



## CDL HOSPITALITY TRUSTS

FOR IMMEDIATE RELEASE

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### CDL HOSPITALITY REAL ESTATE INVESTMENT TRUST TO ACQUIRE SINGAPORE'S NOVOTEL CLARKE QUAY

- H-REIT makes its second yield accretive acquisition – distributions per unit (“DPU”) expected to increase 8.9%
- H-REIT gains further scale in Singapore and is poised to be the largest hotel owner<sup>1</sup> in Singapore with 2,324 rooms in its portfolio

CDL Hospitality Real Estate Investment Trust (“H-REIT”) has entered into a conditional sale and purchase agreement today to acquire the Novotel Clarke Quay for the purchase consideration of S\$201 million<sup>2</sup> via the acquisition of 100% of the interest in Singapore Hotel Investment Holdings Company, a Cayman Islands investment holding company which beneficially owns the Novotel Clarke Quay (the “Acquisition”). The transaction is expected to be completed by early June 2007.

This is H-REIT's second acquisition since its listing in July 2006. The Novotel Clarke Quay has been valued by CB Richard Ellis (Pte) Ltd at S\$224 million as at 30 March 2007. With this acquisition, H-REIT will grow its asset size by over 20% to S\$1.34 billion.

Mr Vincent Yeo, Executive Director and Chief Executive Officer of M&C REIT Management Limited, the H-REIT Manager said: “We are pleased to add the Novotel Clarke Quay to our portfolio. It is a good quality asset located strategically near the Central Business District of Singapore and at the doorstep of a rejuvenated Clarke Quay. This is our second acquisition in the ten months since our listing and continues to demonstrate our ability to acquire high quality assets from third party owners. This acquisition will provide our unitholders with significant yield accretion and further diversification.”

#### **YIELD ACCRETION**

The projected annualised property yield of the Novotel Clarke Quay for 2007 is 5.5%<sup>3</sup>. This compares favourably to H-REIT's current portfolio's implied property yield of 3.9%<sup>4</sup> for the financial year ending 31 December 2007.

The Acquisition will be funded, at least initially, wholly with debt. Proforma DPU is expected to increase by 8.9%<sup>5</sup> assuming that the acquisition is 100% funded by debt. The H-REIT Manager is currently considering various options for the long term financing of the acquisition.

#### **PROPERTY DETAILS**

The Novotel Clarke Quay is a leasehold 25-storey superior hotel situated on top of the 6-storey Liang Court Shopping Podium and is adjacent to Somerset Liang Court Serviced Apartments. It is located on the banks of the Singapore River, in immediate proximity to the significantly revamped

<sup>1</sup> By number of rooms

<sup>2</sup> At completion of the acquisition, H-REIT will also recognize a liability potential of approximately \$18.8 million

<sup>3</sup> S\$219.8m and management forecast for 2007

<sup>4</sup> Based on the annualised net property income for the first quarter of 2007 announced on 2 May 2007 and the last traded price of \$1.95 per stapled security in CDL Hospitality Trusts as at 11 May 2007

<sup>5</sup> Based on CDL Hospitality Trust's Q1 2007 results annualized for 2007 and management's proforma projections for the performance of the Novotel Clarke Quay



## CDL HOSPITALITY TRUSTS

leisure and entertainment districts of Clarke Quay and Boat Quay, which are home to numerous trendy bars and restaurants. The Novotel Clarke Quay is also a short distance to the business and financial district at Raffles Place, as well as to Singapore's main Orchard Road shopping belt.

Comprising 398 rooms, the Novotel Clarke Quay offers facilities such as an outdoor swimming pool, six food and beverage outlets, over 1,217 square meters of dedicated conference facilities, recreation facilities and 755 shared car park lots.

In 2006, the property completed a comprehensive and extensive S\$19 million renovation to key public areas, restaurants and all guest rooms.

The Novotel Clarke Quay is currently managed by a subsidiary of Accor S.A., an international hotel operator which operates around 4,100 hotels in 90 cities with over 486,000 rooms.

At the completion of the purchase of the Novotel Clarke Quay, H-REIT will enter into a lease agreement with a subsidiary of Accor S.A. ("the Lessee"). Under the lease agreement, the Lessee will lease the Novotel Clarke Quay and manage and operate the hotel under the Novotel flag until 31 December 2020.

