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 AND LEASE OF PULLMAN HOTEL MUNICH IN GERMANY

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 DBS Trustee Limited, as trustee of H-REIT (the "**H-REIT Trustee**"), has today through its wholly-owned subsidiary, CDLHT Munich One Pte. Ltd. (the "**Purchaser**"), entered into a share purchase agreement (the "**Share Purchase Agreement**") for the acquisition of an effective interest of 94.5% in Pullman Hotel Munich (the "**Hotel**") and its office and retail components (the "**Commercial Components**") and the fixture, furniture and equipment used by the Hotel ("**FF&E**", and together with the Hotel and the Commercial Components, the "**Property**").

The Hotel is presently co-owned by NKS Hospitality I B.V. ("**NKS**") and Provent Immobilien Beteiligungs GmbH ("**Provent**") under a cooperation agreement, where NKS owns 99.51% of the Hotel and 100.0% of the Commercial Components.

The Purchaser shall acquire an interest in the Property[1] through the following:

(i) acquisition of 94.9% of the issued share capital of NKS from Event Hospitality Group B.V. (the "**Vendor**"); and

(ii) acquisition from the Vendor of 94.9% of the issued share capital of Munich Furniture B.V. ("**FurnitureCo**"), which is the legal owner of the FF&E.

1 The Purchaser's effective interest of 94.5% in the Property is computed based on (a) its 94.4% interest in the Hotel (derived based on the Purchaser's 94.9% interest in NKS, which in turn owns 99.5% of the Hotel (its 94.4% interest represents 85.9% of the Property value)), (b) its 94.9% interest in the Commercial Components (which represent 9.5% of the Property value) and (c) a 94.9% interest in the FF&E (which represents 4.6% of the Property value). The Vendor and Provent hold an interest of 5.1% and 0.4% respectively in the Property.

(together, the “**Acquisition**”).

Upon completion of the Acquisition (“**Completion**”) which is expected to be on or around 18 July 2017, the Vendor will continue to own 5.1% of the issued share capital of each of NKS and FurnitureCo (collectively, the “**Target Companies**”). In addition, NKS and Provent will grant a lease to UP Hotel Operations GmbH & Co. KG (which is an indirect wholly owned subsidiary of the Vendor) in relation to the management and operation of the Hotel (see 3.4.2 for more details).

1.2 Information on the Property

The Property is a mixed-use complex on two freehold land plots located in Munich, Germany, consisting predominantly of a purpose-built hotel with a 4-star rating, as well as secondary spaces currently let out to four retail and seven office tenants. It is strategically located adjacent to the commercial district of “Parkstadt Schwabing”, which is home to a variety of national and international companies, including Amazon, GE Healthcare and the German headquarters of Fujitsu, Microsoft, IBM and Munich Re.

The Property boasts convenient accessibility, with motorways connecting Munich to Berlin and Frankfurt within a two-minute drive away, and the Munich railway station and Munich International Airport being accessible within a 13-minute and 21-minute car drive, respectively. Travellers also have direct access to Munich International Airport via the Lufthansa Express Bus service, which stops diagonally opposite the Property and runs at regular 15 minute intervals[2], offering ease of travel to the airport within 25 minutes. The Property is also in proximity to many of Munich’s popular tourist destinations including the English Garden, the BMW headquarters and Allianz Arena.

The Hotel opened in 1986 as Renaissance Hotel, and underwent a full renovation and rebranding in 2012, following which it continued its operations under the “Pullman” brand. Between 2012 and 2016, a total of €17.6 million was invested towards renovation and refurbishment of the Property, including a full renovation of its 337 guest rooms, food and beverage (“**F&B**”) outlets, spa and lobby areas. Additional facilities owned by the Hotel include F&B outlets such as a restaurant, bar and a beer garden terrace, a 400 sq m fitness and spa area, two conference rooms with more than 130 sq m of meeting space; as well as an underground parking garage with 150 spaces for the Hotel and 48 spaces for the Commercial Components.

Upon Completion, the Hotel will continue to operate under the “Pullman” brand pursuant to its existing franchise agreement with AccorHotels, a leading hotel group operating more than 4,100 hotels in 95 countries[3]. In addition, the Hotel will continue to be leased and operated by EVENT Hotels, which will continue to hold 5.1% shareholding in the Target Companies. EVENT Hotels is the largest fully integrated hotel management platform in Germany and owns, operates and manages 59 hotels with approximately 11,000 keys throughout Europe, of which 30 hotels with approximately 8,000 keys are in Germany.

