CDL HOSPITALITY TRUSTS

FOR IMMEDIATE RELEASE **29 JULY 2015**

CDL HOSPITALITY TRUSTS REPORTS INCOME TO BE DISTRIBUTED OF S$22.1 MILLION FOR 2Q 2015

- **Net property income for 2Q 2015 and 1H 2015 of S$31.6 million and S$66.1 million respectively**
- **Income to be distributed per Stapled Security (after deducting income retained for working capital) ("DPS") of 2.25 cents for 2Q 2015 and 4.69 cents for 1H 2015**
- **Japan Hotels acquired in December 2014 continue to perform strongly**
- **CDLHT remains well-poised for acquisitions with healthy gearing of 32.0%**

Singapore, 29 July 2015 – 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 2015") and first six months ("1H 2015") ended 30 June 2015.

Financial Highlights:

	1 Apr 2015 to 30 Jun 2015 S$'000 ("2Q 2015")	1 Apr 2014 to 30 Jun 2014 S$'000 ("2Q 2014")	Increase/ (Decrease) %	1 Jan 2015 to 30 Jun 2015 S$'000 ("1H 2015")	1 Jan 2014 to 30 Jun 2014 S$'000 ("1H 2014")	Increase/ (Decrease) %
Gross revenue	39,001	37,850	3.0	81,213	81,605	(0.5)
Net property income	31,621	31,334	0.9	66,118	68,056	(2.8)
Net income	20,413	22,603	(9.7)	45,934	51,258	(10.4)
Income available for distribution to holders of Stapled Securities	24,602	27,101	(9.2)	51,234	56,974	(10.1)
Less:						
Income retained for working capital	(2,460)	(2,710)	(9.2)	(5,123)	(5,697)	(10.1)
Income to be distributed to holders of Stapled Securities	22,142	24,391	(9.2)	46,111	51,277	(10.1)
Income available for distribution per Stapled Security (cents)						
- For the period	2.50	2.77	(10.0)	5.20	5.83	(10.8)
- Annualised	10.03	11.11	(10.0)	10.48	11.75	(10.8)
Income to be distributed per Stapled Security (cents)						
- For the period	2.25	2.50	(10.0)	4.69	5.25	(10.8)
- Annualised	9.02	10.03	(10.0)	9.44	10.59	(10.8)

In 2Q 2015, CDLHT registered gross revenue of S$39.0 million, an increase of S$1.1 million or 3.0% over the corresponding period last year. The improvement was mainly attributable to the S$2.3 million contribution from the acquisition of the Japan Hotels in December 2014 as well as gross revenue increase of S$0.3 million from the Maldives Resorts which was partly buoyed by a strong US dollar ("USD"). However, this improvement was affected by reduced rent contribution of S$0.9 million from the Singapore Hotels. The Australia Hotels and New Zealand hotel also recorded lower contributions due to the weakening of Australia dollar ("AUD") and New Zealand dollar ("NZD") against the Singapore dollar ("SGD").

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Apart from rental income from the Galleria, no income has been recorded for Claymore Connect during the quarter as majority of the new tenants are still undergoing retrofitting works. As of 30 June 2015, the committed occupancy of Claymore Connect is 84%[1], with its anchor tenant, Cold Storage, commencing operations only towards the latter part of the quarter.

Net property income (after deducting operating expenses of Jumeirah Dhevanafushi and the Japan Hotels, and the portfolio's property tax and insurance expenses) increased marginally by S$0.3 million to S$31.6 million in 2Q 2015.

Net finance costs for 2Q 2015 increased by S$2.2 million to S$6.5 million. This was mainly due to higher interest expense of S$1.1 million and an exchange loss of S$1.1 million over the corresponding period last year. The higher interest expenses were due to increased borrowings to finance the acquisition of the Japan Hotels and asset enhancement works at Claymore Connect as well as the conversion of some of its USD and SGD borrowings into longer tenor 5-year fixed rate term loans. In addition, there was also a general rise in interest rates on its floating rate borrowings.

Overall, total income available for distribution (before deducting income retained for working capital) of S$24.6 million for 2Q 2015 was S$2.5 million or 9.2% lower year-on-year ("yoy"). The distributable income does not include contribution from the Japan Hotels, which is only available for distribution in the fourth quarter once the financial results of its Japanese subsidiary for the first fiscal year ending 30 September 2015 are audited. Correspondingly, income to be distributed per Stapled Security (after deducting the income retained for working capital) of 2.25 cents in 2Q 2015 was lower than the 2.50 cents recorded in the corresponding quarter last year.

