CDL HOSPITALITY TRUSTS

FOR IMMEDIATE RELEASE **30 APR 2019**

CDL HOSPITALITY TRUSTS REPORTS
TOTAL DISTRIBUTION OF S$25.3 MILLION FOR 1Q 2019

- **1Q 2019 net property income of S$33.8 million**
- **Total distribution per Stapled Security of 2.09 cents**
- **Latest acquisition of Hotel Cerretani Florence in Italy contributed its first full quarter of income**
- **CDLHT continues to pursue suitable acquisitions and asset enhancement initiatives to enhance returns**

Singapore, 30 April 2019 – CDL Hospitality Trusts ("CDLHT" or the "Group"), 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, today announced its results for the first quarter ("1Q 2019") ended 31 March 2019.

Financial Highlights:

Note: One Singapore hotel was under extensive refurbishment and one Maldives resort has been temporarily closed since June 2018 for renovation	**1 Jan 2019 to 31 Mar 2019 S$'000 ("1Q 2019")**	**1 Jan 2018 to 31 Mar 2018 S$'000 ("1Q 2018")**	**Increase/ (Decrease) (%)**
Revenue	46,316	51,795	(10.6)
Net property income ("NPI")	33,770	37,818	(10.7)
Total distribution to Stapled Securityholders (after retention)	25,284	26,062	(3.0)
Total distribution per Stapled Security (after retention) ("DPS")(cents)	2.09	2.17	(3.7)

First Quarter ended 31 March 2019

During 1Q 2019, extensive asset enhancement works were carried out at two of CDLHT's properties. Orchard Hotel in Singapore had 8.6% of its room inventory taken out for the phased room refurbishment at Orchard Wing while the Grand Ballroom and all meeting facilities were also closed for upgrading; and in the Maldives, Dhevanafushi Maldives Luxury Resort remains closed for the ongoing renovation works prior to its relaunch as Raffles Maldives Meradhoo. Mainly as a result of the downtime at both of these properties, CDLHT recorded a 10.7% decrease in NPI to S$33.8 million for the quarter.

Apart from the renovation works above, the absence of the meetings hosted during Singapore's Chairmanship of ASEAN and biennial Singapore Airshow this year, as well as rooms taken out of inventory for ongoing pipe works for two other hotels, also contributed to lower NPI for the Singapore Hotels. The New Zealand, Australia and UK hotels also saw lower contribution, in part affected by the weaker currencies of these markets. The collective decline was partially mitigated by inorganic contribution from Hotel Cerretani Florence and better performance of Pullman Hotel Munich in Germany.

Interest expense for 1Q 2019 was higher by S$1.3 million mainly due to additional loans for the acquisition of Hotel Cerretani Florence, renovation works and higher funding cost.

Overall, CDLHT recorded total distribution to Stapled Securityholders (after retention for working capital) of S$25.3 million and DPS of 2.09 cents for 1Q 2019.

Mr Vincent Yeo, Chief Executive Officer of CDLHT's managers, said, "CDLHT is going through a transition period due to major asset enhancement initiatives taking place which have dampened our overall results in the near term. Despite the effect of global trade uncertainties and moderating economic growth, the benign hotel supply growth in the next few years will provide a constructive environment for improvement in the performance of the Singapore hotel sector. Moreover, we are encouraged that the Singapore government has set in place plans to transform key urban areas and is investing in tourism-related infrastructure over the next decade."

Review of Portfolio's Performance and Outlook

The combined weighted average statistics for CDLHT's Singapore Hotels are as follows[1]:

	1Q 2019	1Q 2018	Increase/ (Decrease)
Average Occupancy Rate	87.3%	87.6%	(0.3)pp
Average Daily Rate	S$180	S$183	(2.0)%
Revenue per Available Room ("RevPAR")	S$157	S$161	(2.4)%

<u>Singapore</u>

In 1Q 2019, the Singapore market saw the absence of the biennial Singapore Airshow and a series of meetings and events hosted during Singapore's Chairmanship of ASEAN in 2018, while the trading environment remains competitive amidst the uncertain global economic environment. During the quarter, the upgrading works carried out in three of CDLHT's Singapore Hotels also resulted in some disruption to business. As such, RevPAR of the Singapore Hotels for the quarter was 2.4% lower year-on-year ("yoy"). Excluding the out-of-order rooms inventory, RevPAR increased 0.4% yoy.

