



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)
and

CDL HOSPITALITY BUSINESS TRUST

(a business trust constituted on 12 June 2006 under the laws of the Republic of Singapore)

PROPOSED ACQUISITION AND MASTER LEASE OF STUDIO M HOTEL SINGAPORE

1. INTRODUCTION

1.1 Acquisition

M&C REIT Management Limited, as manager of CDL Hospitality Real Estate Investment Trust (“**H-REIT**”, and as manager of H-REIT, the “**H-REIT Manager**”), is pleased to announce that DBS Trustee Limited, as trustee of H-REIT (the “**H-REIT Trustee**”), has on 1 March 2011 entered into a conditional sale and purchase agreement (the “**Sale and Purchase Agreement**”) with Republic Iconic Hotel Pte. Ltd. (the “**Vendor**”) to acquire Studio M Hotel Singapore which is located at 3 Nanson Road, Singapore 238910 (“**Studio M Hotel**”, and the acquisition of Studio M Hotel, the “**Acquisition**”¹) at a purchase consideration of S\$154.0 million (the “**Purchase Consideration**”). The Vendor is an indirect wholly-owned subsidiary of Millennium & Copthorne Hotels plc (the “**Sponsor**”).

The H-REIT Trustee is also proposing to grant a master lease² of Studio M Hotel to Republic Iconic Hotel Pte. Ltd., as master lessee (the “**Master Lessee**”), immediately upon the completion of the Acquisition (the “**Master Lease**”, and together with the Acquisition, the “**Transactions**”).

¹ “**Acquisition**” includes the acquisition by the H-REIT Trustee from the Vendor of the plant and equipment at Studio M Hotel and the furniture, fixtures and equipment (“**FF&E**”) relating to the hotel operations at Studio M Hotel, but excluding certain computer systems and equipment to be retained under the ownership of the Vendor but used in the hotel business of Studio M Hotel by the Master Lessee at no additional cost to H-REIT under the Master Lease Agreement (as defined herein). The land title which is being acquired by the H-REIT Trustee from the Vendor is the remainder of a 99-year leasehold interest which commenced on 26 February 2007.

² The plant and equipment and the FF&E at Studio M Hotel acquired by the H-REIT Trustee under the Acquisition will also be leased by the H-REIT Trustee to the Master Lessee under the Master Lease.

Completion of the Acquisition under the Sale and Purchase Agreement is conditional upon the approval of the holders of Stapled Securities³ (“**Security Holders**”) for (i) the Acquisition and (ii) the entry into of an agreement in relation to the Master Lease between the H-REIT Trustee, the H-REIT Manager and the Master Lessee (the “**Master Lease Agreement**”) immediately upon the completion of the Acquisition.

1.2 Information on Studio M Hotel

Studio M Hotel is a design-oriented hotel comprising two wings with 360 rooms which was completed in 2010. Situated at 3 Nanson Road, in the Robertson Quay entertainment precinct, Studio M Hotel is surrounded by an array of bars, restaurants and entertainment venues. With its central location, Studio M Hotel is a short distance from the Central Business District (“**CBD**”) and many other major tourism precincts such as the Orchard Road shopping belt, Clarke Quay, Boat Quay and Chinatown.

1.3 Relationship with the Vendor

As at the date of this announcement, the Sponsor held an aggregate indirect interest in 335,451,072 Stapled Securities, which is equivalent to approximately 34.99% of the total number of Stapled Securities in issue, and is therefore regarded as a controlling Security Holder under both the Listing Manual of Singapore Exchange Securities Trading Limited (the “**Listing Manual**”) and Appendix 2 of the Code on Collective Investment Schemes issued by the Monetary Authority of Singapore (the “**Property Funds Appendix**”). In addition, as the H-REIT Manager is a wholly-owned subsidiary of the Sponsor, the Sponsor is regarded as a controlling shareholder of the H-REIT Manager under both the Listing Manual and the Property Funds Appendix.

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

Therefore, each of the Transactions will constitute an “interested person transaction” under Chapter 9 of the Listing Manual as well as an “interested party transaction” under the Property Funds Appendix, in respect of which the approval of Security Holders is required.

