CDL HOSPITALITY TRUSTS

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CDL HOSPITALITY TRUSTS REPORTS TOTAL DISTRIBUTION OF S$30.9 MILLION FOR 4Q 2016

- **Net property income of S$37.7 million and S$137.6 million for 4Q 2016 and FY 2016 respectively**
- **Variable lease structure for Grand Millennium Auckland enabled CDLHT to benefit from strong growth in Auckland hospitality market which supported portfolio performance in 4Q 2016**
- **Total distribution per Stapled Security for 4Q 2016 was 3.3% higher at 3.11 cents**
- **CDLHT continues to pursue suitable acquisitions to diversify income sources and augment returns**

Singapore, 26 January 2017 – 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 fourth quarter ("4Q 2016") and full year ("FY 2016") ended 31 December 2016.

Financial Highlights:

	1 Oct 2016 to 31 Dec 2016 S$'000 ("4Q 2016")	1 Oct 2015 to 31 Dec 2015 S$'000 ("4Q 2015")	Increase/ (Decrease) (%)	1 Jan 2016 to 31 Dec 2016 S$'000 ("FY 2016")	1 Jan 2015 to 31 Dec 2015 S$'000 ("FY 2015")	Increase/ (Decrease) (%)
Gross revenue	48,326	50,113	(3.6)	180,857	172,410	4.9
Net property income ("NPI")	37,694	37,805	(0.3)	137,560	137,003	0.4
Income to be distributed to Stapled Securityholders (after retention)	27,513	28,659	(4.0)	94,977	98,062	(3.1)
Capital distribution	3,409	1,130	N.M.	4,147	1,130	N.M.
Total distribution to Stapled Securityholders (after retention and including capital distribution)	30,922	29,789	3.8	99,124	99,192	(0.1)
Total distribution per Stapled Security (after retention and including capital distribution) ("DPS")(cents)	3.11	3.01	3.3	10.00	10.06	(0.6)

Fourth Quarter ended 31 December 2016

In 4Q 2016, CDLHT recorded NPI of S$37.7 million, largely unchanged compared to 4Q 2015. Higher contribution was recorded from the New Zealand ("NZ") Hotel due to the burgeoning hospitality market in Auckland and the hotel benefitted with the change from a largely fixed rent structure to a lease structure with more significant variable rent component. Contributions from the Australia Hotels also increased slightly due to positive currency translation while contribution from the Japan Hotels was largely unchanged. However, the growth in NPI was offset by lower contributions from Singapore and Maldives on the back of the soft trading environment in these respective markets, as well as negative currency translation from the United Kingdom ("UK") Hotel despite stronger underlying hotel performance.

Net finance costs for 4Q 2016 increased by S$7.4 million to S$14.6 million, mainly due to foreign exchange differences relating to the net foreign currency movements of certain loans against the Singapore Dollar ("SGD"). These foreign exchange losses have no impact on the distribution of CDLHT.

Overall, total distribution to Stapled Securityholders (after retention for working capital) for 4Q 2016, which includes income and capital distribution from the Japan Hotels[1], increased 3.8% year-on-year ("yoy") to S$30.9 million. Accordingly, DPS for 4Q 2016 was 3.11 cents, 3.3% higher than 4Q 2015.

Full Year ended 31 December 2016

For FY 2016, NPI increased slightly by S$0.6 million to S$137.6 million. This was supported by inorganic contribution from the UK Hotel, and strong NPI growth from the NZ Hotel as a result of higher variable rental income which was driven by stronger performance. There were also incremental contributions from Claymore Connect and the Japan Hotels. However, the increase in NPI was offset by weakness in the Singapore and Maldives markets while the Australia Hotels registered lower rent contribution mainly due to negative currency translation and smaller variable income.

Net finance costs for FY 2016 increased by S$10.6 million to S$32.9 million, mainly due to foreign exchange differences relating to the net foreign currency movements of certain loans against the SGD, which have no impact on the distributable income of CDLHT. Interest expense was higher due to the recognition of a full year's interest from borrowings for the acquisition of the UK Hotel, as compared to only three months in FY 2015.

Overall, total distribution to Stapled Securityholders (after retention for working capital) for FY 2016, which includes income and capital distribution from the Japan Hotels[1], was largely unchanged at S$99.1 million. Accordingly, DPS for FY 2016 was 10.00 cents as compared to the 10.06 cents recorded in FY 2015.

CDLHT revalued its investment properties as at 31 December 2016 and recorded a net fair value loss of S$21.6 million for FY 2016. The fair value loss mainly arose from its Singapore and Maldives properties but was partially offset by a fair value gain on its NZ and Australia properties. In addition, there was an impairment charge of S$8.1 million to non-current assets. Both the revaluation and impairment have no impact on the Stapled Securityholders' distribution.

Mr Vincent Yeo, Chief Executive Officer of CDLHT's managers, said, "We are pleased to have been able to deliver stable returns to Stapled Securityholders under challenging economic conditions globally. A few of our markets, particularly our core market, Singapore, have faced strong headwinds in their respective trading environments which have been mitigated by our diversification strategy implemented in the past few years. Hilton Cambridge City Centre has strengthened our portfolio inorganically and Grand Millennium Auckland's new lease structure allows CDLHT to leverage on the buoyant hospitality market in New Zealand."

[1] Distribution from the Japan Hotels occurs twice yearly, at six months intervals (contribution from 1 October to 31 March will be distributed in 2Q and that of 1 April to 30 September in 4Q). Additionally, there was also a capital distribution which included a one-off consumption tax refund that was paid during the acquisition of these properties.

