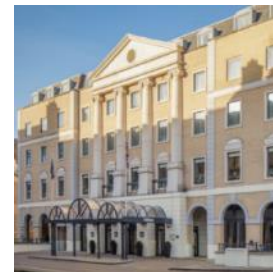
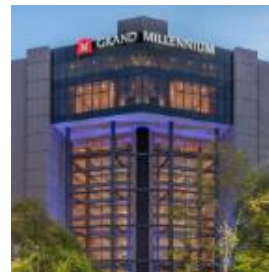




**CDL HOSPITALITY TRUSTS**

# Acquisition of Hotel Brooklyn, Manchester, UK 22 February 2022



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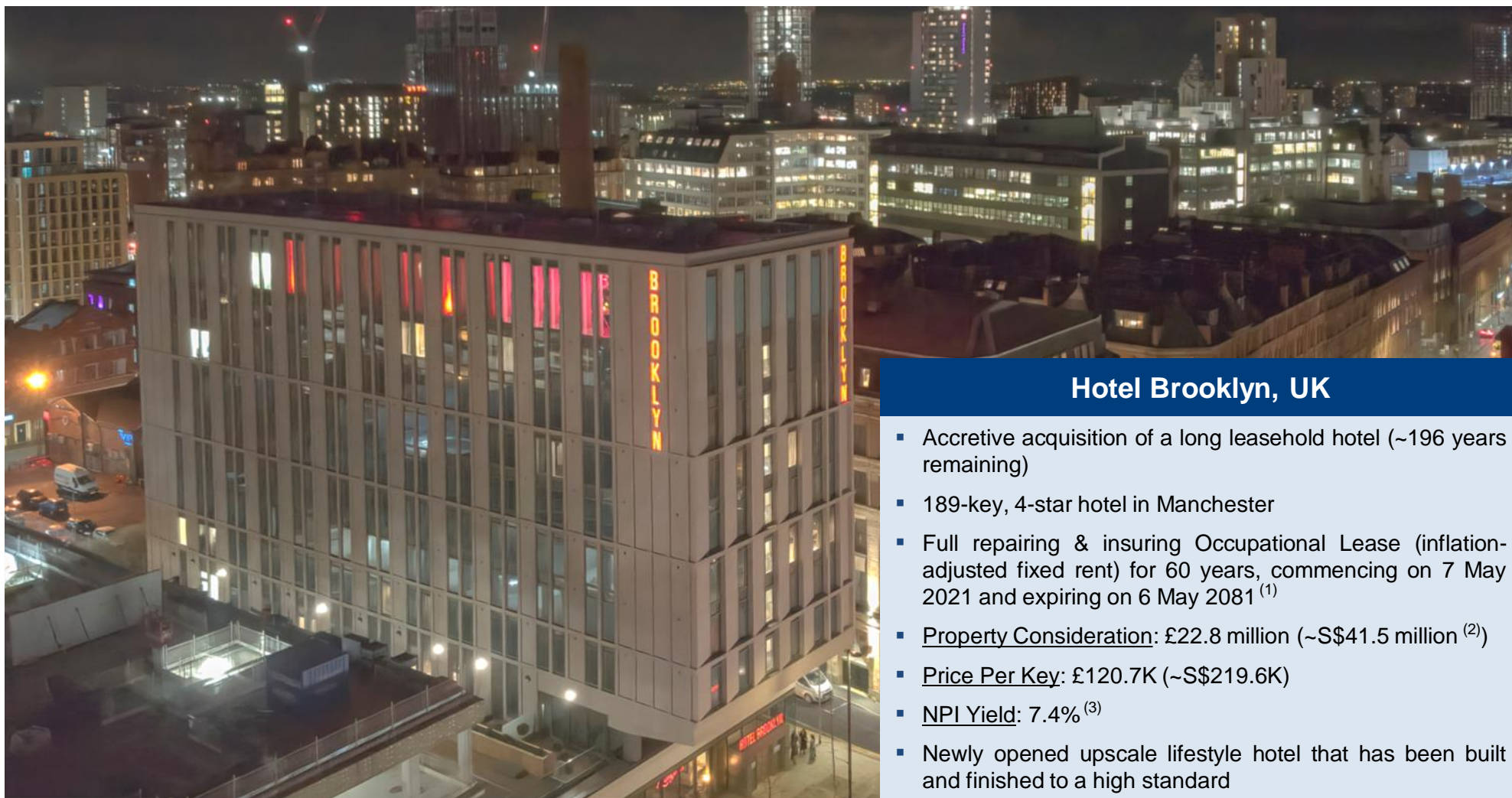


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# Executive Summary

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## Hotel Brooklyn, UK

- Accretive acquisition of a long leasehold hotel (~196 years remaining)
- 189-key, 4-star hotel in Manchester
- Full repairing & insuring Occupational Lease (inflation-adjusted fixed rent) for 60 years, commencing on 7 May 2021 and expiring on 6 May 2081<sup>(1)</sup>
- Property Consideration: £22.8 million (~S\$41.5 million<sup>(2)</sup>)
- Price Per Key: £120.7K (~S\$219.6K)
- NPI Yield: 7.4%<sup>(3)</sup>
- Newly opened upscale lifestyle hotel that has been built and finished to a high standard

(1) The Occupational Lease contains a break option exercisable by the Occupational Tenant on 15 Jan 2045, and then on every fifth anniversary from that date, by providing at least 6 months' prior notice to Landlord.

