CDL HOSPITALITY TRUSTS

FOR IMMEDIATE RELEASE **29 Jan 2019**

CDL HOSPITALITY TRUSTS REPORTS 1.1% GROWTH IN TOTAL DISTRIBUTION TO S$111.6 MILLION FOR FY 2018

- **Total distribution per Stapled Security of 2.77 cents for 4Q 2018 and 9.26 cents for FY 2018**
- **Total distribution grew 1.1% and total distribution per Stapled Security grew 0.4% in FY 2018**
- **Core Singapore portfolio recorded stronger performance**
- **Broadening income base from acquisitions made in Europe**
- **CDLHT continues to pursue suitable acquisitions and asset enhancement initiatives to enhance returns**

Singapore, 29 January 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 fourth quarter ("4Q 2018") and full year ("FY 2018") ended 31 December 2018.

Financial Highlights:

Note: Two Brisbane hotels were divested in January 2018 and one Maldives resort has been temporarily closed since June 2018 for renovation	1 Oct 2018 to 31 Dec 2018 S$'000 ("4Q 2018")	1 Oct 2017 to 31 Dec 2017 S$'000 ("4Q 2017")	(Decrease) (%)	1 Jan 2018 to 31 Dec 2018 S$'000 ("FY 2018")	1 Jan 2017 to 31 Dec 2017 S$'000 ("FY 2017")	Increase/ (Decrease) (%)
Revenue	52,281	55,240	(5.4)	201,803	204,315	(1.2)
Net property income ("NPI")	38,412	40,624	(5.4)	146,054	151,760	(3.8)
Total distribution to Stapled Securityholders (after retention)	33,433	33,937	(1.5)	111,603	110,346	1.1
Total distribution per Stapled Security (after retention) ("DPS")(cents)	2.77	2.83	(2.1)	9.26	9.22	0.4

Fourth Quarter ended 31 December 2018

In the absence of contribution from three properties (divestment of two Brisbane hotels in January 2018 and closure of Dhevanafushi Maldives Luxury Resort since June 2018 for renovations for repositioning to "Raffles Maldives Meradhoo"), CDLHT recorded NPI of S$38.4 million for 4Q 2018, a decrease of 5.4% as compared to 4Q 2017. There was higher NPI contribution from the Singapore, Germany and Japan properties due to better performance; and the newly acquired Hotel Cerretani Florence, MGallery by Sofitel ("Hotel Cerretani Florence") in Italy, provided an incremental inorganic contribution. The growth in NPI was also partially offset by lower contribution from UK and a weaker New Zealand Dollar (NZD).

Interest expense for 4Q 2018 was higher by S$2.0 million mainly due to additional loans for the acquisition of Hotel Cerretani Florence, renovation works and higher funding cost.

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Overall, CDLHT recorded total distribution to Stapled Securityholders (after retention for working capital) of S$33.4 million and DPS of 2.77 cents for 4Q 2018.

Full Year ended 31 December 2018

For FY 2018, NPI decreased 3.8% to S$146.1 million, mainly due to the absence of contribution from the two divested Brisbane hotels and the closure of Dhevanafushi Maldives Luxury Resort for major renovations and rebranding. The New Zealand Hotel also recorded lower contribution, which was further affected by a weaker NZD. The decline in NPI was largely mitigated by inorganic contribution from acquisitions made in Europe (The Lowry Hotel, Pullman Hotel Munich and Hotel Cerretani Florence), as well as higher contribution from the Singapore and Japan properties and Hilton Cambridge City Centre due to better performance.

The total distribution to Stapled Securityholders (after retention for working capital) for FY 2018 was S$111.6 million, 1.1% higher year-on-year ("yoy"). Consequently, DPS grew by 0.4% yoy to 9.26 cents.

Mr Vincent Yeo, Chief Executive Officer of CDLHT's managers, said, "While there is increasing uncertainty in the macro environment, we have delivered stable distribution to Stapled Securityholders in 2018. After our successful divestment exercise, we have partially recycled our proceeds into a high quality acquisition in a new market, which has further broadened our income base. We continue to focus on organic growth where our core portfolio in Singapore is recording improved performance amidst a recovering hotel sector. To also optimise the long term potential and augment the competitive positioning of our hotels, we are executing strategic asset enhancement initiatives such as the ongoing refurbishment at Orchard Hotel, which will elevate the product offering when the works are completed."

Review of Portfolio's Performance and Outlook

The combined weighted average statistics for CDLHT's Singapore Hotels are as follows[1]:

	4Q 2018	4Q 2017	Increase/ (Decrease)	FY 2018	FY 2017	Increase
Average Occupancy Rate	85.8%	83.5%	2.3pp	86.9%	86.7%	0.2pp
Average Daily Rate	S$186	S$186	(0.1)%	S$184	S$183	0.3%
Revenue per Available Room ("RevPAR")	S$160	S$155	2.6%	S$160	S$159	0.6%

<u>Singapore</u>

RevPAR of the Singapore Hotels for 4Q 2018, excluding Orchard Hotel, increased by 4.3% yoy, underpinned by stable corporate demand, additional business generated by the ASEAN Summit meetings, as well as support from Chinese and Indian outbound leisure travellers during the year-end holiday season. While Orchard Hotel remains fully operational, the ongoing refurbishment works affected its income contribution. Including Orchard Hotel, the Singapore Hotels recorded RevPAR growth of 2.6% for 4Q 2018. For the first 27 days of January 2019, RevPAR for Singapore Hotels increased by 5.1% as compared to the same period last year.

