(2)</sup>

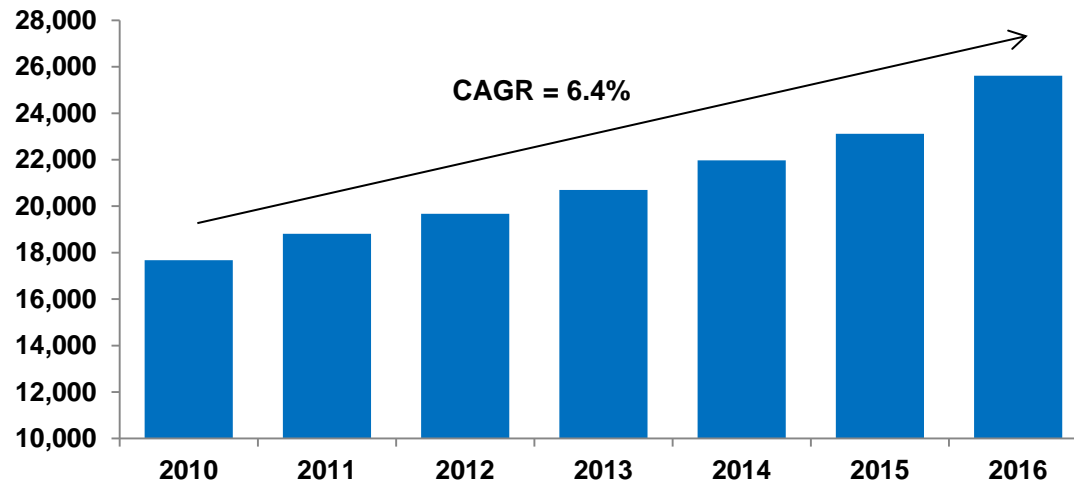






## Manchester Airport Total Passengers (1)

Thousand



## New International Direct Flights

Manchester → Beijing	Jun-16
Singapore → Manchester*	Oct-16
Manchester → Houston	Oct-16
Manchester → Nuremberg	Nov-16
Manchester → San Francisco	Mar -17
Manchester → Boston	Mar-17
Manchester → Los Angeles	May-17
Manchester → New York	May-17
Muscat → Manchester	May-17

## Improvements to Rail Network

- Northern Hub rail project was launched in 2014 to improve connection to and across Manchester
  - New Ordsall Chord railway section is currently under construction to directly link Manchester's 3 main railway stations – Manchester Piccadilly, Manchester Victoria and Oxford Road
  - Once complete in 2018, Manchester Victoria railway station will become the rail hub for TransPennine services, which serves North-West England, and will greatly enhance connectivity to Manchester<sup>(2)</sup>
- Planned high-speed railway line (HS2) connecting London, Manchester, Birmingham and Leeds via Manchester Piccadilly and Manchester Airport railway stations, which will greatly reduce travel time to ~1 hour between Manchester and London once complete by 2033<sup>(3)</sup>

\* First non-stop flight from Singapore to Manchester

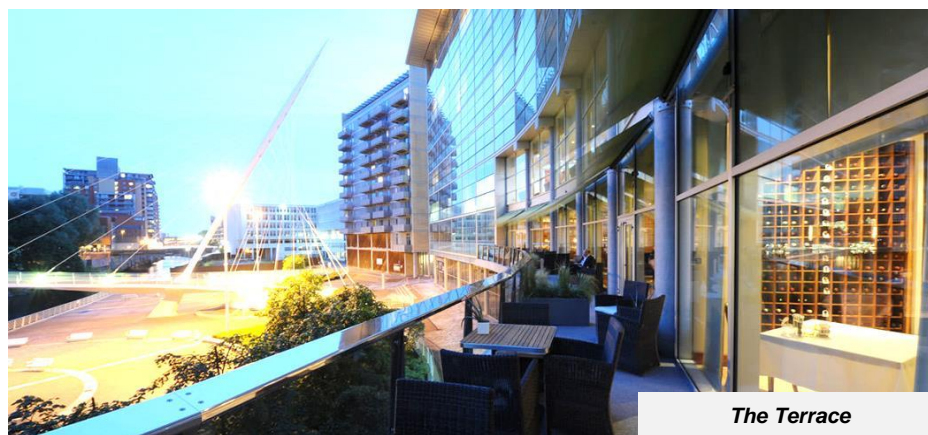
(1) Manchester Airport, Traffic Statistics

