CDL HOSPITALITY TRUSTS

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CDL HOSPITALITY TRUSTS REPORTS TOTAL DISTRIBUTION OF S$24.1 MILLION FOR 1Q 2017

- **Net property income increased by 6.4% to S$35.9 million for 1Q 2017**
- **Total distribution per Stapled Security for 1Q 2017 was 9.0% higher at 2.42 cents**
- **Strong performance from Grand Millennium Auckland boosted portfolio performance in 1Q 2017**
- **CDLHT continues to pursue suitable acquisitions to diversify income sources and augment returns**

Singapore, 26 April 2017 – 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 2017") ended 31 March 2017.

Financial Highlights:

	1 Jan 2017 to 31 Mar 2017 S$'000 ("1Q 2017")	1 Jan 2016 to 31 Mar 2016 S$'000 ("1Q 2016")	Increase (%)
Gross revenue	46,411	44,664	3.9
Net property income ("NPI")	35,872	33,710	6.4
Total distribution to Stapled Securityholders (after retention)	24,143	21,942	10.0
Total distribution per Stapled Security (after retention) ("DPS")(cents)	2.42	2.22	9.0

First Quarter ended 31 March 2017

In 1Q 2017, CDLHT recorded NPI of S$35.9 million, an increase of 6.4% as compared to 1Q 2016. This was supported by strong NPI growth from the New Zealand ("NZ") Hotel as a result of higher variable rental income which was driven by stronger performance. The change from a largely fixed rent structure to a lease structure with more significant variable rent component for the NZ Hotel allowed CDLHT to benefit from Auckland's flourishing tourism scene. There was also incremental contribution from Claymore Connect while NPI contribution from the Singapore Hotels was largely unchanged.

However, the growth in NPI was partially offset by lower contributions from the Japan Hotels and the Maldives Resorts on the back of the competitive trading environment in these respective markets, as well as a decline in variable rent from the Australia Hotels. Contribution from the United Kingdom ("UK") Hotel also recorded a marginal decline due to negative currency translation despite stronger underlying hotel performance.

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Net finance costs for 1Q 2017 increased by S$4.7 million to S$11.0 million, mainly due to foreign exchange loss arising from the repayment of a NZ dollar denominated intercompany loan, which has no impact on the distribution of CDLHT.

Overall, total distribution to Stapled Securityholders (after retention for working capital) for 1Q 2017[1] increased 10.0% year-on-year ("yoy") to S$24.1 million. Accordingly, DPS for 1Q 2017 was 2.42 cents, 9.0% higher than 1Q 2016.

Mr Vincent Yeo, Chief Executive Officer of CDLHT's managers, said, "We are pleased to report respectable growth in income for 1Q 2017. Our diversification strategy coupled with active asset management has allowed us to navigate the headwinds faced in some of our core markets. In particular, Grand Millennium Auckland's new lease, which was negotiated last year, allows CDLHT to capture the strong growth in the New Zealand market."

Review of Portfolio's Performance and Outlook

The combined weighted average statistics for CDLHT's Singapore Hotels are as follows[2]:

	1Q 2017	1Q 2016	Increase/ (Decrease)
Average Occupancy Rate	88.4%	83.9%	4.5pp
Average Daily Rate	S$180	S$191	(5.9)%
Revenue per Available Room ("RevPAR")	S$159	S$161	(0.8)%

Singapore

RevPAR for the Singapore Hotels remained largely stable yoy at S$159 in 1Q 2017 as average occupancy rate improved 4.5pp yoy to 88.4%, despite the absence of the biennial Singapore Airshow event, which attracted over 48,000 visitors to Singapore[3] in the previous year. However, overall performance was affected by subdued corporate activity, particularly for the Offshore & Marine and Financial sectors, as well as price competition due to new supply of hotel inventory.

Total international visitor arrivals to Singapore grew 3.4% yoy to 2.8 million for the first two months of 2017, largely underpinned by a 15.5% growth in Chinese arrivals - Singapore's top source market[4]. For 2017, Singapore Tourism Board ("STB") has forecast 16.4 million to 16.7 million visitor arrivals[5], representing 0% to 2% yoy growth, implying a slowdown from the 7.7% yoy visitor arrivals growth observed in 2016.

Looking forward, the Singapore hospitality market is expected to experience competitive trading conditions in the near term, with Singapore's modest growth outlook in 2017[6] coupled with net supply for industry room inventory estimated to grow by an estimated 3,767[7] rooms in 2017, representing a 5.9% yoy growth in existing room stock.

