



CDL HOSPITALITY TRUSTS

A stapled group comprising:

CDL HOSPITALITY REAL ESTATE INVESTMENT TRUST AND ITS SUBSIDIARIES

(a real estate investment trust constituted on 8 June 2006
under the laws of the Republic of Singapore)
and

CDL HOSPITALITY BUSINESS TRUST AND ITS SUBSIDIARIES

(a business trust constituted on 12 June 2006
under the laws of the Republic of Singapore)

**CDL HOSPITALITY TRUSTS
OPERATIONAL UPDATE FOR THE FIRST QUARTER ENDED 31 MARCH 2021**

1. Review of Performance for the First Quarter Ended 31 March 2021

1.1 Breakdown of Total Revenue by Geography

	1 Jan 2021 to 31 Mar 2021 ("1Q 2021") S\$'000	1 Jan 2020 to 31 Mar 2020 ("1Q 2020") S\$'000	Increase/ (Decrease) (%)
<u>Master leases</u>			
Singapore			
- Hotels	8,149	13,235	(38.4)
- Claymore Connect	857	1,825	(53.0)
Maldives	2,027	1,532	32.3
Australia	1,200	2,188	(45.2)
New Zealand	6,450	1,318	N.M
Germany	2,191	2,079	5.4
Italy	431	512	(15.8)
	21,305	22,689	(6.1)
<u>Managed Hotels</u>			
Singapore	6,584	-	N.M
Maldives	4,428	1,589	N.M
Japan	801	1,599	(49.9)
United Kingdom	850	7,151	(88.1)
	12,663	10,339	22.5
Total	33,968	33,028	2.8

1.2 Breakdown of NPI by Geography

	1Q 2021 S\$'000	1Q 2020 S\$'000	Increase/ (Decrease) (%)
Singapore			
- Hotels	8,100	11,780	(31.2)
- Claymore Connect	305	1,119	(72.7)
Maldives	3,145	134	N.M
Australia	1,200	2,188	(45.2)
New Zealand	6,450	1,318	N.M
Germany	675	1,803	(62.6)
Italy	332	415	(20.0)
Japan	96	458	(79.0)
United Kingdom	(542)	341	N.M
Total	19,761	19,556	1.0

1.3 Statistics for CDLHT's Hotels

Singapore Hotels Statistics

5 Singapore Hotels¹

	1Q 2021*	1Q 2020	Increase/ (Decrease)
Average Occupancy Rate	73.1%	54.4%	18.7pp
Average Daily Rate	S\$75	S\$167	(54.9)%
RevPAR	S\$55	S\$91	(39.4)%

* Room refurbishment was carried out until April 2020 at Copthorne King's Hotel while Studio M Hotel commenced its room refurbishment from May 2020. Excluding the out-of-order rooms, occupancy would be 78.0% and 55.1% for 1Q 2021 and 1Q 2020 respectively, while RevPAR would be S\$59 and S\$92 for 1Q 2021 and 1Q 2020 respectively.

6 Singapore Hotels² (including W Hotel)

	1Q 2021*	1Q 2020	Increase/ (Decrease)
Average Occupancy Rate	69.9%	54.0%	15.9pp
Average Daily Rate	S\$96	S\$189	(49.2)%
RevPAR	S\$67	S\$102	(34.3)%

* Room refurbishment was carried out until April 2020 at Copthorne King's Hotel while Studio M Hotel commenced its room refurbishment from May 2020. Excluding the out-of-order rooms, occupancy would be 74.1% and 54.6% for 1Q 2021 and 1Q 2020 respectively, while RevPAR would be S\$71 and S\$104 for 1Q 2021 and 1Q 2020 respectively.

Overseas Hotels – RevPAR by Geography³

	1Q 2021	1Q 2020	Increase/ (Decrease) (%)
Maldives (US\$)	313	191	64.1
New Zealand (NZ\$)	186	176	5.4
Germany (€)	8	62	(86.6)
Italy (€)	-	65	N.M
Japan (¥)	2,412	5,264	(54.2)
United Kingdom (£)	10	77	(87.6)

¹ Comprises Orchard Hotel, Grand Copthorne Waterfront Hotel, M Hotel, Copthorne King's Hotel and Studio M Hotel (collectively, the "5 Singapore Hotels"). Excludes Novotel Singapore Clarke Quay ("NCQ") which was divested on 15 July 2020.

