CDL HOSPITALITY TRUSTS

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CDL HOSPITALITY TRUSTS REPORTS
INCOME AVAILABLE FOR DISTRIBUTION OF S$24.0 MILLION FOR 1Q 2015

- **1Q 2015 net property income ("NPI") of S$34.5 million**
- **Income available for distribution per Stapled Security (after deducting income retained for working capital) ("DPU") of 2.44 cents**
- **Latest acquisition of 2 Japan Hotels in December 2014 expected to further augment portfolio's income stream for FY 2015**

Singapore, 29 April 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 first quarter ended 31 March 2015 ("1Q 2015").

Financial Highlights:

	1 Jan 2015 to 31 Mar 2015 S$'000 ("1Q 2015")	1 Jan 2014 to 31 Mar 2014 S$'000 ("1Q 2014")	Increase/ (Decrease) %
Gross revenue	42,212	43,755	(3.5)
Net property income	34,497	36,721	(6.1)
Net income	25,521	28,654	(10.9)
Income available for distribution to holders of Stapled Securities	26,632	29,873	(10.9)
Less:			
Income retained for working capital	(2,663)	(2,987)	(10.9)
Income available for distribution to holders of Stapled Securities (after deducting income retained for working capital)	23,969	26,886	(10.9)
Income available for distribution per Stapled Security (before deducting income retained for working capital) (Singapore cents)			
- For the period	2.71	3.06	(11.4)
- Annualised	10.99	12.41	(11.4)
Income available for distribution per Stapled Security (after deducting income retained for working capital) (Singapore cents)			
- For the period	2.44	2.75	(11.3)
- Annualised	9.89	11.15	(11.3)

In 1Q 2015, CDLHT registered gross revenue of S$42.2 million, 3.5% lower than the corresponding period last year. The decrease was mainly attributed to the reduced contribution from its Singapore Hotels, which declined by 13.0% or S$3.5 million year-on-year ("yoy"). This decline was however mitigated by a S$2.5 million contribution from its two newly acquired freehold hotels in Tokyo, Japan - Hotel MyStays Asakusabashi and Hotel MyStays Kamata ("Japan Hotels").

Fixed rent contribution from the Group's Australia Hotels was lower by S$0.3 million due to the weakened Australian dollar. Included in the Australia Hotels' gross revenue is the full-year variable income for FY 2014 of S$1.1 million (A$1.0 million), which was recognised upon receipt in 1Q 2015. This variable income is comparable to the amount received the year before.

Consequently, NPI (after deducting operating expenses of Jumeirah Dhevanafushi and Japan Hotels, and the portfolio's property tax and insurance expenses) decreased 6.1% or S$2.2 million to S$34.5 million in 1Q 2015.

Net finance costs for 1Q 2015 increased by S$0.3 million to S$3.9 million. This was mainly due to additional interest expense incurred on borrowings to finance the acquisition of the Japan Hotels and higher overall funding costs on the Group's Singapore and US dollar borrowings.

Overall, total income available for distribution (before deducting income retained for working capital) of S$26.6 million for 1Q 2015 was S$3.2 million or 10.9% lower yoy. Correspondingly, income available for distribution per Stapled Security (after deducting the income retained for working capital) of 2.44 cents in 1Q 2015 was lower than the 2.75 cents recorded in the corresponding quarter last year.

Mr Vincent Yeo, Chief Executive Officer of M&C REIT Management Limited and M&C Business Trust Management Limited, the managers of CDLHT, said, "The performance of the Singapore Hotels in the first quarter was dampened by the absence of the biennial Singapore Airshow this year as well as an uncertain economic environment. Our recent acquisition of the two Japan Hotels has helped to provide the benefits of income diversification when other markets in our portfolio are going through unfavourable cycles."

Review of Portfolio's Performance

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

	1Q 2015	1Q 2014	Variance
Average Occupancy Rate	87.7%	88.2%	(0.5)pp
Average Daily Rate	S$197	S$218	(9.6)%
Revenue per Available Room ("RevPAR")	S$173	S$192	(9.9)%

The Singapore hospitality market in 1Q 2015 was affected by the absence of the biennial Singapore Airshow and the Chinese New Year falling in the middle of February this year, which disrupted the corporate travel momentum as compared to the Chinese New Year occurring at the end of January last year. The trading environment for Singapore hotels remains challenging, mainly due to price competition from increased supply of hotel rooms by new entrants in the market, a general slowdown in the economic activity in Singapore and the relatively strong Singapore dollar. Based on the GDP estimates released by the Ministry of Trade and Industry[1], the economy expanded at a slower pace of 1.1% quarter-on-quarter ("qoq") in 1Q 2015 as compared to 4.9% qoq in the preceding quarter[2]. Consequently, a cautious corporate spending environment continued to prevail and business from the corporate and meetings market was slow during the quarter. As a result, RevPAR for the Singapore Hotels decreased 9.9% yoy to S$173 in 1Q 2015.