During the quarter, the major facelift of the Grand Ballroom and all the meeting facilities at Orchard Hotel was completed. This will strengthen its competitive edge in the MICE space, especially with the Grand Ballroom's unique position as one of only four hotel ballrooms in Singapore with the capacity to sit 1,000 or more guests. The Orchard Wing is also undergoing a full rejuvenation project. The phased refurbishment of 260 bedrooms is in progress and is expected to fully complete in June 2019. Thereafter, the remaining 65 Club Floor Rooms will be completed in 3Q 2019. Asset enhancement opportunities in other Singapore Hotels are also being evaluated.

[1] Due to rounding, numbers presented may not add up precisely to the totals provided and percentages may not precisely reflect the absolute figures

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Newly Refurbished Areas at Orchard Hotel

Grand Ballroom

Grand Deluxe Room

In 2019, Singapore Tourism Board ("STB") has forecast visitor arrivals to grow up to 19.2 million or 4% yoy[2]. This follows a 6.2% yoy growth in arrivals to a record high of 18.5 million in 2018 – which was in part due to the continued increase in Chinese and Indian arrivals while most of the top 10 source markets also recorded growth. For year-to-date ("YTD") February 2019, arrivals increased 2.0% yoy to 3.1 million and total visitor days grew 4.3% yoy[3].

Looking ahead, STB continues to build on Singapore's future MICE pipeline and has secured several events in the professional services, technology and food and beverage industries up to 2022, a number of which are inaugural editions[4]. This is likely to benefit the overall hospitality sector with potential additional hotel room nights and the higher spending propensity of the MICE segment.

On the supply front, Singapore hotel inventory is estimated to increase by 1,900 net rooms[5] in 2019 (of which 421 new rooms are in the city centre), representing approximately 2.8% of existing room stock. The tapering inventory growth is supportive of a gradual recovery in the Singapore hotel sector.

Overseas Markets

New Zealand's tourism sector remains healthy with visitor arrivals growing 3.5% yoy to 3.9 million for 2018 and 1.8% yoy to 0.8 million for YTD February 2019[6]. However, new supply led to a softer market for Auckland and the RevPAR of the New Zealand Hotel declined 4.8% yoy for 1Q 2019. NPI contribution was also affected by a weaker NZD and absence of a property tax write-back. To increase the visibility of New Zealand as a favourable tourist destination for Chinese visitors, the top source market after Australia and with the highest daily spend, the China-New Zealand Year of Tourism was recently launched[7].

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[2] STB, 2018 Year-In-Review, 13 February 2019
[3] STB
[4] STB, "Pipeline of business events secured sees strong showing from Technology, Professional Services and F&B clusters", 7 March 2019
[5] Based on Horwath data (January 2019) and CDLHT Research
[6] Stats NZ, "International travel and migration"
[7] Tourism New Zealand, "2019 China-New Zealand Year of Tourism Opening Ceremony", 30 March 2019

In 1Q 2019, the Japan Hotels recorded a RevPAR growth of 9.0%. The reduced number of Airbnb listings in Tokyo due to regulations implemented last year have mitigated the overall effect of supply increases in the near term[8] and a more constrained accommodation market allowed opportunities for CDLHT to yield up. Total arrivals to Japan continues to be on a robust growth trajectory, increasing 8.7% yoy to a record 31.2 million for 2018 and 5.7% yoy to 8.1 million for YTD March 2019[9]. Tourism demand is likely to be further spurred by sporting events such as the 2019 Rugby World Cup and the Tokyo 2020 Olympics and Paralympics.

In the Maldives, RevPAR of Angsana Velavaru improved by 17.6% for the quarter, supported by overall healthy tourism arrivals. Trading conditions in 1Q 2019 were better in the absence of the state of emergency declared on Maldives last year, which affected key source markets such as China and India. To support the tourism industry, the government is stepping up marketing efforts with an increase in 2019 state budget for tourism promotion by approximately three times[10], but the trading environment remains competitive due to new resorts supply.

To help improve long term performance, CDLHT is/will be implementing asset enhancement initiatives for the Maldives Resorts. The refurbishment works for the launch of Raffles Maldives Meradhoo is well-advanced and the land villas will be soft opened in 2Q 2019 while the over-water villas will open later this year. This will be the first flagship "Raffles Hotels & Resorts" property in the Maldives. To also strengthen Angsana Velavaru's product offering and market positioning, enhancement works for the villas and public areas are being planned to commence in 2Q 2019.

