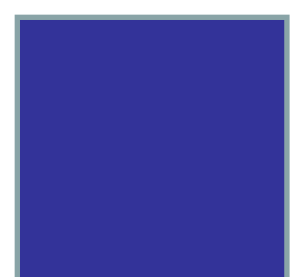
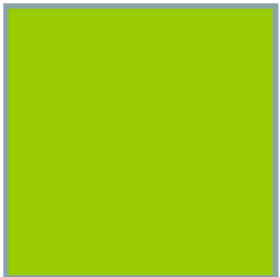
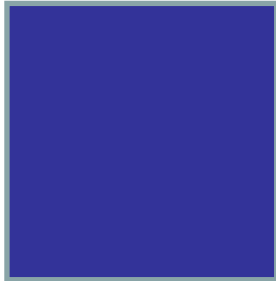




CDL HOSPITALITY TRUSTS

# Proposed Acquisition of Studio M Hotel, Singapore

2 March 2011



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This presentation should be read together with the SGXNet Announcement dated 2 March 2011. A circular will also be issued to Security Holders and uploaded on SGXNet in due course.

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- **Impact on CDL Hospitality Trusts**
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## ***Details of Transaction***

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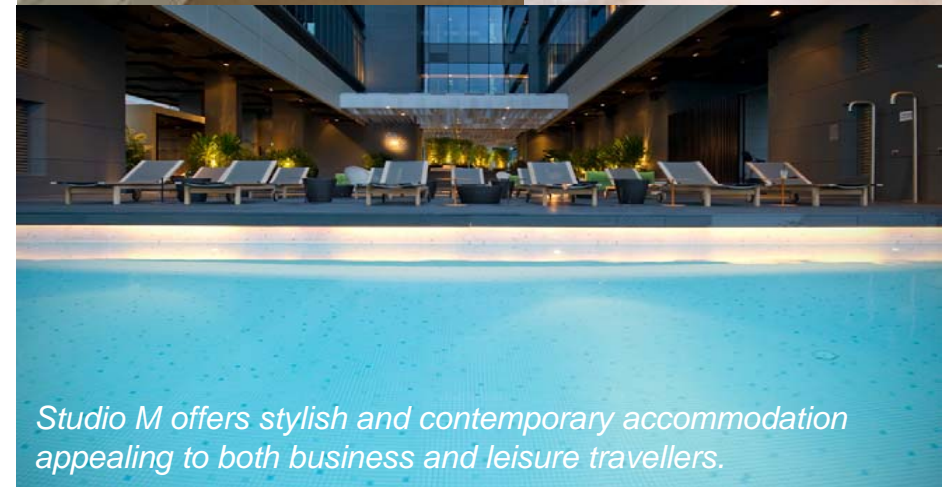
# Studio M Hotel

3 Nanson Road, Singapore



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<b>Rooms</b>	360 over 9 floors
<b>Facilities</b>	<ul style="list-style-type: none"> <li>▪ Open-air tropical deck</li> <li>▪ 25-metre lap pool</li> <li>▪ Open-air gym</li> <li>▪ Lounge area with private cabanas</li> <li>▪ 30 car park lots</li> </ul>
<b>F&amp;B</b>	Italian café & outdoor bar
<b>GFA</b>	8,210 sq m
<b>Land Area</b>	2,932 sq m
<b>Tenure</b>	Leasehold 99 years with effect from 26 Feb '07



*Studio M offers stylish and contemporary accommodation appealing to both business and leisure travellers.*

## Hotel Trading Performance

	Occ	ARR	RevPAR
Jun 10 <sup>(1)</sup> – Dec 10	88.9%	\$174	\$155

Note: (1) Being the first complete month when the full room inventory was available for sale

# Details of Transaction



<b>Purchase Consideration</b>	S\$154.0 million
<b>Price Per Key</b>	~ S\$428,000
<b>Valuation</b>	<b>CBRE</b> S\$154.0 million <b>Knight Frank</b> S\$153.8 million
<b>Pro Forma Property Yield for FY 2010</b>	6.1% <sup>(1)</sup>
<b>Pro Forma DPS impact for FY 2010</b>	Increase by 0.56 cents or 5.0%
<b>Funding of the Total Acquisition Cost of S\$156.2 million</b>	<ul style="list-style-type: none"> <li>▪ <b>S\$154.7m</b> comprising Purchase Consideration of S\$154.0m and other acquisition costs of S\$0.7m, to be funded by acquisition facilities</li> <li>▪ <b>S\$1.54m</b> Acquisition Fee payable to the H-REIT Manager, to be funded through the issuance of new Stapled Securities</li> </ul>