(2) Unless otherwise stated, all conversions between £ and S\$ are based on an assumed exchange rate of £1.00 = S\$1.8202.

(3) Computed using the net property income of the Property of £1.7 million (excluding adjustments for FRS 116/SFRS (I) 16 Leases), which is based on the fixed rent of £2.3 million from the Occupational Tenant less the ground rent payable to Head Lessor for the period of 7 May 2021 to 6 May 2022, as a percentage of the Property Consideration.

# Executive Summary (Con't)



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1

**Accretive acquisition** at attractive price and NPI yield of 7.4%

2

**Enhance income stability with inflation-adjusted fixed lease:** In line with CDLHT's strategy to acquire assets with more stable income to increase resilience and fixed rental base

3

**Newly opened upscale lifestyle hotel** allows CDLHT to further penetrate the lifestyle hotel market

4

**Excellent location** being within walking distance to Manchester Piccadilly (the main train station in Manchester), popular tourism attractions and the central business district

5

**Established tourism and corporate demand** to support post-pandemic recovery



# Overview of Transaction

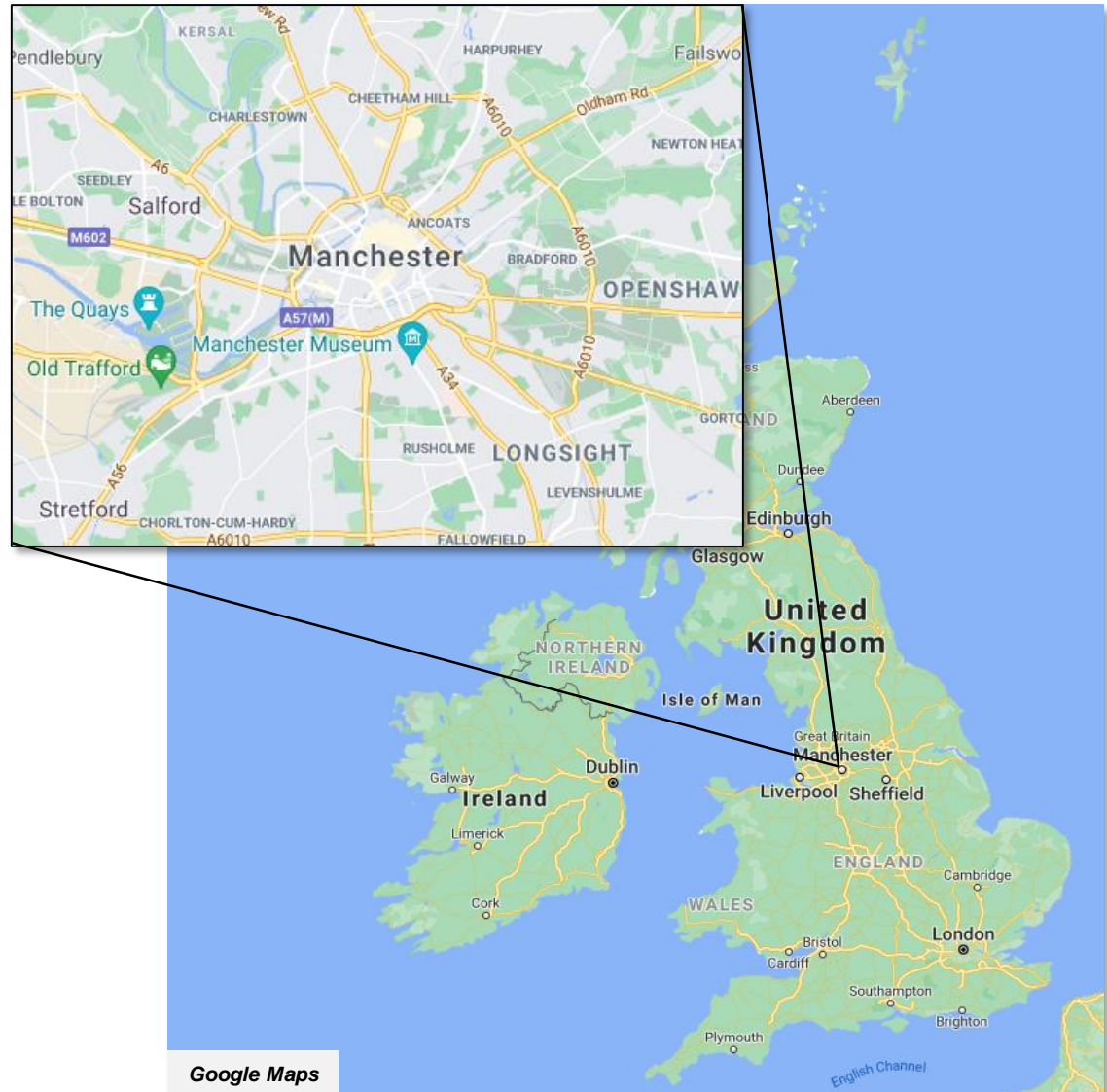
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# Overview of Location



