



CDL HOSPITALITY TRUSTS

FOR IMMEDIATE RELEASE

27 JULY 2011

CDL HOSPITALITY TRUSTS REPORTS CONTINUED GROWTH IN 1H 2011

- Gross revenue up 16.7% to S\$66.9 million
- Income available for distribution up 24.7% to S\$57.0 million
- Recently-acquired Studio M Hotel contributed to improved operating performance

**Singapore, 27 July 2011** – 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 2011”) and first six months (“1H 2011”) ended 30 June 2011.

The highlights are as follows:

	1 Apr 2011 to 30 Jun 2011 S\$'000 ("2Q 2011")	1 Apr 2010 to 30 Jun 2010 S\$'000 ("2Q 2010")	Increase/ (Decrease) %	1 Jan 2011 to 30 Jun 2011 S\$'000 ("1H 2011")	1 Jan 2010 to 30 Jun 2010 S\$'000 ("1H 2010")	Increase/ (Decrease) %
<b>Gross revenue</b>	34,569	30,713	12.6	66,870	57,318	16.7
<b>Net property income</b>	35,585	28,698	24.0	65,705	53,417	23.0
<b>Net income</b>	29,100	20,639	41.0	52,665	42,052	25.2
<b>Income available for distribution to holders of Stapled Securities</b>	31,659	24,106	31.3	57,006	45,704	24.7
<b>Less:</b>						
<b>Income retained for working capital</b>	(3,166)	(2,410)	31.3	(5,701)	(4,570)	24.7
<b>Income to be distributed to holders of Stapled Securities</b>	28,493	21,696	31.3	51,305	41,134	24.7
<b>Income available for distribution per Stapled Security (cents)</b>						
- For the period	3.29	2.87	14.6	5.94	5.45	9.0
- Annualised	13.20	11.51	14.7	11.98	10.99	9.0
<b>Income to be distributed per Stapled Security (cents)</b>						
- For the period	2.96	2.57	15.2	5.34	4.89	9.2
- Annualised	11.87	10.31	15.1	10.77	9.86	9.2



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In 2Q 2011, CDLHT registered gross revenue of S\$34.6 million, representing an increase of 12.6% from the previous corresponding period ("2Q 2010"). Net property income for the reporting quarter was S\$35.6 million, which exceeded the corresponding quarter last year by S\$6.9 million or 24.0%. The improvement was mainly attributed to improved gross revenue and a one-off property tax refund of about S\$3.3 million arising from the revised property tax assessments issued by IRAS in respect of the years 2006 to 2008.

Accordingly, income available for distribution for 2Q 2011 increased 31.3% from 2Q 2010 to S\$31.7 million. Income to be distributed per Stapled Security for 2Q 2011 was 2.96 cents, 15.2% higher than the 2.57 cents in 2Q 2010.

For 1H 2011, CDLHT achieved gross revenue of S\$66.9 million, a 16.7% increase from the same period last year ("1H 2010"), attributable to both organic growth across the Singapore portfolio and contribution from the recently acquired Studio M Hotel. The results were also boosted by an additional variable income of S\$0.84 million (or A\$0.65 million) from its Australia Hotels, which was recognised upon receipt. The increase in net property income of S\$12.3 million or 23.0% year-on-year was also partly attributable to the property tax adjustment of S\$3.3 million explained above.

In line with the improved operating results, income available for distribution for 1H 2011 was S\$57.0 million, representing a 24.7% year-on-year growth. Income to be distributed per Stapled Security for 1H 2011 was 5.34 cents, 9.2% higher than the 4.89 cents in 1H 2010.

Mr Vincent Yeo, CEO of M&C REIT Management Limited, the Manager of H-REIT, said "We are pleased that CDLHT continued on its growth trajectory in the first half of 2011 despite high oil prices and ongoing uncertainties in the global markets. Our recent acquisition, Studio M Hotel, has also continued to perform well, achieving a RevPAR of S\$168 in 2Q 2011."

### Review of Hotel Performance

Singapore continued to see strong growth in visitor arrivals of 15% for the first five months of 2011 compared to the corresponding period a year ago. On the back of such growth, CDLHT achieved an overall improvement in performance across its Singapore Hotels<sup>1</sup> in 1H 2011.

The combined weighted average statistics for CDLHT's Singapore Hotels (excluding Studio M Hotel) for 2Q 2011 and 1H 2011 are as follows:

	1 Apr 2011 to 30 Jun 2011 ("2Q 2011")	1 Apr 2010 to 30 Jun 2010 ("2Q 2010")	Increase/ (Decrease)	1 Jan 2011 to 30 Jun 2011 ("1H 2011")	1 Jan 2010 to 30 Jun 2010 ("1H 2010")	Increase/ (Decrease)
<b>Average Occupancy Rate</b>	88.1%	88.5%	(0.4)pp	86.9%	86.4%	0.5pp
<b>Average Daily Rate</b>	S\$232	S\$220	5.5%	S\$230	S\$214	7.5%
<b>Room Revenue per Available Room ("RevPAR")</b>	S\$205	S\$195	4.8%	S\$200	S\$185	8.2%

