



CDL HOSPITALITY TRUSTS

FOR IMMEDIATE RELEASE

2 MARCH 2011

CDL HOSPITALITY TRUSTS PROPOSES TO ACQUIRE STUDIO M HOTEL SINGAPORE

- Purchase Consideration values Studio M Hotel at S\$154.0 million or approximately S\$428,000 per key
- Hotel achieved impressive occupancy of 88.9% in 2010 despite only operating for seven full months¹
- Well-located property with contemporary design set to capture growing business and leisure segments in Singapore's burgeoning tourism and hospitality industry
- Broadens earnings base, enhances overall portfolio stability and returns to Stapled Security Holders

Singapore, 2 March 2011 – CDL Hospitality Trusts ("CDLHT"), is pleased to announce that on 1 March 2011 it has, through its stapled entity CDL Hospitality Real Estate Investment Trust ("H-REIT"), entered into a conditional sale and purchase agreement with Republic Iconic Hotel Pte. Ltd. (the "Vendor"), which is an indirect wholly-owned subsidiary of Millennium & Copthorne Hotels plc. (the "Sponsor"), to acquire Studio M Hotel ("Studio M Hotel") (the "Acquisition") at a purchase consideration of S\$154.0 million (the "Purchase Consideration"). H-REIT is also proposing to grant a Master Lease of Studio M Hotel to the Vendor as Master Lessee under a master lease agreement (the "Master Lease Agreement"), immediately upon completion of the Acquisition (together, the "Transactions").

Studio M Hotel is a design-oriented hotel comprising two wings with 360 rooms situated at 3 Nanson Road, Singapore 238910. Located in the heart of the Robertson Quay entertainment precinct, it is in close proximity to the Central Business District ("CBD"), the Orchard Road shopping belt, Chinatown, and is within walking distance of many dining and entertainment strips along the Singapore River, including Clarke Quay and Boat Quay.

Mr Vincent Yeo, CEO of M&C REIT Management Limited, the H-REIT Manager, said, "We are excited at the prospect of increasing our exposure to the strong Singapore hospitality market by adding Studio M Hotel to our stable of hotels. The acquisition is expected to be immediately yield-enhancing and will also broaden the earnings base of the overall portfolio."

Added Mr Yeo, "With its central location, offering of technology amenities and stylish interior design, Studio M Hotel will allow us to tap on an expanding base of business and leisure travellers who seek design, comfort and convenience."

VALUATIONS AND CONDITIONS FOR THE TRANSACTIONS

The total cost of the Acquisition of approximately S\$156.2 million will comprise the Purchase Consideration of S\$154.0 million, the Acquisition Fee to be satisfied via the issuance of new Stapled Securities to the H-REIT Manager for the Acquisition amounting to approximately S\$1.54 million, and other expenses in connection with the Transactions amounting to approximately S\$0.7 million.

¹ From 1 June 2010 (being the first complete month when the full room inventory was available for sale) to 31 December 2010.



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The Purchase Consideration was arrived at on a willing-buyer and willing-seller basis, taking into account two independent valuations of Studio M Hotel. The H-REIT Trustee and H-REIT Manager have respectively appointed independent property valuers Knight Frank Pte Ltd and CB Richard Ellis (Pte) Ltd, who have valued Studio M Hotel at S\$153.8 million and S\$154.0 million respectively, as at 10 January 2011.

As the Sponsor is a controlling shareholder of H-REIT and the Vendor (also the Master Lessee), each of the Transactions is considered to be an interested person/party transaction under the Listing Manual of Singapore Exchange Securities Trading Limited² and the Property Funds Appendix in Appendix 2 of the Code on Collective Investment Schemes. Accordingly, the Transactions are subject to the approval of CDLHT's Security Holders at an extraordinary general meeting which will be held at an appropriate time.

FUNDING

The Purchase Consideration will be initially fully funded through debt financing via H-REIT's acquisition facilities. This could be partly or wholly refinanced with the proceeds to be raised from issuing notes through H-REIT's recently established S\$1.0 billion Multi-Currency Medium Term Note Programme or other means, at such time to be determined by the H-REIT Manager. Post-Acquisition, H-REIT's debt-to-assets ratio will be approximately 26.5%³.