## Manchester, United Kingdom

- Greater Manchester is the largest regional economy in the UK outside London
- Manchester Piccadilly Station is well-connected to the rail network (approximately 2 hrs 20 mins from London, 3 services per hour)
- Manchester Airport is the UK's third largest airport (largest outside of London)
- Continued investments in infrastructure include:
  - Expansion of Manchester Airport
  - High Speed 2 railway (“HS2”)
- Strategic framework proposals for HS2 include comprehensive redevelopment of the railway station, ~2.9 million sq ft of office space, 261,000 sq ft of retail space, 5,000 apartments and 250 hotel rooms <sup>(1)</sup>



Google Maps

(1) Place North West, “Alternative HS2 Piccadilly hub ‘could save billions’”, 29 Jun 2020



# Location of Hotel Brooklyn

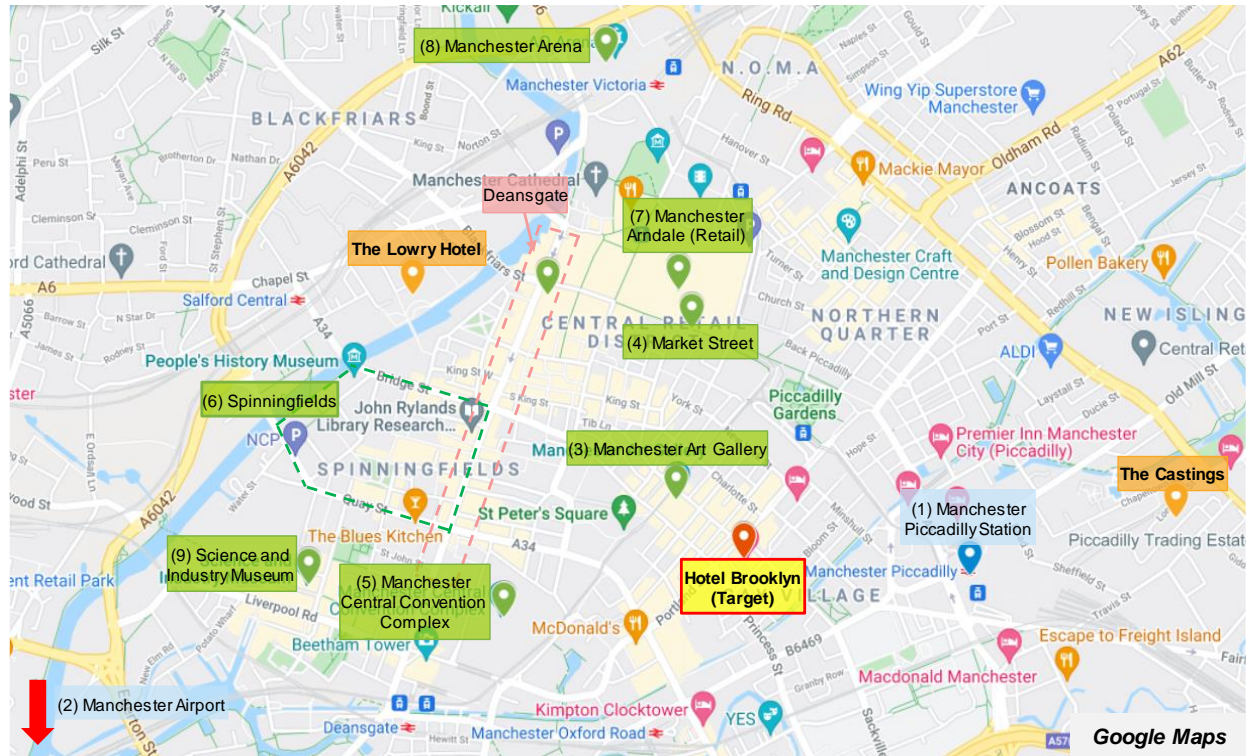


## Excellent Location

- Well-situated being in close proximity to Canal Street, which is home to a variety of cafes, bars, clubs and restaurants
- Convenient access to shopping, nightlife, attractions, and Manchester's commercial and business hubs
- Walking distance to Manchester CBD (Spinningfields), Manchester Piccadilly (Manchester's main train station) and some of Manchester's most popular attractions

