



CDL HOSPITALITY TRUSTS

FOR IMMEDIATE RELEASE

1 DECEMBER 2014

CDL HOSPITALITY TRUSTS MARKS MAIDEN ENTRY INTO TOKYO, JAPAN WITH ACQUISITION OF 2 HOTEL PROPERTIES

- To be acquired at ¥5.8 billion at a pro forma annualised net income property yield of 5.7% for the nine months ended 30 September 2014
- DPS accretion of 1.2%¹
- Unique opportunity for CDL Hospitality Trusts ("CDLHT") to gain exposure to the growing Japanese hospitality market
- Strengthens portfolio and provides further geographical and income diversification

Singapore, 1 December 2014 – M&C REIT Management Limited, as manager of CDL Hospitality Real Estate Investment Trust ("H-REIT"), and M&C Business Trust Management Limited, as trustee-manager of CDL Hospitality Business Trust ("HBT"), are pleased to announce that DBS Trustee Limited, as trustee of H-REIT, has today through its indirect wholly-owned subsidiary, CDLHT Hanei TMK, entered into various sale and purchase agreements, to acquire Hotel MyStays Asakusabashi and Hotel MyStays Kamata (the "Properties" and each a "Property", and the acquisition of the Properties, the "Property Acquisitions") from AKH GK. The purchase consideration is lower than the average valuation of the Properties by DTZ Debenham Tie Leung Kodo Kaisha and International Appraisals Incorporated.

In connection with the Property Acquisitions, HBT has through its wholly-owned subsidiary, CDL HBT Hanei Pte. Ltd., entered into a separate sale and purchase agreement to acquire AKO GK, the existing operating company (the "Master Lessee") incorporated in Japan, from the Ippan Shadan Hojin SH42 (the Property Acquisitions and the sale and purchase agreement to acquire the Master Lessee are referred to as "Acquisitions"). The Master Lessee will continue to assume the obligations under its existing agreements which include the hotel management agreements with the hotel operator.

The total purchase consideration for the Acquisitions is ¥5.8 billion (~S\$63.8 million)². Completion of the Acquisitions is expected to be on or around 19 December 2014.

As at date of announcement, AKH GK and Ippan Shadan Hojin SH42 are indirect wholly-owned subsidiaries of Real Estate Capital Asia Partners III L.P. ("RECAP Fund III"), a fund managed by SC Capital Partners Pte. Ltd.

DESCRIPTION OF PROPERTIES

Hotel MyStays Asakusabashi is a business (economy) hotel which is located in central Tokyo. It has easy access to Asakusa and Akihabara, and is only a few stations away from several popular sightseeing spots and attractions, such as the traditional cultural area of Asakusa. The hotel is also within walking distance to various subway and railway stations. Hotel MyStays Asakusabashi commenced operations in late 2009. The hotel sits on freehold land and it offers a total of 138 hotel rooms.

Hotel MyStays Kamata is a business (economy) hotel which is only a 10-minute train ride away from the Haneda Airport. It is within close proximity to the JR Kamata Station which provides direct access

¹ Based on the change of the pro forma annualised Distribution per Stapled Security ("DPS") for the nine months ended 30 September 2014 of the enlarged portfolio over the annualised DPS for the nine months ended 30 September 2014 of CDLHT.

² The aggregate purchase consideration comprises ¥5.8 billion for the Property Acquisitions and ¥2.6 million for the shares of the Master Lessee. This amount does not include consumption tax which is refundable.



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to JR Tokyo station as well as nearby major core cities such as Shinagawa, Kawasaki and Yokohama. Hotel MyStays Kamata commenced operations in late 2009. The hotel sits on freehold land and offers a total of 116 hotel rooms.

Mr Vincent Yeo, CEO of M&C REIT Management Limited, commented on the acquisitions, "We are pleased to add these two properties to our portfolio through our maiden acquisitions in Japan. Tokyo is one of the leading hospitality markets in the world and is exhibiting strong growth potential. The city has witnessed remarkable growth in the past couple of years in terms of visitor arrivals. With tourism identified as a key thrust of the Japanese government's reforms, we believe our acquisitions will further benefit from the growth trajectory of Tokyo's hospitality market in the lead up to the Tokyo 2020 Olympics. The recent weakening of the Japanese Yen will serve to further boost visitor arrivals to Japan. The low funding cost environment also makes investment in Japan very attractive.

FUNDING

The estimated total cost of the Acquisitions is ¥6.0 billion (~S\$65.9million)³, which comprises the purchase consideration of ¥5.8 billion (~S\$63.8 million), and acquisition fees and transactions expenses related to the Acquisitions that amount to ¥188 million (~S\$2.1 million).

The Acquisitions will be funded initially by Yen-denominated debt. Upon completion, CDLHT's gearing will increase from 30.2% to 32.2%⁴.

RATIONALE

Accretive Acquisitions

The Property Acquisitions are expected to be accretive to the Stapled Security holders, based on the pro forma financial effects of the Property Acquisitions on the DPS of CDLHT. In addition, the funding environment is favourable with low borrowing rates for Japanese Yen.

