CDL HOSPITALITY TRUSTS

FOR IMMEDIATE RELEASE **26 Jan 2018**

CDL HOSPITALITY TRUSTS REPORTS TOTAL DISTRIBUTION OF S$33.9 MILLION FOR 4Q 2017

- **Net property income increased by 7.8% to S$40.6 million for 4Q 2017 and 10.3% to S$151.8 million for FY 2017**
- **Inorganic contribution from The Lowry Hotel and Pullman Hotel Munich boosted portfolio performance**
- **Singapore portfolio recorded stable performance**
- **Total distribution to Stapled Securityholders grew accordingly by 9.8% to S$33.9 million for 4Q 2017 and 11.3.% to S$110.3 million for FY 2017**
- **Successful divestment of Mercure Brisbane and Ibis Brisbane in January 2018 enabled CDLHT to unlock value for Stapled Securityholders**
- **CDLHT continues to pursue suitable acquisitions and asset enhancement initiatives to diversify income sources and augment returns**

***Singapore, 26 January 2018* –** 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 fourth quarter ("4Q 2017") and full year ("FY 2017") ended 31 December 2017.

Fourth Quarter ended 31 December 2017

In 4Q 2017, CDLHT recorded net property income ("NPI") of S$40.6 million, an increase of 7.8% compared to 4Q 2016. Inorganic contribution from The Lowry Hotel in Manchester, United Kingdom ("UK") and Pullman Hotel Munich in Germany boosted the portfolio's performance. Despite a competitive trading environment in Singapore, particularly with the opening of seven new hotels in 4Q 2017, the Singapore portfolio recorded stable performance.

However, the growth in NPI was partially offset by softer trading performance from the Japan Hotels, Maldives Resorts and Hilton Cambridge City Centre. While underlying performance of the New Zealand ("NZ") Hotel remained healthy, NPI contribution was slightly lower due to a weaker NZ Dollar and higher local property tax.

Overall, CDLHT recorded year-on-year ("yoy") growth of 9.8% in total distribution to Stapled Securityholders (after retention for working capital)[1] to S$33.9 million for 4Q 2017. Due to the enlarged stapled security base from CDLHT's rights issue[2], distribution per Stapled Security ("DPS") for 4Q 2017 was 2.83 cents, lower compared to 3.00 cents[3] in 4Q 2016. Excluding the effect of the rights issue, DPS for 4Q 2017 would be 3.39 cents, an increase of 9.0% yoy.

Full Year ended 31 December 2017

NPI for FY 2017 recorded robust yoy growth of 10.3% to S$151.8 million, supported by inorganic contribution from The Lowry Hotel and Pullman Hotel Munich, as well as stellar performance from the NZ Hotel, which recorded an NPI growth of 46.3%. NPI of the Singapore Hotels remained stable while there was higher contribution from Claymore Connect.

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[1] Includes six months of income from the Japan Hotels. Following the completion of audit and tax filing of the Japan Hotels for its six-month fiscal period ended 30 September 2017, contribution from the Japan Hotels for the period from 1 April 2017 to 30 September 2017 was included in the distribution for 4Q 2017

[2] The rights issue was completed on 2 August 2017 where CDLHT issued 199,545,741 new Stapled Securities to raise total gross proceeds of S$255.4 million

[3] For the quarter ended 31 December 2016, DPS has been restated to reflect the effect of bonus element in the rights issue, arising from exercise price being lower than the market price of the Stapled Securities

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This improvement helped to offset weaker contributions from the Japan Hotels and Maldives Resorts, as well as lower contribution from Hilton Cambridge City Centre, mainly due to a weakened Sterling pound, higher property tax and operating expenses.

Net finance costs for FY 2017 was lower by S$5.7 million, mainly due to savings in interest expense largely from the use of rights issue proceeds to repay existing borrowings, as well as lower exchange losses (which has no impact on the distributable income of CDLHT).

Overall, total distribution to Stapled Securityholders (after retention for working capital) for FY 2017[4] increased 11.3% yoy to S$110.3 million. Due to the enlarged stapled security base from the rights issue, DPS for FY 2017 was 9.22 cents, lower compared to 9.63 cents[5] in the same period last year. Excluding the effect of the rights issue, DPS for FY 2017 would be 11.04 cents, an increase of 10.4% yoy.

Mr Vincent Yeo, Chief Executive Officer of CDLHT's managers, said, "We have had a very eventful 2017 where we have successfully grown our portfolio and penetrated key new markets. Our new acquisitions will help to diversify our geographic exposure and support our income growth. It is pleasing to see that our core market, Singapore, is showing stability amidst new supply in 2017. We look forward to capitalising on a stronger event calendar in Singapore for 2018.