RATIONALE FOR THE TRANSACTIONS

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

At approximately S\$428,000 per key⁴, Studio M Hotel presents a unique opportunity for CDLHT to acquire a new hospitality property amidst the strong and rising Singapore hospitality market. This opportunity to acquire the Studio M Hotel was made possible on account of H-REIT's and the H-REIT Manager's relationship with the Sponsor. By having the visibility and being in a position to tap on the Sponsor's portfolio and pipeline of quality hospitality assets in Singapore, the H-REIT Manager is able to leverage on the Sponsor's capacity to support the growth of H-REIT.

Accretive transactions

The H-REIT Manager expects the Transactions to be accretive and generate incremental property yield, despite the fact that Studio M Hotel had only just commenced full operations in the first half of 2010. Based on the purchase consideration of S\$154.0 million, the pro forma property yield of Studio M Hotel for FY2010 would be 6.1%⁵, which compares favourably to H-REIT's existing portfolio's implied property yield of 5.3%⁶ for the same period.

² Under Chapter 9 of the Listing Manual.

³ Assuming the Transactions were completed on 31 December 2010.

⁴ Based on the Purchase Consideration of S\$154.0 million.

⁵ Based on the pro forma net property income ("NPI") from Studio M Hotel for FY2010 of S\$9.4 million as a percentage of the Purchase Consideration of S\$154.0 million.

The pro forma gross rental revenue and NPI from Studio M Hotel are calculated based on the performance of Studio M Hotel from 1 June 2010 (being the first complete month when the full room inventory was available for sale) to 31 December 2010 on an annualised basis, as if Studio M Hotel had been fully operational since 1 January 2010. The pro forma NPI is based on the pro forma gross rental revenue less estimated property expenses for Studio M Hotel for the full year.

⁶ The implied property yield is computed based on the NPI for H-REIT Group's existing portfolio for FY2010 (based on H-REIT Group's FY2010 Unaudited Financial Statements) divided by the sum of market capitalisation as at 28 February 2011 and total debt less cash and cash equivalents as at 31 December 2010.



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Pro forma income available for distribution (before deducting income retained for working capital) per Stapled Security for the year ended 31 December 2010 ("FY2010") would increase by 5.0% or 0.56 cent⁷, from 11.18 Singapore cents to 11.74 Singapore cents per Stapled Security.

Quality, well-located property appealing to both business and leisure segments

Studio M Hotel was recently completed and commenced operations in the first half of 2010. Strategically located in the Robertson Quay entertainment precinct, it is surrounded by an array of bars, restaurants and entertainment venues, and is a short distance from the CBD and major tourism precincts. Studio M Hotel's central location enables it to appeal to both business and leisure travellers who prefer proximity to the city centre, while at the same time offering travellers contemporary and stylish accommodation. Coupled with strong accommodation demand in Singapore, Studio M Hotel enjoyed a high average occupancy rate of 88.9% for its first seven months of full operations from 1 June 2010 to 31 December 2010.

Master Lease Agreement contains terms which assure a long term stream of quality income

The proposed Master Lease of at least 20 years and up to 70 years (at the option of the Master Lessee) will provide H-REIT with a long term stream of quality income, further supported by organic growth from the fixed and variable rent terms⁸.

In addition to the fixed and variable rent terms, the Guaranteed Net Rent, which is guaranteed by the Master Lessee, will provide H-REIT with a net yield of approximately 6.0%, based on the Purchase Consideration of S\$154.0 million for the first 12 months of the Master Lease.⁹

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

Broadening earnings base and improving stability of overall portfolio

Studio M Hotel is expected to contribute approximately 8%¹⁰ of H-REIT Group's FY2010 pro forma total gross rental revenue and NPI, thereby broadening H-REIT Group's earnings base and reducing the reliance on any single property. Following the completion of the Transactions, H-REIT is expected to benefit from the greater stability of its revenue base by building up a more defensive income profile due to a higher fixed rent income base.

