



CDL HOSPITALITY TRUSTS

FOR IMMEDIATE RELEASE

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CDL HOSPITALITY TRUSTS REPORTS  
TOTAL DISTRIBUTION OF S\$26.3 MILLION FOR 3Q 2018

- Net property income of S\$36.2 million and S\$107.6 million for 3Q 2018 and YTD Sep 2018 respectively
- Total distribution per Stapled Security of 2.18 cents for 3Q 2018 and 6.49 cents for YTD Sep 2018
- CDLHT continues to pursue suitable acquisitions and asset enhancement initiatives to diversify income sources and augment returns

**Singapore, 30 October 2018** – 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 2018”) and nine months (“YTD Sep 2018”) ended 30 September 2018.

**Financial Highlights:**

<i>Note: Two Brisbane hotels were divested in January 2018 and one Maldives resort has been temporarily closed since June 2018 for renovation</i>	1 Jul 2018 to 30 Sep 2018 S\$'000 ("3Q 2018")	1 Jul 2017 to 30 Sep 2017 S\$'000 ("3Q 2017")	Increase/ (Decrease) (%)	1 Jan 2018 to 30 Sep 2018 S\$'000 ("YTD Sep 2018")	1 Jan 2017 to 30 Sep 2017 S\$'000 ("YTD Sep 2017")	Increase/ (Decrease) (%)
<b>Revenue</b>	50,014	54,826	(8.8)	149,522	149,075	0.3
<b>Net property income ("NPI")</b>	36,226	40,358	(10.2)	107,642	111,136	(3.1)
<b>Total distribution to Stapled Securityholders (after retention)</b>	26,325	27,389	(3.9)	78,170	76,408	2.3
<b>Total distribution per Stapled Security (after retention) ("DPS")(cents)</b>	2.18	2.29	(4.8)	6.49	6.39	1.6

**Third Quarter ended 30 September 2018**

In 3Q 2018, CDLHT recorded NPI of S\$36.2 million, a decrease of 10.2% as compared to 3Q 2017. This was mainly due to the absence of contribution from three properties – namely Mercure Brisbane and Ibis Brisbane, which were divested in January 2018, and Dhevanafushi Maldives Luxury Resort, which has been temporarily closed since June 2018 for renovations. There was also lower NPI contribution from Singapore, UK and New Zealand (which was also affected by a weaker NZD). Singapore’s performance was affected by Orchard Hotel’s asset enhancement exercise. These were partially offset by increased NPI contribution from Pullman Hotel Munich and the Japan Hotels, which performed well, as well as Claymore Connect.



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Interest expense for 3Q 2018 was lower by S\$0.6 million or 9.5% mainly due to the repayment of certain loans with the proceeds from CDLHT's rights issue in 3Q 2017, which resulted in interest savings.

Overall, CDLHT recorded total distribution to Stapled Securityholders (after retention for working capital) of S\$26.3 million and DPS of 2.18 cents for 3Q 2018<sup>1</sup>.

### Nine months ended 30 September 2018

For YTD Sep 2018, NPI decreased 3.1% to S\$107.6 million, mainly due to the absence of contribution from Mercure Brisbane, Ibis Brisbane and Dhevanafushi Maldives Luxury Resort. The New Zealand and Japan hotels also recorded lower contribution, which were also affected by a weaker NZD and JPY. The decline in NPI was largely mitigated by inorganic contribution from The Lowry Hotel and Pullman Hotel Munich, as well as incremental contribution from the Singapore portfolio and Hilton Cambridge City Centre.

Interest expense for YTD Sep 2018 was lower by S\$2.0 million or 11.7% mainly due to interest savings as a result of repayment of certain loans with the proceeds from CDLHT's rights issue in 3Q 2017.

Overall, total distribution to Stapled Securityholders (after retention for working capital) for YTD Sep 2018<sup>2</sup> increased 2.3% year-on-year ("yoy") to S\$78.2 million and DPS was 6.49 cents, 1.6% higher than YTD Sep 2017.

Mr Vincent Yeo, Chief Executive Officer of CDLHT's managers, said, "We are experiencing a transitional period as we are conducting significant refurbishment works for two of our properties and seeking opportunities to recycle capital from our earlier divestment. Looking ahead, our core portfolio in Singapore is poised to benefit from the recovery in the hotel sector. We will continue to focus on executing asset enhancement opportunities to maximize the long term potential of our hotels. For instance, Orchard Hotel, which is the largest hotel in our Singapore portfolio, will see a significantly improved product offering when the asset enhancement works are completed."

