



CDL HOSPITALITY TRUSTS

FOR IMMEDIATE RELEASE

30 JULY 2009

CDL HOSPITALITY TRUSTS REPORTS GROSS REVENUE OF S\$42.8 MILLION FOR 1H 2009

- **Income available for distribution per Stapled Security of 4.25 cents for 1H 2009, representing an annualised gross yield of 7.5%¹**
- **Occupancy showing signs of improvement in June and July due to revival in business confidence**
- **Strong balance sheet with low debt to assets ratio of 19.3%**

Singapore, 30 July 2009 – CDL Hospitality Trusts (“CDLHT”), 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, is pleased to announce its results for the second quarter (“2Q 2009”) and first six months (“1H 2009”) ended 30 June 2009.

CDLHT achieved gross revenue of S\$20.2 million and an income available for distribution of S\$17.4 million in 2Q 2009, representing a decline of 31.5% and 30.6% respectively from the previous corresponding quarter (“2Q 2008”).

In 1H 2009, CDLHT registered gross revenue of S\$42.8 million, a 25.6% decrease from the same period last year (“1H 2008”). Income available for distribution for 1H 2009 was S\$35.5 million, 26.8% lower than the S\$48.6 million in the same period last year. The income to be distributed per Stapled Security for 1H 2009 was 3.86 cents. Based on a market price of S\$1.15 as at close of market on 29 July 2009, holders of CDLHT’s Stapled Securities would enjoy an annualised distribution yield of 6.8% for 1H 2009.

Mr Vincent Yeo, CEO of M&C REIT Management Limited, the Manager of H-REIT, said, “This achievement comes amidst a challenging operating environment for CDLHT in the first half of 2009. On the back of the global economic turmoil, the tourism and hospitality sectors at large have seen a sharp reduction in travel and tourist arrivals. The situation was further exacerbated in the second quarter by the global outbreak of Influenza A (H1N1) and the knee-jerk reaction of the public to the viral flu, which led to some cancellations and postponement of events.

“Despite tougher conditions in 2Q 2009, we are heartened that our hotels managed to maintain a relatively healthy level of profitability as a result of our proactive cost containment measures.”

Signs of improvement in occupancy due to revival of business confidence

Added Mr Yeo, “The outlook for CDLHT for the rest of 2009 will depend largely on an upturn in visitor arrivals as market sentiment continues to improve, with the economy recently displaying incipient signs of recovery. We are already seeing some improvement in demand in the months of June and July as both corporate and leisure travel showed signs of an uptrend compared to the first five months of 2009.”

¹ Based on closing market price of S\$1.15 as at 29 July 2009



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Longer term prospects augmented by positive sector outlook and business strategies

Beyond the dampened economy in 2009, the launch of new retail malls along Orchard Road including the 800,000 sq ft ION Orchard, and the opening of the Marina Bay Sands and Resorts World at Sentosa Integrated Resorts (“IR”) in early 2010 is widely anticipated to provide a positive boost to the Singapore tourism sector and general economy. In particular, CDLHT’s Singapore hotels are strategically positioned to benefit from the influx of visitors with the opening of the IRs, located in close proximity (within 5km radius of the IRs) and easily accessible via major expressways.

Further fuelling the positive sector outlook is Singapore’s proximity and importance as a business hub amongst the major growing Asian economies of China, India, Indonesia and Vietnam, the country’s strong infrastructure, and continued Government efforts in developing and marketing Singapore as a choice travel destination for tourists all over the world.

Any recovery in demand will be positive on earnings as CDLHT adopts a strategy to actively monitor demand and respond quickly to opportunities to adjust room rates. Downside risks, including further deterioration in market conditions or the Influenza A (H1N1) flu becoming more virulent, are mitigated by some revenue stability from the minimum rent protection structures in its leases, which guarantee rent of approximately S\$41 million from the lessees of the hotel properties, and relatively steady retail rent of approximately S\$4 million from tenants of the Orchard Hotel Shopping Arcade.

Concluded Mr Yeo, “While the sustainability of the economic recovery is still uncertain at this point, the improvement in market sentiment, as well as exciting opportunities brought about by the impending opening of the IRs augur well for CDLHT’s longer term prospects. Our efforts over the past couple of months to streamline hotel operating costs will also put us in a stronger position to benefit from the eventual recovery in the global economy and visitor arrivals.”

Financial highlights for 2Q 2009 and 1H 2009 are as follows:

	Actual 1 Apr 09 to 30 Jun 09 S\$'000	Actual 1 Apr 08 to 30 Jun 08 S\$'000	Increase/ (Decrease) %	Actual 1 Jan 09 to 30 Jun 09 S\$'000	Actual 1 Jan 08 to 30 Jun 08 S\$'000	Increase/ (Decrease) %
Gross revenue	20,219	29,535	(31.5)	42,750	57,429	(25.6)
Net property income	19,229	27,707	(30.6)	39,780	53,782	(26.0)
Net income	14,427	20,334	(29.0)	29,837	39,248	(24.0)
Income available for distribution to holders of Stapled Securities	17,376	25,022	(30.6)	35,547	48,584	(26.8)
Less:						
Income retained for working capital	(1,555)	-	N.M.	(3,217)	-	N.M.
Income to be distributed to holders of Stapled Securities (after deducting income retained for working capital)	15,821	25,022	(36.8)	32,330	48,584	(33.5)
Income available for distribution per Stapled Security (cents)						
- For the period	2.07	3.03	(31.7)	4.25	5.89	(27.8)
- Annualised	8.30	12.19	(31.9)	8.57	11.84	(27.6)
Annualised gross yield at closing market price of S\$1.15 as at 29 July 2009	7.2%	10.6%	(31.9)	7.5%	10.3%	(27.6)