For more details, please refer to the SGXNet Announcement dated 2 March 2011

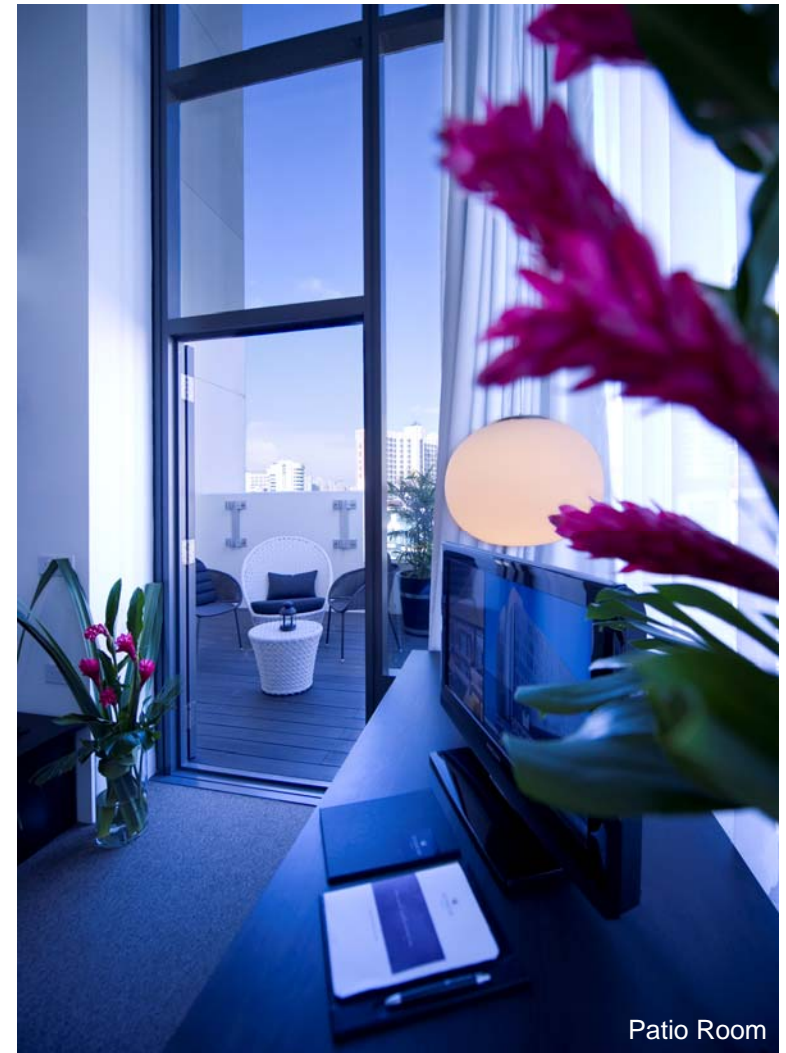


Note: (1) Based on the pro forma net property income from Studio M Hotel for FY2010 of S\$9.4 million as a percentage of the Purchase Consideration of S\$154.0 million. As a percentage of the Total Acquisition Cost of S\$156.2 million, the net property yield would be 6.0%.

# Details of Transaction (cont'd)



<b>Master Lessee</b>	<ul style="list-style-type: none"> <li>Republic Iconic Hotel Pte. Ltd. (an indirect wholly-owned subsidiary of Millennium &amp; Copthorne Hotels plc)</li> </ul>
<b>Term of lease</b>	<ul style="list-style-type: none"> <li>Initial term of 20 years (up to a total term of 70 years at the option of the Master Lessee)</li> </ul>
<b>Rent Payment</b>	<ul style="list-style-type: none"> <li>30% of Studio M Hotel's revenue + 20% of Studio M Hotel's gross operating profit subject to a fixed rent of S\$5.0 million for the initial 10 years of the lease <sup>(1)</sup></li> <li>1<sup>st</sup> twelve months Guarantee Net Rent: S\$9.24 million (or a net yield of ~6% per annum of purchase consideration of S\$154.0 million)</li> </ul>
<b>Capex Obligation</b>	<ul style="list-style-type: none"> <li>Capital expenditure limited to works on physical structure, plant &amp; equipment and services infrastructure</li> </ul>



For more details, please refer to the SGXNet Announcement dated 2 March 2011

Note: (1) The fixed rent component of the rent shall be revised on the tenth anniversary date of the commencement of the Master Lease to an amount equivalent to 50% of the average annual aggregate fixed rent and variable rent for the five fiscal years preceding the Rent Revision Date in the event the fixed rent component prevailing at the time of the Rent Revision Date is less than the Revised Fixed Rent Amount.



# *Acquisition Rationale*

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# Acquisition Rationale



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- 1 Unique Opportunity to Acquire a New Hospitality Asset in a Rising Market
- 2 Accretive Transaction
- 3 Quality, Well-located Property (appealing to business & leisure segments)
- 4 Master Lease Provides Quality Income with Organic Growth
- 5 Broadening Earnings Base & Improving Stability of Portfolio
- 6 Beneficiary of Buoyant Singapore Hotel Sector

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# Unique Opportunity to Acquire a New Hospitality Asset in a Rising Market



- **Positive outlook on Singapore hospitality market**
  - ✓ Attractive in terms of country risks, visibility and prospects
  
- **Competition for hotel development land remains intense**

Date of Award	Location	S\$ psf ppr	No. of bids
14-Jan-11	Gopeng St / Peck Seah Street	932	7
11-Jan-11	Robinson Road / Boon Tat Street	1,072	8
03-Sep-10	Clemenceau Avenue / Havelock Road	813	13
07-Sep-09	New Bridge Road	401	6
16-Jun-09	Short Street	353	15