⁷ Based on the pro forma income available for distribution (before deducting income retained for working capital) of H-REIT for FY2010, as if H-REIT had completed the Transactions on 1 January 2010. For further details on the pro forma DPS and distribution yield of the Transactions, please refer to the SGXNet Announcement dated 2 March 2011.

⁸ For further details on the rental terms, please refer to the SGXNet Announcement dated 2 March 2011.

⁹ For further details on the Guaranteed Net Rent, please refer to the SGXNet Announcement dated 2 March 2011.

¹⁰ Based on the on the pro forma gross rental revenue and NPI from Studio M Hotel for FY2010, which are calculated based on the performance of Studio M Hotel from 1 June 2010 (being the first complete month when the full room inventory was available for sale) to 31 December 2010 on an annualised basis, as if Studio M Hotel had been fully operational since 1 January 2010. The pro forma NPI is based on the pro forma gross rental revenue less estimated property expenses for Studio M Hotel for the full year.



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Beneficiary of the buoyant Singapore hotel sector

Visitor arrivals to Singapore registered a strong year-on-year growth of 20.2%¹¹ in 2010, riding on the strength of regional economic growth and Singapore's booming tourism sector boosted by the opening of the Resorts World Sentosa ("RWS") and Marina Bay Sands ("MBS") (collectively the Integrated Resorts ("IRs")). Leveraging on the IRs and new attractions such as the Lion King musical at MBS, water-themed attractions at RWS, Gardens by the Bay, River Safari, Changi Motorsports Hub and Singapore Arts Gallery, which are set to act as further catalysts in sustaining the growth momentum of the tourism and hospitality sector, the Singapore Tourism Board expects visitor arrivals to increase from 11.6 million visitors in 2010 to 17.0 million in 2015¹².

Notwithstanding a 16.1% increase in hotel room supply since the beginning of 2010, the hospitality sector in Singapore continues to be robust, recording an average occupancy rate of 86.0%¹¹ in FY2010. In 2011, a significantly smaller supply of 1,287 rooms is expected to enter the market, increasing the hotel room supply by an estimated 3.2%¹³.

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

Mr Yeo added, "We are pleased to be able to tap on our Sponsor's portfolio of assets. This acquisition is in line with CDLHT's objective of growing our portfolio of quality assets to boost distribution income."

PROPERTY DETAILS

Other key details of Studio M Hotel are set out below:

| | |
|------------------------------|--|
| Gross Floor Area | 8,210 sq m |
| Land Area | 2,932 sq m |
| Total Number of Rooms | 360 rooms |
| Number of floors | 9 floors |
| Tenure | Leasehold 99 years with effect from 26 February 2007 |
| Car Park lots | 30 lots including 1 lot for disability parking |

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¹¹ STB December 2010 Monthly Factsheet, Visitor Arrival Statistics and Hotel Statistics.

¹² The Straits Times, "Tourist arrivals 'may rise 16% or more this year'", 12 February 2011.

¹³ According to Howarth HTL research, 14 January 2011.



CDL HOSPITALITY TRUSTS

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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.

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. Upon completion of the acquisition of Studio M Hotel, H-REIT will own 4,302 hotel rooms within a portfolio of six hotels and one shopping arcade in Singapore (Orchard Hotel, Grand Copthorne Waterfront Hotel, M Hotel, Copthorne King's Hotel, Orchard Hotel Shopping Arcade, Novotel Clarke Quay and Studio M Hotel), one hotel in New Zealand (Rendezvous Hotel Auckland) and five hotels in Australia (Novotel Brisbane, Mercure Brisbane, Ibis Brisbane, Mercure Perth and Ibis Perth). M&C REIT Management Limited is the manager of H-REIT.

IMPORTANT NOTICE

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

Investors have no right to request that the H-REIT Manager and the HBT Trustee-Manager or any of their respective affiliates redeem or purchase their Stapled Securities while the Stapled Securities are listed. It is intended that the holders of Stapled Securities may only deal in their Stapled Securities through trading on the SGX-ST. Listing of the Stapled Securities on the SGX-ST does not guarantee a liquid market for the Stapled Securities.

The past performance of CDL Hospitality Trusts is not necessarily indicative of the future performance of CDL Hospitality Trusts.