For 1H 2015, CDLHT registered gross revenue of S$81.2 million, marginally lower than the corresponding period last year. The decline was mainly due to reduced rent contribution of S$4.4 million from the Singapore Hotels as well as lower contributions from the Australia Hotels and New Zealand hotel as a result of the depreciation of the foreign currencies against the SGD. This decline was mitigated by a S$4.8 million contribution from the Japan Hotels as well as higher contribution from the Maldives Resorts due to positive currency translation as a result of the stronger USD, notwithstanding the weaker trading environment.

Net property income (after deducting operating expenses of Jumeirah Dhevanafushi and the Japan Hotels, and the portfolio's property tax and insurance expenses) decreased by S$1.9 million or 2.8% to S$66.1 million in 1H 2015.

Net finance costs for 1H 2015 increased by S$2.5 million to S$10.4 million, mainly due to higher interest expense of S$1.6 million and an exchange difference of S$0.7 million over the corresponding period last year.

Overall, total income available for distribution (before deducting income retained for working capital) of S$51.2 million for 1H 2015 was S$5.7 million or 10.1% lower yoy. The distributable income does not include contribution from the Japan Hotels, which is only available for distribution in the fourth quarter. Correspondingly, income to be distributed per Stapled Security (after deducting the income retained for working capital) was 4.69 cents in 1H 2015, which was lower than the 5.25 cents recorded in the corresponding period last year.

Mr Vincent Yeo, Chief Executive Officer of M&C REIT Management Limited and M&C Business Trust Management Limited, the managers of CDLHT, said, "Our geographically diversified portfolio has continued to generate stable hotel earnings in 2Q 2015 in spite of the unfavourable trading conditions in some of our markets. Our Income Available for Distribution was dampened by the exclusion of the contribution from the Japan Hotels and higher financing costs. The higher financing costs have arisen

[1] Committed occupancy here only refers to the portion of the mall that was closed in December 2013 for the asset enhancement exercise ("AEI"). The adjoining Galleria is not part of the AEI.

partially from increasing the duration of fixed interest rate borrowings to mitigate the effects of future interest rate rises."

Review of Portfolio's Performance

The combined weighted average statistics for CDLHT's Singapore Hotels for 2Q 2015 and 1H 2015 are as follows:

	2Q 2015	2Q 2014	Increase/ (Decrease)	1H 2015	1H 2014	Increase/ (Decrease)
Average Occupancy Rate	86.5%	86.1%	0.4pp	87.1%	87.2%	(0.1)pp
Average Daily Rate	S$200	S$211	(5.2)%	S$199	S$214	(7.0)%
Revenue per Available Room ("RevPAR")	S$173	S$181	(4.4)%	S$173	S$187	(7.5)%

In 2Q 2015, RevPAR for Singapore Hotels fell 4.4% yoy to S$173 as slower global economic growth impacted corporate demand. Based on the GDP estimates released by the Ministry of Trade and Industry, the economy contracted 4.6%[2] in 2Q 2015 on a seasonally adjusted quarter-on-quarter annualised basis. Occupancy for 2Q 2015 held steady at 86.5% but the average room rate declined by 5.2% yoy in response to price competition exerted by new hotel entrants and the relatively strong SGD. Overall, visitor arrivals to Singapore fell 1.0% yoy to 2.4 million for the first two months of 2Q 2015[3]. Although city-wide events such as the South East Asian Games led to a surge in occupancy and room rates over the two-week period in June 2015, this was partially offset by the absence of the biennial Food and Hotel Asia event in April 2015.

The hospitality market in the Maldives remained challenging in 2Q 2015, with the two resorts posting a combined yoy RevPAR decline of 15.4%. This was the result of a slowdown in Chinese luxury travel and pricing promotions in the market due to the continued strength of the US currency (where room rates are priced in USD) against the sustained weakness in the euro and Russian rouble.

The Group's Japan Hotels have continued to perform well. Buttressed by strong tourist arrivals, the two hotels registered a combined yoy RevPAR growth of 29.1%[4] for the three months ended 30 June 2015.

Outlook

According to Singapore Tourism Board ("STB"), international visitor arrivals were down 4.1% yoy to 6.1 million for January to May this year. In the near term, factors such as the uncertain global economic outlook, the weak local economy and a relatively strong SGD, are likely to have an impact on the overall performance of the Singapore tourism sector.