### ***BENEFITS OF THE ACQUISITION***

#### ***Increased Presence To Singapore's Strong Hotel Market***

The Acquisition will increase the market share of H-REIT in Singapore's strong hotel sector which is expected to further boost the performance of H-REIT. The Singapore hotel market is expected to benefit from the following factors:

- Strong growth in visitor arrivals in Singapore. The Singapore Tourism Board ("STB") expects a 6.4% compounded annual growth rate in visitor arrivals from 2006 to 2015 increasing from 9.7 million in 2006 to 17 million in 2015<sup>5</sup>
- Minimal new hotel room supply expected in 2007 and 2008<sup>6</sup>

In line with the H-REIT Manager's investment strategy of investing in a diversified portfolio of quality hotels, the Novotel Clarke Quay will expand H-REIT's Singapore portfolio by over 20% in terms of number of rooms, from 1,926 rooms to 2,324 rooms. Upon completion of this transaction, H-REIT will be the largest hotel owner, by number of rooms, in Singapore.

Justine Wingrove, Senior Vice President of Capital Services Group representing the vendors said, "The sale is a reflection of the strength of the Singapore economy and the very positive sentiment of long term investors in the hospitality sector."

Added Mr Yeo, "Singapore continues to be one of the most attractive hotel investment markets in the Asia Pacific region. The Novotel Clarke Quay is a high quality asset that is well located. With the recent extensive renovations, the Novotel Clarke Quay is well-positioned to fully capitalize on a market that is performing strongly. Consequently, we are excited by the strong revenue and profit growth potential of this hotel."

<sup>5</sup> Source: Singapore Tourism Board

<sup>6</sup> Source: CBRE report dated 23 February 2007



## CDL HOSPITALITY TRUSTS

### **Strategically Located Quality Asset**

The Novotel Clarke Quay is located in the immediate proximity of Clarke Quay, Robertson Quay and Boat Quay, a short distance to the Singapore central business district and major cultural and tourist attractions such as Chinatown and the Esplanade. It is further serviced by excellent transportation links such as the Clarke Quay MRT station and the River Valley and Clemenceau Road main thoroughfares. This will allow H-REIT to further tap into:

- Singapore's increasingly vibrant entertainment scene – Clarke Quay's recent S\$85 million redevelopment has transformed it into one of Singapore's "must visit" food, entertainment and lifestyle destinations and a world class waterfront destination
- Singapore's growing business travel, meetings, incentives, conventions and exhibitions segments

Tom Oakden, Senior Vice President and Craig Collins, Executive Vice President of Jones Lang LaSalle Hotels, exclusive advisors to the vendors said, "The Novotel Clarke Quay is a superbly located hotel which is ideal for both business and leisure travellers. It is located a short distance from both the central business district and Orchard Road shopping belt whilst being in the centre of the recently rejuvenated Clarke Quay."

### **Diversification Benefits**

The Acquisition will improve income diversification and will reduce H-REIT's reliance on any one single property. Upon completion of the Acquisition and assuming that no further acquisitions are made, the maximum contribution in rent from any single property in the portfolio of H-REIT is expected to fall from 30.9% to 25.9% for the period from 1 January 2007 to 31 March 2007, thus enhancing the stability of H-REIT's revenue base.

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### **About CDL Hospitality Trusts**

CDL Hospitality Trusts is a stapled group comprising CDL Hospitality Real Estate Investment Trust ("H-REIT"), a real estate investment trust, and CDL Hospitality Business Trust ("HBT"), a business trust. CDL Hospitality Trusts was listed on the Singapore Exchange Securities Trading Limited on 19 July 2006.



## CDL HOSPITALITY TRUSTS

H-REIT, the first hotel real estate investment trust in Singapore, is established with the main aim of investing in a diversified portfolio of income-producing real estate which is primarily used for hospitality and/or hospitality-related purposes.

As at 10 May 2007, H-REIT owns 2,381 hotel rooms over a portfolio of five hotels and one shopping arcade comprising four hotels and one shopping arcade in Singapore - Orchard Hotel Singapore, Grand Copthorne Waterfront Hotel Singapore, M Hotel Singapore, Copthorne King's Singapore and Orchard Hotel Shopping Arcade and one hotel in New Zealand – Rendezvous Hotel Auckland.

M&C REIT Management Limited is the manager of H-REIT ("H-REIT Manager"). M&C Business Trust Management Limited is the trustee-Manager of HBT ("HBT Trustee-Manager")

### **Important Notice**

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

Investors have no right to request that the H-REIT Manager and the HBT Trustee-Manager redeem or purchase their Stapled Securities while the Stapled Securities are listed. It is intended that the Security Holders may only deal in their Stapled Securities through trading on the Singapore Exchange Securities Trading Limited (the "SGX-ST"). Listing of the Stapled Securities on the SGX-ST does not guarantee a liquid market for the Stapled Securities.

The past performance of CDL Hospitality Trusts is not necessarily indicative of the future performance of CDL Hospitality Trusts. This release contains forward-looking statements that involve risks and uncertainties. Actual future performance, outcomes and results may differ materially from those expressed in these 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, 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 current view of future events.

M&C REIT Management Limited

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