

CIRCULAR DATED 29 MARCH 2018

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

Singapore Exchange Securities Trading Limited (the "SGX-ST") takes no responsibility for the accuracy of any statements or opinions made, or reports contained, in this Circular. **If you are in any doubt as to the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.**

If you have sold or transferred all your stapled securities in the stapled group comprising H-REIT (as defined herein) and HBT (as defined herein) ("CDLHT"), you should immediately forward this Circular, together with the Notice of Extraordinary General Meetings and the accompanying Proxy Form in this Circular, to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee.



CDL HOSPITALITY TRUSTS

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)

MANAGED BY

M&C REIT Management Limited and

M&C Business Trust Management Limited

CIRCULAR TO SECURITY HOLDERS IN RELATION TO

- (1) **THE PROPOSED MANAGEMENT FEE, ACQUISITION FEE AND DIVESTMENT FEE SUPPLEMENT TO THE TRUST DEED OF CDL HOSPITALITY BUSINESS TRUST AND THE PROPOSED ACQUISITION FEE SUPPLEMENT TO THE TRUST DEED OF CDL HOSPITALITY REAL ESTATE INVESTMENT TRUST;**
- (2) **THE PROPOSED BROKERAGE FEE SUPPLEMENT TO THE TRUST DEED OF CDL HOSPITALITY REAL ESTATE INVESTMENT TRUST;**
- (3) **THE PROPOSED DEVELOPMENT MANAGEMENT FEE SUPPLEMENTS TO THE TRUST DEEDS OF CDL HOSPITALITY REAL ESTATE INVESTMENT TRUST AND CDL HOSPITALITY BUSINESS TRUST;**
- (4) **THE PROPOSED ELECTRONIC COMMUNICATIONS SUPPLEMENTS TO THE TRUST DEEDS OF CDL HOSPITALITY REAL ESTATE INVESTMENT TRUST, CDL HOSPITALITY BUSINESS TRUST AND THE STAPLING DEED OF CDL HOSPITALITY TRUSTS; AND**
- (5) **THE PROPOSED COMPLIANCE AMENDMENTS TO THE TRUST DEEDS OF CDL HOSPITALITY REAL ESTATE INVESTMENT TRUST AND CDL HOSPITALITY BUSINESS TRUST.**

IMPORTANT DATES AND TIMES FOR SECURITY HOLDERS

Last date and time for lodgement of Proxy Form	:	25 April 2018 at 10:30 a.m.
Date and time of Extraordinary General Meetings	:	27 April 2018 at 10:30 a.m. (or as soon as the Annual General Meetings of the holders of the stapled securities of CDLHT to be held at 9:30 a.m. on the same day and at the same place, are concluded or adjourned)
Place of Extraordinary General Meetings	:	Waterfront Ballroom, Level 2, Grand Copthorne Waterfront Hotel, 392 Havelock Road, Singapore 169663

Independent Financial Adviser

DELOITTE & TOUCHE CORPORATE FINANCE PTE LTD

(Incorporated in the Republic of Singapore)
(Company Registration No.: 200200144N)

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CORPORATE INFORMATION

Directors of M&C REIT Management Limited and M&C Business Trust Management Limited	Yeo Wee Eng Vincent (Chief Executive Officer and Executive Director) Foo Say Mui (Bill) (Lead Independent Director and Chairman of the Audit and Risk Committees) Ronald Seah Lim Siang (Independent Non-Executive Director and Member of the Audit and Risk Committees) Kenny Kim (Independent Non-Executive Director and Member of the Audit and Risk Committees) Cheah Sui Ling (Independent Non-Executive Director)
Registered Office of M&C REIT Management Limited and M&C Business Trust Management Limited	36 Robinson Road #04-01 City House Singapore 068877 ¹
Trustee of CDL Hospitality Real Estate Investment Trust	DBS Trustee Limited 12 Marina Boulevard Level 44 DBS Asia Central Singapore 018982
Legal Adviser to M&C REIT Management Limited, as manager of CDL Hospitality Real Estate Investment Trust (the “H-REIT Manager”) and M&C Business Trust Management Limited, as trustee-manager of CDL Hospitality Business Trust (the “HBT Trustee-Manager”)	Allen & Gledhill LLP One Marina Boulevard #28-00 Singapore 018989
Legal Adviser to DBS Trustee Limited, as trustee of CDL Hospitality Real Estate Investment Trust	Shook Lin & Bok LLP 1 Robinson Road #18-00 AIA Tower Singapore 048542
Unit Registrar and Unit Transfer Office	M & C Services Private Limited 112 Robinson Road #05-01 Singapore 068902
Independent Financial Adviser	Deloitte and Touche Corporate Finance Pte Ltd 6 Shenton Way #33-00 OUE Downtown 2 Singapore 068809

¹ Effective from 1 April 2018, the registered office of M&C REIT Management Limited and M&C Business Trust Management Limited will be at 9 Raffles Place, #12-01 Republic Plaza, Singapore 048619.

INDICATIVE TIMETABLE

The timetable for the Extraordinary General Meetings of H-REIT and HBT (the “**EGMs**”), which are scheduled to take place after the Annual General Meetings (the “**AGMs**”) of the Security Holders (as defined herein), is indicative only and is subject to change at the absolute discretion of the H-REIT Manager and the HBT Trustee-Manager.

Event	Date and Time
Last date and time for lodgement of Proxy Form	: 25 April 2018 at 10:30 a.m.
Date and time of the EGMs	: 27 April 2018 at 10:30 a.m. (or as soon as the AGMs of the Security Holders to be held at 9:30 a.m. on the same day and at the same place, are concluded or adjourned)

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)

Directors

Yeo Wee Eng Vincent (Chief Executive Officer and Executive Director)
Foo Say Mui (Bill) (Lead Independent Director and Chairman of the Audit and Risk Committees)
Ronald Seah Lim Siang (Independent Non-Executive Director and Member of the Audit and Risk Committees)
Kenny Kim (Independent Non-Executive Director and Member of the Audit and Risk Committees)
Cheah Sui Ling (Independent Non-Executive Director)

Registered Office

36 Robinson Road
#04-01 City House
Singapore 068877¹

29 March 2018

To: Security Holders of CDLHT

Dear Sir/Madam

1. INTRODUCTION

CDLHT is a stapled group comprising CDL Hospitality Real Estate Investment Trust (“**H-REIT**”) and CDL Hospitality Business Trust (“**HBT**”).

H-REIT is established with the principal investment strategy of investing, directly or indirectly, in a diversified portfolio of income-producing real estate which is primarily used for hospitality² and/or hospitality-related purposes, whether wholly or partially, and real estate-related assets in relation to the foregoing.

HBT was dormant since the listing of CDLHT on the Main Board of the SGX-ST on 19 July 2006, until it was activated on 31 December 2013. Currently, HBT owns two properties and acts as master lessee to three properties owned by H-REIT.

1 Effective from 1 April 2018, the registered office of M&C REIT Management Limited and M&C Business Trust Management Limited will be at 9 Raffles Place, #12-01 Republic Plaza, Singapore 048619.

2 Real estate which is used for “hospitality” purposes includes hotels, motels and other lodging facilities, serviced residences and resorts, whether in existence by themselves as a whole or as part of larger mixed-use developments (where such mixed-use developments may also include entertainment, leisure and/or gaming-related facilities).

2. SUMMARY OF APPROVALS SOUGHT

2.1 Introduction to the Approvals Sought

M&C REIT Management Limited, as the H-REIT Manager and M&C Business Trust Management Limited, as the HBT Trustee-Manager (the HBT Trustee-Manager together with the H-REIT Manager, the “**Managers**”) are seeking approvals from Security Holders¹ for the following Extraordinary Resolutions²:

- (1) the proposed management fee, acquisition fee and divestment fee supplement to the trust deed constituting HBT dated 12 June 2006 (as may be amended from time to time) (the “**HBT Trust Deed**”) and the proposed acquisition fee supplement to the trust deed constituting H-REIT dated 8 June 2006 (as may be amended from time to time) (the “**H-REIT Trust Deed**”), as set out in **Appendix B1** and **Appendix B2** of this Circular respectively (Resolution 1);
- (2) the proposed brokerage fee supplement to the H-REIT Trust Deed (Resolution 2);
- (3) the proposed development management fee supplements to the H-REIT Trust Deed and the HBT Trust Deed (Resolution 3);
- (4) the proposed electronic communications supplements to the H-REIT Trust Deed, the HBT Trust Deed and the stapling deed entered into between the H-REIT Manager, DBS Trustee Limited, in its capacity as trustee of H-REIT and the HBT Trustee-Manager dated 12 June 2006 (the “**Stapling Deed**”) (Resolution 4); and
- (5) the proposed compliance amendments to the H-REIT Trust Deed and the HBT Trust Deed (Resolution 5).

Security Holders should note that Resolutions 1 to 5 are **not** inter-conditional upon each other. In the event that any of the Resolutions is passed, the Managers will continue to proceed with the relevant Resolutions(s) that is/are passed and will not proceed with the other Resolution(s) which is/are not passed.

2.2 Approvals Sought for Amendments to the H-REIT Trust Deed

The H-REIT Manager is seeking approval from the holders of units in H-REIT (the “**H-REIT Unitholders**”) for the Proposed H-REIT Acquisition Fee Supplement, the Proposed H-REIT Brokerage Fee Supplement, the Proposed H-REIT Development Management Fee Supplement, the Proposed H-REIT Electronic Communications Supplement (each as defined herein) and the proposed compliance amendments to the H-REIT Trust Deed, in each case by way of an Extraordinary Resolution at the EGM.

1 Each “**Stapled Security**” comprises one unit in H-REIT and one unit in HBT stapled together under the terms of the stapling deed dated 12 June 2006 entered into between the H-REIT Manager, DBS Trustee Limited, in its capacity as trustee of H-REIT (the “**H-REIT Trustee**”), and the HBT Trustee-Manager. Each “**Security Holder**” refers to a holder of Stapled Security(ies) in CDLHT.

2 “**Extraordinary Resolution**” means a resolution proposed and passed as such by a majority consisting of 75.0% or more of the total number of votes cast for and against such resolution at a meeting of Security Holders convened in accordance with the provisions of the H-REIT Trust Deed or the HBT Trust Deed.

The HBT Trust Deed provides that specific prior approval of Security Holders by Extraordinary Resolution is required for any increase in the rate or any change in the structure of the remuneration of the HBT Trustee-Manager. The H-REIT Trust Deed provides that specific prior approval of Security Holders by Extraordinary Resolution is required for any change in the structure of the acquisition fee of the H-REIT Manager.

The H-REIT Manager is considered an “interested person” of H-REIT for the purposes of Chapter 9 of the listing manual of the SGX-ST (the “**Listing Manual**”). Accordingly, each of the (i) Proposed H-REIT Acquisition Fee Supplement, (ii) Proposed H-REIT Brokerage Fee Supplement and (iii) Proposed H-REIT Development Management Fee Supplement will constitute an interested person transaction under the Chapter 9 of the Listing Manual. In compliance with these requirements and the H-REIT Trust Deed, the H-REIT Manager is seeking the approval of the H-REIT Unitholders for Resolutions 1, 2 and 3.

The H-REIT Manager is seeking the approval from the H-REIT Unitholders in respect of Resolutions 4 and 5 for the reasons set out in paragraphs 6 and 7 of this Circular.

2.3 Approvals Sought for Amendments to the HBT Trust Deed

Section 31(1)(a) of the Business Trusts Act, Chapter 31A of Singapore (the “**Business Trusts Act**”) states that:

“No person shall modify or replace the trust deed of a registered business trust unless such modification or replacement is approved –

- (a) by special resolution of the unitholders of the registered business trust; or*
- (b) where the modification is necessary in order to comply with any written law or rule of law applicable in Singapore, by the trustee-manager of the registered business trust.”*

The HBT Trustee-Manager is considered an “interested person” of HBT for the purposes of Chapter 9 of the Listing Manual. Accordingly, each of the (i) Proposed HBT Management Fee, Acquisition Fee and Divestment Fee Supplement and (ii) Proposed HBT Development Management Fee Supplement (each as defined herein) will constitute an interested person transaction which is subject to approval by the holders of units in HBT (the “**HBT Unitholders**”) and governed under Chapter 9 of the Listing Manual.

In compliance with these requirements, the HBT Trustee-Manager is seeking the approval of the HBT Unitholders for Resolutions 1, 3, 4 and 5.

2.4 Approvals Sought for Amendments to the Stapling Deed

Approval of Security Holders is also sought in respect of Resolution 5, relating to the Proposed Stapling Deed Electronic Communications Supplement (as defined herein).

2.5 Independent Financial Adviser

Deloitte and Touche Corporate Finance Pte Ltd has been appointed by the H-REIT Manager to advise the Independent Directors and the Audit and Risk Committee of H-REIT and the H-REIT Trustee as to whether the (i) Proposed H-REIT Acquisition Fee Supplement, (ii) Proposed H-REIT Brokerage Fee Supplement and (iii) Proposed H-REIT Development Management Fee Supplement, each of which is an interested person transaction under the Listing Manual, is on normal commercial terms and not prejudicial to the interests of H-REIT and the minority H-REIT Unitholders.

The Independent Financial Adviser has also been appointed by the HBT Trustee-Manager to advise the Independent Directors and the Audit and Risk Committee of HBT as to whether the (i) Proposed HBT Management Fee, Acquisition Fee and Divestment Fee Supplement and (ii) Proposed HBT Development Management Fee Supplement, each of which is an interested person transaction under Chapter 9 of the Listing Manual, is on normal commercial terms and whether it is prejudicial to the interests of HBT and the minority HBT Unitholders.

3. RESOLUTION 1: THE PROPOSED MANAGEMENT FEE, ACQUISITION FEE AND DIVESTMENT FEE SUPPLEMENT TO THE HBT TRUST DEED AND THE PROPOSED ACQUISITION FEE SUPPLEMENT TO THE H-REIT TRUST DEED

3.1 The Proposed HBT Management Fee, Acquisition Fee and Divestment Fee Supplement

3.1.1 Overview of the Proposed HBT Management Fee, Acquisition Fee and Divestment Fee Supplement

HBT was dormant since the listing of CDLHT on the Mainboard of the SGX-ST in 2006 until it was activated on 31 December 2013. Currently, HBT owns two properties and acts as master lessee to three properties owned by H-REIT. In order to facilitate the use of HBT to grow the income base or asset portfolio of CDLHT for the benefit of Security Holders, and enhance HBT's role, the HBT Trustee-Manager is proposing to supplement the HBT Trust Deed by aligning the fee structure of the HBT Trustee-Manager with that of the H-REIT Manager under the H-REIT Trust Deed (the "**Proposed HBT Management Fee, Acquisition Fee and Divestment Fee Supplement**").

3.1.2 The Current Structure of the Management Fee, Acquisition Fee and Divestment Fee under the HBT Trust Deed

(i) Management Fee

The HBT Trustee-Manager is currently entitled to receive a management fee¹ of 10.0% per annum of the profit before interest and tax of HBT (calculated before accounting for its management fee in that financial year).

(ii) Acquisition Fee and Divestment Fee

The HBT Trustee-Manager is currently entitled to receive an acquisition fee at the rate of 0.1% of the acquisition price of any authorised investments acquired directly or indirectly by HBT (pro-rated if applicable to the proportion of HBT's interest in the authorised investments acquired). The HBT Trust Deed does not currently have a specific provision for a divestment fee. However, any capital gains arising from a divestment would have been taken into account in the profit before interest and tax of HBT, and based on the current management fee formula, HBT Trustee-Manager would be receiving 10.0% of the profit before interest and tax of HBT.

¹ For the purpose of calculating the management fee, if HBT holds only a partial interest in the investment from which such profit before interest and tax shall be derived from, such profit before interest and tax shall be pro-rated in proportion to the partial interest held.

3.1.3 The Current Structure of the Management Fee, Acquisition Fee and Divestment Fee under the H-REIT Trust Deed

(i) Management Fee

Under the H-REIT Trust Deed, the H-REIT Manager is entitled to receive a management fee comprising a base fee of 0.25% per annum of the value of the H-REIT Deposited Property¹ and a performance fee² of 5.0% per annum of H-REIT's Net Property Income (as defined herein) in the relevant financial year.

"H-REIT's Net Property Income" in relation to real estate in the form of land, whether directly held by the H-REIT Trustee or indirectly held by the H-REIT Trustee through a special purpose vehicle, and in relation to any financial year or part thereof, means its gross revenue less H-REIT's Property Expenses (as defined herein) for such real estate for that financial year or part thereof.

"H-REIT's Property Expenses" in relation to real estate in the form of land, whether directly held by the H-REIT Trustee or indirectly held by the H-REIT Trustee through a special purpose vehicle, and in relation to any financial year or part thereof, means all costs and expenses incurred and payable by H-REIT or the relevant special purpose vehicle in the operation, maintenance, management and marketing of such real estate, including but not limited to the following:

- (i) the fees payable to the relevant property manager in relation to such real estate (if any);
- (ii) property tax, assessment, rents, charges or other impositions in relation to such real estate;
- (iii) charges for heating, air-conditioning, electricity, gas, water, telephone and any other utilities;
- (iv) costs of services, including contract cleaning fees, contract security fees as well as repair and maintenance expenses;
- (v) to the extent permitted by the Monetary Authority of Singapore ("**MAS**"), marketing, advertising, promotion and public relations expenses;
- (vi) commissions and expenses payable to the property manager and other leasing agents for the lease or licence of units in the real estate;
- (vii) maintenance charges, sinking fund contributions and other contributions or levies payable in respect of the real estate;

1 **"Deposited Property"** in relation to H-REIT, means all the assets of H-REIT for the time being held or deemed to be held upon the trusts of the H-REIT Trust Deed.

2 For purposes of calculating the base fee and performance fee, if H-REIT holds only a partial interest in (in relation to the base fee) any of the H-REIT Deposited Property, or (in relation to the performance fee) any investment from which any Net Property Income is derived, such H-REIT Deposited Property (in relation to the base fee) or Net Property Income (in relation to the performance fee) shall be pro-rated in proportion to the partial interest held.

- (viii) insurance premiums for insurances taken out for or in relation to the real estate;
- (ix) all depreciation or amortisation costs of the real estate (if any);
- (x) allowance for doubtful accounts or bad debts, as the H-REIT Trustee, on the recommendation of the H-REIT Manager, shall determine in accordance with generally accepted accounting principles in Singapore;
- (xi) reimbursement of salaries and related expenses;
- (xii) landlord's fitting out costs and expenses (net of takeover fees), general and administrative expenses as well as other miscellaneous expenses relating to the real estate;
- (xiii) GST (as defined herein) on the supply to H-REIT or (as the case may be) the relevant special purpose vehicle of any goods and services or GST paid or payable by the H-REIT Trustee or (as the case may be) the relevant special purpose vehicle on the importation of any goods, being (in each case) goods or services used or to be used for the purpose of any business carried on or to be carried on by H-REIT or (as the case may be) the relevant special purpose vehicle, to the extent that H-REIT or (as the case may be) the relevant special purpose vehicle is not entitled to credit for such GST against GST on supplies which H-REIT or (as the case may be) the relevant special purpose vehicle makes;
- (xiv) any other direct or indirect taxes, duties and licences whether in force at the present time or in the future payable on account of the operation of H-REIT including, without limitation, business tax, GST (to the extent that H-REIT is not entitled to credit for such GST against GST on supplies by H-REIT) and tax on such real estate as imposed by tax legislation of Singapore or elsewhere and generally any other tax by whatever name called imposed on such real estate;
- (xv) expenses incurred for any renovations, additions, alterations or other works carried out in respect of any part or unit in such real estate to enable such part or unit to be leased;
- (xvi) fees and expenses of expert(s) incurred by the property manager in relation to such real estate; and
- (xvii) all other expenses reasonably determined by the property manager to be necessary for the operation, management, marketing and maintenance of such real estate;

but shall not include the following:

- (a) expenditure on alterations, additions or improvements in or to such real estate or other expenditures of a capital nature which are not regarded as operating costs and expenses in accordance with generally accepted accounting principles in Singapore;

- (b) principal repayment of loans taken up by the H-REIT Trustee or the relevant special purpose vehicle for the acquisition, development and improvement of such real estate, including fees of consultants engaged for such acquisition, development and improvement of the real estate;
- (c) interest charges on hire purchase, equipment financing, credit facilities or loans taken up by the H-REIT Trustee or the relevant special purpose vehicle referred to in (b) above;
- (d) audit, valuation and legal fees and the fees of consultants and associated costs and expenses relating to the operation and management of such real estate;
- (e) legal fees and expenses incurred defending claims against H-REIT or pursuing claims by H-REIT;
- (f) profit tax on H-REIT;
- (g) the H-REIT Trustee's fees payable under the H-REIT Trust Deed; and
- (h) the H-REIT Manager's management fees payable under the H-REIT Trust Deed.

(ii) Acquisition Fee and Divestment Fee

Under the H-REIT Trust Deed, the H-REIT Manager is entitled to receive an acquisition fee of 1.0% of:

- (a) the acquisition price of any real estate purchased, whether directly or indirectly through one or more special purpose vehicles, by H-REIT (plus any other payments in connection with the purchase of the real estate) (pro-rated if applicable to the proportion of H-REIT's interest);
- (b) the underlying value of any real estate which is taken into account when computing the acquisition price payable for the equity interests of any vehicle holding directly or indirectly the real estate, purchased, whether directly or indirectly through one or more special purpose vehicles, by H-REIT (pro-rated if applicable to the proportion of H-REIT's interest); or
- (c) the acquisition price of any investment purchased by H-REIT, whether directly or indirectly through one or more special purpose vehicles, in any debt securities of any property corporation or other special purpose vehicle owning or acquiring real estate or any debt securities which are secured whether directly or indirectly by the rental income from real estate.

Under the H-REIT Trust Deed, the H-REIT Manager is entitled to receive a divestment fee of 0.5% of:

- (a) the sale price of real estate sold or divested, whether directly or indirectly through one or more special purpose vehicles, by H-REIT (plus any other payments in connection with the sale or divestment of the property) (pro-rated if applicable to the proportion of H-REIT's interest);

- (b) the underlying value of any real estate which is taken into account when computing the sale price for the equity interests in any vehicle holding directly or indirectly the real estate, sold or divested, whether directly or indirectly through one or more special purpose vehicles, by H-REIT (pro-rated if applicable to the proportion of H-REIT's interest); or
- (c) the sale price of any investment sold or divested by H-REIT, whether directly or indirectly through one or more special purpose vehicles, in any debt securities of any property corporation or other special purpose vehicle owning or acquiring real estate or any debt securities which are secured whether directly or indirectly by the rental income from real estate.

3.1.4 The Structure of the Proposed HBT Management Fee, Acquisition Fee and Divestment Fee Supplement

(i) Management Fee

The HBT Trustee-Manager's proposed formula for the management fee, which is consistent with that of H-REIT's, is a management fee comprising a base fee of 0.25% per annum of the value of the HBT Trust Property¹ and a performance fee² of 5.0% per annum of HBT's Net Property Income (as defined herein) in the relevant financial year.

"Net Property Income" in relation to Real Estate³ in the form of land, whether held directly by the HBT Trustee-Manager or indirectly through entities, and in relation to any financial year or part thereof, means its Gross Revenue (as defined herein) less Property Expenses (as defined herein) for such real estate for that financial year or part thereof.

"Property Expenses" in relation to Real Estate in the form of land, whether directly held by the HBT Trustee-Manager or indirectly held by the HBT Trustee-Manager through entities, and in relation to any financial year or part thereof, means all costs and expenses incurred and payable by HBT or the relevant entities in the operation, maintenance, management and marketing of such real estate, including but not limited to the following:

- (i) the fees payable to the relevant property manager in relation to such real estate (if any);
- (ii) property tax, assessment, rents, charges or other impositions in relation to such real estate;

1 As defined in the HBT Trust Deed, **"Trust Property"** means all the assets of HBT, including all its authorised investments for the time being held or deemed to be held upon the trusts of the HBT Trust Deed.

2 For purposes of calculating the base fee and performance fee, if HBT holds only a partial interest in (in relation to the base fee) any of the Trust Property, or (in relation to the performance fee) any investment from which any of the Net Property Income (as defined herein) is derived, such Trust Property (in relation to the base fee) or Net Property Income (in relation to the performance fee) shall be pro-rated in proportion to the partial interest held.

3 **"Real Estate"** means any land, and any interest, option or other right in or over any land, including without limitation, all machinery, plant and equipment installed in any land, as well as shares or units in an unlisted entity (whether incorporated or otherwise constituted, in Singapore or elsewhere) whose primary purpose is to hold, directly or indirectly, any of the foregoing. For the purposes of this definition, "land" includes land of any tenure, whether or not held apart from the surface, and buildings or parts thereof (whether completed or otherwise and whether divided horizontally, vertically or in any other manner) and tenements and hereditaments, corporeal and incorporeal, and any estate or interest therein.

- (iii) charges for heating, air-conditioning, electricity, gas, water, telephone and any other utilities;
- (iv) costs of services, including contract cleaning fees, contract security fees as well as repair and maintenance expenses;
- (v) marketing, advertising, promotion and public relations expenses;
- (vi) commissions and expenses payable to the property manager and other leasing agents for the lease or licence of units in the real estate;
- (vii) maintenance charges, sinking fund contributions and other contributions or levies payable in respect of the real estate;
- (viii) insurance premiums for insurances taken out for or in relation to the real estate;
- (ix) allowance for doubtful accounts or bad debts, as the HBT Trustee-Manager shall determine in accordance with generally accepted accounting principles in Singapore;
- (x) reimbursement of salaries and related expenses;
- (xi) landlord's fitting out costs and expenses (net of takeover fees), general and administrative expenses as well as other miscellaneous expenses relating to the real estate;
- (xii) GST on the supply to HBT or (as the case may be) the relevant entity of any goods and services or GST paid or payable by the HBT Trustee-Manager or (as the case may be) the relevant entity on the importation of any goods, being (in each case) goods or services used or to be used for the purpose of any business carried on or to be carried on by HBT or (as the case may be) the relevant entity, to the extent that HBT or (as the case may be) the relevant entity is not entitled to credit for such GST against GST on supplies which HBT or (as the case may be) the relevant entity makes;
- (xii) any other direct or indirect taxes, duties and licences whether in force at the present time or in the future payable on account of the operation of HBT including, without limitation, business tax, GST (to the extent that HBT is not entitled to credit for such GST against GST on supplies by HBT) and tax on such real estate as imposed by tax legislation of Singapore or elsewhere and generally any other tax by whatever name called imposed on such real estate;
- (xiv) expenses incurred for any renovations, additions, alterations or other works carried out in respect of any part or unit in such real estate to enable such part or unit to be leased;
- (xv) fees and expenses of expert(s) incurred by the property manager in relation to such real estate;
- (xvi) rental expenses; and

- (xvii) all other cost and expense of maintaining, conducting and supervising a Lodging Business (as defined herein) and are normally treated as operating expenses under the 11th revised edition of the Uniform System of Accounts for the Lodging Industry, or the latest version as available from time to time, or reasonably determined by the property manager to be necessary for the operation, management, marketing and maintenance of such real estate;

but, shall not include the following:

- (a) expenditure on alterations, additions or improvements in or to such real estate or other expenditures of a capital nature which are not regarded as operating costs and expenses in accordance with generally accepted accounting principles in Singapore;
- (b) principal repayment of loans taken up by the HBT Trustee-Manager or the relevant entity for the acquisition, development and improvement of such real estate, including fees of consultants engaged for such acquisition, development and improvement of the real estate;
- (c) interest charges on hire purchase, equipment financing, credit facilities or loans taken up by the HBT Trustee-Manager or the relevant entity referred to in (b) above;
- (d) all depreciation or amortisation costs of the real estate (if any);
- (e) audit, valuation and legal fees and the fees of consultants and associated costs and expenses relating to the operation and management of such real estate;
- (f) legal fees and expenses incurred defending claims against HBT or pursuing claims by HBT;
- (g) profit tax on HBT; and
- (h) the HBT Trustee-Manager's fees payable under the HBT Trust Deed.

(ii) Acquisition Fee and Divestment Fee

The HBT Trustee-Manager's proposed formula for the acquisition fee, which is consistent with that of H-REIT's, is 1.0% of:

- (a) the acquisition price of any real estate purchased, whether directly or indirectly through one or more entities, by HBT (plus any other payments in connection with the purchase of the real estate) (pro-rated if applicable to the proportion of HBT's interest);
- (b) the underlying value of any real estate which is taken into account when computing the acquisition price payable for the equity interests of any vehicle holding directly or indirectly the real estate, purchased, whether directly or indirectly through one or more entities, by HBT (pro-rated if applicable to the proportion of HBT's interest); or

- (c) the acquisition price of any investment purchased by HBT, whether directly or indirectly through one or more entities, in any debt securities of any property corporation or other entity owning or acquiring real estate or any debt securities which are secured whether directly or indirectly by the rental income from real estate.

Further, the HBT Trustee-Manager proposes that the HBT Trustee-Manager receives a lower acquisition fee of 0.75% for acquisitions by HBT from an interested person (as defined in the Listing Manual).

The HBT Trustee-Manager proposes to introduce a divestment fee payable to the HBT Trustee-Manager that is consistent with that payable to the H-REIT Manager under the H-REIT Trust Deed. The HBT Trustee-Manager's proposed formula for the divestment fee is 0.5% of:

- (a) the sale price of real estate sold or divested, whether directly or indirectly through one or more entities, by HBT (plus any other payments in connection with the sale or divestment of the property (pro-rated if applicable to the proportion of HBT's interest));
- (b) the underlying value of any real estate which is taken into account when computing the sale price for the equity interests in any vehicle holding directly or indirectly the real estate, sold or divested, whether directly or indirectly through one or more entities, by HBT (pro-rated if applicable to the proportion of HBT's interest); or
- (c) the sale price of any investment sold or divested by HBT, whether directly or indirectly through one or more entities, in any debt securities of any property corporation or other entity owning or acquiring real estate or any debt securities which are secured whether directly or indirectly by the rental income from real estate.

Security Holders should note that as part of the HBT Trustee-Manager's role, the HBT Trustee-Manager continuously evaluates the portfolio of HBT, including the acquisition or divestment of assets by HBT. Should Resolution 1 be approved by Security Holders, and HBT acquires or disposes of an asset after such approval, HBT will be entitled to an acquisition fee or divestment fee in respect of the acquisition or the disposal (as the case may be) in accordance with the new fee structure proposed under the Proposed HBT Management Fee, Acquisition Fee and Divestment Fee Supplement.

(Details of the Proposed HBT Management Fee, Acquisition Fee and Divestment Fee Supplement can be found at **Appendix B1** of this Circular.)

3.1.5 Rationale for the Proposed HBT Management Fee, Acquisition Fee and Divestment Fee Supplement

The HBT Trustee-Manager believes that the Proposed HBT Management Fee, Acquisition Fee and Divestment Fee Supplement is beneficial to Security Holders.

The management fee is structured to have a performance-based element that is designed to align the interests of the Managers with those of Security Holders, and incentivise the Managers to grow revenues and minimise operating costs.

The Proposed HBT Management Fee, Acquisition Fee and Divestment Fee Supplement also facilitates the enhancement of HBT's role so that it puts HBT on an equal footing with H-REIT. The alignment of the fee structure for HBT with the fee structure of H-REIT will provide CDLHT with added flexibility to grow HBT into a substantial entity for the benefit of Security Holders. The Managers would be able to acquire properties to grow CDLHT through both H-REIT and HBT. For example, HBT could be used to acquire assets which HBT can own and operate itself, while H-REIT can be used to acquire assets in respect of which H-REIT can act as master lessor. In certain instances, it may be more commercially efficient for HBT to buy target companies which owns the asset and operations instead of restructuring the holding structure such that H-REIT can hold the asset and then lease it to HBT, as the latter involves an additional layer of transaction which may be subject to an additional set of taxes in certain jurisdictions. The Managers and Security Holders alike should be neutral as to whether a property should be acquired by H-REIT or HBT, due to the similar fee structures. The enhanced role of HBT would facilitate the growth of CDLHT's income base and asset portfolio for the benefit of Security Holders.

In addition, the introduction of a divestment fee is also beneficial to Security Holders, as it would facilitate the disposal of assets by HBT as needed to optimise or rebalance its portfolio effectively. The HBT Trustee-Manager could potentially use the sale proceeds of such divestments to pursue further growth opportunities and acquire other accretive properties.

The fee payment arrangements in relation to the management fee, acquisition fee and divestment fee payable to the H-REIT Manager are in line with practices by certain other hospitality stapled trusts that are listed in Singapore. Accordingly, as the Proposed HBT Management Fee, Acquisition Fee and Divestment Fee Supplement aligns the fee structure of the HBT Trustee-Manager with that of the H-REIT Manager under the H-REIT Trust Deed, the HBT Trustee-Manager is of the view that the proposed fee payment arrangements are in line with practices by certain other hospitality stapled trusts that are listed in Singapore.