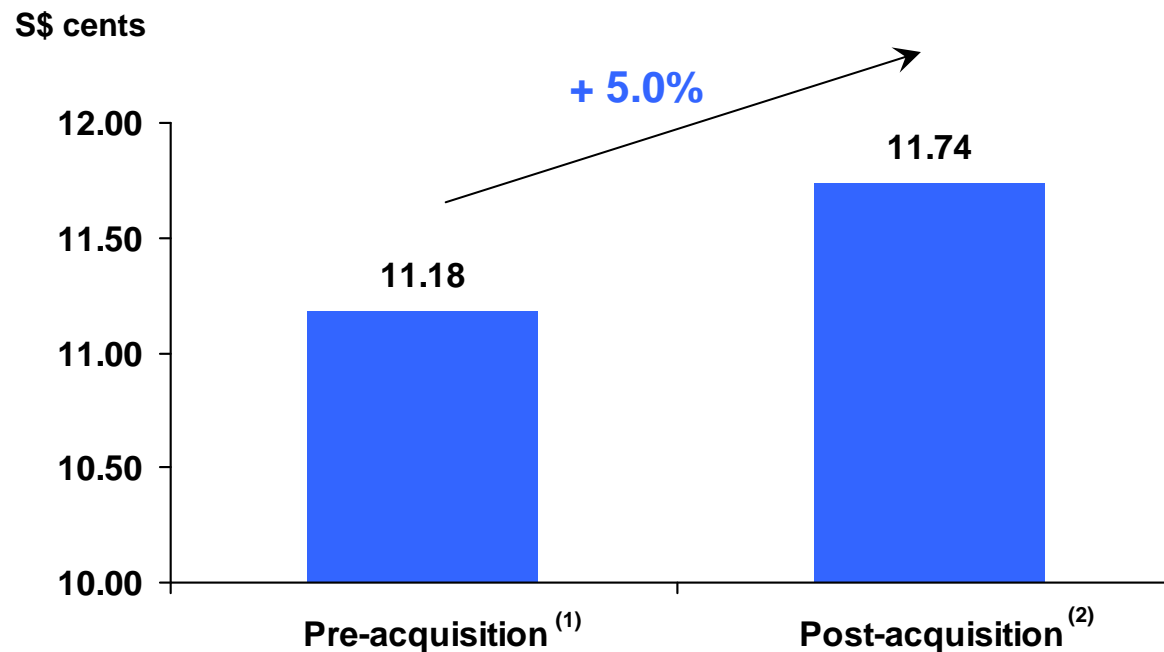
S\$800 to S\$1,000+ psf ppr



- **Tapping on Sponsor’s portfolio and pipeline of quality hospitality assets**
  - ✓ Acquisition made possible on account of H-REIT’s & H-REIT Manager’s relationship with Sponsor



### Income Available for Distribution Per Stapled Security



**FY2010 Pro forma DPS increased by 0.56 cents or 5.0%**

Note: (1) Based on FY2010 income available for distribution per Stapled Security, before deducting income retained for working capital ("DPS").

(2) Based on the pro forma net property income from Studio M Hotel for FY2010. Studio M Hotel's FY2010 pro forma net property income is based on the pro forma gross rental revenue less estimated property expenses for the full year. Pro forma gross rental revenue is 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 had been fully operational since 1 January 2010.



- Newly-built asset completed in March 2010
- Stylish and contemporary design set to capture growing business and leisure segments





- Prominent central location along the historic Singapore River
- Vibrant lifestyle options near the Robertson Quay precinct, in the vicinity of Orchard Road, trendy F&B, entertainment options and famous hotspots such as Zouk
- Proximity to CBD, tourist attractions, IRs and convention centres
- Good accessibility via major expressways (e.g. CTE/AYE) and underground subway (MRT)
- Appeals to both business & leisure segments