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2 Source: Lufthansa Express Bus Munich Website, accessed 17 April 2017 (https://www.airportbus-muenchen.de/en/).

3 Source: AccorHotels Website, accessed 17 April 2017 (http://www.accorhotels.group/en/group/who-we-are/accorhotels-in-brief).

1.3 Purchase Consideration

Pursuant to the terms of the Share Purchase Agreement, the purchase consideration for the Acquisition of €100.6 million (approximately S$156.3 million[4])[5], which is based on a property price of €104.7 million (approximately S$162.7 million) for a 100% interest in the Property, comprises:

(i) €98.9 million (approximately S$153.8 million), being the payment of property price (the "**Property Consideration**") based on H-REIT's 94.5% interest in the Property; and

(ii) payment of approximately €1.7 million (approximately S$2.6 million) based on the estimated net working capital and cash of each of the Target Companies as at Completion.

The Property Consideration was arrived at on a willing-buyer and willing-seller basis following a tender exercise conducted by the Vendor, and took into account the independent valuation of the market value of the Property of €105.3 million (approximately S$163.7 million) by CBRE GmbH ("**CBRE**") in its valuation report dated 26 May 2017.

A refundable deposit of €5.8 million (approximately S$9.0 million) (the "**Deposit**"), amounting to 10.0% of the agreed preliminary equity value of the Target Companies was paid by the Purchaser upon execution of the Share Purchase Agreement into the escrow account of Loyens & Loeff N.V. (being the Dutch notary designated by the Vendor) (the "**Dutch Notary**"). The Deposit will be paid out from the Dutch Notary's escrow account to the Vendor in accordance with a notary letter to be entered into between the Dutch Notary, the Vendor and Purchaser in relation to the flow of funds under the Share Purchase Agreement. The remainder of the purchase consideration is to be fully satisfied by payment by way of transfer of funds to be credited on Completion to the Dutch Notary escrow account, subject to Post-Completion Adjustments.

2. RATIONALE FOR THE ACQUISITION

The Managers believe that the Acquisition will bring the following key benefits to holders of Stapled Securities ("**Stapled Securities**", and the holders of Stapled Securities, "**Stapled Security Holders**"):

2.1 Accretive Acquisition

The Managers are of the view 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.

Based on the Property Consideration of €98.9 million (approximately S$153.8 million) and assuming that CDLHT owned the 94.5% effective interest in the Property from 1 January 2016, the pro forma annualised net property income yield of the Property for the financial year

4 Unless otherwise stated in this announcement, all conversions are based on an assumed exchange rate of €1.00 = S$1.5546.

5 The purchase consideration will be subject to post-completion adjustments based on actual net working capital and cash of the Target Companies at ("**Post-Completion Adjustments**").

ended 31 December 2016 ("**FY2016**") would be 5.6%[6]. On a pro forma FY2016 basis, this translates to a DPS accretion of 3.8%[7].

2.2 Maiden Entry into Continental Europe through Presence in Munich, Germany

With Germany being the largest economy in Europe[8], the Bavarian capital of Munich is a compelling destination for CDLHT's first acquisition in continental Europe. Germany's gross domestic product ("**GDP**") grew by 1.9% in 2016[9], recording its strongest growth in five years, which was largely driven by falling unemployment rates and strong growth in private consumption amidst a low interest rate environment while Germany's central bank and leading economic institutes have raised their GDP growth estimates for 2017 and 2018, pointing to a broad-based upswing driven by vibrant domestic demand[10]. German business confidence in May was also reported to have hit its highest level since 1991, underpinned by positive data from manufacturing and construction[11] while private sector output in Germany also expanded at the sharpest rate in over six years in May[12]. The continued economic resilience amongst its European counterparts has made it a highly sought-after destination for real estate investments[13].

2.2.1 Opportunity to Penetrate a Highly Sought-After Market

The Munich real estate market has strong investor interest from domestic insurance and pension funds, other major European private equity funds as well as sovereign funds from the Middle East, seeking to establish a presence in this key gateway city[14]. With relatively higher land costs, Munich has considerably higher barriers to entry than other German cities and this acquisition presents a rare opportunity to penetrate a highly sought-after market.

