CDL HOSPITALITY TRUSTS

FOR IMMEDIATE RELEASE **28 OCT 2016**

CDL HOSPITALITY TRUSTS REPORTS TOTAL DISTRIBUTION OF S$24.2 MILLION FOR 3Q 2016

- **Inorganic contribution from Hilton Cambridge City Centre and improved performance from Grand Millennium Auckland boosted portfolio performance**
- **Net property income of S$34.8 million and S$99.9 million for 3Q 2016 and YTD Sep 2016 respectively**
- **Total distribution per Stapled Security for 3Q 2016 and YTD Sep 2016 was 2.44 cents and 6.89 cents respectively**
- **CDLHT remains well-poised for acquisitions with gearing of 36.7%**

Singapore, 28 October 2016 – 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 third quarter ("3Q 2016") and nine months ("YTD Sep 2016") ended 30 September 2016.

Financial Highlights:

	1 Jul 2016 to 30 Sep 2016 S$'000 ("3Q 2016")	1 Jul 2015 to 30 Sep 2015 S$'000 ("3Q 2015")	Increase/ (Decrease) (%)	1 Jan 2016 to 30 Sep 2016 S$'000 ("YTD Sep 2016")	1 Jan 2015 to 30 Sep 2015 S$'000 ("YTD Sep 2015")	Increase/ (Decrease) (%)
Gross revenue	45,408	41,084	10.5	132,531	122,297	8.4
Net property income ("NPI")	34,832	33,080	5.3	99,866	99,198	0.7
Income available for distribution to Stapled Securityholders (after retention)	24,175	23,292	3.8	67,464	69,403	(2.8)
Capital distribution	-	-	-	738	-	N.M.
Total distribution to Stapled Securityholders (after retention and including capital distribution)	24,175	23,292	3.8	68,202	69,403	(1.7)
Total distribution per Stapled Security (after retention and including capital distribution) ("DPS")(cents)	2.44	2.36	3.4	6.89	7.05	(2.3)

Third quarter ended 30 September 2016

In 3Q 2016, CDLHT recorded NPI of S$34.8 million, an increase of 5.3% as compared to 3Q 2015. Inorganic contribution from United Kingdom ("UK") Hotel as well as improved performance from New Zealand ("NZ") Hotel boosted the portfolio's performance. Contributions from Australia and Japan Hotels also grew due to positive earnings translation. However, the growth in NPI was partially offset by lower contributions from Singapore and Maldives as a result of the soft trading environment.

Overall, total distribution to Stapled Securityholders (after retention for working capital) for 3Q 2016[1], increased 3.8% year-on-year ("yoy") to S$24.2 million. Accordingly, DPS for 3Q 2016 was 2.44 cents.

Nine months ended 30 September 2016

For YTD Sep 2016, NPI was 0.7% higher yoy at S$99.9 million. The growth was mainly due to inorganic contribution from the UK Hotel, improved performance from the NZ Hotel as well as incremental contribution from Claymore Connect. Contribution from Japan Hotels grew due to positive earnings translation as a result of the stronger Japanese Yen ("JPY"). However, the growth in NPI was partially offset by continued weakness in the Singapore and Maldives markets while the Australia Hotels recorded lower rent contribution mainly due to a smaller variable income contribution from FY 2015.

Net finance costs for YTD Sep 2016 increased by S$3.2 million to S$18.3 million, mainly due to higher interest expenses and foreign exchange differences. The higher interest expense arose due to increased borrowings for the acquisition of the UK Hotel and asset enhancement works for Singapore properties as well as a higher quantum of fixed rate borrowings.

Overall, total distribution to Stapled Securityholders (after retention for working capital) for YTD Sep 2016, which includes six months of income and capital distribution from the Japan Hotels[2], was 1.7% lower at S$68.2 million. Accordingly, DPS for YTD Sep 2016 was 6.89 cents as compared to the 7.05 cents recorded in YTD Sep 2015.

Mr Vincent Yeo, Chief Executive Officer of CDLHT's managers, said, "The trading environment for Singapore hotels is likely to remain competitive till next year given the subdued economic environment leading to softer corporate demand. Nevertheless, we are encouraged by the continued growth in visitor arrivals which have supported the healthy occupancy levels in the market."

He added, "Overall, our geographically diversified portfolio has provided the benefits of income diversification despite the soft trading conditions in our core Singapore market. Our performance in third quarter was lifted up by inorganic contribution from Hilton Cambridge City Centre as well as improved performance from Grand Millennium Auckland."

Review of Portfolio's Performance and Outlook

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

	3Q 2016	3Q 2015	Increase/ (Decrease)	YTD Sep 2016	YTD Sep 2015	Increase/ (Decrease)
Average Occupancy Rate	90.7%	90.2%	0.5pp	86.0%	88.2%	(2.2)pp
Average Daily Rate	S$186	S$201	(7.5)%	S$188	S$199	(5.5)%
Revenue per Available Room ("RevPAR")	S$168	S$181	(7.2)%	S$162	S$176	(8.0)%

[1] The third quarter contribution from the Japan Hotels has not been included in the total distribution for 3Q and YTD Sep 2016. Distribution from the Japan Hotels occurs twice yearly, at six months interval (contribution from 1 October to 31 March will be distributed in 2Q and that of 1 April to 30 September in 4Q).
[2] Following the completion of audit and tax filing of the Japan Hotels for its six-month fiscal period ended 31 March 2016, contribution from the Japan Hotels for the period from 1 October 2015 to 31 March 2016 was included in the distribution for YTD Sep 2016.