3.1.6 Advice of the Independent Financial Adviser

The proposed entry into the Proposed HBT Management Fee, Acquisition Fee and Divestment Fee Supplement by HBT is an "interested person transaction" under the Listing Manual.

Having considered the principal terms of the Proposed HBT Management Fee, Acquisition Fee and Divestment Fee Supplement, evaluation of the Proposed HBT Management Fee, Acquisition Fee and Divestment Fee Supplement and subject to the assumptions and qualifications set out in the IFA Letter, and taking into account the prevailing conditions as at the Latest Practicable Date, the Independent Financial Adviser is of the opinion that the Proposed HBT Management Fee, Acquisition Fee and Divestment Fee Supplement is on normal commercial terms and not prejudicial to HBT and the minority HBT Unitholders. The letter of the Independent Financial Adviser, containing its advice in full, is set out in **Appendix A** of this Circular (the "IFA Letter").

3.2 The Proposed H-REIT Acquisition Fee Supplement

3.2.1 Overview of the Proposed H-REIT Acquisition Fee Supplement

In conjunction with the proposed amendments to the management fee, acquisition fee and the divestment fee in the HBT Trust Deed in the form of the Proposed HBT Management Fee, Acquisition Fee and Divestment Fee Supplement, the H-REIT Manager proposes to amend the H-REIT Trust Deed in the form of a supplemental deed of trust such that the H-REIT Manager will lower its acquisition fee from the rate of 1.0% to 0.75% for acquisitions by H-REIT from an interested person (as defined in the Listing Manual) (the “**Proposed H-REIT Acquisition Fee Supplement**”). The H-REIT Manager’s acquisition fee for all other cases of acquisitions will remain at a rate of 1.0%.

(Details of the Proposed H-REIT Acquisition Fee Supplement can be found at **Appendix B2** of this Circular.)

The H-REIT Manager is of the view that the proposed amendment to lower the acquisition fee for acquisitions by H-REIT from an interested person (as defined in the Listing Manual) is in line with practices by certain other hospitality stapled trusts as well as real estate investment trusts that are listed in Singapore.

Security Holders should note that the Managers are seeking Security Holders’ approval for both the Proposed HBT Management Fee, Acquisition Fee and Divestment Fee Supplement and the Proposed H-REIT Acquisition Fee Supplement under Resolution 1. If Resolution 1 is not accepted, the Managers will not proceed with both the Proposed HBT Management Fee, Acquisition Fee and Divestment Fee Supplement and the Proposed H-REIT Acquisition Fee Supplement.

3.2.2 Advice of the Independent Financial Adviser

The proposed entry into the Proposed H-REIT Acquisition Fee Supplement by H-REIT is an “interested person transaction” under the Listing Manual.

Having considered the principal terms of the Proposed H-REIT Acquisition Fee Supplement, evaluation of the Proposed H-REIT Acquisition Fee Supplement and subject to the assumptions and qualifications set out in the IFA Letter, and taking into account the prevailing conditions as at the Latest Practicable Date, the Independent Financial Adviser is of the opinion that the Proposed H-REIT Acquisition Fee Supplement is on normal commercial terms and not prejudicial to H-REIT and the minority H-REIT Unitholders. The IFA Letter is set out in **Appendix A** of this Circular.

4. RESOLUTION 2: THE PROPOSED BROKERAGE FEE SUPPLEMENT TO THE H-REIT TRUST DEED

4.1 The Proposed H-REIT Brokerage Fee Supplement

The H-REIT Manager proposes to amend the H-REIT Trust Deed in the form of a supplemental deed of amendment for the purpose of allowing the H-REIT Manager to pay for the costs and commissions of third party agents and brokers in connection with the acquisition or divestment of any assets of H-REIT out of the Deposited Property of H-REIT

or out of the assets of the relevant entity and not out of the acquisition or divestment fee received or to be received by the H-REIT Manager (the “**Proposed H-REIT Brokerage Fee Supplement**”).

Security Holders should note that as part of the H-REIT Manager’s main responsibility to manage H-REIT’s assets and liabilities for the benefit of Security Holders, the H-REIT Manager continuously evaluates the portfolio of H-REIT, including the acquisition or divestment of assets by H-REIT. The evaluation process may involve the use of third party agents and brokers where the H-REIT Manager considers such use to be beneficial to Security Holders. Should the Proposed H-REIT Brokerage Fee Supplement be approved by Security Holders and the use of any third party agent or broker results in a completed transaction for H-REIT, the costs and commissions payable to the third party agent or broker would be paid out of the assets of H-REIT.

Further, the H-REIT Manager would continue to receive acquisition and divestment fees for the work which it would be carrying out in the acquisition and divestment process, as the case may be, including overseeing the entire transaction, coordinating and supervising the third party agents and brokers and other professionals, gathering the relevant information on the asset(s) being acquired or sold, as the case may be, conducting due diligence on acquisitions, assisting in the preparation of relevant materials, addressing prospective buyers’ queries (in the case of divestments), and negotiating the terms of the transaction and requisite transaction documents for the benefit of H-REIT.

(Details of the Proposed H-REIT Brokerage Fee Supplement can be found at **Appendix C** of this Circular.)

4.2 Rationale for the Proposed H-REIT Brokerage Fee Supplement

The H-REIT Manager believes that the Proposed H-REIT Brokerage Fee Supplement will provide flexibility for the H-REIT Manager in carrying out its duties for the benefit of H-REIT. The proposed amendments to the H-REIT Trust Deed are to allow the H-REIT Manager, as with current practice for all other hospitality stapled trusts that are listed in Singapore, to pay for the costs and commissions of third party agents and brokers in connection with the acquisition or divestment of any assets of H-REIT out of the Deposited Property of H-REIT or out of the assets of the relevant entity. At present, the H-REIT Manager would have to pay for any costs and commissions of third party agents and brokers in connection with the acquisition or divestment of any assets of H-REIT out of the acquisition or divestment fee received or to be received by the H-REIT Manager. Such costs and commissions may, in some instances, be greater than the acquisition fee or divestment fee (as the case may be) to be received by the H-REIT Manager. It would not be commercially feasible for the H-REIT Manager to be out-of-pocket when it comes to engaging such third party agents and brokers.

The appointing of third party agents and brokers would be beneficial to H-REIT as such third party agents and brokers may have access to a broader pool of potential sellers (in the case of acquisitions) and buyers (in the case of divestments). The H-REIT Manager would be better advised of properties available on the market for acquisitions. Furthermore, third party agents and brokers may also facilitate negotiations between H-REIT and the potential seller. Appointing third party agents and brokers in the case of divestments would help to create greater demand for the asset(s) being divested, which would help to create price tension and a more competitive sale, in turn optimising the pricing or other terms of sale for the benefit of H-REIT. Such appointments would also enhance the ability of the H-REIT Manager to effectively optimise or rebalance H-REIT’s portfolio, and obtain a better price on the asset(s) being purchased or sold, as the case may be.

As every acquisition and disposal of an investment is executed by the H-REIT Manager for the sole purpose of managing H-REIT's assets for the benefit of the H-REIT Unitholders, it is justified that the costs and commissions of third party agents and brokers for property acquisitions and disposals be borne by H-REIT.

The H-REIT Manager is of the view that the proposed fee payment arrangement is also in line with practices by all other hospitality stapled trusts as well as certain other real estate investment trusts that are listed in Singapore.

4.3 Advice of the Independent Financial Adviser

The proposed entry into the Proposed H-REIT Brokerage Fee Supplement by H-REIT is an "interested person transaction" under the Listing Manual.

Having considered the principal terms of the Proposed H-REIT Brokerage Fee Supplement, evaluation of the Proposed H-REIT Brokerage Fee Supplement and subject to the assumptions and qualifications set out in the IFA Letter, and taking into account the prevailing conditions as at the Latest Practicable Date, the Independent Financial Adviser is of the opinion that the Proposed H-REIT Brokerage Fee Supplement is on normal commercial terms and not prejudicial to H-REIT and the minority H-REIT Unitholders. The IFA Letter is set out in **Appendix A** of this Circular.

5. RESOLUTION 3: THE PROPOSED DEVELOPMENT MANAGEMENT FEE SUPPLEMENTS TO THE H-REIT TRUST DEED AND THE HBT TRUST DEED

5.1 The Proposed H-REIT Development Management Fee Supplement and the Proposed HBT Development Management Fee Supplement

Each of the H-REIT Manager and the HBT Trustee-Manager proposes to supplement the H-REIT Trust Deed (the "**Proposed H-REIT Development Management Fee Supplement**") and the HBT Trust Deed (the "**Proposed HBT Development Management Fee Supplement**") respectively by introducing a development management fee (the "**Development Management Fee**"), equivalent to 3.0% of the Total Project Costs¹ incurred in a Development Project (as defined herein) undertaken on behalf of H-REIT or HBT

1 "Total Project Costs" means the sum of the following:

- construction cost based on the project final account prepared by the project quantity surveyor;
- land cost being all costs associated with the acquisition of the land (including the purchase price) on which the property will be developed including the differential premium or development charge where applicable. For land acquired on land rent basis, only the total amount of land rent payable during the development period will be included. For the re-development of existing properties, land costs refers to all costs associated with land such as any payment of additional premiums or amounts to the regulatory authorities in connection with the re-development of the existing property, but does not include the value of the land;
- principal consultants fees, including payments to the project's architect, civil and structural engineer, mechanical and electrical engineer, quantity surveyor and project manager;
- the cost of obtaining all approvals for the project;
- site staff costs;
- taxes payable in connection with the project;
- interest costs on borrowings used to finance project cashflows that are capitalised to the project in line with generally accepted accounting principles in Singapore; and
- any other costs incurred in connection with or for the purpose of the project and can be capitalised to the project in accordance with generally accepted accounting principles in Singapore.

respectively, payable to the H-REIT Manager or the HBT Trustee-Manager respectively for the purpose of facilitating the undertaking of Development Projects¹ by the H-REIT Manager or the HBT Trustee-Manager on behalf of H-REIT or HBT respectively. The Development Management Fee shall be payable in the form of cash and in equal monthly instalments in cash over the construction period of each development project based on the H-REIT Manager's or the HBT Trustee-Manager's (as the case may be) best estimate of the Total Project Costs and construction period and, if necessary, a final payment of the balance amount to be paid to the H-REIT Manager or the HBT Trustee-Manager (as the case may be) or paid by the H-REIT Manager or the HBT Trustee-Manager (as the case may be) when the Total Project Costs is finalised.

No acquisition fee shall be paid to the H-REIT Manager or the HBT Trustee-Manager, as the case may be, when the H-REIT Manager or the HBT Trustee-Manager, as the case may be, receives the Development Management Fee for a Development Project.

(Details of the Proposed H-REIT Development Management Fee Supplement and the Proposed HBT Development Management Fee Supplement can be found in **Appendix D** of this Circular.)

In addition, when the estimated total project costs are greater than S\$200.0 million, the Independent Directors of each of the H-REIT Manager and the HBT Trustee-Manager, currently being Dr Foo Say Mui (Bill), Mr Ronald Seah Lim Siang, Mr Kenny Kim and Ms Cheah Sui Ling and, in the case of H-REIT, the Trustee, will first review and approve the quantum of the Development Management Fee payable to the H-REIT Manager and the HBT Trustee-Manager, as the case may be, and the H-REIT Manager or the HBT Trustee-Manager, as the case may be, may be directed by the relevant Independent Directors to reduce the Development Management Fee. In the case of H-REIT, the Independent Directors of the H-REIT Manager and, in the case of HBT, the Independent Directors of the HBT Trustee-Manager, will have the final say on the quantum of Development Management Fee payable to the H-REIT Manager and the HBT Trustee-Manager respectively.

5.2 Responsibilities of the H-REIT Manager or the HBT Trustee-Manager, as the case may be, as Development Manager

As development manager, the H-REIT Manager or the HBT Trustee-Manager, as the case may be, shall be responsible for providing development management services such as:

- (a) overall responsibility for the planning, control and monitoring of the progress of the development project from concept to completion to ensure the project is completed within the stipulated time, cost and quality;
- (b) working closely with the appointed project manager, architect, engineers and consultants to carry out relevant value engineering to ensure a cost-efficient building;
- (c) establishing the prospective master lessee/operator/tenant's real estate requirements, making site selection and negotiating with government authorities on land allocation and conditions;

¹ "Development Project" means a project involving the development or re-development of land, or buildings, or part(s) thereof on land which is acquired, held or leased by H-REIT or HBT, as the case may be, provided always that, in the case of H-REIT, paragraph 5 of Appendix 6 of the Code on Collective Investment Schemes issued by the MAS (the "Property Funds Appendix") shall be complied with for the purposes of such development, and, in the case of HBT, any relevant laws, regulations and guidelines shall be complied with for the purposes of such development, including major development, re-development, refurbishment, retrofitting, addition and alteration and renovation works.

- (d) providing value-added inputs on the concept and schematic plans by engaging the service providers, namely hospitality operators and/or property managers and involving the asset managers to ensure an efficient, functional and marketable end product;
- (e) liaising with prospective master lessee/operator/tenant for acceptance of concept and schematic plans and building specifications;
- (f) establishing and ensuring agreement with the prospective master lessee/operator/tenant on the overall milestones for the delivery of the development project; and
- (g) finalising with the prospective master lessee/operator/tenant the architectural schematic plans/specifications for use as the basis for calling of tender(s).

Each of the Managers, as the case may be, will remain at all times responsible for its obligations set out above. The H-REIT Manager will take into account H-REIT's investment strategy and applicable laws and regulations, including the Property Funds Appendix, in carrying out property development activities.

5.3 Rationale for the Proposed H-REIT Development Management Fee Supplement and the Proposed HBT Development Management Fee Supplement

Where opportunities arise, the Managers may complement their existing strategy of investing in a diversified portfolio of income-producing real estate and real estate-related assets which is primarily used for hospitality and/or hospitality-related purposes by enhancing the ability of each of H-REIT and HBT to undertake development activities.

Unlike outright acquisitions of completed income-producing properties, the process of property development is more complex as it requires a longer gestation period and involves the management and supervision of significant construction activity. The gestation period (*i.e.* from the time taken between identification of development opportunities and the confirmation of a deal) may take up to a year and sometimes longer. From confirmation of a deal to the completion of the construction of the development project, the development management process may typically take 12 to 36 months depending on the size, complexity and location of the project. In contrast, the time frame for outright acquisitions may be as short as three to six months from the initial inspection until the completion of the acquisition.

In addition, development management usually involves more extensive liaisons with external parties such as architects, engineers, designers, contractors and the relevant authorities. The services rendered for a development project (as described in paragraph 5.2 above) is significantly more than the services rendered for an acquisition.

The Managers believe that having the ability to execute a development strategy when an attractive opportunity arises is beneficial to Security Holders as development projects can potentially provide significant returns to augment the income derived from the acquisitions and thus also contribute to improving the net asset value of H-REIT's or HBT's portfolio, as the case may be, and provide growing distributions to Security Holders.

The Managers are of the view that the proposed fee payment arrangement is also in line with practices by certain other hospitality stapled trusts that are listed in Singapore.

5.4 Advice of the Independent Financial Adviser

The proposed entry into the Proposed H-REIT Development Management Fee Supplement by H-REIT is an “interested person transaction” under the Listing Manual.

Having considered the principal terms of the Proposed H-REIT Development Management Fee Supplement, evaluation of the Proposed H-REIT Development Management Fee Supplement and subject to the assumptions and qualifications set out in the IFA Letter, and taking into account the prevailing conditions as at the Latest Practicable Date, the Independent Financial Adviser is of the opinion that the Proposed H-REIT Development Management Fee Supplement is on normal commercial terms and not prejudicial to H-REIT and the minority H-REIT Unitholders. The IFA Letter is set out in **Appendix A** of this Circular.

The proposed entry into the Proposed HBT Development Management Fee Supplement by HBT is an “interested person transaction” under the Listing Manual.

Having considered the principal terms of the Proposed HBT Development Management Fee Supplement, the evaluation of the Proposed HBT Development Management Fee Supplement and subject to the assumptions and qualifications set out in the IFA Letter, and taking into account the prevailing conditions as at the Latest Practicable Date, the Independent Financial Adviser is of the opinion that the Proposed HBT Development Management Fee Supplement is on normal commercial terms and not prejudicial to HBT and the minority HBT Unitholders. The IFA Letter is set out in **Appendix A** of this Circular.

6. RESOLUTION 4: THE PROPOSED ELECTRONIC COMMUNICATIONS SUPPLEMENTS TO THE H-REIT TRUST DEED, THE HBT TRUST DEED AND THE STAPLING DEED

6.1 The Proposed H-REIT Electronic Communications Supplement

6.1.1 Background to the Proposed H-REIT Electronic Communications Supplement

By way of background, in connection with the amendments to the Companies Act, Chapter 50 of Singapore (the “**Companies Act**”) as set out in the Companies (Amendment) Act 2014, companies are allowed to send notices and documents electronically to their shareholders if the constitution of the company provides for and specifies the manner in which electronic communications are to be used¹. Further, notices or documents may be sent by way of electronic communications to shareholders with the express, deemed or implied consent of the shareholders in accordance with the constitution of the company².

On 11 January 2016, the SGX-ST published a consultation paper on the “Listing Rules Amendments to Align with Changes to the Companies Act” (the “**SGX-ST Consultation Paper**”) which, among other things, proposed to allow issuers to electronically transmit certain types of notices and documents if express consent or deemed consent of the Security Holders is obtained and subject to certain

1 The amendment to the Companies Act in relation to electronic communications was introduced to give effect to recommendations by the Steering Committee for Review of the Companies Act to ease the rules for the use of electronic transmission and to make them less prescriptive. These recommendations were accepted by the Ministry of Finance (“**MOF**”). In accepting these recommendations, the MOF noted the concerns of some shareholders who would prefer to have an option to receive physical copies of the notices and documents, notwithstanding that the company adopts the implied consent regime, and indicated that such shareholders could highlight their concerns when a company proposes amendments to its constitution to move to an implied consent regime.

2 Section 387C of the Companies Act.

safeguards. The purpose of the proposed amendments to the listing rules of the SGX-ST (the “**Listing Rules**”) as set out in the SGX-ST Consultation Paper was to align the Listing Rules with the amendments to the Companies Act which came into effect on 3 January 2016. In addition, the SGX-ST Consultation Paper also requested feedback from the public as to whether listed companies should be allowed to rely on implied consent of Security Holders to electronically transmit certain types of notices and documents.

Following feedback received by the SGX-ST in response to the SGX-ST Consultation Paper, the SGX-ST amended the Listing Rules to allow listed issuers to electronically transmit certain types of notices and documents with the express, deemed or implied consent of the shareholders (or unitholders, in the case of a listed stapled trust such as H-REIT) in accordance with the constituent document of the listed issuer, subject to the safeguards set out in the amended Listing Rules¹. The amendments were effective as of 31 March 2017. Consequently, H-REIT Manager wishes to amend the H-REIT Trust Deed to adopt certain provisions of the Listing Rules to allow for the electronic transmission of notices and documents in relation to H-REIT.

The Code on Collective Investment Schemes allows a real estate investment trust to send its accounts and reports to unitholders by electronic means (as defined in the Code on Collective Investment Schemes). On 10 November 2016, the MAS published a consultation paper on “Proposed Amendments to the Code on Collective Investment Schemes” which, among other things, proposed to clarify that a REIT may also send its accounts and reports to unitholders by electronic means². On 15 December 2017, the MAS published a response to feedback received on the “Consultation Paper on Proposed Amendments to the Code on Collective Investment Schemes” in which it stated, among others, that MAS does not intend to prescribe a list of permissible means of electronic transmission of reports, and clarified that while REITs may distribute electronic copies instead of hard copies, unitholders should still be given the option to request for hardcopy accounts and reports within one month from the notification of the availability of the accounts and reports.

Although H-REIT is not bound by the Companies Act, it is nonetheless bound by the Listing Rules and Code on Collective Investment Schemes.

Electronic Communications Regime

The H-REIT Unitholders would have expressly consented to the use of electronic communications of notices and documents if the H-REIT Unitholder expressly agrees that notices and documents may be given, sent or served to him using electronic communications (the “**Express Consent Regime**”).

1 Rules 1208 to 1212 of the Listing Rules.

2 According to the Code on Collective Investment Schemes, electronic means include:

- transmitting via email with softcopy attachments to the email address provided by the unitholders for correspondence purposes;
- making available via an electronic storage medium (e.g. CD-ROM); and
- posting on a website where the accounts and reports would remain posted on that website for at least 12 months from the date of posting.

The H-REIT Unitholders are subject to the deemed consent regime in relation to the use of electronic communications of notices and documents if the H-REIT Trust Deed (i) provides for the use of electronic communications, (ii) specifies the manner in which the electronic communications is to be used, and (iii) specifies that the H-REIT Unitholders will be given an opportunity to elect within a specified period of time (the “**Specified Time**”), whether to receive such notice or document by way of electronic communications or as a physical copy and within that Specified Time, the H-REIT Unitholder fails to make an election (the “**Deemed Consent Regime**”)¹.

The H-REIT Unitholders are subject to the implied consent regime in relation to the use of electronic communications of notices and documents if the H-REIT Trust Deed (i) provides for the use of electronic communications, (ii) specifies the manner in which the electronic communications is to be used, and (iii) provides that the H-REIT Unitholder shall agree to receive such notice or documents by way of such electronic communications and shall not have a right to elect to receive a physical copy of such notice or document² (the “**Implied Consent Regime**” and together with the Express Consent Regime and the Deemed Consent Regime, the “**Consent Regimes**”).

In line with the safeguards applicable under Rule 1210 of the Listing Rules, the Consent Regimes do not apply to (i) forms or acceptance letters that the H-REIT Unitholders may be required to complete, (ii) notice of meetings, excluding circulars or letters referred in that notice, (iii) notices or documents relating to take-over offers, and (iv) notices or documents relating to rights issues, and such notices or documents that cannot be transmitted by electronic means.

SECURITY HOLDERS SHOULD NOTE THAT BY APPROVING THE RESOLUTION IN RELATION TO THE PROPOSED H-REIT ELECTRONIC COMMUNICATIONS TRUST DEED SUPPLEMENT, THEY ARE ALSO DEEMED TO HAVE APPROVED TO HAVE THE H-REIT MANAGER ADOPT THE USE OF THE IMPLIED CONSENT REGIME AND THE DEEMED CONSENT REGIME, SUBJECT TO COMPLIANCE WITH ALL APPLICABLE LAWS, RULES AND REGULATIONS, INCLUDING THE LISTING MANUAL.

6.1.2 The Proposed H-REIT Electronic Communications Supplement

Based on the existing terms of the H-REIT Trust Deed, any notice required to be served upon a H-REIT Unitholder shall be sent to the H-REIT Unitholder by way of physical copies. Currently, the H-REIT Trust Deed does not have any provisions to give, send or serve notices or documents to the H-REIT Unitholders through electronic communications.

In connection with the foregoing, and subject to the approval of H-REIT Unitholders, the H-REIT Manager proposes to adopt the Deemed Consent Regime and amend the H-REIT Trust Deed in the form of a supplemental deed (the “**Proposed H-REIT Electronic Communications Supplement**”) to include provisions regarding electronic communications for notices or documents given, sent or served to the H-REIT Unitholders.

(Details of the Proposed H-REIT Electronic Communications Supplement can be found in **Appendix E** of this Circular.)

1 Rule 1209(1) of the Listing Rules.

2 Rule 1209(2) of the Listing Rules.

6.1.3 Rationale for the Proposed H-REIT Electronic Communications Supplement

The H-REIT Manager intends to utilise the electronic transmission of documents to give, send or serve certain notices and documents of H-REIT to the H-REIT Unitholders. The H-REIT Manager believes that the Proposed H-REIT Electronic Communications Supplement will provide the H-REIT Manager with environmental benefits which is in line with its sustainability efforts, the flexibility to reduce costs and increase operational efficiency and speed in communications for H-REIT, such as ceasing to send physical copies of annual reports since annual reports are already published on the websites of the H-REIT Manager and the SGX-ST.

6.1.4 Safeguards to the H-REIT Unitholders

In line with the safeguards introduced by the SGX-ST in the Listing Rules, the H-REIT Manager proposes to amend the H-REIT Trust Deed to adopt the electronic communications safeguards set out therein as well. The H-REIT Trust Deed includes the following amendments to safeguard the interests of the H-REIT Unitholders¹:

(i) Separate Notice to the H-REIT Unitholders before sending any notice or document by Electronic Communications under Deemed Consent Regime

Should the H-REIT Manager implement the Deemed Consent Regime, before sending any notice or document to the H-REIT Unitholders who are deemed to have consented to receive notices or documents by way of electronic communications, the H-REIT Manager will give a separate notice in writing to the H-REIT Unitholders stating that (i) the H-REIT Unitholders have a right to elect, within a time specified in the notice, to receive notices and documents either electronically or by way of a physical copy, (ii) if a H-REIT Unitholder does not make an election, notices and documents will be sent to the H-REIT Unitholder electronically, (iii) electronic communications will be used in the manner specified in the H-REIT Trust Deed, (iv) the H-REIT Unitholders may make a fresh election at any time, and (v) the H-REIT Unitholders' latest election to receive notices and documents will prevail over the H-REIT Unitholders' earlier elections.

(ii) The H-REIT Unitholders may make fresh elections under Deemed Consent Regime

In addition, should the H-REIT Manager implement the Deemed Consent Regime, the H-REIT Manager would allow the H-REIT Unitholders to make a fresh election at any time and the H-REIT Unitholders' latest election as to whether to receive notices or documents by way of electronic communications or physical notice will prevail.

¹ These amendments are in line with the safeguards in relation to electronic communications set out in Rules 1209 to 1212 of the Listing Rules.

(iii) The H-REIT Unitholders may request for physical copy of any notice or document sent by Electronic Communications

Where the H-REIT Manager chooses to transmit documents by way of electronic communications, the H-REIT Manager will, in compliance with the safeguards introduced by the SGX-ST in the Listing Rules, inform the H-REIT Unitholders as soon as practicable of how to request a physical copy of that document from the H-REIT Manager, and the H-REIT Manager will provide a physical copy of that document upon such request.

(iv) Separate notice to the H-REIT Unitholders when making documents available on a website

Where the H-REIT Manager chooses to transmit documents by making them available on a website, the H-REIT Manager will, in compliance with the safeguards introduced by the SGX-ST in the Listing Rules, separately provide a physical notice to the H-REIT Unitholders notifying them of, inter alia, the presence of the document on the website and the manner which the document may be accessed (or any further information as may be required in the Listing Rules).

(v) Certain notices or documents Excluded from Electronic Communications

In line with the safeguards introduced by the SGX-ST in the Listing Rules, notices or documents relating to forms or acceptance letters that the H-REIT Unitholders may be required to complete, meetings, take-over offers and rights issues will not be transmitted by electronic means.

6.2 The Proposed HBT Electronic Communications Supplement

6.2.1 Background to the Proposed HBT Electronic Communications Supplement

The HBT Trustee-Manager is seeking Security Holders' approval to supplement the HBT Trust Deed with a supplemental deed (the "**Proposed HBT Electronic Communications Supplement**") so that the HBT Trust Deed is aligned with the H-REIT Trust Deed in relation to the inclusion of provisions catering for the use of electronic communications for delivery of notices or documents. The Consent Regimes set out in the Listing Rules and in paragraph 6.1.1 above are also applicable to HBT and the HBT Unitholders since HBT is part of CDLHT, a stapled group listed on the SGX-ST.

(Details of the Proposed HBT Electronic Communications Supplement can be found in **Appendix E** of this Circular.)

6.2.2 Rationale for the Proposed HBT Electronic Communications Supplement

Based on the existing terms of the HBT Trust Deed, any notice required to be served upon a HBT Unitholder shall be sent to the HBT Unitholders by way of physical copies. The existing terms of the HBT Trust Deed do not have any provisions to give, send or serve notices or documents to the HBT Unitholders through electronic communications.

The HBT Trustee-Manager is proposing the Proposed HBT Electronic Communications Supplement so that the HBT Trust Deed is aligned with the H-REIT Trust Deed in relation to the inclusion of provisions catering for the use of electronic communications for delivery of notices or documents.

It should be noted that the implementation of the Proposed HBT Electronic Communications Supplement is subject to compliance of all applicable laws, rules and regulations.

SECURITY HOLDERS SHOULD NOTE THAT BY APPROVING THE RESOLUTION IN RELATION TO THE PROPOSED HBT TRUST DEED SUPPLEMENT, THEY ARE ALSO DEEMED TO HAVE APPROVED TO HAVE THE HBT TRUSTEE-MANAGER ADOPT THE USE OF THE IMPLIED CONSENT REGIME AND THE DEEMED CONSENT REGIME, SUBJECT TO COMPLIANCE WITH ALL APPLICABLE LAWS, RULES AND REGULATIONS.

6.2.3 Safeguards to the HBT Unitholders

The electronic communications safeguards adopted by the H-REIT Manager shall also be adopted by the HBT Trustee-Manager as part of the Proposed HBT Electronic Communications Supplement. Please refer to paragraph 6.1.4 above for further details on the electronic communications safeguards.

6.3 The Proposed Stapling Deed Electronic Communications Supplement

6.3.1 Background to the Proposed Stapling Deed Electronic Communications Supplement

The Managers are seeking Security Holders' approval to supplement the Stapling Deed (the "**Proposed Stapling Deed Electronic Communications Supplement**") so that the Stapling Deed is aligned with the H-REIT Trust Deed and the HBT Trust Deed in relation to the inclusion of provisions catering for the use of electronic communications for delivery of notices or documents. Do note that the Consent Regimes set out in the Listing Rules and in paragraph 6.1.1 above are applicable to CDLHT and the Security Holders.

6.3.2 Rationale for the Proposed Stapling Deed Electronic Communications Supplement

Based on the existing terms of the Stapling Deed, any notice required to be served upon a Security Holder shall be sent to Security Holders by way of physical copies. The existing terms of the Stapling Deed do not have any provisions to give, send or serve notices or documents to Security Holders through electronic communications.

The Managers are proposing the Proposed Stapling Deed Electronic Communications Supplement so that the Stapling Deed is aligned with the H-REIT Trust Deed and the HBT Trust Deed in relation to the inclusion of provisions catering for the use of electronic communications for delivery of notices or documents.

(See **Appendix E** of this Circular for further details of the Proposed Stapling Deed Electronic Communications Supplement.)

SECURITY HOLDERS SHOULD NOTE THAT BY APPROVING THE RESOLUTION IN RELATION TO THE PROPOSED STAPLING DEED ELECTRONIC COMMUNICATIONS SUPPLEMENT, THEY ARE ALSO DEEMED TO HAVE APPROVED TO HAVE THE MANAGERS ADOPT THE USE OF THE IMPLIED CONSENT REGIME AND THE DEEMED CONSENT REGIME, SUBJECT TO COMPLIANCE WITH ALL APPLICABLE LAWS, RULES AND REGULATIONS.

6.3.3 Safeguards to Security Holders

The electronic communications safeguards adopted by the H-REIT Manager in the Proposed H-REIT Electronic Communications Trust Deed Supplement and the HBT Trustee-Manager in the Proposed HBT Trust Deed Supplement shall also be adopted by the Managers as part of the Proposed Stapling Deed Electronic Communications Supplement. Please refer to paragraph 6.1.4 above for further details on the electronic communications safeguards.

7. RESOLUTION 5: THE PROPOSED COMPLIANCE AMENDMENTS TO THE H-REIT TRUST DEED AND THE HBT TRUST DEED

The H-REIT Manager and the HBT Trustee-Manager are proposing for amendments to be made to the H-REIT Trust Deed and the HBT Trust Deed respectively for the following reasons:

- (i) updating the H-REIT Trust Deed and the HBT Trust Deed for consistency with the Listing Manual to reflect that voting at meetings will be carried out by way of poll; and
- (ii) clarifying certain provisions in the H-REIT Trust Deed and the HBT Trust Deed following updates to applicable fiscal, statutory or official requirements (whether or not having the force of law).

(Details of the proposed compliance amendments to the H-REIT Trust Deed and the HBT Trust Deed can be found in **Appendix F** of this Circular.)

8. RECOMMENDATIONS

8.1 On the Proposed HBT Management Fee, Acquisition Fee and Divestment Fee Supplement and the Proposed H-REIT Acquisition Fee Supplement

Having regard to the rationale for the Proposed HBT Management Fee, Acquisition Fee and Divestment Fee Supplement and the Proposed H-REIT Acquisition Fee Supplement as set out above and the opinion of the Independent Financial Adviser (set out in the IFA Letter in **Appendix A** of this Circular), the Independent Directors and Audit and Risk Committees are of the opinion that each of the Proposed HBT Management Fee, Acquisition Fee and Divestment Fee Supplement and the Proposed H-REIT Acquisition Fee Supplement is on normal commercial terms and is not prejudicial to the interests of each of HBT or H-REIT or the minority HBT Unitholders or the minority H-REIT Unitholders respectively.