2.2.2 Vibrant Hospitality Market with Diversified Demand Drivers

As an important business hub and trade fair destination within Germany, as well as a popular tourism destination renowned for its sporting and cultural appeal, Munich recorded about 7.0 million total arrivals and 14.0 million overnight stays in all accommodation facilities in 2016[15]. The city is one of Germany's top performing hospitality markets[16] where it posted the highest Average Daily Rate and Revenue Per Available Room ("**RevPAR**") in 2016 amongst the major German cities[17].

Munich is home to high-tech industries, traditional production, information and communication

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6 Pursuant to H-REIT's interest in the Property, based on the pro forma annualised net property income of the Property for FY2016 of €5.6 million (approximately S$8.7 million). Taking into consideration the Total Acquisition Cost of €103.2 million (approximately S$160.4 million), the pro forma annualised net property income yield will be 5.4%.

7 Based on the change of the pro forma DPS for FY2016 of the enlarged portfolio over the DPS for FY2016 of CDLHT.

8 Source: CIA World Factbook, accessed 17 April 2017 (*https://www.cia.gov/library/publications/resources/the-world-factbook/rankorder/2001rank.html*).

9 Source: Reuters, "German economy surges at fastest rate in five years", 12 January 2017.

10 Source: Euronews, "Germany sticks to cautious growth outlook despite brighter prospects", 16 June 2017.

11 Source: Business Times. "German business confidence hits highest level since 1991", 23 May 2017.

12 Source: PMI by IHS Markit, IHS Markit Flash Germany PMI, 23 May 2017.

13 Source: Jones Lang LaSalle, Hotel Intelligence Munich, September 2016.

14 Source: CBRE Valuation Report dated 26 May 2017.

15 Source: Muenchen.de Website, accessed 17 April 2017. (*https://www.muenchen.de/rathaus/home_en/Tourist-Office/Salesguide/Facts-and-Figures.html*).

16 Source: Jones Lang LaSalle, Hotel Intelligence Munich, March 2017.

17 Source: STR Global data.

technology, automotive engineering, medical engineering and finance, all of which are strong market drivers. The city is also host to the headquarters of various companies listed on the Frankfurt Stock Exchange, including Siemens AG, Allianz, Linde, Munich RE and BMW. Alongside the balanced mix of industries, Munich also has the strongest economy and purchasing power among major German cities and is the third largest office location in Europe, with 22.5 million sq m of existing office space[18]. The modern Messe München with 16 halls spread across 180,000 sq m of exhibition space also makes the city ideal for attracting MICE demand[19]. There are more than 70 trade shows set to take place in Munich from 2017-2018[20].

Munich is also home to FC Bayern Munich, the dominant football team in Germany, with its homeground stadium being Allianz Arena. With the success of FC Bayern Munich due its numerous accolades including winning the Bundesliga 27 times and Champions League five times[21], as well as its huge fan base worldwide, football match days represent a significant business driver for the Hotel. In addition, Allianz Arena is also home to another Bundesliga football club, TSV 1860 Munich.

Munich is also a vibrant tourist destination with important cultural attractions such as theatres, opera houses and museums as well as festivals. Major sights include the Church of Our Lady, the city hall located within the historic city centre, Nymphenburg Castle, Allianz Arena and Olympiapark. The internationally renowned Oktoberfest, which is the world's largest beer festival and funfair held in September, attracts close to six million visitors annually[22]. Munich's excellent location in the heart of Europe also allows the city to be an ideal starting point for visitors to engage in numerous leisure activities in the surrounding area, such as day trips to Neuschwanstein Castle, Salzburg and the Alps.

As such, the Managers believe that Munich has an attractive hospitality market given the strong mix of corporate, leisure and MICE guests, which generates stable demand throughout the year, although there is some year-to-year variability due to the local trade fair cycle as leading trade fairs take place on a triennial and biennial frequency respectively.

2.3 High Quality Asset with Excellent Location

The Hotel underwent complete renovation in 2012 and recently completed refurbishment of its kitchen in end-2016. The Hotel boasts a total of 337 guest rooms, including 24 suites. A comprehensive suite of facilities including conference rooms, F&B outlets, spa and underground parking spaces are available.

The Property is located in close proximity to a major business park, Parkstadt Schwabing, where it is home to industry heavyweights like Accenture, Amazon, MAN Financial Services, and Microsoft. In addition, it is adjacent to the headquarters of Munich RE, Zurich Financial Services and Stadtsparkasse Munich, and is within a 10-minute drive to the BMW headquarters.