## ■ Long Term Stream of Quality Income

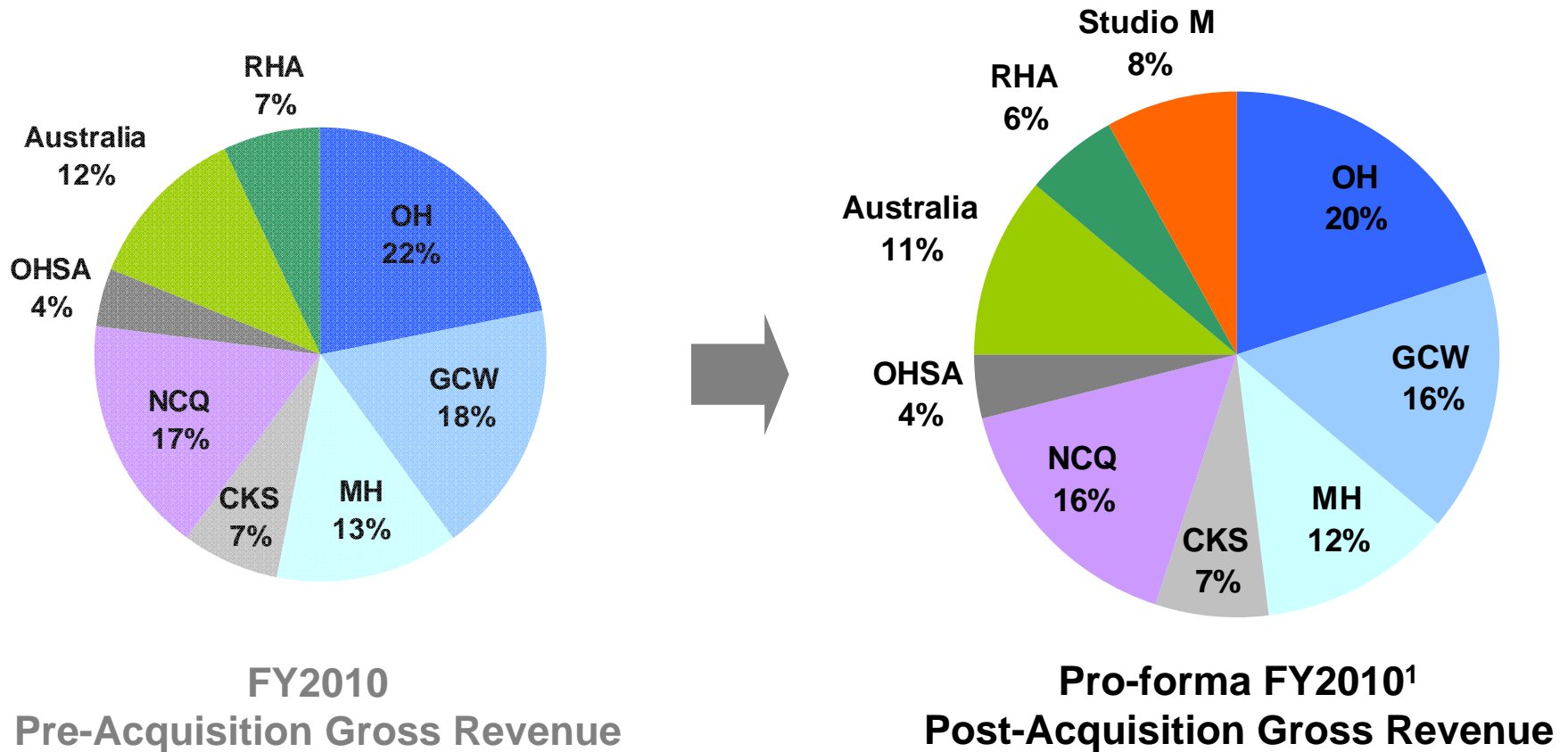
- Minimum 20-year lease with renewal terms for a total term of up to 70 years at the option of the Master Lessee
- With a high proportion of revenue concentrated in rooms, Studio M Hotel is well-positioned to capitalize on the long-term growth in rooms demand in Singapore

## ■ Organic Growth from Fixed and Variable Rent Terms

- Fixed rent component to be adjusted every 10 years at the higher of (a) 50% of the average annual rent for the 5 fiscal years preceding the Rent Revision Date; and (b) prevailing fixed rent<sup>1</sup>
- Gross rent comprising 30% of revenue and 20% of GOP provides a relatively higher participation in any upside in revenue (compared to the gross rent comprising 20% of revenue and 20% of GOP under the master leases for the IPO Properties)

5

# Broadening Earnings Base and Improving Stability of Overall Portfolio





Addition of Studio M Hotel reduces the reliance on any single property and increases the fixed rent income base of H-REIT

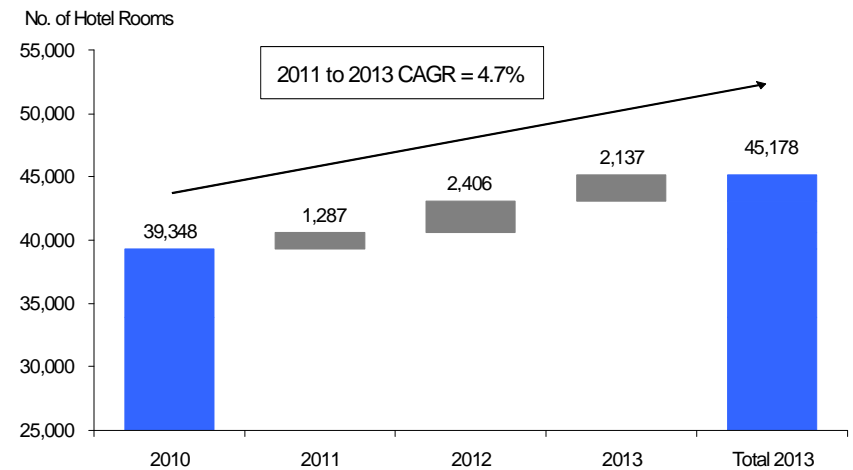
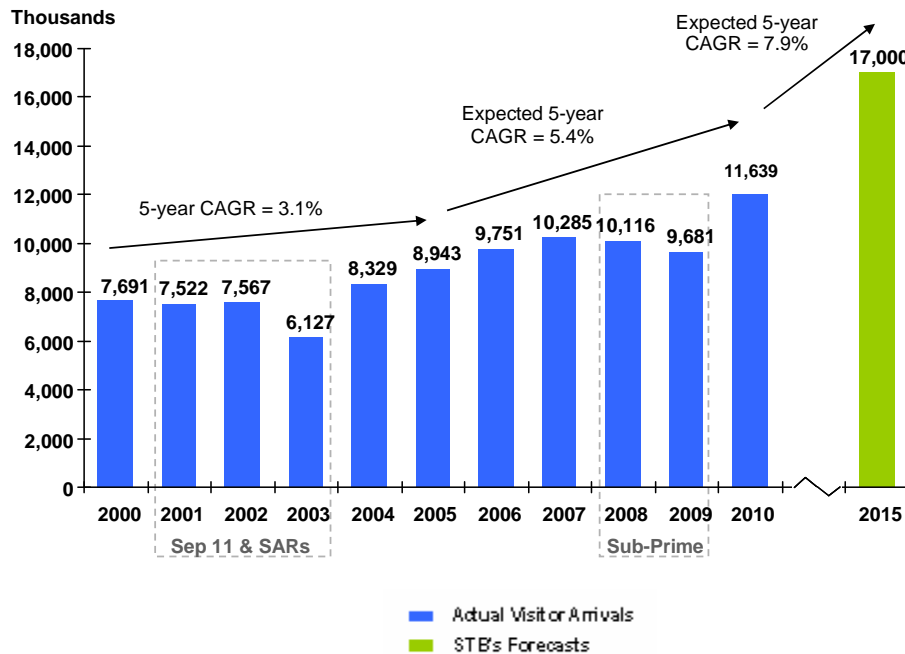
Note: (1) Pro forma gross rental revenue is calculated based on the performance of Studio M Hotel from 1 June 2010 (being the first complete month when the full room inventory was available for sale) to 31 December 2010 on an annualised basis, as if Studio M had been fully operational since 1 January 2010



