



CDL HOSPITALITY TRUSTS

FOR IMMEDIATE RELEASE

27 JUL 2018

**CDL HOSPITALITY TRUSTS REPORTS
TOTAL DISTRIBUTION OF S\$25.8 MILLION FOR 2Q 2018**

- Inorganic contribution from The Lowry Hotel and Pullman Hotel Munich boosted overall portfolio performance
- Net property income of S\$33.6 million and S\$71.4 million for 2Q 2018 and 1H 2018 respectively
- Total distribution per Stapled Security increased 2.9% to 2.14 cents for 2Q 2018 and 5.1% to 4.31 cents for 1H 2018
- CDLHT continues to pursue suitable acquisitions and asset enhancement initiatives to diversify income sources and augment returns

Singapore, 27 July 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 second quarter (“2Q 2018”) and first six months (“1H 2018”) ended 30 June 2018.

Financial Highlights:

	1 Apr 2018 to 30 Jun 2018 S\$'000 ("2Q 2018")	1 Apr 2017 to 30 Jun 2017 S\$'000 ("2Q 2017")	Increase/ (Decrease) (%)	1 Jan 2018 to 30 Jun 2018 S\$'000 ("1H 2018")	1 Jan 2017 to 30 Jun 2017 S\$'000 ("1H 2017")	Increase/ (Decrease) (%)
Revenue	47,713	47,838	(0.3)	99,508	94,249	5.6
Net property income (“NPI”)	33,598	34,906	(3.7)	71,416	70,778	0.9
Total distribution to Stapled Securityholders (after retention)	25,783	24,876	3.6	51,845	49,019	5.8
Total distribution per Stapled Security (after retention) (“DPS”)(cents)	2.14	2.08	2.9	4.31	4.10	5.1

Second Quarter ended 30 June 2018

In 2Q 2018, CDLHT recorded NPI of S\$33.6 million, a decrease of 3.7% as compared to 2Q 2017. New contribution from Pullman Hotel Munich in Germany, which performed strongly, and an additional 34 days of contribution from The Lowry Hotel¹ in Manchester, United Kingdom (“UK”) boosted CDLHT’s portfolio NPI. However, the growth in NPI was largely offset by the absence of income from Mercure Brisbane and Ibis Brisbane due to their divestment in January 2018, the closure of Dhevanafushi Maldives Luxury Resort for renovations in June 2018, and lower contribution from Grand Millennium Auckland due to the absence of one-off sporting events in New Zealand along with a weaker NZD and higher property tax.

¹ Acquisition of The Lowry Hotel was completed on 4 May 2017 while acquisition of Pullman Hotel Munich was completed on 14 Jul 2017



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Interest expense for 2Q 2018 was lower by S\$0.5 million mainly due to the repayment of certain loans with the proceeds from CDLHT's right issue in 3Q 2017, which resulted in interest savings.

Overall, CDLHT recorded year-on-year ("yoy") increase of 3.6% in total distribution to Stapled Securityholders (after retention for working capital) for 2Q 2018² to S\$25.8 million. Accordingly, DPS for 2Q 2018 was 2.14 cents, 2.9% higher than 2Q 2017.

During the quarter, the remaining bridge loan for the acquisition of Pullman Hotel Munich was successfully refinanced to a €44.0 million 7-year EUR fixed term loan, allowing CDLHT to capitalise on the low funding cost environment in Europe. A 5-year SGD medium term note was also successfully refinanced to a S\$120.0 million 5-year SGD fixed rate term loan. As such, CDLHT's average weighted debt to maturity has increased to 3.2 years as at 30 June 2018, compared to 2.3 years in the previous year. With approximately two-thirds of CDLHT's total borrowings being on fixed-rate interest, CDLHT is well-positioned in a rising interest rate environment and remains disciplined in maintaining a balanced debt maturity profile.

First Half ended 30 June 2018

For 1H 2018, NPI increased by 0.9% to S\$71.4 million. This was supported by inorganic contribution from The Lowry Hotel and Pullman Hotel Munich, as well as incremental contribution from the Singapore portfolio.

However, this improvement was largely dampened by the absence of income contribution from Mercure Brisbane and Ibis Brisbane due to their divestment in January 2018 as well as the transition branding effect of Dhevanafushi Maldives Luxury Resort and its closure in June 2018 for renovations. In addition, contribution from the Japan properties was lower due to softer trading performance and also some inventory displacement arising from the refurbishment of guestrooms earlier this year. As a result of moderating performance of the New Zealand hospitality market, coupled with a weaker NZD and higher property tax, contribution from Grand Millennium Auckland was also lower.

