



CDL HOSPITALITY TRUSTS

FOR IMMEDIATE RELEASE

30 JAN 2020

CDL HOSPITALITY TRUSTS REPORTS
TOTAL DISTRIBUTION OF S\$33.6 MILLION FOR 4Q 2019

- Singapore Hotels achieved stronger performance with a 5.1% RevPAR improvement in 4Q 2019, the highest quarterly year-on-year RevPAR growth since 2012
- Net property income of S\$38.0 million and S\$141.2 million for 4Q 2019 and FY 2019 respectively
- Total distribution per Stapled Security of 2.77 cents for 4Q 2019 and 9.02 cents for FY 2019
- CDLHT continues to pursue suitable acquisitions and asset enhancement initiatives to enhance returns

Singapore, 30 January 2020 – 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 2019”) and full year (“FY 2019”) ended 31 December 2019.

Financial Highlights:

<i>Note: One Singapore hotel was under refurbishment in 1H 2019 and one Maldives resort was temporarily closed for renovation</i>	1 Oct 2019 to 31 Dec 2019 S\$'000 ("4Q 2019")	1 Oct 2018 to 31 Dec 2018 S\$'000 ("4Q 2018")	Increase/ (Decrease) (%)	1 Jan 2019 to 31 Dec 2019 S\$'000 ("FY 2019")	1 Jan 2018 to 31 Dec 2018 S\$'000 ("FY 2018")	Increase/ (Decrease) (%)
Revenue	53,976	52,281	3.2	196,872	201,803	(2.4)
Net property income ("NPI")	37,967	38,412	(1.2)	141,162	146,054	(3.3)
Total distribution to Stapled Securityholders (after retention)	33,625	33,433	0.6	109,389	111,603	(2.0)
Total distribution per Stapled Security (after retention) ("DPS")(cents)	2.77	2.77	-	9.02	9.26	(2.6)

Fourth Quarter ended 31 December 2019

In 4Q 2019, CDLHT’s Singapore Hotels recorded higher NPI contribution, underpinned by a stronger underlying performance and better trading conditions. Hotel Cerretani Firenze - MGallery, acquired in end November 2018, also provided inorganic support to the overall portfolio NPI.

However, overall NPI for the quarter decreased slightly by 1.2% year-on-year (“yoy”) to S\$38.0 million as lower contribution from CDLHT’s other overseas properties more than offset growth. A significant portion of the overseas NPI decline was due to the anticipated reduced income from Pullman Hotel Munich, stemming from the cyclical nature in the city’s events calendar. Trading conditions in Tokyo (Japan) and Maldives were competitive while contribution from Australia and New Zealand were lower due to a weaker local currency.



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Overall, total distribution to Stapled Securityholders (after retention for working capital) for 4Q 2019 was S\$33.6 million while DPS was stable at 2.77 cents.

Full Year ended 31 December 2019

For FY 2019, major asset enhancement works at Raffles Maldives Meradhoo and Orchard Hotel (Singapore) affected the portfolio's performance. Raffles Maldives Meradhoo closed in June 2018 for its rebranding exercise and fully reopened in end September 2019 while extensive renovations were carried out on rooms and all events spaces at Orchard Hotel during the first half of the 2019. There was also disruption from renovation works in Angsana Velavaru (Maldives) in the second half of 2019.

In addition, the absence of the meetings hosted during Singapore's Chairmanship of ASEAN and two major biennial events contributed to lower NPI for the Singapore Hotels during the first half of the year. The New Zealand, Australia, Japan and UK properties also saw lower contribution, in part due to the weaker currencies in some of these markets.

The collective decline was partially mitigated by the stronger performance of the Singapore Hotels in the second half of 2019 as well as inorganic contribution from Hotel Cerretani Firenze - MGallery and increased NPI for Pullman Hotel Munich.

Interest costs for FY 2019 was higher yoy, mainly the result of higher funding costs and increased interest expense incurred on additional loans drawn for the acquisition of Hotel Cerretani Firenze - MGallery and asset enhancements works.

Consequently, NPI for FY 2019 was S\$141.2 million, 3.3% lower than the previous year. Overall, total distribution to Stapled Securityholders (after retention for working capital) for FY 2019 was S\$109.4 million and DPS was 9.02 cents, a decrease of 2.0% and 2.6% yoy respectively.

As at 31 December 2019, CDLHT's overall portfolio valuation increased by 2.3% to S\$2.85 billion.