Brexit remains a key uncertainty in UK and this has dampened the conference and events business. In Cambridge, new market entrants have also intensified price competition, which affected the trading performance of Hilton Cambridge City Centre during the quarter. For The Lowry Hotel in Manchester, RevPAR in 1Q 2019 remained well supported by a healthy stream of sporting events and businesses from the entertainment sector, while events such as the Cricket World Cup and Conservative Party Conference in the later part of 2019 are positive demand drivers. Collectively, RevPAR of the UK Hotels declined by 4.2% and the weaker GBP and the general rising wage environment also contributed to the decrease in overall NPI. To fortify The Lowry Hotel's position as the top hotel in Manchester, renovation works have commenced for the lobby and public areas.

In continental Europe, CDLHT has presence in Germany and Italy. Pullman Hotel Munich performed strongly in 1Q 2019 and achieved a robust RevPAR growth of 23.9%, aided by a healthy events calendar including a large biennial trade fair. Hotel Cerretani Florence recorded its first full quarter of contribution to CDLHT and attained an impressive RevPAR growth of 23.9%[11] yoy despite a traditionally low demand season, primarily through the adoption of a volume strategy. Looking ahead, the pace of broad-based economic recovery in the Eurozone is slowing down and uncertainties persist in the macro environment. Munich's tourism demand remains healthy with international arrivals growing 6.2% yoy to 3.8 million for 2018[12] and is well-supported by the city's fair calendar.

Mr Yeo concluded: "With a strong balance sheet and ample debt headroom, we will continue to seek acquisitions as a key priority. Moreover, we will invest in maximising the long-term potential of our properties. We will also continue to evaluate suitable divestment opportunities as they arise to unlock underlying asset values and/or recycle capital for better returns."

As at 31 March 2019, CDLHT has a gearing of 35.2% and regulatory debt headroom of S$521 million.

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[8] Savills World Research Japan, "Spotlight Japan Hospitality", February 2019
[9] Japanese National Tourism Organization
[10] Maldives Insider, "Maldives To Launch New Tourism Initiative To Market Individual Atolls", 23 February 2019
[11] The yoy RevPAR comparison assumes that CDLHT owned Hotel Cerretani Florence for the corresponding period
[12] München Tourismus

M&C REIT Management Limited and M&C Business Trust Management Limited
390 Havelock Road ● #02-05 King's Centre ● Singapore 169662 ● Tel (65) 6664 8888 ● www.cdlht.com

Registered Address: 9 Raffles Place, #12-01 Republic Plaza, Singapore 048619 ● Company Registration No: 200607091Z
A member of Hong Leong Group (Singapore)

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For media and investor queries, please contact:

Mandy Koo
Head, Investments & Investor Relations
Tel: +65 6664 8887
Email: mandykoo@cdlht.com

Benjamin Ong
Manager, Investor Relations
Tel: +65 6664 8890
Email: benjaminong@cdlht.com

About CDL Hospitality Trusts

CDL Hospitality Trusts ("CDLHT") is one of Asia's leading hospitality trusts with assets valued at S$2.8 billion. 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 HBT.

CDLHT was established with the principal investment strategy of investing in a portfolio of hospitality and/or hospitality-related real estate assets. As at 31 March 2019, CDLHT owns 16 hotels and two resorts comprising a total of 5,088 rooms as well as a retail mall. The properties under CDLHT's portfolio include:

(i) six hotels in the gateway city of Singapore (Orchard Hotel, Grand Copthorne Waterfront Hotel, M Hotel, Copthorne King's Hotel, Novotel Singapore Clarke Quay and Studio M Hotel) as well as a retail mall adjoining Orchard Hotel (Claymore Connect);
(ii) three hotels in Brisbane and Perth, Australia (Novotel Brisbane, Mercure Perth and Ibis Perth);
(iii) two hotels in Japan's gateway city of Tokyo (Hotel MyStays Asakusabashi and Hotel MyStays Kamata);
(iv) one hotel in New Zealand's gateway city of Auckland (Grand Millennium Auckland);
(v) two hotels in United Kingdom (Hilton Cambridge City Centre in Cambridge and The Lowry Hotel in Manchester);
(vi) one hotel in Germany's gateway city of Munich (Pullman Hotel Munich);
(vii) one hotel in the historic city centre of Florence, Italy, (Hotel Cerretani Florence, MGallery by Sofitel); and
(viii) two resorts in Maldives (Angsana Velavaru and Raffles Maldives Meradhoo (previously known as Dhevanafushi Maldives Luxury Resort, Managed by AccorHotels)).