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18 Source: CBRE Valuation Report dated 26 May 2017.
19 Source: CBRE Valuation Report dated 26 May 2017.
20 Source: Events Eye Website, accessed 20 June 2017 (http://www.eventseye.com/fairs/cy1_trade-shows-munich.html).
21 Source: FC Bayern Munich Website, accessed 20 June 2017 (https://fcbayern.com/us/club/honours/all-honours).
22 Source: Oktoberfest.de Website, accessed 17 April 2017 (http://www.oktoberfest.de/en/article/Oktoberfest+2017/About+the+Oktoberfest/The+Oktoberfest+2016+roundup/4895/).

The location of the Property allows it to boast terrific accessibility to popular tourism destinations in Munich, with an entrance to the U-bahn (subway) located directly at its rear, connecting its guests to the main historic city centre and the trendy retail district of Schwabing within minutes. Allianz Arena – FC Bayern Munich's football stadium – is only five stops away from the Property via the U-bahn. New developments in proximity to the area include Schwabinger Tor, a mixed-use scheme of almost 90,000 sq m consisting of office, residential areas and a hotel. The Managers believe that with its strategic location, the Property will continue to benefit from a well-diversified mix of demand.

2.4 Capitalising on Low Funding Environment and Expected Economic Recovery in Europe

The Acquisition enables CDLHT to capitalise on the window of opportunity afforded by the extraordinarily low funding environment in Europe to enjoy an attractive spread between the property yield and borrowing rates. In addition to the low funding environment, a European economic recovery is expected given the recent strong economic indicators with the Eurozone recording its lowest unemployment rate in eight years and with factories reporting their highest levels of activity since 2011[23].

2.5 Broadening Earnings Base and Strengthening Portfolio through Diversification

The Property will provide Stapled Security Holders the benefit of geographical diversification. With the Property, CDLHT would be able to draw on the resilience and potential growth of the German hospitality sector.

The Acquisition is also expected to benefit Stapled Security Holders by broadening CDLHT's earnings base. Assuming CDLHT owned the Property from 1 January 2016, it would contribute approximately 5.9%[24] 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 €103.2 million (approximately S$160.4 million), comprising:

(i) the Property Consideration of €98.9 million (approximately S$153.8 million);

(ii) estimated net working capital and cash of the Target Companies as at the time of Completion of approximately €1.7 million (approximately S$2.6 million);

(iii) the H-REIT Manager's acquisition fee in respect of the Acquisition (the "**Acquisition**

23 Source: Financial Times, "Eurozone unemployment falls to its lowest rate in 8 years", 3 April 2017.

24 Pursuant to H-REIT's interest in the Property, based on the pro forma net property income of CDLHT's enlarged portfolio for the year ended 31 December 2016.

Fee") under the H-REIT Trust Deed[25] which amounts to €1.0 million (approximately S$1.6 million); and

(iv) the estimated professional fees and other expenses incurred by H-REIT in connection with the Acquisition, which amount to approximately €1.6 million (approximately S$2.5 million).

The H-REIT Manager's acquisition fee will be paid wholly in cash.

3.2 Valuation

The Managers and DBS Trustee Limited, in its capacity as the trustee of H-REIT have commissioned an independent property valuer, CBRE, to value the Property. CBRE, in its valuation report dated 26 May 2017, stated that the market value of the Property is €105.3 million (approximately S$163.7 million). CBRE used the discounted cash flow methodology in arriving at its valuation of the Property.

3.3 Share Purchase Agreement

Completion under the Share Purchase Agreement is subject to and conditional upon the satisfaction of certain conditions, including the discharge of any encumbrances in respect of the shares of the Target and of the Property as well as approval from relevant European antitrust authorities.

3.4 Management Lease Agreement and Shareholders Agreement

In connection with the Acquisition, the following agreements will be entered into on Completion:

3.4.1 Shareholders Agreement

The Purchaser and the Vendor (the "**Shareholders**") have entered into a shareholders agreement (the "**Shareholders Agreement**"), which sets out the Shareholders' respective rights and obligations as shareholders of the Target Companies.

3.4.2 Management Lease Agreement

NKS, Provent (together with NKS, the "**Lessor**") and UP Hotel Operations GmbH & Co. KG (the "**Lessee**"), an indirect wholly owned subsidiary of the Vendor, will enter into a management lease agreement in relation to the management and operation of the Property by the Lessee (the "**Management Lease Agreement**").