Notwithstanding, there have been positive developments in Singapore tourism scene. The S$20 million partnership by Singapore Airlines, Changi Airport Group and STB[5], on top of the two marketing campaigns announced previously[6], is likely to strengthen Singapore's appeal as a choice destination

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[2] Ministry of Trade and Industry, "Singapore's Growth Moderated in the Second Quarter of 2015", 14 July 2015
[3] Singapore Tourism Board, International Visitor Arrivals Statistics, 12 July 2015
[4] The yoy comparison assumes that CDLHT, through a trust bank in Japan, owned the Japan Hotels for the quarter ended 30 June 2014
[5] Channel NewsAsia, "SIA, CAG, STB in partnership to boost tourism", 30 June 2015
[6] The two other marketing campaigns announced in 2015 are: (i) S$35 million partnership between STB and CAG, and (ii) the S$20 million Golden Jubilee campaign

among the key source markets. The inscription of Singapore Botanic Gardens as a UNESCO World Heritage Site is also expected to boost Singapore's ability to attract more tourists into the country[7]. In addition, the ongoing Golden Jubilee celebrations, and the slew of sporting events and new attractions such as the WTA Finals and National Gallery that are coming up in the second half of 2015, are likely to add to the vibrancy of the tourism scene.

On the supply front, industry room inventory will continue to grow by an estimated 4,405 rooms in 2015, further increasing room stock by 7.7%. Till date, net hotel room inventory has increased by 1,673 rooms. Room rates are likely to remain competitive as new hotels seek to build their base.

In Australia, the weakness in the natural resource sector as a result of the falling commodity prices will continue to weigh on the hotels in Perth and Brisbane. However, this is mitigated by the defensive lease structure which provides CDLHT with largely fixed rent. The New Zealand hotel which is currently on a fully fixed rental, coupled with the Australia Hotels, may receive lower rental receipts in SGD terms if their local currency weakness persists.

In Maldives, the tourism market is feeling the impact of near term headwinds such as the slowing growth in China, and the continued strength of the USD, exacerbated by the sustained weakness in the euro and Russian rouble. The currency effect will weigh on the performance of the Maldives' tourism sector as room rates are priced in USD.

Japan continues to witness record visitor arrivals largely due to favourable government policies driving tourism growth. For the first six months of 2015, Japan recorded 9.1 million foreign visitors, representing a yoy growth of 46.0%[8]. According to Japan National Tourism Organization, at the current growth rate, Japan would reach 18 million visitors for 2015, well on the way to achieving the government's target of 20 million visitors before the 2020 Tokyo Olympic Games. This continued increase in international arrivals coupled with the recovery in domestic economy, are expected to boost revenue growth for the Japanese hospitality market[9].

Asset enhancement works at Claymore Connect have been completed. Tenants' retrofitting works are ongoing and majority of the tenants will move in progressively from 2H 2015 onwards.

In addition, M Hotel is currently undergoing a refurbishment of its 300 guestrooms. This refurbishment exercise started in March 2015 and is scheduled for completion by 1Q 2016. Grand Copthorne Waterfront Hotel will also be undertaking a renovation exercise that involves refreshing its lobby, creating a new integrated F&B concept outlet as well as expanding and enhancing its meeting rooms and facilities. This renovation is expected to start in 4Q 2015 and is targeted for completion around middle of 2016.

Mr Yeo concluded, "With our healthy gearing of 32%, we are well-positioned to capitalise on acquisition opportunities to enhance our returns to unit holders and diversify our income."

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[7] Channel NewsAsia, "Botanic Gardens likely to boost tourism after World Heritage Site listing: Iswaran", 5 July 2015
[8] Japan National Tourism Organization
[9] Horwath, "Hotel Yearbook 2015: Japan, Asia-Pacific", 11 February 2015

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About CDL Hospitality Trusts

CDL Hospitality Trusts ("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 CDL Hospitality Business Trust.

CDLHT was established with the principal investment strategy of investing, directly or indirectly, in a diversified portfolio of income-producing real estate, which is primarily used for hospitality and/or hospitality-related purposes, whether wholly or partially, and real estate-related assets in relation to the foregoing.

As at 30 June 2015, CDLHT owns 14 hotels and two resorts with a total of 4,711 rooms, comprising six hotels in Singapore (Orchard Hotel, Grand Copthorne Waterfront Hotel, M Hotel, Copthorne King's Hotel, Novotel Singapore Clarke Quay and Studio M Hotel); five hotels in Australia's key gateway cities of Brisbane and Perth (Novotel Brisbane, Mercure Brisbane, Ibis Brisbane, Mercure Perth and Ibis Perth); one hotel in New Zealand's gateway city of Auckland (Rendezvous Grand Hotel Auckland); two hotels in Japan's gateway city of Tokyo (Hotel MyStays Asakusabashi and Hotel MyStays Kamata); two resorts in Maldives (Angsana Velavaru and Jumeirah Dhevanafushi), as well as Claymore Connect (formerly known as Orchard Hotel Shopping Arcade), the shopping arcade adjoining Orchard Hotel in Singapore.