- Visitor arrival growth to outstrip on-coming hotel room supply

 Visitor arrivals forecasted growth 7.9% p.a.<sup>1</sup>

 Room supply 4.7% p.a.<sup>2</sup>



Note: (1) Forecasted CAGR from 2011 – 2015

(2) Estimated increase from 2011 – 2013

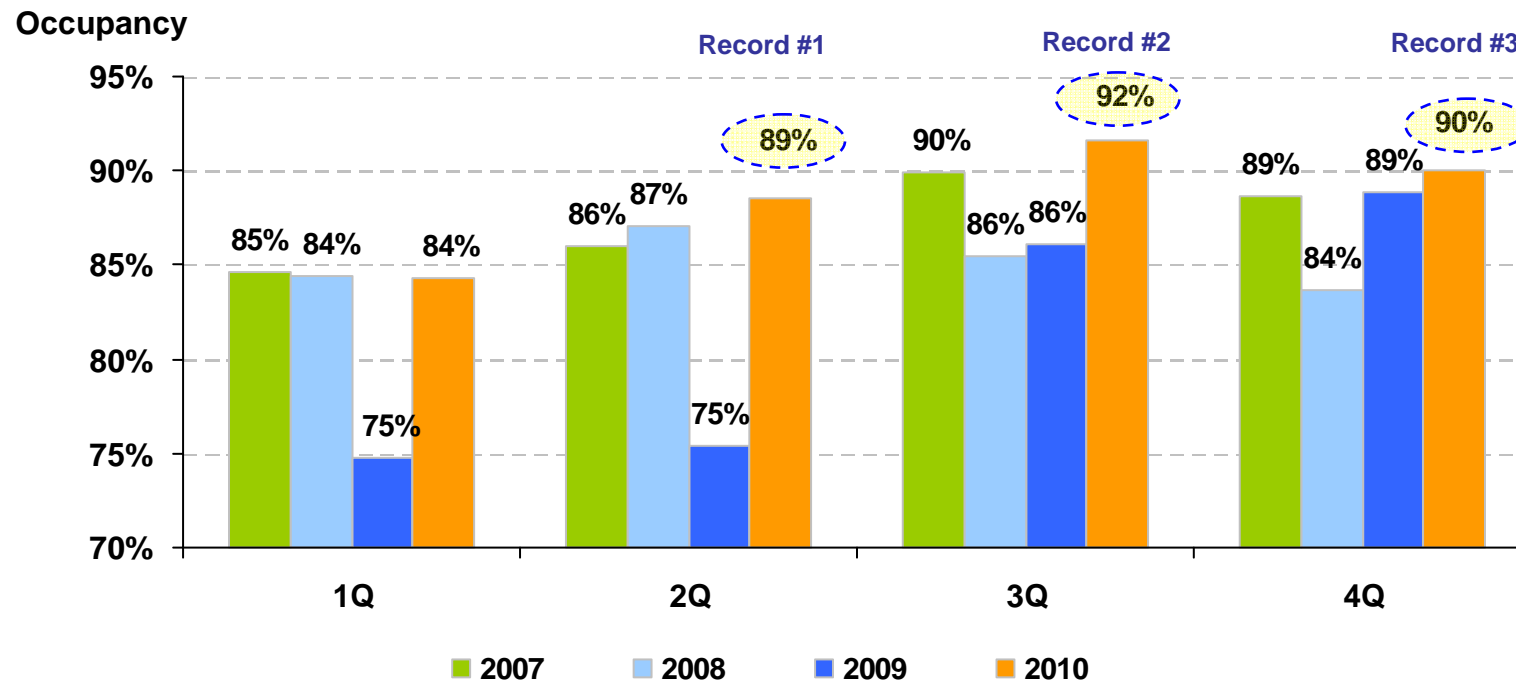
Source: Singapore Tourism Board, Howarth HTL, CDL-HT Research