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Singapore

For the period from January to August 2016, international visitor arrivals grew 10.3% yoy to 11.3 million while total visitor days increased 3.6% yoy to 39.3 million as the average length of stay has declined.

RevPAR for Singapore Hotels fell 7.2% yoy in 3Q 2016 to S$168 mainly due to the competitive trading environment induced by new rooms supply and softening corporate activities as a result of continued global economic weakness.

Two of the Singapore Hotels have been undergoing asset enhancement works to improve their competitive positioning. At Grand Copthorne Waterfront Hotel, the remaining renovation that was announced previously will complete by end 2016. These renovations relate mainly to the refurbishment of some existing meeting rooms. At M Hotel, the ongoing room refurbishment is expected to complete by end 2016. While the hotels remain operational, they will continue to face some disruption and revenue loss in the short term.

On the supply front, industry room inventory is estimated to grow by an estimated 2,520[3] rooms in 2016, representing a 4.1% yoy growth in room stock. As such, room rates are likely to remain competitive as new hotels seek to build their base business.

Japan

Japan recorded a yoy increase of 24.1%[4] in visitor arrivals for the first nine months of 2016. The continued strength of the JPY has moderated the growth in inbound arrivals and hotel room rates have also retreated as a result. The adverse weather conditions experienced in 3Q 2016 have also dampened travel from the domestic market. There was also competition from new hotel room supply. Consequently, the Japan Hotels posted a combined yoy RevPAR drop of 6.6% in 3Q 2016. NPI grew 1.7% yoy in 3Q 2016 as a result of the stronger JPY during the quarter.

Maldives

The hospitality market continues to face headwinds due to the relative strength of the US dollar against the currencies of its major source markets. China, which is the top source market into Maldives, registered a 11.5%[5] yoy decline in arrivals for YTD August 2016. As a result, the two Maldives Resorts posted a collective yoy RevPAR decline of 28.8% for 3Q 2016. The outlook for Maldives is expected to remain challenging in the near term.

United Kingdom

Hilton Cambridge City Centre recorded a yoy RevPAR growth of 10.2%[6] in 3Q 2016. This growth was fuelled by strong corporate business due to the refurbished product as well as the recent rebranding of the hotel. Post-Brexit, the hotel has not seen any discernible impact to its business.

In UK, the tourism sector is likely to benefit from increased inbound leisure arrivals due to the weaker pound. The recent aviation deal to more than double flights between UK and China[7], is also expected to boost visitor arrivals from China - the world's largest outbound travel market[8]. In the latest IMF report, the 2017 growth forecast for UK has been revised downwards by 0.2 percentage points to 1.1% to reflect the

[3] Based on Horwath data (August 2016) and CDLHT research
[4] Japan National Tourism Organization
[5] Ministry of Tourism, Republic of Maldives
[6] The yoy RevPar comparison assumes that CDLHT owned the UK Hotel for 3Q 2015.
[7] Financial Times, "Flights between UK and China to double under aviation deal", 12 October 2016
[8] World Tourism Organization, "International tourist arrivals up 4% reach a record 1.2 billion in 2015", 18 January 2016

uncertainty in the medium term when UK commences formal European Union exit negotiations by March 2017[9].

Australia

In Australia, mining investment continues to be subdued. The impending increase in new hotel room supply in Perth and Brisbane, coupled with continued anemic natural resource sector, will weigh on the trading performance of the hospitality sector. However, any weakness in the performance of the Australia Hotels is mitigated by the defensive lease structure which provides CDLHT with largely fixed rent.

New Zealand

In NZ, the tourism sector remains buoyant with visitor arrivals growing 11.8%[10] yoy to a record 2.4 million for the first nine months of 2016. The 22.4% increase in NPI for 3Q 2016 was attributable to the good underlying performance of the hotel which saw a yoy RevPAR growth of 9.5%, a stronger NZ dollar as well as the recognition of variable rental income. Looking ahead, the growth momentum in NZ tourism sector is likely to be supported by the increase in new international air services and a strong events calendar.

On 7 September 2016, CDLHT commenced a new lease with Millennium & Copthorne Hotels New Zealand Limited and its NZ Hotel is now rebranded as Grand Millennium Auckland. Under the new lease structure, CDLHT is positioned to benefit from the growth trajectory in the Auckland hospitality market as the terms provide for more variable income as opposed to the largely fixed rent received under the previous lease.

Mr Yeo concluded: "Our balance sheet and debt headroom remains healthy and we will continue to source for acquisitions to enhance our returns to Stapled Securityholders and diversify our income further."

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[9] IMF, "World Economic Outlook", October 2016
[10] Tourism – Statistics New Zealand

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About CDL Hospitality Trusts

CDL Hospitality Trusts ("CDLHT") is one of Asia's leading hospitality trusts with assets valued at S$2.5 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 CDL Hospitality Business Trust.

CDLHT was established with the principal investment strategy of investing in a diversified portfolio of hospitality and/or hospitality-related assets. As at 30 September 2016, CDLHT owns 15 hotels, two resorts and a retail mall comprising a total of 4,911 rooms. 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 shopping arcade adjoining Orchard Hotel (Claymore Connect);
(ii) five hotels in Brisbane and Perth, Australia (Novotel Brisbane, Mercure Brisbane, Ibis 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, previously known as Rendezvous Hotel Auckland);
(v) one hotel in Cambridge, United Kingdom (Hilton Cambridge City Centre); and
(vi) two resorts in Maldives (Angsana Velavaru and Jumeirah Dhevanafushi).

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