A circular is expected to be issued to Security Holders (the “**Circular**”) in due course, together with a notice of extraordinary general meeting of Security Holders, for the purpose of seeking the approval for the Transactions.

³ Each “**Stapled Security**” comprises one unit in H-REIT and one unit in CDL Hospitality Business Trust (“**HBT**”) stapled together under the terms of the stapling deed dated 12 June 2006 (as amended, varied and supplemented from time to time) made between the H-REIT Manager, the H-REIT Trustee and M&C Business Trust Management Limited, as trustee-manager of HBT (the “**HBT Trustee-Manager**”).

2. PRINCIPAL TERMS OF THE TRANSACTIONS

2.1 Details of the Transactions

2.1.1 (a) Acquisition

On 1 March 2011, the H-REIT Trustee entered into the Sale and Purchase Agreement with the Vendor for the Acquisition at the Purchase Consideration. The Purchase Consideration was arrived at on a willing-buyer and willing-seller basis after taking into account two independent valuations of the current market value of the leasehold interest as of January 2011 of Studio M Hotel, on a going concern basis, subject to the Master Lease Agreement. Completion of the Acquisition under the Sale and Purchase Agreement is conditional upon the approval of Security Holders for (i) the Acquisition and (ii) the entry into of the Master Lease Agreement immediately upon the completion of the Acquisition under the Sale and Purchase Agreement.

The H-REIT Manager has commissioned the independent property valuer, CB Richard Ellis (Pte) Ltd ("**CBRE**") and the H-REIT Trustee has commissioned the independent property valuer, Knight Frank Pte Ltd ("**Knight Frank**") to value Studio M Hotel. CBRE, in its report dated 10 January 2011, stated that the open market value of Studio M Hotel is S\$154.0 million and Knight Frank in its report dated 10 January 2011, stated that the open market value of Studio M Hotel is S\$153.8 million.

If approval by Security Holders for the Transactions is not obtained by 29 April 2011, either the H-REIT Trustee or the Vendor may by notice in writing to the other party terminate the Sale and Purchase Agreement.

2.1.2 (b) Estimated Acquisition Cost

The current estimated total cost of the Acquisition ("**Total Acquisition Cost**") is approximately S\$156.2 million, comprising:

- (i) the Purchase Consideration of S\$154.0 million;
- (ii) the acquisition fee to be satisfied via the issuance of new Stapled Securities to the H-REIT Manager pursuant to the trust deed constituting H-REIT (the "**H-REIT Trust Deed**"⁴) for the Acquisition (the "**Acquisition Fee**"), which amounts to approximately S\$1.54 million; and

⁴

The H-REIT Trust Deed as amended by the First Supplemental Deed dated 11 January 2007, the Second Supplemental Deed dated 26 March 2010 and the Third Supplemental Deed dated 20 July 2010.

- (iii) the estimated professional and other fees and expenses incurred by H-REIT in connection with the Acquisition which amount to approximately S\$0.7 million.

As the Acquisition will constitute an “interested party transaction” of H-REIT under the Property Funds Appendix, the Acquisition Fee will be satisfied via the issuance of new Stapled Securities which shall not be sold within one year from the date of issuance. Apart from the Acquisition Fee, the rest of the Total Acquisition Cost will be paid in cash. The Acquisition Fee will be payable as soon as practicable after the completion of the Acquisition.

2.2 Master Lease Agreement

The H-REIT Trustee is also proposing to grant the Master Lease of Studio M Hotel⁵ to the Master Lessee immediately upon the completion of the Acquisition.

The initial term of the Master Lease is for 20 years, commencing from the date of completion of the Acquisition, with:

- (i) an option for the Master Lessee to extend the lease term for a first additional term of 20 years commencing immediately after the date of the expiry of the first 20-year term;
- (ii) an option for the Master Lessee to extend the lease term for a second additional term of 20 years commencing immediately after the date of expiry of the term set out in sub-paragraph (i) above; and
- (iii) an option for the Master Lessee to extend the lease term for a third additional term of 10 years commencing immediately after the date of the expiry of the term set out in sub-paragraph (ii) above,

with each extension to be on substantially the same terms and conditions. The total term of the Master Lease is therefore up to 70 years from the date of completion of the Acquisition.

