



CDL HOSPITALITY TRUSTS

FOR IMMEDIATE RELEASE

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CDL HOSPITALITY POSTS 26.5% REVENUE GROWTH FOR FY2008

- **Gross revenues increased 26.5% to S\$114.7 million**
- **Income available for distribution increased 33.9% to S\$92.0 million**
- **Strong balance sheet with debt to assets of 18.2%**

Singapore, 30 January 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 fourth quarter (“4Q FY2008”) and full year (“FY2008”) ended 31 December 2008.

The highlights are as follows:

	Actual 1 Jan 08 to 31 Dec 08 S\$'000	Actual 1 Jan 07 to 31 Dec 07 S\$'000	Increase/ (Decrease) %	Actual 1 Oct 08 to 31 Dec 08 S\$'000	Actual 1 Oct 07 to 31 Dec 07 S\$'000	Increase/ (Decrease) %
Gross revenue	114,659	90,654	26.5	28,144	27,960	0.7
Net property income	102,770	85,817	19.8	21,706	26,928	(19.4)
Net income before revaluation	78,408	60,028	30.6	19,000	20,258	(6.2)
Income available for distribution to holders of Stapled Securities	91,988	68,724	33.9	18,994	22,770	(16.6)
Income available for distribution per Stapled Security (cents)						
- For the period	11.11	8.98	23.7	2.29	2.76	(17.0)
- Annualised	11.11	8.98	23.7	9.11	10.95	(16.8)

Gross revenues for FY2008 were S\$114.7 million - an increase of 26.5% compared to the previous financial year (“FY 2007”), while net property income rose 19.8% from S\$85.8 million to S\$102.8 million year-on-year. The strong operating performance was from both organic growth across the portfolio and a full year’s contribution from the Novotel Clarke Quay, which was acquired in mid 2007. Total income available for distribution jumped 33.9% from S\$68.7 million in FY2007 to S\$92.0 million in FY2008.

For 4Q FY2008, gross revenues increased 0.7% from S\$28.0 million in the previous corresponding period (“4Q FY2007”) to S\$28.1 million. However, property expenses increased significantly by S\$5.2 million as a result of increases in property tax and an increase in other property expenses. Increases in property tax were largely due to a one-off additional property tax assessed of about S\$3.2 million in respect of 2006 and 2007. CDLHT has engaged CB Richard Ellis (Pte) Ltd to review the revised tax assessments raised by IRAS and the outcome will be reflected in subsequent periods. The increase in other property expenses of S\$1.3 million arose



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from H-REIT's contribution to the Management Corporation Strata Title of the Liang Court Complex, for H-REIT's share of the replacement and refurbishment works in relation to common areas. As a result, net property income declined 19.4% from S\$26.9 million in 4Q FY2007 to S\$21.7 million in 4Q FY2008 and total income available for distribution fell 16.6% from S\$22.8 million in 4Q FY2007 to S\$19.0 million in 4Q FY2008.

Review of Performance

Hotels

CDLHT's Singapore hotels achieved significant RevPAR growth in FY2008. The combined weighted average statistics for CDLHT's Singapore hotels, which include Orchard Hotel, Grand Copthorne Waterfront Hotel, M Hotel, Copthorne King's Hotel and Novotel Clarke Quay, are as follows:

	Actual 1 Jan 08 to 31 Dec 08 S\$'000	Pro Forma 1 Jan 07 to 31 Dec 07 S\$'000	Growth	Actual 1 Oct 08 to 31 Dec 08 S\$'000	Actual 1 Oct 07 to 31 Dec 07 S\$'000	Growth
Average Occupancy Rate	85.2%	87.3%	-2.1pp	83.7%	88.6%	-4.9 pp
Average Daily Rate	S\$244	S\$197	23.9%	S\$224	S\$216	3.7%
Room Revenue per Available Room ("RevPAR")	S\$208	S\$172	20.9%	S\$188	S\$191	-1.6%

Orchard Hotel Shopping Arcade

In FY2008, Orchard Hotel Shopping Arcade contributed net property income of S\$3.2 million, up 20.6% from S\$2.6 million in FY2007. Occupancy increased from 91.8% in FY2007 to 94.6% in FY2008, with an average monthly rental rate of approximately S\$7.18 per sq. ft.

For 4Q FY2008, net property income from the Orchard Hotel Shopping Arcade rose 25.0% from S\$0.7 million in 4Q FY2007 to S\$0.8 million. Occupancy increased from 92.2% in 4Q FY2007 to 94.9% in 4Q FY2008, with an average monthly rental rate of approximately S\$7.41 per sq. ft.

Mr Vincent Yeo, CEO of M&C REIT Management Limited, the Manager of H-REIT, said, "We are pleased to have achieved robust overall growth in FY2008, notwithstanding the market turbulence impacting the global economy. After experiencing strong revenue growth for three-quarters of the year, the last quarter witnessed a slowdown, attributable to weaker visitor arrivals."



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A challenging year expected in 2009

In view of the weakness of the overall economic climate, 2009 is expected to be a challenging year, especially for consumer-driven sectors like tourism. This has already translated into poor booking visibility in recent months. Due to uncertain demand trends, hotel rates and room occupancies are likely to decline in the short term, with upcoming new hotel supply over the next two years intensifying market competition.