## Easy Access

- Manchester Piccadilly Station has direct access to the airport and major cities in the UK
- Travel time by train:
  - Manchester Airport → 15 mins
  - Liverpool → 35 mins
  - Leeds → 50 mins
  - Birmingham → 1 hr 30 mins
  - London → 2 hrs 20 mins
  - Edinburgh → 3 hrs 20 mins



#	Landmark	Distance (km)	Travelling Time from Property	#	Landmark	Distance (km)	Travelling Time from Property
1	Manchester Piccadilly Station	0.6	8-min walk	6	Manchester CBD	1.0	12-min walk
2	Manchester Airport	13.4	20-min drive	7	Manchester Arndale (Retail)	0.7	8-min walk
3	Manchester Art Gallery	0.2	2-min walk	8	Manchester Arena	1.2	15-min walk
4	Market Street (Retail)	0.7	8-min walk	9	Science and Industry Museum	1.3	16-min walk
5	Manchester Central Convention Complex	0.7	9-min walk				

# Description of Property and Transaction Details



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Suite Room



Club Room

Property	Hotel Brooklyn (the "Property")
<b>Description</b>	<ul style="list-style-type: none"> <li>4-star, upscale lifestyle hotel</li> <li>Opened in February 2020 <sup>(1)</sup></li> <li>BREEAM Certified with 'Very Good' rating</li> </ul>
<b>Location</b>	<ul style="list-style-type: none"> <li>57 &amp; 59 Portland Street, Manchester, UK</li> </ul>
<b>Title</b>	<ul style="list-style-type: none"> <li>Leasehold (~196 years remaining)</li> </ul>
<b>Rooms and Amenities</b>	<ul style="list-style-type: none"> <li>189 rooms (weighted average room size ~26 sq m)</li> <li>2 food and beverage outlets</li> <li>3 meeting rooms for up to 140 people</li> <li>Casino with restaurant and bar</li> </ul>
<b>Property Consideration</b>	<ul style="list-style-type: none"> <li>£22.8 million (~S\$41.5 million)</li> </ul>
<b>Total Acquisition Cost <sup>(2)</sup></b>	<ul style="list-style-type: none"> <li>£24.1 million (~S\$43.8 million)</li> </ul>
<b>Valuation <sup>(3)</sup></b>	<ul style="list-style-type: none"> <li>£25.3 million (~S\$46.1 million)</li> </ul>
<b>Post-transaction Gearing / Debt Headroom <sup>(4)</sup></b>	<ul style="list-style-type: none"> <li>40.0% / S\$570.0 million</li> </ul>

(1) Due to the COVID-19 situation, the Property opened and closed for business intermittently between Feb 2020 and Apr 2021. The Property has been operational since May 2021.

(2) Before deduction for estimated negative net working capital of the Target as at the time of Completion of £0.4 million (approximately S\$0.8 million) which will be subject to post-completion adjustments.

(3) Valued as at 31 Dec 2021 by Cushman & Wakefield Debenham Tie Leung Limited using the capitalisation method.

(4) CDLHT's post-transaction gearing on a pro forma basis as at 31 Dec 2021 assuming Total Acquisition Cost is 100% debt-funded. For the purposes of gearing computation, the total assets exclude the effect of FRS 116/SFRS(I) Leases (adopted wef 1 Jan 2019). Debt headroom based on 50.0% gearing limit.

## Leasehold Title

- Acquisition of Roundapple Hotel Partners III Limited (the “**Target**”)
- Target holds a long leasehold interest in Hotel Brooklyn with ~196 years unexpired (the “**Head Lease**”)

## Hotel Occupational Lease

- Target leases out Property to HLD (Manchester) Limited (the “**Occupational Tenant**”)
- Full repairing and insuring lease with ~59 years unexpired <sup>(1)</sup>
- Occupational Tenant pays a fixed rent of £2.3 million per annum to the Landlord, subject to upward-only rent review provisions broadly based on inflation
- Rental obligations of the Occupational Tenant backed by a bank guarantee until May 2024, followed by a cash deposit of £1.5 million until May 2026

## Occupational Tenant, Hotel Operator & Sub-Lessee

- The Occupational Tenant is part of a group under Marshall Holdings Limited
- The group's principal activities are in commercial development and construction with notable hotel projects including Hotel Brooklyn, Hotel Gotham Manchester, De Vere Glasgow, De Vere Edinburgh and Ramada Encore Gateshead
- Hotel is managed by Bespoke Hotels, one of UK’s largest independent hotel groups
- Occupational Tenant also sub-leases the basement to a casino operator, Napoleans Casino and Restaurant

(1) Under a full repairing and insuring lease, the Occupational Tenant pays for all capital expenditure, insurance, Furniture, Fixtures and Equipment (FF&E) and council rates and taxes in respect of the Property. The Occupational Lease has a term commencing on 7 May 2021 and expiring on 6 May 2081, with a break option exercisable by the Occupational Tenant on 15 Jan 2045, and then on every fifth anniversary from that date, by providing at least 6 months’ prior notice to the Landlord.