Assuming CDLHT owned the Properties from 1 January 2014, the pro forma annualised net property income yield of the Properties for the nine months ended 30 September 2014 would be 5.7%, based on the aggregate purchase consideration of ¥5.8 billion. On a pro forma annualised basis for the nine months ended 30 September 2014, this translates to a DPS accretion of 1.2%.

Initiating Presence in the Growing Hospitality Market in Japan

The Acquisitions mark CDLHT's first investment into the established and fast-growing Japanese hospitality market. Japan's tourism industry has witnessed tremendous growth over the last two years, aided by monetary easing, fiscal stimulus and structural reforms via "Abenomics". The weakening Yen has been another major factor in encouraging inbound travel. In 2013, Japan registered a 24.0% year-on-year increase in international visitors to 10.4 million⁵. Year-to-date October 2014, international visitor arrivals to Japan grew 27.1% year-on-year to 11.0 million⁶.

Tokyo, being the largest hospitality market in Japan, is expected to be a key beneficiary of the improving outlook. As the financial and cultural capital, Tokyo will continue to be a popular destination for both business and leisure travellers coming into Japan. The Tokyo hospitality market has also performed well in recent years. For the first nine months of 2014, revenue per available room grew by

³ Based on an assumed exchange rate of S\$1.00 = ¥90.88 as at 21 November 2014

⁴ On a pro forma basis, assuming the Acquisitions were completed on 30 September 2014. The pre-acquisition debt to total assets ratio was 30.2% as at 30 September 2014. The additional debt includes the Total Acquisition Costs (excluding Acquisition Fees paid in Stapled Securities and nominal consideration for the shares of the Master Lessee), working capital and refundable consumption tax.

⁵ Japan National Tourism Organisation, 2013 Foreign Visitors & Japanese Departures

⁶ Japan National Tourism Organisation, Visitor Arrivals for October 2014



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9.3% compared with the same period last year, driven largely by rate increases. Hotel occupancy levels remain high at 85.5%⁷.

Looking ahead to the 2020 Tokyo Olympics, the Japanese government has set an ambitious target of 20.0 million international visitors by 2020. Ongoing initiatives such as the relaxation of visa requirements for visitors from Southeast Asian countries⁸, expansion of flight capacity of Haneda Airport⁹ and the relaxation of duty-free rules¹⁰ are all likely to further drive tourist arrivals into Japan.

Hotel Assets with Potential for Growth

Both Properties are located in close proximity to major transport nodes and tourist attractions. Post-completion, the Properties will continue to be operated by MyStays Hotel Management Co., Ltd. which oversees 50 hotels in Japan including 15 hotels in Tokyo under the "Hotel MyStays" brand. In 2013, both Properties have been awarded with TripAdvisor's Certificate of Excellence. Looking ahead, the Properties are expected to benefit from the positive demand drivers and the Acquisitions present an attractive opportunity for CDLHT to ride on the growth trajectory in the Japanese Hospitality Market.

Broadening Earnings Base and Strengthening the Portfolio through Diversification

Assuming CDLHT owned the properties from 1 January 2014, the Properties are expected to account for 2.6% of the total net property income for the nine months ended 30 September 2014 on a pro forma basis. The Property Acquisitions will also have the additional benefit of improving the geographical diversification of CDLHT's portfolio.

Mr Yeo concluded, "Our latest acquisitions provide us with the opportunity to augment our portfolio and diversify our earnings base. We believe our unitholders will benefit from the exposure to the well-established Japanese hospitality market with high growth potential. With a healthy gearing of 32.2% post-acquisition, we will still have ample headroom to undertake further acquisitions."

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7 STR, 17 October 2014, Asia Pacific Hotel Review

8 The Japan Times, 26 June 2013, "Relaxed visa program for Southeast Asian visitors start"

9 The Japan Times, 28 March 2014, "Haneda Expansion a travel game-changer"

10 Nikkei Asian Review, 9 October 2014, "Japan retailers boosted by relaxed duty-free rules"



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About CDL Hospitality Trusts

CDL Hospitality Trusts ("CDLHT") 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. CDLHT was listed on the Singapore Exchange Securities Trading Limited on 19 July 2006. M&C REIT Management Limited is the manager of H-REIT, the first hotel real estate investment trust in Singapore, and M&C Business Trust Management Limited is the trustee-manager of CDL Hospitality Business Trust.

CDLHT was 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 hospitality and/or hospitality-related purposes, whether wholly or partially, and real estate-related assets in relation to the foregoing.

As at 30 September 2014, CDLHT owns 12 hotels and two resorts with a total of 4,455 rooms, comprising six hotels in Singapore (Orchard Hotel, Grand Copthorne Waterfront Hotel, M Hotel, Copthorne King's Hotel, Novotel Singapore Clarke Quay and Studio M Hotel); five hotels in Australia's key gateway cities of Brisbane and Perth (Novotel Brisbane, Mercure Brisbane, Ibis Brisbane, Mercure Perth and Ibis Perth); one hotel in New Zealand's gateway city of Auckland (Rendezvous Grand Hotel Auckland); two resorts in Maldives (Angsana Velavaru and Jumeirah Dhevanafushi), as well as the shopping arcade adjoining Orchard Hotel (Claymore Link, previously known as Orchard Hotel Shopping Arcade) in Singapore.