



CDL HOSPITALITY TRUSTS

FOR IMMEDIATE RELEASE

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CDL HOSPITALITY TRUSTS REPORTS
TOTAL DISTRIBUTION OF S\$25.4 MILLION FOR 3Q 2019

- Singapore Hotels delivered stronger performance with a 4.9% RevPAR improvement in 3Q 2019, the highest quarterly year-on-year RevPAR growth since 2012
- Net property income of S\$35.7 million and S\$103.2 million for 3Q 2019 and YTD Sep 2019 respectively
- Total distribution per Stapled Security of 2.09 cents for 3Q 2019 and 6.25 cents for YTD Sep 2019
- CDLHT continues to pursue suitable acquisitions and asset enhancement initiatives to enhance returns

Singapore, 30 October 2019 – 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 2019”) and nine months (“YTD Sep 2019”) ended 30 September 2019.

Financial Highlights:

<i>Note: One Singapore hotel was under refurbishment in 1H 2019 and one Maldives resort was temporarily closed for renovation</i>	1 Jul 2019 to 30 Sep 2019 S\$'000 (“3Q 2019”)	1 Jul 2018 to 30 Sep 2018 S\$'000 (“3Q 2018”)	Increase/ (Decrease) (%)	1 Jan 2019 to 30 Sep 2019 S\$'000 (“YTD Sep 2019”)	1 Jan 2018 to 30 Sep 2018 S\$'000 (“YTD Sep 2018”)	Increase/ (Decrease) (%)
Revenue	49,129	50,014	(1.8)	142,896	149,522	(4.4)
Net property income (“NPI”)	35,666	36,226	(1.5)	103,195	107,642	(4.1)
Total distribution to Stapled Securityholders (after retention)	25,380	26,325	(3.6)	75,764	78,170	(3.1)
Total distribution per Stapled Security (after retention) (“DPS”)(cents)	2.09	2.18	(4.1)	6.25	6.49	(3.7)

Third Quarter ended 30 September 2019

In 3Q 2019, CDLHT’s Singapore Hotels recorded higher NPI contribution, underpinned by a stronger underlying performance and better trading conditions. Hotel Cerretani Florence, acquired in end November 2018, also provided inorganic support to the overall portfolio NPI.

However, this increase was more than offset by lower NPI contribution from the rest of CDLHT’s overseas properties, in part due to weaker currencies. Trading conditions in Auckland (New Zealand), Tokyo (Japan) and Maldives were competitive while Munich (Germany) hosted less events due to a cyclically lighter events calendar. Consequently, total portfolio NPI for 3Q 2019 was slightly lower by 1.5% as compared to the previous year.



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Interest expense for 3Q 2019 was higher by S\$0.4 million mainly due to additional loans to fund the acquisition of Hotel Cerretani Florence and for asset enhancements works on CDLHT's properties, as well as higher funding costs on the floating rate loans. During the quarter, CDLHT refinanced S\$122.7 million of loans into longer tenor borrowings, all of which are fixed as at 30 October 2019.

Overall, total distribution to Stapled Securityholders (after retention for working capital) for 3Q 2019 was S\$25.4 million while DPS was 2.09 cents, a decrease of 3.6% and 4.1% respectively against 3Q 2018.

Nine months ended 30 September 2019

For YTD Sep 2019, major asset enhancement works at Raffles Maldives Meradhoo and Orchard Hotel (Singapore) affected the portfolio's performance. Raffles Maldives Meradhoo closed in June 2018 for its rebranding exercise and fully reopened in end September 2019 while extensive renovations were carried out on rooms and all events spaces at Orchard Hotel during the first half of the 2019. In addition, the absence of the meetings hosted during Singapore's Chairmanship of ASEAN, two major biennial events and weaker overall demand due to economic uncertainty also contributed to lower NPI for the Singapore Hotels. The New Zealand, Australia, Japan and UK hotels also saw lower contribution, in part due to the weaker currencies in some of these markets.

The collective decline was partially mitigated by inorganic contribution from Hotel Cerretani Florence and increased NPI for Pullman Hotel Munich.

Consequently, NPI for YTD Sep 2019 was S\$103.2 million, 4.1% lower than the previous year. Overall, total distribution to Stapled Securityholders (after retention for working capital) for YTD Sep 2019 was S\$75.8 million and DPS was 6.25 cents, a decrease of 3.1% and 3.7% year-on-year ("yoy") respectively.

