CDL HOSPITALITY TRUSTS

FOR IMMEDIATE RELEASE **28 JUL 2017**

CDL HOSPITALITY TRUSTS REPORTS TOTAL DISTRIBUTION OF S$24.9 MILLION FOR 2Q 2017

- **Net property income increased by 11.4% to S$34.9 million and total distribution to Stapled Securityholders grew 12.6% to S$24.9 million for 2Q 2017**
- **Strong performance from Grand Millennium Auckland and inorganic contribution from The Lowry Hotel boosted portfolio performance in 2Q 2017**
- **Eligible Stapled Securities and new Stapled Securities in relation to the rights issue are entitled to DPS of 4.10 cents for 1H 2017**
- **CDLHT continues to pursue suitable acquisitions and asset enhancement initiatives to diversify income sources and augment returns**

Singapore, 28 July 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 second quarter ("2Q 2017") and first six months ("1H 2017") ended 30 June 2017.

Second Quarter ended 30 June 2017

In 2Q 2017, CDLHT recorded net property income ("NPI") of S$34.9 million, an increase of 11.4% compared to 2Q 2016. This was underpinned by inorganic contribution from The Lowry Hotel in Manchester, United Kingdom ("UK"), which was acquired on 4 May 2017, as well as strong NPI growth from the New Zealand ("NZ") Hotel as a result of higher variable rental income from the robust underlying hotel 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 buoyant hospitality market. There were also incremental contributions from the Singapore Hotels and Claymore Connect.

However, the growth in NPI was partially offset by softer trading performance from the Japan Hotels and Maldives Resorts, as well as lower contribution from Hilton Cambridge City Centre due to the weakened GBP and one-off expenses including the re-launch costs in relation to its newly repositioned restaurant.

Overall, total distribution to Stapled Securityholders (after retention for working capital) for 2Q 2017, which includes income from the Japan Hotels[1] and capital distribution comprising income from the Group's overseas properties, increased 12.6% year-on-year ("yoy") to S$24.9 million.

On 27 June 2017, CDLHT launched a rights issue and the new Stapled Securities will be listed on 2 August 2017. Eligible Stapled Securityholders who have fully subscribed for their *pro-rata* rights entitlement will enjoy the growth in distribution, where distribution per Stapled Security ("DPS") for 2Q 2017, excluding the effect of the rights issue, increased 11.7% yoy to 2.49 cents. Taking into account the issuance of new Stapled Securities, which are entitled for distribution for the period from 1 January 2017 to 30 June 2017, DPS for 2Q 2017 was 2.08 cents, as compared to 2.16 cents[2] in the same period last year.

[1] 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).
[2] For the quarter ended 30 June 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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First Half ended 30 June 2017

For 1H 2017, NPI increased by 8.8% to S$70.8 million. This was supported by inorganic contribution from The Lowry Hotel and the stellar performance by the NZ Hotel, which recorded an NPI growth of 91.9%. Contribution from the Singapore Hotels remained stable while there was higher contribution from Claymore Connect.

This improvement was however dampened by weaker contributions from the Japan Hotels and Maldives Resorts due to softer trading conditions as well as lower contribution from Hilton Cambridge City Centre due to negative currency translation and recognition of one-off expenses.

Net finance costs for 1H 2017 increased by S$4.5 million to S$17.0 million, mainly due to foreign exchange differences relating to the repayment of a foreign currency denominated loan, which has no impact on the distributable income of CDLHT.

Overall, total distribution to Stapled Securityholders (after retention for working capital) for 1H 2017, which includes income from the Japan Hotels[3] and capital distribution from the Group's overseas properties, increased 11.3% yoy to S$49.0 million.

Accordingly, excluding the effect of the rights issue, DPS for 1H 2017 would have been 4.91 cents, a 10.3% increase as compared to 1H 2016, whereby eligible Stapled Securityholders who have fully subscribed for their *pro-rata* rights entitlement will enjoy the growth in distribution. Taking into account the issuance of new Stapled Securities, which are entitled for distribution for 1H 2017, DPS for 1H 2017 was 4.10 cents, as compared to 4.30 cents[4] in the same period last year.