Accordingly the Independent Directors and Audit and Risk Committees recommend that Security Holders vote in favour of the resolution relating to the Proposed HBT Management Fee, Acquisition Fee and Divestment Fee Supplement and the Proposed H-REIT Acquisition Fee Supplement (Resolution 1).

8.2 On the Proposed H-REIT Brokerage Fee Supplement

Having regard to the rationale for the Proposed H-REIT Brokerage Fee Supplement as set out above and the opinion of the Independent Financial Adviser (set out in the IFA Letter in **Appendix A** of this Circular), the Independent Directors and Audit and Risk Committee are of the opinion that the Proposed H-REIT Brokerage Fee Supplement is on normal commercial terms and is not prejudicial to the interests of H-REIT or the minority H-REIT Unitholders.

Accordingly the Independent Directors and Audit and Risk Committee recommend that Security Holders vote in favour of the resolution relating to the Proposed H-REIT Brokerage Fee Supplement (Resolution 2).

8.3 On the Proposed H-REIT Development Management Fee Supplement and the Proposed HBT Development Management Fee Supplement

Having regard to the rationale for the Proposed H-REIT Development Management Fee Supplement and the Proposed HBT Development Management Fee Supplement as set out above and the opinion of the Independent Financial Adviser (set out in the IFA Letter in **Appendix A** of this Circular), the Independent Directors and Audit and Risk Committees are of the opinion that each of the Proposed H-REIT Development Management Fee Supplement and the Proposed HBT Development Management Fee Supplement is on normal commercial terms and is not prejudicial to the interests of each of H-REIT or HBT or the minority H-REIT Unitholders or the minority HBT Unitholders respectively.

Accordingly the Independent Directors and Audit and Risk Committees recommend that the Security Holders vote in favour of the resolution relating to Proposed H-REIT Development Management Fee Supplement and the Proposed HBT Development Management Fee Supplement (Resolution 3).

8.4 On the Proposed H-REIT Electronic Communications Supplement, the Proposed HBT Electronic Communications Supplement and the Proposed Stapling Deed Electronic Communications Supplement

Having regard to the rationale for the Proposed H-REIT Electronic Communications Supplement, the Proposed HBT Electronic Communications Supplement and the Proposed Stapling Deed Electronic Communications Supplement as set out above, the Independent Directors and Audit and Risk Committees are of the opinion that each of the Proposed H-REIT Electronic Communications Supplement, the Proposed HBT Electronic Communications Supplement and the Proposed Stapling Deed Electronic Communications Supplement is on normal commercial terms and is not prejudicial to the interests of each of H-REIT, HBT or CDLHT or the minority H-REIT Unitholders, the minority HBT Unitholders or the minority Security Holders respectively.

Accordingly the Directors recommend that Security Holders vote in favour of the resolution relating to the Proposed H-REIT Electronic Communications Supplement, the Proposed HBT Electronic Communications Supplement and the Proposed Stapling Deed Electronic Communications Supplement (Resolution 4).

8.5 On the Proposed Compliance Amendments to the H-REIT Trust Deed and the HBT Trust Deed

Having regard to the rationale for the proposed compliance amendments to the H-REIT Trust Deed and the HBT Trust Deed as set out above, the Independent Directors and the Audit and Risk Committees are of the opinion that the proposed compliance amendments to each of the H-REIT Trust Deed and the HBT Trust Deed are on normal commercial terms and are not prejudicial to the interests of each of H-REIT or HBT or the minority H-REIT Unitholders or the minority HBT Unitholders respectively.

Accordingly the Directors recommend that Security Holders vote in favour of the resolution relating to the proposed compliance amendments to each of the H-REIT Trust Deed and the HBT Trust Deed (Resolution 5).

9. EXTRAORDINARY GENERAL MEETINGS

The EGMs will be held at 10:30 a.m. (or as soon as the AGMs of Security Holders to be held at 9:30 a.m. on the same day and at the same place, are concluded or adjourned) on 27 April 2018 for the purpose of considering and, if thought fit, passing with or without modification, the resolutions set out in the Notice of EGMs, which is set out on pages H-1 to H-3 of this Circular.

A Depositor shall not be regarded as a Security Holder entitled to attend the EGMs and to speak and vote unless he is shown to have Stapled Securities entered against his name in the Depository Register, as certified by The Central Depository (Pte) Limited (“CDP”) as at 48 hours before the EGMs.

10. INTERESTS OF DIRECTORS AND CONTROLLING SECURITY HOLDERS

As at 21 March 2018, being the latest practicable date prior to the printing of this Circular (the “**Latest Practicable Date**”), Mr Vincent Yeo Wee Eng, the Chief Executive Officer and an Executive Director of each of the Managers, holds an aggregate direct interest in 138,000 Stapled Securities. Further details of the interests in Stapled Securities of Directors and Substantial Security Holders¹ are set out in **Appendix G** of this Circular.

Save as disclosed above and based on information available to the Managers as at the Latest Practicable Date, none of the directors of the H-REIT Manager or the “controlling Security Holders” has an interest, direct or indirect, in any of the proposed amendments to the H-REIT Trust Deed, the HBT Trust Deed and the Stapling Deed (as the case may be).

11. ABSTENTIONS FROM VOTING

Rule 748(5) of the Listing Manual prohibits the H-REIT Trustee, the H-REIT Manager, the HBT Trustee-Manager or any of their connected persons and any Director from voting their Stapled Securities at any meeting to approve any matter in which they have a material interest.

Given that the Proposed H-REIT Acquisition Fee Supplement, the Proposed H-REIT Brokerage Fee Supplement and the Proposed H-REIT Development Management Fee Supplement directly affect the form of payment receivable by the H-REIT Manager in respect of its fees, the H-REIT Manager, Hospitality Holdings Pte. Ltd. (an indirect wholly-owned subsidiary of Millennium & Copthorne Hotels plc), Republic Hotels & Resorts

1 “**Substantial Security Holders**” refer to Security Holders with interests in not less than 5.0% of all Stapled Securities in issue.

Limited (an indirect wholly-owned subsidiary of Millennium & Copthorne Hotels plc) and their respective associates are prohibited from voting on the resolutions relating to the Proposed H-REIT Acquisition Fee Supplement, the Proposed H-REIT Brokerage Fee Supplement and the Proposed H-REIT Development Management Fee Supplement. The H-REIT Manager, Hospitality Holdings Pte. Ltd. and Republic Hotels & Resorts Limited have undertaken to ensure that their respective associates will abstain from voting on the resolutions relating to the Proposed H-REIT Acquisition Fee Supplement, the Proposed H-REIT Brokerage Fee Supplement and the Proposed H-REIT Development Management Fee Supplement. Further, the H-REIT Manager, Hospitality Holdings Pte. Ltd. and Republic Hotels & Resorts Limited and their respective associates will not accept appointments as proxies unless specific instructions as to voting are given.

Given that the Proposed HBT Management Fee, Acquisition Fee and Divestment Fee Supplement and the Proposed HBT Development Management Fee Supplement directly affect the form of payment receivable by the HBT Trustee-Manager in respect of its fees, the HBT Trustee-Manager and its associates (including the H-REIT Manager (which wholly-owns the HBT Trustee-Manager)) are prohibited from voting on the resolutions relating to the Proposed HBT Management Fee, Acquisition Fee and Divestment Fee Supplement and the Proposed HBT Development Management Fee Supplement. The HBT Trustee-Manager has undertaken to ensure that its associates (including the H-REIT Manager) will abstain from voting on the resolutions relating to the Proposed HBT Management Fee, Acquisition Fee and Divestment Fee Supplement and the Proposed HBT Development Management Fee Supplement. Further, the HBT Trustee-Manager and its associates will not accept appointments as proxies unless specific instructions as to voting are given.

12. ACTIONS TO BE TAKEN BY SECURITY HOLDERS

Security Holders will find enclosed in this Circular the Notice of EGMs and a Proxy Form.

If a Security Holder is unable to attend the EGMs and wishes to appoint a proxy to attend and vote on his behalf, he should complete, sign and return the enclosed Proxy Form in accordance with the instructions printed thereon as soon as possible and, in any event, so as to be deposited at the registered office of the Unit Registrar at 112 Robinson Road #05-01 Singapore 068902 no later than 10:30 a.m. on 25 April 2018, being 48 hours before the time fixed for the EGMs. The completion and return of the Proxy Form by a Security Holder will not prevent him from attending and voting in person if he so wishes.

Persons who have an interest in the approval of any resolution must decline to accept appointment as proxies unless the Security Holder concerned has specific instructions in his Proxy Form as to the manner in which his votes are to be cast in respect of such resolution.

13. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors of the Managers collectively and individually accept responsibility for the accuracy of the information given in this Circular and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the Proposed HBT Management Fee, Acquisition Fee and Divestment Fee Supplement, the Proposed H-REIT Acquisition Fee Supplement, the Proposed H-REIT Brokerage Fee Supplement, the Proposed H-REIT Development Management Fee Supplement, the Proposed HBT Development Management Fee Supplement, the Proposed H-REIT Electronic Communications Supplement, the Proposed HBT Electronic Communications Supplement, the Proposed Stapling Deed Electronic Communications Supplement, the proposed compliance amendments to the H-REIT Trust

Deed, the proposed compliance amendments to the HBT Trust Deed, H-REIT, HBT and each of their subsidiaries, and each of the Directors of the Managers is not aware of any facts the omission of which would make any statement in this Circular misleading. Where information in the Circular has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of each of the Directors of the Managers has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in the Circular in its proper form and context.

14. CONSENTS

The Independent Financial Adviser has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of its name and the IFA Letter and references thereto, in the form and context in which they are included in this Circular.

15. DOCUMENTS AVAILABLE FOR INSPECTION

A copy of the IFA Letter is available for inspection during normal business hours¹ at the registered office of the Managers at 36 Robinson Road, #04-01 City House, Singapore 068877² from the date of this Circular up to and including the date falling six months after the date of this Circular.

The H-REIT Trust Deed will be available for inspection during normal business hours¹ at the registered office of the H-REIT Manager for so long as H-REIT continues to be in existence.

The HBT Trust Deed will be available for inspection during normal business hours¹ at the registered office of the HBT Trustee-Manager for so long as HBT continues to be in existence.

The Stapling Deed will be available for inspection during normal business hours¹ at the registered office of the Managers for so long as CDLHT continues to be in existence.

Yours faithfully

M&C REIT Management Limited
(as manager of CDL Hospitality Real Estate
Investment Trust)

M&C Business Trust Management Limited
(as trustee-manager of CDL Hospitality
Business Trust)

Yeo Wee Eng Vincent
Executive Director and Chief Executive Officer

Yeo Wee Eng Vincent
Executive Director and Chief Executive Officer

1 Prior appointment would be appreciated.

2 Effective from 1 April 2018, the registered office of the Managers will be at 9 Raffles Place, #12-01 Republic Plaza, Singapore 048619.

IMPORTANT NOTICE

In this circular, references to H-REIT and HBT would include, where appropriate, entities owned or (as the case may be) controlled by H-REIT or HBT.

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 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 the H-REIT Manager or the HBT Trustee-Manager or any of their affiliates to redeem their Stapled Securities while the Stapled Securities are listed. It is intended that Security Holders 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 CDLHT is not necessarily indicative of the future performance of CDLHT.

This Circular 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 similar developments, shifts in expected levels of property rental income, changes in operating expenses (including employee wages, benefits and training costs), property expenses and governmental and public policy changes. You are cautioned not to place undue reliance on these forward-looking statements, which are based on the H-REIT Manager's and HBT Trustee-Manager's current view of future events.

If you have sold or transferred all your Stapled Securities, you should immediately forward this Circular, together with the Notice of Extraordinary General Meetings and the accompanying Proxy Form, to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee.

This Circular is not for distribution, directly or indirectly, in or into the United States. It is not an offer of securities for sale into the United States. The Stapled Securities may not be offered or sold in the United States or to, or for the account or benefit of, U.S. persons (as such term is defined in Regulation S under the United States Securities Act of 1933, as amended) unless they are registered or exempt from registration. There will be no public offer of securities in the United States.

GLOSSARY

In this Circular, the following definitions apply throughout unless otherwise stated:

AGMs	:	Annual General Meetings
Business Trusts Act	:	Business Trusts Act, Chapter 31A of Singapore
CDLHT	:	The stapled group comprising HBT and H-REIT
CDP	:	The Central Depository (Pte) Limited
Companies Act	:	Companies Act, Chapter 50 of Singapore
Consent Regimes	:	The Express Consent Regime, the Deemed Consent Regime and the Implied Consent Regime
Deemed Consent Regime	:	<p>In the context of H-REIT, the deemed consent of the H-REIT Unitholders for the use of electronic communications of notices and documents if the H-REIT Trust Deed (i) provides for the use of electronic communications, (ii) specifies the manner in which the electronic communications is to be used, and (iii) specifies that the H-REIT Unitholders will be given an opportunity to elect within the Specified Time, whether to receive such notice or document by way of electronic communications or as a physical copy and within that Specified Time, the H-REIT Unitholder fails to make an election</p> <p>In the context of HBT, the deemed consent of the HBT Unitholders for the use of electronic communications of notices and documents if the HBT Trust Deed (i) provides for the use of electronic communications, (ii) specifies the manner in which the electronic communications is to be used, and (iii) specifies that HBT Unitholders will be given an opportunity to elect within the Specified Time, whether to receive such notice or document by way of electronic communications or as a physical copy and within that Specified Time, the HBT Unitholder fails to make an election</p> <p>In the context of CDLHT, the deemed consent of the Security Holders for the use of electronic communications of notices and documents if the Stapling Deed (i) provides for the use of electronic communications, (ii) specifies the manner in which the electronic communications is to be used, and (iii) specifies that Security Holders will be given an opportunity to elect within the Specified Time, whether to receive such notice or document by way of electronic communications or as a physical copy and within that Specified Time, the Security Holder fails to make an election</p>

Deposited Property	:	In relation to H-REIT, means all the assets of H-REIT for the time being held or deemed to be held upon the trusts of the H-REIT Trust Deed
Development Management Fee	:	The development management fee payable to the HBT Trustee-Manager or the H-REIT Manager, as the case may be
Development Project	:	A project involving the development or re-development of land, or buildings, or part(s) thereof on land which is acquired, held or leased by H-REIT or HBT, as the case may be, provided always that, in the case of H-REIT, the Property Funds Appendix shall be complied with for the purposes of such development, and, in the case of HBT, any relevant laws, regulations and guidelines shall be complied with for the purposes of such development, including major development, re-development, refurbishment, retrofitting, addition and alteration and renovation works
Directors	:	Directors of the Managers from time to time
EGMs	:	The extraordinary general meetings of Security Holders of H-REIT and HBT to be held at 10:30 a.m. on 27 April 2018 (or as soon thereafter as the AGMs of the Security Holders to be held at 9:30 a.m. on the same day and at the same place, is concluded or adjourned) to approve the matter set out in the Notice of EGMs
Express Consent Regime	:	<p>In the context of H-REIT, the express consent of the H-REIT Unitholders that notices and documents may be given, sent or served to him using electronic communications</p> <p>In the context of HBT, the express consent of the HBT Unitholders that notices and documents may be given, sent or served to him using electronic communications</p> <p>In the context of CDLHT, the express consent of the Security Holders that notices and documents may be given, sent or served to him using electronic communications</p>
Extraordinary Resolution	:	A resolution proposed and passed as such by a majority consisting of 75.0% or more of the total number of votes cast for and against such resolution at a meeting of Security Holders convened in accordance with the provisions of the H-REIT Trust Deed or the HBT Trust Deed

Gross Revenue	:	In relation to HBT and in relation to any financial year or part thereof, means all income accruing or resulting from the operation of HBT or any authorised business undertaken by HBT for that financial year or part thereof, but shall exclude the following: <ul style="list-style-type: none"> • proceeds derived or arising from the sale and/or disposal of real estate, or any part thereof; • all proceeds from insurances taken out; • all rental and other refundable security deposits; • interest income; and • all GST (whether in force at present or in the future), charged to other parties for the sale or supply of services or goods, which taxes are accountable by the HBT Trustee-Manager to the tax authorities.
GST	:	Any goods and services tax, value added tax or other similar tax, whether imposed in Singapore or elsewhere
HBT	:	CDL Hospitality Business Trust
HBT Trust Deed	:	The trust deed dated 12 June 2006, as amended by the First Supplemental Deed dated 3 May 2016, entered into by the HBT Trustee-Manager constituting HBT
HBT Trustee-Manager	:	M&C Business Trust Management Limited, as trustee-manager of HBT
HBT Unitholder	:	A holder of units in HBT
H-REIT	:	CDL Hospitality Real Estate Investment Trust
H-REIT Manager	:	M&C REIT Management Limited, as manager of H-REIT
H-REIT's Net Property Income	:	In relation to real estate in the form of land, whether directly held by the H-REIT Trustee or indirectly held by the H-REIT Trustee through a special purpose vehicle, and in relation to any financial year or part thereof, means its gross revenue less H-REIT's Property Expenses for such real estate for that financial year or part thereof

- H-REIT's Property Expenses** : In relation to real estate in the form of land, whether directly held by the H-REIT Trustee or indirectly held by the H-REIT Trustee through a special purpose vehicle, and in relation to any financial year or part thereof, means all costs and expenses incurred and payable by H-REIT or the relevant special purpose vehicle in the operation, maintenance, management and marketing of such real estate, including but not limited to the following:
- (i) the fees payable to the relevant property manager in relation to such real estate (if any);
 - (ii) property tax, assessment, rents, charges or other impositions in relation to such real estate;
 - (iii) charges for heating, air-conditioning, electricity, gas, water, telephone and any other utilities;
 - (iv) costs of services, including contract cleaning fees, contract security fees as well as repair and maintenance expenses;
 - (v) to the extent permitted by the MAS, marketing, advertising, promotion and public relations expenses;
 - (vi) commissions and expenses payable to the property manager and other leasing agents for the lease or licence of units in the real estate;
 - (vii) maintenance charges, sinking fund contributions and other contributions or levies payable in respect of the real estate;
 - (viii) insurance premiums for insurances taken out for or in relation to the real estate;
 - (ix) all depreciation or amortisation costs of the real estate (if any);
 - (x) allowance for doubtful accounts or bad debts, as the H-REIT Trustee, on the recommendation of the Manager, shall determine in accordance with generally accepted accounting principles in Singapore;
 - (xi) reimbursement of salaries and related expenses;
 - (xii) landlord's fitting out costs and expenses (net of takeover fees), general and administrative expenses as well as other miscellaneous expenses relating to the real estate;

- (xiii) GST on the supply to H-REIT or (as the case may be) the relevant special purpose vehicle of any goods and services or GST paid or payable by the H-REIT Trustee or (as the case may be) the relevant special purpose vehicle on the importation of any goods, being (in each case) goods or services used or to be used for the purpose of any business carried on or to be carried on by H-REIT or (as the case may be) the relevant special purpose vehicle, to the extent that H-REIT or (as the case may be) the relevant special purpose vehicle is not entitled to credit for such GST against GST on supplies which H-REIT or (as the case may be) the relevant special purpose vehicle makes;
- (xiv) any other direct or indirect taxes, duties and licences whether in force at the present time or in the future payable on account of the operation of H-REIT including, without limitation, business tax, GST (to the extent that H-REIT is not entitled to credit for such GST against GST on supplies by H-REIT) and tax on such real estate as imposed by tax legislation of Singapore or elsewhere and generally any other tax by whatever name called imposed on such real estate;
- (xv) expenses incurred for any renovations, additions, alterations or other works carried out in respect of any part or unit in such real estate to enable such part or unit to be leased;
- (xvi) fees and expenses of expert(s) incurred by the property manager in relation to such real estate; and
- (xvii) all other expenses reasonably determined by the property manager to be necessary for the operation, management, marketing and maintenance of such real estate;

but shall not include the following:

- (a) expenditure on alterations, additions or improvements in or to such real estate or other expenditures of a capital nature which are not regarded as operating costs and expenses in accordance with generally accepted accounting principles in Singapore;

- (b) principal repayment of loans taken up by the H-REIT Trustee or the relevant special purpose vehicle for the acquisition, development and improvement of such real estate, including fees of consultants engaged for such acquisition, development and improvement of the real estate;
- (c) interest charges on hire purchase, equipment financing, credit facilities or loans taken up by the H-REIT Trustee or the relevant special purpose vehicle referred to in (b) above;
- (d) audit, valuation and legal fees and the fees of consultants and associated costs and expenses relating to the operation and management of such real estate;
- (e) legal fees and expenses incurred defending claims against H-REIT or pursuing claims by H-REIT;
- (f) profit tax on H-REIT;
- (g) the H-REIT Trustee's fees payable under the H-REIT Trust Deed; and
- (h) the H-REIT Manager's management fees payable under the H-REIT Trust Deed.

H-REIT Trust Deed	:	The trust deed dated 8 June 2006, as amended by the First Supplemental Deed dated 11 January 2007, the Second Supplemental Deed dated 26 March 2010, the Third Supplemental Deed dated 20 July 2010, the Fourth Supplemental Deed dated 27 April 2016 and the Fifth Supplemental Deed dated 3 May 2016, made between the H-REIT Manager and the H-REIT Trustee constituting H-REIT
H-REIT Trustee	:	DBS Trustee Limited, in its capacity as trustee of H-REIT
H-REIT Unitholder	:	A holder of units in H-REIT
IFA Letter	:	The letter from the Independent Financial Adviser containing its advice as set out in Appendix A of this Circular

Implied Consent Regime	:	<p>In the context of H-REIT, the implied consent of the H-REIT Unitholders for the use of electronic communications of notices and documents if the H-REIT Trust Deed (i) provides for the use of electronic communications, (ii) specifies the manner in which the electronic communications is to be used, and (iii) provides that the H-REIT Unitholders shall agree to receive such notices or documents by way of such electronic communications and shall not have a right to elect to receive a physical copy of such notice or document</p> <p>In the context of HBT, the implied consent of the HBT Unitholders for the use of electronic communications of notices and documents if the HBT Trust Deed (i) provides for the use of electronic communications, (ii) specifies the manner in which the electronic communications is to be used, and (iii) provides that the HBT Unitholders shall agree to receive such notices or documents by way of such electronic communications and shall not have a right to elect to receive a physical copy of such notice or document</p> <p>In the context of CDLHT, the implied consent of the Security Holders for the use of electronic communications of notices and documents if the Stapling Deed (i) provides for the use of electronic communications, (ii) specifies the manner in which the electronic communications is to be used, and (iii) provides that the Security Holders shall agree to receive such notices or documents by way of such electronic communications and shall not have a right to elect to receive a physical copy of such notice or document</p>
Independent Financial Adviser	:	Deloitte and Touche Corporate Finance Pte Ltd
Latest Practicable Date	:	21 March 2018
Listing Manual	:	The listing manual of the SGX-ST
Listing Rules	:	The listing rules of the SGX-ST
Lodging Business	:	A real estate used for hospitality purposes
Managers	:	The H-REIT Manager and the HBT Trustee-Manager
MAS	:	Monetary Authority of Singapore
MOF	:	Ministry of Finance

- Net Property Income** : In relation to Real Estate in the form of land, whether held directly by the HBT Trustee-Manager or indirectly through entities, and in relation to any financial year or part thereof, means its Gross Revenue less Property Expenses for such real estate for that financial year or part thereof
- Property Expenses** : In relation to Real Estate in the form of land, whether directly held by the HBT Trustee-Manager or indirectly held by the HBT Trustee-Manager through entities, and in relation to any financial year or part thereof, means all costs and expenses incurred and payable by HBT or the relevant entities in the operation, maintenance, management and marketing of such real estate, including but not limited to the following:
- (i) the fees payable to the relevant property manager in relation to such real estate (if any);
 - (ii) property tax, assessment, rents, charges or other impositions in relation to such real estate;
 - (iii) charges for heating, air-conditioning, electricity, gas, water, telephone and any other utilities;
 - (iv) costs of services, including contract cleaning fees, contract security fees as well as repair and maintenance expenses;
 - (v) marketing, advertising, promotion and public relations expenses;
 - (vi) commissions and expenses payable to the property manager and other leasing agents for the lease or licence of units in the real estate;
 - (vii) maintenance charges, sinking fund contributions and other contributions or levies payable in respect of the real estate;
 - (viii) insurance premiums for insurances taken out for or in relation to the real estate;
 - (ix) allowance for doubtful accounts or bad debts, as the HBT Trustee-Manager shall determine in accordance with generally accepted accounting principles in Singapore;
 - (x) reimbursement of salaries and related expenses;
 - (xi) landlord's fitting out costs and expenses (net of takeover fees), general and administrative expenses as well as other miscellaneous expenses relating to the real estate;

- (xii) GST on the supply to HBT or (as the case may be) the relevant entity of any goods and services or GST paid or payable by the HBT Trustee-Manager or (as the case may be) the relevant entity on the importation of any goods, being (in each case) goods or services used or to be used for the purpose of any business carried on or to be carried on by HBT or (as the case may be) the relevant entity, to the extent that HBT or (as the case may be) the relevant entity is not entitled to credit for such GST against GST on supplies which HBT or (as the case may be) the relevant entity makes;
- (xiii) any other direct or indirect taxes, duties and licences whether in force at the present time or in the future payable on account of the operation of HBT including, without limitation, business tax, GST (to the extent that HBT is not entitled to credit for such GST against GST on supplies by HBT) and tax on such real estate as imposed by tax legislation of Singapore or elsewhere and generally any other tax by whatever name called imposed on such real estate;
- (xiv) expenses incurred for any renovations, additions, alterations or other works carried out in respect of any part or unit in such real estate to enable such part or unit to be leased;
- (xv) fees and expenses of expert(s) incurred by the property manager in relation to such real estate;
- (xvi) rental expenses; and
- (xvii) all other cost and expense of maintaining, conducting and supervising a Lodging Business and are normally treated as operating expenses under the 11th revised edition of the Uniform System of Accounts for the Lodging Industry, or the latest version as available from time to time, or reasonably determined by the property manager to be necessary for the operation, management, marketing and maintenance of such real estate;

but, shall not include the following:

- (a) expenditure on alterations, additions or improvements in or to such real estate or other expenditures of a capital nature which are not regarded as operating costs and expenses in accordance with generally accepted accounting principles in Singapore;

- (b) principal repayment of loans taken up by the HBT Trustee-Manager or the relevant entity for the acquisition, development and improvement of such real estate, including fees of consultants engaged for such acquisition, development and improvement of the real estate;
- (c) interest charges on hire purchase, equipment financing, credit facilities or loans taken up by the HBT Trustee-Manager or the relevant entity referred to in (b) above;
- (d) all depreciation or amortisation costs of the real estate (if any);
- (e) audit, valuation and legal fees and the fees of consultants and associated costs and expenses relating to the operation and management of such real estate;
- (f) legal fees and expenses incurred defending claims against HBT or pursuing claims by HBT;
- (g) profit tax on HBT; and
- (h) the HBT Trustee-Manager's fees payable under the HBT Trust Deed.

Property Funds Appendix	:	Appendix 6 of the Code on Collective Investment Schemes issued by the MAS
Proposed HBT Management Fee, Acquisition Fee and Divestment Fee Supplement	:	The proposed amendment to the HBT Trust Deed to align the fee structure of the HBT Trustee-Manager under the HBT Trust Deed to that of the H-REIT Manager under the H-REIT Trust Deed
Proposed HBT Development Management Fee Supplement	:	The proposed amendment to the HBT Trust Deed for the purpose of allowing the HBT Trustee-Manager to receive the Development Management Fee
Proposed HBT Electronic Communications Supplement	:	The proposed amendment to the HBT Trust Deed to include provisions regarding electronic communications for notices or documents given, sent or served to the HBT Unitholders
Proposed H-REIT Acquisition Fee Supplement	:	The proposed amendment to the H-REIT Trust Deed in relation to the acquisition fee payable to the H-REIT Manager
Proposed H-REIT Brokerage Fee Supplement	:	The proposed amendment to the H-REIT Trust Deed for the purpose of enabling the H-REIT Manager to pay the costs and commissions of third party agents and brokers for disposals of any real estate of H-REIT out of its Deposited Property
Proposed H-REIT Development Management Fee Supplement	:	The proposed amendment to the H-REIT Trust Deed for the purpose of allowing the H-REIT Manager to receive the Development Management Fee

Proposed H-REIT Electronic Communications Supplement	:	The proposed amendment to the H-REIT Trust Deed to include provisions regarding electronic communications for notices or documents given, sent or served to the H-REIT Unitholders
Proposed Stapling Deed Electronic Communications Supplement	:	The proposed amendment to the Stapling Deed to include provisions regarding electronic communications for notices or documents given, sent or served to Security Holders
Real Estate	:	Any land, and any interest, option or other right in or over any land, including without limitation, all machinery, plant and equipment installed in any land, as well as shares or units in an unlisted entity (whether incorporated or otherwise constituted, in Singapore or elsewhere) whose primary purpose is to hold, directly or indirectly, any of the foregoing. For the purposes of this definition, "land" includes land of any tenure, whether or not held apart from the surface, and buildings or parts thereof (whether completed or otherwise and whether divided horizontally, vertically or in any other manner) and tenements and hereditaments, corporeal and incorporeal, and any estate or interest therein
Security Holder	:	A holder of a Stapled Security
SGX-ST	:	Singapore Exchange Securities Trading Limited
SGX-ST Consultation Paper	:	The consultation paper published by the SGX-ST on 11 January 2016
Specified Time	:	<p>In the context of H-REIT, a specified period of time that H-REIT Unitholders will be given an opportunity to elect whether to receive such notice or document by way of electronic communications or as a physical copy</p> <p>In the context of HBT, a specified period of time that HBT Unitholders will be given an opportunity to elect whether to receive such notice or document by way of electronic communications or as a physical copy</p> <p>In the context of CDLHT, a specified period of time that Security Holders will be given an opportunity to elect whether to receive such notice or document by way of electronic communications or as a physical copy</p>
Stapled Security	:	A security comprising one unit in H-REIT and one unit in HBT stapled together under the terms of the Stapling Deed
Stapling Deed	:	The stapling deed dated 12 June 2006 made between the H-REIT Manager, the H-REIT Trustee and the HBT Trustee-Manager

Substantial Security Holder	:	Security Holders with interests in not less than 5.0% of all Stapled Securities in issue
Total Project Costs	:	<p>The sum of the following:</p> <ul style="list-style-type: none"> • construction cost based on the project final account prepared by the project quantity surveyor; • land cost being all costs associated with the acquisition of the land (including the purchase price) on which the property will be developed including the differential premium or development charge where applicable. For land acquired on land rent basis, only the total amount of land rent payable during the development period will be included. For the re-development of existing properties, land costs refers to all costs associated with land such as any payment of additional premiums or amounts to the regulatory authorities in connection with the re-development of the existing property, but does not include the value of the land; • principal consultants fees, including payments to the project's architect, civil and structural engineer, mechanical and electrical engineer, quantity surveyor and project manager; • the cost of obtaining all approvals for the project; • site staff costs; • taxes payable in connection with the project; • interest costs on borrowings used to finance project cashflows that are capitalised to the project in line with generally accepted accounting principles in Singapore; and • any other costs incurred in connection with or for the purpose of the project and can be capitalised to the project in accordance with generally accepted accounting principles in Singapore.
Trust Property	:	All the assets of HBT, including all its authorised investments for the time being held or deemed to be held upon the trusts of the HBT Trust Deed

The terms “Depositor” and “Depository Register” shall have the meanings ascribed to them respectively in Section 130A of the Companies Act, Chapter 50 of Singapore.

Words importing the singular shall, where applicable, include the plural and vice versa and words importing the masculine gender shall, where applicable, include the feminine and neuter genders. References to persons shall include corporations.

Any reference in this Circular to any enactment is a reference to that enactment for the time being amended or re-enacted.

Any reference to a time of day in this Circular shall be a reference to Singapore time unless otherwise stated.

INDEPENDENT FINANCIAL ADVISER'S LETTER

29 March 2018

The Independent Directors,
The Audit and Risk Committee,
M&C REIT Management Limited
as Manager of CDL Hospitality Real Estate Investment Trust
36 Robinson Road
#04-01 City House
Singapore 068877

The Independent Directors,
The Audit and Risk Committee
M&C Business Trust Management Limited
as Trustee-Manager of CDL Hospitality Business Trust
36 Robinson Road
#04-01 City House
Singapore 068877

DBS Trustee Limited
in its capacity as trustee for CDL Hospitality Real Estate Investment Trust
12 Marina Boulevard
Level 44 DBS Asia Central
@Marina Bay Financial Centre Tower 3
Singapore 018982

Dear Sirs,

THE PROPOSED SUPPLEMENTS TO THE TRUST DEED CONSTITUTING CDL HOSPITALITY REAL ESTATE INVESTMENT TRUST (“H-REIT”, AND THE TRUST DEED CONSTITUTING H-REIT, THE “H-REIT TRUST DEED”) ON ACQUISITION FEE, BROKERAGE FEE AND DEVELOPMENT MANAGEMENT FEE; AND THE PROPOSED FEE SUPPLEMENTS TO THE TRUST DEED CONSTITUTING CDL HOSPITALITY BUSINESS TRUST (“HBT”, AND THE TRUST DEED CONSTITUTING HBT, THE “HBT TRUST DEED”) ON MANAGEMENT FEE, ACQUISITION FEE, DIVESTMENT FEE AND DEVELOPMENT MANAGEMENT FEE

For the purpose of this letter, capitalised terms not otherwise defined shall have the meaning given to them in the circular dated 29 March 2018 (the “Circular”) to the holders of stapled securities of CDL Hospitality Trusts (“Security Holders”).