Under the Master Lease, the Master Lessee is required to pay rent on a monthly basis in arrears on the 15th day of the following month, which rent shall comprise:

- (a) a fixed rent component of S\$5.0 million per annum for the initial 10 years of the Master Lease and following the initial 10 years of the Master Lease, a fixed rent component as described below; and
- (b) a variable rent component computed based on the sum of 30.0% of Studio M Hotel’s revenue for that fiscal year and 20.0% of Studio M Hotel’s gross

⁵ The Master Lease includes the lease by the H-REIT Trustee to the Master Lessee of the plant and equipment and the FF&E at Studio M Hotel.

operating profit for that fiscal year, less the fixed rent for that fiscal year⁶ (as set out in sub-paragraph (a) above), and if the calculation of the variable rent yields a negative figure, the variable rent will be deemed to be zero.

The quantum of the variable rent for a fiscal year will be adjusted at the end of such fiscal year based on the audited profit and loss statement of Studio M Hotel for such fiscal year.

For the first 12 months of the Master Lease, the Master Lessee will pay a total minimum rent (net of property taxes and insurance premiums payable by the H-REIT Trustee under the Master Lease Agreement) of S\$9.24 million ("**Guaranteed Net Rent**") which will provide H-REIT with a net yield of approximately 6.0%, based on the Purchase Consideration of S\$154.0 million. If a Force Majeure Event⁷ occurs at any time during the first 12 months of the lease, the Guaranteed Net Rent will be reduced, taking into account the proportion by which the period affected by such Force Majeure Event bears to the entire period of the first 12 months of the Master Lease.

The fixed rent component of the rent shall be revised on the tenth anniversary date of the commencement of the Master Lease (the "**Rent Revision Date**") to an amount equivalent to 50.0% of the average annual aggregate fixed rent and variable rent for the five fiscal years preceding the Rent Revision Date (the "**Revised Fixed Rent Amount**") in the event the fixed rent component prevailing at the time of the Rent Revision Date is less than the Revised Fixed Rent Amount. If a Force Majeure Event occurs at any time during the five fiscal years preceding the Rent Revision Date, the period affected by such Force Majeure Event and the rent paid during such period shall be disregarded in the computation of the Revised Fixed Rent Amount.

3. RATIONALE FOR THE TRANSACTIONS

The Transactions meet H-REIT's stated objective of owning quality income-producing hospitality and/or hospitality-related properties in Singapore and the region that generate long-term quality rental income with growth potential, broaden its earnings base and enhance the distribution per Stapled Security ("**DPS**") to Security Holders. The H-REIT Manager believes that the Transactions will bring the following key benefits to Security Holders:

⁶ "**fiscal year**" means a calendar year commencing 1 January and ending on 31 December, provided that the first Fiscal Year shall commence on the date of completion of the Acquisition and end on 31 December in the year in which completion of the Acquisition occurred and the last Fiscal Year shall commence on 1 January of that year and end on the date of termination of the Master Lease.

⁷ "**Force Majeure Event**" means any material and adverse event which:

- (i) is outside the reasonable control of both the H-REIT Trustee and the Master Lessee;
- (ii) is not foreseeable; and
- (iii) has an adverse and direct impact on the demand for hotel rooms at Studio M Hotel, such event being in the nature of an act of God, flooding, any epidemic in respect of an outbreak of any life threatening infectious disease, national emergency, war, insurgency, civil commotion, riots or the like.

3.1 Unique opportunity to acquire a new hospitality asset in a rising market

The Acquisition is a unique opportunity to acquire a new hospitality property amidst a strong and rising hospitality market in Singapore, at approximately S\$428,000 per key⁸, approximating the average of two independent market valuations obtained.

This opportunity for H-REIT to acquire Studio M Hotel was made possible on account of H-REIT's and the H-REIT Manager's relationship with the Sponsor. By having the visibility and being in a position to tap on the Sponsor's portfolio and pipeline of quality hospitality assets in Singapore, the H-REIT Manager is able to leverage on the Sponsor's capacity to support the growth of H-REIT.

3.2 Accretive transactions

The H-REIT Manager is of the view that the Transactions are accretive. The pro forma financial effect of the Transactions on the income available for distribution (before deducting income retained for working capital) would be an incremental S\$5.2 million⁹ for the year ended 31 December 2010 ("FY2010"), translating to an additional DPS of 0.56⁹ cent or 5.0%.