# Investment Highlights

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# Investment Highlights



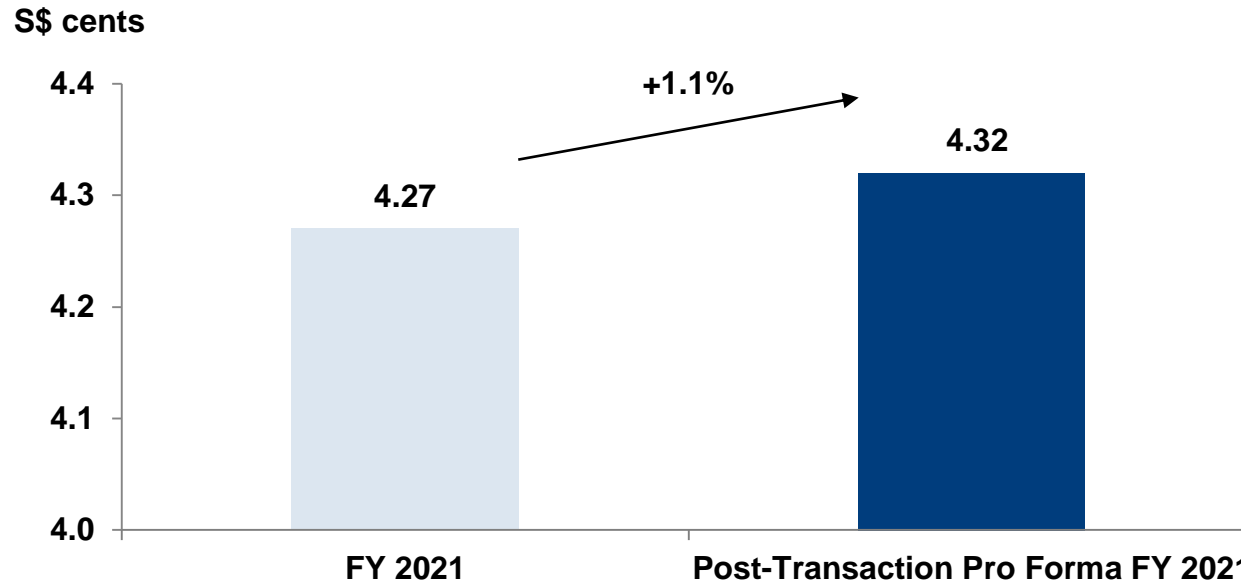
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- 1 Attractive Property Yield and Accretive Acquisition
- 2 Enhanced Income Stability
- 3 Newly Opened Lifestyle Hotel in an Excellent Location
- 4 Good Economic Prospects
- 5 Established Tourism and Strong Corporate Travel Demand

# 1 Attractive Property Yield and Accretive Acquisition



## Pro Forma Financial Effects on DPS



- NPI yield of 7.4% <sup>(1)</sup> based on Property Consideration of £22.8 million
- Acquisition is expected to be accretive: DPS accretion of 1.1% on a pro forma basis for FY 2021, assuming CDLHT had held the Property from 1 Jan 2021 to 31 Dec 2021 <sup>(2)</sup>

(1) Computed using the net property income of the Property of £1.7 million (excluding adjustments for FRS 116/SFRS (I) 16 Leases), which is based on the fixed rent of £2.3 million from the Occupational Tenant less the ground rent payable to Head Lessor for the period of 7 May 2021 to 6 May 2022, as a percentage of the Property Consideration.

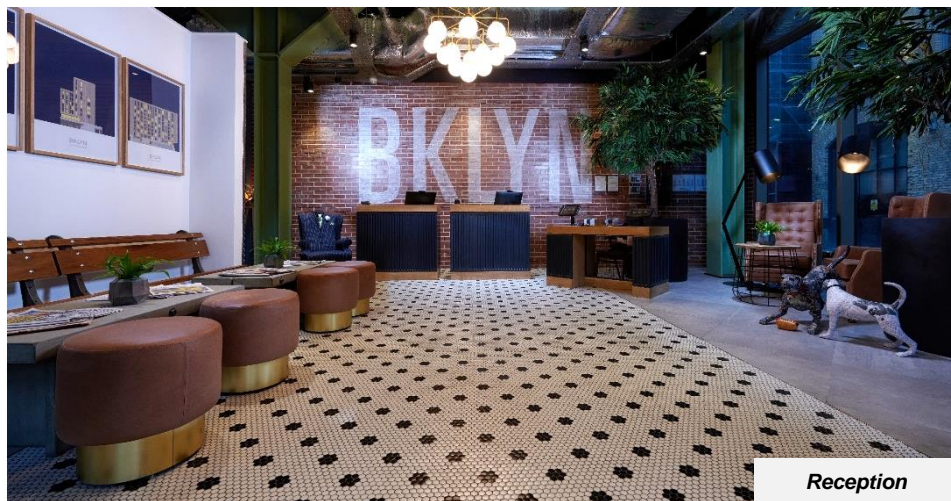
(2) Based on the change of the pro forma DPS for CDLHT's enlarged portfolio over the DPS for CDLHT in FY 2021. For the purpose of the computations, the Total Acquisition Cost is assumed to be 100% pound sterling debt-funded.