Mr Vincent Yeo, Chief Executive Officer of CDLHT's managers, said, "In our core Singapore market, it is encouraging to note that our hotels have recorded a second consecutive quarter of year-on-year recovery. A benign supply environment in the next few years and continued expansion plans for Singapore's tourism and aviation infrastructure are expected to be supportive for the hospitality sector. We would also like to thank Stapled Securityholders for their continued and overwhelming support in approving our two recent landmark transactions – the redevelopment of Novotel Singapore Clarke Quay and acquisition of W Singapore – Sentosa Cove, which will strengthen our long-term presence in the Singapore market.

"Aside from continued investment in our Singapore Hotels, we have also been actively implementing asset improvement programs for some of our overseas properties in light of more competitive trading conditions in a few of these markets.

"With the Wuhan coronavirus outbreak situation unfolding globally, regional travel and business and consumer confidence will be affected, given that China is the world's largest outbound travel market. We are actively monitoring the situation and ensuring that our portfolio of hotels is putting in place measures to manage the situation for our guests and staff."



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Review of Portfolio's Performance and Outlook

The combined weighted average statistics for CDLHT's Singapore Hotels are as follows¹:

	4Q 2019	4Q 2018	Increase	FY 2019	FY 2018	Increase
Average Occupancy Rate	87.2%	85.8%	1.4pp	87.5%	86.9%	0.6pp
Average Daily Rate	S\$192	S\$186	3.3%	S\$185	S\$184	0.9%
Revenue per Available Room ("RevPAR")	S\$168	S\$160	5.1%	S\$162	S\$160	1.6%

Singapore

RevPAR of the Singapore Hotels for 4Q 2019 increased by 5.1% yoy, the strongest quarterly yoy RevPAR growth since 2012, on the back of room rate growth and high occupancy. The RevPAR uplift was supported by healthy visitor arrivals and citywide demand compression amidst the presence of strong convention business in the quarter. In addition, the robust increase was also achieved despite ongoing room renovation in Copthorne King's Hotel, which commenced in October 2019.

For year-to-date ("YTD") November 2019, visitor arrivals to Singapore increased 2.9% yoy to 17.4 million. Increased visitation from China, USA, Japan and Indonesia contributed to more than 75% of the growth recorded, while eight out of Singapore's top ten source markets showed growth. With an increase in the average length of stay in Singapore, total visitor days grew 4.0% yoy².

This year, Singapore will see the return of biennial city-wide events such as the Singapore Airshow and Food&HotelAsia (expanding into two dedicated events for the first time) as well as a number of inaugural events like International Trademark Association's 142nd Annual Meeting (8,000 expected attendees) and the 103rd Lions Clubs International Convention (20,000 expected foreign attendees)³.

To support further visitation growth, Singapore continually invests in the expansion of its aviation infrastructure, such as the extensive makeover of Terminal 2 to increase passenger capacity and enhance passenger experience⁴. A new multimillion-dollar marketing partnership with Royal Caribbean International and Changi Airport Group is also expected to bring some 623,000 international fly-cruise visitors to Singapore between end-2019 and 2024⁵.

On the supply front, Singapore hotel inventory is estimated to increase by 789 net rooms⁶ in 2020, representing approximately 1.1% of existing room stock. Limited future supply growth is supportive for the hotel sector.

At Copthorne King's Hotel, pipe works and refurbishment of guest rooms are currently being carried out, which are expected to complete in mid-2020. The works are being progressed in phases to minimise disruption and the hotel remains operational. Asset enhancement opportunities in other Singapore Hotels are also being evaluated strategically.

¹ Numbers may not add up due to rounding

² Singapore Tourism Board ("STB")

³ STB, "STB unveils a selection of over 60 lifestyle experiences to entice business groups to Singapore", 10 September 2019

⁴ Straits Times, "Changi's T2 will be greener, more spacious by 2024", 17 January 2020

⁵ STB, "Royal Caribbean Enters into Five-Year Multimillion-Dollar Fly-Cruise Partnership with Singapore Tourism Board and Changi Airport Group", 21 November 2019

⁶ Based on Horwath data (December 2019) and CDLHT Research



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Ongoing Room Refurbishment at Copthorne King's Hotel

Before – Superior Room



After – Signature Studio



Overseas Markets

In New Zealand, total arrivals increased 0.8% yoy to 3.4 million for YTD November 2019⁷ and the New Zealand Hotel posted a 0.5% yoy increase in RevPAR for 4Q 2019 as business was healthy in the high season, aided by a stronger concerts calendar during the quarter. Consequently, NPI contribution in local currency terms improved slightly, but was negatively affected by a weaker NZD.