Based on the Purchase Consideration of S\$154.0 million, the pro forma property yield of Studio M Hotel for FY2010 would be 6.1%¹⁰ which compares favourably to H-REIT's existing portfolio's implied property yield of 5.3%¹¹ for the same period. This is despite the fact that Studio M Hotel only just commenced full operations on 1 June 2010 (being the first complete month when the full room inventory was available for sale).

3.3 Quality, well-located property which appeals to both business and leisure segments

Studio M Hotel is strategically located in the Robertson Quay entertainment precinct in Singapore, close to the CBD and Orchard Road shopping belt. It is a newly completed hotel within walking distance of other dining and entertainment strips along the Singapore River including Clarke Quay and Boat Quay.

Studio M Hotel's location enables it to appeal to both business and leisure travellers who prefer proximity to the city centre, while at the same time offering travellers contemporary and stylish accommodation. Coupled with strong accommodation demand

⁸ Based on the Purchase Consideration of S\$154.0 million.

⁹ For further details on the pro forma financial effects of the Transactions on the DPS for FY2010, please refer to paragraph 4.1 of this Announcement.

¹⁰ Based on the pro forma net property income from Studio M Hotel for FY2010 of S\$9.4 million as a percentage of the Purchase Consideration of S\$154.0 million. As a percentage of the Total Acquisition Cost of S\$156.2 million, the net property yield would be 6.0%.

¹¹ The implied property yield is computed based on the Net Property Income for H-REIT Group's existing portfolio for FY2010 (based on H-REIT Group's FY2010 Unaudited Financial Statements) divided by the sum of market capitalisation as at 28 February 2011 and total debt less cash and cash equivalents as at 31 December 2010.

in Singapore, Studio M Hotel enjoyed a high average occupancy rate of 88.9% from 1 June 2010 to 31 December 2010.

3.4 The Master Lease Agreement contains terms which assure a long-term stream of quality income for H-REIT

The proposed Master Lease of at least 20 years and up to 70 years (at the option of the Master Lessee) will enable H-REIT to enjoy a long-term stream of quality income with organic growth from the fixed and variable rent terms as described in paragraph 2.2 above.

In addition to the fixed and variable rent terms, the Guaranteed Net Rent, which is guaranteed by the Master Lessee, will provide H-REIT with a net yield of approximately 6.0%, based on the Purchase Consideration of S\$154.0 million for the first 12 months of the Master Lease. If a Force Majeure Event occurs at any time during the first 12 months of the Master Lease, the Guaranteed Net Rent will be reduced, taking into account the proportion by which the period affected by such Force Majeure Event bears to the entire period of the first 12 months of the Master Lease.

In terms of capital expenditure, the cost of FF&E of Studio M Hotel will be borne by the Master Lessee under the terms of the Master Lease Agreement, while other capital improvement expenditures (such as improvement works on the physical structure of Studio M Hotel) will be borne by H-REIT.

3.5 Beneficiary of the buoyant Singapore hotel sector

H-REIT stands to enhance its position as a beneficiary of the strong visitor arrival trends in Singapore with the inclusion of Studio M Hotel in H-REIT's portfolio.

The visitor arrivals to Singapore grew strongly by 20.2%¹² in FY2010 compared to 2009, riding on the strength of regional economic growth and a vibrant tourism landscape in Singapore, boosted by the opening of the Integrated Resorts (“IRs”). Singapore's top three markets of Indonesia, China and Malaysia continued to record impressive annual growth of between 26.3%¹² and 38.8%¹² in visitor arrivals during this period.

As a result, notwithstanding a 16.1% increase in hotel room supply since the beginning of 2010, the Singapore hotel industry recorded an average occupancy rate of 86.0%¹² in FY2010. In 2011, a significantly smaller supply of 1,287 rooms is expected to be added, increasing the hotel room supply by an estimated 3.2% (according to Howarth HTL research, 14 January 2011).

