



CDL HOSPITALITY TRUSTS

FOR IMMEDIATE RELEASE

30 JUL 2019

**CDL HOSPITALITY TRUSTS REPORTS
TOTAL DISTRIBUTION OF S\$25.1 MILLION FOR 2Q 2019**

- 2Q 2019 net property income remained stable at S\$33.8 million
- Total distribution per Stapled Security of 2.07 cents for 2Q 2019 and 4.16 cents for 1H 2019
- CDLHT continues to pursue suitable acquisitions and asset enhancement initiatives to enhance returns

Singapore, 30 July 2019 – 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 2019”) and first six months (“1H 2019”) ended 30 June 2019.

Financial Highlights:

<i>Note: One Singapore hotel was under refurbishment and one Maldives resort was temporarily closed for renovation</i>	1 Apr 2019 to 30 Jun 2019 S\$'000 (“2Q 2019”)	1 Apr 2018 to 30 Jun 2018 S\$'000 (“2Q 2018”)	Increase/ (Decrease) (%)	1 Jan 2019 to 30 Jun 2019 S\$'000 (“1H 2019”)	1 Jan 2018 to 30 Jun 2018 S\$'000 (“1H 2018”)	Increase/ (Decrease) (%)
Revenue	47,451	47,713	(0.5)	93,767	99,508	(5.8)
Net property income (“NPI”)	33,759	33,598	0.5	67,529	71,416	(5.4)
Total distribution to Stapled Securityholders (after retention)	25,100	25,783	(2.6)	50,384	51,845	(2.8)
Total distribution per Stapled Security (after retention) (“DPS”)(cents)	2.07	2.14	(3.3)	4.16	4.31	(3.5)

Second Quarter ended 30 June 2019

In 2Q 2019, CDLHT recorded NPI of S\$33.8 million, an increase of 0.5% as compared to 2Q 2018. The better performance of Pullman Hotel Munich in Germany and the UK Hotels, and inorganic contribution from Hotel Cerretani Florence¹ boosted CDLHT’s portfolio NPI. However, the growth in NPI was largely offset by the drop in Singapore and Maldives contribution mainly due to extensive room enhancement works at Orchard Hotel in Singapore and the closure of Raffles Maldives Meradhoo for renovation.

Apart from the more transitional renovation works affecting the performance of the Singapore Hotels, there was also softer overall demand due to economic uncertainty and regional elections, and the absence of the biennial Food&HotelAsia. The NPI from New Zealand and Japan was lower due to competitive trading conditions while fixed rent from the Australia Hotels was lower due to a weaker AUD.

¹ Hotel Cerretani Florence was acquired on 27 Nov 2018



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Interest expense for 2Q 2019 was higher by S\$0.9 million mainly due to additional loans to fund the acquisition of Hotel Cerretani Florence and for asset enhancements works, as well as higher funding costs on the floating rate loans.

CDLHT recorded total distribution to Stapled Securityholders (after retention for working capital) of S\$25.1 million and DPS of 2.07 cents for 2Q 2019, a decrease of 2.6% and 3.3% respectively against 2Q 2018.

First Half ended 30 June 2019

During the first six-month period of the year, major renovations were carried out on rooms and all events spaces at Orchard Hotel while Raffles Maldives Meradhoo was closed for its ongoing refurbishment works. In addition, the absence of the meetings hosted during Singapore's Chairmanship of ASEAN, two major biennial events and weaker overall demand due to economic uncertainty and regional elections contributed to lower NPI for the Singapore Hotels as well. The New Zealand, Australia and Japan hotels also saw lower contribution, in part affected by the weaker currencies of these markets.

The collective decline was partially mitigated by inorganic contribution from Hotel Cerretani Florence and increased NPI for Pullman Hotel Munich and the UK Hotels.

Consequently, NPI for 1H 2019 was S\$67.5 million, 5.4% lower than the previous year. Overall, total distribution to Stapled Securityholders (after retention for working capital) for 1H 2019 was S\$50.4 million and DPS was 4.16 cents, a decrease of 2.8% and 3.5% year-on-year ("yoy") respectively.