² Comprises 5 Singapore Hotels and W Singapore Sentosa Cove ("W Hotel") (collectively, the "6 Singapore Hotels"). Assumes CDLHT owns W Hotel from 1 January 2020 for comparison on same store basis. W Hotel was acquired on 16 July 2020.

³ RevPAR for Australia Hotels not shown as the leases are essentially fixed rent structures.

1.4 Review of Performance

First Quarter Ended 31 March 2021

The COVID-19 outbreak has led to travel restrictions and lockdown measures on a global scale, which continue to have a severe impact on the hospitality industry. CDL Hospitality Trusts (“**CDLHT**” or the “**Group**”) overall portfolio recorded sharp declines in RevPAR for those hotels which are either closed on a temporary basis or are operating at very low occupancies. The substantive contributions to portfolio revenue from its Singapore, New Zealand and Maldives hotels, which amounted to S\$27.6 million (inclusive of S\$9.3 million fixed rent), partially insulated the Group from the severe impact of the pandemic. Accordingly, the Group’s gross revenue and NPI in 1Q 2021 increased marginally by 2.8% and 1.0% year-on-year (“**yoy**”) to S\$34.0 million and S\$19.8 million respectively.

For 1Q 2021, RevPAR for the Singapore hotels (including W Hotel) fell by 34.3% yoy, largely due to lower average room rates. Although Singapore earlier established travel arrangements with 11 countries (some of which are currently suspended), the border remains largely closed. This resulted in a mere 68,679 visitors to Singapore for 1Q 2021 representing a 97.4% decline yoy⁴. Market demand remains comprised primarily of government contract business for isolation purposes, staycations and corporate project groups. The existing restrictions on wedding and meeting attendees’ density remained in place during the quarter with some easing announced for 2Q 2021. Four of CDLHT’s six Singapore Hotels continue to be used for isolation purposes with contracts expected to remain in place through early 2Q 2021. At the other two hotels, staycations, small local residential meetings and corporate project groups comprised the majority of guests. While there was inorganic contribution from W Hotel (acquired 16 July 2020), occupancies continue to be challenged by the weaker demand on weekdays as opposed to weekend staycations. With the continued pressure on average room rates for the Singapore Hotels, NPI correspondingly declined by 31.2% yoy to S\$8.1 million for 1Q 2021.

Tourism arrivals to the Maldives for YTD February 2021 declined 41.5% compared to the same period last year prior to its blanket suspension of on-arrival visas from end March 2020. Conversely, March 2021 saw an 83.8% increase in tourist arrivals, reducing the deficit to 22.0% yoy for 1Q 2021. With much of Western Europe still under lockdown and East Asia yet to resume flights, the top three source markets into Maldives are India, Russia and Ukraine⁵. Angsana Velavaru registered significant revenue growth from India and Russia while Raffles Maldives Meradhoo, with the opening of its presidential villa in December 2020, saw positive results from its efforts to attract guests from Eastern Europe after an interrupted gestation period. Collectively, the Maldives Resorts posted a RevPAR growth of 64.1% yoy.

While the Perth Hotels continued to receive fixed rent for 1Q 2021, NPI for the reporting quarter was lower due to the absence of contribution from Novotel Brisbane which was divested in October 2020. Going forward, contribution from the remaining Australia hotels will be exposed to trading conditions once the leases (with largely fixed rent structures) expires on 30 April 2021. Please refer to Section 5 of this announcement for the update on the appointment of the hotel manager and other matters pursuant to the expiry of the leases of the Perth Hotels.

In 1Q 2020, the New Zealand Hotel saw business attrition largely due to border closures halting international travellers from mid-March 2020. In view of this deterioration, only base rent of S\$1.3 million (NZ\$1.5 million) was recognised in the first quarter last year for prudence and the increase recorded in revenue and NPI in 1Q 2021 was partly due to the low base effect in 1Q 2020. In 1Q 2021, Grand Millennium Auckland experienced stable occupancy as it continued to serve as a managed isolation facility. This helped mitigate the business attrition, resulting in the hotel recording a RevPAR improvement of 5.4% yoy. In addition, there was also higher food and beverage income. Collectively, this has resulted in a higher revenue of S\$6.5 million for 1Q 2021.