Against this supply, the Singapore Tourism Board (“STB”) projects that visitor arrivals will increase from 11.6 million visitors in 2010 to 17.0 million in 2015¹³, implying an average growth rate of 7.9% annually. The opening of the two IRs in Singapore, namely Resorts World Sentosa (“RWS”) and Marina Bay Sands (“MBS”), has fostered increased

¹² STB December 2010 Monthly Factsheet, Visitor Arrival Statistics and Hotel Statistics.

¹³ The Straits Times, “Tourist arrivals ‘may rise 16% or more this year’”, 12 February 2011.

vibrancy in the Singapore tourism landscape and fuelled the strong performance of the hotel sector. New attractions such as the Lion King musical at MBS which debuts in March 2011 and others slated to open in the coming years such as water-themed attractions at RWS, Gardens by the Bay, River Safari, Changi Motorsports Hub and Singapore Arts Gallery, are set to enrich the Singapore experience for visitors. The phased introduction of these added attractions, within the IRs and beyond, will act as further catalysts in sustaining the growth momentum of Singapore's tourism and hospitality sector.

With its strategic location, Studio M Hotel is poised to benefit from the expected increase in demand for hotel rooms. The Transactions will enhance H-REIT's exposure to the attractive hospitality market in Singapore, increasing H-REIT's total number of rooms in Singapore by 15.3% from 2,351 rooms to 2,711 rooms. H-REIT's FY2010 pro forma net property income ("NPI") contribution from its Singapore properties would increase by 10.3% from S\$91.4 million to S\$100.8 million.

3.6 Broadening earnings base and improving stability of overall portfolio

Following the completion of the Acquisition, Studio M Hotel would contribute approximately 8%¹⁴ of H-REIT and its subsidiaries' ("**H-REIT Group**") total gross rental revenue and NPI on a pro forma basis for FY2010, thereby having the effect of broadening H-REIT Group's earnings base. This has the additional benefit of reducing H-REIT Group's reliance on any single property such that the maximum contribution in gross rental revenue from any single property in H-REIT Group's portfolio will fall from 22% to 20% for the same period.

Through the Transactions, H-REIT would be able to build up a more defensive income profile and further improve its flexibility to consider other target acquisitions with varying risk and reward profile.

¹⁴ The pro forma gross rental revenue and NPI from Studio M Hotel are calculated based on the performance of Studio M Hotel from 1 June 2010 (being the first complete month when the full room inventory was available for sale) to 31 December 2010 on an annualised basis, as if Studio M Hotel had been fully operational since 1 January 2010. The pro forma NPI is based on the pro forma gross rental revenue less estimated property taxes and insurance premiums payable by the H-REIT Trustee under the Master Lease Agreement ("**Property Expenses**") for Studio M Hotel for the full year.

4. FINANCIAL EFFECTS OF THE TRANSACTIONS

The pro forma financial effects of the Transactions on the DPS and net asset value (“NAV”) per Stapled Security presented below are strictly for illustrative purposes and were prepared based on the unaudited consolidated financial statements of H-REIT for the financial year ended 31 December 2010 (the “**H-REIT Group FY2010 Unaudited Financial Statements**”), taking into account the Total Acquisition Cost, the pro forma rent from Studio M Hotel and certain assumptions including (but not limited to) the following:

- (i) approximately 793,815 new Stapled Securities are issued for the Acquisition Fee payable to the H-REIT Manager at the issue price of S\$1.94 per new Stapled Security (purely for illustrative purposes only)¹⁵; and
- (ii) additional borrowings of S\$154.7 million¹⁶ are taken to finance the Acquisition. H-REIT Group’s Aggregate Leverage¹⁷ will increase from approximately 20.4% (based on H-REIT Group FY2010 Unaudited Financial Statements) to approximately 26.5%¹⁸.

¹⁵ Acquisition Fee payable is 1.0% of the Purchase Consideration, amounting to S\$1.54 million. Such fee will be wholly satisfied via the issuance of new Stapled Securities of CDL Hospitality Trusts, in accordance with the H-REIT Trust Deed.

¹⁶ See paragraph 5 for the proposed financing plan for the Acquisition.

¹⁷ “**Aggregate Leverage**” means the ratio of the value of borrowings and deferred payments (if any) to the value of all the assets of H-REIT, including all its “Authorised Investments” (as defined in the H-REIT Trust Deed) for the time being held or deemed to be held upon the trusts under the H-REIT Trust Deed.