Interest expense for 1H 2018 was lower by S\$1.4 million mainly due to interest savings as a result of repayment of certain loans with the proceeds from CDLHT's right issue in 3Q 2017.

Overall, total distribution to Stapled Securityholders (after retention for working capital) for 1H 2018² increased 5.8% yoy to S\$51.8 million and DPS was 4.31 cents, 5.1% higher than 1H 2017.

Mr Vincent Yeo, Chief Executive Officer of CDLHT's managers, said, "We continue to benefit from a broader earnings base underpinned by the active diversification of our portfolio. While the Singapore hospitality market is absorbing the influx of new hotel supply from last year, we look forward to a gradual recovery in the hotel sector as growth drivers continue to look encouraging. We are focused on creating long-term value for Stapled Securityholders and will continue to proactively seek opportunities to enhance our existing assets and strengthen their competitive positioning in the market."

Review of Portfolio's Performance and Outlook

The combined weighted average statistics for CDLHT's Singapore Hotels are as follows³:

² 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)

³ 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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	2Q 2018	2Q 2017	Increase/ (Decrease)	1H 2018	1H 2017	Increase/ (Decrease)
Average Occupancy Rate	83.5%	86.2%	(2.7)pp	85.5%	87.3%	(1.8)pp
Average Daily Rate	S\$184	S\$180	2.3%	S\$184	S\$180	2.0%
Revenue per Available Room ("RevPAR")	S\$153	S\$155	(0.9)%	S\$157	S\$157	0.0%

Singapore

In Singapore, the hospitality market remained competitive particularly for shoulder periods, due to the supply surge towards the end of 2017. Corporate demand during the quarter was adversely affected by two public holidays falling in mid-week during the month of May and the Trump-Kim summit in the month of June. As such, RevPAR of the Singapore Hotels was down marginally by 0.9% for 2Q 2018.

On the supply front, Singapore hotel inventory is estimated to increase by 281 net rooms⁴ in 2018, representing approximately 0.4% of existing room stock. While supply growth going forward is benign, the trading environment is likely to remain competitive as new hotels which opened in 2017 continue to build their base.

For year-to-date ("YTD") May 2018, international visitor arrivals to Singapore increased 6.9% yoy to 7.7 million and total visitor days grew 5.0% yoy⁵. The growth in visitor arrivals was mainly due to an increase in Chinese and Indian arrivals, and nine out of the top ten source markets also recorded growth.

STB continues to deepen its marketing efforts in top source markets, such as improving product offerings for Chinese Meetings and Incentives (M&I) groups⁶ and growing the Indian cruise market⁷. The successful hosting of the Trump-Kim summit in June 2018 has further strengthened Singapore's position as an ideal destination for businesses and meetings⁸. In addition, expanding air connectivity from long-haul markets, including Qantas rebasing its largest transit hub outside of Australia from Dubai to Singapore and Singapore Airlines' upcoming expansion of direct services to North America⁹, will provide demand growth support for the Singapore hospitality market¹⁰.

As part of ongoing asset enhancements, Orchard Hotel has commenced on the makeover of its lobby and un-refurbished food and beverage outlets, which is expected to complete by end 2018. Thereafter, the guest rooms in the Orchard wing will be renovated progressively from 4Q 2018 to around 1Q 2019, as well as the ballroom and some meeting spaces in the hotel. Orchard Hotel is one of only four hotels in Singapore with a ballroom that can accommodate 1,000 or more guests. With the refurbishment works, Orchard Hotel Grand Ballroom's standing will be further enhanced as one of the top few large ballroom venues in Singapore. At Grand Copthorne Waterfront Hotel, following an extensive public area renovation conducted from 2015 to 2016, there is a phased room refurbishment exercise being planned, along with the remaining un-refurbished meeting room facilities.

The completed renovation works will augment the product offerings of both hotels. Other asset enhancement opportunities in other hotels are being evaluated to better position CDLHT for the recovery in the Singapore hotel sector.

⁴ Based on Horwath data (July 2018) and CDLHT Research

⁵ Singapore Tourism Board ("STB")

⁶ STB Tourism Industry Conference 2018, "Sharpening Singapore's Positioning for the Chinese Market"

⁷ STB Tourism Industry Conference 2018, "Connecting With India's Young and Growing Middle Class"

⁸ SCMP, "Trump-Kim summit – Singapore uses historic meet as ultimate branding exercise", 13 June 2018

⁹ STB Tourism Industry Conference 2018, "Decoding the Trends of the Rapidly Evolving US Market"

¹⁰ STB, 2017 Year-In-Review, 12 February 2018



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Overseas Market

New Zealand's tourism sector remains healthy with visitor arrivals growing 2.9% to 1.9 million for YTD Jun 2018¹¹ and forward demand is supported by growing flight capacity. In 2Q 2017, Grand Millennium Auckland saw a stellar RevPAR performance due to major sporting events such as the World Masters Games and the British and Irish Lions Rugby Tour. Against this high-base effect, its RevPAR was lower by 11.6% yoy for 2Q 2018. Performance is likely to be moderated going forward with the absence of one-off major events this year as well as growing supply in Auckland.

