



CDL HOSPITALITY TRUSTS

FOR IMMEDIATE RELEASE

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CDL HOSPITALITY TRUSTS REPORTS
INCOME TO BE DISTRIBUTED OF S\$24.4 MILLION FOR 2Q 2014

- Net property income for 2Q 2014 and 1H 2014 of S\$31.3 million and S\$68.1 million respectively
- Lower visitor arrivals affected performance of Singapore hotels in 2Q 2014
- Ongoing refurbishment at Claymore Link resulted in lower contribution to rental income
- Income to be distributed per Stapled Security (after deducting income retained for working capital) ("DPS") of 2.50 cents for 2Q 2014 and 5.25 cents for 1H 2014
- CDLHT remains well-poised for acquisitions with healthy gearing of 29.5%

Singapore, 24 July 2014 – 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 2014") and first six months ("1H 2014") ended 30 June 2014.

Financial Highlights:

	1 Apr 2014 to 30 Jun 2014 S\$'000 ("2Q 2014")	1 Apr 2013 to 30 Jun 2013 S\$'000 ("2Q 2013")	Variance %	1 Jan 2014 to 30 Jun 2014 S\$'000 ("1H 2014")	1 Jan 2013 to 30 Jun 2013 S\$'000 ("1H 2013")	Variance %
Gross revenue	37,850	35,563	6.4	81,605	73,498	11.0
Net property income	31,334	32,607	(3.9)	68,056	67,890	0.2
Net income	22,603	23,708	(4.7)	51,258	52,418	(2.2)
Income available for distribution to holders of Stapled Securities	27,101	29,353	(7.7)	56,974	58,344	(2.3)
Less:						
Income retained for working capital	(2,710)	(2,935)	(7.7)	(5,697)	(5,834)	(2.3)
Income to be distributed to holders of Stapled Securities	24,391	26,418	(7.7)	51,277	52,510	(2.3)
Income available for distribution per Stapled Security (cents)						
- For the period	2.77	3.02	(8.3)	5.83	6.01	(3.0)
- Annualised	11.11	12.11	(8.3)	11.75	12.12	(3.0)
Income to be distributed per Stapled Security (cents)						
- For the period	2.50	2.72	(8.1)	5.25	5.41	(3.0)
- Annualised	10.03	10.91	(8.1)	10.59	10.91	(3.0)

In 2Q 2014, CDLHT registered gross revenue of S\$37.9 million, 6.4% higher than the corresponding period last year ("2Q 2013"). The improvement in overall gross revenue was mainly attributable to the recognition of the full hotel revenue of Jumeirah Dhevanafushi (acquired on 31 December 2013), which contributed S\$4.6 million in 2Q 2014. Collectively, the Maldives resorts (Jumeirah Dhevanafushi and



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Angsana Velavaru) registered a combined year-on-year RevPAR growth of 6.3%¹ for the three months ended 30 June 2014.

However, the improvement in gross revenue was affected by reduced rent contribution from Singapore hotels and Claymore Link of S\$1.5 million and S\$0.9 million respectively, and lower fixed rent contribution from Australia hotels of S\$0.2 million due to the weaker Australia dollar. After accounting for the hotel operating expenses of Jumeirah Dhevanafushi, property tax and insurance expenses of the entire portfolio, net property income ("NPI") for 2Q 2014 dipped 3.9% year-on-year to S\$31.3 million.

Net income for 2Q 2014 stood at S\$22.6 million, which was 4.7% lower year-on-year. This was mainly due to the depreciation and amortisation expense of S\$0.7 million arising from the acquisition of Jumeirah Dhevanafushi, which was absent in the previous year. Correspondingly, income to be distributed (after deducting income retained for working capital) for 2Q 2014 decreased 7.7% year-on-year to S\$24.4 million. Income to be distributed per Stapled Security (after deducting income retained for working capital) was 2.50 cents in 2Q 2014, compared to 2.72 cents in 2Q 2013.

For 1H 2014, gross revenue increased 11.0% year-on-year to S\$81.6 million mainly due to recognition of full hotel revenue of S\$11.5 million from Jumeirah Dhevanafushi². This was bolstered by another S\$0.7 million rental boost from Angsana Velavaru due to the recognition of six months rental contribution during this reporting period compared to only five months for the same period last year³.

Factoring Jumeirah Dhevanafushi's hotel operating expenses, property tax and insurance expenses of the entire portfolio, NPI for 1H 2014 recorded a marginal increase of 0.2% year-on-year to S\$68.1 million. However, CDLHT's net income for 1H 2014 decreased 2.2% year-on-year to S\$51.3 million, primarily due to the recording of a depreciation and amortisation expense of S\$1.4 million arising from the acquisition of Jumeirah Dhevanafushi, which was absent in the previous year. This depreciation expense has no impact on the distributable income of CDLHT.

Correspondingly, income to be distributed (after deducting income retained for working capital) for 1H 2014 decreased 2.3% year-on-year to S\$51.3 million. The income to be distributed per Stapled Security (after deducting income retained for working capital) for 1H 2014 was 5.25 cents, 3.0% lower than the 5.41 cents recorded in 1H 2013.

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 market conditions continued to be challenging amidst a slowdown in visitor arrivals to Singapore, as well as the heightened competitiveness caused by the opening of new hotels. Our income was also affected by the continued closure of Claymore Link for renovation."

Review of Singapore Hotels' Performance

The combined weighted average statistics for CDLHT's Singapore Hotels for 2Q 2014 and 1H 2014 are as follows:

¹ The year-on-year comparison assumes that H-REIT, through its indirect wholly-owned subsidiary owns Jumeirah Dhevanafushi for the quarter ended 30 June 2013.