In tandem with the growth in visitor arrivals, all of the Singapore Hotels showed generally healthy growth, with the exception of Orchard Hotel. Orchard Hotel, which is the largest single asset in the portfolio, registered a 4.9% contraction in RevPAR primarily due to 4,417 room nights being taken out of its inventory during 2Q 2011 for refurbishment. This contributed to the modest overall RevPAR growth of 4.8% year-on-year to S\$205 in 2Q 2011 for the Singapore Hotels (excluding Studio M

<sup>1</sup> CDLHT's Singapore hotels include Orchard Hotel, Grand Copthorne Waterfront Hotel, M Hotel, Copthorne King's Hotel, Novotel Clarke Quay and Studio M Hotel which was acquired on 3 May 2011.



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Hotel). In addition, Novotel Clarke Quay had 1,133 room nights taken out of its inventory for about two weeks during the Easter period due to refurbishment works.

In 1H 2011, the average daily rate at the Singapore Hotels (excluding Studio M Hotel) rose 7.5% to S\$230, while average occupancy rose by 0.5 percentage points to 86.9% on the back of increased visitor arrivals. RevPAR climbed 8.2% to S\$200.

Overall, the Singapore Hotels achieved combined revenue of S\$148.8 million and a gross operating profit of S\$79.5 million in 1H 2011, which represent an improvement of 11.2% and 14.2% respectively from the corresponding period last year.

Average occupancy at the Orchard Hotel Shopping Arcade in 1H 2011 was 96.7% while the average monthly rental rate was approximately S\$6.98 per sq. ft. Net property income was S\$1.8 million.

Bolstered by Australia's buoyant natural resource sector and static supply of hotel rooms, CDLHT's hotels in Brisbane and Perth also continued to perform strongly in 2Q 2011 and 1H 2011.

### **Poised to Benefit from Further Growth**

The global hospitality markets in the next 12 months could be adversely affected by a faltering US economy, a worsening of the European debt crisis, or a prolonged economic downturn in Japan in the aftermath of the earthquake and tsunami. In addition, political uncertainty in the Middle East and the attendant impact on oil prices, may also have a significant adverse impact on the hospitality sector.

Nevertheless, visitor arrival in Singapore has continued to grow. Moving forward, a number of new attractions are slated to commence operations in the second half of 2011. For example, Resorts World Sentosa will be opening the Maritime Experiential Museum and Aquarium, Equarius Water Park, and a much awaited new ride – Transformers – in Universal Studios Singapore<sup>2</sup>, while Marina Bay Sands will be launching two leading US night clubs – Avalon and Pangaea<sup>3</sup>. These should continue to broaden and enrich the experience of visitors to Singapore and further rejuvenate the lifestyle and entertainment landscape in Singapore.

On the supply side, the number of hotel rooms in Singapore increased by 1,312 rooms or 3.3% for the first six months of the year, and is expected to increase by another 712 rooms or 1.8% for the rest of 2011. The increased room supply is expected to lead to a more competitive environment in the Singapore hospitality market.

With respect to CDLHT, the completion of the acquisition of Studio M Hotel on 3 May 2011 has allowed it to increase its total number of hotel rooms in Singapore from 2,353 rooms to 2,713 rooms. In addition, 108 rooms at Orchard Hotel are scheduled to be renovated by the third week of September, while asset enhancement works at the 88 remaining rooms at Novotel Clarke Quay are scheduled to start in late December and be completed by early 2012.

Looking ahead, Novotel Clarke Quay is also expected to benefit from having an underground Downtown Line 3 MRT station, "River Valley", open right next to it upon completion of the station. Construction of the station is expected to commence from August 2011. Management is still assessing the implications of this development which is likely to be positive for CDLHT.

With a healthy gearing of 26.3% as at 30 June 2011, CDLHT is well-positioned for further expansion in the Asian hospitality sector in 2011.

<sup>2</sup> Straits Times, 28 May 2011, "RWS to open phase two by year end"

<sup>3</sup> TODAYonline, 14 June 2011, "MBS to put sparkle into nightlife"



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Mr Yeo concluded, "Upcoming new attractions are expected to support the growth in visitor arrivals to Singapore. With CDLHT's increased number of hotel rooms in Singapore and the completion of the asset enhancement initiatives at some of our hotels, CDLHT is well-poised to further benefit from any increase in accommodation demand.

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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 at 30 June 2011, H-REIT owns 4,304 hotel rooms within a portfolio of six hotels (Orchard Hotel, Grand Copthorne Waterfront Hotel, M Hotel, Copthorne King's Hotel, Novotel Clarke Quay, and Studio M Hotel) and one shopping arcade in Singapore (Orchard Hotel Shopping Arcade), one hotel in New Zealand (Rendezvous Hotel Auckland) and five hotels in Australia (Novotel Brisbane, Mercure Brisbane, Ibis Brisbane, Mercure Perth and Ibis Perth). M&C REIT Management Limited is the manager of H-REIT.

M&C REIT Management Limited

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