"In Singapore, we have embarked on a refurbishment exercise for Orchard Hotel. The renovation of the hotel's gourmet Chinese restaurant, Hua Ting, was completed and opened in December 2017. There are also other upgrading works planned to augment the competitiveness of the asset. We will continuously explore asset enhancement opportunities for CDLHT's Singapore Hotels to be positioned for the recovery in the Singapore hotel sector.

"In disposing of our two Brisbane hotels, Mercure Brisbane and Ibis Brisbane, in January 2018, for an attractive exit yield and premium over the original purchase price, we have furthered our asset management strategy of unlocking the value of our assets."

As at 31 December 2017, CDLHT has a gearing of 32.6% and regulatory debt headroom of S$644 million. CDLHT's managers intend to utilise the proceeds from the divestment of Mercure Brisbane and Ibis Brisbane mainly to repay existing borrowings, which will further strengthen CDLHT's balance sheet. Part of the gains will also be used to make distributions to Stapled Securityholders in FY 2018.

Review of Portfolio's Performance and Outlook

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

	4Q 2017	4Q 2016	Increase/ (Decrease)	FY 2017	FY 2016	Increase/ (Decrease)
Average Occupancy Rate	83.5%	83.6%	(0.1)pp	86.7%	85.4%	1.3pp
Average Daily Rate	S$186	S$184	1.2%	S$183	S$187	(2.2)%
Revenue per Available Room ("RevPAR")	S$155	S$154	1.1%	S$159	S$160	(0.6)%

[4] Includes income from the Japan Hotels. Distribution from the Japan Hotels 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)
[5] For the year ended 31 December 2016, DPS has been restated to reflect the effect of bonus element in the rights issue, arising from exercise price being lower than the market price of the Stapled Securities

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Singapore Market

Despite an increase in new supply and the absence of certain biennial events in 2017, such as the Singapore Airshow and Food & Hotel Asia, the Singapore Hotels managed to achieve a modest improvement in RevPAR for the quarter and posted only a fractional RevPAR decline for the year.

As at 31 December 2017, an estimated 2,868 net rooms, representing 4.5% of existing hotel supply at end 2016, has entered the market. While room rates are likely to remain competitive in the near term as new hotels seek to build their base, supply growth tapers off from 2018 with an estimated 769[6] net rooms or 1.2% of existing room stock opening in 2018.

On the demand front, visitor arrivals to Singapore grew 5.8% yoy to 14.5 million for year-to-date ("YTD") October 2017, mainly due to an increase in arrivals from China and India[7]. The Singapore Tourism Board ("STB") continues to position Singapore as a leading MICE destination and newly secured flagship events being featured in 2018 include Industrial Transformation Asia Pacific, the first Asia Pacific edition of a HANNOVER MESSE event on industrial technology[8], and Money20/20, the Asia Pacific edition of the world's largest FinTech event[9]. In 2018, Singapore is also the ASEAN chairman, where Singapore will host several meetings and events involving foreign delegates across the year, including the 32nd and 33rd ASEAN Summit[10].

In 2018, the pace of growth of the Singapore economy is projected to remain firm and global growth to pick up marginally[11]. The macro-economic backdrop is expected to be a supportive demand driver for the Singapore hospitality market[12].

In order to capture the demand from MICE events in the first four months of 2018, refurbishment works for the guest rooms in the Orchard wing of the Orchard Hotel, is being rescheduled to May 2018, together with planned works for a significant portion of the public areas including meeting rooms and F&B outlets. While the hotel will face some disruption in the short term, the completed refurbishment exercise will improve overall guest experience and enhance the competitiveness of the asset to be positioned for the recovery in the Singapore hotel sector.

Overseas Markets

Tourism demand in Japan continues to be healthy with visitor arrivals increasing 19.3% yoy to 28.7 million for the year 2017[13]. However, price sensitivity of the economy accommodation market was heightened by rising supply. Consequently, the Japan Hotels registered yoy RevPAR decline of 4.6% for FY 2017 despite the high occupancy levels recorded and strong market penetration.

In New Zealand, international visitor arrivals increased 7.0% yoy to a record 2.9 million for YTD October 2017[14], reflecting the steady growth momentum in the tourism market. This was also bolstered by increased flight capacity into the country and a strong line-up of sporting events such as the World Masters Games and British and Irish Lions Rugby Tour. Accordingly, the NZ Hotel achieved substantial yoy increase in RevPAR of 25.9% in FY 2017.

In the Maldives, tourist arrivals increased 8.0% yoy for 2017[15], however, demand growth was outstripped by the increase in new supply in 2017[15], which resulted in a very competitive trading environment.