- CDL-HT Singapore hotels achieved highest ever quarterly occupancies of between 89% - 92% from 2Q to 4Q 2010 (since IPO in 2006)

CDL-HT Singapore Hotels Quarterly Occupancy Comparison





- Growth momentum sustained by more upcoming attractions
- Studio M to benefit from structural boost in accommodation demand





- Upon completion of the proposed acquisition, H-REIT is poised to further benefit from the expected increase in demand for hotel rooms in S'pore
- Increase in number of rooms in S'pore and NPI contributions from S'pore:

<b>Number of Rooms in S'pore</b>	<b>+ 15.3%</b>	<b>Increases to 2,711 rooms</b>
<b>Pro forma NPI contributions from S'pore in FY 2010<sup>1</sup></b>	<b>+ 10.3%</b>	<b>Increases to S\$100.8 m</b>

Note: (1) Based on the pro forma net property income from Studio M Hotel for FY2010. Studio M Hotel's FY2010 pro forma net property income is based on the pro-forma gross rental revenue less estimated property expenses for the full year. Pro forma gross rental revenue is 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 had been fully operational since 1 January 2010



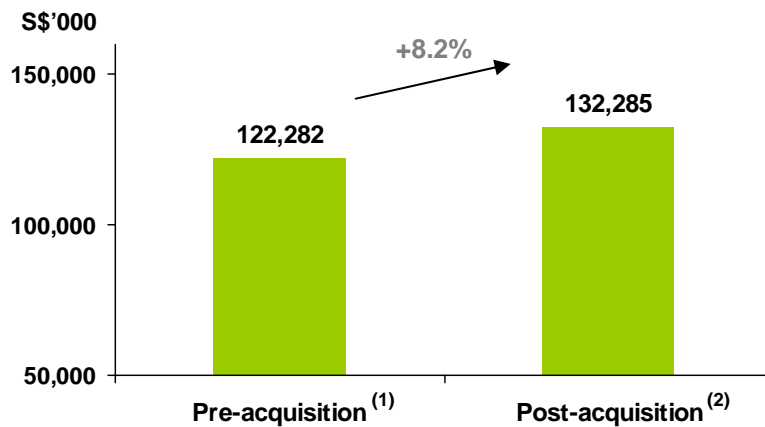
## ***Impact on CDL Hospitality Trusts***

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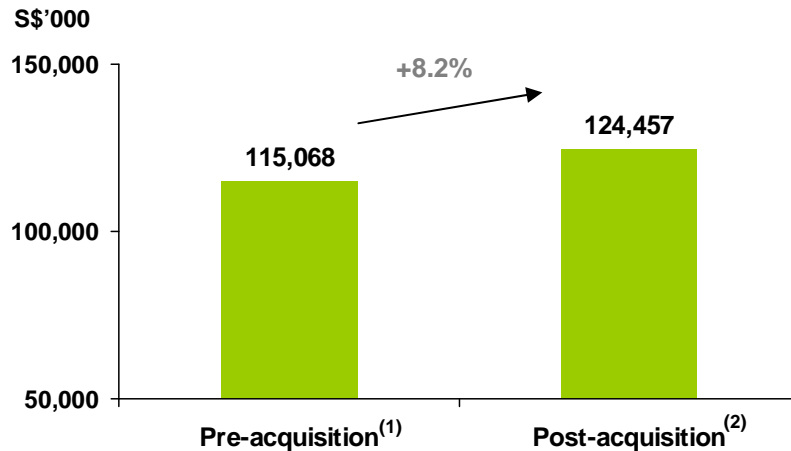
# Gross Revenue, NPI to increase 8%, DPS to increase 5%



