CDL HOSPITALITY TRUSTS

FOR IMMEDIATE RELEASE **29 APR 2016**

CDL HOSPITALITY TRUSTS REPORTS INCOME AVAILABLE FOR DISTRIBUTION OF S$21.9 MILLION FOR 1Q 2016

- **Net property income of S$33.7 million for 1Q 2016**
- **Income available for distribution per Stapled Security (after deducting income retained for working capital) for 1Q 2016 was 2.22 cents**
- **CDLHT remains well-poised for acquisitions with gearing of 36.7%**

Singapore, 29 April 2016 – 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 first quarter ("1Q 2016") ended 31 March 2016.

Financial Highlights:

	1 Jan 2016 to 31 Mar 2016 S$'000 ("1Q 2016")	1 Jan 2015 to 31 Mar 2015 S$'000 ("1Q 2015")	Change (%)
Gross revenue	44,664	42,212	5.8
Net property income	33,710	34,497	(2.3)
Income available for distribution (after deducting income retained for working capital)	21,942	23,969	(8.5)
Income available for distribution (after deducting income retained for working capital)(cents)	2.22	2.44	(9.0)

First Quarter ended 31 March 2016

In 1Q 2016, CDLHT registered net property income ("NPI") of S$33.7 million, a decline of 2.3% as compared to 1Q 2015. Contributions from Singapore Hotels and Maldives Resorts declined due to the soft trading environment while Australia Hotels recorded lower rent contribution due to local currency weakness against the Singapore dollar ("SGD") and a smaller variable income for FY 2015. The decline in NPI was mitigated by inorganic contribution from Hilton Cambridge City Centre and higher rent contribution from the New Zealand Hotel due to the recognition of a full year variable income of S$0.5 million for the first time, triggered by strong revenue performance in FY 2015.

Net finance costs in 1Q 2016 increased S$2.4 million to S$6.3 million mainly due to higher interest expenses and foreign exchange difference. The higher interest expense arose due to increased borrowings for the acquisition of the UK Hotel as well as higher overall funding costs due to general rise in interest rates on floating rate borrowings and increase in fixed rate borrowings from 52% as at 31 March 2015 to 60% as at 31 March 2016. The latter was strategic to hedge against rising interest rates.

Overall, the total income available for distribution (after deducting income retained for working capital) of S$21.9 million for 1Q 2016 was S$2.0 million or 8.5% lower yoy. The distributable income does not include contribution from the Japan Hotels, which is only available for distribution in the second quarter once the financial results of the Group's Japanese subsidiary for the fiscal period ended 31 March 2016 are audited. Correspondingly, the income available for distribution per stapled security (after deducting income retained for working capital) of 2.22 cents in 1Q 2016 was lower than the 2.44 cents recorded in 1Q 2015.

Mr Vincent Yeo, Chief Executive Officer of CDLHT's managers, said, "The weak global economy has given rise to a challenging operating environment. Although there has been some improvement in visitor arrivals, corporate expenditure remains constrained which has affected our core Singapore portfolio performance. The performance has also been affected by our ongoing asset enhancement initiatives at Grand Copthorne Waterfront Hotel and M Hotel which are slated for completion in 2016. However, we believe that by augmenting our assets at this opportune time, it will enhance their competitive position and allow them to capitalise on the positive mid-to-long term outlook of Singapore tourism sector."

Review of Portfolio's Performance and Outlook

The combined weighted average statistics for CDLHT's Singapore Hotels are as follows:

	1Q 2016	1Q 2015	Change
Average Occupancy Rate	83.9%	87.7%	(3.8)pp
Average Daily Rate	S$191	S$197	(3.0)%
Room Revenue per Available Room ("RevPAR")	S$161	S$173	(6.9)%

<u>Singapore</u>

RevPAR for Singapore Hotels fell by 6.9% yoy in 1Q 2016 to S$161 mainly due to the competitive trading environment induced by new hotel room supply and an uncertain economic outlook. The renovation at M Hotel and Grand Copthorne Waterfront Hotel, coupled with weak corporate demand experienced by the Group had affected the performance of the Singapore Hotels. The Easter holiday in March this year as compared to April last year also affected trading performance as corporate activity is generally more subdued during the holiday periods.

In the near term, the corporate group segment will continue to feel the effects of the weak economy. Hence, while 2016 is expected to see a better events calendar as compared to 2015, the outlook for the hospitality sector in Singapore remains uncertain. To support the growth of the tourism industry, the Singapore government has also recently announced an allocation of S$700 million to a third tranche of the Tourism Development Fund from 2016 to 2020[1]. For 2016, Singapore Tourism Board ("STB") has forecasted 15.2 million to 15.7 million visitor arrivals, implying a modest growth of up to 3.0%[2].