1. INTRODUCTION

In relation to the proposed fee supplements to the H-REIT Trust Deed and HBT Trust Deed, M&C REIT Management Limited (“**H-REIT Manager**”), the manager of H-REIT and M&C Business Trust Management Limited (“**HBT Trustee-Manager**”), the trustee-manager of HBT (as the case may be) are seeking the approval from the holders of units in H-REIT (the “**H-REIT Unitholders**”) and the holders of units in HBT (the “**HBT Unitholders**”) (as the case may be) for the following proposed supplements the H-REIT and HBT Trust Deeds (as the case may be) as follows (the “**Proposed Amendments**”):

- a. to align the fee structure of the HBT-Trustee Manager with that of the H-REIT Manager under the H-REIT Trust Deed by proposing the following (the “**Proposed Management Fee, Acquisition Fee and Divestment Fee Supplement**”) (as set out in paragraph 3 of the Circular):
 - i. a management fee structure comprising a base fee of 0.25% per annum of the value of HBT’s Trust Property and a performance fee of 5.0% per annum of HBT’s Net Property Income; which is different from the current formula based on 10.0% of HBT’s profit before interest and tax in the relevant financial year;

- ii. an acquisition fee in respect of any acquisition made by HBT based on a rate of 1.0% (and 0.75% for any acquisitions by HBT from an interested person (as defined in the listing manual (the “**Listing Manual**”) of Singapore Exchange Securities Trading Limited (“**SGX-ST**”)) of the acquisition price of any Authorised Investment (as defined in the HBT Trust Deed) acquired directly or indirectly by HBT; which is different from the current formula based on 0.1% of acquisition price of any Authorised Investment acquired directly or indirectly by HBT; and
 - iii. a divestment fee in respect of any divestment to be made by HBT based on a rate of 0.5% of the sale price of real estate sold or divested; underlying value of any real estate which is taken into account when computing the sale price for the equity interests in any vehicle holding directly or indirectly the real estate sold or divested; or sale price of any Investment sold or divested by HBT; which is different from the current remuneration via the HBT Trustee-Manager management fee formula, with capital gains (if any) on exit included in the calculation of profit before interest and tax for the year.
- b. to lower H-REIT Manager’s acquisition fee to a rate of 0.75% for acquisitions by H-REIT from an interested person (as defined in the Listing Manual), from the current formula based on 1.0% of acquisition price (as defined in the H-REIT Trust Deed) (the “**Proposed Acquisition Fee Supplement**”) (as set out in paragraph 3 of the Circular);
 - c. to allow the H-REIT Manager to pay for the costs and commissions of third party agents and brokers in connection with the acquisition and divestment of any assets of H-REIT out of the Deposited Property of H-REIT (the “**Proposed Brokerage Fee Supplement**”) (as set out in paragraph 4 of the Circular); and
 - d. to allow the HBT Trustee-Manager and the H-REIT Manager to receive a development management fee of 3.0% of Total Project Costs incurred in a Development Project undertaken on behalf of HBT or H-REIT respectively, provided that no acquisition fee is to be paid where a development management fee is paid (the “**Proposed Development Management Fee Supplements**”) (as set out in paragraph 5 of the Circular).

Summary of the Proposed Amendments is presented in the table below:

Summary of Changes	Current	Proposed
Proposed Management Fee, Acquisition Fee and Divestment Fee Supplement to the HBT Trust Deed and Proposed Acquisition Fee Supplement to the H-REIT Trust Deed		
HBT management fee	10.0% of HBT’s profit before interest and tax in the relevant financial year	<ul style="list-style-type: none"> • Base fee of 0.25% per annum of the value of HBT’s Trust Property • Performance fee of 5.0% per annum of HBT’s Net Property Income

Summary of Changes	Current	Proposed
HBT acquisition fee	0.1% of acquisition price ¹	<ul style="list-style-type: none"> • 1.0% of acquisition price¹ • 0.75% of acquisition price¹ for acquisitions by HBT from an interested person²
HBT divestment fee	The HBT Trust Deed does not currently have a specific provision for a divestment fee. However, any capital gains arising from a divestment would have been taken into account in the profit before interest and tax of HBT, and based on the current management fee formula, HBT Trustee-Manager would be receiving 10.0% of the profit before interest and tax of HBT.	0.5% of the sale price ¹
H-REIT acquisition fee	1.0% of acquisition price ¹	<ul style="list-style-type: none"> • 1.0% of acquisition price¹ • 0.75% of acquisition price¹ for acquisitions by H-REIT from an interested person²
Proposed Brokerage Fee Supplement to the H-REIT Trust Deed		
Bearing party for costs and commissions of third party agents and brokers in connection with the acquisition or divestment of any assets of H-REIT	H-REIT Manager	Deposited Property of H-REIT
Proposed Development Management Fee Supplement to the H-REIT Trust Deed and HBT Trust Deed		
H-REIT Development Management Fee	No Development Management Fee	3.0% of the Total Project Costs incurred in a Development Project
HBT Development Management Fee	No Development Management Fee	3.0% of the Total Project Costs incurred in a Development Project

The Proposed Amendments are “interested person transactions” under Chapter 9 of the Listing Manual. Accordingly, the Proposed Amendments will be subject to the approval by the H-REIT Unitholders and the HBT Unitholders (as the case may be).

1 As defined in paragraph 3 of the Circular.

2 As defined in the Listing Manual.

For the purpose of Rule 921(4) of the Listing Manual, we, Deloitte & Touche Corporate Finance Pte Ltd (“**DTCF**”) have been appointed by the H-REIT Manager and the HBT Trustee-Manager to advise the Independent Directors and the Audit and Risk Committees of the H-REIT Manager and the HBT Trustee-Manager, and DBS Trustee Limited (in its capacity as trustee of H-REIT), as to whether the Proposed Amendments, each of which is an interested person transaction under Chapter 9 of the Listing Manual, (i) is on normal commercial terms; and (ii) is not prejudicial to the interests of CDL Hospitality Trusts (“**CDLHT**”) and its minority Security Holders.

This IFA letter sets out our evaluation and opinion.

2. TERMS OF REFERENCE

Our responsibility is to provide our opinion as to whether each of the Proposed Amendments is on normal commercial terms and will or will not be prejudicial to the interests of CDLHT and its minority Security Holders and that we draw Security Holders’ attention to any possible disadvantages of each of the Proposed Amendments.

We were neither a party to the negotiations entered into in relation to the Proposed Amendments nor were we involved in the deliberations leading up to the decision on the part of the Directors to enter into these proposed fee supplements.

We do not, by this letter or otherwise, advise or form any judgement on the strategic, commercial or financial merits or risks of each of the Proposed Amendments. All such evaluations, advice, judgements or comments remain the sole responsibility of the Directors and their advisers. We have however, drawn upon such evaluations, judgements and comments as we deem necessary and appropriate in arriving at our opinion.

The scope of our appointment does not require us to express, and nor do we express, a view on the future growth prospects, earnings potential or value of HBT, H-REIT and/or CDLHT. We do not express any view as to the price at which the Stapled Securities may trade nor on the future value, financial performance or condition of HBT, H-REIT and/or CDLHT as a result of the implementation of the Proposed Amendments.

It is also not within our terms of reference to compare the merits of each of the Proposed Amendments to any alternative transactions that were or may have been available to HBT and/or H-REIT. Such comparison and consideration remain the responsibility of the Directors and their advisers.

We have relied upon the assurances of the Directors who have accepted full responsibility for the accuracy and completeness of the information provided to us. The Directors have confirmed to us that to the best of their knowledge, information and belief, all material information available to them in connection with the Proposed Amendments have been disclosed to us and that such information constitutes full and true disclosure of all material information relating to such transactions and that there is no other information the omission of which would cause any of the information disclosed to us or relied on by us in making our recommendation to be inaccurate, incomplete, untrue or misleading in any material respect. We have assumed that all statements of fact, belief, opinion and intention made by the Directors in the Circular have been reasonably made after due and careful enquiry. Accordingly, no representation or warranty (whether express or implied) is made and no responsibility is accepted by us concerning the accuracy, completeness or adequacy of such information. We have nonetheless made reasonable enquiries and used our judgement in assessing such information and have found no reason to doubt the accuracy or reliability of such information.

We have not made any independent evaluation or appraisal of the assets and liabilities (including, without limitation, the real properties) of HBT and H-REIT.

Our views are based on market, economic, industry, monetary and other conditions (where applicable) prevailing on and our analysis of the information made available to us as at 21 March 2018 (the “**Latest Practicable Date**”). We assume no responsibility to update, revise or reaffirm our opinion, factors or assumptions in light of any subsequent development after the Latest Practicable Date that may affect our opinion or factors or assumptions contained herein. Security Holders should take note of any announcements relevant to their considerations of the Proposed Amendments which may be released by the HBT Trustee-Manager and the H-REIT Manager after the Latest Practicable Date.

The HBT Trustee-Manager and the H-REIT Manager have been separately advised by their own legal adviser(s) in the preparation of the Circular other than this IFA Letter. We have had no role or involvement and have not provided any advice whatsoever in the preparation, review and verification of the Circular other than this IFA Letter. Accordingly, we take no responsibility for, and express no views, whether express or implied, on the contents of the Circular except as for this IFA Letter.

Our opinion in relation to the Proposed Amendments as set out under Section 8 of this letter should be considered in the context of the entirety of our advice.

We have not had regard to the general or specific investment objectives, financial situation, tax position, risk profiles or unique needs and constraints of any Security Holder. As Security Holders will have different investment objectives, we advise the Independent Directors to recommend that any Security Holder who may require specific advice in relation to his or her specific investment objectives or portfolio should consult his or her stockbroker, bank manager, solicitor, accountant, tax adviser or other professional advisers.

3. DESCRIPTION OF COMPARABLE STAPLED SECURITIES, TRUSTS AND REITS

For the purpose of undertaking comparisons of the Proposed Amendments to the market practice, we have considered all hospitality stapled securities listed on SGX-ST (“**Comparable Hospitality Stapled Securities**”).

We have also expanded the list to include other SGX-ST listed hospitality trusts and REITs.

We set out in table below a brief description and market capitalisation of the Comparable Hospitality Stapled Securities and other selected hospitality REIT that is listed on the SGX-ST.

Name of Stapled Security or REIT	Description	Market Cap ⁽¹⁾ (S\$ Million)	Total Assets ⁽²⁾ (S\$ Million)
CDL Hospitality Trusts ("CDLHT") Listed in July 2006	CDLHT is a stapled trust, with H-REIT being the first hotel REIT in Asia (ex Japan). CDLHT was established with the principal investment strategy of investing in a portfolio of hospitality and/or hospitality-related real estate assets globally. It owns properties across Singapore, Australia, New Zealand, Japan, United Kingdom, Germany and Maldives.	2,027.3	2,862.2
Comparable Hospitality Stapled Securities			
Ascendas Hospitality Trust ("AHT") Listed in July 2012	AHT is a stapled group, established with the principal strategy of investing, directly or indirectly, in a diversified portfolio of income-producing real estate and real estate-related assets used predominantly for hospitality purposes globally. AHT's well-diversified portfolio is spread across the Asia Pacific region – Sydney, Melbourne, Brisbane, Beijing, Tokyo, Osaka and Singapore.	971.7	1,646.3
Far East Hospitality Trust ("Far East H-Trust") Listed in August 2012	Listed on SGX-ST on 27 August 2012, Far East H-Trust is a stapled trust established with the principal investment strategy of investing on a long-term basis, directly or indirectly, in a diversified portfolio of income-producing real estate in Singapore, used primarily for hospitality and/or hospitality-related purposes.	1,337.1	2,437.9
Frasers Hospitality Trust ("FHT") Listed in July 2014	Listed on SGX-ST in July 2014, FHT is a stapled hotel and serviced residence trust. FHT portfolio consists of 15 quality assets in across Asia, Australia and Europe.	1,461.0	2,496.9

Name of Stapled Security or REIT	Description	Market Cap ⁽¹⁾ (S\$ Million)	Total Assets ⁽²⁾ (S\$ Million)
OUE Hospitality Trust (“OUE H-Trust”) Listed in April 2016	OUE H-Trust is a stapled group established with the principal investment strategy of investing, directly or indirectly, in a portfolio of income-producing real estate which is used primarily for hospitality and/or hospitality-related purposes, whether wholly or partially, as well as real estate-related assets. OUE H-Trusts’ assets are located Singapore.	1,553.2	2,256.9
Other selected hospitality REIT that is listed on the SGX-ST			
Ascott Residence Trust (“Ascott REIT”) Listed in March 2006	Listed on the SGX-ST in March 2006, Ascott REIT’s international portfolio comprises 74 properties with 11,640 units in 38 cities across 14 countries in the Americas, Asia Pacific and Europe. It was established with the objective of investing primarily in real estate and real estate-related income-producing assets and used/predominantly used as serviced residences, rental housing properties and other hospitality assets.	2,480.8	5,493.1

(1) Market capitalisation as at Latest Practicable Date.

(2) Total assets based on latest reported financial results as at Latest Practicable Date.

4. DETAILS OF THE PROPOSED MANAGEMENT FEE, ACQUISITION FEE AND DIVESTMENT FEE SUPPLEMENT TO THE HBT TRUST DEED

4.1 Principal Terms of the Proposed Management Fee, Acquisition Fee and Divestment Fee Supplement to the HBT Trust Deed

HBT was dormant since the listing of CDLHT on the Mainboard of the SGX-ST in 2006 until it was activated on 31 December 2013. Currently, HBT owns two properties and acts as master lessee to three properties owned by H-REIT. In order to facilitate the use of HBT to grow the income base or asset portfolio of CDLHT for the benefit of Security Holders, and enhance HBT’s role, the HBT Trustee-Manager is proposing to supplement the HBT Trust Deed by aligning the fee structure of the HBT Trustee-Manager with that of the H-REIT Manager under the H-REIT Trust Deed.

The HBT Trustee-Manager proposes to supplement the HBT Trust Deed to update the fee structure of the HBT Trustee-Manager as summarised in the table below:

Summary of Changes	Current	Proposed
HBT management fee	10.0% of HBT's profit before interest and tax in the relevant financial year	<ul style="list-style-type: none"> • Base fee of 0.25% per annum of the value of HBT's Trust Property • Performance fee of 5.0% per annum of HBT's Net Property Income
HBT acquisition fee	0.1% of acquisition price ¹	<ul style="list-style-type: none"> • 1.0% of acquisition price¹ • 0.75% of acquisition price¹ for acquisitions by HBT from an interested person²
HBT divestment fee	The HBT Trust Deed does not currently have a specific provision for a divestment fee. However, any capital gains arising from a divestment would have been taken into account in the profit before interest and tax of HBT, and based on the current management fee formula, HBT Trustee-Manager would be receiving 10.0% of the profit before interest and tax of HBT.	0.5% of the sale price ¹

Further details are set out in **Appendix B1** of the Circular.

4.2 Evaluation of the Proposed Management Fee, Acquisition Fee and Divestment Fee Supplement to the HBT Trust Deed

In reaching our recommendation in respect of the Proposed Management Fee, Acquisition Fee and Divestment Fee Supplement to the HBT Trust Deed, we have given due consideration to the following factors:

- (1) Rationale for the Proposed Management Fee, Acquisition Fee and Divestment Fee Supplement to the HBT Trust Deed.
- (2) Comparison of the HBT Management Fee, Acquisition Fee and Divestment Fee with management fees, acquisition fees and divestment fees payable by selected hospitality stapled securities, trusts and REITs that are listed on the SGX-ST.

1 As defined in paragraph 3 of the Circular.

2 As defined in the Listing Manual.

4.2.1 Rationale for the Proposed Management Fee, Acquisition Fee and Divestment Fee Supplement to the HBT Trust Deed

The section below is reproduced from Section 3.1.5 of the Circular.

The HBT Trustee-Manager believes that the Proposed HBT Management Fee, Acquisition Fee and Divestment Fee Supplement is beneficial to Security Holders.

The management fee is structured to have a performance-based element that is designed to align the interests of the Managers with those of Security Holders, and incentivise the Managers to grow revenues and minimise operating costs.

The Proposed HBT Management Fee, Acquisition Fee and Divestment Fee Supplement also facilitates the enhancement of HBT's role so that it puts HBT on an equal footing with H-REIT. The alignment of the fee structure for HBT with the fee structure of H-REIT will provide CDLHT with added flexibility to grow HBT into a substantial entity for the benefit of Security Holders. The Managers would be able to acquire properties to grow CDLHT through both H-REIT and HBT. For example, HBT could be used to acquire assets which HBT can own and operate itself, while H-REIT can be used to acquire assets in respect of which H-REIT can act as master lessor. In certain instances, it may be more commercially efficient for HBT to buy target companies which owns the asset and operations instead of restructuring the holding structure such that H-REIT can hold the asset and then lease it to HBT, as the latter involves an additional layer of transaction which may be subject to an additional set of taxes in certain jurisdictions. The Managers and Security Holders alike should be neutral as to whether a property should be acquired by H-REIT or HBT, due to the similar fee structures. The enhanced role of HBT would facilitate the growth of CDLHT's income base and asset portfolio for the benefit of Security Holders.

In addition, the introduction of a divestment fee is also beneficial to Security Holders, as it would facilitate the disposal of assets by HBT as needed to optimise or rebalance its portfolio effectively. The HBT Trustee-Manager could potentially use the sale proceeds of such divestments to pursue further growth opportunities and acquire other accretive properties.

The fee payment arrangements in relation to the management fee, acquisition fee and divestment fee payable to the H-REIT Manager are in line with practices by certain other hospitality stapled trusts that are listed in Singapore. Accordingly, as the Proposed HBT Management Fee, Acquisition Fee and Divestment Fee Supplement aligns the fee structure of the HBT Trustee-Manager with that of the H-REIT Manager under the H-REIT Trust Deed, the HBT Trustee-Manager is of the view that the proposed fee payment arrangements are in line with practices by certain other hospitality stapled trusts that are listed in Singapore.

4.2.2 Comparison of the HBT Management Fee with management fees payable by selected hospitality stapled securities, trusts and REITs that are listed on SGX-ST

With the aim of putting the Security Holders, HBT Trustee-Manager and the H-REIT Manager alike to be neutral as to whether a property should be acquired by H-REIT or HBT, HBT's fee structure is proposed to be aligned to H-REIT's. In view of this, we have compared the proposed HBT Management Fee with those of the REITs of Comparable Hospitality Stapled Securities and other selected hospitality trusts and REITs in the following table:

Name	Management Fee
Hospitality Stapled Securities (H-REITs only)	
AHT (comprising both Ascendas Hospitality Real Estate Investment Trust " AH-REIT " and Ascendas Hospitality Business Trust " AH-BT ")	
The REIT Manager and the Trustee-Manager are entitled under their respective trust deeds to the following management fees:	
<ul style="list-style-type: none"> • Base fee at the rate of 0.3% per annum of the value of the assets of the AH-REIT (in the case of REIT manager) and of the AH-BT (in the case of trustee-manager); and • Performance fee at the rate of 4.0% per annum of the net property income of the AH-REIT (in the case of REIT manager) and of the AH-BT (in the case of trustee-manager) in the relevant financial year (calculated before accounting for the performance fee in that financial year). 	
Far East H-Trust	
Far East Hospitality Real Estate Investment Trust ("Far East H-REIT")	REIT Manager is entitled to a management fee comprising: <ul style="list-style-type: none"> • Base fee of 0.3% per annum of the value of the H-REIT deposited property; and • Performance fee of 4.0% per annum of net property income.
FHT	
Frasers Hospitality REIT ("FH-REIT")	REIT Manager is entitled to a management fees comprising: <ul style="list-style-type: none"> • Base fee of 0.3% per annum of the value of the FH-REIT's deposited property; and • Performance fee of 5.5% per annum of the distributable income of FHT in the relevant financial year (calculated before accounting for the FH-REIT performance fee and the FH-BT performance fee but after accounting for the FH-REIT base fee and the FH-BT base fee).
OUE H-Trust	
OUE Hospitality REIT ("OUE H-REIT")	REIT manager is entitled to a management fee comprising: <ul style="list-style-type: none"> • Base fee of not exceeding 0.3% per annum of the value of OUE H-REIT's deposited property; and • Performance fee of 4.0% per annum of OUE H-REIT's net property income.

Name	Management Fee
Other selected hospitality REIT that is listed on the SGX-ST	
Ascott Residence Trust ("Ascott REIT")	<p>The Manager is entitled to receive management fees comprising:</p> <ul style="list-style-type: none"> • Base fee of 0.3% per annum of the property values; and • Annual performance fee of: <ul style="list-style-type: none"> • Base performance fee of 4.0% per annum of the group's share of gross profit for each financial year; and • Outperformance fee of 1.0% of the difference between the group's share of that financial year's gross profit and 106% of the group's share of the preceding year's gross profit, in the event that the group's share of gross profit increases by more than 6.0% annually.

We also researched if the management fee structures of the REIT and business trust of Comparable Hospitality Stapled Securities were aligned, as presented in the following table:

Name	Management Fee	Name	Management Fee
Hospitality Stapled Securities			
AHT (comprising both AH-REIT and AH-BT)			
<p>The REIT Manager and the trustee-manager are entitled under their respective trust deeds to the following management fees:</p> <ul style="list-style-type: none"> • Base fee at the rate of 0.3% per annum of the value of the assets of the AH-REIT (in the case of REIT Manager) and of the AH-BT (in the case of trustee-manager); and • Performance fee at the rate of 4.0% per annum of the net property income of the AH-REIT (in the case of REIT manager) and of the AH-BT (in the case of trustee-manager) in the relevant financial year (calculated before accounting for the performance fee in that financial year). 			
Far East H-Trust			
Far East H-REIT	<p>REIT Manager is entitled to a management fee comprising:</p> <ul style="list-style-type: none"> • Base fee of 0.3% per annum of the value of the H-REIT deposited property; and • Performance fee of 4.0% per annum of net property income. 	<p>Far East Hospitality Business Trust ("Far East H-BT") Listed in Aug 2012</p>	<p>The H-BT trustee-manager is entitled to management fee comprising 10.0% of the profit of Far East H-BT before interest and tax in the relevant financial year (calculated before accounting for this management fees in that financial year), payable in the event that Far East H-BT becomes active.</p>

Name	Management Fee	Name	Management Fee
FHT			
FH-REIT	<p>REIT manager is entitled to management fees comprising:</p> <ul style="list-style-type: none"> • Base fee of 0.3% per annum of the value of the FH-REIT's deposited property; and • Performance fee of 5.5% per annum of the distributable income of FHT in the relevant financial year (calculated before accounting for the FH-REIT performance fee and the FH-BT performance fee but after accounting for the FH-REIT base fee and the FH-BT base fee). 	<p>Frasers Business Trust</p> <p>("FH-BT")</p> <p>Listed in July 2014</p>	<p>Trustee-manager is entitled to the following management fee comprising:</p> <ul style="list-style-type: none"> • Base fee of 0.3% per annum of the value of the FH-BT's trust property; and • Performance fee of 5.5% per annum of the distributable income of FHT in the relevant financial period, payable in the event that FH-BT becomes active.
OUE H-Trust			
OUE H-REIT	<p>REIT manager is entitled to a management fee comprising:</p> <ul style="list-style-type: none"> • Base fee of not exceeding 0.3% per annum of the value of OUE H-REIT's deposited property; and • Performance fee of 4.0% per annum of OUE H-REIT's net property income. 	<p>OUE Hospitality Business Trust</p> <p>("OUE H-BT")</p> <p>Listed in April 2016</p>	<p>Trustee-manager is entitled to management fee of 10.0% per annum of OUE H-BT's profit before interest and tax in the relevant financial year (calculated before accounting for the management fee in that financial year).</p>

Based on tables above, we note the following:

- (i) All of the Comparable Hospitality Stapled Securities' REIT and Ascott REIT use the base fee and performance fee structure in calculating its management fee;
- (ii) The base fee for all Comparable Hospitality Stapled Securities and Ascott REIT are at a rate of 0.3%;
- (iii) The rate applied for the computation of the performance fee for Comparable Hospitality Stapled Securities ranges between 4.0% and 5.5%;
- (iv) Only the performance fee for Ascott REIT has an additional provision for outperformance fee on top of the base fee and base performance fee;
- (v) The management fee structures of 2 of the 4 Comparable Hospitality Stapled Securities were aligned between the REIT and business trust.

We note that the Proposed Management Fee Supplement to the HBT Trust Deed is in-line with the selected hospitality stapled securities, trusts and REITs, in view of the planned enhancement of the HBT's role.

4.2.3 Comparison of the HBT Acquisition Fee with acquisition fees payable by selected hospitality stapled securities, trusts and REITs that are listed on SGX-ST

Name	Acquisition Fee	Name	Acquisition Fee
Hospitality Stapled Securities			
AHT			
AH-REIT	Acquisition fee of 1.0%.	AH-BT	Acquisition fee of 1.0%.
Far East H-Trust			
Far East H-REIT	Acquisition fee of 1.0% and 0.75% for acquisitions from related parties. The acquisition fee maybe charged as above or at such lower percentage as maybe determined by the REIT manager in its absolute discretion.	Far East H-BT	Acquisition fee of 1.0% and 0.75% for acquisitions from related parties. The acquisition fee maybe charged as above or at such lower percentage as maybe determined by the trustee-manager in its absolute discretion.
FHT			
FH-REIT	Acquisition fee of 1.0% and 0.5% for acquisitions from related parties. The acquisition fee maybe charged as above or at such lower percentage as maybe determined by the REIT manager in its absolute discretion.	FH-BT	Acquisition fee of 1.0% and 0.5% for acquisitions from related parties. The acquisition fee maybe charged as above or at such lower percentage as maybe determined by the trustee-manager in its absolute discretion.
OUE H-Trust			
OUE H-REIT	Acquisition fee of 1.0% and 0.75% for acquisitions from related parties. The acquisition fee may be charged as above or such lower percentage as may be determined by the REIT manager in its absolute discretion.	OUE H-BT	Acquisition fee of 1.0% and 0.75% for acquisitions from related parties. The acquisition fee may be charged as above or at such lower percentage as maybe determined by the trustee-manager in its absolute discretion.
Name	Acquisition Fee		
Other selected hospitality REIT that is listed on the SGX-ST			
Ascott REIT	Acquisition fee of 1.0% of the enterprise value of any real estate or real estate related asset acquired directly or indirectly by the trust.		

Detailed basis of acquisition fee computation is disclosed in Appendix A-1.

Based on tables above, we note the following:

- (i) All of the Comparable Hospitality Stapled Securities charge a 1.0% acquisition fee on acquisition prices;
- (ii) All of the Comparable Hospitality Stapled Securities' fee structure for acquisition fee are aligned between the REIT and business trust;
- (iii) 3 of the 4 Comparable Hospitality Stapled Securities distinguish the acquisition fee rate between acquisitions made from third parties and related parties:
 - Far East H-Trust and OUE H-Trust apply an acquisition fee rate of 0.75% for acquisitions made from related parties;
 - FHT applies an acquisition fee rate of 0.5% for acquisitions made from related parties;
- (iv) Ascott REIT applies an acquisition fee rate of 1.0% on acquisition prices. We were unable to obtain details of acquisition fee on related party transactions from publicly available information for Ascott REIT.

We note that the Proposed Acquisition Fee Supplement to the HBT Trust Deed is in-line with the selected hospitality stapled securities, trusts and REITs.

4.2.4 Comparison of the HBT Divestment Fee with divestment fees payable by selected hospitality stapled securities, trusts and REITs that are listed on SGX-ST

Name	Divestment Fee	Name	Divestment Fee
Hospitality Stapled Securities			
AHT			
AH-REIT	Divestment fee of 0.5%	AH-BT	Divestment fee of 0.5%
Far East H-Trust			
Far East H-REIT	Divestment fee of 0.5%	Far East H-BT	Divestment fee of 0.5%
FHT			
FH-REIT	Divestment fee of 0.5%	FH-BT	Divestment fee of 0.5%
OUE H-Trust			
OUE H-REIT	Divestment fee of 0.5%	OUE H-BT	Divestment fee of 0.5%
Name	Divestment Fee		
Other selected hospitality REIT that is listed on the SGX-ST			
Ascott REIT	Divestment fee of 0.5% of the enterprise value of any real estate or real estate related asset disposed directly or indirectly by the trust, prorated if applicable to the proportion of the trust's interest.		

Detailed basis of divestment fee computation is disclosed in Appendix A-2.

Based on tables above, we note the following:

- (i) All of the Comparable Hospitality Stapled Securities have aligned divestment fee structures for the REITs and business trusts;
- (ii) All of the Comparable Hospitality Stapled Securities charge a divestment fee at a rate of 0.5% for both the REIT and business trust;
- (iii) Ascott REIT charges a divestment fee of 0.5%.

We note that the Proposed Divestment Fee Supplement to the HBT Trust Deed is in-line with the selected hospitality stapled securities, trusts and REITs.

5. DETAILS OF THE PROPOSED ACQUISITION FEE SUPPLEMENT TO THE H-REIT TRUST DEED

5.1 Principal Terms and Rationale of the Proposed Acquisition Fee Supplement to the H-REIT Trust Deed

In conjunction with the proposed amendments to the management fee, acquisition fee and the divestment fee in the HBT Trust Deed in the form of the Proposed HBT Management Fee, Acquisition Fee and Divestment Fee Supplement, the H-REIT Manager proposes to amend the H-REIT Trust Deed in the form of a supplemental deed of trust such that the H-REIT Manager will lower its acquisition fee from the rate of 1.0% to 0.75% for acquisitions by H-REIT from an interested person (as defined in the Listing Manual) (the “**Proposed H-REIT Acquisition Fee Supplement**”). The H-REIT Manager’s acquisition fee for all other cases of acquisitions will remain at a rate of 1.0%.

The H-REIT Manager is of the view that the proposed amendment to lower the acquisition fee for acquisitions by H-REIT from an interested person (as defined in the Listing Manual) is in line with practices by certain other hospitality stapled trusts as well as real estate investment trusts that are listed in Singapore.

Security Holders should note that the Managers are seeking Security Holders’ approval for both the Proposed HBT Management Fee, Acquisition Fee and Divestment Fee Supplement and the Proposed H-REIT Acquisition Fee Supplement under Resolution 1. If Resolution 1 is not accepted, the Managers will not proceed with both the Proposed HBT Management Fee, Acquisition Fee and Divestment Fee Supplement and the Proposed H-REIT Acquisition Fee Supplement.

Summary of Changes	Current	Proposed
H-REIT acquisition fee	1.0% of acquisition price ¹	<ul style="list-style-type: none"> • 1.0% of acquisition price¹ • 0.75% of acquisition price¹ for acquisitions by H-REIT from an interested person²

Further details are set out in **Appendix B2** of the Circular and table presented in **paragraph 4.2.3**.

1 As set out in paragraph 3 of the Circular.

2 As defined in the Listing Manual.

5.2 Evaluation of the Proposed Acquisition Fee Supplement to the H-REIT Trust Deed

In reaching our recommendation in respect of the Proposed Acquisition Fee Supplement to the H-REIT Trust Deed, we have given due consideration to the following factors:

- (1) Rationale for Proposed Acquisition Fee Supplement to the H-REIT Trust Deed.
- (2) Comparison of the H-REIT Acquisition Fee for acquisitions by H-REIT from an interested person (as defined in the Listing Manual) with acquisition fees payable on acquisitions made by selected hospitality stapled securities, trusts and REITs that are listed on the SGX-ST from an interested person (as defined in the Listing Manual).

5.2.1 Rationale for the Proposed Acquisition Fee Supplement to the H-REIT Trust Deed

The section below is reproduced from Section 3.2.1 of the Circular.

The H-REIT Manager is of the view that the proposed amendment to lower the acquisition fee for acquisitions by H-REIT from an interested person (as defined in the Listing Manual) is in line with practices by certain other hospitality stapled trusts as well as real estate investment trusts that are listed in Singapore.

5.2.2 Comparison of the H-REIT Acquisition Fee with acquisition fees payable by selected hospitality stapled securities, trusts and REITs that are listed on SGX-ST

We have considered publicly available information for selected hospitality stapled securities, trusts and REITs that are listed on SGX-ST.