The earlier Chinese New Year season in January 2009 contributed to a RevPAR decline of approximately 29% compared to January 2008. In addition, the absence of the bi-annual Singapore Airshow event in February 2009 is expected to result in a significantly lower 1Q 2009 operating performance compared to 1Q 2008 which had enjoyed an exceptionally strong growth in RevPAR of 38% compared to the same period in 2007.

Mr Yeo added, "Since the second half of 2008, worldwide travel trends and tourism arrivals in Singapore have declined as a result of the global economic crisis. While we are experiencing a challenging near term operating environment, we feel that our portfolio of hotels will remain popular amongst corporate travellers on the lookout for quality and value."

Positive medium to long term prospects for Singapore tourism

Despite the sharp global economic downturn led by the financial turmoil in the US and Europe in the second half of 2008, the Singapore tourism sector generated a record S\$14.8 billion in tourism receipts for 2008, with visitor days increasing 6.9% year-on-year to 39.8 million days. Visitor arrivals fell slightly, by 2% to 10.1 million.

In an article published in October 2008, the Singapore Tourism Board is said to be confident of a recovery in the Singapore tourism industry by 2010. The industry outlook is expected to remain positive in the medium to long term, as a result of a strong line-up of world-class events such as the annual Formula One Grand Prix and the Youth Olympic Games in 2010. The two Integrated Resorts ("IR") scheduled for completion within the next two years and the doubling of Singapore's cruise ship capacity by 2010, when the new International Cruise Terminal becomes operational, are also expected to increase passenger traffic to Singapore.

In addition, Singapore continues to draw international interest in the Meetings, Incentives, Conventions & Exhibitions ("MICE") space, including the APEC conferences to be held in 2009. Having been voted as the "Top International Meeting City for 2007" by the Union of International Associations in August 2008, the completion of new convention facilities in the two IRs will enhance Singapore's ability to attract a wide range of international events.

Continued low debt to asset ratio

On 30 January 2009, CDLHT had its properties re-valued at S\$1.48 billion, down from S\$1.63 billion previously. The re-valuation of its properties has no impact on distributions. Notwithstanding reduced property values, CDLHT continues to enjoy one of the lowest gearing ratios among Singapore REITs with debt to assets of 18.2%. Furthermore, CDLHT continued to demonstrate strong operating cash flows of S\$102.8 million, and a healthy interest cover of 11.1 times. CDLHT is also proactively managing its portfolio and financing risks, with discussions in progress to explore various options to secure refinancing of its S\$273 million borrowings due July 2009.



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Distributions

While H-REIT's current distribution policy is to distribute at least 90% of its taxable income, H-REIT has distributed 100% of its taxable income in the past. Starting from the period 1 July to 31 December 2008, H-REIT will distribute 90% of its taxable income. It will continue to distribute 100% of its tax exempt income. As a result, distributions per stapled security will be 4.73 cents in 2H 2008, representing an increase of 2.6% compared to 4.61cents in the previous year.

	Actual 1 Jan 08 to 31 Dec 08 S\$'000	Actual 1 Jan 07 to 31 Dec 07 S\$'000	Increase/ (Decrease) %	Actual 1 Oct 08 to 31 Dec 08 S\$'000	Actual 1 Oct 07 to 31 Dec 07 S\$'000	Increase/ (Decrease) %
Income retained for working capital	4,044	-	N.M.	4,044	-	N.M.
Income to be distributed	87,944	68,724	28.0	14,950	22,770	(34.3)
Income to be distributed per Stapled Security (cents)						
- For the period	10.62	8.98	18.3	1.80	2.76	(34.8)
- Annualised	10.62	8.98	18.3	7.16	10.95	(34.6)

"In light of the global economic downturn, we are continuing our focus to protect the profitability of CDLHT by implementing several revenue and cost initiatives and exercising financial prudence. Distributing 90% instead of 100% of taxable income will further boost CDLHT's financial flexibility. Coupled with the strong support from our sponsor Millennium & Copthorne Hotels plc, we are well prepared to weather the crisis and to capture the positive prospects of the hospitality and tourism market over the medium and long term", Mr Yeo concluded.

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For more information, please contact:

Alexander Ee
Head, Strategy and Investor Relations
M&C REIT Management Limited
Tel: +65 6839 2886
Mobile: +65 9040 6545
Email: alexanderee@cdlht.com

Terence Foo / Jean Zhuang
Gavin Anderson & Company
Tel: +65 6339 9110
Mobile: +65 9878 8787 / +65 9061 1075
Email: foo@gavinanderson.com.sg /
jzhuang@gavinanderson.com.sg

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



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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 31 December 2008, H-REIT owns 2,806 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.

M&C REIT Management Limited

390 Havelock Road • #02-01 King's Centre • Singapore 169662 • Tel (65) 6737 1928 • www.cdllht.com

Registered Address: 36 Robinson Road, #04-01 City House, Singapore 068877 • Company Registration No: 200607091Z

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