On the supply front in Singapore, industry room inventory will continue to grow by an estimated 3,930[3] rooms in 2016, further increasing room stock by 6.5%. As such, room rates are likely to remain competitive as new hotels seek to build their base business.

As part of ongoing asset enhancements and continued investment in the medium to long term potential of the assets, Grand Copthorne Waterfront Hotel is currently undergoing an extensive renovation to refresh its lobby, add meeting room capacity and significantly augment its food and beverage offerings. Although the hotel remains operational, it is experiencing some disruption and revenue loss as a result of this renovation in the short-term. The renovation is expected to be completed around the end of the third

1 The Business Times, "Singapore Tourism Industry to get S$700 million boost over next 5 years", 26 April 2016
2 STB, "Modest growth expected in 2016 amidst global uncertainties and increasing regional competition", 29 February 2016
3 Based on Horwath data (January 2016) and CDLHT research

quarter this year. At M Hotel, the ongoing room refurbishment is also expected to complete in second half of 2016.

Japan

The Japan tourism market continues to see strong growth momentum. YTD Mar 2016, visitor arrivals into Japan grew a remarkable 39.3% yoy to 5.8 million[4]. Against this backdrop, the Japan Hotels posted a combined RevPAR growth of 7.5% against the same period last year. Occupancies of the Japan Hotels in 1Q 2016 were affected by the conversion of some of its room inventory into non-smoking rooms to capitalise on the increasing demand for this room category.

In Mar 2016, Japanese Prime Minister Shinzo Abe doubled the visitor arrivals target to 40 million up from the previous target of 20 million and this will be supported by further relaxation of visa requirements as well as improved flight access[5]. The outlook for the hospitality sector is expected to remain positive.

Maldives

The NPI from the Maldives Resorts for 1Q 2016 declined by 9.8% yoy. The hospitality market continues to face headwinds due to the strength of the USD against the currencies of its major source markets which has affected the spending power of these guests as room rates are priced in USD. Chinese arrivals, which is the top source market into Maldives, registered a 10.8% decline in the first three months of this year. In addition, the cautious consumer sentiment towards discretionary spending in the high-end leisure market has affected the performance of the resorts as guests seek to trade down. Resorts in the Maldives responded by launching aggressive promotions to defend their market share. The outlook for the Maldives is expected to remain challenging in the near term.

United Kingdom

The newly acquired hotel, Hilton Cambridge City Centre, recorded a yoy RevPAR growth of 7.3%[6] in 1Q 2016. This growth was fuelled by increased business due to the refurbished product as well as the recent rebranding of the hotel.

Australasia

In Australia, overall GDP growth picked up in 2016 over 2015[7]. Mining investment continues to be weak despite improvements in the commodity prices. However, any weakness in the performance of the Australia Hotels is mitigated by the defensive lease structure which provides CDLHT with largely fixed rent.

In New Zealand, the tourism sector is enjoying strong demand with visitor arrivals growing 9.6% yoy to a record 3.1 million in 2015[8]. Rendezvous Hotel Auckland recorded strong underlying performance as a result of the robust hospitality market. For 1Q 2016, rent contribution grew 12.4% mainly due to the S$0.5 million full year variable income recognized for the first time, triggered by strong revenue performance in FY 2015.

Mr Yeo concluded: "With debt headroom to further expand, we are still looking for acquisitions to enhance our returns to unitholders and diversify our income."

– ENDS –

4 Japanese National Tourism Organization
5 The Business Times, "Abe set sights higher for Japan's tourism arrivals and spending" 1 April 2016
6 The yoy RevPar comparison assumes that CDLHT owned the UK Hotel for the quarter ended 31 March 2015.
7 Reserve Bank Australia, "Statement by Glenn Stevens, Governor: Monetary Policy Decision", 5 April 2016
8 Tourism – Statistics New Zealand

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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$2.5 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 CDL Hospitality Business Trust.

CDLHT was established with the principal investment strategy of investing in a diversified portfolio of hospitality and/or hospitality-related assets. As at 31 March 2016, CDLHT owns 15 hotels, two resorts and a retail mall comprising a total of 4,909 rooms. 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 shopping arcade adjoining Orchard Hotel (Claymore Connect);
(ii) five hotels in Brisbane and Perth, Australia (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 Hotel Auckland);
(v) one hotel in Cambridge, United Kingdom (Hilton Cambridge City Centre, previously known as Cambridge City Hotel); and
(vi) two resorts in Maldives (Angsana Velavaru and Jumeirah Dhevanafushi).