



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)

In relation to the initial public offering of Stapled Securities, comprising one unit in H-REIT and one unit in HBT, in CDL Hospitality Trusts, being a stapled group comprising H-REIT and HBT, the joint financial advisers, global coordinators and bookrunners were DBS Bank Ltd and BNP Paribas Peregrine (Singapore) Ltd, and the joint underwriters were DBS Bank Ltd and BNP Paribas (acting through its Singapore Branch).

ANNOUNCEMENT

PROPOSED ACQUISITION OF RENDEZVOUS HOTEL, AUCKLAND

1. INTRODUCTION

1.1 Agreement to purchase Rendezvous Hotel Auckland

M&C REIT Management Limited, as manager of CDL Hospitality Real Estate Investment Trust (“**H-REIT**”) (the “**H-REIT Manager**”), wishes to announce that CDLHT (BVI) One Ltd, being a wholly-owned subsidiary of H-REIT, has today entered into a conditional sale and purchase agreement (the “**Sale and Purchase Agreement**”) with Abacus Funds Management Limited, as trustee of Abacus NZ Holdings Trust (the “**Vendor**”), for the proposed acquisition (the “**Acquisition**”) by CDLHT (BVI) One Ltd of the hotel known as Rendezvous Hotel Auckland (the “**Property**”), located at 71-87 Mayoral Drive, Auckland, New Zealand. Abacus Property Group is a diversified property investment and management group listed on the Australian Stock Exchange with a market capitalisation of approximately AUD\$890.0 million and total assets under management of over AUD\$1.5 billion.

1.2 Information on the Property

The Property is a freehold hotel located in New Zealand’s key gateway city of Auckland. In terms of number of rooms, it is the largest hotel in Auckland with 455 rooms. For the business community, it stands out for its proximity to the adjacent Aotea Centre, a world-class conference centre, and for its complementary extensive conference facilities with over 1,000 square metres of meeting space that can accommodate up to 550 guests.

It is located on Lot 5 on Deposited Plan 86062, contained in Certificate of Title 43D/645, North Auckland Land Registry, with a site area of 5,910 square metres. The Property is currently leased to Rendezvous Hotels (NZ) Limited (the “**Tenant**”), an international hotel operator, pursuant to a deed of lease dated 7 September 2006 entered into between the Vendor and the Tenant (the “**Lease**”), for a period of ten years with an option to renew for another 5 years at the Tenant’s discretion. Under the terms of the Lease, the Tenant is responsible for all outgoings and for operating the Property as a 5 star hotel. The lease payment comprises a

base rent which escalates at a rate of 2.75% per annum and a variable rent which provides an upside for H-REIT if the performance of the Property exceeds certain room revenue benchmarks.

2. VALUATION OF THE PROPERTY

DBS Trustee Limited, as trustee of H-REIT (the “**H-REIT Trustee**”), and the H-REIT Manager has commissioned an independent property valuer, CB Richard Ellis (Pte) Ltd to value the Property. CB Richard Ellis (Pte) Ltd, in its valuation report prepared for the H-REIT Trustee and the H-REIT Manager dated 13 October 2006, stated that the market value (subject to the Lease) is NZ\$114.0 million. The valuation was prepared using the capitalisation approach, discounted cash flow analysis and direct comparison methods.

3. PRINCIPAL TERMS OF THE PROPOSED ACQUISITION

3.1 Purchase Price

The purchase price of the Property of NZ\$113.0 million (excluding goods and services tax, if any) was negotiated on a willing-buyer and willing-seller basis.

3.2 Completion Date

The purchase price will be paid on completion of the sale and purchase of the Property (“**Completion**”), which is expected to take place on 1 December 2006 or 10 working days after the Sale and Purchase Agreement becomes unconditional, whichever is the later .

3.3 Assignment of Lease

Upon Completion, the Vendor will assign to CDLHT (BVI) One Ltd all underlying rights that the Vendor, as landlord, has under the Lease.

3.4 Rental Supplementary Deed

The Sale and Purchase Agreement is in conjunction with a rental supplementary deed (the “**Rental Supplementary Deed**”) entered into between CDLHT (BVI) One Ltd, the Vendor and Abacus Group Holdings Limited. Under the Rental Supplementary Deed, the Vendor has undertaken to CDLHT (BVI) One Ltd that the total rent payable by the Tenant will not be less than the amounts specified in the Rental Supplementary Deed (“**Total Rent**”) for the period from the date of Completion up to 31 December 2009 or (if Completion occurs after 31 December 2007) for the period of three years from the date of Completion.

In the event that the actual rent payable by the Tenant is less than such Total Rent for any given year, the Vendor will pay to CDLHT (BVI) One Ltd the difference between the actual rent payable by the Tenant and the Total Rent for the relevant year.