Mr Vincent Yeo, Chief Executive Officer of CDLHT's managers, said, "Due to the cyclical nature of hospitality markets, some of our overseas properties are seeing more competitive trading conditions in the near term amidst a more subdued macro-economic environment and global uncertainties. Nevertheless, we are encouraged by the recovery in performance of our Singapore Hotels, which form the core of our portfolio. Limited new hotel supply in the next few years and exciting tourism infrastructure plans by the Singapore government will continue to provide a favourable environment for medium to long-term growth."

Review of Portfolio's Performance and Outlook

The combined weighted average statistics for CDLHT's Singapore Hotels are as follows¹:

	3Q 2019	3Q 2018	Increase/ (Decrease)	YTD Sep 2019	YTD Sep 2018	Increase/ (Decrease)
Average occupancy rate	91.4%	90.8%	0.6pp	87.6%	87.3%	0.3pp
Average daily rate	S\$190	S\$182	4.3%	S\$183	S\$183	0.0%
Revenue per available room ("RevPAR")	S\$174	S\$165	4.9%	S\$160	S\$160	0.4%

Singapore

RevPAR of the Singapore Hotels for 3Q 2019 increased by 4.9% yoy, the highest quarterly yoy RevPAR growth since 2012, on the back of room rate growth and high occupancy. This was supported by a stronger

¹ Numbers may not add up due to rounding



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leisure market with potentially some degree of diversion of tourism flows to Singapore as a result of the unrest in Hong Kong. The Formula One Singapore Grand Prix, which saw the second-highest three-day attendance in its 12-year history², also helped to generate additional business. With better base business held during the quarter, the Singapore Hotels were able to yield up during high demand periods.

For year-to-date (“YTD”) August 2019, visitor arrivals to Singapore increased 1.9% yoy to 12.9 million and six of the top 10 source markets recorded growth. Coupled with an increase in the average length of stay in Singapore, total visitor days grew 3.2% yoy³. For the full year of 2019, the Singapore Tourism Board (“STB”) has forecast visitor arrivals to grow up to 19.2 million or 4% yoy⁴.

STB continues to focus on the higher yielding MICE segment through marketing efforts such as the recent global launch of “In Singapore Incentives & Rewards” (INSPIRE), an incentive programme aimed at attracting potential MICE visitors through a wide range of specially curated experiences. In 2020, Singapore will also host a number of inaugural events including:

- 1) the International Trademark Association’s 142nd Annual meeting, the world’s largest gathering of intellectual property professionals with 8,000 expected attendees; and
- 2) the 103rd Lions Clubs International Convention, one of the world’s largest non-governmental organisation’s annual convention with an estimated 20,000 foreign attendees⁵.

With continued investment in tourism infrastructure, Singapore recently unveiled a blueprint aimed at reshaping Sentosa and the adjacent Pulau Brani into a premier tourism destination⁶. The first project, being the construction of the S\$90 million Sentosa Sensoryscape – a two-tiered multi-sensory walkway comprising 30,000 sqm that will connect Resorts World Sentosa to Sentosa’s southern beaches, is slated to commence next quarter and complete in 2022.

On the supply front, Singapore hotel inventory is estimated to increase by 1,703 net rooms⁷ in 2019 (of which 430 new rooms are in the city centre), representing approximately 2.5% of existing room stock. The tapering inventory growth is supportive of a gradual recovery in the Singapore hotel sector.

At Copthorne King’s Hotel, pipe works and refurbishment of guest rooms are currently being carried out. The asset renewal programme will be conducted in phases to minimise disruption and the hotel remains operational. Asset enhancement opportunities in other Singapore Hotels are also being evaluated strategically.

Overseas Markets

In New Zealand, while total arrivals grew 1.5% yoy to 2.4 million for YTD Aug 2019⁸, visitation from China, which is the second largest source market, declined 9.9% yoy. Coupled with increased hotel inventory in Auckland and a weaker events calendar which intensified competition during the low season, Grand Millennium Auckland’s trading performance was consequently weaker for the quarter.