Mr Vincent Yeo, Chief Executive Officer of CDLHT's managers, said, "The implementation of our diversification strategy in the past few years have allowed us to deliver income growth and we are also pleased that our core market, Singapore, has displayed stability amidst a competitive trading environment. We continue to be focused on enhancing our portfolio and returns for Stapled Securityholders. In May, we acquired The Lowry Hotel, a 5-star luxury hotel in the high growth region of Manchester, UK, which has provided us with inorganic growth this quarter. This month, we gained a strategic footing in the largest economy in Europe through the acquisition of Pullman Hotel Munich, a 4-star hotel in Munich, Germany. The effects of the contributions from these two hotels will be fully felt in the coming quarters ahead."

Review of Portfolio's Performance and Outlook

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

	2Q 2017	2Q 2016	Increase/ (Decrease)	1H 2017	1H 2016	Increase/ (Decrease)
Average Occupancy Rate	86.2%	83.5%	2.7pp	87.3%	83.7 %	3.6pp
Average Daily Rate	S$180	S$188	(4.7)%	S$180	S$190	(5.3)%
Revenue per Available Room ("RevPAR")	S$155	S$157	(1.4)%	S$157	S$159	(1.1)%

[3] 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).
[4] For the period ended 30 June 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.

Singapore

The trading environment of the Singapore hospitality market continued to experience downside pressure with the absence of the biennial Food & Hotel Asia event this year coupled with price competition in the market. Despite this, the Singapore Hotels achieved higher occupancies and consequently, overall RevPAR decreased marginally by 1.4% yoy for 2Q 2017.

Total international visitor arrivals to Singapore grew 4.4% yoy to 5.8 million for the first four months of 2017, mainly due to an increase in Chinese arrivals, Singapore's top source market. Eight out of the top ten source markets also recorded growth. Consequently, total visitor days grew 2.6% yoy[5].

On the supply front, industry room inventory is estimated to grow by 2,559[6] rooms in 2017, representing a 4.0% yoy growth in room stock as at end of 2016. As such, room rates are likely to remain competitive as new hotels seek to build their base business.

Looking ahead, Singapore's growth outlook is expected to be more positive with improving growth prospects for the global economy[7]. To augment Singapore's position as a leading MICE destination, Singapore Tourism Board ("STB"), Changi Airport Group ("CAG"), Singapore Airlines ("SIA"), JetQuay and Uber recently launched the second edition of the Singapore MICE Advantage Programme to draw more business events to Singapore. The first edition, launched in 2013 and concluded in 2016, secured over 85 events to Singapore[8]. In addition, STB, SIA and CAG also announced a S$34 million tripartite partnership in April this year to strengthen Singapore's destination appeal and woo business and MICE visitors[9].

Japan

In Japan, visitor arrivals increased 17.4% to 13.8 million for the first six months of 2017[10]. Consequently, the Japan Hotels enjoyed strong occupancies but the high price sensitivity of the Tokyo economy accommodation market continues to weigh on the Japan Hotels' performance. Against this backdrop, RevPAR declined by 4.2% yoy for 2Q 2017.

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[11], in conjunction with the 2020 Tokyo Olympics. This is also supported by the Japanese government's approval of the development of integrated resorts. In addition, the Japanese government further relaxed 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[12].

Maldives

The trading environment of the Maldives hospitality market remained challenging with declining tourism demand from China, the largest source market for Maldives, and pricing pressures amongst market players with the increase in new supply. Consequently, the Maldives Resorts posted a collective yoy RevPAR decline of 16.3% for 2Q 2017. 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

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[5] Singapore Tourism Board ("STB")
[6] Based on Horwath data (July 2017) and CDLHT research
[7] Ministry of Trade and Industry Singapore, "MTI Maintains 2017 GDP Growth Forecast at "1.0 to 3.0 Per Cent", 25 May 2017
[8] STB, "Enhanced advantage programme launched to draw more business events to Singapore", 16 May 2017
[9] STB, "$34m three-year tripartite partnership to strengthen Singapore's destination appeal and drive visitor traffic", 17 April 2017
[10] Japan National Tourism Organization
[11] Nikkei Asian Review, "Japan prepares for mass influx of tourists", 11 January 2017
[12] Ministry of Foreign Affairs of Japan, "Relaxation of Visa Requirements for Chinese Citizens", 21 April 2017

Hilton Cambridge City Centre recorded a yoy RevPAR growth of 2.8% in 2Q 2017 while The Lowry Hotel, in Manchester, experienced a slight dip in RevPAR due to the bombing of Manchester Arena in late May.