Mr Vincent Yeo, Chief Executive Officer of CDLHT's managers, said, "CDLHT is undergoing a transition period due to major asset enhancement initiatives which have impacted our overall results for this quarter. The macro economic environment, which has weakened due to ongoing trade conflicts, may continue to weigh on demand in the near term. Against this backdrop, we are encouraged by the resilient performance of our Singapore Hotels, which would have reported an improvement adjusted for room inventory taken out for renovation and improvement works. The benign hotel supply growth in the next few years will provide a constructive environment for a recovery in the Singapore hotel sector."

Review of Portfolio's Performance and Outlook

The combined weighted average statistics for CDLHT's Singapore Hotels are as follows²:

	2Q 2019	2Q 2018	Increase/ (Decrease)	1H 2019	1H 2018	Increase/ (Decrease)
Average occupancy rate	84.2%	83.5%	0.7pp	85.7%	85.5%	0.2pp
Average daily rate	S\$179	S\$184	(2.6)%	S\$179	S\$184	(2.3)%
Revenue per available room ("RevPAR")	S\$151	S\$153	(1.7)%	S\$154	S\$157	(2.1)%

Singapore

During the quarter, the Singapore market experienced softer overall demand due to economic uncertainty and regional elections while the biennial Food&HotelAsia was absent this year. The ongoing room refurbishment at Orchard Hotel and upgrading works at two other hotels resulted in some disruption to the business. As such, RevPAR of the Singapore Hotels for the quarter was 1.7% lower yoy. Excluding the

² Numbers may not add up due to rounding



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out-of-order rooms inventory, RevPAR increased 1.3% yoy, reflecting the underlying resilience of the assets.

The rejuvenation project for Orchard Hotel, which covers its lobby, food and beverage outlets, all meetings spaces and the Orchard Wing, is mostly completed. As of June 2019, all 260 bedrooms in the Orchard Wing have been refurbished and the remaining 65 Club Floor Rooms are slated to complete in 3Q 2019. Asset enhancement opportunities in other Singapore Hotels are also being evaluated strategically.

For year-to-date (“YTD”) May 2019, visitor arrivals to Singapore increased 1.5% yoy to 7.8 million and seven of the top 10 source markets recorded growth. Coupled with an increase in the average length of stay in Singapore³, total visitor days grew 2.5% yoy. For the full year of 2019, Singapore Tourism Board (“STB”) has forecast visitor arrivals to grow up to 19.2 million or 4% yoy⁴.

STB is focused on attracting MICE travel from key source markets such as China and India and continues to build on Singapore’s future MICE pipeline. In 2020, Singapore will for the first time, host:

- 1) the 103rd Lions Clubs International Convention, one of the world’s largest non-governmental organisation’s annual convention with an estimated 20,000 foreign attendees⁵; and
- 2) the inaugural Asian edition of gamescom, the largest international gaming festival with an estimated 30,000 attendees⁶.

The recent opening of Jewel Changi Airport has also enhanced the attractiveness of Singapore’s tourism scene and airport infrastructure.

On the supply front, Singapore hotel inventory is estimated to increase by 1,703 net rooms⁷ in 2019 (of which 430 new rooms are in the city centre), representing approximately 2.5% of existing room stock. The tapering inventory growth is supportive of a gradual recovery in the Singapore hotel sector.

Overseas Markets

Visitor arrivals to New Zealand grew 1.5% yoy to 1.7 million for YTD May 2019⁸ and is expected to grow by 3.2% for the full year⁹. New supply in Auckland has increased competition and consequently, RevPAR of Grand Millennium Auckland dipped slightly by 1.4% yoy for 2Q 2019. NPI contribution was also affected by higher labour costs and a weaker NZD. The demand outlook remains healthy and the opening of the New Zealand International Convention Centre, which is in close proximity to Grand Millennium Auckland, in 2020 will strengthen the city’s MICE infrastructure. The lease renewal for Grand Millennium Auckland has also been confirmed for a second 3-year term from 7 September 2019.

In Japan, tourism demand continues to be robust with visitor arrivals growing 4.6% yoy to 16.6 million for YTD June 2019¹⁰. However, RevPAR for the Japan Hotels declined slightly by 1.9% yoy in 2Q 2019 due to a softer events calendar in Tokyo and rate competition from hotels in the vicinity. Major sporting events such as the 2019 Rugby World Cup and the Tokyo 2020 Olympics and Paralympics will likely encourage further demand growth for the market.