In Japan, the blanket entry ban on all non-resident foreign nationals since late December 2020 resulted in visitor arrivals plummeting by an estimated 98.3% yoy for YTD March 2021⁶. With the “Go To Travel” domestic campaign suspended since 28 December 2020⁷ and Tokyo being placed under a state of emergency for most of 1Q 2021, demand from both domestic leisure visitation and corporate travel was significantly curtailed. Consequently, the Japan Hotels posted a RevPAR decrease of 54.2% yoy for 1Q 2021.

⁴ Singapore Tourism Analytics Network

⁵ Ministry of Tourism, Republic of Maldives

⁶ Japan National Tourism Organisation (JNTO)

⁷ The Japan Times, “Japan travel campaign to stay suspended after emergency lifted”, 28 February 2021

Amid a rapid rise in COVID-19 infections, a third national lockdown was imposed in the UK from early January 2021⁸. Contributions from the UK Hotels were severely affected by the closure, with Hilton Cambridge City Centre providing limited accommodation to air crew and essential workers throughout the lockdown, while The Lowry Hotel opened intermittently for elite sports teams and entertainment groups. With 1Q 2020 largely trading at normal levels before the intermittent mandated closures from late March 2020, the UK Hotels posted a yoy RevPAR decline of 87.6% for 1Q 2021 collectively. Operating expenses remained tightly controlled with cost mitigation supported by the government's furlough scheme which has been extended to 30 September 2021.

Germany's nationwide 'lockdown light' has been in place since early November 2020, and this has substantially impacted demand for 1Q 2021 due to limitations imposed on non-essential travel. Similar to the UK, the effect of the first pandemic lockdown was only seen from March 2020 and therefore, 1Q 2021 reflected the full brunt of the RevPAR deterioration of 86.6% yoy. As the operating performance of the hotel continues to be adversely affected by the pandemic, an impairment of S\$1.2 million (€0.7 million) has been recognised for 1Q 2021 against rental receivables due from the lessee of the hotel. As a consequence of the challenging operating conditions, the lessee of the Germany Hotel has requested for a temporary rent abatement arrangement to ease its financial position. Please refer to Section 4 of this announcement for the update on the arrangement.

With the continuous extensions of lockdown, nationwide curfew as well as the ban on inter-regional travel restricting domestic leisure travel in Italy, Hotel Cerretani Firenze has remained closed since 30 October 2020 and into 1Q 2021 amidst continuing travel restrictions. Revenue contribution for 1Q 2021 of S\$0.4 million⁹ was lower compared to the corresponding period last year following the temporary restructured rent abatement entered with the lessee in December 2020. Payroll costs, which comprise the bulk of operating costs, continue to be managed through the wage subsidy programme, which has been extended to 30 June 2021.

Claymore Connect, CDLHT's only retail mall, recorded a 72.7% yoy reduction in NPI mainly the result of lower occupancy (committed occupancy as at 31 March 2021 was 79.4% as compared to 87.1% as at 31 March 2020) and the extension of rental reliefs and temporary rental assistance to tenants, which were absent in 1Q 2020. This was further exacerbated by an impairment provision in 1Q 2021, which increased by S\$0.1 million yoy.

2. Outlook and Prospects

Over a year after the onset of the COVID-19 pandemic, countries across the world are experiencing different stages of recovery. While some countries have eased most restrictions and taken steps to restart tourism, others have implemented subsequent rounds of lockdown measures to curb resurgent waves of infections.

The vaccination programmes globally have cast hope on the restart of international travel as many countries have started to explore mutual travel arrangements. Looking ahead, the UNWTO expects a possible rebound in international travel in the second half of 2021¹⁰. These are based on a number of factors, most notably a major lifting of travel restrictions, the success of vaccination programmes or the introduction of harmonised protocols. Notwithstanding the possibility of a recovery in international travel, international arrivals in 2021 are expected to be significantly lower than 2019 and CDLHT's financial performance in the near term will continue to be adversely affected.

Business levels at most of CDLHT's city hotels are expected to be supported by domestic travel, government-related businesses, demand from guests affected by border closures or requiring isolation and essential international business travel.

Portfolio Markets

Four of CDLHT's six Singapore Hotels continue to operate as facilities used for isolation purposes and the demand for such facilities should continue to support the occupancy into 2Q 2021. For the other two hotels, staycation, project groups, essential foreign worker demand and travel arrangements will be the key to supporting occupancies.