In the table in **section 4.2.3**, we presented information on acquisition fees of selected hospitality stapled securities, trusts and REITs listed in Singapore from an interested person (as defined in the Listing Manual). The list of selected hospitality stapled securities, trusts and REITs presented in the table in **section 4.2.3** is for illustrative purposes only and is by no means exhaustive.

Based on table presented in **section 4.2.3**, we note the following:

- (i) Out of 4 Comparable Hospitality Stapled Securities, only AHT's acquisition fee structure does not distinguish between related party and third party acquisitions, from publicly available information;
- (ii) Far East H-Trust and OUE H-Trust charge an acquisition fee on related party acquisitions of 0.75%;
- (iii) FHT charges an acquisition fee on related party acquisitions at 0.5%;
- (iv) Ascott REIT charges an acquisition fee at a rate of 1.0% with no distinction made on related party acquisitions, based on publicly available information.

Based on the above, we note that the Proposed Acquisition Fee Supplement to the H-REIT Trust Deed is in line with the selected hospitality stapled securities, trusts and REITs.

6. DETAILS OF THE PROPOSED BROKERAGE FEE SUPPLEMENT TO THE H-REIT TRUST DEED

6.1 Principal Terms of the Proposed Brokerage Fee Supplement to the H-REIT Trust Deed

The H-REIT Manager proposes to amend the H-REIT Trust Deed in the form of a supplemental deed of amendment for the purpose of allowing the H-REIT Manager to pay for the costs and commissions of third party agents and brokers in connection with the acquisition or divestment of any assets of H-REIT out of the Deposited Property¹ of H-REIT or out of the assets of the relevant entity and not out of the acquisition or divestment fee received or to be received by the H-REIT Manager (the “**Proposed H-REIT Brokerage Fee Supplement**”).

Security Holders should note that as part of the H-REIT Manager’s main responsibility to manage H-REIT’s assets and liabilities for the benefit of Security Holders, the H-REIT Manager continuously evaluates the portfolio of H-REIT, including the acquisition or divestment of assets by H-REIT. The evaluation process may involve the use of third party agents and brokers where the H-REIT Manager considers such use to be beneficial to Security Holders. Should the Proposed Brokerage Fee Supplement be approved by Security Holders and the use of any third party agent or broker results in a completed transaction for H-REIT, the costs and commissions payable to the third party agent or broker would be paid out of the assets of H-REIT.

Further, the H-REIT Manager would continue to receive acquisition and divestment fees for the work which it would be carrying out in the acquisition and divestment process, as the case may be, including overseeing the entire transaction, coordinating and supervising the third party agents and brokers and other professionals, gathering the relevant information on the asset(s) being acquired or sold, as the case may be, conducting due diligence on acquisitions, assisting in the preparation of relevant materials, addressing prospective buyers’ queries (in the case of divestments), and negotiating the terms of the transaction and requisite transaction documents for the benefit of H-REIT.

Summary of Changes	Current	Proposed
Bearing party for costs and commissions of third party agents and brokers in connection with the acquisition or divestment of any assets of H-REIT	H-REIT Manager	Deposited Property of H-REIT

Further details are set out in **Appendix C** of the Circular.

6.2 Evaluation of the Proposed Brokerage Fee Supplement to the H-REIT Trust Deed

In reaching our recommendation in respect of the Proposed Brokerage Fee Supplement to the H-REIT Trust Deed, we have given due consideration to the following factors:

- (1) Rationale for the Proposed H-REIT Brokerage Fee Supplement.
- (2) Comparison of the bearing party for commissions to third party agents and brokers in connection with an acquisition or divestment by selected hospitality stapled securities, trusts and REITs that are listed on the SGX-ST.

¹ “**Deposited Property**” in relation to H-REIT, means all the assets of H-REIT for the time being held or deemed to be held upon the trusts of the H-REIT Trust Deed.

6.2.1 Rationale for the Proposed Brokerage Fee Supplement to the H-REIT Trust Deed

The section below is reproduced from Section 4.2 of the Circular.

The H-REIT Manager believes that the Proposed H-REIT Brokerage Fee Supplement will provide flexibility for the H-REIT Manager in carrying out its duties for the benefit of H-REIT. The proposed amendments to the H-REIT Trust Deed are to allow the H-REIT Manager, as with current practice for all other hospitality stapled trusts that are listed in Singapore, to pay for the costs and commissions of third party agents and brokers in connection with the acquisition or divestment of any assets of H-REIT out of the Deposited Property of H-REIT or out of the assets of the relevant entity. At present, the H-REIT Manager would have to pay for any costs and commissions of third party agents and brokers in connection with the acquisition or divestment of any assets of H-REIT out of the acquisition or divestment fee received or to be received by the H-REIT Manager. Such costs and commissions may, in some instances, be greater than the acquisition fee or divestment fee (as the case may be) to be received by the H-REIT Manager. It would not be commercially feasible for the H-REIT Manager to be out-of-pocket when it comes to engaging such third party agents and brokers.

The appointing of third party agents and brokers would be beneficial to H-REIT as such third party agents and brokers may have access to a broader pool of potential sellers (in the case of acquisitions) and buyers (in the case of divestments). The H-REIT Manager would be better advised of properties available on the market for acquisitions. Furthermore, third party agents and brokers may also facilitate negotiations between H-REIT and the potential seller. Appointing third party agents and brokers in the case of divestments would help to create greater demand for the asset(s) being divested, which would help to create price tension and a more competitive sale, in turn optimising the pricing or other terms of sale for the benefit of H-REIT. Such appointments would also enhance the ability of the H-REIT Manager to effectively optimise or rebalance H-REIT's portfolio, and obtain a better price on the asset(s) being purchased or sold, as the case may be.

As every acquisition and disposal of an investment is executed by the H-REIT Manager for the sole purpose of managing H-REIT's assets for the benefit of the H-REIT Unitholders, it is justified that the costs and commissions of third party agents and brokers for property acquisitions and disposals be borne by H-REIT.

The H-REIT Manager is of the view that the proposed fee payment arrangement is also in line with practices by all other hospitality stapled trusts as well as certain other real estate investment trusts that are listed in Singapore.

6.2.2 Comparison of the bearing party for commissions to third party agents and brokers in connection with acquisitions or divestments by selected hospitality stapled securities, trusts and REITs that are listed on the SGX-ST

We have considered publicly available information for selected hospitality stapled securities, trusts and REITs that are listed in Singapore.

We present in the table below, information on bearing party for paying commissions to third party agents and brokers of selected hospitality stapled securities, trusts and REITs listed in Singapore. The list of selected hospitality stapled securities, trusts and REITs presented in the table below is for illustrative purposes only and is by no means exhaustive.

Name	Commission Fee on Acquisition and Divestment	Fee Bearing Party
Hospitality Stapled Securities		
AH-REIT	Any payment to third party agents or brokers in connection with the acquisition or divestment of any asset of the trust shall be paid by the manager to such persons out of the assets of the trust or the assets of the relevant special purpose vehicle (“SPV”).	REIT
Far East H-REIT	Any payment to third party agents or brokers in connection with the acquisition or divestment of any assets of Far East H-REIT shall be paid to such persons out of the Far East H-REIT deposited property or the assets of the relevant entity.	REIT
FH-REIT	Any payment to third party agents or brokers in connection with the acquisition or divestment of any assets of FH-REIT shall be paid to such persons out of the FH-REIT deposited property or the assets of the relevant entity and not out of the acquisition fee received or to be received by the REIT manager.	REIT
OUE H-REIT	Any payment to third party agents or brokers in connection with the acquisition or divestment of any real estate of OUE H-REIT shall be paid out of the OUE H-REIT deposited property.	REIT
Other selected hospitality REIT that is listed on the SGX-ST		
Ascott REIT	Payment to third party agents or brokers in connection with acquisitions (provided that the manager shall charge an acquisition fee of 0.5% instead of 1.0%) or divestment shall be paid out of the deposited property.	REIT

Based on table above and tables presented in section 4.2.3 and 4.2.4, we note the following:

- (i) All of the commissions to third party agents and brokers in connection with acquisition and divestment for the Comparable Hospitality Stapled Securities are borne by the REIT, out of deposited property or trust property or assets of the relevant SPV;
- (ii) In connection with acquisitions and divestments made by Ascott REIT, the payment to third party agents or brokers on acquisitions and divestments made is also borne by the REIT;
- (iii) We note that only Ascott REIT lowers its acquisition fee in the event there is payment to third party agents or brokers on related acquisition.

The brokerage fees were considered on a standalone basis and in the context of acquisition and divestment fees.

We note that the Proposed Brokerage Fee Supplement to the H-REIT Trust Deed is in line with the selected hospitality stapled securities, trusts and REITs. Having considered the above, we are of the opinion that the Proposed Brokerage Fee Supplement to the H-REIT Trust Deed is on normal commercial terms and not prejudicial to the interests of H-REIT and its minority Unitholders. As noted in section 5.2.2, the Proposed Acquisition Fee Supplement to the H-REIT Trust Deed is in line with the selected hospitality stapled securities, trusts and REITs. As such, the conclusion would be the same whether the Proposed Brokerage Fee Supplement was reviewed on a standalone basis or together with acquisition and divestment fees.

7. DETAILS OF THE PROPOSED DEVELOPMENT MANAGEMENT FEE SUPPLEMENT TO THE H-REIT TRUST DEED AND THE HBT TRUST DEED

7.1 Principal Terms of the Proposed Development Management Fee Supplement to the H-REIT Trust Deed and HBT Trust Deed

Each of the H-REIT Manager and the HBT Trustee-Manager proposes to supplement the H-REIT Trust Deed and the HBT Trust Deed respectively by introducing a development management fee, equivalent to 3.0% of the Total Project Costs¹ incurred in a Development Project² undertaken on behalf of H-REIT or HBT respectively, payable to the H-REIT Manager or the HBT Trustee-Manager respectively for the purpose of facilitating the undertaking of Development Projects by the H-REIT Manager or the HBT Trustee-Manager on behalf of H-REIT or HBT respectively. The Development Management Fee shall be payable in the form of cash and in equal monthly instalments in cash over the construction period of each development project based on the H-REIT Manager's or the HBT Trustee-Manager's (as the case may be) best estimate of the Total Project Costs and construction period and, if necessary, a final payment of the balance amount to be paid to the H-REIT Manager or the HBT Trustee-Manager (as the case may be) or paid by the H-REIT Manager or the HBT Trustee-Manager (as the case may be) when the Total Project Costs is finalised.

1 "Total Project Costs" means the sum of the following:

- construction cost based on the project final account prepared by the project quantity surveyor;
- land cost being all costs associated with the acquisition of the land (including the purchase price) on which the property will be developed including the differential premium or development charge where applicable. For land acquired on land rent basis, only the total amount of land rent payable during the development period will be included. For the re-development of existing properties, land costs refers to all costs associated with land such as any payment of additional premiums or amounts to the regulatory authorities in connection with the re-development of the existing property, but does not include the value of the land;
- principal consultants fees, including payments to the project's architect, civil and structural engineer, mechanical and electrical engineer, quantity surveyor and project manager;
- the cost of obtaining all approvals for the project;
- site staff costs;
- taxes payable in connection with the project;
- interest costs on borrowings used to finance project cashflows that are capitalised to the project in line with generally accepted accounting principles in Singapore; and
- any other costs incurred in connection with or for the purpose of the project and can be capitalised to the project in accordance with generally accepted accounting principles in Singapore.

2 "Development Project" means a project involving the development or re-development of land, or buildings, or part(s) thereof on land which is acquired, held or leased by H-REIT or HBT, as the case may be, provided always that, in the case of H-REIT, paragraph 5 of Appendix 6 of the Code on Collective Investment Schemes issued by MAS (the "Property Funds Appendix") shall be complied with for the purposes of such development, and, in the case of HBT, any relevant laws, regulations and guidelines shall be complied with for the purposes of such development, including major development, re-development, refurbishment, retrofitting, addition and alteration and renovation works.

No acquisition fee shall be paid to the H-REIT Manager or the HBT Trustee-Manager, as the case may be, when the H-REIT Manager or the HBT Trustee-Manager, as the case may be, receives the Development Management Fee for a Development Project.

In addition, when the estimated total project costs are greater than S\$200.0 million, the Independent Directors of each of the H-REIT Manager and the HBT Trustee-Manager, currently being Dr Foo Say Mui (Bill), Mr Ronald Seah Lim Siang and Mr Kenny Kim and Ms Cheah Sui Ling and, in the case of H-REIT, the Trustee, will first review and approve the quantum of the Development Management Fee payable to the H-REIT Manager and the HBT Trustee-Manager, as the case may be, and the H-REIT Manager or the HBT Trustee-Manager, as the case may be, may be directed by the relevant Independent Directors to reduce the Development Management Fee. In the case of H-REIT, the Independent Directors of the H-REIT Manager and, in the case of HBT, the Independent Directors of the HBT Trustee-Manager, will have the final say on the quantum of Development Management Fee payable to the H-REIT Manager and the HBT Trustee-Manager respectively.

Summary of Changes	Current	Proposed
H-REIT Development Management Fee	No Development Management Fee	3.0% of the Total Project Costs incurred in a Development Project
HBT Development Management Fee	No Development Management Fee	3.0% of the Total Project Costs incurred in a Development Project

Further details are set out in **Appendix D** of the Circular.

7.2 Responsibilities of the H-REIT Manager and HBT Trustee-Manager in respect of development management services, as the case may be, as Development Manager

The section below is reproduced from Section 5.2 of the Circular.

As development manager, the H-REIT Manager or the HBT Trustee-Manager, as the case may be, shall be responsible for providing development management services such as:

- a. overall responsibility for the planning, control and monitoring of the progress of the development project from concept to completion to ensure the project is completed within the stipulated time, cost and quality;
- b. working closely with the appointed project manager, architect, engineers and consultants to carry out relevant value engineering to ensure a cost-efficient building;
- c. establishing the prospective master lessee/operator/tenant's real estate requirements, making site selection and negotiating with government authorities on land allocation and conditions;
- d. providing value-added inputs on the concept and schematic plans by engaging the service providers, namely hospitality operators and/or property managers and involving the asset managers to ensure an efficient, functional and marketable end product;
- e. liaising with prospective master lessee/operator/tenant for acceptance of concept and schematic plans and building specifications;

- f. establishing and ensuring agreement with the prospective master lessee/operator/tenant on the overall milestones for the delivery of the development project; and
- g. finalising with the prospective master lessee/operator/tenant the architectural schematic plans/specifications for use as the basis for calling of tender(s).

Each of the Managers, as the case may be, will remain at all times responsible for its obligations set out above. The H-REIT Manager will take into account H-REIT's investment strategy and applicable laws and regulations, including the Property Funds Appendix, in carrying out property development activities.

7.3 Evaluation of the Proposed Development Management Fee Supplement to the H-REIT Trust Deed and HBT Trust Deed

In reaching our recommendation in respect of the Proposed Development Management Fee Supplement to the H-REIT Trust Deed and HBT Trust Deed, we have given due consideration to the following factors:

- (1) Rationale for the Proposed Development Management Fee Supplements to the H-REIT Trust Deed and HBT Trust Deed.
- (2) Comparison of the proposed H-REIT and HBT Development Management Fee with development management fees payable by selected hospitality stapled securities, trusts and REITs that are listed on the SGX-ST.

7.3.1 Rationale for the Proposed Development Management Fee Supplement to the H-REIT Trust Deed and HBT Trust Deed

The section below is reproduced from Section 5.3 of the Circular.

Where opportunities arise, the Managers may complement their existing strategy of investing in a diversified portfolio of income-producing real estate and real estate-related assets which is primarily used for hospitality and/or hospitality-related purposes by enhancing the ability of each of H-REIT and HBT to undertake development activities.

Unlike outright acquisitions of completed income-producing properties, the process of property development is more complex as it requires a longer gestation period and involves the management and supervision of significant construction activity. The gestation period (*i.e.* from the time taken between identification of development opportunities and the confirmation of a deal) may take up to a year and sometimes longer. From confirmation of a deal to the completion of the construction of the development project, the development management process may typically take 12 to 36 months depending on the size, complexity and location of the project. In contrast, the time frame for outright acquisitions may be as short as three to six months from the initial inspection until the completion of the acquisition.

In addition, development management usually involves more extensive liaisons with external parties such as architects, engineers, designers, contractors and the relevant authorities. The services rendered for a development project is significantly more than the services rendered for an acquisition.

The Managers believe that having the ability to execute a development strategy when an attractive opportunity arises is beneficial to Security Holders as development projects can potentially provide significant returns to augment the income derived from the acquisitions and thus also contribute to improving the net asset value of H-REIT's or HBT's portfolio, as the case may be, and provide growing distributions to Security Holders.

The Managers are of the view that the proposed fee payment arrangement is also in line with practices by certain other hospitality stapled trusts that are listed in Singapore.

7.3.2 Comparison of the H-REIT and HBT Development Management Fee with development management fees payable by selected hospitality stapled securities, trusts and REITs that are listed on the SGX-ST

We have considered publicly available information for selected hospitality stapled securities, trusts and REITs that are listed on the SGX-ST.

We present in the table below, information on selected hospitality stapled securities, trusts and REITs listed on the SGX-ST that have arrangements comparable with the Proposed Development Management Fee Supplements to the H-REIT Trust Deed and HBT Trust Deed. The list of selected hospitality stapled securities, trusts and REITs presented in the table below is for illustrative purposes only and is by no means exhaustive.

Name of Stapled Security or REIT	Development Management Fee	Scope [#]
AHT (comprising AH-REIT and AH-BT)	3.0% of total project costs ¹ (which includes land cost)	“ Development Project ” means a project involving the development of land, or buildings, or part(s) thereof on land which is acquired, held or leased by AH-REIT/AH-BT, provided always that the Property Funds Appendix shall be complied with by AH-REIT and that the relevant laws, regulations and guidelines shall be complied with by AH-BT for the purposes of such development, but does not include refurbishment, retrofitting and renovations.
Far East H-Trust (comprising Far East H-REIT and Far East H-BT)	3.0% of total project costs ²	“ Development Project ” means a project involving the development of land, or buildings, or part(s) thereof on land which is acquired, held or leased by Far East H-REIT/Far East H-BT, including major development, re-development, refurbishment, retrofitting, addition and alteration and renovations works, provided always that the Property Funds Appendix shall be complied with for the purposes of such development for Far East H-REIT.

Notes:

- # Scope has been extracted from the relevant documents of the each of the stapled security and REIT. As such, capitalised terms in the Scope column may not have the meaning as capitalised terms in main body of this Letter or the Circular.
1. When the estimated total project costs are greater than S\$200.0 million, the AH-REIT trustee and manager/AH-BT trustee-manager’s independent directors will first review and approve the quantum of the development management fee, whereupon the REIT manager/trustee-manager may be directed by its board of directors to reduce the development management fee. Approval to reduce the development management fee shall be obtained from the independent directors of the REIT manager/trustee-manager. Further, in cases where the REIT manager/trustee-manager is of the view that the market pricing for comparable services is materially lower than the development management fee, it shall have the discretion to accept a development management fee which is less than 3.0% of the total project costs incurred in a Development Project undertaken by the REIT manager/trustee-manager on behalf of AH-REIT/AH-BT respectively.
 2. When the estimated total project costs are greater than S\$100.0 million, the REIT trustee and manager/HBT trustee manager’s independent directors will first review and approve the quantum of the development management fee, whereupon the REIT manager/trustee-manager may be directed to reduce the development management fee. Further, in cases where the market pricing for comparable services is, in the REIT manager/trustee manager’s view, materially lower than the development management fee, the REIT manager/trustee-manager will have the discretion to accept a development management fee which is less than 3.0% of the total project costs incurred in a Development Project undertaken by the REIT manager/trustee-manager on behalf of Far East H-REIT/Far East H-BT respectively.

Name of Stapled Security or REIT	Development Management Fee	Scope [#]
FHT (comprising FH-REIT and FH-BT)	3.0% of total project costs ³	“ Development Project ” means a project involving the development of land, or buildings, or part(s) thereof on land which is acquired, held or leased by FH-REIT/FH-BT, including major development, re-development, refurbishment, retrofitting, addition and alteration and renovations works, provided always that the Property Funds Appendix of the Code of Collective Investment Schemes (“ CIS Code ”) issued by Monetary Authority of Singapore (the “ MAS ”), shall be complied with for the purposes of such development for FH-REIT. FH-REIT will only undertake development activities within the limits of the Property Funds Appendix.
OUE H-Trust (comprising OUE H-REIT and OUE H-BT)	3.0% of total project costs ⁴	“ Development Project ”, in relation to OUE H-REIT/OUE H-BT, means a project involving the development of land, or buildings, or part(s) thereof on land which is acquired, held or leased by OUE H-REIT/OUE H-BT, including major development, re-development, refurbishment, retrofitting, addition and alteration and renovations works, provided always that the Property Funds Appendix shall be complied with for the purposes of such development by OUE H-REIT.
Ascott REIT	N/A	N/A

Notes:

- # Scope has been extracted from the relevant documents of the each of the stapled security and REIT. As such, capitalised terms in the Scope column may not have the meaning as capitalised terms in main body of this Letter or the Circular.
3. When the estimated total project costs are greater than S\$200.0 million, the REIT trustee/trustee manager and the REIT/trustee manager’s independent directors will first review and approve the quantum of the development management fee, whereupon the REIT/trustee manager may be directed by its independent directors to reduce development management fee. Further, in cases where the market pricing for comparable services is, in the REIT/trustee manager’s view, materially lower than the development management fee, the REIT/trustee manager will have the discretion to accept a development management fee which is less than 3.0% of the total project costs incurred in a Development Project undertaken by the REIT manager on behalf of FH-REIT or FH-BT.
4. When the estimated total project costs are greater than S\$100.0 million, the REIT trustee/trustee manager and the REIT/trustee manager’s independent directors will first review and approve the quantum of the development management fee, whereupon the REIT/trustee manager may be directed to reduce the development management fee. Further, in cases where the market pricing for comparable services is, in the REIT/trustee manager’s view, materially lower than the development management fee, the REIT/trustee manager will have the discretion to accept a development management fee which is less than 3.0% of the total project costs incurred in a Development Project undertaken by the REIT/trustee manager on behalf of OUE H-REIT/OUE H-BT.

Based on the table above, we note the following:

- (i) All of the 4 Comparable Hospitality Stapled Securities charge a 3.0% Development Management Fee on Total Project Costs;
- (ii) The Development Management Fee structure for all the Comparable Hospitality Stapled Securities are aligned, such that Development Management Fee rate is set at 3.0% for both the H-REIT and HBT for the respective stapled trusts;
- (iii) All of the 4 Comparable Hospitality Stapled Securities utilise total project costs as a basis for calculation of Development Management Fee;
- (iv) We are not able to obtain the provision for Development Management Fee for Ascott REIT through publicly available information.

Based on the above, we note that the Proposed Development Management Fee Supplements to the H-REIT Trust Deed and HBT Trust Deed are in line with the observable practices of Comparable Hospitality Stapled Securities.

8. OUR RECOMMENDATIONS

In arriving at our recommendation in respect of the Proposed Amendments, we have taken into account the factors which we consider have a significant bearing on each of the Proposed Amendments in our assessment. We summarise our findings for each of the Proposed Amendments below:

8.1.1 Proposed Management Supplement to the HBT Trust Deed

In our comparisons made with selected hospitality stapled securities, trusts and REITs, we note that:

- (i) All of the Comparable Hospitality Stapled Securities' REIT and Ascott REIT use the base fee and performance fee structure in calculating its management fee;
- (ii) The base fee for all Comparable Hospitality Stapled Securities and Ascott REIT are at 0.3%;
- (iii) The performance fee for Comparable Hospitality Stapled Securities ranges between 4.0% and 5.5%;
- (iv) Only the performance fee for Ascott REIT has provision for outperformance fee on top of the base management fee and base performance fee;
- (v) 2 of the 4 Comparable Hospitality Stapled Securities have aligned management fee structure between the H-REIT and HBT.

The Proposed Management Fee Supplement to the HBT Trust Deed is in-line with the selected hospitality stapled securities, trusts and REITs, in view of the planned enhancement of the HBT's role.

8.1.2 Proposed Acquisition Fee Supplement to the HBT Trust Deed

In our comparisons made with selected hospitality stapled securities, trusts and REITs, we note that:

- (i) All of the Comparable Hospitality Stapled Securities charge a 1.0% acquisition fee on acquisition prices;
- (ii) All of the Comparable Hospitality Stapled Securities' fee structure on acquisition fees are aligned between the H-REIT and HBT;
- (iii) 3 of the 4 Comparable Hospitality Stapled Securities distinguish the acquisition fee rate between acquisitions made from third parties and related parties:
 - Far East H-Trust and OUE H-Trust charge an acquisition fee of 0.75% on acquisitions made from related parties;
 - FHT charges an acquisition fee of 0.5% on acquisitions made from related parties;
- (iv) Ascott REIT charges an acquisition fee of 1.0% on acquisition prices. We were unable to obtain details of acquisition fee on related party transactions from publicly available information for Ascott REIT.

The Proposed Acquisition Fee Supplement to the HBT Trust Deed is in-line with the selected hospitality stapled securities, trusts and REITs.

8.1.3 Proposed Divestment Fee Supplement to the HBT Trust Deed

In our comparisons made with selected hospitality stapled securities, trusts and REITs, we note that:

- (i) All of the Comparable Hospitality Stapled Securities have aligned divestment fee structures for the REITs and business trusts;
- (ii) All of the Comparable Hospitality Stapled Securities charge a divestment fee at a rate of 0.5% for both the REIT and business trust;
- (iii) Ascott REIT charges a divestment fee of 0.5%.

The Proposed Divestment Fee Supplement to the HBT Trust Deed is in-line with the selected hospitality stapled securities, trusts and REITs.

8.1.4 Proposed Acquisition Fee Supplement to the H-REIT Trust Deed

In our comparisons made with selected hospitality stapled securities, trusts and REITs, we note that:

- (i) Out of 4 Comparable Hospitality Stapled Securities, only AHT's acquisition fee structure does not distinguish between related party and third party acquisitions, from publicly available information;
- (ii) Far East H-Trust and OUE H-Trust charge an acquisition fee on related party acquisitions of 0.75%;
- (iii) FHT charges an acquisition fee on related party acquisitions of 0.5%;

- (iv) Ascott REIT charges an acquisition fee at a rate of 1.0% with no distinction made on related party acquisitions, based on publicly available information.

The Proposed Acquisition Fee Supplement to the H-REIT Trust Deed is in line with the selected hospitality stapled securities, trusts and REITs.

8.1.5 Proposed Brokerage Fee Supplement to the H-REIT Trust Deed

In our comparisons made with selected hospitality stapled securities, trusts and REITs, we note that:

- (i) All of the commissions to third party agents and brokers in connection with acquisition and divestment for the Comparable Hospitality Stapled Securities are borne by the REIT, out of deposited property or trust property or assets of the relevant SPV;
- (ii) In connection with acquisitions and divestments made by Ascott REIT, the payment to third party agents or brokers on acquisitions and divestments made is also borne by the REIT;
- (iii) We note that only Ascott REIT lowers its acquisition fee in the event there is payment to third party agents or brokers on related acquisition.

The brokerage fees were considered on a standalone basis and in the context of acquisition and divestment fees.

Based on the above, we note the Proposed Brokerage Fee Supplement to the H-REIT Trust Deed is in-line with the selected hospitality stapled securities, trusts and REITs.

8.1.6 Proposed Development Management Fee Supplement to the H-REIT Trust Deed and HBT Trust Deed

In our comparisons made with selected hospitality stapled securities, trusts and REITs, we note that:

- (i) All of the 4 Comparable Hospitality Stapled Securities charge a 3.0% Development Management Fee on Total Project Costs;
- (ii) The Development Management Fee structure for all the Comparable Hospitality Stapled Securities are aligned, such that Development Management Fee rate is set at 3.0% for both the H-REIT and HBT for the respective stapled trusts;
- (iii) All of the 4 Comparable Hospitality Stapled Securities utilise total project costs as a basis for calculation of Development Management Fee;
- (iv) We are not able to obtain the provision for Development Management Fee for Ascott REIT, through publicly available information.

Based on the above, we note that the Proposed Development Management Fee Supplements to the H-REIT Trust Deed and HBT Trust Deed are in line with the observable practices of Comparable Hospitality Stapled Securities.

8.2 Conclusion

Having considered the above and subject to the assumptions and qualifications set out in section 2 (Terms of Reference), and taking into account the prevailing conditions as at the Latest Practicable Date, we are of the opinion that the Proposed Amendments are on normal commercial terms and will not be prejudicial to the interests of CDLHT and its minority Security Holders and H-REIT, HBT and each of its minority Unitholders. **Accordingly, we advise that the Independent Directors and Audit and Risk Committees recommend that the Security Holders vote in favour of the Proposed Amendments.**

Our recommendations are addressed to Independent Directors, the Audit and Risk Committees, Trustee and the Trustee-Manager for their benefit, in connection with and for the purposes of their consideration of each of the Proposed Amendments. Any recommendations made by the Independent Directors and the Audit and Risk Committees in respect of each of the Proposed Amendments shall remain their responsibility.

Our recommendations are governed by the laws of Singapore and are strictly limited to the matters stated herein and do not apply by implication to any other matter.

Yours faithfully

Deloitte & Touche Corporate Finance Pte Ltd

Koh Soon Bee
Executive Director

Detailed basis of acquisition fee computation for selected hospitality stapled securities, trusts and REITs (from publicly available information) is presented in the following table:

Name	Acquisition Fee
Hospitality Stapled Securities (H-REITs only)	
AHT	
AH-REIT	<p>1.0% of any of the following as is applicable (subject to there being no double-counting):</p> <ul style="list-style-type: none"> (i) the acquisition price of any real estate purchased, whether directly or indirectly through one or more SPVs, by AH-REIT (plus any other payments in addition to the acquisition price made by AH-REIT or its SPV to the vendor in connection with the purchase of the real estate) (pro-rated if applicable to the proportion of AH-REIT's interest); (ii) the underlying value of any real estate which is taken into account when computing the acquisition price payable for the equity interests of any vehicle holding directly or indirectly the real estate, purchased whether directly or indirectly through one or more SPVs by AH-REIT (plus any other payments made by AH-REIT or its SPVs to the vendor in connection with the purchase of such equity interests (pro-rated, if applicable to the proportion of AH-REIT's interest); or (iii) the acquisition price of any investment purchased by AH-REIT, whether directly or indirectly through one or more SPVs, in any debt securities of any property corporation or other SPV owning or acquiring real estate or any debt securities which are secured whether directly or indirectly by the rental income from real estate.
AH-BT	<p>1.0% of any of the following as is applicable (subject to there being no double counting):</p> <ul style="list-style-type: none"> (i) the acquisition price of any real estate purchased, whether directly or indirectly through one or more SPVs, by AH-BT (plus any other payments in addition to the acquisition price made by AH-BT or its SPV to the vendor in connection with the purchase of the real estate) (pro-rated if applicable to the proportion of AH-BT's interest); (ii) the underlying value of any real estate which is taken into account when computing the acquisition price payable for the equity interests of any vehicle holding directly or indirectly the real estate, purchased whether directly or indirectly through one or more SPVs by AH-BT (plus any other payments made by AH-BT or its SPVs to the vendor in connection with the purchase of such equity interests) (pro-rated if applicable to the proportion of AH-BT's interest); or (iii) the acquisition price of any other asset forming a part of the AH-BT trust property acquired from time to time by the trustee-manager on behalf of AH-BT.

Far East H-Trust	
Far East H-REIT	<p>0.75% for acquisitions from related parties and 1.0% for all other cases (or such lower percentage as maybe determined by the REIT manager in its absolute discretion) of any of the following as is applicable (subject to there being no double-counting):</p> <ul style="list-style-type: none"> (i) the acquisition price of any real estate purchased by Far East H-REIT, whether directly or indirectly through a holding of shares, units or any other interests in one or more SPVs, plus any other payments in addition to the acquisition price made by Far East H-REIT or its SPVs to the vendor in connection with the purchase of the real estate (pro-rated if applicable to the proportion of Far East H-REIT's interest); (ii) the underlying value of any real estate which is taken into account when computing the acquisition price payable for the equity interests of any vehicle holding directly or indirectly the real estate, purchased by Far East H-REIT whether directly or indirectly through one or more SPVs (plus any other payments made by Far East H-REIT or its SPVs to the vendor in connection with the purchase of such equity interests (pro-rated, if applicable to the proportion of Far East H-REIT's interest); or (iii) the acquisition price of any investment purchased by Far East H-REIT, whether directly or indirectly through one or more SPVs, in any debt securities of any property corporation or other SPV owning or acquiring real estate or any debt securities which are secured whether directly or indirectly by the rental income from real estate.
Far East H-BT	<p>0.75% for acquisitions from related parties and 1.0% for all other cases (or such lower percentage as may be determined by the trustee-manager in its absolute discretion) of any of the following as is applicable (subject to there being no double-counting):</p> <ul style="list-style-type: none"> (i) in the case of an acquisition of real estate, the acquisition price of any real estate purchased by Far East H-BT, whether directly or indirectly through one or more SPVs, plus any other payments in addition to the acquisition price made by Far East H-BT or its SPVs to the vendor in connection with the purchase of the real estate (pro-rated if applicable to the proportion of Far East H-BT's interest); (ii) in the case of an acquisition of the equity interests of any vehicle holding directly or indirectly the real estate, the underlying value of such real estate which is taken into account when computing the acquisition price payable for the equity interests of any vehicle holding directly or indirectly the real estate, purchased by Far East H-BT, whether directly or indirectly through one or more SPVs, plus any other payments made by Far East H-BT or its SPVs to the vendor in connection with the purchase of such equity interests (pro-rated if applicable to the proportion of Far East H-BT's interest); or (iii) the acquisition price of any investment purchased by Far East H-BT, whether directly or indirectly through one or more SPVs, in any debt securities of any property corporation or other SPV owning or acquiring real estate or any debt securities which are secured whether directly or indirectly by the rental income from real estate.