### Review of Portfolio's Performance and Outlook

The combined weighted average statistics for CDLHT's Singapore Hotels are as follows<sup>2</sup>:

	3Q 2018	3Q 2017	Increase/ (Decrease)	YTD Sep 2018	YTD Sep 2017	Increase/ (Decrease)
<b>Average Occupancy Rate</b>	90.8%	88.7%	2.1pp	87.3%	87.8%	(0.5)pp
<b>Average Daily Rate</b>	S\$182	S\$187	(2.6)%	S\$183	S\$182	0.6%
<b>Revenue per Available Room ("RevPAR")</b>	S\$165	S\$166	(0.3)%	S\$160	S\$160	(0.1)%

### Singapore

In Singapore, RevPAR of the Singapore Hotels for 3Q 2018, excluding Orchard Hotel, increased by 1.3% yoy due to support from a stronger Chinese outbound leisure travel season and the presence of major city-wide events like Singapore International Water Week (Biennial), 51<sup>st</sup> ASEAN Ministerial Meeting and the F1 Singapore Grand Prix. While Orchard Hotel remains fully operational, the ongoing refurbishment works affected its income contribution. Therefore, including Orchard Hotel, RevPAR of the Singapore Hotels was marginally lower by 0.3% for 3Q 2018.

<sup>1</sup> Contribution from Japan Hotels for 3Q 2018 is not included in the distribution as there is a time lag between the distribution being made and the completion of audit and tax filing

<sup>2</sup> Due to rounding, numbers presented may not add up precisely to the totals and percentages may not precisely reflect the absolute figures



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On the supply front, Singapore hotel inventory is estimated to increase by 1,961 net rooms<sup>3</sup> in 2018 and 2019, representing approximately 2.9% of room stock. While the trading environment is likely to remain competitive as new hotels that opened in late 2017 continue to build their market share, supply growth going forward is benign which will be supportive of a recovery in the Singapore hotel sector.

For year-to-date (“YTD”) August 2018, international visitor arrivals to Singapore increased 7.5% yoy to 12.6 million and total visitor days grew 5.5% yoy<sup>4</sup>. The growth in visitor arrivals was partly driven by an increase in Chinese and Indian arrivals, and all of Singapore’s top ten source markets also recorded growth.

To enhance Singapore’s appeal as a tourist destination, the Singapore Tourism Board (“STB”) continues to deepen its marketing efforts through various multi-year partnerships. These include an inaugural three-year agreement with William Reed Business Media to anchor a series of five 50 Best events in Singapore, such as the debut of The World’s 50 Best Restaurants awards in Singapore in 2019<sup>5</sup>; as well as a tripartite partnership with Costa Cruises and Changi Airport Group, which is expected to bring in over 100,000 international fly-cruise visitors to Singapore over three years<sup>6</sup>.

In Orchard Hotel, the lobby and its food and beverage outlets (namely Orchard Café and Intermezzo Bar) is currently under renovation and is expected to complete by end 2018. Of the inventory in the Orchard wing, 260 guest rooms will be renovated progressively from mid November 2018 to around 2Q 2019. In addition, all the meeting facilities and the Grand Ballroom will also undergo a significant upgrading, which will enhance Orchard Hotel’s current positioning as one of only four hotels in Singapore with a ballroom that can accommodate 1,000 or more guests.

### **Overseas Markets**

The tourism sector in New Zealand remains healthy with visitor arrivals growing 2.9% to 2.7 million for YTD Sep 2018<sup>7</sup> and total arrivals is forecast to increase 4.9% for the full year of 2018<sup>8</sup>. For Grand Millennium Auckland, the absence of the British & Irish Lions Rugby Tour series which stretched to July last year caused its RevPAR for 3Q 2018 to drop by 6.0% yoy despite a better August and September. In end 2018, the government will be launching the 2019 China-New Zealand Year of Tourism – an international agreement which focuses on attracting more high-value Chinese visitors<sup>9</sup>, New Zealand’s second largest source market.

Tourism demand in Japan continues to see growth with a 10.7% yoy increase in visitor arrivals to 23.5 million for YTD Sep 2018<sup>10</sup>, leading to sustained high occupancies for the hotel industry. From June 2018, all Airbnb hosts had to obtain a governmental permit in order to operate due to new regulations, forcing many accommodation listings in Tokyo to be temporarily suspended until a permit is granted. As such, RevPAR for the Japan Hotels improved by 5.9% yoy in 3Q 2018. The reduction in Airbnb listings have partially alleviated supply concerns and should benefit the economy hotel market<sup>11</sup>.