⁸ Gov.uk, "Prime Minister announces national lockdown", 4 January 2021

⁹ Notwithstanding the restructured base rent of Hotel Cerretani Firenze is S\$0.10 million (or €0.06 million) per quarter under the lease amendment agreement signed with the lessee of the Italy Hotel in December 2020, under SFRS (1) 16/ FRS 116 Leases, the rental income under this lease modification is accounted for on a straight-line basis over the remaining lease tenure at S\$0.43 million (€0.27 million) per quarter.

¹⁰ UNWTO, "Tourist arrivals down 87% in January 2021 as UNWTO calls for stronger coordination to restart tourism", 31 March 2021

With the commencement of vaccination programmes and gradual adoption of digital health certificates, Singapore is in discussion with various countries to restart international travel. The much anticipated Singapore-Hong Kong travel bubble is expected to be relaunched on 26 May 2021. The said travel bubble will begin with one flight a day in each direction with a cap of 200 passengers¹¹. Discussions for a Singapore-Australia travel bubble are also underway¹².

Prior to the resumption of leisure travel, Singapore's domestic tourism campaigns will provide some support for the tourism sector. These include the S\$45 million marketing campaign which includes promoting hotel staycation deals packaged with tours or activities¹³, as well as S\$320 million of SingapoRediscover vouchers for Singaporeans to spend on local hotel stays, attractions and tours¹⁴. As at 28 March 2021, approximately 75% of adult Singaporeans have yet to utilise their SingapoRediscover vouchers, which will expire on 30 June 2021¹⁵. To capture greater share of the staycation business, two of CDLHT's hotels that are taking staycation bookings will continue to develop attractive promotions.

As Singapore progresses towards the safe resumption of larger MICE events, the maximum number of physical attendees for weddings and MICE events has been increased to 250 and 750, respectively, subject to relevant approvals and pre-event testing requirements¹⁶. To help the MICE sector prepare for the eventual resumption of activities, the Singapore Association of Convention and Exhibition Organisers and Suppliers has launched the SG SafeEvents Certification, which will provide a mark of assurance to the industry and the global community¹⁷. Looking ahead, Singapore will be hosting the Shangri-La Dialogue and the World Economic Forum's annual meeting in June and August 2021, respectively¹⁸. The events, which will be attended by international delegates, reflect the international community's trust and confidence in Singapore's handling of the pandemic.

In the Oceania region, border controls remain in place and most international visitors are still restricted from entering both New Zealand and Australia. In New Zealand, COVID-19 restrictions have been lifted with no restrictions on gatherings or activities. Grand Millennium Auckland continues to be contracted as a managed isolation facility which is helping to mitigate the impact of the downturn in the overall hospitality market. The Australia-New Zealand 'travel bubble' commenced on 19 April 2021 marking a significant milestone in the resumption of post-pandemic international travel. While the number of cross-Tasman travellers will be below pre-pandemic levels, New Zealand expects arrivals from Australia to be at 80 per cent of pre-pandemic levels by the end of the year¹⁹.

In Australia, the government has launched a new A\$1.2 billion support package to support the tourism industry by subsidising 800,000 half-price tickets on domestic flights from 1 April 2021 to 31 July 2021²⁰. In 2019, domestic arrivals to Western Australia ("WA") made up 98% of total arrivals²¹. As at 27 April 2021, Perth has exited a three-day lockdown and entry to WA is permitted for all Australian states and territories and New Zealand²², which will allow WA to capture potential domestic demand.

Subsequent to 1Q 2021, the Perth Hotels will continue to receive fixed rent until the expiry of the leases on 30 April 2021. Please refer to Section 5 of this announcement for the update on the appointment of the hotel manager and other matters pursuant to the expiry of the leases of the Perth Hotels.

Despite the severe impacts of the COVID-19 pandemic, the WA economy expanded by 1.4% in the financial year ended 30 June 2020, as compared to the 0.2% decline in Australia's national GDP. WA's economy has been forecast to grow by 2% in 2020-21, supported by stronger spending by households and businesses with the easing of COVID-19 restrictions²³.