FHT	
FH-REIT	<p>0.5% for acquisitions from related parties and 1.0% for all other cases (or such lower percentage as may be determined by the REIT manager in its absolute discretion) of any of the following as is applicable (subject to there being no double-counting):</p> <ul style="list-style-type: none"> (i) the acquisition price of any real estate purchased by FH-REIT, whether directly or indirectly through a holding of shares, units or any other interests in one or more SPVs, plus any other payments in addition to the acquisition price made by FH-REIT or its SPV to the vendor in connection with the purchase of the real estate (pro-rated if applicable to the proportion of FH-REIT's interest); (ii) the underlying value of any real estate which is taken into account when computing the acquisition price payable for the equity interests of any vehicle holding directly or indirectly the real estate, purchased by FH-REIT whether directly or indirectly through a holding of shares, units or any other interests in one or more SPVs (plus any other payments made by FH-REIT or its SPVs to the vendor in connection with the purchase of such equity interests) (pro-rated, if applicable to the proportion of FH-REIT's interest); or (iii) the acquisition price of any investment purchased by FH-REIT, whether directly or indirectly through one or more SPVs, in any debt securities of any property corporation or other SPV owning or acquiring real estate or any debt securities which are secured whether directly or indirectly by the rental income from real estate. <p>For the avoidance of doubt, the acquisition price, or as the case may be, the acquisition value, shall take into account any price or value adjustment to be made post completion (and the acquisition fee payable to the REIT manager will be adjusted upwards or downwards, as applicable). No acquisition fee is payable for the acquisition of the properties.</p>
FH-BT	<p>0.5% for acquisitions from related parties and 1.0% for all other cases (or such lower percentage as may be determined by the trustee-manager in its absolute discretion) of any of the following as is applicable (subject to there being no double counting):</p> <ul style="list-style-type: none"> (i) in the case of an acquisition of real estate, the acquisition price of any real estate purchased by FH-BT, whether directly or indirectly through one or more SPVs, plus any other payments in addition to the acquisition price made by FH-BT or its SPVs to the vendor in connection with the purchase of the real estate (pro-rated if applicable to the proportion of FH-BT's interest); (ii) in the case of an acquisition of the equity interests of any vehicle holding directly or indirectly the real estate, the underlying value of such real estate which is taken into account when computing the acquisition price payable for the equity interests of any vehicle holding directly or indirectly the real estate, purchased by FH-BT, whether directly or indirectly through one or more SPVs, plus any other payments made by FH-BT or its SPVs to the vendor in connection with the purchase of such equity interests (prorated if applicable to the proportion of FH-BT's interest); or (iii) the acquisition price of any investment purchased by FH-BT, whether directly or indirectly through one or more SPVs, in any debt securities of any property corporation or other SPV owning or acquiring real estate or any debt securities which are secured whether directly or indirectly by the rental income from real estate. <p>For the avoidance of doubt, the acquisition price, or as the case may be, the acquisition value, shall take into account any price or value adjustment to be made post-completion (and the acquisition fee payable to the trustee-manager will be adjusted upwards or downwards, as applicable).</p>

OUE H-Trust	
OUE H-REIT	<p>0.75% for acquisitions from related parties and 1.0% for all other cases (or such lower percentage as may be determined by the REIT manager in its absolute discretion) of any of the following as is applicable (subject to there being no double-counting):</p> <ul style="list-style-type: none"> (i) the acquisition price of any real estate purchased by OUE H-REIT, whether directly or indirectly through one or more SPVs, plus any other payments in connection with the purchase of the real estate (prorated if applicable to the proportion of OUE H-REIT's interest); (ii) the underlying value of any real estate which is taken into account when computing the acquisition price payable for the equity interests of any vehicle holding directly or indirectly the real estate, purchased whether directly or indirectly through one or more SPVs, by OUE H-REIT (pro-rated if applicable to the proportion of OUE H-REIT's interest); or (iii) the acquisition price of any investment purchased by OUE H-REIT, whether directly or indirectly through one or more SPVs, in any debt securities of any property corporation or other SPV owning or acquiring real estate or any debt securities which are secured whether directly or indirectly by the rental income from real estate.
OUE H-BT	<p>0.75% for acquisitions from related parties and 1.0% for all other cases (or such lower percentage as may be determined by the trustee-manager in its absolute discretion) of any of the following as is applicable (subject to there being no double-counting):</p> <ul style="list-style-type: none"> (i) the acquisition price of any real estate purchased by OUE H-BT, whether directly or indirectly through one or more SPVs, plus any other payments in addition to the acquisition price made by OUE H-BT or its SPVs to the vendor in connection with the purchase of the real estate (pro-rated if applicable to the proportion of OUE H-BT's interest); (ii) the underlying value of any real estate which is taken into account when computing the acquisition price payable for the equity interests of any vehicle holding directly or indirectly the real estate, purchased whether directly or indirectly through one or more SPVs, by OUE H-BT (pro-rated if applicable to the proportion of OUE H-BT's interest); or (iii) the acquisition price of any investment purchased by OUE H-BT, whether directly or indirectly through one or more SPVs, in any debt securities of any property corporation or other SPV owning or acquiring real estate or any debt securities which are secured whether directly or indirectly by the rental income from real estate.
Other selected hospitality REIT that is listed on the SGX-ST	
Ascott REIT	<p>The manager is entitled to receive an acquisition fee of 1.0% of the Enterprise Value of any real estate or real estate related assets acquired directly or indirectly by Ascott REIT, pro-rated if applicable to the proportion of Ascott REIT's interest. For this purpose, where the assets acquired by Ascott REIT are shares in a company whose primary purpose is to hold/own real estate (directly or indirectly), "Enterprise Value" shall mean the sum of the equity value and the total debt attributable to the shares being acquired by Ascott REIT and where the asset acquired by Ascott REIT is a property, "Enterprise Value" shall mean the value of the property.</p> <p>In the event that there is payment to third party agents or brokers in connection with the acquisition, such payment shall be paid out of the deposited property, provided that the manager shall charge an acquisition fee of 0.5% instead of 1.0%.</p>

Detailed basis of divestment fee computation for selected hospitality stapled securities, trusts and REITs (from publicly available information) is presented in the following table:

Name	Divestment Fee
Hospitality Stapled Securities	
AHT	
AH-REIT	<p>0.5% of each of the following as is applicable (subject to there being no double-counting):</p> <ul style="list-style-type: none"> (i) the sale price of any real estate sold or divested, whether directly or indirectly through one or more SPVs, by AH-REIT (plus any other payments in addition to the sale price received by AH-REIT or its SPVs from the purchaser in connection with the sale or divestment of the real estate) (pro-rated if applicable to the proportion of AH-REIT's interest); (ii) the underlying value of any real estate which is taken into account when computing the sale price for the equity interests in any vehicle holding directly or indirectly the real estate, sold or divested, whether directly or indirectly through one or more SPVs, by AH-REIT (plus any other payments received by AH-REIT or its SPVs from the purchaser in connection with the sale or divestment of such equity interests) (pro-rated if applicable to the proportion of AH-REIT's interest); or (iii) the sale price of the investment purchased by AH-REIT, whether directly or indirectly through one or more SPVs, in any debt securities of any property corporation or other SPV owning or acquiring real estate or any debt securities which are secured whether directly or indirectly by the rental income from real estate.
AH-BT	<p>0.5% of any of the following as is applicable (subject to there being no double-counting):</p> <ul style="list-style-type: none"> (i) the sale price of any real estate sold or divested, whether directly or indirectly through one or more SPVs, by AH-BT (plus any other payments in addition to the sale price received by AH-BT or its SPVs from the purchaser in connection with the sale or divestment of the real estate) (pro-rated if applicable to the proportion of AH-BT's interest); (ii) the underlying value of any real estate which is taken into account when computing the sale price for the equity interests in any vehicle holding directly or indirectly the real estate, sold or divested, whether directly or indirectly through one or more SPVs, by AH-BT (plus any other payments received by AH-BT or its SPVs from the purchaser in connection with the sale or divestment of such equity interests) (pro-rated if applicable to the proportion of AH-BT's interest); or (iii) the sale price of any other asset forming a part of the AH-BT trust property sold or divested from time to time by the trustee-manager on behalf of AH-BT.

Name	Divestment Fee
Far East H-Trust	
Far East H-REIT	<p>0.5% of each of the following as is applicable (subject to there being no double-counting):</p> <ul style="list-style-type: none"> (i) the sale price of any real estate sold or divested by Far East H-REIT, whether directly or indirectly through one or more SPVs, plus any other payments in connection with the sale or divestment of the real estate (pro-rated if applicable to the proportion of Far East H-REIT's interest); (ii) the underlying value of any real estate which is taken into account when computing the sale price for the equity interests in any vehicle holding directly or indirectly the real estate, sold or divested by Far East H-REIT, whether directly or indirectly through one or more SPVs, plus any other payments received by the Far East H-REIT or its SPVs from the purchaser in connection with the sale or divestment of such equity interests (pro-rated if applicable to the proportion of Far East H-REIT's interest); or (iii) the sale price of the investment sold or divested by Far East H-REIT, whether directly or indirectly through one or more SPVs, in any debt securities of any property corporation or other SPV owning or acquiring real estate or any debt securities which are secured whether directly or indirectly by the rental income from real estate.
Far East H-BT	<p>0.5% of any of the following as is applicable (subject to there being no double-counting):</p> <ul style="list-style-type: none"> (i) the sale price of any real estate sold or divested by Far East H-BT, whether directly or indirectly through one or more SPVs, plus any other payments in connection with the sale or divestment of the real estate (pro-rated if applicable to the proportion of Far East H-BT's interest); (ii) the underlying value of any real estate which is taken into account when computing the sale price for the equity interests in any vehicle holding directly or indirectly the real estate, sold or divested by Far East H-BT, whether directly or indirectly through one or more SPVs, plus any other payments received by the Far East H-BT or its SPVs from the purchaser in connection with the sale or divestment of such equity interests (pro-rated if applicable to the proportion of Far East H-BT's interest); or (iii) the sale price of the investment purchased by Far East H-BT, whether directly or indirectly through one or more SPVs, in any debt securities of any property corporation or other SPV owning or acquiring real estate or any debt securities which are secured whether directly or indirectly by the rental income from real estate.

Name	Divestment Fee
FHT	
FH-REIT	<p>0.5% of each of the following as is applicable (subject to there being no double-counting):</p> <ul style="list-style-type: none"> (i) the sale price of any real estate sold or divested by FH-REIT, whether directly or indirectly through one or more SPVs, plus any other payments in connection with the sale or divestment of the real estate (pro-rated if applicable to the proportion of FH-REIT's interest); (ii) the underlying value of any real estate which is taken into account when computing the sale price for the equity interests in any vehicle holding directly or indirectly the real estate, sold or divested by FH-REIT, whether directly or indirectly through one or more SPVs, plus any other payments received by the FH-REIT or its SPVs from the purchaser in connection with the sale or divestment of such equity interests (pro-rated if applicable to the proportion of FH-REIT's interest); or (iii) the sale price of the investment sold or divested by FH-REIT, whether directly or indirectly through one or more SPVs, in any debt securities of any property corporation or other SPV owning or acquiring real estate or any debt securities which are secured whether directly or indirectly by the rental income from real estate. <p>For the avoidance of doubt, the sale price, or as the case may be, the sale value, shall take into account any price or value adjustment to be made post-completion (and the divestment fee payable to the REIT manager will be adjusted upwards or downwards, as applicable).</p>
FH-BT	<p>0.5% of any of the following as is applicable (subject to there being no double-counting):</p> <ul style="list-style-type: none"> (i) the sale price of any real estate sold or divested by FH-BT, whether directly or indirectly through one or more SPVs, plus any other payments in connection with the sale or divestment of the real estate (pro-rated if applicable to the proportion of FH-BT's interest); (ii) the underlying value of any real estate which is taken into account when computing the sale price for the equity interests in any vehicle holding directly or indirectly the real estate, sold or divested by FH-BT, whether directly or indirectly through one or more SPVs, plus any other payments received by the FH-BT or its SPVs from the purchaser in connection with the sale or divestment of such equity interests (pro-rated if applicable to the proportion of FH-BT's interest); or (iii) the sale price of the investment purchased by FH-BT, whether directly or indirectly through one or more SPVs, in any debt securities of any property corporation or other SPV owning or acquiring real estate or any debt securities which are secured whether directly or indirectly by the rental income from real estate. <p>For the avoidance of doubt, the sale price, or as the case may be, the sale value, shall take into account any price or value adjustment to be made post-completion (and the divestment fee payable to the trustee-manager will be adjusted upwards or downwards, as applicable).</p>

Name	Divestment Fee
OUE H-Trust	
OUE H-REIT	<p>0.5% of any of the following as is applicable (subject to there being no double-counting):</p> <ul style="list-style-type: none"> (i) the sale price of any real estate sold or divested by OUE H-REIT, whether directly or indirectly through one or more SPVs, plus any other payments in connection with the sale or divestment of the real estate (pro-rated if applicable to the proportion of OUE H-REIT's interest); (ii) the underlying value of any real estate which is taken into account when computing the sale price for the equity interests in any vehicle holding directly or indirectly the real estate, sold or divested, whether directly or indirectly through one or more SPVs, by OUE H-REIT (pro-rated if applicable to the proportion of OUE H-REIT's interest); or (iii) the sale price of the investment sold or divested by OUE H-REIT, whether directly or indirectly through one or more SPVs, in any debt securities of any property corporation or other SPV owning or acquiring real estate or any debt securities which are secured whether directly or indirectly by the rental income from real estate.
OUE H-BT	<p>0.5% of any of the following as is applicable (subject to there being no double-counting):</p> <ul style="list-style-type: none"> (i) the sale price of any real estate sold or divested by OUE H-BT, whether directly or indirectly through one or more SPVs, plus any other payments in connection with the sale or divestment of the real estate (pro-rated if applicable to the proportion of OUE H-BT's interest); (ii) the underlying value of any real estate which is taken into account when computing the sale price for the equity interests in any vehicle holding directly or indirectly the real estate, sold or divested, whether directly or indirectly through one or more SPVs, by OUE H-BT (pro-rated if applicable to the proportion of OUE H-BT's interest); or (iii) the sale price of the investment sold or divested by OUE H-BT, whether directly or indirectly through one or more SPVs, in any debt securities of any property corporation or other SPV owning or acquiring real estate or any debt securities which are secured whether directly or indirectly by the rental income from real estate.
Other selected hospitality REIT that is listed on the SGX-ST	
Ascott REIT	<p>The manager is entitled to receive a (payable to the manager) divestment fee of 0.5% of the enterprise value of any real estate or real estate related assets divested directly or indirectly by Ascott REIT, pro-rated if applicable to the proportion of Ascott REIT's interest.</p> <p>Any payment to third party agents or brokers in connection with the divestment of any real estate or real estate related assets of Ascott REIT shall be paid by Ascott REIT. In the event the manager receives a divestment fee in connection with a transaction with a related party (which has the meaning ascribed to it in the trust deed) any such divestment fee shall be paid in the form of units to be issued by Ascott REIT at the market price.</p>

THE PROPOSED MANAGEMENT FEE, ACQUISITION FEE AND DIVESTMENT FEE SUPPLEMENT TO THE HBT TRUST DEED

The proposed form of the management fee, acquisition fee and divestment fee supplement for the HBT Trust Deed is as follows:

- That Clause 1.1 of the HBT Trust Deed be amended by inserting the following definitions as indicated by the underlined text and making amendments to the definition of Management Fee in accordance with the following additions and deletions indicated by the underlined text and the deleted text below:

“**Acquisition Fee**” means the acquisition fee payable to the Trustee-Manager which is determined in accordance with Clause 12.3.1;

“**Base Fee**” means the base fee payable to the Trustee-Manager, determined pursuant to Clause 12.1.1;

“**Divestment Fee**” means the divestment fee payable to the Trustee-Manager which is determined in accordance with Clause 12.3.2;

“**Lodging Business**” means a Real Estate used for hospitality purposes;

“**Management Fee**” means the management fee payable to the Trustee-Manager as set out in ~~Clause 12.1~~ comprising the Base Fee and the Performance Fee;

“**Net Property Income**” in relation to Real Estate in the form of land, whether held directly by the Trustee-Manager or indirectly through entities, and in relation to any financial year or part thereof, means its Gross Revenue less Property Expenses for such Real Estate for that Financial Year or part thereof;

“**Performance Fee**” means the performance fee payable to the Trustee-Manager, determined pursuant to Clause 12.1.2;

“**Property Expenses**” in relation to Real Estate in the form of land, whether directly held by the Trustee-Manager or indirectly held by the Trustee-Manager through entities, and in relation to any Financial Year or part thereof, means all costs and expenses incurred and payable by the Trust or the relevant entities in the operation, maintenance, management and marketing of such Real Estate, including but not limited to the following:

- (i) the fees payable to the relevant property manager in relation to such Real Estate (if any);
- (ii) property tax, assessment, rents, charges or other impositions in relation to such Real Estate;
- (iii) charges for heating, air-conditioning, electricity, gas, water, telephone and any other utilities;
- (iv) costs of services, including contract cleaning fees, contract security fees as well as repair and maintenance expenses;
- (v) marketing, advertising, promotion and public relations expenses;

- (vi) commissions and expenses payable to the property manager and other leasing agents for the lease or licence of units in the Real Estate;
- (vii) maintenance charges, sinking fund contributions and other contributions or levies payable in respect of the Real Estate;
- (viii) insurance premiums for insurances taken out for or in relation to the Real Estate;
- (ix) allowance for doubtful accounts or bad debts, as the Trustee-Manager shall determine in accordance with generally accepted accounting principles in Singapore;
- (x) reimbursement of salaries and related expenses;
- (xi) landlord's fitting out costs and expenses (net of takeover fees), general and administrative expenses as well as other miscellaneous expenses relating to the Real Estate;
- (xii) GST on the supply to the Trust or (as the case may be) the relevant entity of any goods and services or GST paid or payable by the Trustee-Manager or (as the case may be) the relevant entity on the importation of any goods, being (in each case) goods or services used or to be used for the purpose of any business carried on or to be carried on by the Trust or (as the case may be) the relevant entity, to the extent that the Trust or (as the case may be) the relevant entity is not entitled to credit for such GST against GST on supplies which the Trust or (as the case may be) the relevant entity makes;
- (xiii) any other direct or indirect taxes, duties and licences whether in force at the present time or in the future payable on account of the operation of the Trust including, without limitation, business tax, GST (to the extent that the Trust is not entitled to credit for such GST against GST on supplies by the Trust) and tax on such Real Estate as imposed by tax legislation of Singapore or elsewhere and generally any other tax by whatever name called imposed on such Real Estate;
- (xiv) expenses incurred for any renovations, additions, alterations or other works carried out in respect of any part or unit in such Real Estate to enable such part or unit to be leased;
- (xv) fees and expenses of expert(s) incurred by the property manager in relation to such Real Estate;
- (xvi) rental expenses; and
- (xvii) all other cost and expense of maintaining, conducting and supervising a Lodging Business and are normally treated as operating expenses under the 11th revised edition of the Uniform System of Accounts for the Lodging Industry, or the latest version as available from time to time, or reasonably determined by the property manager to be necessary for the operation, management, marketing and maintenance of such Real Estate;

but, shall not include the following:

- (a) expenditure on alterations, additions or improvements in or to such Real Estate or other expenditures of a capital nature which are not regarded as operating costs and expenses in accordance with generally accepted accounting principles in Singapore;
 - (b) principal repayment of loans taken up by the Trustee-Manager or the relevant entity for the acquisition, development and improvement of such Real Estate, including fees of consultants engaged for such acquisition, development and improvement of the Real Estate;
 - (c) interest charges on hire purchase, equipment financing, credit facilities or loans taken up by the Trustee-Manager or the relevant entity referred to in (b) above;
 - (d) all depreciation or amortisation costs of the Real Estate (if any);
 - (e) audit, valuation and legal fees and the fees of consultants and associated costs and expenses relating to the operation and management of such Real Estate;
 - (f) legal fees and expenses incurred defending claims against the Trust or pursuing claims by the Trust;
 - (g) profit tax on the Trust; and
 - (h) the Trustee-Manager's fees payable under this Deed;”
- That Clause 5.3.15 of the HBT Trust Deed be amended in accordance with the following additions and deletions indicated by the underlined text and the deleted text below:

“5.3 Charges and Fees

5.3.15 the Management Fee comprising the Base Fee and the Performance Fee (each as defined below), the Trustee Fee (as defined below), and the Acquisition Fee (as defined below) and the Divestment Fee (as defined below) pursuant to Clauses 12.1, 12.2, ~~and 12.3.1 and 12.3.2~~ respectively;”

- that Clause 12.1.1 of the HBT Trust Deed be deleted in its entirety and replaced with the text below:

“12.1.1 Base Fee

The Trustee-Manager shall be entitled to receive for its own account out of the Trust Property a fee not exceeding the rate of 0.25% per annum of the value of the Trust Property (determined in accordance with Clause 7) (for the purposes of this Clause, the “**permitted limit**”) (the “**Base Fee**”), and if the Trust holds only a partial interest in any of the Trust Property, such Trust Property shall be pro rated in proportion to the partial interest held for the purpose of calculating the Base Fee. The Trustee-Manager shall be entitled to alter the rate of the Base Fee to some percentage smaller than the prevailing rate by notice to all Holders in writing and shall also be entitled to alter such rate to some percentage higher than the prevailing rate (but within the permitted limit) by giving written notice of any such alteration to all Holders and the Depository (in respect of the Depositors) of not less than three months prior to the date of effect thereof.

Any increase in the rate of the Base Fee above the permitted limit or any change in the structure of the Base Fee shall be approved by an Extraordinary Resolution of a meeting of Holders or (as the case may be) Depositors, duly convened and held in accordance with the provisions of the Schedule.

The Base Fee shall accrue on each day of each calendar quarter in respect of the period up to and including the last day of that calendar quarter. The amount accruing on each day of each calendar quarter shall be a sum equal to the appropriate percentage of the value of the Trust Property (determined in accordance with Clause 7) on the last day of the calendar quarter multiplied by the number of days in the relevant period and divided by 365. The “**appropriate percentage**” shall be the rate of Base Fee applicable on the relevant day.

Unless the Trust is part of a Stapled Group, the Base Fee shall be paid to the Trustee-Manager in the form of cash and/or Units (as the Trustee-Manager may elect), such election to be irrevocable and made prior to the relevant calendar quarter out of the Trust Property and in such proportion as may be determined by the Trustee-Manager, such determination to be irrevocable and made prior to the relevant calendar quarter.

The amount of the Base Fee payable to the Trustee-Manager shall be net of all applicable GST and all other applicable sales tax, governmental impositions, duties and levies whatsoever imposed thereon by the relevant authorities in Singapore or elsewhere. For the avoidance of doubt, the Trust shall bear all applicable GST and all other applicable sales tax, governmental impositions, duties and levies whatsoever imposed on the Base Fee by the relevant authorities in Singapore or elsewhere.

12.1.2 Performance Fee

The Trustee-Manager shall be entitled to receive for its own account from the Trust Property, in relation to any Financial Year, in arrears a fee equal to a rate of 5.0% per annum (or such lower percentage as may be determined by the Trustee-Manager in its absolute discretion) of the Net Property Income of the Trust for each Financial Year (for the purposes of this Clause, the “**permitted limit**”) (the “**Performance Fee**”) accrued to the Trustee-Manager and remaining unpaid, and if any of the Net Property Income shall be derived from an Investment in which the Trust holds only a partial interest, such Net Property Income shall be pro rated in proportion to the partial interest held for the purpose of calculating the Performance Fee. The Trustee-Manager shall at the end of each Financial Year, compute such Performance Fee with reference to the Net Property Income of the Trust for that Financial Year based on the audited accounts of the Trust determined for that Financial Year.

Unless the Trust is part of a Stapled Group, the Performance Fee shall be paid to the Trustee-Manager in the form of cash and/or Units (as the Trustee-Manager may elect) out of the Trust Property and in such proportion as may be determined by the Trustee-Manager.

Any increase in the Performance Fee payable by the Trust above the permitted limit or any change in the structure of the Performance Fee shall be approved by an Extraordinary Resolution of a meeting of Holders or (as the case may be) Depositors duly convened and held in accordance with the provisions of the Schedule.

The amount of the Performance Fee (if any) payable to the Trustee-Manager shall be net of all applicable GST and all other applicable sales tax, governmental impositions, duties and levies whatsoever imposed thereon by the relevant authorities in Singapore or elsewhere. For the avoidance of doubt, the Trust shall bear all applicable GST and all other applicable sales tax, governmental impositions, duties and levies whatsoever imposed on the Performance Fee by the relevant authorities in Singapore or elsewhere.”

- that the existing Clause 12.1.2(i) and 12.1.2(ii) of the HBT Trust Deed be amended in accordance with the following additions and deletions indicated by the underlined text and the deleted text below:

“12.1.23 Form and Time of Payment of the Management Fee

- (i) The Trustee-Manager may elect at any time (such election to be irrevocable) to receive the Management Fee in the form of cash and/or (subject to Clause 6.1) Units or (in the event that the Trust is part of a Stapled Group) Stapled Securities, in such proportion and for such period as may be determined by the Trustee-Manager.
- (ii) Where the Management Fee is payable in the form of Units, such payment shall (in the case of the Base Fee) be made out of the Trust Property within 30 days of the last day of every calendar quarter in arrears and (in the case of the Performance Fee) be made within 30 days from the date of the audited accounts of the Trust determined for that Financial Year in arrears. Where the Management Fee is payable in the form of cash, such payment shall (in the case of the Base Fee) be made out of the Trust Property within 30 days of the last day of every calendar month in arrears and (in the case of the Performance Fee) be made within 30 days from the date of the audited accounts of the Trust determined for that Financial Year in arrears. Where the Management Fee is payable in the form of Stapled Securities, such Stapled Securities shall (in the case of the Base Fee) be issued to the Trustee-Manager within 30 days of the last day of every calendar month in arrears and (in the case of the Performance Fee) be made within 30 days from the date of the audited accounts of the Trust determined for that Financial Year in arrears.”

- that Clause 12.3 of the HBT Trust Deed be amended in accordance with the following additions and deletions indicated by the underlined text and the deleted text below:

“12.3 Acquisition Fee and Divestment Fee

12.3.1 Acquisition Fee

- (i) The Trustee-Manager is entitled to receive an Acquisition Fee at the rate of 0.75% for acquisitions from Interested Persons and at a rate of 0-1.0% for all other cases (or such lower percentage as may be determined by the Trustee-Manager in its absolute discretion) ~~of the acquisition price~~ (for the purposes of this Clause 12.3.1(i), the **“permitted limit”**) ~~of each of the following as is applicable (subject to there being no double-counting): any Authorised Investments acquired directly or indirectly by the Trust (pro-rated if applicable to the proportion of the Trust’s interest in the Authorised Investments acquired).~~
 - (a) the acquisition price of any Real Estate purchased, whether directly or indirectly through one or more entities, by the Trust (plus any other payments in addition to the acquisition price made by the Trust or its entities to the vendor in connection with the purchase of the Real Estate) (pro-rated if applicable to the proportion of the Trust’s interest);
 - (b) the underlying value of any Real Estate which is taken into account when computing the acquisition price payable for the equity interests of any vehicle holding directly or indirectly the Real Estate, purchased, whether directly or indirectly through one or more entities, by the Trust (pro-rated if applicable to the proportion of the Trust’s interest); or

- (c) the acquisition price of any Investment purchased by the Trust, whether directly or indirectly through one or more entities, in any debt securities of any property corporation or other entity owning or acquiring any Real Estate or any debt securities which are secured whether directly or indirectly by the rental income from Real Estate.

Any increase in the Acquisition Fee above the permitted limit or any change in the structure of the Acquisition Fee shall be approved by an Extraordinary Resolution of a meeting of Holders or (as the case may be) Depositors duly convened and held in accordance with the provisions of the Schedule. The Acquisition Fee will be paid in the form of cash and/or (subject to Clause 6.1) Units or (in the event that the Trust is part of a Stapled Group) Stapled Securities (as the Trustee-Manager may elect, such election to be irrevocable and made before the payment of the Acquisition Fee) to the Trustee-Manager, in such proportion as may be determined by the Trustee-Manager. When paid in the form of Stapled Securities, the Trustee-Manager shall be entitled to receive such number of Stapled Securities as may be purchased for the relevant amount of the Acquisition Fee at the Issue Price of Stapled Securities issued to finance or part finance the acquisition in respect of which the Acquisition Fee is payable or, where Stapled Securities are not issued to finance or part finance the Acquisition, at the prevailing Market Price at the time of issue of such Stapled Securities as determined under Clause 6.7.4 if the Trust or the Stapled Group is listed on the SGX-ST or any other Recognised Stock Exchange, or the Current Stapled Security Value at the time of issue of such Stapled Securities if the Stapled Group is unlisted.

- 12.3.2 (ii) The Acquisition Fee is payable as soon as practicable after completion of the acquisition. Subject to Clause 6.1:

(i)(a) when paid in the form of Units, the Trustee-Manager shall be entitled to receive such number of Units as may be purchased with the relevant portion of the Acquisition Fee at the Issue Price of Units issued to finance or part finance the acquisition in respect of which the Acquisition Fee is payable or, where Units are not issued to finance or part finance the Acquisition, to be determined in accordance with any applicable laws, regulations and guidelines; and

(i)(b) when paid in the form of Stapled Securities, the Trustee-Manager shall be entitled to receive such number of Stapled Securities as may be purchased with the relevant portion of the Acquisition Fee at the Issue Price of Stapled Securities issued to finance or part finance the acquisition in respect of which the Acquisition Fee is payable or, where Stapled Securities are not issued to finance or part finance the Acquisition, the prevailing Market Price at the time of issue of such Stapled Securities as determined under Clause 6.7.4 if the Stapled Group is listed on the SGX-ST or any other Recognised Stock Exchange, or the Current Stapled Security Value at the time of issue of such Stapled Securities if the Stapled Group is unlisted.

In the event payment is to be made in the form of Units or (as the case may be) Stapled Securities and Holders' or (as the case may be) Depositors' approval is not obtained pursuant to Clause 6.1.1, then payment of that excess part of the Acquisition Fee will be paid in the form of cash. For the avoidance of doubt, the Trust shall bear all applicable GST and all other

applicable sales tax, governmental impositions, duties and levies whatsoever imposed on the Acquisition Fee by the relevant authorities in Singapore or elsewhere.”

- that Clause 12.3 of the HBT Trust Deed be amended by inserting the following clause after the amended Clause 12.3.1:

“12.3.2 Divestment Fee

- (i) The Trustee-Manager is also entitled to a divestment fee (“**Divestment Fee**”) at the rate of 0.5% (or such lower percentage as may be determined by the Trustee-Manager in its absolute discretion) (for purposes of this Clause 12.3.2, the “**permitted limit**”) of each of the following as is applicable (subject to there being no double-counting):
 - (a) the sale price of Real Estate sold or divested, whether directly or indirectly through one or more entities, by the Trust (plus any other payments in addition to the sale price received by the Trust or its entities from the purchaser in connection with the sale or divestment of the property, such as additional payments to the Trust or its entity for the sale of the Real Estate where the Trust or its entity have already made certain payments for enhancements to the Real Estate and the value of the asset enhancements are not reflected in the sale price of the Real Estate as the asset enhancements are not completed, but does not include stamp duty or other payments to third party agents and brokers) (pro-rated if applicable to the proportion of the Trust’s interest);
 - (b) the underlying value of any Real Estate which is taken into account when computing the sale price for the equity interests in any vehicle holding directly or indirectly the Real Estate, sold or divested, whether directly or indirectly through one or more entities, by the Trust (pro-rated if applicable to the proportion of the Trust’s interest); or
 - (c) the sale price of any Investment sold or divested by the Trust, whether directly or indirectly through one or more entities, in any debt securities of any property corporation or other entity owning or acquiring any Real Estate or any debt securities which are secured whether directly or indirectly by the rental income from Real Estate.