(2) Arcadis, Manchester Victoria Station

(3) BBC, "What do we know about HS2?", 15 Nov 2016



## Unique Opportunity to Own an Iconic Asset



- One of two 5-star hotels in Manchester<sup>(1)</sup>
- Property is one of only 11 hotels in England to be part of The Leading Hotels of The World, one of the largest collection of luxury hotels in the world with over 375 hotels in 75 countries<sup>(2)</sup>
- Property boasts a total of 165 guest rooms, including six suites and a Presidential Suite
- While there is some upcoming increase in hotel rooms supply in the market, the Property leads Manchester with the highest Average Daily Rate<sup>(3)</sup> and strong demand drivers are expected to support its performance in the medium term
- Since its opening in 2001, the Property has hosted many notable celebrities including Beyoncé and Lady Gaga, prominent foreign dignitaries, sports stars such as the late Muhammad Ali as well as prestigious football teams

(1) Knight Frank Valuation Report dated 28 Apr 2017

(2) The Leading Hotels of the World, Hotel List

(3) CBRE Information Memorandum

# Broaden Earnings Base and Strengthen Portfolio through Diversification



<b>Singapore</b>	<b>6 Hotels &amp; 1 Retail Mall</b>
<b>Australia</b>	<b>5 Hotels</b>
<b>New Zealand</b>	<b>1 Hotel</b>
<b>Maldives</b>	<b>2 Resorts</b>
<b>Japan</b>	<b>2 Hotels</b>
<b>United Kingdom</b>	<b>2 Hotels</b>