## 2 Enhanced Income Stability



### Increase in CDLHT's Fixed Rental Base

- Acquisition in line with the strategy of CDLHT to acquire assets with more stable income to increase resilience and fixed rental base
- Full repairing and insuring lease with inflation-adjusted fixed rent
- Increases CDLHT's hotel portfolio fixed rental base by S\$3.1 million or 7.8% post-acquisition <sup>(1)</sup>



(1) Assuming CDLHT owned the Property from 1 Jan 2022 and computed based on CDLHT's existing hotel portfolio fixed rent for FY 2022 (assuming Grand Millennium Auckland's lease is renewed in Sep 2022) and the Property's annual net rent of £1.7 million (before any increase pursuant to the upward-only rent review provision).

## Built and Finished to a High Standard, with a Distinctive New York Lifestyle Feel

- Appeals to both corporate and leisure guests being within walking distance to the central business district, popular tourist attractions, retail areas and entertainment hubs
- Allows CDLHT to further penetrate the lifestyle hotel market <sup>(1)</sup>
- Lifestyle hotels are designed to appeal to the next generation traveller with unique designs, strong identities and story-telling potential, and cater to the growing demand for distinct and curated experiences



(1) CDLHT's other lifestyle hotels include W Singapore – Sentosa Cove, Studio M Hotel and Moxy Singapore Clarke Quay (estimated practical completion in 2025)



# 4 Good Economic Prospects

## UK – The Fifth Largest Economy in the World by Gross Domestic Product <sup>(1)</sup>



- Greater Manchester is the largest regional economy in the UK outside London <sup>(2)</sup>

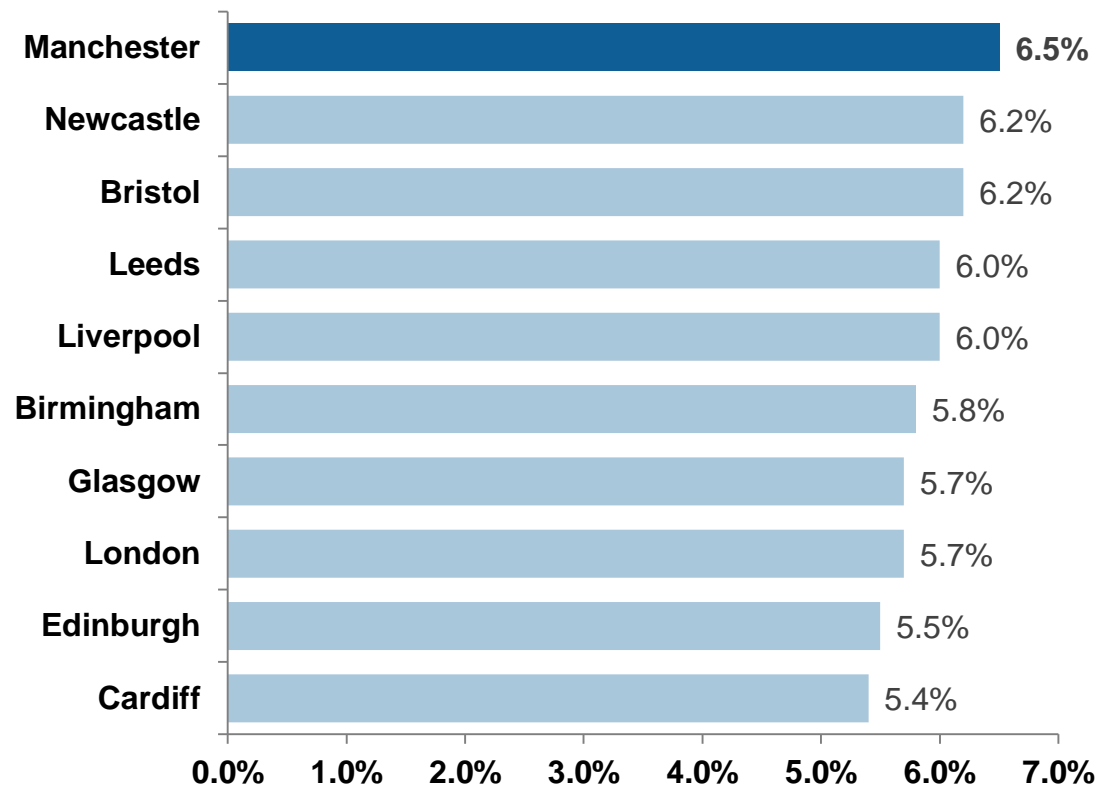


- Manchester's economy grew by 8% in 2021, the second fastest out of 30 major European cities <sup>(3)</sup>
- Manchester's economy is predicted to grow by 6.5% in 2022, compared to a ten-year pre-COVID-19 average of 3.4% <sup>(3)</sup>