In Japan, while overall tourism arrivals grew 2.2% yoy to 31.9 million for 2019⁸, the Japan-South Korea trade spat continues to weigh on Japan's economy and hospitality market⁹, with visitor arrivals from South Korea, the second largest source market, declining 64.7% yoy for 4Q 2019⁹. Together with a softer citywide events and concerts calendar, as well as a surge in new supply from the limited service hotel category and recovering number of alternative accommodation listings such as Airbnb¹⁰, performance of the Japan Hotels was negatively affected this quarter. Looking ahead, the Tokyo 2020 Olympics and Paralympics will provide some yielding opportunities due to expected citywide compression.

Tourism demand in the Maldives is healthy, driven mainly by growth in visitor arrivals from India and Europe¹¹ and the government is also stepping up efforts to boost tourism with a recent proposal to increase the 2020 state budget for tourism promotion by close to fifty percent¹². However, the market remains highly competitive due to new resorts supply, which was a contributory factor to a weaker performance from Angsana Velavaru, alongside disruption caused by its asset enhancement works.

To strengthen the Maldives Resorts' product offerings amidst rising competition, CDLHT has been implementing asset enhancement initiatives. For Angsana Velavaru, progressive enhancement works are ongoing where 43 of the 79 land villas have been renovated with infinity pools being added to 24 of these land villas at the end of 2019, ahead of the peak travel season. After the official opening of Raffles Maldives Meradhoo in end September 2019 following its extensive refurbishment exercise, the resort is building up awareness through sales and marketing activities with many travels partners visiting the resort for active promotion and re-introduction to the market. The ongoing efforts paid off in December 2019 with the resort welcoming its first five-night resort buy-out which contributed significantly to revenue.

⁷ Statistics – Tourism New Zealand

⁸ Japan National Tourism Organization

⁹ Business Times, "Japan's exports drop most since 2016 amid trade war, typhoon", 21 November 2019

¹⁰ Savills World Research Japan, "Spotlight Japan Hospitality", August 2019

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

¹² Channel NewsAsia, "Maldives targets one million Chinese with more direct flights", 25 September 2019



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Over in the UK, RevPAR of the Lowry Hotel in Manchester for 4Q 2019 was impacted by fewer sporting events and a softer entertainment calendar. At Hilton Cambridge City Centre, the hotel experienced a marginal decline in RevPAR amidst a competitive trading environment. Despite top line pressure, overall UK NPI for the quarter was maintained at last year's level. To augment The Lowry Hotel's position as one of the top hotel in Manchester, there were further upgrading works including the refurbishment of five rooms to junior suites in October 2019.

Tourism demand in Munich is healthy with total arrivals increasing 5.6% yoy to 8.0 million for YTD November 2019¹³. However, as Pullman Hotel Munich's performance is driven by the cyclical nature of Munich's fair calendar and with fewer events during the quarter, this resulted in an expected lower RevPAR. The city's fair calendar will continue to be lighter in 1H 2020 but a robust line-up of events is expected for 2H 2020.

Hotel Cerretani Firenze - MGallery recorded a 2.6% RevPAR increase¹⁴ in 4Q 2019, largely driven by a growth in average room rate.

Mr Yeo concluded: "Our robust balance sheet and ample debt headroom puts us in a strong position to continue sourcing for acquisitions to enhance our returns to Stapled Securityholders. We will also continue to evaluate suitable divestment opportunities as they arise to unlock underlying asset values and/or recycle capital for better returns."

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For media and investor queries, please contact:

Mandy Koo
Head, Investments & Investor Relations
Tel: +65 6664 8887
Email: mandykoo@cdlht.com

Benjamin Ong
Manager, Investor Relations
Tel: +65 6664 8890
Email: benjaminong@cdlht.com

About CDL Hospitality Trusts

CDL Hospitality Trusts ("CDLHT") is one of Asia's leading hospitality trusts with assets valued at S\$2.85 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 31 December 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);

¹³ München Tourismus

¹⁴ The yoy RevPAR comparison assumes CDLHT owned Hotel Cerretani Firenze for the full corresponding period



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- (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 Firenze - MGallery); and
- (viii) two resorts in Maldives (Angsana Velavaru and Raffles Maldives Meradhoo).