¹¹ CNA, "Singapore, Hong Kong to relaunch travel bubble on May 26", 26 April 2021

¹² The Straits Times, "Australia eyeing S'pore for next travel bubble after quarantine-free travel with New Zealand takes off", 21 April 2021

¹³ STB, "Enterprise Singapore, Sentosa Development Corporation and Singapore Tourism Board team up with industry to encourage locals to rediscover Singapore", 22 July 2020

¹⁴ STB, "Factsheet: SingapoRediscover and Expanded Attractions Guidelines", 16 September 2020

¹⁵ CNA, "About three-quarters of adult Singaporeans have not used their SingapoRediscover vouchers", 5 April 2021

¹⁶ STB, "Safe and Progressive Resumption of Larger MICE events", 24 March 2021

¹⁷ Singapore Association of Convention and Exhibition Organisers and Suppliers, "SG Safe Events Certification to help MICE sector prepare for the eventual resumption of activities", 7 April 2021

¹⁸ The Straits Times, "Shangri-La Dialogue to be in-person 'bubble' event in Singapore on June 4-5", 24 April 2021

¹⁹ The Straits Times, "Australia-New Zealand 'travel bubble' to begin on April 19 in pandemic milestone", 7 April 2021

²⁰ The Straits Times, "Aussie govt to subsidise 800,000 half-price domestic flight tickets", 12 March 2021

²¹ Tourism Western Australia

²² Government of Western Australia, "End of lockdown in Perth and Peel", 26 April 2021

²³ Government of Western Australia, "Government mid-year financial projections statement December 2020", 14 December 2020

In 2020, over A\$20 billion was invested into the WA resources sector, up from A\$17 billion in 2019, marking the highest level since 2017. As of March 2021, WA has resources projects in the development pipeline valued at around A\$140 billion, up from the September 2020 estimate of A\$129 billion²⁴. The recovery of the resources sector is a positive driver of growth for the WA's economy, which is expected to be supportive of the recovery in hotel demand amidst the continued new supply Perth has seen in recent years.

In Japan, Tokyo entered into its third state of emergency from 25 April 2021 to 11 May 2021²⁵ and the "Go To Travel" domestic campaign remains suspended. Border controls into the country remain tight and the entry of all non-resident foreigners are not allowed. For the upcoming Tokyo 2020 Olympics, the organisers have indicated that the event will go ahead with restrictions on spectators. Due to the lack of visibility on the resumption of travel in Japan, the performance of the Japan Hotels is likely to continue to be under pressure.

Tourist arrivals have been improving since the Maldives reopened its borders in mid-July 2020. Since reopening of the borders, international visitor arrivals picked up in December 2020 and this growth has continued into March 2021. As part of its three-pronged initiative, "Visit, Vaccinate and Vacation", aimed at reviving the country's tourism sector, the Maldives plans to offer visitors vaccinations on arrival²⁶. Looking ahead, Maldives expects to welcome 1.5 million tourists in 2021²⁷, slightly lower compared to the pre-pandemic arrivals of 1.7 million in 2019.

In the UK, all travel corridors have been suspended since January 2021. The country has progressed to Stage 2 of the roadmap for lifting lockdown restrictions on 12 April 2021. Currently, hospitality businesses are only allowed to provide accommodation for essential purposes. Accommodation businesses will fully reopen for leisure business under Stage 3, which will be no earlier than 17 May 2021, depending largely on the success of the vaccination programme and containment strategy.

In Germany, partial lockdown restrictions were extended through April 2021. While the country has started to ease lockdown restrictions and inter-regional travel currently is allowed, the government plans to impose tough measures in areas where the incidence rate has increased²⁸. Overall, the outlook for Germany remains highly uncertain due to the hurdles delaying the implementation of containment measures and the Germany Hotel continues to provide accommodation only for essential business travellers.

Over in Italy, the ongoing state of emergency has been extended through to 31 July 2021, concurrently, the lower "yellow" restriction zones have been re-introduced from 26 April 2021 in response to the improving situation. Travel between the different regions is now allowed in white and yellow regions²⁹. The government is also planning for a €220 billion recovery plan to support the economy³⁰. Florence is currently classified under the yellow zone where partial reopening of bars, restaurants, cinemas and concert halls is allowed. However, Hotel Cerretani Firenze – MGallery remains temporarily closed since end October 2020 to minimise costs.