In the Maldives, RevPAR of Angsana Velavaru improved by 13.9% for the quarter. This was achieved through a volume-centric strategy, which was supported by healthy overall tourism arrivals¹¹. Notwithstanding the competitive market due to new resorts supply, the demand outlook for Maldives is

³ STB

⁴ STB, “Third consecutive year of growth for Singapore tourism sector in 2018”, 13 February 2019

⁵ STB, “Singapore wins bid to host the 103rd Lions Clubs International Convention”, 19 May 2015

⁶ STB, “Singapore to host inaugural Asian edition of gamescom in October 2020”, 29 May 2019

⁷ Based on Horwath data (June 2019) and CDLHT Research

⁸ Statistics – Tourism New Zealand

⁹ Ministry of Business, Innovation & Employment (New Zealand), “2019-2025 International Tourism Forecasts”

¹⁰ Japan National Tourism Organization

¹¹ Ministry of Tourism, Republic of Maldives, Tourism Monthly Updates



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healthy with growing inbound flights from the Middle East and marketing efforts from the government where the 2019 state budget for tourism promotion was increased by approximately three times¹².

To help improve long term performance, CDLHT is implementing asset enhancement initiatives for the Maldives Resorts to strengthen their product offerings. For the major renovation project of Raffles Maldives Meradhoo, the land villas were completed in May 2019 while the over-water villas will complete later this year whereby the full opening of the resort will occur. This will be the first flagship “Raffles Hotels & Resorts” property in the Maldives and is positioned at the very top end of the market. For Angsana Velavaru, progressive enhancement works have commenced during the quarter, which include the addition of a new main public pool and full renovation of 79 land villas, where infinity pools will be incorporated into 24 of these land villas. The majority of the asset enhancement works is expected to complete at the end of this year.

Despite Brexit uncertainty, CDLHT’s UK Hotels recorded a yoy RevPAR improvement of 1.6% in 2Q 2019. In Cambridge, Hilton Cambridge City Centre’s trading performance was affected by continued price competition from new market entrants. In Manchester, strong contribution from sporting events, including the Cricket World Cup, boosted RevPAR growth for The Lowry Hotel. To fortify The Lowry Hotel’s position as the top hotel in Manchester, there are upgrading works taking place. The lobby was renovated during the quarter and the refurbishment of the food and beverage outlets will be completed in 3Q 2019. Five rooms will also be upgraded to corner suites in end 2019.

In continental Europe, CDLHT has presence in Germany and Italy. Pullman Hotel Munich performed strongly during the quarter and achieved a robust RevPAR growth of 9.6%, aided by a healthy events calendar, which included a large triennial trade fair. Munich’s tourism demand also remains healthy with international arrivals growing 7.5% yoy to 1.4 million for YTD May 2019¹³. Hotel Cerretani Florence recorded its second full quarter of contribution to CDLHT with a RevPAR growth of 5.1%¹⁴ yoy, mainly through a strong revenue management focus.

Mr Yeo concluded: “With a strong balance sheet and ample debt headroom, we will continue to be highly focused on pursuing acquisitions. We believe in the long term potential of our assets and creating value for Stapled Securityholders through asset enhancement initiatives. We will also continue to evaluate suitable divestment opportunities as they arise to unlock underlying asset values and/or recycle capital for better returns.”

As at 30 June 2019, CDLHT has a gearing of 35.2% and regulatory debt headroom of S\$524 million.

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¹² Maldives Insider, “Maldives To Launch New Tourism Initiative To Market Individual Atolls”, 23 February 2019

¹³ München Tourismus

¹⁴ The yoy RevPAR comparison assumes that CDLHT owned Hotel Cerretani Florence for the corresponding period



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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\$2.8 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 June 2019, CDLHT owns 16 hotels and two resorts comprising a total of 5,088 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);
- (vii) one hotel in the historic city centre of Florence, Italy (Hotel Cerretani Florence, MGallery by Sofitel); and
- (viii) two resorts in Maldives (Angsana Velavaru and Raffles Maldives Meradhoo (previously known as Dhevanafushi Maldives Luxury Resort, Managed by AccorHotels)).