In UK, the weaker GBP is likely to improve tourism flows and international arrivals are expected to increase in 2017[13]. However, there is significant economic and political uncertainty with the outcome of the June elections and EU exit negotiations, which may affect corporate demand.

New Zealand

In New Zealand, the tourism sector continues to enjoy healthy demand growth with international visitor arrivals increasing 8.7% yoy to a record 1.9 million for the first six months of 2017[14]. The growth of the hospitality market in New Zealand is driven by the increase in new international air services and a strong line-up of sporting events such as the World Masters Games and the British and Irish Lions Rugby Tour. Accordingly, the NZ Hotel enjoyed a stellar yoy RevPAR growth of 49.0% for 2Q 2017.

To support the tourism boom in New Zealand, Auckland Airport has recently announced an NZD 1.8 billion investment to improve its aeronautical infrastructure over the next five years[15].

Mr Yeo concluded: "With an enlarged debt headroom and strengthened balance sheet from the rights issue, we will continue to pursue suitable acquisitions and asset enhancement initiatives. This will allow us to diversify and augment our income streams and to generate growth in returns for Stapled Securityholders."

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[13] TTG, "2017 could be 'record year' for inbound tourism", 30 December 2016
[14] Tourism – Statistics New Zealand
[15] Auckland Airport, "Auckland Airport announces new aeronautical prices for next five years and $1.8 billion infrastructure investment to support the continued growth of New Zealand travel and tourism", 8 June 2017

Financial Highlights:

	1 Apr 2017 to 30 Jun 2017 S$'000 ("2Q 2017")	1 Apr 2016 to 30 Jun 2016 S$'000 ("2Q 2016")	Increase/ (Decrease) (%)	1 Jan 2017 to 30 Jun 2017 S$'000 ("1H 2017")	1 Jan 2016 to 30 Jun 2016 S$'000 ("1H 2016")	Increase/ (Decrease) (%)
Gross revenue	47,838	42,459	12.7	94,249	87,123	8.2
NPI	34,906	31,324	11.4	70,778	65,034	8.8
Income to be distributed to Stapled Securityholders (after retention)	22,661	21,347	6.2	46,804	43,289	8.1
Capital distribution	2,215	738	N.M.	2,215	738	N.M.
Total distribution to Stapled Securityholders (after retention and including capital distribution)	24,876	22,085	12.6	49,019	44,027	11.3
DPS (after retention and including capital distribution) (cents)[16]	2.08	2.16	(3.7)	4.10	4.30	(4.7)
For information only **DPS excluding effect of rights issue (after retention and including capital distribution) (cents)**	2.49	2.23	11.7	4.91	4.45	10.3

[16] DPS before and after retention for the quarter and period ended 30 June 2017 include the effect of the rights issue. The rights Stapled Securities will rank *pari passu* in all respects with the existing Stapled Securities in issue as at the date of issue of the rights Stapled Securities, including the right to distribution for the period from 1 January 2017 to 30 June 2017 as well as all distributions thereafter. DPS for 1Q 2017 is restated retrospectively to include the effect of the rights issue. As such, DPS after taking into account the effect of the rights issue, for 1Q 2017, 2Q 2017 and 1H 2017 is 2.02 cents, 2.08 cents and 4.10 cents respectively.

For the quarter and period ended 30 June 2016, DPS 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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Important Notice

Nothing in this press release constitutes an offer of any securities in the United States or elsewhere. The rights Stapled Securities have not been and will not be registered under the US Securities Act of 1933, as amended, and may not be offered or sold in the United States absent registration or an exemption from the registration requirements of that Act. No public offer of the rights Stapled Securities has been or will be made in the United States.

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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 14 July 2017, CDLHT owns 17 hotels and two resorts comprising a total of 5,414 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) 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) 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 (namely Pullman Hotel Munich); and
(vii) two resorts in Maldives (Angsana Velavaru and Jumeirah Dhevanafushi).