For Maldives, the hospitality market remained challenging in 1Q 2015, with the two resorts collectively posting a yoy RevPAR decline of 12.2%. The slowdown in the Maldives was most acutely felt from the Russian market as well as the Chinese market. The continued strength of the US currency, exacerbated by the sustained weakness in the euro and Russian rouble, had affected the tourism sector as room rates are priced in US dollar.

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1 Ministry of Trade and Industry, "Singapore's GDP Grew by 2.1 Per Cent in the First Quarter of 2015", 14 April 2015
2 On a qoq seasonally adjusted basis

The Group's Japan Hotels, which were acquired on 19 December 2014, have performed well. Buttressed by robust tourist arrivals growth in Japan, both hotels registered a combined yoy RevPAR growth of 21.4%[3] for the three months ended 31 March 2015.

Outlook

For 2015, STB has forecasted 15.1 million to 15.5 million visitor arrivals[4], implying a modest growth of up to 3.0%. In the near term, factors such as the uncertain global economic outlook and the weak local economy are likely to have an impact on the overall performance of the Singapore tourism sector.

In recognition of the headwinds in Singapore tourism this year, STB has recently announced two marketing campaigns - a S$35 million, two-year partnership with Changi Airport Group to increase visitorship to Singapore, and a S$20 million global marketing campaign which will be done in conjunction with Singapore's Golden Jubilee celebrations. In the medium-term, travel within the Asia-Pacific is expected to continue to grow as Asian economies and disposable income rise[5].

A plethora of new attractions and activities will also add to the vibrancy of Singapore tourism scene. In the arts scene, the National Gallery and Singapore Pinacothèque de Paris will open this year. KidZania, a mega family edutainment centre, will also be opening in Sentosa. In addition, the hosting of the Southeast Asian Games in June coupled with the addition of marquee sporting events such as the Barclays Asia Trophy and 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 2,886 rooms in 2015, further increasing room stock by 5.0%. Room rates are likely to remain competitive as new hotels seek to build their base. For the first 28 days of April 2015, RevPAR for the Singapore Hotels decreased by 10.1% as compared to the same period last year. A contributing factor was the absence of Food and Hotel Asia, a biennial city-wide event, this April.

In Australia, the economy is expected to remain soft in 2015. In Perth and Brisbane, the lack of new investments and projects in the mining sector driven by weak commodity prices, will continue to weigh on the attendant 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.

In Maldives, the tourism market is feeling the impact of the near term headwinds such as the slowing growth in China and the significant appreciation of the US dollar, exacerbated by the sustained weakness in the euro and Russian rouble.

Conversely, the weak yen continues to boost visitor arrivals to Japan. For the first three months of 2015, Japan saw a 43.7% increase in visitor arrivals over the same period last year[6]. This growth trajectory is likely to be maintained as the market benefits from various government initiatives to bring in more tourists into Japan. The visa waiver 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 are likely to benefit the two Tokyo properties that CDLHT acquired in December 2014.

Asset enhancement works at Claymore Connect have been completed. The mall received its Temporary Occupation Permit in March 2015 and is expected to commence operations in 2Q 2015.

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[3] The yoy comparison assumes that CDLHT, through a trust bank in Japan, owned the Japan Hotels for the quarter ended 31 March 2014
[4] Bloomberg, "Singapore Reduces 2015 Visitor Arrival Target to 15.5 million", 6 March 2015
[5] Ministry of Trade and Industry, "Speech by Mr S Iswaran at the Tourism Industry Conference 2015", 7 April 2015
[6] Japan National Tourism Organization

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As at 31 March 2015, with a healthy gearing of 32.3%, CDLHT will continue to source for suitable acquisition opportunities in the hospitality sector.

Mr Yeo concluded, "Moving ahead, with ample debt headroom, we can continue to pursue acquisition opportunities to enhance our returns to unitholders and diversify our income base."

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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 March 2015, 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 Claymore Connect (formerly known as Orchard Hotel Shopping Arcade), the shopping arcade adjoining Orchard Hotel in Singapore.