3.5 Conditions Precedent

Under the Sale and Purchase Agreement, Completion is subject to and conditional upon, amongst other things, the consent of the Overseas Investment Office in New Zealand for the sale and purchase of the Property being obtained on conditions acceptable to CDLHT (BVI) One Ltd, acting reasonably.

3.6 Deed of Guarantee

The H-REIT Trustee has, concurrently with the entry into the Sale and Purchase Agreement, entered into a deed of guarantee (the “**Deed of Guarantee**”) pursuant to which it has unconditionally given a guarantee to the Vendor for the due performance by CDLHT (BVI)

One Ltd of all of its covenants and obligations under the Sale and Purchase Agreement and the punctual payment to the Vendor of all moneys (if any) owing by CDLHT (BVI) One Ltd to the Vendor under the Sale and Purchase Agreement.

4. FINANCIAL EFFECTS OF THE ACQUISITION

- 4.1** The net profits attributable to the Property in relation to the First Financial Period is S\$386,051¹.
- 4.2** The H-REIT Manager intends to finance the Acquisition, at least initially, wholly with debt (see “Method of Financing” below). Accordingly, the Acquisition will not have a significant effect on the net tangible assets per unit in H-REIT.
- 4.3** The pro forma financial effect of the Acquisition on the earnings per unit of H-REIT for the financial period which commenced on 19 July 2006, being the date of listing of the Stapled Securities on Singapore Exchange Securities Trading Limited (the “**SGX-ST**” and the date of listing, the “**Listing Date**”), and ended on 30 September 2006 (the “**First Financial Period**”), as if H-REIT had acquired the Property on 19 July 2006, and held and operated the Property through to 30 September 2006, would be to increase earnings per unit in H-REIT by an amount of 0.052 Singapore cents or 3.0% for the 74 days ended 30 September 2006 (equivalent to 0.259 Singapore cents or 3.0% in H-REIT when annualised for a full 12-month period).

5. METHOD OF FINANCING

The H-REIT Manager intends to finance the Acquisition, at least initially, wholly with debt. Upon the Completion, the aggregate leverage of H-REIT is expected to be approximately 39.8% of the deposited property of H-REIT. As such aggregate leverage exceeds 35.0% of the deposited property of H-REIT, for the purpose of compliance with the Property Funds Guidelines issued by the Monetary Authority of Singapore, the H-REIT Manager is in the process of obtaining a credit rating for H-REIT. Such credit rating will be obtained shortly and such credit rating will be announced prior to the completion of the Acquisition.

The Manager is currently considering various plans for the long term financing of the Property.

6. RATIONALE FOR THE ACQUISITION

6.1 Yield Accretion

The H-REIT Manager believes that the holders of the Stapled Securities (“**Stapled Security Holders**”) can expect to enjoy a higher distribution per Stapled Security due to a higher asset yield of the Property compared to the existing properties in the portfolio of H-REIT. The aggregate fixed portion of rent from the Lease, coupled with the Rental Supplementary Deed, would provide Stapled Security Holders with an assured net property income of NZ\$8.9 million in the first year, and which rises to more than NZ\$10.0 million over a 10-year period. This translates into an annualised property yield of 7.9% to 9.0% or higher per annum over the 10-year period, compared to the current annualised portfolio implied property yield of 4.9%².

Hence, Stapled Security Holders are expected to enjoy an increase in distribution per Stapled Security as a result of, amongst other things, the Acquisition being made at an attractive price

¹ Based on the scenario that the Property is financed with 100.0% debt whereas the existing properties in the portfolio of H-REIT are financed with 31.5% debt.

² Based on the forecast for the financial year ending 31 December 2007 as stated in the prospectus of CDL Hospitality Trusts dated 10 July 2006 and the last traded price of S\$1.12 per Stapled Security as at 27 October 2006.

relative to the cash flow that the Property generates. The pro forma financial effect of the Acquisition on the distribution per Stapled Security for the financial year ending 31 December 2006³ would be an additional 0.39 Singapore cents per Stapled Security on an annualised basis.

6.2 Consistency with Principal Investment Strategy

The Acquisition is consistent with the principal investment strategy of H-REIT to invest, directly or indirectly, in a diversified portfolio of income producing real estate which is primarily used for hospitality and/or hospitality-related purposes. While the existing properties in the portfolio of H-REIT are all located in Singapore, H-REIT's investment strategy envisages investments globally.

6.3 Stability of Revenue Base

The aggregate fixed rent component from the Lease, coupled with the Rental Supplementary Deed, will provide to H-REIT stable rental streams, as well as rental escalations, all of which will add on to the defensiveness and stability of the distributable income of H-REIT.

With the addition of the Property to the portfolio of H-REIT, the proportion of fixed rent as a proportion of total rent receivable by H-REIT would rise from 46.9%⁴ (fixed rent of S\$26.4 million) to 54.4% (fixed rent of S\$35.6 million) in the financial year ending 31 December 2007.