3. CDLHT Key Financial Statistics

	As at 31 March 2021	As at 31 December 2020
Debt Value (S\$ million)	1,073	1,032
Gearing	39.1%	37.5%
Debt Headroom (S\$ million) at 50% Gearing	595	689
Interest Coverage Ratio**	2.4x	2.2x
Weighted Average Cost of Debt	1.9%	1.9%

** Interest coverage ratio ("ICR") is calculated by dividing the trailing 12 months earnings before interest, tax, depreciation and amortization ("EBITDA") (excluding effects of any fair value changes of derivatives and investment properties, and foreign exchange translation), by the trailing 12 months interest expense and borrowing-related fees. The interest coverage ratios exclude one-off loss on disposal of investment properties of S\$8.8 million in 4Q 2020.

²⁴ Department of Mines, Industry Regulation and Safety, "Mineral and petroleum industry activity review 2020"

²⁵ CNA, "COVID-19: Japan to declare 'short, powerful' emergency in Tokyo, elsewhere", 23 April 2021

²⁶ CNBC, "Maldives to offer holidaymakers vaccines on arrival in a push to revive tourism", 14 April 2021

²⁷ UNWTO, "Maldives' tourism looking up after reopening", 9 February 2021

²⁸ The Straits Times, "German police clash with Covid-19 lockdown protesters", 21 April 2021

²⁹ Italian Government, "Press release of the Council of Ministers n. 14", 21 April 2021

³⁰ CNA, "Finally! Italy reopens as parliament debates COVID-19 recovery plan", 26 April 2021

As at 31 March 2021, CDLHT has a gearing of 39.1% and cash reserves of about S\$128.5 million on its balance sheet. In addition, CDLHT also has approximately S\$266.5 million of committed unsecured revolving credit facilities available for drawdown and another S\$400.0 million in short-term uncommitted bridge loan facilities available for acquisitions. CDLHT's healthy balance sheet and liquidity position will allow it to weather the pandemic and there are no material concerns over its ability to fulfil its near term debt obligations.

4. Pullman Hotel Munich Rent Restructuring Arrangement

On 26 April 2021, NKS Hospitality I B.V. (which is an indirectly-owned subsidiary of CDL Hospitality Real Estate Investment Trust ("**H-REIT**")) and Provent Immobilien Beteiligungs GmbH (the existing unrelated joint-owner who holds a 0.4% interest in the Pullman Hotel Munich) (collectively, the "**Pullman Hotel Munich Lessor**") entered into a temporary abatement agreement with the lessee of the Pullman Hotel Munich (the "**Pullman Hotel Munich Lessee**") to temporarily restructure the rental arrangement ("**Temporary Arrangement**"). Pursuant to the Temporary Arrangement, (a) the Pullman Hotel Munich Lessor has released the Pullman Hotel Munich Lessee from its obligation to pay the base rent for the months of March to December 2020, which corresponds to a total amount of €3.0 million; and (b) from 2021 to 2024, the annual base rent of the hotel will be reduced, starting with €0.6 million in 2021, stepping up annually to €1.2 million in 2022, €1.8 million in 2023, and to €2.4 million in 2024, before reverting to the original base rent of €3.6 million per annum from 1 January 2025. Notwithstanding this arrangement, under SFRS (1) 16/FRS 116 Leases, the rental income under this lease modification will be accounted for on a straight-line basis over the remaining lease tenure at €3.1 million (approximately S\$5.0 million) per annum going forward.

Further, under the Temporary Arrangement, between 1 March 2020 to 31 December 2024 (the "**Restructured Term**"), after paying for its rent obligations and relevant hotel-related expenses, any losses suffered by the Pullman Hotel Munich Lessee during the Restructured Term solely due to causes related to the COVID-19 pandemic will first be funded by the Pullman Hotel Munich Lessee, but the Pullman Hotel Munich Lessee will be allowed to clawback the cumulative losses incurred during the Restructured Term from future variable rent payment obligations. Variable rent shall not be due to the Pullman Hotel Munich Lessor until the cumulative losses incurred during the Restructured Term are clawed back by the Pullman Hotel Munich Lessee. The rationale for the Temporary Arrangement is for business continuity and working together with the lessees is important to navigate the hotels out of the crisis successfully.

