CDL HOSPITALITY TRUSTS

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CDL HOSPITALITY TRUSTS DPS RISES 7.2% in 4Q 2014

- **Singapore Hotels achieved record high annual occupancy of 89.1% in FY 2014**
- **Net property income grew 6.0% yoy to S$38.6 million in 4Q 2014**
- **Income to be distributed per Stapled Security ("DPS") grew 7.2% yoy to 3.13 cents in 4Q 2014**
- **Net revaluation surplus of S$17.6 million recorded in 4Q 2014 and FY 2014**
- **Acquisition of two Japan hotels in December 2014 will augment portfolio income stream from 1Q 2015 onwards**

Singapore, 28 January 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 fourth quarter ("4Q 2014") and full year ("FY 2014") ended 31 December 2014.

Financial Highlights:

	1 Oct 2014 to 31 Dec 2014 S$'000 ("4Q 2014")	1 Oct 2013 to 31 Dec 2013 S$'000 ("4Q 2013")	Variance %	1 Jan 2014 to 31 Dec 2014 S$'000 ("FY 2014")	1 Jan 2013 to 31 Dec 2013 S$'000 ("FY 2013")	Variance %
Gross revenue	45,094	39,424	14.4	166,812	148,782	12.1
Net property income	38,647	36,460	6.0	140,526	137,389	2.3
Net income before revaluation	30,725	28,435	8.1	106,242	106,401	(0.1)
Income available for distribution to holders of Stapled Securities	34,117	31,644	7.8	119,515	118,554	0.8
Less:						
Income retained for working capital	(3,412)	(3,164)	7.8	(11,952)	(11,855)	0.8
Income to be distributed to holders of Stapled Securities (after deducting income retained for working capital)	30,705	28,480	7.8	107,563	106,699	0.8
Income available for distribution per Stapled Security (before deducting income retained for working capital)(cents)						
- For the period	3.47	3.24	7.2	12.19	12.18	0.1
- Annualised	13.77	12.85	7.2	12.19	12.18	0.1
Income to be distributed per Stapled Security (after deducting income retained for working capital) (cents)						
- For the period	3.13	2.92	7.2	10.98	10.97	0.1
- Annualised	12.42	11.58	7.2	10.98	10.97	0.1

In 4Q 2014, CDLHT registered gross revenue of S$45.1 million, 14.4% higher than the corresponding period last year. The improvement in overall gross revenue was mainly attributable to the recognition of full hotel revenue of Jumeirah Dhevanafushi (acquired on 31 December 2013), which contributed S$5.4 million in 4Q 2014 as well as a S$1.3 million rental boost from Angsana Velavaru in the Maldives. However, this was affected by reduced rent contribution of S$0.4 million from the Singapore Hotels, loss of rental income of S$0.5 million from Claymore Link Mall[1] and the diminution in fixed rent contribution from the Australia properties due to the weakened Australian Dollar.

Net property income for 4Q 2014 (after deducting hotel operating expenses of Jumeirah Dhevanafushi and the portfolio's property tax and insurance expenses) increased 6.0% year-on-year ("**yoy**") to S$38.6 million in 4Q 2014.

Overall, income available for distribution (before deducting income retained for working capital) for 4Q 2014 increased 7.8% yoy to S$34.1 million. Correspondingly, income to be distributed per Stapled Security (after deducting income retained for working capital) improved 7.2% yoy to 3.13 cents in 4Q 2014.

For FY 2014, CDLHT achieved gross revenue of S$166.8 million, 12.1% higher than FY 2013. The increase was due to recognition of full hotel revenue of Jumeirah Dhevanafushi, which contributed S$21.6 million as well as a S$1.9 million rental boost from Angsana Velavaru due to the recognition of a full year's rental contribution of S$11.9 million (inclusive of variable rent of S$4.3 million) in 2014 as compared to only 11 months in 2013.