6.4 Diversification Benefits

The Acquisition, being the first by H-REIT outside of Singapore, is expected to benefit the Stapled Security Holders by improving geographical diversification. H-REIT would be able to draw on the strength and resilience of the hospitality sector in New Zealand as a counterweight to any volatility in the performance of the hospitality sector in Singapore caused by external factors.

The Acquisition is also expected to benefit the Stapled Security Holders by improving income diversification and reducing the reliance of the income stream of H-REIT on any single asset. With the addition of the Property to the portfolio of H-REIT, the maximum contribution in rent from any single property in the portfolio of H-REIT will fall from 34.9%⁵ to 30.0% in the financial year ending 31 December 2007.

Another diversification benefit derived from the Acquisition is the introduction of another quality tenant into the tenant base of H-REIT. The Tenant is an international hotel operator and currently operates 13 hotels in 10 cities. Its parent company is The Straits Trading Company Limited, an investment holding company listed on the SGX-ST. Currently, the only tenant of H-REIT is the sponsor of H-REIT at its initial public offering, Millennium & Copthorne Hotels plc ("**M&C**"). While M&C is a quality tenant, the addition of the Tenant will help diversify the tenant base of H-REIT.

6.5 Acquiring into a Growing Hospitality Market in New Zealand

Both the international visitor arrivals and the total visitor nights in New Zealand are expected to grow. This expected growth is underpinned by the increase exposure of New Zealand in a number of recent high profile and successful films. In addition, New Zealand is also expected to benefit from a growing meeting, incentives, conventions and exhibitions market. The domestic economy continues to be firm and business travel is expected to grow accordingly.

³ Based on the annualised financial results for the period from 12 June 2006 (date of constitution) to 30 September 2006

⁴ As stated in the prospectus of CDL Hospitality Trusts dated 10 July 2006.

⁵ Based on the forecast rent for the existing properties in the portfolio of H-REIT as stated in the prospectus of CDL Hospitality Trusts dated 10 July 2006.

7. OTHER INFORMATION

7.1 Interests of the Directors or Controlling Stapled Security Holders

Based on information available to the H-REIT Manager and M&C Business Trust Management Limited, as trustee-manager of CDL Hospitality Business Trust (“**HBT**”) (the “**HBT Trustee-Manager**”), none of the directors of the H-REIT Manager or the HBT Trustee-Manager, or the controlling Stapled Security Holders, has any interest, direct or indirect, in the Acquisition.

7.2 Service Contracts

No person is proposed to be appointed as a director of the H-REIT Manager or the HBT Trustee-Manager in connection with the Acquisition, the Sale and Purchase Agreement, the Rental Supplementary Deed, the Deed of Guarantee or any other transaction or agreement contemplated in relation to the Acquisition.

7.3 Disclosure under Rule 1010(13) of the Listing Manual

7.3.1 Chapter 10 of the Listing Manual of the SGX-ST classifies transactions by H-REIT into (i) non-discloseable transactions, (ii) discloseable transactions, (iii) major transactions, and (iv) very substantial acquisitions or reverse takeovers, depending on the size of the relative figures computed on, amongst other things, the following bases:

- (a) the net profits attributable to the assets acquired or disposed of, compared with the net profits of H-REIT;
- (b) the aggregate value of the consideration given, compared with the market capitalisation of CDL Hospitality Trusts; and
- (c) the number of Stapled Securities issued by H-REIT as consideration for the Acquisition, compared with the number of Stapled Securities previously in issue.

7.3.2 Based on the estimated net income of the Property of compared against the net income of the existing properties in the portfolio of H-REIT for the First Financial Period, the relative figure for the basis of comparison set out in sub-paragraph 7.3.1(a) in relation to the First Financial Period is approximately 3.2%;

7.3.3 Based on the purchase price of NZ\$113.0 million (S\$116.2 million) for the Property, and CDL Hospitality Trust’s market capitalisation of S\$781.8 million as at 27 October 2006, the relative figure for the basis of comparison set out in sub-paragraph 7.3.1(b) is approximately 14.9%;

7.3.4 The relative figure for the basis of comparison set out in sub-paragraph 7.3.1(c) above does not apply because no Stapled Securities are issued by H-REIT as consideration for the Acquisition.

BY ORDER OF THE BOARD

Enid Ling Peek Fong
Company Secretary
M&C REIT Management Limited
(Company Registration Number 200607091Z)
as manager of CDL Hospitality Real Estate Investment Trust

30 October 2006

BY ORDER OF THE BOARD

Enid Ling Peek Fong
Company Secretary
M&C Business Trust Management Limited
(Company Registration Number 200607118H)
as trustee-manager of CDL Hospitality Business Trust

30 October 2006

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 redeem or purchase their Stapled Securities while the Stapled Securities are listed. It is intended that the Stapled Securities 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 CDL Hospitality Trusts is not necessarily indicative of the future performance of CDL Hospitality Trusts. This announcement 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 Manager's current view of future events.