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Income to be distributed to holders of Stapled Securities (cents)						
- For the period	1.89	3.03	(37.6)	3.86	5.89	(34.5)
- Annualised	7.58	12.19	(37.8)	7.78	11.84	(34.3)
Annualised distribution yield at closing market price of S\$1.15 as at 29 July 2009	6.6%	10.6%	(37.8)	6.8%	10.3%	(34.3)

Review of Hotels Performance

The combined weighted average statistics for CDLHT's Singapore hotels (Orchard Hotel, Grand Copthorne Waterfront Hotel, M Hotel, Copthorne King's Hotel and Novotel Clarke Quay) for 2Q 2009 and 1H 2009 are as follows:

	Actual 1 Apr 09 to 30 Jun 09	Actual 1 Apr 08 to 30 Jun 08	Increase/ (Decrease) %	Actual 1 Jan 09 to 30 Jun 09	Actual 1 Jan 08 to 30 Jun 08	Increase/ (Decrease) %
Average Occupancy Rate	75.5%	87.1%	(11.6) pp	75.2%	85.8%	(10.6) pp
Average Daily Rate	S\$178	S\$255	(30.2)%	S\$189	S\$251	(24.7)%
Room Revenue per Available Room ("RevPAR")	S\$134	S\$222	(39.6)%	S\$142	S\$215	(33.9)%

Singapore's tourism industry continued to be impacted by the global recession for the first half of 2009. In tandem with the overall decline in leisure travel and MICE events, the absence of the bi-annual Singapore Airshow event in 1Q 2009, as well as a slowdown in business travels due to the stringent cost containment measures practiced by many corporations, RevPAR for CDLHT's Singapore hotels in 1H 2009 fell 33.9% from the previous corresponding period to S\$142. The softer market demand situation was further exacerbated by the global outbreak of the Influenza A (H1N1) in 2Q 2009, which led to a significant decline in tourist arrivals, notably from Singapore's key markets, China and Japan.

Despite the tough operating environment, occupancy levels are showing signs of improvement due to a revival in business confidence. CDLHT's Singapore hotels posted a quarter-on-quarter increase in average occupancy, increasing 0.9% or 0.7 percentage points from 74.8% in 1Q 2009 to 75.5% in 2Q 2009. However, intense price competition among hotel operators led to CDLHT's Singapore hotels registering a 39.6% lower RevPAR of S\$134 compared to the previous corresponding period.

The Orchard Hotel Shopping Arcade continued to perform well, contributing net property income of S\$0.8 million in 2Q 2009 and S\$1.6 million in 1H 2009, an increase of 4.3% and 4.6% respectively over 2Q 2008 and 1H 2008. Average occupancy for 2Q 2009 and 1H 2009 remained above 90%. Average rental rates were at approximately S\$7.61 per sq. ft. in 2Q 2009 and S\$7.58 per sq. ft. in 1H 2009, representing an increase of 6.2% and 7.9% over the respective periods in the previous year.



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Outstanding debt to be fully refinanced with new 3-year bank facility on 31 July 2009

Following the announcement on 30 April 2009 that CDLHT has secured a new 3-year S\$350.0 million bank facility from DBS Bank Ltd to refinance all of its existing borrowings maturing on 31 July 2009, CDLHT has fulfilled all the conditions precedent needed to draw down the new bank facility, which consists of a S\$270.0 million term loan and an S\$80.0 million committed revolving credit facility, bearing interest at the Singapore dollar swap offer rate plus interest margin of 2.60% per annum. As at 30 June 2009, CDLHT has a total debt of S\$293.0 million. The S\$270.0 million term loan will be fully utilised together with a portion of the S\$80.0 million committed revolving credit facility to refinance CDLHT's outstanding debt net of cash as at 31 July 2009.

"Upon completion of this refinancing, we are pleased to note that CDLHT will maintain a below industry average debt to assets ratio of less than 20% and have no further refinancing requirement for its existing debt portfolio until FY2012. While this gives us relatively greater financial flexibility for future expansion plans, we will maintain our disciplined approach to investment activities. We will continue to focus on quality income generating properties with good potential to deliver yield accretive returns and long-term real estate value", commented Mr Yeo.

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About CDL Hospitality Trusts

CDL Hospitality Trusts 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. CDL Hospitality Trusts was listed on the Singapore Exchange Securities Trading Limited on 19 July 2006.

H-REIT, the first hotel real estate investment trust in Singapore, is established with the main aim of investing in a diversified portfolio of income-producing real estate which is primarily used for hospitality and/or hospitality-related purposes. As 30 June 2009, H-REIT owns 2,803 hotel rooms within a portfolio of five hotels and one shopping arcade in Singapore (Orchard Hotel, Grand Copthorne Waterfront Hotel, M Hotel, Copthorne King's Hotel, Orchard Hotel Shopping Arcade and Novotel Clarke Quay) and one hotel in New Zealand (Rendezvous Hotel Auckland). M&C REIT Management Limited is the manager of H-REIT.