



CDL HOSPITALITY TRUSTS

FOR IMMEDIATE RELEASE

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CDL HOSPITALITY TRUSTS REPORTS  
INCOME AVAILABLE FOR DISTRIBUTION OF S\$23.3 MILLION FOR 3Q 2015

- Net property income of S\$33.1 million and S\$99.2 million for 3Q 2015 and YTD Sep 2015 respectively
- Income available for distribution per Stapled Security (after deducting income retained for working capital) (“DPS”) of 2.36 cents for 3Q 2015 and 7.05 cents for YTD Sep 2015
- Japan Hotels continue to perform strongly and UK hotel to show maiden contribution in 4Q 2015
- CDLHT remains well-poised for acquisitions with gearing of 36.5%

**Singapore, 29 October 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 third quarter (“3Q 2015”) and nine months (“YTD Sep 2015”) ended 30 September 2015.

**Financial Highlights:**

	1 Jul 2015 to 30 Sep 2015 S\$'000 ("3Q 2015")	1 Jul 2014 to 30 Sep 2014 S\$'000 ("3Q 2014")	Increase/ Decrease	1 Jan 2015 to 30 Sep 2015 S\$'000 ("YTD Sep 2015")	1 Jan 2014 to 30 Sep 2014 S\$'000 ("YTD Sep 2014")	Increase/ Decrease
<b>Gross revenue</b>	41,084	40,113	2.4	122,297	121,718	0.5
<b>Net property income</b>	33,080	33,823	(2.2)	99,198	101,879	(2.6)
<b>Net income</b>	21,624	24,259	(10.9)	67,558	75,517	(10.5)
<b>Income available for distribution to holders of Stapled Securities</b>	25,880	28,425	(9.0)	77,114	85,398	(9.7)
<b>Less:</b>						
<b>Income retained for working capital</b>	(2,588)	(2,843)	(9.0)	(7,711)	(8,540)	(9.7)
<b>Income available for distribution to holders of Stapled Securities (after deducting income retained for working capital)</b>	23,292	25,582	(9.0)	69,403	76,858	(9.7)
<b>Income available for distribution per Stapled Security (before deducting income retained for working capital)(cents)</b>						
- For the period	2.62	2.90	(9.7)	7.82	8.73	(10.3)
- Annualised	10.39	11.51	(9.7)	10.46	11.67	(10.3)
<b>Income available for distribution per Stapled Security (after deducting income retained for working capital) (cents)</b>						
- For the period	2.36	2.61	(9.7)	7.05	7.86	(10.3)
- Annualised	9.36	10.36	(9.7)	9.43	10.51	(10.3)

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### Third Quarter ended 30 September 2015

In 3Q 2015, CDLHT registered gross revenue of S\$41.1 million, an increase of S\$1.0 million or 2.4% over the corresponding period last year. The improvement was mainly attributable to the contribution of S\$2.4 million from the acquisition of the Japan Hotels in December 2014 and incremental rental income of S\$1.2 million from the newly refurbished mall, Claymore Connect. However, this improvement was dampened by reduced rent contribution of S\$2.3 million from the Singapore Hotels. The Australia Hotels and New Zealand hotel also recorded lower contributions due to the weakened Australia dollar ("AUD") and New Zealand dollar ("NZD") against the Singapore dollar ("SGD").

Net property income (after deducting operating expenses of Jumeirah Dhevanafushi and the Japan Hotels, and the portfolio's property tax and insurance expenses) declined marginally by S\$0.7 million to S\$33.1 million in 3Q 2015.

Net finance costs for 3Q 2015 was reduced by S\$0.5 million to S\$4.7 million mainly due to exchange gain from the translation of its US dollar ("USD") denominated cash and cash equivalent balances. This gain was offset by higher interest expense arising from additional interest expenses incurred on borrowings to finance the Japan Hotels acquisition and asset enhancements works at Claymore Connect as well as higher overall funding costs on the Group's SGD and USD borrowings.