**Total Rooms** 5,077

**Portfolio Valuation** S\$2.5 billion

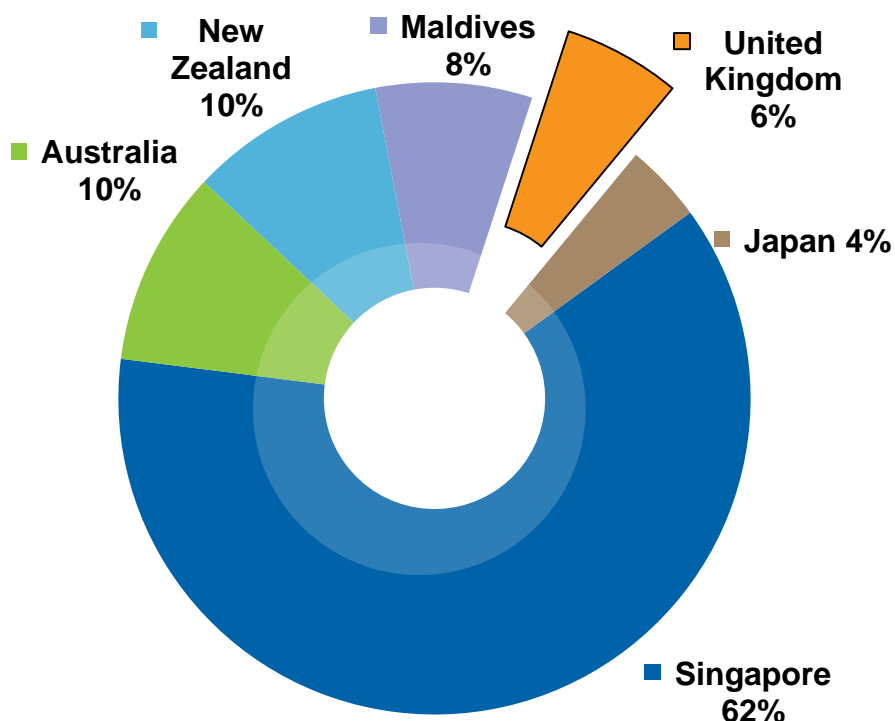


- Upon completion, total number of properties will increase to 19

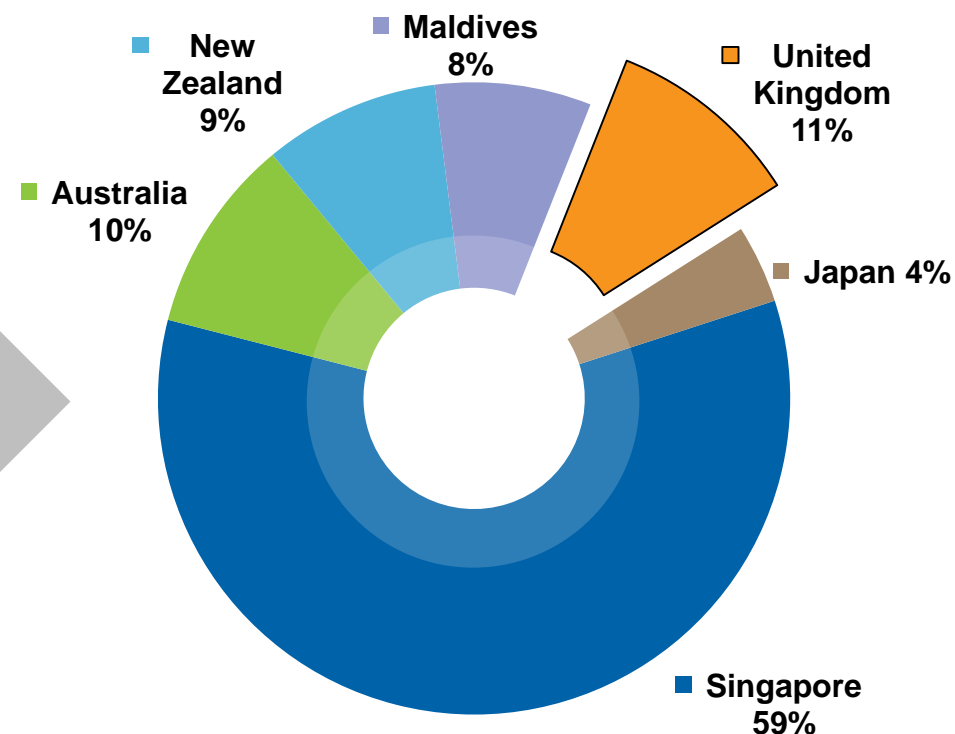


## Pro Forma Net Property Income Contribution for FY 2016

### Pre-Acquisition



### Post-Acquisition <sup>(1)</sup>

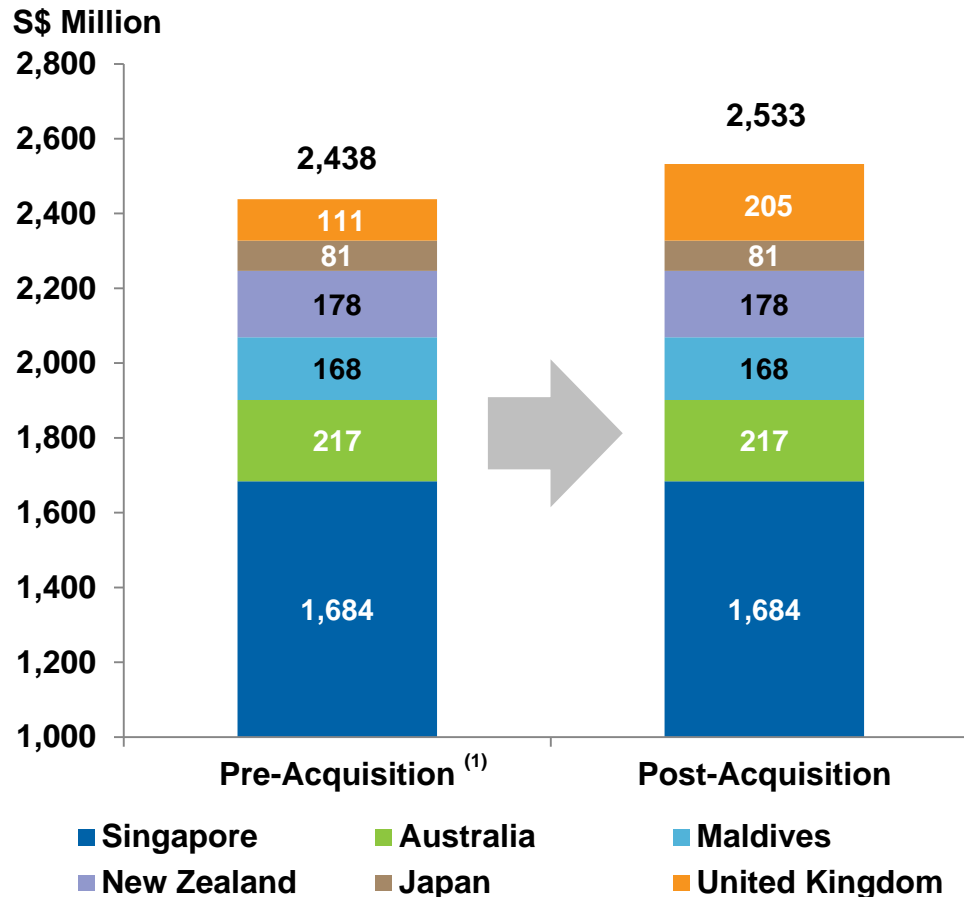


- Assuming CDLHT owned the Property from 1 January 2016, the Property would have accounted for 4.7% of CDLHT's total net property income on a pro forma basis for FY 2016