Any increase in the Divestment Fee above the permitted limit or any change in the structure of the Divestment Fee shall be approved by an Extraordinary Resolution of a meeting of Holders or (as the case may be) Depositors duly convened and held in accordance with the provisions of the Schedule.

The Divestment Fee is payable as soon as practicable after completion of the sale or disposal. The Divestment Fee will be paid in the form of cash and/or (subject to Clause 6.1) Units or (in the event that the Trust is part of a Stapled Group) Stapled Securities (as the Trustee-Manager may elect, such election to be irrevocable and made before the payment of the Divestment Fee) and in such proportion as may be determined by the Trustee-Manager. When paid in the form of Units, the Trustee-Manager shall be entitled to receive such number of Units as may be purchased with the relevant portion of the Divestment Fee at the Issue Price of Units determined in accordance with any applicable laws, regulations and guidelines. When paid in the form of Stapled

Securities, the Trustee-Manager shall be entitled to receive such number of Stapled Securities as may be purchased for the relevant amount of the Divestment Fee at the prevailing Market Price at the time of issue of such Stapled Securities as determined under Clause 6.7.4 if the Trust or the Stapled Group is listed on the SGX-ST or any other Recognised Stock Exchange, or the Current Stapled Security Value at the time of issue of such Stapled Securities if the Stapled Group is unlisted. In the event that payment is to be made in the form of Units or Stapled Securities and Holders' prior approval is required but is not obtained at the Holders' meeting to permit such issue of Units or (as the case may be) such issue of Units as part of the Stapled Securities to the Trustee-Manager, then the payment of that excess part of the Divestment Fee will be paid in the form of cash.

- (ii) For the purpose of this Clause 12.3.2, Real Estate Related Assets include all classes and types of equity securities relating to Real Estate which shall, for the avoidance of doubt, exclude any investment in debt securities of any property corporation or other entity owning or acquiring any Real Estate.
- (iii) The amount of any Divestment Fee payable to the Trustee-Manager shall be net of all applicable GST and all other applicable sales tax, governmental impositions, duties and levies whatsoever imposed thereon by the relevant authorities in Singapore or elsewhere."

- That Clause 22.2 of the HBT Trust Deed be amended in accordance with the following additions and deletions indicated by the underlined text and the deleted text below:

"22.2 Deduction of Tax

Before making any distribution or other payment in respect of any Unit or in respect of the Management Fee, Trustee Fee, and Acquisition Fee and the Divestment Fee, the Trustee-Manager may make such deductions as by the law of Singapore or by the law of any other country in which such payment or distribution is made the Trustee-Manager is required or entitled to make in respect of any Income or other taxes, charges or assessments whatsoever. The Trustee-Manager may also deduct the amount of any stamp duties or other governmental taxes or charges payable by it or for which it may be made liable in respect of such distribution or any documents signed by it in connection therewith."

THE PROPOSED ACQUISITION FEE SUPPLEMENT TO THE H-REIT TRUST DEED

The proposed form of the acquisition fee supplement for the H-REIT Trust Deed is as follows:

- That Clause 14.2.1(i) of the H-REIT Trust Deed be amended in accordance with the following additions indicated by the underlined text below:

“14.2 Acquisition Fee and Divestment Fee

14.2.1 The Manager is also entitled to receive:

- (i) an acquisition fee (“**Acquisition Fee**”) at the rate of 0.75% for acquisitions from Related Parties and at a rate of 1.0% for all other cases (or such lower percentage as may be determined by the Manager in its absolute discretion) (for purposes of this Clause 15.2.1(i), the “**permitted limit**”) of each of the following as is applicable (subject to there being no double-counting):”

THE PROPOSED BROKERAGE FEE SUPPLEMENT TO THE H-REIT TRUST DEED

The proposed form of the brokerage fee supplement for the H-REIT Trust Deed is as follows:

- that Clause 4.3.4 of the H-REIT Trust Deed be amended in accordance with the following addition and deletion indicated by the underlined text and the deleted text below:

“4.3 Charges and Fees

4.3.4 all Acquisition Costs and Fiscal and purchase charges or Fiscal and sale charges, including~~excluding~~ any fees payable to third party real estate agents or brokers in connection with any acquisition or disposal of any Investment;”

- that Clause 14.2.5 of the H-REIT Trust Deed be amended in accordance with the following additions and deletions indicated by the underlined text and the deleted text below:

“14.2 Acquisition Fee and Divestment Fee

14.2.5 Any payment to third party real estate agents or brokers in connection with the acquisition or disposal of any Authorised Investment for the Trust shall be paid ~~by the Manager to such persons out of the Acquisition Fee or the Divestment Fee received by the Manager, and not additionally out of the Trust or the assets of the relevant Special Purpose Vehicle, out of the Deposited Property.~~ by the Manager out of the Deposited Property.”

- that Clause 17.15 of the H-REIT Trust Deed be amended in accordance with the following deletions indicated by the deleted text below:

“17.15 Appointments of Agents and Experts by Trustee

17.15.1 appoint and engage any independent financial advisers (and if appropriate, without being required to consult the Manager in any such appointment of an independent financial adviser), auditors, Approved Valuers, legal practitioners, accountants, surveyors, real estate agents, contractors, qualified advisers and such other persons as may be necessary, usual or desirable for the purpose of exercising its powers and performing its obligations and all reasonable and proper fees, charges and moneys payable to any such persons and all disbursements, expenses, duties and outgoings properly chargeable in respect thereof shall ~~(save for payments to third party real estate agents or brokers in connection with the acquisition or disposal of any Authorised Investments, which shall be paid by the Manager out of the Acquisition Fee or the Divestment Fee received by the Manager)~~ be borne out of the Deposited Property and where applicable, such person appointed or engaged must comply with the qualifications set out in the Property Funds Appendix; and

17.15.2 on the Manager's recommendation, appoint and engage any real estate agents or managers or service providers or such other persons in relation to the project management, development, leasing, lease management, marketing, property management, purchase or sale of any of the Investments (PROVIDED THAT, if such persons are Related Parties of the Manager, the Related Parties shall provide such services to the Trust on an arm's length basis and on normal commercial terms, and be in compliance with the Property Funds Appendix) and pay to such persons in respect of their services such fees as are commercially reasonable as usual and which shall ~~(save for payments to third party real estate agents or brokers in connection with the acquisition or disposal of any Authorised Investments, which shall be paid by the Manager out of the Acquisition Fee or the Divestment Fee received by the Manager)~~ be borne out of the Deposited Property as an expense of the Trust PROVIDED THAT any such person appointed or engaged be approved by the Trustee and where applicable, such person appointed or engaged complies with the criteria set out in the Property Funds Appendix."

- that Clause 18.9.2 of the H-REIT Trust Deed be amended in accordance with the following deletions indicated by the deleted text below:

"18.9.2 appoint and engage or direct the Trustee to appoint and engage any Approved Valuers, legal practitioners, accountants, surveyors, real estate agents, contractors, investment managers, investment advisers, qualified advisers, service providers and such other persons as may be necessary, usual or desirable for the purpose of exercising its powers and performing its obligations hereunder and subject as otherwise expressly provided in this Deed, all fees, charges and moneys payable to any such persons and all disbursements, expenses, duties and outgoings in relation thereto shall ~~(save for payments to third party real estate agents or brokers in connection with the acquisition or disposal of any Authorised Investments, which shall be paid by the Manager out of the Acquisition Fee or the Divestment Fee received by the Manager)~~ be paid from the Deposited Property PROVIDED THAT any such person appointed or engaged be approved by the Trustee and where applicable, such person appointed or engaged complies with the qualifications set out in the Property Funds Appendix; and"

- that Clause 18.9.3 of the H-REIT Trust Deed be amended in accordance with the following deletions indicated by the deleted text below:

"18.9.3 appoint and engage or direct the Trustee to appoint and engage any real estate agents or managers or service providers or such other persons in relation to the project management, development, leasing, lease management, marketing, property management and purchase or sale of any of the Investments (PROVIDED THAT, if such persons are Related Parties of the Manager, such persons shall, in such event, provide such services to the Trust on an arm's length basis and on normal commercial terms, and be in compliance with the Property Funds Appendix) and pay to such persons in respect of their services such fees as are commercially reasonable or usual and are approved by the Trustee and which shall ~~(save for payments to third party real estate agents or brokers in connection with the acquisition or disposal of any Authorised Investments, which shall be paid by the Manager out of the Acquisition Fee or the Divestment Fee received by the Manager)~~ be borne out of the Deposited Property as an expense of the Trust PROVIDED THAT any such person appointed or engaged be approved by the Trustee and, where applicable, such person appointed or engaged complies with the criteria set out in the Property Funds Appendix."

THE PROPOSED DEVELOPMENT MANAGEMENT FEE SUPPLEMENTS TO THE H-REIT TRUST DEED AND THE HBT TRUST DEED

The Proposed Development Management Fee Supplement to the H-REIT Trust Deed

The proposed form of the development management fee supplement to the H-REIT Trust Deed is as follows:

- That Clause 1.1 of the H-REIT Trust Deed be amended by inserting the following definitions of Development Management Fee, Development Project and Total Project Costs:

“Development Management Fee” means the development management fee payable to the Manager which is determined in accordance with Clause 14.7;

“Development Project” means a project involving the development or re-development of land, or buildings, or part(s) thereof on land which is acquired, held or leased by the Trust, provided always that the Property Funds Appendix shall be complied with for the purposes of such development, including major development, re-development, refurbishment, retrofitting, addition and alteration and renovations works;

“Total Project Costs” means the sum of the following:

- construction cost based on the project final account prepared by the project quantity surveyor;
- land cost being all costs associated with the acquisition of the land (including the purchase price) on which the property will be developed including the differential premium or development charge where applicable. For land acquired on land rent basis, only the total amount of land rent payable during the development period will be included. For the re-development of existing properties, land costs refers to all costs associated with land such as any payment of additional premiums or amounts to the regulatory authorities in connection with the re-development of the existing property, but does not include the value of the land;
- principal consultants fees, including payments to the project’s architect, civil and structural engineer, mechanical and electrical engineer, quantity surveyor and project manager;
- the cost of obtaining all approvals for the project;
- site staff costs;
- taxes payable in connection with the project;
- interest costs on borrowings used to finance project cashflows that are capitalised to the project in line with generally accepted accounting principles in Singapore; and
- any other costs incurred in connection with or for the purpose of the project and can be capitalised to the project in accordance with generally accepted accounting principles in Singapore.”

- That Clause 4.3.16 of the H-REIT Trust Deed be amended in accordance with the following additions indicated by the underlined text below:

“**4.3.16** the Management Fee comprising the Base Fee and the Performance Fee, the Acquisition Fee, the Divestment Fee, the Development Management Fee and the remuneration of the Trustee pursuant to Clause 14;”
- That Clause 14 of the H-REIT Trust Deed be amended by inserting the following clause after Clause 14.6:

“14.7 Development Management Fee

14.7.1 The Manager is also entitled to receive for its own account out of the Trust Property, a Development Management Fee equivalent to 3.0% of the Total Project Costs incurred in a Development Project undertaken on behalf of the Trust. In addition, when the estimated Total Project Costs is greater than S\$200.0 million, the Trustee and the Manager’s independent directors will first review and approve the quantum of the Development Management Fee whereupon the Manager may be directed by its independent directors to reduce the Development Management Fee.

14.7.2 Any increase in the percentage of the Development Management Fee or any change in the structure of the Development Management Fee shall be approved by an Extraordinary Resolution of a meeting of Holders or (as the case may be) Depositors duly convened and held in accordance with the provisions of Schedule 1. Subject to the Property Funds Appendix, the Development Management Fee shall be paid to the Manager in the form of cash.

14.7.3 The Development Management Fee is payable in equal monthly instalments in cash over the construction period of each development project based on the Manager’s best estimate of the Total Project Costs and construction period and, if necessary, a final payment of the balance amount to be paid to the Manager or (as the case may be) paid by the Manager when the Total Project Costs is finalised. For the avoidance of doubt, the Trust shall bear all applicable GST and all other applicable sales tax, governmental impositions, duties and levies whatsoever imposed on the Development Management Fee by the relevant authorities in Singapore or elsewhere.

14.7.4 For the avoidance of doubt, no Acquisition Fee shall be paid when the Manager receives the Development Management Fee for a Development Project.

14.7.5 For the avoidance of doubt, a Development Management Fee is payable in respect of a Development Project involving an existing property of the Trust.”
- That paragraph 6(i)(b) of Schedule 1 of the H-REIT Trust Deed be amended in accordance with the following additions indicated by the underlined text below:

“(b) sanction a supplemental deed increasing the maximum permitted limit or any change in the structure of the Management Fee (including the Base Fee and the Performance Fee), the Acquisition Fee, the Divestment Fee, the Development Management Fee and the Trustee’s remuneration as provided in Clause 14 of this Deed;”

The Proposed Development Management Fee Supplement to the HBT Trust Deed

The proposed form of the development management fee supplement to the HBT Trust Deed is as follows:

- That Clause 1.1 of the HBT Trust Deed be amended by inserting the following definitions of Development Management Fee, Development Project and Total Project Costs:

“Development Management Fee” means the development management fee payable to the Trustee-Manager which is determined in accordance with Clause 12.4.

“Development Project” means a project involving the development or re-development of land, or buildings, or part(s) thereof on land which is acquired, held or leased by the Trust, provided always that any Relevant Laws, Regulations and Guidelines shall be complied with for the purposes of such development, including major development, re-development, refurbishment, retrofitting, addition and alteration and renovation works;

“Total Project Costs” means the sum of the following:

- construction cost based on the project final account prepared by the project quantity surveyor;
- land cost being all costs associated with the acquisition of the land (including the purchase price) on which the property will be developed including the differential premium or development charge where applicable. For land acquired on land rent basis, only the total amount of land rent payable during the development period will be included. For the re-development of existing properties, land costs refers to all costs associated with land such as any payment of additional premiums or amounts to the regulatory authorities in connection with the re-development of the existing property, but does not include the value of the land;
- principal consultants fees, including payments to the project’s architect, civil and structural engineer, mechanical and electrical engineer, quantity surveyor and project manager;
- the cost of obtaining all approvals for the project;
- site staff costs;
- taxes payable in connection with the project;
- interest costs on borrowings used to finance project cashflows that are capitalised to the project in line with generally accepted accounting principles in Singapore; and
- any other costs incurred in connection with or for the purpose of the project and can be capitalised to the project in accordance with generally accepted accounting principles in Singapore.

- That Clause 5.3.15 of the HBT Trust Deed be amended in accordance with the following additions and deletions indicated by the underlined text and deleted text below:

“5.3 Charges and Fees

5.3.15 the Management Fee (as defined below), the Trustee Fee (as defined below), ~~and the Acquisition Fee (as defined below) and the Development Management Fee (as defined below)~~ pursuant to Clauses 12.1, 12.2, ~~and~~ 12.3.1 and 12.4 respectively;”

- That Clause 12 of the HBT Trust Deed be amended by inserting the following clause after Clause 12.3, and the existing Clause 12.4 of the HBT Trust Deed be re-numbered accordingly:

“12.4 Development Management Fee

12.4.1 The Trustee-Manager is also entitled to receive for its own account out of the Trust Property, a Development Management Fee equivalent to 3.0% of the Total Project Costs incurred in a Development Project undertaken on behalf of the Trust. In addition, when the estimated Total Project Costs is greater than S\$200.0 million, the Trustee-Manager’s independent directors will first review and approve the quantum of the Development Management Fee whereupon the Trustee-Manager may be directed by its independent directors to reduce the Development Management Fee.

12.4.2 Any increase in the percentage of the Development Management Fee or any change in the structure of the Development Management Fee shall be approved by an Extraordinary Resolution of a meeting of Holders or (as the case may be) Depositors duly convened and held in accordance with the provisions of the Schedule hereto. Subject to any Relevant Laws, Regulations and Guidelines, the Development Management Fee shall be paid to the Trustee-Manager in the form of cash.

12.4.3 The Development Management Fee is payable in equal monthly instalments in cash over the construction period of each development project based on the Trustee-Manager’s best estimate of the Total Project Costs and construction period and, if necessary, a final payment of the balance amount to be paid to the Trustee-Manager or (as the case may be) paid by the Trustee-Manager when the Total Project Costs is finalised. For the avoidance of doubt, the Trust shall bear all applicable GST and all other applicable sales tax, governmental impositions, duties and levies whatsoever imposed on the Development Management Fee by the relevant authorities in Singapore or elsewhere.

12.4.4 For the avoidance of doubt, no Acquisition Fee shall be paid when the Trustee-Manager receives the Development Management Fee for a Development Project.

12.4.5 For the avoidance of doubt, a Development Management Fee is payable in respect of a Development Project involving an existing property of the Trust.”

- That paragraph 1 of Clause 22.2 of the HBT Trust Deed be amended in accordance with the following additions and deletions indicated by the underlined text and the deleted text below:

“22.2 Deduction of Tax

Before making any distribution or other payment in respect of any Unit or in respect of the Management Fee, Trustee Fee, ~~and Acquisition Fee~~ and the Development Management Fee, the Trustee-Manager may make such deductions as by the law of Singapore or by the law of any other country in which such payment or distribution is made the Trustee-Manager is required or entitled to make in respect of any Income or other taxes, charges or assessments whatsoever. The Trustee-Manager may also deduct the amount of any stamp duties or other governmental taxes or charges payable by it or for which it may be made liable in respect of such distribution or any documents signed by it in connection therewith.”

THE PROPOSED ELECTRONIC COMMUNICATIONS SUPPLEMENTS TO THE H-REIT TRUST DEED, THE HBT TRUST DEED AND THE STAPLING DEED

The Proposed Electronic Communications Supplement to the H-REIT Trust Deed

The proposed form of the electronic communications supplement for the H-REIT Trust Deed is as follows:

- That Clause 1.1 of the H-REIT Trust Deed be amended by inserting the following definition of Electronic Communications:

“Electronic Communications” means communications transmitted (whether from one person to another, from one device to another, from a person to a device or from a device to a person):

- (i) by means of a telecommunication system (as defined in the Telecommunications Act, Chapter 323 of Singapore); or
- (ii) by other means but while in an electronic form,

such that it can (where particular conditions are met) be received in legible form or be made legible following receipt in non-legible form;”

- That Clause 26.1 of the H-REIT Trust Deed be amended in accordance with the following additions indicated by the underlined text below:

“26.1 Notices to Holders and Depositors

26.1.1 Any notice required to be served upon a Holder shall be deemed to have been duly given if sent by post to or left, in the case of Units not credited into a Securities Account, at his address as appearing in the Register or in the case of Joint Holders, to the Joint Holder whose name stands first in the Register and, in the case of Units credited into a Securities Account, at his address on record with the Depository, or in the case of Joint Depositors, to the Joint Depositor whose name stands first in the record of the Depository Register. Any notice so served by post shall be deemed to have been served two (2) Business Days after posting, and in proving such service it shall be sufficient to prove that the letter containing the same was properly addressed, stamped and posted. Any charges payable to the Depository for serving notices or other documents to Holders shall be borne out of the Deposited Property.

26.1.2 Without prejudice to the provisions of Clause 26.1.1, but subject otherwise to any Listing Rules relating to Electronic Communications, any notice or document (including, without limitation, any accounts, balance-sheet, financial statements or report) which is required or permitted to be given, sent or served under this Deed, or by the Trustee and/or the Manager, to a Holder may be given, sent or served using Electronic Communications:

- (i) to the current email address of the Holder; or
- (ii) by making it available on a website prescribed by the Manager from time to time,

in accordance with the provisions of this Deed, the Listing Rules, applicable laws, rules and regulations (including the Code) and any other applicable rules of any other relevant Recognised Stock Exchange on which the Trust may be Listed. Notwithstanding anything to the contrary:

- (a) forms or acceptance letters that Holders may be required to complete;
- (b) notice of meetings of Holders, excluding any circulars or letters referred in that notice;
- (c) any notice or document relating to any take-over offer of the Trust;
- (d) any notice or document relating to any rights issue by the Trust; or
- (e) any notice as referred to in Clauses 26.1.6(ii) and (iii),

shall not be sent or served to Holders using Electronic Communications.

26.1.3 For the purposes of Clause 26.1.2 above, a Holder shall be deemed to have agreed to receive such notice or document by way of such Electronic Communications and shall not have a right to elect to receive the physical copy of such notice or document.

26.1.4 Notwithstanding Clause 26.1.3, the Manager may, at its discretion, at any time give a Holder an opportunity to elect within a specified period of time whether to receive such notice or document by way of Electronic Communications or as a physical copy, and a Holder shall be deemed to have consented to receive such notice or document by way of Electronic Communications if he was given such an opportunity and he failed to make an election within the specified time, and he shall not in such an event have a right to receive a physical copy of such notice or document.

26.1.5 Where a notice or document is given, sent or served by Electronic Communications:

- (i) to the current email address of a person pursuant to Clause 26.1.2(i), it shall be deemed to have been duly given, sent or served at the time of transmission of the Electronic Communication by the email server or facility operated by the Manager or its service provider to the current address of such person (notwithstanding any delayed receipt, non-delivery or "returned mail" reply message or any other error message indicating that the Electronic Communication was delayed or not successfully sent), unless otherwise provided under the Listing Rules and/or any other applicable regulations or procedures; and
- (ii) by making it available on a website pursuant to Clause 26.1.2(ii), it shall be deemed to have been duly given, sent or served on the date on which the notice or document is first made available on the website (notwithstanding any subsequent unforeseen event, including but not limited to a cyber-attack or a system failure on the website, resulting in the website being inaccessible to Holders), unless otherwise provided under the Listing Rules and/or any other applicable regulations or procedures.

- 26.1.6 The use of Electronic Communications pursuant to Clause 26.1.2 is subject to the following safeguards:
- (i) before giving, sending or serving any notice or document by way of Electronic Communications to a Holder who is deemed to have consented pursuant to Clause 26.1.4, the Trustee and/or the Manager must have given separate notice to the Holder in writing on at least one occasion that:
 - (a) the Holder may elect, within a time specified in the notice from the Trustee and/or the Manager to the Holder, whether to receive notices and documents by way of Electronic Communications or as a physical copy;
 - (b) if the Holder does not make an election, notices and documents will be given, sent or served to the Holder by way of Electronic Communications;
 - (c) the manner in which Electronic Communications will be used is the manner specified in the Deed;
 - (d) the election is a standing election, but the Holder may make a fresh election at any time to receive notices or documents by way of Electronic Communications or as a physical copy; and
 - (e) the Holder's election to receive notices or documents by way of Electronic Communications or as a physical copy that is conveyed to the Trustee and/or the Manager last in time prevails over all previous elections as the Holder's valid and subsisting election in relation to all documents and notices to be given, sent or served to the Holder until the Holder makes a fresh election;
 - (ii) where a notice or document is given, sent or served to a Holder pursuant to Clause 26.1.2, the Trustee and/or the Manager shall inform the Holder as soon as practicable of how to request a physical copy of that notice or document from the Trustee and/or the Manager, and the Trustee and/or the Manager shall provide a physical copy of that notice or document upon such request;
 - (iii) where a notice or document is given, sent or served to a Holder by sending it to the current email address of the Holder pursuant to Clause 26.1.2(i), the Manager shall as soon as practicable give separate physical notice to the Holder (if required by and in compliance with the Listing Rules and/or any other applicable regulations or procedures); and
 - (iv) where a notice or document is given, sent or served to a Holder by making it available on a website pursuant to Clause 26.1.2(ii), the Manager shall as soon as practicable give separate physical notice to the Holder in compliance with the Listing Rules and/or any other applicable regulations or procedures."

- That Clause 26.3 of the H-REIT Trust Deed be amended in accordance with the following additions indicated by the underlined text below:

“26.3 Sufficiency of Service

Any notice or document sent by post to or left at the registered address of a Holder or given, sent or served to any Holder using Electronic Communications in pursuance of this Deed shall, notwithstanding that such Holder be then dead or bankrupt and whether or not the Trustee or the Manager has notice of his death or bankruptcy, be deemed a sufficient service on all persons interested (whether jointly with or as claiming through or under him) in the Units concerned.”

- That Clause 26.5 of the H-REIT Trust Deed be amended in accordance with the following additions indicated by the underlined text below:

“26.5 Risk of Service

Any notice or document sent by post or Electronic Communications by the Trustee or the Manager shall be sent at the risk of the recipient.”

The Proposed Electronic Communications Supplement to the HBT Trust Deed

The proposed form of the electronic communications supplement for the HBT Trust Deed is as follows:

- That Clause 1.1 of the HBT Trust Deed be amended by inserting the following definition of Electronic Communications:

“Electronic Communications” means communications transmitted (whether from one person to another, from one device to another, from a person to a device or from a device to a person):

- (i) by means of a telecommunication system (as defined in the Telecommunications Act, Chapter 323 of Singapore); or
- (ii) by other means but while in an electronic form,

such that it can (where particular conditions are met) be received in legible form or be made legible following receipt in non-legible form;”

- That Clause 24.1 of the HBT Trust Deed be amended in accordance with the following additions indicated by the underlined text below:

“24.1 Notices to Holders and Depositors

24.1.1 Any notice required to be served upon a Holder shall be deemed to have been duly given if sent by post to or left, in the case of Units not credited into a Securities Account, at his address as appearing in the Register or in the case of Joint Holders, to the Joint Holder whose name stands first in the Register and, in the case of Units credited into a Securities Account, at his address on record with the Depository, or in the case of Joint Depositors, to the Joint Depositor whose name stands first in the record of the Depository Register. Any notice so served by post shall be deemed to have been served two (2) Business Days after posting, and in proving such service it shall be sufficient to prove that the letter containing the same was properly addressed, stamped and posted. Any charges payable to the Depository for serving notices or other documents to Holders shall be borne out of the Trust Property.

24.1.2 Without prejudice to the provisions of Clause 24.1.1, but subject otherwise to any Listing Rules relating to Electronic Communications, any notice or document (including, without limitation, any accounts, balance-sheet, financial statements or report) which is required or permitted to be given, sent or served under this Deed, or by the Trustee-Manager, to a Holder may be given, sent or served using Electronic Communications:

- (i) to the current email address of the Holder; or
- (ii) by making it available on a website prescribed by the Trustee-Manager from time to time,

in accordance with the provisions of this Deed, the Listing Rules, applicable laws, rules and regulations (including the Code) and any other applicable rules of any other relevant Recognised Stock Exchange on which the Trust may be Listed. Notwithstanding anything to the contrary:

- (a) forms or acceptance letters that Holders may be required to complete;
- (b) notice of meetings of Holders, excluding any circulars or letters referred in that notice;
- (c) any notice or document relating to any take-over offer of the Trust;
- (d) any notice or document relating to any rights issue by the Trust; or
- (e) any notice as referred to in Clauses 24.1.6(ii) and (iii),

shall not be sent or served to Holders using Electronic Communications.

24.1.3 For the purposes of Clause 24.1.2 above, a Holder shall be deemed to have agreed to receive such notice or document by way of such Electronic Communications and shall not have a right to elect to receive the physical copy of such notice or document.

24.1.4 Notwithstanding Clause 24.1.3, the Trustee-Manager may, at its discretion, at any time give a Holder an opportunity to elect within a specified period of time whether to receive such notice or document by way of Electronic Communications or as a physical copy, and a Holder shall be deemed to have consented to receive such notice or document by way of Electronic Communications if he was given such an opportunity and he failed to make an election within the specified time, and he shall not in such an event have a right to receive a physical copy of such notice or document.

24.1.5 Where a notice or document is given, sent or served by Electronic Communications:

- (i) to the current email address of a person pursuant to Clause 24.1.2(i), it shall be deemed to have been duly given, sent or served at the time of transmission of the Electronic Communication by the email server or facility operated by the Trustee-Manager or its service provider to the current address of such person (notwithstanding any delayed receipt, non-delivery or "returned

mail” reply message or any other error message indicating that the Electronic Communication was delayed or not successfully sent), unless otherwise provided under the Listing Rules and/or any other applicable regulations or procedures; and

- (ii) by making it available on a website pursuant to Clause 24.1.2(ii), it shall be deemed to have been duly given, sent or served on the date on which the notice or document is first made available on the website (notwithstanding any subsequent unforeseen event, including but not limited to a cyber-attack or a system failure on the website, resulting in the website being inaccessible to Holders), unless otherwise provided under the Listing Rules and/or any other applicable regulations or procedures.

24.1.6 The use of Electronic Communications pursuant to Clause 24.1.2 is subject to the following safeguards:

- (i) before giving, sending or serving any notice or document by way of Electronic Communications to a Holder who is deemed to have consented pursuant to Clause 24.1.4, the Trustee-Manager must have given separate notice to the Holder in writing on at least one occasion that:
 - (a) the Holder may elect, within a time specified in the notice from the Trustee-Manager to the Holder, whether to receive notices and documents by way of Electronic Communications or as a physical copy;
 - (b) if the Holder does not make an election, notices and documents will be given, sent or served to the Holder by way of Electronic Communications;
 - (c) the manner in which Electronic Communications will be used is the manner specified in the Deed;
 - (d) the election is a standing election, but the Holder may make a fresh election at any time to receive notices or documents by way of Electronic Communications or as a physical copy; and
 - (e) the Holder’s election to receive notices or documents by way of Electronic Communications or as a physical copy that is conveyed to the Trustee-Manager last in time prevails over all previous elections as the Holder’s valid and subsisting election in relation to all documents and notices to be given, sent or served to the Holder until the Holder makes a fresh election;
- (ii) where a notice or document is given, sent or served to a Holder pursuant to Clause 24.1.2, the Trustee-Manager shall inform the Holder as soon as practicable of how to request a physical copy of that notice or document from the Trustee-Manager, and the Trustee-Manager shall provide a physical copy of that notice or document upon such request;

(iii) where a notice or document is given, sent or served to a Holder by sending it to the current email address of the Holder pursuant to Clause 24.1.2(i), the Trustee-Manager shall as soon as practicable give separate physical notice to the Holder (if required by and in compliance with the Listing Rules and/or any other applicable regulations or procedures); and

(iv) where a notice or document is given, sent or served to a Holder by making it available on a website pursuant to Clause 24.1.2(ii), the Trustee-Manager shall as soon as practicable give separate physical notice to the Holder in compliance with the Listing Rules and/or any other applicable regulations or procedures.”

- That Clause 24.3 of the HBT Trust Deed be amended in accordance with the following additions indicated by the underlined text below:

“24.3 Sufficiency of Service

Any notice or document sent by post to or left at the registered address of a Holder or given, sent or served to any Holder using Electronic Communications in pursuance of this Deed shall, notwithstanding that such Holder be then dead or bankrupt and whether or not the Trustee-Manager has notice of his death or bankruptcy, be deemed a sufficient service on all persons interested (whether jointly with or as claiming through or under him) in the Units concerned.”

- That Clause 24.5 of the HBT Trust Deed be amended in accordance with the following additions indicated by the underlined text below:

“24.5 Risk of Service

Any notice or document sent by post or Electronic Communications by the Trustee-Manager shall be sent at the risk of the person sending the notice or document.”

The Proposed Electronic Communications Supplement to the Stapling Deed

The proposed form of the electronic communications supplement for the Stapling Deed is as follows:

- That Clause 1.1 of the Stapling Deed be amended by inserting the following definition of Electronic Communications:

“Electronic Communications” means communications transmitted (whether from one person to another, from one device to another, from a person to a device or from a device to a person):

- (i) by means of a telecommunication system (as defined in the Telecommunications Act, Chapter 323 of Singapore); or
- (ii) by other means but while in an electronic form,

such that it can (where particular conditions are met) be received in legible form or be made legible following receipt in non-legible form;”

- That Clause 19.1 of Stapling Deed be amended in accordance with the following additions indicated by the underlined text below:

“19.1 Notices to Holders and Depositors

19.1.1 Any notice required to be served upon a Holder shall be deemed to have been duly given if sent by post to or left, in the case of Stapled Securities not credited into a Securities Account, at his address as appearing in the Register or in the case of Joint Holders, to the Joint Holder whose name stands first in the Register and, in the case of Stapled Securities credited into a Securities Account, at his address on record with the Depository, or in the case of Joint Depositors, to the Joint Depositor whose name stands first in the record of the Depository Register. Any notice so served by post shall be deemed to have been served two (2) Business Days after posting, and in proving such service it shall be sufficient to prove that the letter containing the same was properly addressed, stamped and posted. Any charges payable to the Depository for serving notices or other documents to Holders shall be borne out of the Deposited Property of H-REIT and/or HBT.