Excluding contribution from the Maldives properties, gross revenue from the rest of CDLHT's properties decreased 3.9% yoy to S$133.4 million in FY 2014. This was mainly due to reduced contribution from Singapore Hotels of S$1.2 million, loss of rental income from Claymore Link Mall of S$3.1 million and lower rent contribution from Australia of S$1.7 million. Australia's rental was impacted due to weakened Australian Dollar and the receipt of a lower full year variable income of S$1.1 million (A$1.0 million) as compared to the S$2.0 million (A$1.63 million) received the year before. These declines were partially mitigated by higher rent contribution of S$0.5 million from the New Zealand hotel.

Net property income for FY 2014 (after deducting hotel operating expenses of Jumeirah Dhevanafushi and the portfolio's property tax and insurance expenses) increased 2.3% yoy to S$140.5 million.

Correspondingly, income available for distribution (before deducting income retained for working capital) for FY 2014 increased 0.8% yoy to S$119.5 million. Income to be distributed per Stapled Security (after deducting the income retained for working capital) for FY 2014 was 10.98 cents, compared to 10.97 cents the year before.

The Group also revalued its investment properties as at 31 December 2014 and recorded a net revaluation surplus of S$17.6 million for 4Q 2014 and FY 2014.

Mr Vincent Yeo, CEO of M&C REIT Management Limited commented, "We are encouraged by the company's performance given the softer trading conditions in some of our markets. Our strategy of diversifying into selected key markets has augmented the overall portfolio performance. Our recent acquisition of the two Japan hotels in December 2014 is expected to benefit our portfolio income stream further."

[1] The building name, Claymore Link Mall, is subject to approval by the relevant authorities

Review of Portfolio's Performance

The combined weighted average statistics for CDLHT's Singapore Hotels for 4Q 2014 and FY 2014 are as follows:

	1 Oct 2014 to 31 Dec 2014 ("4Q 2014")	1 Oct 2013 to 31 Dec 2013 ("4Q 2013")	Variance %	1 Jan 2014 to 31 Dec 2014 ("FY 2014")	1 Jan 2013 to 31 Dec 2013 ("FY 2013")	Variance %
Average Occupancy Rate	90.0%	87.0%	3.0 pp	89.1%	87.4%	1.7 pp
Average Daily Rate	S$205	S$215	-4.7%	S$210	S$218	-3.7%
Room Revenue per Available Room ("RevPAR")	S$185	S$187	-1.1%	S$188	S$191	-1.6%

The Singapore Hotels achieved record high fourth-quarter and annual occupancies of 90.0% and 89.1% respectively in FY 2014. In 4Q 2014, average daily rates dipped 4.7% yoy to S$205 mainly due to increased competition from the new hotel room supply into the market and the uncertain global economic environment inducing a cautious corporate spending environment. As a result, RevPAR for the Singapore Hotels decreased marginally by 1.1% yoy to S$185 in 4Q 2014.

In Maldives, despite a weak fourth quarter, our resorts posted an overall 3.1%[2] RevPAR growth for the full year. The sharp depreciation of the Russian Rouble against the US Dollar and the overall strength of the US Dollar against most currencies have also made Maldives a more expensive destination.

Our latest acquisition of two hotels in Tokyo was completed on 19 December 2014. The Japan Hotels continued to perform well, registering a yoy RevPAR growth of 25.6%[3] for the last 13 days of 2014 in which CDLHT owned the hotels. However, contribution from the Japan Hotels will only be recognised in the first quarter of 2015 as the financial impact of this 13-day contribution for the year is immaterial to the Group.

Mr Yeo added, "Despite the challenging market conditions of the Singapore tourism industry due to the drop in tourist arrivals, it is heartening to see our Singapore Hotels achieved a record high annual occupancy of 89.1%. For 2015, we are maintaining a cautious outlook for our portfolio hotels as a result of macroeconomic uncertainty."

Outlook

According to Singapore Tourism Board, total visitor arrivals was down 3.4% yoy to 13.7 million for the first 11 months of 2014. This was largely due to the 25.7% yoy decline in Chinese visitor arrivals, which is the second largest source market for Singapore. Following 12 consecutive months of decline, Chinese arrivals have begun to show signs of recovery, with arrivals in October and November 2014 recording a yoy increase of 13.5% and 9.9% respectively.