# Broaden Earnings Base and Strengthen Portfolio through Diversification (Con't)



## Valuation of CDLHT's Properties



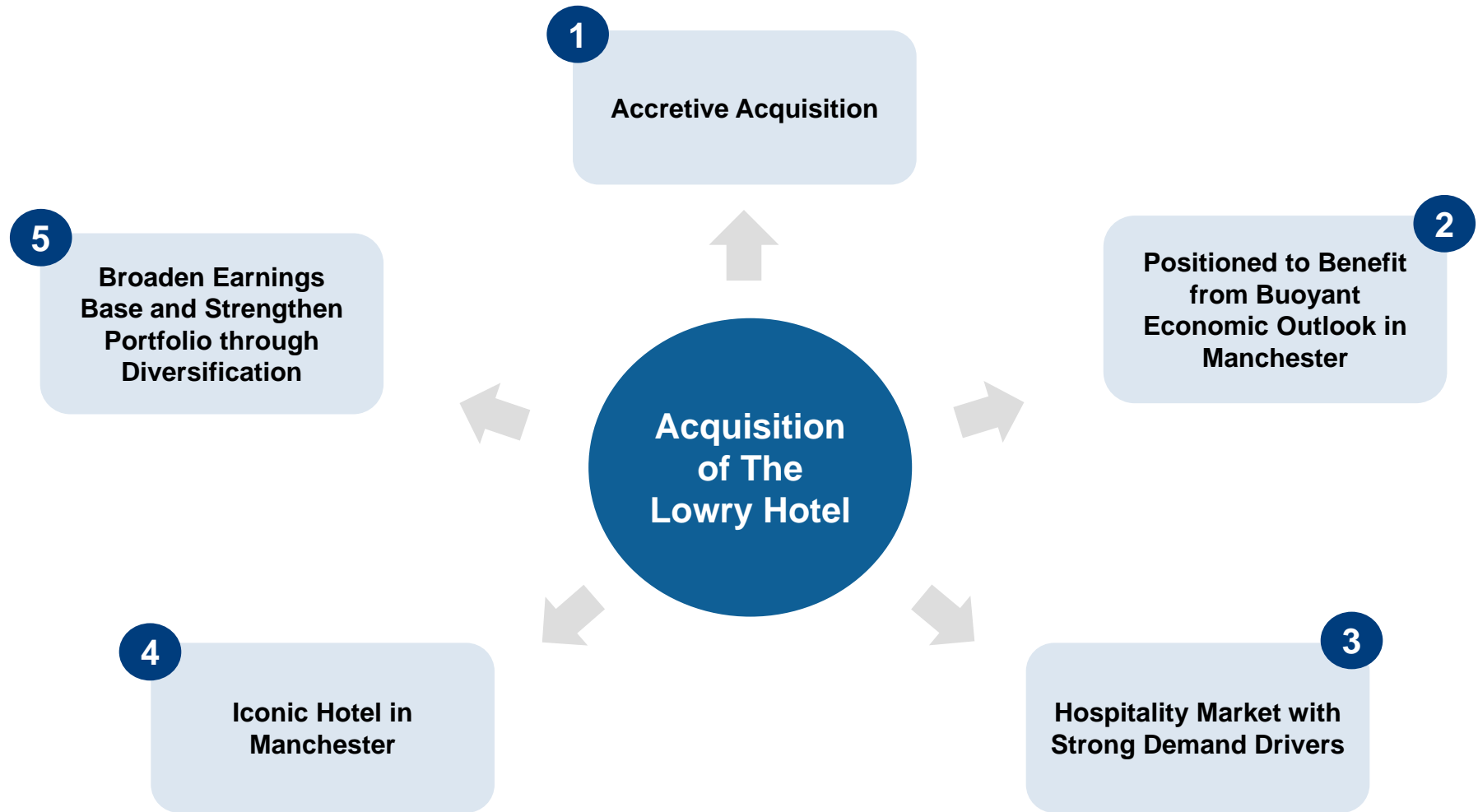
Country	Pre-Acquisition <sup>(1)</sup>	Post-Acquisition
Singapore	69.1%	66.5%
Australia	8.9%	8.6%
Maldives	6.9%	6.6%
New Zealand	7.3%	7.0%
Japan	3.3%	3.2%
United Kingdom	4.5%	8.1%

(1) Valuations as reflected in CDLHT Annual Report 2016.

# Summary of Investment Highlights



CDL HOSPITALITY TRUSTS



CDLHT is poised to benefit from this opportune entry at a low point of the currency cycle as well as the exposure to the fast-growing Manchester hospitality market



THANK YOU