19.1.2 Without prejudice to the provisions of Clause 19.1.1, but subject otherwise to any Listing Rules relating to Electronic Communications, any notice or document (including, without limitation, any accounts, balance-sheet, financial statements or report) which is required or permitted to be given, sent or served under this Deed, or by the H-REIT Trustee, the H-REIT Manager and/or the HBT Trustee-Manager, to a Holder may be given, sent or served using Electronic Communications:

- (i) to the current email address of the Holder; or
- (ii) by making it available on a website prescribed by the REIT Manager and/or the HBT Trustee-Manager from time to time,

in accordance with the provisions of this Deed, the Listing Rules, applicable laws, rules and regulations (including the Code) and any other applicable rules of any other relevant Recognised Stock Exchange on which CDL Hospitality Trusts may be Listed. Notwithstanding anything to the contrary:

- (a) forms or acceptance letters that Holders may be required to complete;
- (b) notice of meetings of Holders, excluding any circulars or letters referred in that notice;
- (c) any notice or document relating to any take-over offer of CDL Hospitality Trusts;
- (d) any notice or document relating to any rights issue by CDL Hospitality Trusts; or
- (e) any notice as referred to in Clauses 19.1.6(ii) and (iii),

shall not be sent or served to Holders using Electronic Communications.

- 19.1.3 For the purposes of Clause 19.1.2 above, a Holder shall be deemed to have agreed to receive such notice or document by way of such Electronic Communications and shall not have a right to elect to receive the physical copy of such notice or document.
- 19.1.4 Notwithstanding Clause 19.1.3, the H-REIT Manager and/or the HBT Trustee-Manager may, at its discretion, at any time give a Holder an opportunity to elect within a specified period of time whether to receive such notice or document by way of Electronic Communications or as a physical copy, and a Holder shall be deemed to have consented to receive such notice or document by way of Electronic Communications if he was given such an opportunity and he failed to make an election within the specified time, and he shall not in such an event have a right to receive a physical copy of such notice or document.
- 19.1.5 Where a notice or document is given, sent or served by Electronic Communications:
- (i) to the current email address of a person pursuant to Clause 19.1.2(i), it shall be deemed to have been duly given, sent or served at the time of transmission of the Electronic Communication by the email server or facility operated by the H-REIT Manager, the HBT Trustee-Manager or their service provider to the current address of such person (notwithstanding any delayed receipt, non-delivery or “returned mail” reply message or any other error message indicating that the Electronic Communication was delayed or not successfully sent), unless otherwise provided under the Listing Rules and/or any other applicable regulations or procedures; and
 - (ii) by making it available on a website pursuant to Clause 19.1.2(ii), it shall be deemed to have been duly given, sent or served on the date on which the notice or document is first made available on the website (notwithstanding any subsequent unforeseen event, including but not limited to a cyber-attack or a system failure on the website, resulting in the website being inaccessible to Holders), unless otherwise provided under the Listing Rules and/or any other applicable regulations or procedures.
- 19.1.6 The use of Electronic Communications pursuant to Clause 19.1.2 is subject to the following safeguards:
- (i) before giving, sending or serving any notice or document by way of Electronic Communications to a Holder who is deemed to have consented pursuant to Clause 19.1.4, the H-REIT Trustee, the H-REIT Manager and/or the HBT Trustee-Manager must have given separate notice to the Holder in writing on at least one occasion that:
 - (a) the Holder may elect, within a time specified in the notice from the H-REIT Trustee, the H-REIT Manager and/or the HBT Trustee-Manager to the Holder, whether to receive notices and documents by way of Electronic Communications or as a physical copy;

- (b) if the Holder does not make an election, notices and documents will be given, sent or served to the Holder by way of Electronic Communications;
 - (c) the manner in which Electronic Communications will be used is the manner specified in the Deed;
 - (d) the election is a standing election, but the Holder may make a fresh election at any time to receive notices or documents by way of Electronic Communications or as a physical copy; and
 - (e) the Holder's election to receive notices or documents by way of Electronic Communications or as a physical copy that is conveyed to the H-REIT Trustee, the H-REIT Manager and/or the HBT Trustee-Manager last in time prevails over all previous elections as the Holder's valid and subsisting election in relation to all documents and notices to be given, sent or served to the Holder until the Holder makes a fresh election;
- (ii) where a notice or document is given, sent or served to a Holder pursuant to Clause 19.1.2, the H-REIT Trustee, the H-REIT Manager and/or the HBT Trustee-Manager shall inform the Holder as soon as practicable of how to request a physical copy of that notice or document from the H-REIT Trustee, the H-REIT Manager and/or the HBT Trustee-Manager, and the H-REIT Trustee, the H-REIT Manager and/or the HBT Trustee-Manager shall provide a physical copy of that notice or document upon such request;
 - (iii) where a notice or document is given, sent or served to a Holder by sending it to the current email address of the Holder pursuant to Clause 19.1.2(i), the H-REIT Manager and/or the HBT Trustee-Manager shall as soon as practicable give separate physical notice to the Holder (if required by and in compliance with the Listing Rules and/or any other applicable regulations or procedures); and
 - (iv) where a notice or document is given, sent or served to a Holder by making it available on a website pursuant to Clause 19.1.2(ii), the H-REIT Manager and/or the HBT Trustee-Manager shall as soon as practicable give separate physical notice to the Holder in compliance with the Listing Rules and/or any other applicable regulations or procedures."

- That Clause 19.3 of the Stapling Deed be amended in accordance with the following additions indicated by the underlined text below:

“19.3 Sufficiency of Service

Any notice or document sent by post to or left at the registered address of a Holder or given, sent or served to any Holder using Electronic Communications in pursuance of this Deed shall, notwithstanding that such Holder be then dead or bankrupt and whether or not the H-REIT Trustee, the H-REIT Manager or the HBT Trustee-Manager has notice of his death or bankruptcy, be deemed a sufficient service on all persons interested (whether jointly with or as claiming through or under him) in the Stapled Securities concerned.”

- That Clause 19.5 of the Stapling Deed be amended in accordance with the following additions indicated by the underlined text below:

“19.5 Risk of Service

Any notice or document sent by post or Electronic Communications by the H-REIT Trustee, the H-REIT Manager or the HBT Trustee-Manager shall be sent at the risk of the recipient.”

THE PROPOSED COMPLIANCE AMENDMENTS TO THE H-REIT TRUST DEED AND THE HBT TRUST DEED

The Proposed Compliance Amendments to the H-REIT Trust Deed

The proposed compliance amendments to the H-REIT Trust Deed are as follows:

- That Clause 1.1 of the H-REIT Trust Deed be amended in accordance with the following additions and deletions indicated by the underlined text and the deleted text below:

“Property Funds Appendix” means the investment guidelines regulating collective investment schemes that invest or propose to invest in real estate and real estate-related assets (**“property funds”**) in Appendix 26 of the Code as the same may be modified, amended, supplemented, revised or replaced from time to time;

- That Clause 10.3 of the H-REIT Trust Deed be amended in accordance with the following additions and deletions indicated by the underlined text and the deleted text below:

“10.3 Determination of Income and Reserves

The Manager (acting after consulting the Auditors) is to determine whether any item is income in nature or capital in nature and the extent to which reserves or provisions need to be made. If the Manager determines any item to be capital it may apply it to any item in the statement of financial position~~balance sheet~~ of the Trust including, without limitation, Holders’ or (as the case may be) Depositors’ funds and Investments. This Clause 10.3 applies to distributions and to books of account.”

- That Clause 20.1 of the H-REIT Trust Deed be amended in accordance with the following additions and deletions indicated by the underlined text and the deleted text below:

“20.1 Preparation and Laying of Accounts before Annual General Meetings

20.1.1 Pursuant to Clause 19.2.3, the Trustee shall send or cause to be sent to Holders or (as the case may be) the Depository (in respect of the Depositors) once a year commencing after the Listing Date (and not more than three months (or such other period as may be prescribed by the relevant authorities) after the end of the period to which they relate) Accounts which contain such information as may be prescribed under the Property Funds Appendix and such other information as the Manager may from time to time determine. Such Accounts shall each be for a period covering the relevant Financial Year. The Manager shall cause the Accounts to be prepared, including a statement of total return of the Trust for the period since the preceding Accounts made up to a date not more than four months before the date of the Annual General Meeting. Such Accounts shall be laid before the Annual General Meeting and shall be accompanied by a statement of financial position~~balance sheet~~ of the Trust as at the date to which the statement of total return is made up, being a statement of financial position~~balance sheet~~ that gives a true and fair view of the state of affairs of the Trust as at the end of the period to which it relates.

20.1.2 The statement of total return and ~~statement of financial position~~balance sheet of the Trust presented at the Annual General Meeting shall be accompanied by a statement signed by the Manager stating whether in its opinion the statement of total return of the Trust gives a true and fair view of the results of the business of the Trust for the period covered, whether the ~~statement of financial position~~balance sheet of the Trust exhibits a true and fair view of the state of affairs of the Trust as at the end of that period, and whether at the date of the statement there are reasonable grounds to believe that the Trust will be able to pay its debts as and when they fall due.”

- That paragraphs 13, 14 and 15 of Schedule 1 of the H-REIT Trust Deed be amended in accordance with the following additions and deletions indicated by the underlined text and the deleted text below:

“13. At any meeting a resolution put to the vote of the meeting shall, subject to the requirements of the prevailing relevant laws, regulations and guidelines, be decided on a show of hands ~~unless a poll is (before or on the declaration of the result of the show of hands) demanded by the Chairman or by five or more Holders or (as the case may be) Depositors present in person or by proxy, or holding or representing one-tenth in value of the Units (as the case may be) Stapled Securities represented at the meeting. Unless a poll is so demanded a declaration by the Chairman that a resolution has been carried or carried unanimously or by a particular majority or lost shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against such resolution. A Holder shall not be entitled to vote unless all calls or other sums personally payable by him in respect of the Units or (as the case may be) Stapled Securities have been paid.~~

14. ~~If a~~A poll is ~~duly demanded~~ it shall be taken in such manner as the Chairman may direct and the result of the poll shall be deemed to be the resolution of the meeting at which the poll was ~~conducted~~demanded.

15. A poll ~~demande~~d on the election of a Chairman or on a question of adjournment shall be taken forthwith. A poll ~~demande~~d on any other question shall be taken at such time and place as the Chairman directs. A demand for a poll ~~may be withdrawn at any time.~~

- That paragraph 16 of Schedule 1 of the H-REIT Trust Deed be deleted in its entirety and replaced with the text below:

“16. Notwithstanding any provisions to the contrary in this Deed, the Manager may determine that the proxy vote at any meeting may be received electronically through a proxy voting website, and if the Manager so determines that the proxy vote may be received electronically through a proxy voting website, a Holder may for such meeting vote by proxy electronically through the proxy voting website, provided that the Holder has enrolled or registered at such proxy voting website (if such enrolment or registration is required).”

- That paragraph 17 of Schedule 1 of the H-REIT Trust Deed be amended in accordance with the following deletions indicated by the deleted text below:

“17. ~~On a show of hands every Holder or (as the case may be) Depositor who (being an individual) is present in person or by proxy or (being a corporation) is present by one of its officers as its proxy shall have one vote. On a poll every Holder or (as the case may be) Depositor who is present in person or by proxy shall have one vote for every Unit (as the case may be) Stapled Security of which he is the Holder or (as the case may be) Depositor. A person entitled to more than one vote need not use all his votes or cast them the same way.~~

The Proposed Compliance Amendments to the HBT Trust Deed

The proposed compliance amendments to the HBT Trust Deed are as follows:

- That Clause 3.7.1 the HBT Trust Deed be amended in accordance with the following deletions indicated by the deleted text below:

“3.7 Variation of Rights

3.7.1 If at any time different Classes of Units are issued, the rights attached to any Class (unless otherwise provided by the terms of issue of the Units of that Class) may, subject to the provisions of the Relevant Laws, Regulations and Guidelines, whether or not the Trust is being wound up, be varied or abrogated with the sanction of an Extraordinary Resolution passed at a separate meeting of Holders or (as the case may be) Depositors named in the Depository Register in respect of Units of that Class and to every such Extraordinary Resolution the provisions of this Deed relating to meetings of Holders or (as the case may be) Depositors shall mutatis mutandis apply; but so that the necessary quorum shall be two persons at least holding or representing by proxy or by attorney one-third of the issued Units of the Class ~~and that any Holder or (as the case may be) Depositor named in the Depository Register in respect of Units of that Class present in person or by proxy or by attorney may demand a poll~~ Provided always that where the necessary majority for such an Extraordinary Resolution is not obtained at the meeting, consent in writing if obtained from the Holders or (as the case may be) Depositors of three-fourths of the issued Units of the Class concerned, within two months of the meeting shall be as valid and effectual as an Extraordinary Resolution, carried at the meeting.”

- That Clause 10.3 of the HBT Trust Deed be amended in accordance with the following additions and deletions indicated by the underlined text and the deleted text below:

“10.3 Determination of Income and Reserves

The Trustee-Manager (acting after consulting the Auditors) is to determine whether any item is income in nature or capital in nature and the extent to which reserves or provisions need to be made. If the Trustee-Manager determines any item to be capital it may apply it to any item in the statement of financial position~~balance sheet~~ of the Trust including, without limitation, Holders’ or (as the case may be) Depositor’s funds and Investments. This Clause 10.3 applies to distributions and to books of account.”

- That paragraph 4.4 of the Schedule of the HBT Trust Deed be amended in accordance with the following additions and deletions indicated by the underlined text and the deleted text below:

“4.4 Voting

4.4.1 At any general meeting a resolution put to the vote of the meeting shall be decided on a poll~~show of hands unless a poll is (before or on the declaration of the result of the show of hands) demanded (i) by the Chairman; (ii) by five or more Holders having the right to vote at the meeting; or (iii) by Holder(s) representing not less than 10% of the total voting rights of all the Holders having the right to vote at the meeting.~~

~~4.4.2 Unless a poll is so demanded, a declaration by the Chairman that a resolution has been carried or carried unanimously or by a particular majority or lost shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against such resolution.~~

~~4.4.32 If a poll is duly demanded it shall be taken in such manner (including the use of ballot or voting papers or tickets) as the Chairman may direct and the result of the poll shall be deemed to be the resolution of the general meeting at which the poll was demanded. The Chairman may (and if so directed by the meeting shall) appoint scrutineers and may adjourn the meeting to some place and time fixed by him for the purpose of declaring the result of the poll.~~

~~4.4.43 A poll demanded on the election of a Chairman or on a question of adjournment shall be taken forthwith. A poll demanded on any other question shall be taken at such time and place as the Chairman directs. A demand for a poll may be withdrawn at any time.~~

~~4.4.5 The demand for a poll shall not prevent the continuance of a meeting for the transaction of any business other than the question on which the poll has been demanded.”~~

- That paragraph 4.5.2 of the Schedule of the HBT Trust Deed be deleted in its entirety and the following paragraphs 4.5.3 to 4.5.7 be re-numbered accordingly.
- That paragraph 5.3 of the Schedule of the HBT Trust Deed be amended to reflect the deletions indicated by the deleted text below:

~~“5.3 The instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of such power or authority shall be deposited at such place as the Trustee-Manager may in the notice convening the meeting direct or if no such place is appointed then at the registered office of the Trustee-Manager not less than 48 hours before the time appointed for holding the meeting or adjourned meeting (or in the case of a poll before the time appointed for the taking of the poll) at which the person named in the instrument proposes to vote and in default the instrument of proxy shall not be treated as valid. No instrument appointing a proxy shall be valid after the expiration of 12 months from the date named in it as the date of its execution. A person appointed to act as a proxy need not be a Holder or (as the case may be) Depositor.”~~

- That paragraph 5.4 of the Schedule of the HBT Trust Deed be deleted in its entirety and the following paragraphs 5.5 to 5.7 be re-numbered accordingly.

DIRECTORS' AND SUBSTANTIAL SECURITY HOLDERS' INTERESTS

1. Directors

Based on the Register of Directors' Stapled Security Holdings maintained by the Managers and save as disclosed below, none of the Directors currently holds a direct or deemed interest in the Stapled Securities as at the Latest Practicable Date:

Name of Directors	Direct Interest		Deemed Interest		Total no. of Stapled Securities held	% ⁽¹⁾
	No. of Stapled Securities held	% ⁽¹⁾	No. of Stapled Securities held	% ⁽¹⁾		
Vincent Yeo Wee Eng	138,000	0.012	–	–	138,000	0.012

Note:

(1) The Stapled Security holding percentage is calculated based on 1,199,596,162 Stapled Securities in issue as at the Latest Practicable Date.

2. Substantial Security Holders

Based on the Register of Substantial Security Holders' Stapled Security Holdings maintained by the Managers, the Substantial Security Holders and their interests in the Security Holdings as at the Latest Practicable Date are as follows:

Name of Substantial Security Holders	Direct Interest		Deemed Interest		Total no. of Stapled Securities held	% ⁽¹⁾
	No. of Stapled Securities held	% ⁽¹⁾	No. of Stapled Securities held	% ⁽¹⁾		
Hospitality Holdings Pte. Ltd.	313,950,000	26.17	–	–	313,950,000	26.17
M&C REIT Management Limited	67,977,856	5.67	343,500 ⁽²⁾	0.03	68,321,356 ⁽²⁾	5.70
Republic Hotels & Resorts Limited	62,790,000	5.23	–	–	62,790,000	5.23
ATOS Holding GmbH	–	–	313,950,000 ⁽³⁾	26.17	313,950,000 ⁽³⁾	26.17
M&C Hotel Investments Pte. Ltd.	–	–	131,111,356 ⁽⁴⁾	10.93	131,111,356 ⁽⁴⁾	10.93
M&C Hospitality International Limited	–	–	131,111,356 ⁽⁴⁾	10.93	131,111,356 ⁽⁴⁾	10.93
M&C Singapore Holdings (UK) Limited	–	–	131,111,356 ⁽⁴⁾	10.93	131,111,356 ⁽⁴⁾	10.93
Millennium & Copthorne Hotels plc	–	–	445,061,356 ⁽⁵⁾	37.10	445,061,356 ⁽⁵⁾	37.10
City Developments Limited	–	–	445,061,356 ⁽⁵⁾	37.10	445,061,356 ⁽⁵⁾	37.10

Name of Substantial Security Holders	Direct Interest		Deemed Interest		Total no. of Stapled Securities held	%(1)
	No. of Stapled Securities held	%(1)	No. of Stapled Securities held	%(1)		
Hong Leong Investment Holdings Pte. Ltd.	–	–	449,861,356 ⁽⁶⁾	37.50	449,861,356 ⁽⁶⁾	37.50
Davos Investment Holdings Private Limited	–	–	449,861,356 ⁽⁶⁾	37.50	449,861,356 ⁽⁶⁾	37.50
Kwek Holdings Pte Ltd	–	–	449,861,356 ⁽⁶⁾	37.50	449,861,356 ⁽⁶⁾	37.50

Notes:

- (1) The Stapled Security holding percentage is calculated based on 1,199,596,162 Stapled Securities in issue as at the Latest Practicable Date.
- (2) M&C REIT Management Limited is deemed under Section 4 of the SFA, to have an interest in the 343,500 Stapled Securities held by a company 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.
- (3) ATOS Holding GmbH is deemed under Section 4 of the SFA, to have an interest in the 313,950,000 Stapled Securities held by a company 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.
- (4) M&C Hotel Investments Pte. Ltd., M&C Hospitality International Limited and M&C Singapore Holdings (UK) Limited are deemed under Section 4 of the SFA, to have an interest in the 131,111,356 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.
- (5) Millennium & Copthorne Hotels plc and City Developments Limited are deemed under Section 4 of the SFA, to have an interest in the 445,061,356 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.
- (6) Hong Leong Investment Holdings Pte. Ltd., Davos Investment Holdings Private Limited and Kwek Holdings Pte Ltd are deemed under Section 4 of the SFA, to have an interest in the 449,861,356 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.

NOTICE OF EXTRAORDINARY GENERAL MEETINGS

NOTICE IS HEREBY GIVEN that the EXTRAORDINARY GENERAL MEETINGS of the security holders of CDL Hospitality Real Estate Investment Trust (“**H-REIT**”) and CDL Hospitality Business Trust (“**HBT**”) will be held on 27 April 2018 at 10:30 a.m. (or as soon thereafter as the Annual General Meetings of the security holders of H-REIT and HBT to be held on the same day and at the same place, are concluded or adjourned) at Waterfront Ballroom, Level 2, Grand Copthorne Waterfront Hotel, 392 Havelock Road, Singapore 169663, to transact the following business:

EXTRAORDINARY RESOLUTIONS OF CDL HOSPITALITY TRUSTS, H-REIT, HBT, AS THE CASE MAY BE

- 1. THE PROPOSED MANAGEMENT FEE, ACQUISITION FEE AND DIVESTMENT FEE SUPPLEMENT TO THE TRUST DEED OF HBT AND THE PROPOSED ACQUISITION FEE SUPPLEMENT TO THE TRUST DEED OF H-REIT**
- 2. THE PROPOSED BROKERAGE FEE SUPPLEMENT TO THE TRUST DEED OF H-REIT**
- 3. THE PROPOSED DEVELOPMENT MANAGEMENT FEE SUPPLEMENTS TO THE TRUST DEEDS OF H-REIT AND HBT**
- 4. THE PROPOSED ELECTRONIC COMMUNICATIONS SUPPLEMENTS TO THE TRUST DEEDS OF H-REIT AND HBT AND THE STAPLING DEED**
- 5. THE PROPOSED COMPLIANCE AMENDMENTS TO THE TRUST DEEDS OF H-REIT AND HBT**

That:

- (i) approval be and is hereby given to supplement the trust deed constituting H-REIT (as amended) (the “**H-REIT Trust Deed**”) with the Proposed H-REIT Acquisition Fee Supplement, the Proposed H-REIT Brokerage Fee Supplement, the Proposed H-REIT Development Management Fee Supplement and the Proposed H-REIT Electronic Communications Supplement (each as defined in the Circular) and the proposed compliance amendments to the H-REIT Trust Deed, in the manner set out in Appendix B2, Appendix C, Appendix D, Appendix E and Appendix F of the Circular;
- (ii) the H-REIT Manager, any Director of the H-REIT Manager and the H-REIT Trustee be and are hereby severally authorised to complete and do all such acts and things (including executing all such documents as may be required) as the H-REIT Manager, such Director or, as the case may be, the H-REIT Trustee may consider expedient or necessary or in the interest of H-REIT to give effect to the Proposed H-REIT Acquisition Fee Supplement, the Proposed H-REIT Brokerage Fee Supplement, the Proposed H-REIT Development Management Fee Supplement, the Proposed H-REIT Electronic Communications Supplement and the proposed compliance amendments to the H-REIT Trust Deed;
- (iii) approval be and is hereby given to supplement the trust deed constituting HBT (the “**HBT Trust Deed**”) with the Proposed HBT Management Fee, Acquisition Fee and Divestment Fee Supplement, the Proposed HBT Development Management Fee Supplement and the Proposed HBT Electronic Communications Supplement (each as defined in the Circular) and the proposed compliance amendments to the HBT Trust Deed, in the manner set out in Appendix B1, Appendix D, Appendix E and Appendix F of the Circular;

- (iv) the HBT Trustee-Manager and any Director of the HBT Trustee-Manager be and are hereby severally authorised to complete and do all such acts and things (including executing all such documents as may be required) as the HBT Trustee-Manager or, as the case may be, such Director may consider expedient or necessary or in the interest of HBT to give effect to the Proposed HBT Management Fee, Acquisition Fee and Divestment Fee Supplement, the Proposed HBT Development Management Fee Supplement, the Proposed HBT Proposed Electronic Communications Supplement and the proposed compliance amendments to the HBT Trust Deed;
- (v) approval be and is hereby given to supplement the stapling deed dated 12 June 2006 (the “**Stapling Deed**”) with the Proposed Stapling Deed Electronic Communications Supplement (as defined in the Circular), in the manner set out in Appendix E of the Circular; and
- (vi) the H-REIT Manager, the H-REIT Trustee, the HBT Trustee-Manager and any Director of the H-REIT Manager and/or the HBT Trustee-Manager be and are hereby severally authorised to complete and do all such acts and things (including executing all such documents as may be required) as the H-REIT Manager, the H-REIT Trustee, HBT Trustee-Manager or, as the case may be, such Director may consider expedient or necessary or in the interest of CDLHT to give effect to the Proposed Stapling Deed Electronic Communications Supplement.

BY ORDER OF THE BOARD
M&C REIT Management Limited
(as manager of CDL Hospitality Real Estate
Investment Trust)

BY ORDER OF THE BOARD
M&C Business Trust Management Limited
(as trustee-manager of CDL Hospitality
Business Trust)

Yeo Wee Eng Vincent
Executive Director and Chief Executive Officer

Yeo Wee Eng Vincent
Executive Director and Chief Executive Officer

Enid Ling Peek Fong
Company Secretary

Enid Ling Peek Fong
Company Secretary

Singapore
29 March 2018

Important Notice:

1. (a) A Security Holder who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote at the Extraordinary General Meetings. Where such instrument appointing a proxy or proxies appoints more than one proxy, the proportion of his/her holding concerned to be represented by each proxy shall be specified in the instrument appointing a proxy or proxies.
- (b) A Security Holder who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the Extraordinary General Meetings, but each proxy must be appointed to exercise the rights attached to a different Stapled Security or Stapled Securities held by such Security Holder. Where such Security Holder's instrument appointing a proxy or proxies appoints more than two proxies, the number and class of Stapled Securities in relation to which each proxy has been appointed shall be specified in the instrument appointing a proxy or proxies.

"Relevant Intermediary" has the meaning ascribed to it in Section 181 of the Companies Act, Chapter 50.

2. A proxy need not be a Security Holder.
3. The instrument appointing a proxy or proxies (the "**Proxy Form**") must be deposited at the registered office of the Unit Registrar, 112 Robinson Road #05-01 Singapore 068902, not less than 48 hours before the time set for the Extraordinary General Meetings.
4. Completion and return of the Proxy Form shall not preclude a Security Holder from attending and voting at the Extraordinary General Meetings. Any appointment of a proxy or proxies shall be deemed to be revoked if a Security Holder attends the Extraordinary General Meetings in person, and in such event, the H-REIT Manager and the HBT Trustee-Manager reserve the right to refuse to admit any person or persons appointed under the instrument appointing a proxy or proxies, to the Extraordinary General Meetings.
5. The Chairman of the Extraordinary General Meetings will be exercising his rights under Paragraph 13 of Schedule 1 to the H-REIT Trust Deed and Paragraph 4.4.1 of the Schedule to the HBT Trust Deed for all resolutions at the Extraordinary General Meetings and at any adjournment thereof to be put to the vote by way of poll. Accordingly, each resolution at the Extraordinary General Meetings will be voted on by way of a poll.
6. To allow for a more efficient voting system, polling will be done by way of an electronic poll voting system. With poll voting, Security Holders present in person or represented by proxy at the Extraordinary General Meetings will be entitled to vote on a 'one-Stapled Security, one-vote' basis. The detailed procedures for the electronic poll voting will be explained at the Extraordinary General Meetings.

PERSONAL DATA PRIVACY:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Extraordinary General Meetings and/or any adjournment thereof, a Security Holder (i) consents to the collection, use and disclosure of the security holder's personal data by the H-REIT Manager and the HBT Trustee-Manager (or its agents) for the purpose of the processing and administration by the H-REIT Manager and the HBT Trustee-Manager (or its agents) of proxies and representatives appointed for the Extraordinary General Meetings (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Extraordinary General Meetings (including any adjournment thereof), and in order for the H-REIT Manager and the HBT Trustee-Manager (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), and (ii) warrants that where the Security Holder discloses the personal data of the Security Holder's proxy(ies) and/or representative(s) to the H-REIT Manager and the HBT Trustee-Manager (or its agents), the Security Holder has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the H-REIT Manager and the HBT Trustee-Manager (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes.

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)

Personal Data Privacy

By submitting an instrument appointing proxy(ies) or representative(s), the Security Holder accepts and agrees to the personal data privacy terms set out in the Notice of Extraordinary General Meetings dated 29 March 2018

PROXY FORM

EXTRAORDINARY GENERAL MEETINGS OF CDL HOSPITALITY REAL ESTATE INVESTMENT TRUST AND CDL HOSPITALITY BUSINESS TRUST

I/We _____ (Name(s)) with

NRIC No./Passport No./Company Registration No. _____

of _____ (Address)

being a holder/s of units in CDL Hospitality Real Estate Investment Trust and CDL Hospitality Business Trust (collectively, "**Stapled Securities**"), hereby appoint:

Name	Address	NRIC/Passport Number	Proportion of Stapled Securities Holdings	
			Number	%

and/or (delete as appropriate)

Name	Address	NRIC/Passport Number	Proportion of Stapled Securities Holdings	
			Number	%

as my/our proxy/proxies to attend and to vote for me/us on my/our behalf at the Extraordinary General Meetings of CDL Hospitality Real Estate Investment Trust ("**H-REIT**") and CDL Hospitality Business Trust ("**HBT**") (the "**EGMs**") to be held on 27 April 2018 at 10:30 a.m. (or as soon thereafter as the Annual General Meetings of the security holders of H-REIT and HBT to be held at 9:30 a.m. on the same day and at the same place, are concluded or adjourned) at Waterfront Ballroom, Level 2, Grand Copthorne Waterfront Hotel, 392 Havelock Road, Singapore 169663 and any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the resolutions to be proposed at the EGMs as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting at his/their discretion, as he/they will on any other matter arising at the EGMs.

Note: Voting on all resolutions will be conducted by poll. If you wish to exercise 100% of your votes "**For**" or "**Against**" a resolution, please tick with (✓) in the corresponding box against that resolution. If you wish to split your votes, please indicate the number of votes "**For**" and/or "**Against**" that resolution.

No.	Extraordinary Resolutions	Number of Votes For	Number of Votes Against
1.	To approve the proposed management fee, acquisition fee and divestment fee supplement to the HBT Trust Deed and the proposed acquisition fee supplement to the H-REIT Trust Deed		
2.	To approve the proposed brokerage fee supplement to the H-REIT Trust Deed		
3.	To approve the proposed development management fee supplements to the H-REIT Trust Deed and the HBT Trust Deed		
4.	To approve the proposed electronic communications supplements to the H-REIT Trust Deed, the HBT Trust Deed and the Stapling Deed		
5.	To approve the proposed compliance amendments to the H-REIT Trust Deed and the HBT Trust Deed		

Dated this _____ day of _____ 2018

Total number of Stapled Securities held

Signature(s) of Security Holder(s)/Common Seal of Corporate Security Holders

IMPORTANT: PLEASE READ THE NOTES TO THE PROXY FORM OVERLEAF



Notes To Proxy Form

1. (a) A Security Holder who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote at the Extraordinary General Meetings. Where such instrument appointing a proxy or proxies appoints more than one proxy, the proportion of his/her holding concerned to be represented by each proxy shall be specified in the instrument appointing a proxy or proxies.
 - (b) A Security Holder who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the Extraordinary General Meetings, but each proxy must be appointed to exercise the rights attached to a different Stapled Security or Stapled Securities held by such Security Holder. Where such Security Holder's instrument appointing a proxy or proxies appoints more than two proxies, the number and class of Stapled Securities in relation to which each proxy has been appointed shall be specified in the instrument appointing a proxy or proxies.
- "Relevant Intermediary" has the meaning ascribed to it in Section 181 of the Companies Act, Chapter 50.
2. A proxy need not be a Security Holder.
 3. A Security Holder should insert the total number of Stapled Securities held. If the Security Holder has Stapled Securities entered against his name in the Depository Register maintained by The Central Depository (Pte) Limited ("CDP"), he should insert that number of Stapled Securities. If no number is inserted, this form of proxy will be deemed to relate to all the Stapled Securities held by the Security Holder.

fold along this line (1)

Affix
Postage
Stamp

CDL Hospitality Trusts
(a Stapled Group comprising CDL Hospitality Real Estate
Investment Trust and CDL Hospitality Business Trust)

C/O The Unit Registrar
M & C Services Private Limited
112 Robinson Road #05-01
Singapore 068902

fold along this line (2)

4. The instrument appointing a proxy or proxies (the "**Proxy Form**") must be deposited at the registered office of the Unit Registrar, 112 Robinson Road #05-01 Singapore 068902, not less than 48 hours before the time set for the Extraordinary General Meetings.
5. The Proxy Form must be signed by the appointor or his attorney duly authorised in writing. Where the Proxy Form is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or a duly authorised officer.
6. Where a Proxy Form is signed on behalf of the appointor by an attorney, the power of attorney or a duly certified copy thereof must (failing previous registration with the H-REIT Manager and the HBT Trustee-Manager) be lodged with the instrument of proxy; failing which the Proxy Form may be treated as invalid.
7. The H-REIT Manager and the HBT Trustee-Manager shall be entitled to reject a Proxy Form which is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the Proxy Form. In addition, in the case of Stapled Securities entered in the Depository Register, the H-REIT Manager and the HBT Trustee-Manager may reject a Proxy Form if the Security Holder, being the appointor, is not shown to have Stapled Securities entered against his name in the Depository Register as at 48 hours before the time appointed for holding the Extraordinary General Meetings, as certified by CDP to the H-REIT Manager and the HBT Trustee-Manager.
8. All Security Holders will be bound by the outcome of the Extraordinary General Meetings regardless of whether they have attended or voted at the Extraordinary General Meetings.