While Singapore will not see some biennial city-wide events like the Singapore Airshow and Food & Hotel Asia in 2015, more visitors from surrounding countries are expected to visit Singapore to join in

[2] The year-on-year comparison assumes that H-REIT, through its indirect wholly-owned subsidiaries, owns Angsana Velavaru and Jumeirah Dhevanafushi respectively for the year ended 31 December 2013

[3] The yoy RevPAR comparison assumes, H-REIT, through the Japan trust, owns the Japan Hotels for the last 13 days of December 2013

the SG50 activities as part of the Golden Jubilee celebrations[4]. Complementary to this will be the growing list of diverse attractions such as the opening of KidZania in Sentosa and the National Gallery Singapore. In addition, the hosting of the Southeast Asian Games in June coupled with the addition of marquee sporting events such as the Rugby Sevens World Series on top of the ongoing Formula 1 and Women's Tennis Association Finals, are also expected to draw more tourists into Singapore and enhance the destination attractiveness of Singapore as a MICE venue.

On the supply front, industry room inventory will continue to grow by an estimated 3,258 rooms in 2015, further increasing room stock by 5.7%. As such, room rates are likely to remain competitive as new hotels seek to build their base.

In Australia, the economic outlook is expected to remain cautious in 2015. In Perth and Brisbane, the lack of new investments in the mining sector due to low commodity prices may continue to affect hotel demand. However, any weakness in the performance of the Australia Hotels is mitigated by the defensive lease structure which provides CDLHT with largely fixed rent.

Maldives registered 7.1% yoy visitor arrival growth in 2014, welcoming 1.2 million tourists. Looking ahead, the Ministry of Tourism has set a target of 1.4 million[5] visitors in 2015, representing a yoy growth of about 16.2%. However, the slowing growth in China and the continued strength of the US Dollar, exacerbated by the sustained weakness in the Euro and Russian Rouble, may weigh on the performance of Maldives' tourism sector.

Japan witnessed another record breaking year for the tourism sector in 2014. The Japanese hospitality market welcomed 13.4 million foreign visitors, representing a growth rate of 29.4%[6]. Tourism growth is likely to maintain its upwards trajectory as it benefits from the various government initiatives to bring in more tourists into Japan. The visa relaxation schemes, increase in passenger capacity of Haneda Airport as well as the expansion of duty-free shopping will support the favourable tourism outlook and is likely to benefit the two Tokyo properties that CDLHT acquired in December 2014.

Asset enhancement works at Claymore Link Mall, excluding the Galleria, are still currently underway. During this time, there will be no income contribution from this asset apart from rental income received from the three tenants at Galleria. Income contribution from the revamped mall is expected to commence from second quarter of 2015.

As at 31 December 2014, with a healthy post-acquisition gearing of 31.7% and ample debt headroom, CDLHT will continue to source for suitable acquisition opportunities in the hospitality sector.

Mr Yeo concluded, "We will continue to seek acquisition opportunities to enhance our returns to unitholders. Our healthy gearing and ample debt headroom put us in good stead to capitalise on any acquisition opportunities."

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4 Channel NewsAsia, 2 Jan 15, "SG50 celebrations expected to boost tourist arrivals"
5 Maldives Tourism Ministry, 6 Jan 15, "Tourist Arrival Countdown Show"
6 Japan National Tourism Organization (JNTO)

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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 31 December 2014, CDLHT owns 14 hotels and two resorts with a total of 4,709 rooms, comprising six hotels in Singapore (Orchard Hotel, Grand Copthorne Waterfront Hotel, M Hotel, Copthorne King's Hotel, Novotel Singapore Clarke Quay and Studio M Hotel); five hotels in Australia's key gateway cities of Brisbane and Perth (Novotel Brisbane, Mercure Brisbane, Ibis Brisbane, Mercure Perth and Ibis Perth); one hotel in New Zealand's gateway city of Auckland (Rendezvous Grand Hotel Auckland); two hotels in Japan's gateway city of Tokyo (Hotel MyStays Asakusabashi and Hotel MyStays Kamata; two resorts in Maldives (Angsana Velavaru and Jumeirah Dhevanafushi), as well as the shopping arcade adjoining Orchard Hotel in Singapore.