In Japan, while overall tourism arrivals grew 4.0% yoy to 24.4 million for YTD September 2019⁹, the Japan-South Korea trade spat is adversely affecting the hospitality market¹⁰, with visitor arrivals from South Korea, the second largest source market, declining 36.3% yoy for 3Q 2019⁹. Together with rate competition from hotels in the vicinity, performance of the Japan Hotels was negatively affected this quarter. Looking

² Straits Times, “268,000 fans attend this year’s F1 Singapore Grand Prix, second-highest on record”, 22 September 2019

³ STB

⁴ STB, “Third consecutive year of growth for Singapore tourism sector in 2018”, 13 February 2019

⁵ STB, “STB unveils a selection of over 60 lifestyle experiences to entice business groups to Singapore”, 10 September 2019

⁶ Channel NewsAsia, “Sentosa’s Merlion to go as Sentosa-Brani masterplan reshapes islands”, 20 September 2019

⁷ Based on Horwath data (June 2019) and CDLHT Research

⁸ Statistics – Tourism New Zealand

⁹ Japan National Tourism Organization

¹⁰ The Asahi Shimbun, “Report: Japan losing tourism battle with South Korea amid row”, 8 October 2019



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ahead, the Tokyo 2020 Olympics and Paralympics will provide some rate maximizing opportunities due to expected citywide compression.

Tourism demand in the Maldives has been boosted mainly by growth in visitor arrivals from India and Europe¹¹ and the government is also stepping up efforts to boost tourism such as seeking more direct flights from China, its largest source market¹². However, the market remains highly competitive due to new resorts supply, which was a contributory factor to a weaker performance from Angsana Velavaru.

To strengthen the Maldives Resorts' product offerings amidst rising competition, CDLHT has been implementing asset enhancement initiatives. For Angsana Velavaru, progressive enhancement works are ongoing where a new main public pool has been recently added and 79 land villas are being fully renovated in phases. Infinity pools will also be incorporated into 24 of these land villas. The majority of the asset enhancement works is expected to complete at the end of this year, ahead of the peak travel season. Raffles Maldives Meradhoo, the first flagship "Raffles Hotels & Resorts" property in the Maldives, has fully opened in end September 2019 after an extensive refurbishment exercise and is positioned at the top end of the market. The resort is building up awareness of the resort through sales and marketing activities with wholesale partners visiting the resort for active promotion and re-introduction to the market.

Despite Brexit uncertainty, RevPAR of the UK Hotels remained flat in 3Q 2019. In Manchester, demand from the Cricket World Cup and entertainment events boosted RevPAR growth for The Lowry Hotel while increased room supply affected Hilton Cambridge City Centre's trading performance. To augment The Lowry Hotel's position as the top hotel in Manchester, there were further upgrading works including the recent renovation of its food and beverage outlets and upgrading of five rooms to corner suites in October 2019. At Hilton Cambridge City Centre, the refurbishment of the lounge bar was also recently completed.

Tourism demand in Munich is healthy with total arrivals increasing 5.9% yoy to 5.7 million for YTD August 2019 while total arrivals to Florence remains largely unchanged for 1H 2019. Pullman Hotel Munich's performance is driven by the cyclical nature of Munich's fair calendar and with fewer events during the quarter, this resulted in an expected lower RevPAR. The city's fair calendar will continue to be lighter before it turns around in 2H 2020 with a robust line-up of events. On the other hand, Hotel Cerretani Florence recorded a RevPAR increase¹³ in 3Q 2019, largely driven by a growth in average room rate.

Mr Yeo concluded: "With a strong balance sheet and ample debt headroom, we will continue to be highly focused on pursuing acquisitions. We believe in the long term potential of our assets and creating value for Stapled Securityholders through asset enhancement initiatives. We will also continue to evaluate suitable divestment opportunities as they arise to unlock underlying asset values and/or recycle capital for better returns."

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¹¹ Ministry of Tourism, Republic of Maldives, Tourism Monthly Updates

¹² Channel NewsAsia, "Maldives targets one million Chinese with more direct flights", 25 September 2019

¹³ The yoy RevPAR comparison assumes CDLHT owned Hotel Cerretani Florence for the corresponding period



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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\$2.8 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 September 2019, CDLHT owns 16 hotels and two resorts comprising a total of 5,088 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);
- (vii) one hotel in the historic city centre of Florence, Italy (Hotel Cerretani Florence, MGallery by Sofitel); and
- (viii) two resorts in Maldives (Angsana Velavaru and Raffles Maldives Meradhoo).