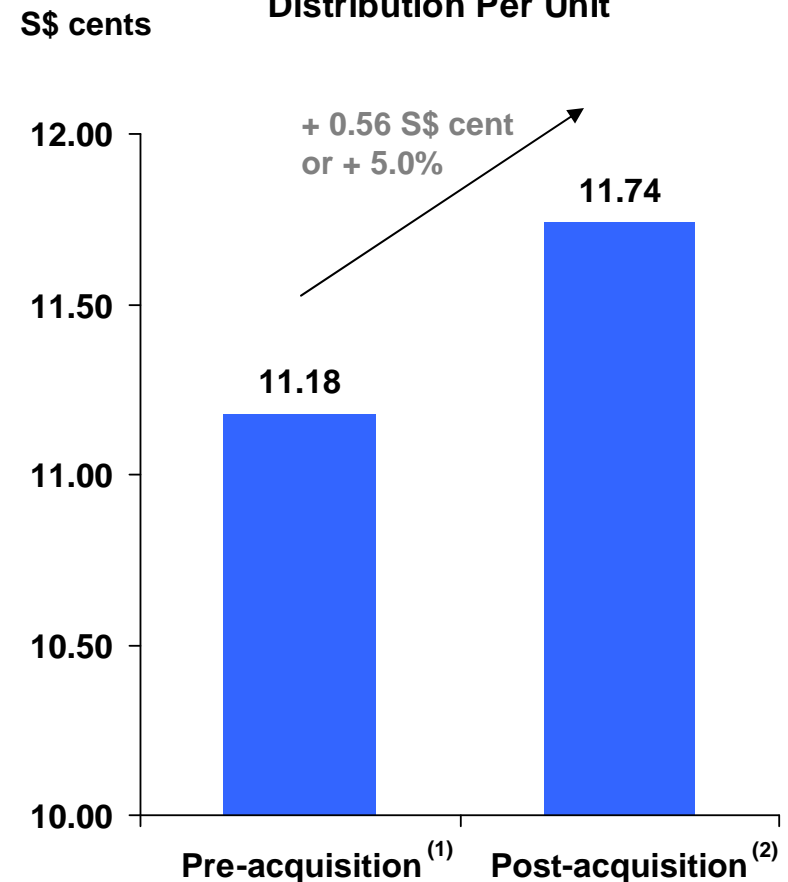
**FY2010 Pro forma Gross Revenue**



**FY2010 Pro forma Net Property Income**

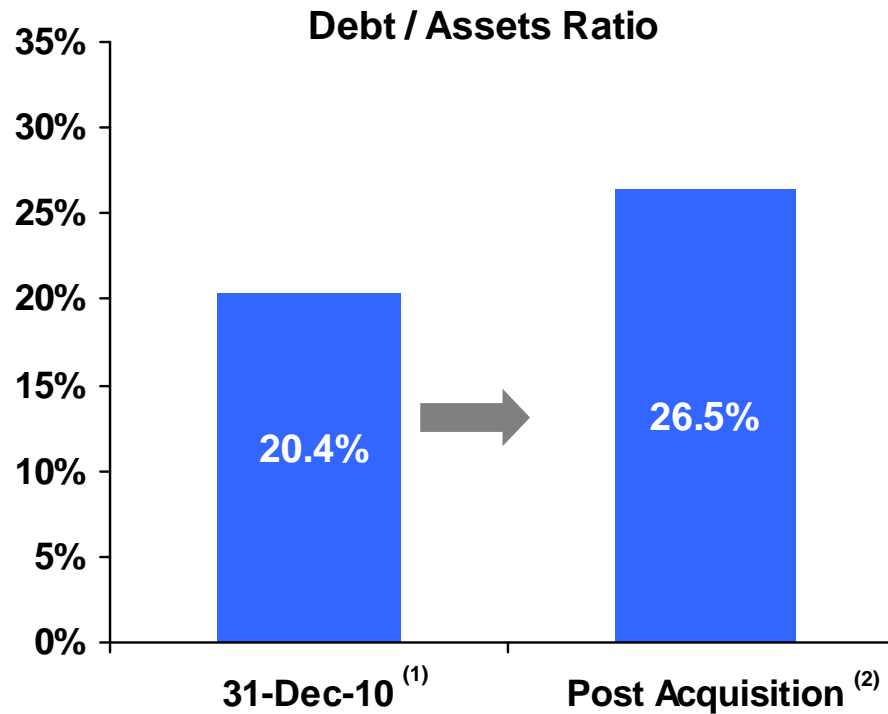


**Income Available For<sup>(3)</sup>  
Distribution Per Unit**



Note: (1) All pre-acquisition figures based on the unaudited financial statements of CDL-HT for FY2010.  
 (2) Pro forma figures post-acquisition are based on the pro forma FY2010 financial performance of Studio M Hotel with the assumption that the acquisition is completed as 1 Jan 2010 and the Purchase Consideration funded 100% by debt. 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 Expenses for Studio M Hotel for the full year.  
 (3) Represents income available for distribution per Stapled Security, before deducting income retained for working capital ("DPS").