¹⁸ Assuming the Transactions were completed on 31 December 2010.

4.1 Pro Forma DPS and Distribution Yield of the Transactions

Financial Year ended 31 December 2010

The pro forma financial effects of the Transactions on the DPS for FY2010, as if H-REIT had purchased Studio M Hotel on 1 January 2010 and held and operated Studio M Hotel through to 31 December 2010, are as follows:

	Pro forma effects of the Transactions for FY2010	
	Before the Transactions	After the Transactions
Net Income of H-REIT (S\$'000)	144,033 ⁽¹⁾	148,496 ⁽²⁾
Distributable Income ⁽³⁾ (S\$'000)	100,653	105,804
No. of Stapled Securities ('000)	958,768 ⁽⁴⁾	959,917 ⁽⁵⁾
DPS (cents)	11.18	11.74
Distribution yield (%) ⁽⁶⁾	5.76	6.05

Notes:

- (1) Based on the unaudited financial statements of CDL Hospitality Trusts for FY2010, which include rental income contribution from Novotel Brisbane, Mercure Brisbane, Ibis Brisbane, Mercure Perth and Ibis Perth commencing one day following the completion of its acquisition on 18 February 2010. The net income is derived before deducting income tax expenses.
- (2) Includes (i) pro forma gross rental revenue from Studio M Hotel and (ii) deduction of additional borrowing costs, H-REIT Manager's fees, H-REIT Trustee's fees, Property Expenses and other trust expenses in connection with the Transactions. The pro forma gross revenue and gross operating profit of Studio M Hotel are calculated based on its performance from 1 June 2010 (being the first complete month when the full room inventory was available for sale) to 31 December 2010 on an annualised basis, as if Studio M Hotel had been fully operational since 1 January 2010.
- (3) The distributable income of CDL Hospitality Trusts (before deducting income retained for working capital) represents the aggregate of distributions by H-REIT and HBT. The distribution of CDL Hospitality Trusts for FY2010 is contributed solely by H-REIT as HBT was dormant during the year. Accordingly, only the income available for distribution of H-REIT has been presented.
- (4) Number of Stapled Securities issued and issuable as at 31 December 2010.
- (5) Based on the issued and issuable Stapled Securities as at 31 December 2010 in Note 4 above, approximately 793,815 new Stapled Securities are assumed to be issued as payment of the Acquisition Fee and an additional 354,666 new Stapled Securities are assumed to be issued as payment of the management fee to the H-REIT Manager as a result of the Acquisition at the issue price of S\$1.94 per new Stapled Security (purely for illustrative purposes only).
- (6) Based on the Stapled Securities' closing market price of S\$1.94 as at 28 February 2011.

4.2 Pro Forma NAV of the Transactions

The pro forma financial effects of the Transactions on the NAV per Stapled Security as at 31 December 2010, as if the Transactions were completed on 31 December 2010, are as follows:

	Pro forma effects of the Transactions as at 31 December 2010	
	Before the Transactions	After the Transactions
NAV (S\$'000)	1,460,238 ⁽¹⁾	1,461,778
No. of Stapled Securities ('000)	958,768 ⁽²⁾	959,562 ⁽³⁾
NAV per Stapled Security (S\$)	1.52	1.52

Notes:

- (1) Based on the unaudited financial statements of CDL Hospitality Trusts for FY2010.
- (2) Number of Stapled Securities issued and issuable as at 31 December 2010.
- (3) Includes the issued and issuable Stapled Securities as at 31 December 2010 in Note 2 above and approximately 793,815 new Stapled Securities assumed to be issued in satisfaction of the Acquisition Fee payable to the H-REIT Manager at the issue price of S\$1.94 per new Stapled Security (purely for illustrative purposes only).

4.3 Pro Forma Capitalisation Transactions

The following table sets forth the pro forma capitalisation of CDL Hospitality Trusts as at 31 December 2010, as if H-REIT had completed the Transactions on 31 December 2010.