- Rapid population and employment growth in recent years
- Ever-expanding workforce and numerous infrastructure investments projects

2022 GVA Growth Forecast by City <sup>(4)</sup>



(1) World Bank, 2020

(2) Office for National Statistics, "Regional gross domestic product: city regions", 26 May 2021

(3) Avison Young, 2022 Forecast Manchester

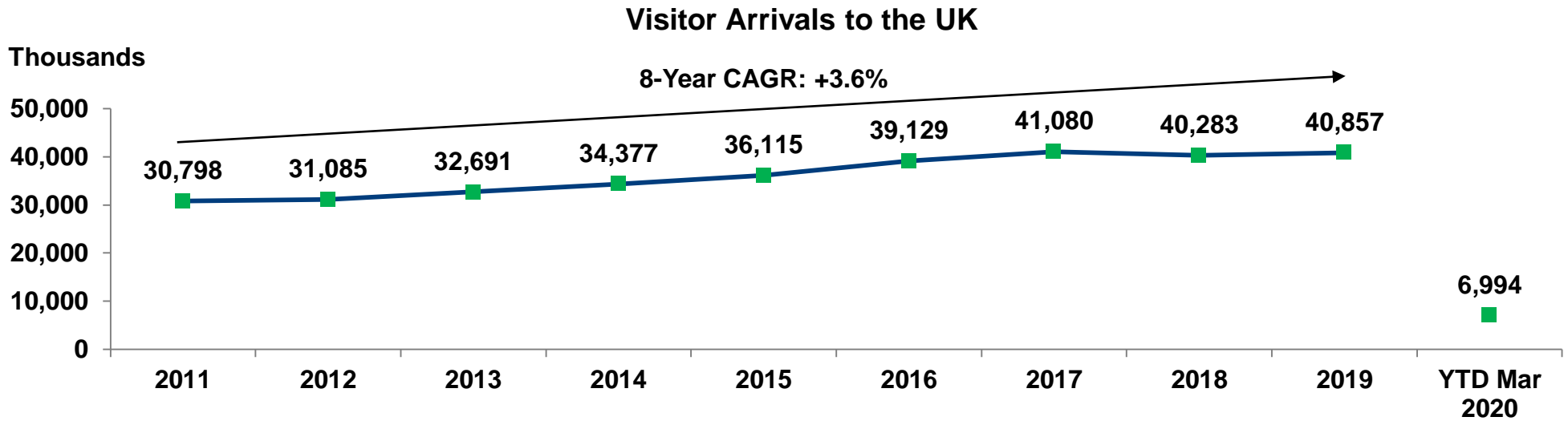
(4) Oxford Economics

5

# Established Tourism and Strong Corporate Travel Demand



## Manchester – The Third Most Visited City in the UK <sup>(1)</sup>



- Manchester has one of the most well-connected transport networks in the UK, with its world-class, multi-modal, integrated transport infrastructure
- Highly attractive MICE destination with a bustling events scene
- International visitor arrivals to the UK grew by 32.7% from 2011 to 2019, an 8-year CAGR of 3.6% <sup>(2)</sup>
- The UK government had forecasted visitor arrivals for full year 2022 to return to 52% of 2019's levels <sup>(3)</sup>

(1) Office for National Statistics, International Passenger Survey  
 (2) Office for National Statistics, Overseas travel and tourism, monthly  
 (3) VisitBritain, "2022 tourism forecast", 16 Feb 2022



# Post-Transaction Portfolio Overview

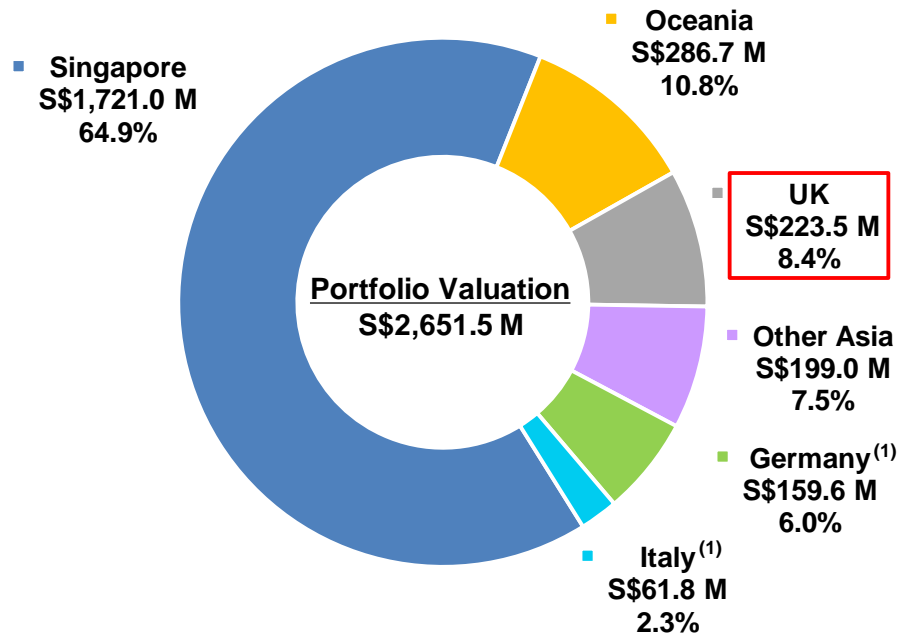
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# Portfolio Breakdown by Geography