Overall, total income available for distribution (before deducting income retained for working capital) of S\$25.9 million for 3Q 2015 was S\$2.5 million or 9.0% 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 the Japanese subsidiary for the first fiscal year ended 30 September 2015 are audited. Correspondingly, income available for distribution per Stapled Security (after deducting the income retained for working capital) of 2.36 cents in 3Q 2015 was lower than the 2.61 cents recorded in the corresponding quarter last year.

### Nine months ended 30 September 2015

For YTD September 2015, CDLHT registered gross revenue of S\$122.3 million, marginally higher than the corresponding period last year. The increment was mainly due to the contribution of S\$7.2 million from the acquisition of the Japan Hotels in December 2014, an additional S\$1.2 million rental income boost from Claymore Connect as well as higher collective gross revenue of S\$0.5 million from the Maldives resorts as a result of the positive USD translation. This increase was offset by reduced rent contribution of S\$6.6 million from the Singapore Hotels as well as lower contributions from the Australia Hotels and New Zealand hotel as a result of the weak foreign currencies against SGD.

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\$2.7 million to S\$99.2 million for YTD Sep 2015.

Net finance costs for YTD Sep 2015 increased by S\$2.0 million to S\$15.1 million. This was mainly due to additional interest expense incurred on borrowings to finance Japan Hotels acquisition, Claymore Connect asset enhancement works 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 a general rise in interest rates on its floating rate borrowings. However, the increase in finance costs was mitigated by an exchange difference of S\$0.7 million arising mainly from the revaluation of USD denominated receivables and cash equivalent balances.



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Overall, total income available for distribution (before deducting income retained for working capital) of S\$77.1 million for YTD Sep 2015 was S\$8.3 million or 9.7% lower 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 the Japanese subsidiary for the first fiscal year ended 30 September 2015 are audited. Correspondingly, income available for distribution per Stapled Security (after deducting the income retained for working capital) of 7.05 cents for YTD Sep 2015 was lower than the 7.86 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, "The widespread economic slowdown has led to unfavourable trading conditions in some of our markets. However, our Japan Hotels acquisition in December last year has performed remarkably well. We have continued to diversify our earnings base by acquiring a hotel in Cambridge, UK, on 1 October 2015 and we look forward to its maiden contribution in the next quarter."

### Review of Portfolio's Performance and Outlook

The combined weighted average statistics for CDLHT's Singapore Hotels for 3Q 2015 and YTD Sep 2015 are as follows:

	3Q 2015	3Q 2014	Increase/ Decrease	YTD Sep 2015	YTD Sep 2014	Increase/ Decrease
<b>Average Occupancy Rate</b>	90.2%	92.0%	(1.8)pp	88.2%	88.9%	(0.7)pp
<b>Average Daily Rate</b>	S\$201	S\$209	(3.8)%	S\$199	S\$212	(6.1)%
<b>Room Revenue per Available Room ("RevPAR")</b>	S\$181	S\$192	(5.7)%	S\$176	S\$188	(6.4)%

### Singapore

RevPAR for the Singapore Hotels in 3Q 2015 fell 5.7% yoy to S\$181 as slower global economic growth impacted corporate demand. Corporate activity, particularly from the meetings and conferences business, was relatively subdued in 3Q 2015. Corporate travel momentum was disrupted as there were more public holidays in 3Q 2015 (especially on weekdays) as compared to 3Q 2014. The transboundary haze also had a negative effect on demand. Notwithstanding these factors, occupancy for the Singapore Hotels remained robust at 90.2%.

According to Singapore Tourism Board ("STB"), international visitor arrivals were down 0.6% yoy to 10.2 million for January to August this year. Despite a subdued performance in the first half of 2015, STB has maintained its arrivals forecast of more than 15 million visitors in 2015 as the recent increase in arrivals from India and China has mitigated the slowdown in arrivals from regional countries such as Indonesia and Malaysia.