Japan recorded sustained growth in tourism demand with total arrivals increasing 15.6% to 15.9 million for YTD June 2018¹², leading to high occupancies for the hotel industry. However, the Tokyo market continued to be competitive due to new supply, including alternative accommodation such as Airbnb, which posed pressure on average room rates and is likely to persist in the near term¹³. As a result, the Japan Hotels traded at almost full capacity in 2Q 2018 but with a marginal RevPAR decline of 2.2%. In June 2018, a significant number of Airbnb listings in Tokyo were forced to be temporarily suspended until governmental permit is granted, which should benefit the hotel market.

Total arrivals to the Maldives increased in 2018 and the European markets saw a recovery in growth. However, the trading environment remained competitive during 2Q 2018 and is expected to remain so in the near term due to increase in new resort supply and tepid Chinese tourism arrivals, which is the biggest source market in the Maldives¹⁴. As such, RevPAR for Angsana Velavaru declined but NPI contribution in local currency was unaffected due to the recognition of minimum rent.

Looking ahead, the Maldives government has also announced new steps to maintain a structured growth in tourism, including a slowdown in leasing islands for resort development and increased marketing efforts in key markets such as China and the Middle East¹⁵.

As part of the operator and transition programme for Dhevanafushi Maldives Luxury Resort, major enhancement works for the resort is in progress and is expected to complete in 4Q 2018. Upon completion, it will be relaunched as Raffles Maldives Meradhoo Resort, the first flagship "Raffles Hotels & Resorts" property in the Maldives, elevating its product offerings in the high-end luxury segment of the Maldives market. To also strengthen Angsana Velavaru's market positioning, refurbishment works are being planned for 28 land villas.

In 2Q 2018, the UK Hotels reported a slight yoy RevPAR dip of 1.1% collectively¹⁶, where The Lowry Hotel recorded a slight RevPAR gain, while the increased room supply in Cambridge contributed to a weaker RevPAR for Hilton Cambridge City Centre. Nonetheless, Hilton Cambridge City Centre's NPI contribution was marginally higher due to lower one-off expenses. Contribution from the UK Hotels also benefitted from a stronger GBP. For 2018, visitor arrivals to the UK are forecast to grow 4.4% yoy, although Brexit uncertainties may weigh on corporate demand¹⁷. To enhance The Lowry Hotel's position as one of the top hotels in Manchester, there are plans to renovate the Presidential Suite, as well as to upgrade the public areas.

International arrivals to Munich grew 4.9% yoy to 1.3 million for YTD May 2018¹⁸ and a stronger city events calendar featured well for Munich during 2Q 2018, along with strong corporate group demand. Accordingly, Pullman Hotel Munich recorded a robust yoy RevPAR growth of 15.6% for the quarter¹⁹.

¹¹ Stats NZ, "International travel and migration"

¹² Japanese National Tourism Organization

¹³ Savills World Research, Briefing "Hotel sales & investment", May 2018

¹⁴ Ministry of Tourism, Republic of Maldives

¹⁵ Maldives Insider, "Maldives to Witness \$1.6 Bln New Tourism Investments in Five Years", 6 April 2018

¹⁶ Acquisition of The Lowry Hotel was completed on 4 May 2017. The yoy RevPAR comparison assumes CDLHT owns The Lowry Hotel in the same period in 2017

¹⁷ 2018 Inbound Tourism Forecast – VisitBritain

¹⁸ München Tourismus

¹⁹ Acquisition of Pullman Hotel Munich was completed on 14 July 2017. The yoy RevPAR comparison assumes CDLHT owns Pullman Hotel Munich in the same period in 2017



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While there is impending near term growth in hotel inventory, demand in the hospitality market is well-supported by Munich's events calendar²⁰.

Mr Yeo concluded: "With a strong balance sheet and ample debt headroom, we are well-poised to actively pursue suitable acquisitions in markets with growth potential."

As at 30 June 2018, CDLHT has a gearing of 33.2% and regulatory debt headroom of S\$609 million.

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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 30 June 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)).

²⁰ Events Eye