The term of the Management Lease Agreement is for 20 years commencing from Completion date. The Lessor will receive rent of around 90% of the Net Operating Profit[26] of the hotel, subject to a guaranteed fixed rent of €3.6 million (approximately

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25 The trust deed constituting H-REIT dated 8 June 2006 as amended, varied and supplemented from time to time.

26 The Net Operating Profit shall mean the gross operating profit of the Hotel less property taxes, premium payable on the Lessor's insurance obligations, fees payable to a hotel manager and an annual contribution to a FF&E replacement reserve.

S$5.6 million), which provides both downside protection and upside participation. The guaranteed fixed rent is subject to inflationary adjustments with a floor at €3.6 million. The Lessor is responsible for the capital expenditures of the Hotel.

3.5 Incorporation and Constitution of Subsidiaries

H-REIT has incorporated the following subsidiaries:

Name of Company	Country of Incorporation / Establishment	Issued and Paid Up Share Capital	Purpose
CDLHT Munich One Pte. Ltd.	Singapore	€2	To hold the Target Companies
CDLHT Munich Two Pte. Ltd.	Singapore	€2	To provide a shareholder's loan to NKS

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

4.1 Method of Financing

The Total Acquisition Cost will initially be fully-funded through 100.0% offshore debt financing through H-REIT's loan facility. Depending on market conditions, H-REIT'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 40.6%.[27]

4.2 Pro Forma Financial Effects of the Acquisition

The pro forma financial effects of the Acquisition on the 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 the financial year ended 31 December 2016, taking into account the Total Acquisition Cost and assuming 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:

27 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. For the avoidance of doubt, this excludes the acquisition of The Lowry Hotel, which was completed on 4 May 2017.

	FY2016	
	Before the Acquisition	**After the Acquisition**
Net Property Income (S$'000)	137,560[1]	146,695[2]
Distributable Income (S$'000)[3]	109,677	113,852
Stapled Securities entitled for distribution ('000)	992,696[4]	992,936[5]
DPS (cents)[6]	10.00	10.38
Distribution yield (%)[7]	5.97	6.20

Notes:

(1) Based on the audited consolidated statements of CDLHT for FY 2016.

(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, based on 100% interest in the Target Companies. Based on 94.9% interest, the Net Property Income post-acquisition would be S$146.2 million.

(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) Increase in the number of Stapled Securities entitled for distribution relates to the Stapled Securities issued/to be issued as partial satisfaction of the management fee.

(6) Figures rounded to two decimal places.

(7) Based on the Stapled Securities' closing market price of S$1.675 as at 23 June 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 attributable to Stapled Securitiyholders (S$'000)	1,546,421[1]	1,546,421
Stapled Securities in issue and to be issued ('000)	996,866[2]	996,866[3]
NAV per Stapled Security (cents)[4]	1.55	1.55

Notes:

(1) Based on the audited consolidated financial statements of CDLHT for FY2016.

(2) Number of Stapled Securities issued and issuable as at 31 December 2016.

(3) Includes the issued and issuable Stapled Securities as at 31 December 2016 in Note (2) above, with no new Stapled Securities to be issued for the Acquisition.

(4) 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 (Before the Acquisition)[1]	As adjusted (After the Acquisition)
	(S$ million)	(S$ million)
Short-term debt:		
Secured	-	-
Unsecured	-	-
Total short-term debt	-	-
Long-term debt:		
Secured	38.3	108.6[2]
Unsecured	894.4	988.0[2]
Total long-term debt	932.6	1,096.6
Total Debt	932.6	1,096.6
Stapled Securityholders' funds	1,546.4	1,546.4
Non-controlling interests	-	4.9[3]
Total Capitalisation	2,479.0	2,647.9

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. The secured long-term debt is based on 100% interest in the Target Companies.

(3) Non-controlling interests relates to the 5.1% interest in Target Companies owned by the Vendor.

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:

Criteria	**CDLHT (S$ million)**	**The Acquisition (S$ million)**	**Relative Percentage (%)**
The net profits attributable to the assets acquired compared with CDLHT’s net profits	137.6[(1)]	9.1	6.6
Aggregate value of the Purchase Consideration given compared with CDLHT’s market capitalisation	1,671.2[(2)]	156.3	9.4

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 23 June 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 and indirect, 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[28] from the date of this announcement up to and including the date falling three months thereafter:

(i) Share Purchase Agreement;

(ii) Management Lease Agreement;

(iii) Shareholders Agreement; and

(iv) the valuation report of the Property by CBRE.

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

27 June 2017

28 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. Representatives 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.

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