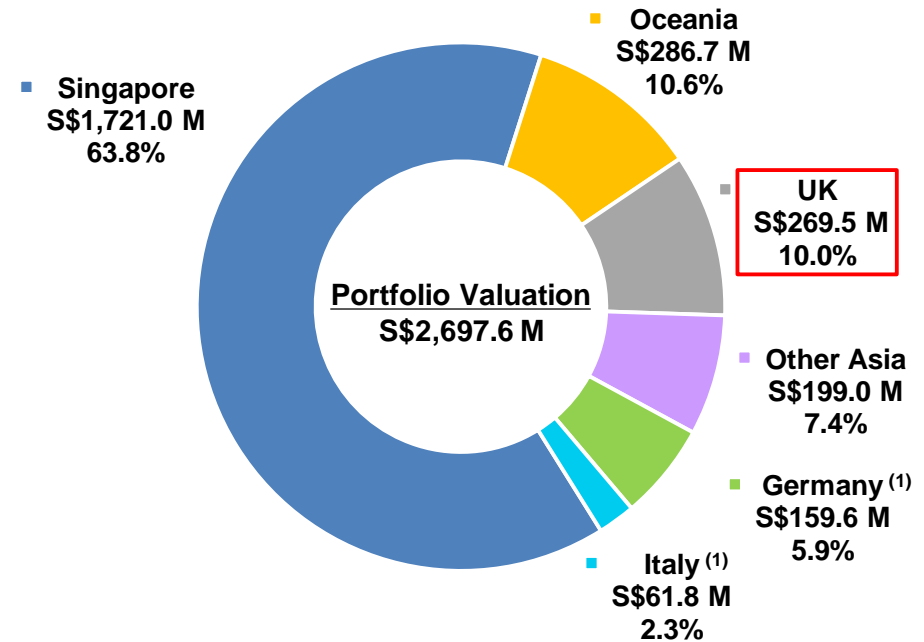


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As at 31 December 2021



Post-Acquisition



(1) On the basis of a 100% interest before adjustment of non-controlling interests.

# Post-Transaction Geographical Spread



## High Quality Assets Located in Key Gateway Cities or Premium Tourist Destinations

<b>Singapore</b>	<b>6 Hotels &amp; 1 Retail Mall</b>
<b>Australia</b>	<b>2 Hotels</b>
<b>New Zealand</b>	<b>1 Hotel</b>
<b>Maldives</b>	<b>2 Resorts</b>
<b>Japan</b>	<b>2 Hotels</b>
<b>United Kingdom</b>	<b>3 Hotels</b>
<b>Germany</b>	<b>1 BTR <sup>(1)</sup></b>
<b>Italy</b>	<b>1 Hotel</b>

<b>Total Operational Properties</b>	<b>19</b>
<b>Total Rooms</b>	<b>4,820 <sup>(2)</sup></b>

### United Kingdom

- Hilton Cambridge City Centre
- The Lowry Hotel
- The Castings (Under development)
- **Hotel Brooklyn**

### Singapore

- Orchard Hotel
- Grand Copthorne Waterfront Hotel
- M Hotel
- Copthorne King's Hotel
- Studio M Hotel
- W Singapore – Sentosa Cove
- Claymore Connect

### Germany

- Pullman Hotel Munich

### Italy

- Hotel Cerretani Firenze – MGallery

### Japan

- Hotel MyStays Kamata
- Hotel MyStays Asakusabashi

### Maldives

- Angsana Velavaru
- Raffles Maldives Meradhoo

### New Zealand

- Grand Millennium Auckland

### Australia

- Mercure Perth
- Ibis Perth

(1) Build-to-Rent ("BTR") project under development (estimated practical completion in 2024).

(2) Excludes 352 residential BTR apartment units under development.



# Conclusion

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## Long-term Benefits and Value Creation for Stapled Security Holders

1

**Accretive acquisition with immediate yield to Stapled Security Holders**

3

**Newly opened lifestyle hotel allows CDLHT to further penetrate the lifestyle hotel market**

2

**Inflation-adjusted, fixed rental income increases resilience and income stability**

4

**Addition of high quality hotel in excellent location further strengthens CDLHT's portfolio**



## THANK YOU

For investor relations matters, please contact:

Mr Joey Ho

Assistant Manager, Investor Relations

Telephone: (65) 6664 8890

Fax: (65) 6734 6785

Email: [joeyho@cdlht.com](mailto:joeyho@cdlht.com)