In the Maldives, increase in new resorts supply intensified competition. Despite this, RevPAR for Angsana Velavaru improved 6.5% yoy for 3Q 2018. On the demand side, total arrivals to the Maldives increased in 2018 and the European markets saw a recovery in growth<sup>12</sup>. Looking ahead, the Maldives government has also announced new steps to maintain a structured growth in tourism, including a

<sup>3</sup> Based on Horwath data (July 2018) and CDLHT Research

<sup>4</sup> STB

<sup>5</sup> STB, “STB’s multi-year partnership with 50 Best brand to spur industry and capability growth & development for F&B enterprises”, 3 October 2018

<sup>6</sup> STB, “Costa Cruises Enters Second Tripartite Partnership with Singapore Tourism Board and Changi Airport Group to Grow the Fly”, 4 October 2018

<sup>7</sup> Stats NZ, “International travel and migration”

<sup>8</sup> Ministry of Business, Innovation and Employment, New Zealand Tourism Forecasts 2018-2024

<sup>9</sup> Stuff, “Cashing in on the China-New Zealand Year of Tourism”, 30 September 2018

<sup>10</sup> Japanese National Tourism Organization

<sup>11</sup> Savills World Research Japan, “Spotlight Japan Hospitality”, August 2018

<sup>12</sup> Ministry of Tourism, Republic of Maldives



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slowdown in leasing islands for resort development and increased marketing efforts in key markets such as China and the Middle East<sup>13</sup>.

The ongoing extensive enhancement works for Dhevanafushi Maldives Luxury Resort in preparation for its relaunch as the first flagship “Raffles Hotels & Resorts” property in the Maldives is expected to complete at year end. Refurbishment works are also being planned for 28 land villas in Angsana Velavaru. These asset enhancements are expected to improve the product offerings of both resorts.

In 3Q 2018, Hilton Cambridge City Centre achieved RevPAR improvement despite new competition from increased rooms supply in the city. For The Lowry Hotel, RevPAR for the quarter was lower due to fewer number of events in Manchester, the Presidential Suite being taken out of inventory for renovation, as well as the absence of a one-off high-rated conference group during the period. The Presidential Suite at The Lowry Hotel, which is important to grow the entertainment business, has completed its renovation and there are also plans to upgrade the public areas and other facilities, which will enhance its position as one of the top hotels in Manchester. Collectively, the UK Hotels reported a slight yoy RevPAR dip of 1.2%. The UK economy is seeing steady growth but Brexit uncertainty may continue to pose headwinds<sup>14</sup>.

International arrivals to Munich recorded a healthy yoy growth of 6.1% to 2.4 million for YTD Aug 2018<sup>15</sup>. A stronger city events calendar continued to feature well for Munich in 3Q 2018 along with increased corporate group demand, resulting in Pullman Hotel Munich posting a healthy yoy RevPAR growth of 3.9%. While there is impending near term growth in hotel inventory, demand in the hospitality market is well-supported by Munich’s events calendar<sup>16</sup>.

Mr Yeo concluded: “Our strong balance sheet and ample debt headroom puts us in good stead to continue sourcing for acquisitions to enhance our returns to Stapled Securityholders and further diversify our income.”

As at 30 September 2018, CDLHT has a gearing of 33.8% and regulatory debt headroom of S\$572 million.

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<sup>13</sup> Maldives Insider, “Maldives to Witness \$1.6 Bln New Tourism Investments in Five Years”, 6 April 2018

<sup>14</sup> IHS Markit, “IHS Markit / CIPS UK Services PMI”, 3 October 2018

<sup>15</sup> München Tourismus

<sup>16</sup> Events Eye



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### About CDL Hospitality Trusts

CDL Hospitality Trusts (“CDLHT”) is one of Asia’s leading hospitality trusts with assets valued at S\$2.7 billion. 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 HBT.

CDLHT was established with the principal investment strategy of investing in a portfolio of hospitality and/or hospitality-related real estate assets. As at 30 September 2018, CDLHT owns 15 hotels and two resorts comprising a total of 5,002 rooms as well as a retail mall. The properties under CDLHT’s portfolio include:

- (i) six hotels in the gateway city of 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 retail mall adjoining Orchard Hotel (Claymore Connect);
- (ii) three hotels in Brisbane and Perth, Australia (Novotel 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 (Grand Millennium Auckland);
- (v) two hotels in United Kingdom (Hilton Cambridge City Centre in Cambridge and The Lowry Hotel in Manchester);
- (vi) one hotel in Germany’s gateway city of Munich (Pullman Hotel Munich); and
- (vii) two resorts in Maldives (Angsana Velavaru and Dhevanafushi Maldives Luxury Resort, Managed by AccorHotels (previously known as Jumeirah Dhevanafushi)).