	Actual (S\$ million)	As Adjusted for the Transactions (S\$ million)
Short-term debt:		
Secured debt	-	-
Unsecured debt	-	154.7
Total short-term debt	-	154.7
Long-term debt:		
Secured debt	-	-
Unsecured debt	382.7	382.7
Total long-term debt	382.7	382.7
Total debt:	382.7	537.4
Security Holders' funds	1,460.2	1,461.8
Total Security Holders' funds	1,460.2	1,461.8
Total Capitalisation	1,842.9	1,999.2

4.4 Value of Purchase Consideration and Total Acquisition Cost compared to market capitalisation

The following table sets forth the value of Purchase Consideration and Total Acquisition Cost compared to market capitalisation as at 28 February 2011.

	S\$ million
Purchase Consideration	154.0
Total Acquisition Cost	156.2
Market Capitalisation	1,860.0

5. METHOD OF PROPOSED FINANCING

The Purchase Consideration will initially be fully funded through debt financing, via H-REIT's acquisition facilities. This could be partly or wholly refinanced with the proceeds to be raised from issuing notes through H-REIT's recently established S\$1.0 billion Multi-Currency Medium Term Note Programme or other means, at such time to be determined by the H-REIT Manager.

6. AUDIT COMMITTEE STATEMENT

The audit committee of the H-REIT Manager will obtain an opinion from an independent financial adviser before forming its view, which will be disclosed in the Circular, as to whether the Transactions are on normal commercial terms and are not prejudicial to the interests of H-REIT and its minority Security Holders.

7. INTERESTS OF DIRECTORS AND CONTROLLING SECURITY HOLDERS

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

Wong Hong Ren is the chairman and a non-executive director of the H-REIT Manager and the HBT Trustee-Manager, an executive director of the Sponsor and a director of the Vendor. Yeo Wee Eng Vincent is the chief executive officer and an executive director of the H-REIT Manager and the HBT Trustee-Manager.

As at the date of this announcement, Hospitality Holdings Pte. Ltd. has a direct interest in 313,950,000 Stapled Securities, representing approximately 32.75% of the total number of Stapled Securities in issue.

As at the date of this announcement, ATOS Holding AG, Millennium & Copthorne (Austrian Holdings) Limited, the Sponsor and City Developments Limited are deemed under Section 7 of the Companies Act, Chapter 50 of Singapore (“**Companies Act**”) to have an aggregate indirect interest in 335,451,072 Stapled Securities held by companies in which they are entitled to exercise or control the exercise of not less than 20% of the votes attached to the Stapled Securities thereof which represents approximately 34.99% of the total number of Stapled Securities in issue.

As at the date of this announcement, Hong Leong Investment Holdings Pte. Ltd., Kwek Holdings Pte Ltd and Davos Investment Holdings Private Limited are deemed under Section 7 of the Companies Act, to have an aggregate indirect interest in 339,451,072 Stapled Securities held by companies in which they are entitled to exercise or control the exercise of not less than 20.0% of the votes attached to the Stapled Securities thereof which represents approximately 35.41% of the total number of Stapled Securities in issue.

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

8. OTHER INFORMATION

8.1 Director’s Service Contracts

No person is proposed to be appointed as a director of the H-REIT Manager in connection with the Transactions or any other transactions contemplated in relation to the Transactions.

8.2 Documents available for inspection

Copies of the following documents are available for inspection during normal business hours at the registered office of the H-REIT Manager¹⁹ at 36 Robinson Road, #04-01 City House, Singapore 068877 from the date of this announcement up to and including the date falling three months after the date of this announcement:

- (i) the Sale and Purchase Agreement;
- (ii) the valuation report on Studio M Hotel issued by CBRE; and
- (iii) the valuation report on Studio M Hotel issued by Knight Frank.

The H-REIT Trust Deed will also be available for inspection at the registered office of the H-REIT Manager, for so long as H-REIT is in existence.

¹⁹ Prior appointment with the H-REIT Manager (telephone: +65 6737 1928) will be appreciated.

BY ORDER OF THE BOARD

Enid Ling Peek Fong
Company Secretary
M&C REIT Management Limited
(Company Registration Number 200607091Z)
as manager of CDL Hospitality Real Estate Investment Trust
2 March 2011

IMPORTANT NOTICE

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

Investors have no right to request that the H-REIT Manager and the HBT Trustee-Manager 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 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.