At Orchard Hotel, the renovation of its lobby and food and beverage outlets (Orchard Café and Intermezzo Bar) has been completed in December 2018. A significant upgrading of all the meeting

[1] Due to rounding, numbers presented may not add up precisely to the totals and percentages may not precisely reflect the absolute figures

facilities and the Grand Ballroom as well as progressive refurbishment of 260 bedrooms in Orchard Wing have started in end 2018, and is expected to complete in 1Q and 2Q 2019 respectively. The refreshed product offerings will enhance Orchard Hotel's current positioning as one of only four hotels in Singapore with a ballroom that can accommodate 1,000 or more guests.

For year-to-date ("YTD") November 2018, international visitor arrivals to Singapore increased 6.6% yoy to 16.9 million and total visitor days grew 5.0% yoy[2]. The growth was partly driven by an increase in Indian and Chinese arrivals, where these two markets account for more than a quarter of total arrivals. Nine out of Singapore's top ten source markets also recorded growth. To drive tourism demand, STB is continually deepening its marketing efforts in top source markets such as China and India[3].

On the supply front, Singapore hotel inventory is estimated to increase by 1,900 net rooms[4] in 2019 (of which 421 new rooms are in the city centre), representing approximately 2.8% of existing room stock. While the trading environment is likely to remain competitive as new hotels that opened in the last 15 months continue to build their market share, supply growth going forward is benign which will be supportive of a recovery in the Singapore hotel sector.

Overseas Markets

In New Zealand, visitor arrivals grew at a healthy pace of 3.5% to 3.3 million for YTD November 2018[5]. However, increased competition from new hotel supply resulted in a decline in Grand Millennium Auckland's RevPAR of 3.1% yoy for 4Q 2018. Looking ahead, tourism demand is healthy with total arrivals being forecast to increase 5.4% yoy in 2019[6]. Auckland's MICE infrastructure will be strengthened once the construction of the New Zealand International Convention Centre (close proximity to the hotel) is completed in 2020[7].

Japan continues to record steady growth in visitor arrivals, with an 8.7% yoy increase to 31.2 million for 2018[8] and Tokyo also saw healthy citywide events and international artists' concerts in 4Q 2018. There was also partial alleviation of supply concerns as many accommodation listings in Tokyo were suspended until governmental permit is granted due to new regulations implemented from June 2018. Consequently, RevPAR for the Japan Hotels improved by 7.3% yoy in 4Q 2018. Future tourism demand is likely to be spurred by sporting events such as the 2019 Rugby World Cup, the 2020 Summer Olympics and the development of integrated resorts.

In the Maldives, increase in new resorts supply intensified competition. Despite this, RevPAR for Angsana Velavaru showed a marginal improvement of 0.5% yoy for 4Q 2018. Going forward, the Maldives government has announced new steps to maintain a structured growth in tourism, including an increase in 2019 state budget for tourism promotion by approximately three times[9].

The extensive enhancement works for Dhevanafushi Maldives Luxury Resort are continuing with the resort concurrently undergoing pre-opening preparation for its relaunch as "Raffles Maldives Meradhoo" in 2Q 2019, the first flagship "Raffles Hotels & Resorts" property in the Maldives. Refurbishment works are also being planned for 28 land villas in Angsana Velavaru.

RevPAR for the UK Hotels was higher by 1.3% yoy for 4Q 2018. Despite new competition and increased rooms supply in the city, Hilton Cambridge City Centre recorded stronger group corporate business which boosted its RevPAR during the quarter. The Lowry Hotel registered marginally lower RevPAR due to the

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[2] STB
[3] STB Tourism Industry Conference 2018
[4] Based on Horwath data (January 2019) and CDLHT Research
[5] Stats NZ, "International travel and migration"
[6] Ministry of Business, Innovation and Employment , New Zealand Tourism Forecasts 2018-2024
[7] NZICC, "The NZICC team will be at AIME 2019", 16 January 2019
[8] Japanese National Tourism Organization
[9] Maldives Insider, "Maldives Seeks Record-Breaking Tourism Performance In 2019", 2 January 2019

absence of a few non-repeat high-rated conference group business. In 2019, events such as the Cricket World Cup and Conservative Party Conference should provide support to overall demand in Manchester. Overall in UK, Brexit uncertainty may continue to pose headwinds[10].

In continental Europe, international arrivals to Munich recorded a healthy yoy growth of 5.9% to 3.2 million for YTD October 2018[11]. A stronger city events calendar continued to feature well for Munich in 4Q 2018, resulting in Pullman Hotel Munich posting a strong yoy RevPAR growth of 24.2%. On 27 November 2018, CDLHT completed the acquisition of Hotel Cerretani Florence, a 4-star hotel in Florence, Italy. The inorganic contribution provided a slight boost in CDLHT's overall NPI and the full effects of the acquisition will be felt from the next quarter onwards.

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"

As at 31 December 2018, CDLHT has a gearing of 34.2% and regulatory debt headroom of S$578 million.

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[10] IHS Markit, "IHS Markit / CIPS UK Services PMI", 4 January 2019
[11] München Tourismus

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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 31 December 2018, 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 Dhevanafushi Maldives Luxury Resort, Managed by AccorHotels (previously known as Jumeirah Dhevanafushi)).

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