# CDL-HT's Gearing to Increase to 26.5%

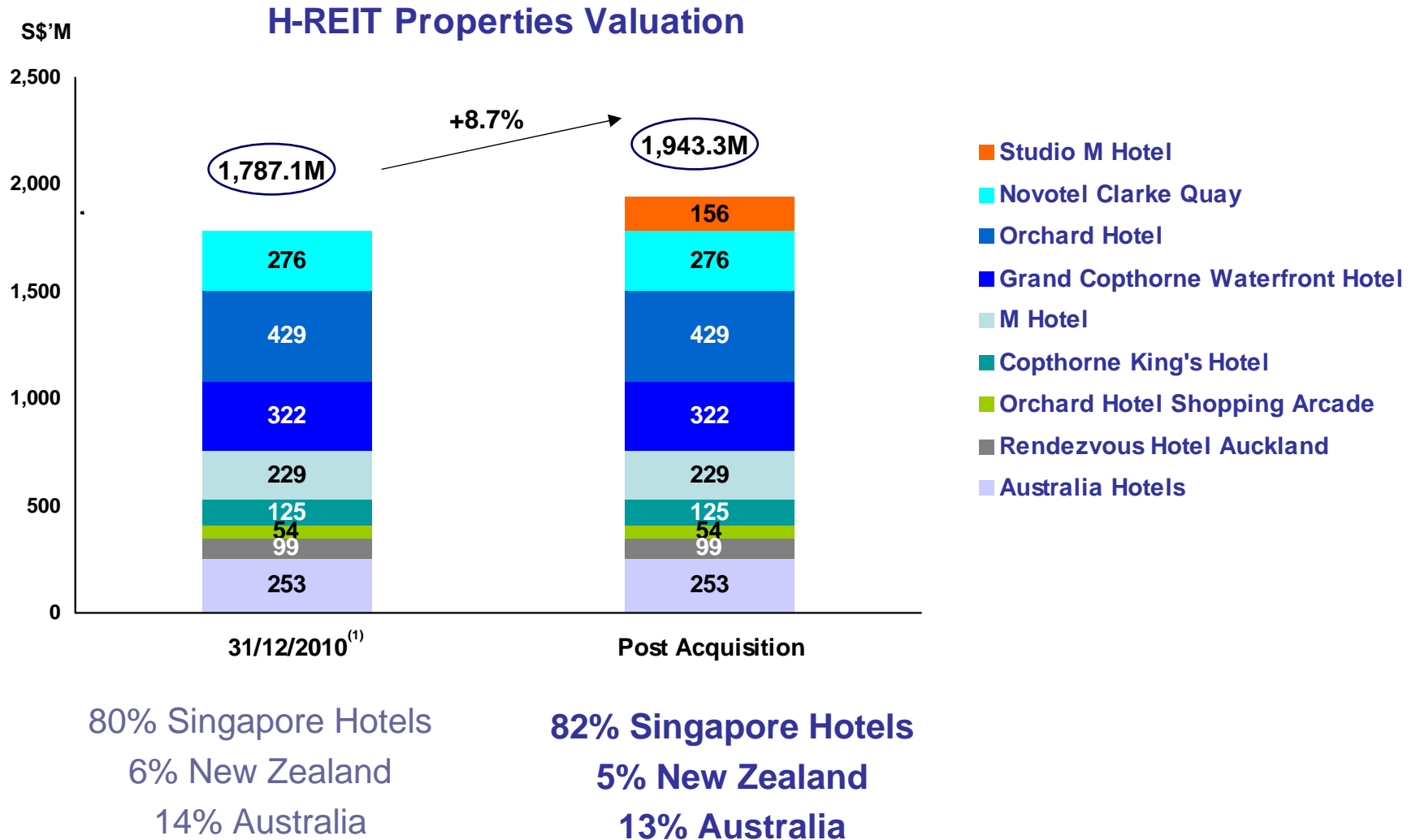


Acquisition is to be fully funded through debt financing via H-REIT's acquisition facilities

(1) Based on CDL-HT's balance sheet as at 31 Dec 2010

(2) Pro forma ratio with the assumption that the acquisition of Studio M Hotel is completed as at 31 December 2010

# Portfolio Size Enlarged by 8.7%



(1) Independent valuations performed by CBRE as at 31 December 2010



## ***Conclusion***

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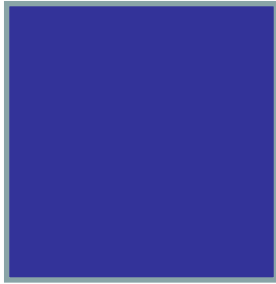
# Conclusion



<p><b>Increases Exposure to Singapore's Buoyant Tourism Sector</b></p>	<ul style="list-style-type: none"> <li>▪ Acquisition of Studio M Hotel at S\$154.0 million or approximately S\$428,000 per key</li> <li>▪ New well-located property appeals to both business and leisure travellers; Impressive average occupancy of 88.9% in the first seven months of full operations</li> <li>▪ Stylish and contemporary design set to capture growing business and leisure segments</li> <li>▪ Increases H-REIT's total number of rooms in Singapore by 360 rooms to 2,711 rooms</li> <li>▪ Increases H-REIT's pro forma NPI contributions from Singapore in FY2010 by S\$9.4 million to S\$100.8 million</li> </ul>
<p><b>Master Lease Provides Long Term Quality Income with Organic Growth</b></p>	<ul style="list-style-type: none"> <li>▪ Minimum 20-year lease with renewal terms for a total term of 70 years at the option of Master Lessee</li> <li>▪ Lease structure comprises a higher share of revenue of 30%<sup>(1)</sup>, and coupled with a high proportion room revenue, Studio M Hotel is well-positioned to capitalize on the long-term growth in rooms demand in Singapore</li> <li>▪ Fixed Rent component, set at S\$5.0 million for the first 10 years of the lease, will be adjusted upwards with any improvement in the hotel performance after each 10-year period in accordance with the terms of the lease</li> </ul>
<p><b>Broadening Earnings Base and Improving Portfolio Stability</b></p>	<ul style="list-style-type: none"> <li>▪ Reduces rental dependency on any single hotel</li> <li>▪ Fixed Rent of S\$5.0 million p.a. improves income stability of the whole portfolio, and enhances H-REIT's flexibility to consider other target acquisitions with varying risk and reward profiles</li> </ul>
<p><b>Healthy Balance Sheet</b></p>	<ul style="list-style-type: none"> <li>▪ Post acquisition, CDL-HT's gearing to increase to 26.5%</li> <li>▪ Well-positioned for more acquisitions with healthy balance sheet and current favourable financing environment</li> </ul>

*For details of the computation of the figures used above, please refer to the earlier slides in this presentation.*

(1) Under the terms of the Master Lease, the gross rent comprises 30% revenue and 20% GOP which provides H-REIT with a relatively higher participation in any upside in revenue (compared to the gross rent comprising 20% of revenue and 20% of GOP under the master leases for the IPO Properties).



THANK YOU