² The Jumeirah Dhevanafushi resort was acquired on 31 December 2013.

³ The Angsana Velavaru resort was acquired on 31 January 2013.



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	1 Apr 2014 to 30 Jun 2014 ("2Q 2014")	1 Apr 2013 to 30 Jun 2013 ("2Q 2013")	Variance %	1 Jan 2014 to 30 Jun 2014 ("1H 2014")	1 Jan 2013 to 30 Jun 2013 ("1H 2013")	Variance %
Average Occupancy Rate	86.1%	87.7%	(1.6)pp	87.2%	87.4%	(0.2)pp
Average Daily Rate	S\$211	S\$220	(4.1)%	S\$214	S\$219	(2.3)%
Room Revenue per Available Room ("RevPAR")	S\$181	S\$193	(6.2)%	S\$187	S\$192	(2.6)%

First half of 2014 represented a challenging operating environment as the opening of new hotels resulted in price competition while tight corporate travel budgets affected corporate and meetings demand. Although replacement business from the leisure market helped to maintain occupancy levels above 87%, these were secured at lower average room rates. As a result, RevPAR for the Singapore hotels declined by 2.6% year-on-year to S\$187 in 1H 2014.

Competition in the hotel industry was further exacerbated by a drop in tourist arrivals from China, which is Singapore's second largest inbound market. For the first five months of 2014, Chinese arrivals recorded a 27.4% year-on-year decline. Chinese visitorship to Singapore was impacted primarily due to the decline in multi-destination tours such as the traditional Singapore-Malaysia-Thailand or Singapore-Malaysia packages. The effects from the Malaysian Airlines flight MH370 disappearance on 8 March 2014 which was carrying mainly Chinese travellers and the political instability in Thailand are reported to have contributed to the contraction of Chinese demand for the multi-destination tours⁴. A ban on "forced shopping" tours by China in October 2013⁵ also impacted the Chinese tourist arrivals to a certain extent.

Mr Yeo commented, "The sluggish tourism market in the second quarter of 2014 was a result of a confluence of factors. However, we are seeing some signs of improvement in the third quarter."

Outlook

According to Singapore Tourism Board (STB), international visitor arrivals were down 1.7% year-on-year for the period from January to May 2014 as a result of the decline in Chinese arrivals. Any continued weakness in the Chinese arrivals will have a negative impact on Singapore's tourism market. To counter this decline, STB has recently launched a S\$1.0 million marketing drive to attract Chinese tourists by promoting the city-state as standalone tourism destination⁶.

The challenging operating environment is further perpetuated by the supply of new rooms coming online. An approximate 1,577 new rooms are expected to open in 2014^{7,8}. As such, room rates are expected to remain competitive as new hotels seek to build their base in an environment of constrained corporate travel budgets.

Nevertheless, the long term outlook of Singapore tourism market remains positive as the city continues to enhance its reputation as a leading MICE destination globally and this is further complemented by the continual development and introduction of leisure attractions and sporting events.

⁴ The Edge Singapore, 2 June 2014, "Corporate: Tourism trouble?"

⁵ BBC, 4 October 2013, "China moves to ban 'forced' shopping tours"

⁶ The Straits Times, "S\$1 million drive to woo Chinese tourists back to Singapore", 24 June 2014

⁷ Horwath HTL (as at July 2014) and CDLHT research

⁸ Supply of new rooms is a summation of new rooms deducted by existing rooms taken out of inventory for redevelopment or refurbishment



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Within the MICE sector, Singapore retained its position as the leading meeting city and country in the world based on the Union of International Associations (UIA) 2013 global rankings⁹. A host of quality events complemented by a growing variety of current and upcoming attractions such as Marine Life Park, River Safari, Madame Tussauds, Singapore Pinacothèque de Paris and National Gallery Singapore will provide ample entertainment options for business travellers and leisure visitors. Last but not least, the newly opened Singapore Sports Hub which is playing host to ten international sporting events¹⁰ this year, such as the new Women's Tennis Association Championships in October, is also expected to provide a boost to the visitor arrivals.

In Australia, hotel demand may continue to be affected by the slower pace of the economy as well as lower levels of mining activities. However, its effect will be mitigated by the defensive lease structure which provides CDLHT with largely fixed rent. Looking ahead, the upcoming Group of Twenty (G20) Leaders Summit is expected to improve the operating performance of Brisbane hotels. Furthermore, the Australian government has also recently identified tourism as one of the five national investment priorities in its 2014/2015 Budget. It has pledged A\$130 million in base funding for Tourism Australia as well as a A\$13.5 million budget to help market the country to the Asian market¹¹.

Mr Yeo concluded, "Our healthy gearing of 29.5% as at 30 June 2014 and ample debt headroom puts CDLHT in a strong position to expand. We continue to seek investment opportunities so as to grow our portfolio and enhance shareholder value."

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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 30 June 2014, CDLHT owns 12 hotels and two resorts with a total of 4,455 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 resorts in Maldives (Angsana Velavaru and Jumeirah Dhevanafushi), as well as the shopping arcade adjoining Orchard Hotel (Claymore Link, previously known as Orchard Hotel Shopping Arcade) in Singapore.

⁹ Singapore Tourism Board, "Singapore retains spot as World's Top International Meeting Country and City", 27 June 2014

¹⁰ Singapore Sports Hub (<http://www.sportshub.com.sg/>), retrieved on 7 July 2014

¹¹ Travel Weekly Australia, "Australia Tourism funding maintained in 2014/15 budget", 13 May 2014