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Review of Portfolio's Performance and Outlook

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

	4Q 2016	4Q 2015	Increase/ (Decrease)	FY 2016	FY 2015	Increase/ (Decrease)
Average Occupancy Rate	83.6%	86.5%	(2.9)pp	85.4%	87.7%	(2.3)pp
Average Daily Rate	S$184	S$199	(7.5)%	S$187	S$199	(6.0)%
Revenue per Available Room ("RevPAR")	S$154	S$172	(10.5)%	S$160	S$175	(8.6)%

Singapore

Total international visitor arrivals to Singapore grew 7.9% yoy to 14.9 million for the first 11 months of 2016, largely underpinned by growth in Singapore's top two source markets – China and Indonesia. In particular, Chinese arrivals grew 36.1% yoy, increasing by almost 700,000 compared to the same period last year. Total visitor days on the other hand, only grew 2.2% yoy as the average length of stay declined from 3.6 days to 3.4 days[2].

Lower corporate activities stemming from global economic weakness and new rooms supply have resulted in headwinds in the hospitality sector in Singapore. Accordingly, RevPAR for the Singapore Hotels declined by 8.6% to S$160 in FY 2016.

The trading environment in Singapore for hotels is expected to remain competitive, especially given the absence of biennial city-wide events such as the Singapore Airshow in February and Food & Hotel Asia in April for 2017. On the supply front, industry room inventory is estimated to grow by an estimated 3,767[3] rooms in 2017, representing a 5.9% yoy growth in existing room stock. As such, room rates are likely to remain competitive as new hotels seek to build their base business.

At Novotel Clarke Quay, renovation of the rooms and lift lobbies is expected to commence progressively after the first quarter this year and complete by end 2018, which will enhance guests' stay experience. While the hotel remains largely operational due to the progressive refurbishment, it is anticipated that there will be some disruption and revenue loss during the period of renovation.

Japan

In Japan, visitor arrivals continue to display robust growth, with a yoy increase of 21.8% to a record 24.0 million for 2016[4]. Consequently, the Japan Hotels enjoyed strong occupancies of over 90% but faced rate pressure partly from currency headwinds during the year and rising competition from new hotel room supply. As a result, RevPAR increased marginally by 0.6%.

The long-term outlook for the hospitality sector in Japan is expected to be positive, with the government's favourable initiatives and aim to welcome 40.0 million foreign visitors in 2020[5]. This is also supported by the recent announcement on the Japanese government's approval of the integrated resorts.

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[2] International Visitor Arrivals Statistics – Singapore Tourism Board
[3] Based on Horwath data (January 2017) and CDLHT research
[4] Japan National Tourism Organization
[5] Nikkei Asian Review, "Japan prepares for mass influx of tourists", 11 January 2017

Maldives

The Maldives Resorts posted a collective yoy RevPAR decline of 25.1% for FY 2016 on the back of the relative strength of the US dollar against some of the top source markets, which has the effect of eroding the spending power of guests from these markets, as well as a slowdown in Chinese luxury travel.

The cautious consumer sentiment towards discretionary spending in the high-end leisure market, slowing growth in China coupled with the weakening Chinese yuan, may continue to affect the performance of Maldives Resorts. The managers of CDLHT have been working with operators of both resorts to improve the market mix as well as taking cost containment measures.

United Kingdom

Hilton Cambridge City Centre recorded a yoy RevPAR growth of 11.9% in FY 2016, mainly due to the refurbished product as well as the rebranding of the hotel during the year.

In UK, the weaker pound is likely to improve tourism flows and international arrivals are expected to increase in 2017[6]. However, on a more cautious note, there is significant economic uncertainty due to the impending commencement of the formal EU exit negotiations in March 2017.

Australia

In Australia, the outlook for the natural resources sector remains subdued over the short to medium term[7]. Coupled with the increase in new hotel room supply in Perth and Brisbane, trading performance of the hospitality sector will likely remain challenging. Nevertheless, any weakness in the performance of the Australia Hotels is mitigated by the defensive lease structure which provides CDLHT with largely fixed rent.

New Zealand

In NZ, the tourism sector continues to enjoy strong growth, reflected by the 11.9% yoy growth in visitor arrivals for the first 11 months of 2016 to 3.0 million[8]. Accordingly, the NZ Hotel enjoyed a robust yoy RevPAR growth of 10.8%.

In line with New Zealand's "Tourism 2025" growth framework[9], the increase in new international air services and a strong events calendar are likely to support the growth momentum in the hospitality sector in the medium term. Grand Millennium Auckland's variable lease structure allows CDLHT to benefit strongly from the growth trajectory in the Auckland hospitality market.

Mr Yeo concluded: "As the Singapore market is adjusting to the new supply environment, we will seek for opportunities to maintain the competitiveness and enhance the long-term potential of our Singapore assets. We will also continue to pursue suitable acquisitions to diversify our income sources and augment returns to Stapled Securityholders."

– ENDS –

[6] TTG, "2017 could be 'record year' for inbound tourism", 30 December 2016
[7] Australia Department of Industry, Innovation and Science, "Resources and Energy Quarterly December 2016"
[8] Statistics New Zealand, "International Visitor Arrivals to New Zealand"
[9] Tourism Industry Aotearoa, "Tourism 2025, Two Years On", May 2016

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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$2.4 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 diversified portfolio of hospitality and/or hospitality-related assets. As at 31 December 2016, CDLHT owns 15 hotels and two resorts comprising a total of 4,912 rooms as well as a retail mall. The properties under CDLHT's portfolio are:

(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) 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 (Grand Millennium Auckland, previously known as Rendezvous Hotel Auckland);
(v) one hotel in Cambridge, United Kingdom (Hilton Cambridge City Centre); and
(vi) two resorts in Maldives (Angsana Velavaru and Jumeirah Dhevanafushi).