The longer term outlook for Singapore tourism remains positive as the city continues to strengthen its status as a leading MICE destination globally and this is supported by positive developments in the tourism scene. In the MICE sector, Singapore has retained its position as the top international meeting city for the eighth-year running, based on the latest global ranking from the Union of International Associations<sup>1</sup>.

<sup>1</sup> Union of International Associations, "International Meetings Statistic Report", 8 June 2015



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On the supply front, industry room inventory will continue to grow by an estimated 4,361 rooms in 2015, further increasing room stock by 7.6%. Till date, net hotel room inventory has increased by an estimated 1,914 rooms. Room rates are likely to remain competitive as new hotels seek to build their base amidst caution in corporate travel expenditure. For the first 26 days of October 2015, RevPAR for the Singapore Hotels increased by 1.4% as compared to the same period last year.

Claymore Connect was officially opened on 8 October 2015. Anchor tenant, Cold Storage alongside international preschool – MapleBear Singapore, family fitness studio – Ch'i Life, food and beverage (“F&B”) outlets such as Mon Bijou and Hua Ting Steamboat, and majority of the lifestyle services tenants have started operations. New retail complexes can be expected to go through a longer gestation period to reach stabilised rental income given the soft retail environment.

Grand Copthorne Waterfront will be starting a renovation exercise in end November this year to refresh its lobby, add meeting room capacity and augment its F&B offerings. The renovation will be carried out in phases and during this time, the hotel will remain fully operational. It is anticipated that there will be some disruption and revenue loss during the period of renovation, which is targeted for completion around middle of 2016. Separately, the soft refurbishment of the 288 rooms in M Hotel, which started in March 2015, is on track for completion by April 2016.

### **Maldives**

The Maldives hospitality market in 3Q 2015 remained challenging, with the two resorts posting a collective yoy RevPAR decline of 18.3%. The slowdown in Chinese luxury travel and the sustained weakness of the euro and Russian rouble against the USD may continue to weigh heavily on the performance of the Maldives tourism sector as room rates are priced in USD.

### **Australia and New Zealand**

The weakness in the natural resource sector 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.

### **Japan**

Japan continues to experience robust growth in international arrivals due to the favourable government policies towards tourism and the weak yen. For the first nine months of 2015, Japan recorded 14.5 million foreign visitors, representing a yoy growth of 48.8%<sup>2</sup>. Correspondingly, the Group's Japan Hotels have performed well, registering a combined yoy RevPAR growth of 20.9%<sup>3</sup> for the three months ended 30 September 2015. The outlook for the hospitality sector is expected to remain positive<sup>4</sup>.

### **United Kingdom**

The newly acquired Cambridge City Hotel is expected to make its maiden earnings contribution from next quarter. In addition, the appointment of Hilton to manage the hotel and rebranding to “Hilton Cambridge”, scheduled for December, is likely to augment the trading performance of the hotel.

With a gearing of 36.5% as at 30 September 2015, CDLHT will continue to source for suitable acquisition opportunities in the hospitality sector.

<sup>2</sup> Japan National Tourism Organization

<sup>3</sup> The yoy RevPAR comparison assumes H-REIT, through the Japan trust, owned the Japan Hotels for the quarter ended 30 September 2014.

<sup>4</sup> Savills, “Spotlight: Japan Hospitality”, September 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 1 October 2015, CDLHT owns 15 hotels and two resorts with a total of 4,909 rooms, comprising:

- (i) six hotels in 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 shopping arcade adjoining Orchard Hotel (Claymore Connect);
- (ii) five hotels in Australia's key gateway cities of Brisbane and Perth (Novotel Brisbane, Mercure Brisbane, Ibis 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 (Rendezvous Grand Hotel Auckland);
- (v) one hotel in Cambridge, United Kingdom (Cambridge City Hotel); and
- (vi) two resorts in Maldives (Angsana Velavaru and Jumeirah Dhevanafushi).