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[6] Based on Horwath data (January 2018) and CDLHT research
[7] STB
[8] STB, "Singapore to host premiere of Industrial Transformation Asia Pacific – a HANNOVER MESSE event", 2 November 2017
[9] STB Annual Report 2016-2017
[10] ASEAN Singapore 2018
[11] Ministry of Trade and Industry Singapore, "MTI Forecasts GDP to Grow by "3.0 to 3.5 Per Cent" in 2017 and "1.5 to 3.5 Per Cent" in 2018", 23 November 2017
[12] Savills Hotels, Singapore Hotel Market Perspectives, December 2017
[13] Japan National Tourism Organization
[14] Tourism – Statistics New Zealand
[15] Ministry of Tourism, Republic of Maldives, Tourism Monthly Updates

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Consequently, the Maldives Resorts posted a collective yoy RevPAR decline of 14.7% for FY 2017. The increased flight capacity from destinations including Europe, Southeast Asia and the Middle East, will help support demand growth.

Extensive asset enhancement plans are being finalised for Dhevanafushi Maldives Luxury Resort, Managed by AccorHotels, and will culminate in a full re-branding exercise into a Raffles resort, under the iconic collection of Raffles Hotels and Resorts in late 2018. This transition process will lead to sub-optimal revenue contribution until the exercise is completed. To strengthen Angsana Velavaru's product offering and market positioning, a refurbishment exercise is also being planned for the resort in the third quarter of 2018 to upgrade 28 land villas.

In the UK, visitor arrivals increased 5.5% yoy to 33.3 million for YTD October 2017[16]. Total arrivals are forecast to grow 6.2% in 2017 and a further 4.4% in 2018, although Brexit and Sterling pound-related uncertainties may weigh on overall demand[17]. Increase in new rooms supply in the Cambridge market moderated Hilton Cambridge City Centre's RevPAR growth to 1.9% for FY 2017. The Lowry Hotel in Manchester, managed to achieve a yoy RevPAR growth of 1.8%[18] in the six-month period ended 31 December 2017 during CDLHT's ownership, despite the residual effects of the terror attacks in May 2017.

The Eurozone continues to record economic growth and the positive economic environment has led to strengthening business optimism in Germany[19]. Pullman Hotel Munich recorded RevPAR improvement of 0.6%[20] in the six-month period ended 31 December 2017 during CDLHT's ownership, as a new airline crew contract helped to mitigate the effects of new rooms supply in the city. Total international visitor arrivals to Munich increased 12.9% yoy for YTD October 2017[21] and the strong pipeline of trade shows over the next two years[22] will provide support for the Munich hospitality market.

Mr Yeo concluded: "The proceeds from the sale of the Brisbane assets, together with our successful equity fund raising exercise in 2017, have significantly strengthened our balance sheet. With ample debt headroom, we will actively pursue suitable acquisitions in markets with strong growth trajectory to enhance returns for Stapled Securityholders."

– ENDS –

[16] International Passenger Survey, Office for National Statistics
[17] 2018 Inbound Tourism Forecast – VisitBritain
[18] The yoy RevPAR comparison assumes CDLHT owned The Lowry Hotel in the six month period ended 31 December 2016
[19] IHS Markit Eurozone Composite PMI, "Eurozone economic growth highest since early-2011", 4 January 2018
[20] The yoy RevPAR comparison assumes CDLHT owned Pullman Hotel Munich in the six month period ended 31 December 2016 and the first 13 days of July 2017
[21] Muenchen.de
[22] Events Eye

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Financial Highlights:

	1 Oct 2017 to 31 Dec 2017 S$'000 ("4Q 2017")	1 Oct 2016 to 31 Dec 2016 S$'000 ("4Q 2016")	Increase/ (Decrease) (%)	1 Jan 2017 to 31 Dec 2017 S$'000 ("FY 2017")	1 Jan 2016 to 31 Dec 2016 S$'000 ("FY 2016")	Increase/ (Decrease) (%)
Revenue	55,240	48,326	14.3	204,315	180,857	13.0
NPI	40,624	37,694	7.8	151,760	137,560	10.3
Income to be distributed to Stapled Securityholders (after retention)	30,435	27,513	10.6	104,629	94,977	10.2
Capital distribution	3,502	3,409	2.7	5,717	4,147	37.9
Total distribution to Stapled Securityholders (after retention and including capital distribution)	33,937	30,922	9.8	110,346	99,124	11.3
DPS (after retention and including capital distribution) (cents)[23]	2.83	3.00	(5.7)	9.22	9.63	(4.3)
<u>For information only</u> **DPS excluding effect of rights issue (after retention and including capital distribution) (cents)**	3.39	3.11	9.0	11.04	10.00	10.4

[23] On 2 August 2017, 199,545,741 new Stapled Securities were issued pursuant to the rights issue. DPS before and after retention for the quarter and year ended 31 December 2016 have been restated to reflect the effect of bonus element in the rights issue, arising from exercise price being lower than the market price of the Stapled Securities

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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$2.7 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 11 January 2018, CDLHT owns 15 hotels and two resorts comprising a total of 5,002 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); and
(vii) two resorts in Maldives (Angsana Velavaru and Dhevanafushi Maldives Luxury Resort, Managed by AccorHotels (previously known as Jumeirah Dhevanafushi)).