[1] This excludes distribution from the Japan Hotels which occurs twice yearly, at six months intervals (contribution from 1 October to 31 March will be distributed in 2Q and that of 1 April to 30 September in 4Q)
[2] Due to rounding, numbers presented may not add up precisely to the totals provided and percentages may not precisely reflect the absolute figures
[3] Singapore Air Show, Key 2016 Show Statistics
[4] STB
[5] STB, "Singapore Achieves Record Tourism Sector Performance in 2016", 14 February 2017
[6] Ministry of Trade and Industry Singapore, "MTI Maintains 2017 GDP Growth Forecast at "1.0 to 3.0 Per Cent"", 17 February 2017
[7] Based on Horwath data (January 2017) and CDLHT Research

To boost growth in the tourism industry, the Singapore government together with other ASEAN leaders launched the Visit ASEAN@50 Golden Celebration tourism campaign, with an aim to increase international arrivals to the region by 10% to 121 million[8]. STB also continues to position Singapore as a leading MICE destination, where Singapore has recently signed a partnership to be the designated Southeast Asia host for the International Champions Cup for the next four years, which will feature world renowned football clubs such as Bayern Munich, Chelsea and Inter Milan[9] in this year's tournament. A S$34 million joint investment was also recently announced by STB, Singapore Airlines and Changi Airport Group to strengthen Singapore's destination appeal and woo business and MICE visitors[10].

Japan

In Japan, visitor arrivals increased 13.6% to 6.5 million for the first three months of 2017[11]. Consequently, the Japan Hotels enjoyed strong occupancies of over 90% but faced rate pressure as a result of price sensitivity of the market coupled with a relatively strong yen. Accordingly, RevPAR declined by 7.2% yoy due to lower room rates.

The long-term outlook for the hospitality sector in Japan is positive with the government's aim to welcome 40.0 million foreign visitors by 2020[12], in conjunction with the 2020 Tokyo Olympics. This is also supported by the Japanese government's approval of the integrated resorts. In addition, the Japanese government continues to introduce favourable initiatives such as a recent announcement to further relax visa requirements for Chinese tourists from May 2017, in particular, issuance of multiple-entry visas to applicants who are currently only eligible for single-entry visas[13].

Maldives

In Maldives, international arrivals from China, its top source market, declined by 4.6% yoy[14] for the first two months of 2017. Consequently, the Maldives Resorts posted a collective yoy RevPAR decline of 8.8% in 1Q 2017, due to pricing pressures amid aggressive promotions offered by the resorts to secure market share of the declining Chinese arrivals, as well as increase in resort supply.

The near term outlook for the Maldives market continues to be challenging, given the relative strength of the US dollar ("USD") against some of the top source markets, which has the effect of eroding the spending power of guests from these markets, as rates are priced in USD. The slowdown in luxury spending and moderating growth in China may continue to affect the performance of the Maldives Resorts. The managers of CDLHT have been working with operators of both resorts to improve the market mix as well as taking cost containment measures.

United Kingdom

Hilton Cambridge City Centre registered a strong performance in 1Q 2017 with a robust yoy RevPAR growth of 17.9%.

In UK, the weaker pound is likely to improve tourist arrivals in 2017[15]. However, on a more cautious note, there is economic uncertainty due to the formal EU exit negotiations over the next two years.

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8 Channel NewsAsia, "ASEAN can work together to increase tourism numbers, says PM Lee", 18 January 2017
9 Channel NewsAsia, "Singapore to host International Champions Cup for next 4 years", 16 March 2017
10 STB, "$34m three-year tripartite partnership to strengthen Singapore's destination appeal and drive visitor traffic", 17 Apr 2017
11 Japan National Tourism Organization
12 Nikkei Asian Review, "Japan prepares for mass influx of tourists", 11 January 2017
13 Ministry of Foreign Affairs of Japan, "Relaxation of Visa Requirements for Chinese Citizens", 21 April 2017
14 Ministry of Tourism, Republic of Maldives
15 TTG, "2017 could be 'record year' for inbound tourism", 30 December 2016

Australia

In Australia, the outlook for the natural resource sector remains subdued over the short to medium term[16]. Coupled with the increase in new hotel rooms supply in Perth and Brisbane, trading performance of the hospitality sector will likely remain challenging. 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 continues to enjoy strong growth, reflected by the 11.8% yoy growth in visitor arrivals to a record 3.5 million in 2016[17]. In the first two months of 2017, visitor arrivals increased 6.2% yoy to 0.8 million. Accordingly, the NZ Hotel enjoyed a stellar yoy RevPAR growth of 27.6%.

In the medium term, the increase in new international air services, a strong events calendar and the safe haven appeal of NZ are likely to support the growth momentum in the hospitality sector. Grand Millennium Auckland's variable lease structure allows CDLHT to benefit strongly from the buoyant Auckland hospitality market.

Mr Yeo concluded: "While the Singapore market continues to absorb additional rooms supply and companies remain cautious on corporate spending, we will focus on the long-term potential of our Singapore assets by seeking asset enhancement opportunities to maintain their competitiveness. We will also continue to pursue suitable acquisitions to diversify our income sources and augment returns to Stapled Securityholders."

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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$2.4 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.

16 Australia Department of Industry, Innovation and Science, "Resources and Energy Quarterly December 2016"
17 Statistics New Zealand, "International Visitor Arrivals to New Zealand"

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CDLHT was established with the principal investment strategy of investing in a diversified portfolio of hospitality and/or hospitality-related assets. As at 31 March 2017, CDLHT owns 15 hotels and two resorts comprising a total of 4,912 rooms as well as a retail mall. The properties under CDLHT's portfolio are:

(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) 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, formerly 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).