5. Update on Perth Hotels Lease Expiry and Operating Arrangements

The Managers have concluded discussions on the management of the Perth Hotels following the expiry of the hotel leases with HI Operations Pty Limited ("**HI**") on 30 April 2021.

In connection with the lease expiry of the Perth Hotels, Sunshine Hotels Australia Pty Ltd ("**Sunshine Hotels**") in its capacity as trustee of Sun Trust Three (which is a wholly-owned subsidiary of H-REIT) (the "**ST3 Trustee**") and CDL HBT Sun Three Pty Ltd ("**CDLS3**") (incorporated in Australia on 12 March 2021 and is an indirect wholly-owned subsidiary of CDL Hospitality Business Trust ("**HBT**")) (in the case of Ibis Perth) as well as Sunshine Hotels in its capacity as trustee of Sun Trust Four (which is a wholly-owned subsidiary of H-REIT) (the "**ST4 Trustee**") and CDL HBT Sun Four Pty Ltd ("**CDLS4**") (incorporated in Australia on 12 March 2021 and is an indirect wholly-owned subsidiary of HBT) (in the case of Mercure Perth) have entered into separate asset sale agreements ("**ASA**") with HI on 28 April 2021. Both CDLS3 and CDLS4 are wholly-owned subsidiaries of CDL HBT Sun Pte Ltd (an investment holding company incorporated in Singapore by HBT on 4 March 2021).

Under each ASA and in accordance with the end of lease obligations under the leases, the ST3 Trustee and the ST4 Trustee will acquire property assets from HI, consisting mainly of HI's plant, fittings and equipment in respect of the Perth Hotels. In order to continue business operations, CDLS3 and CDLS4 will acquire business assets from HI, consisting mainly of prepayments and in-house guest receivables net off against employee liabilities.

On 30 April 2021, under the ASA for Ibis Perth, the ST3 Trustee will pay a net amount of A\$2.1 million to HI for the property assets adjusted for statutory outgoings and prepaid property insurance, and CDLS3 will pay a net amount of A\$3,795 to HI for the business assets which will be subject to post-completion adjustments. Similarly, on 30 April 2021, under the ASA for Mercure Perth, the ST4 Trustee will pay a net amount of A\$3.6 million to HI for the property assets adjusted for statutory outgoings and prepaid property insurance, and CDLS4 will receive a net amount of A\$0.4 million from HI for the business assets which will be subject to post-completion adjustments.

The ST3 Trustee and the ST4 Trustee have also entered into separate internal leases with CDLS3 and CDLS4 respectively to lease the Perth Hotels to CDLS3 and CDLS4 with effect from 1 May 2021.

AAPC Properties Pty Limited (“**AccorHotels**”), a wholly-owned subsidiary of Accor SA, has been appointed to provide hotel management services to the two hotels from 1 May 2021. The two hotels will remain under the same flags – Ibis Perth and Mercure Perth. To effect the appointment, CDLS3 and CDLS4 have each entered into separate hotel management and other related agreements with AccorHotels in respect of each of the Perth Hotels on 28 April 2021.

The term of each hotel management agreement is 10 years and this can be extended by two terms of five years with mutual agreement of the parties. Typical hotel management fees apply. From 1 May 2021, CDLS3 and CDLS4 will be responsible for the hotels’ operations and the contribution from the Perth Hotels will be exposed to the trading conditions of the Perth hotel market due to the absence of fixed rent following the expiry of leases.

About CDL Hospitality Trusts

CDL Hospitality Trusts (“**CDLHT**”) is one of Asia’s leading hospitality trusts with assets under management of about S\$2.8 billion as at 31 March 2021. 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 March 2021, CDLHT owns 15 hotels and two resorts comprising a total of 4,631 rooms as well as a retail mall. The properties under CDLHT’s portfolio include:

- (i) six hotels in the gateway city of Singapore comprising Orchard Hotel, Grand Copthorne Waterfront Hotel, M Hotel, Copthorne King’s Hotel, Studio M Hotel and W Singapore – Sentosa Cove (the “**W Hotel**” and collectively, the “**Singapore Hotels**”), as well as a retail mall adjoining Orchard Hotel (Claymore Connect);
- (ii) two hotels in Perth, Australia comprising Mercure Perth and Ibis Perth (collectively, the “**Perth Hotels**”);
- (iii) two hotels in Japan’s gateway city of Tokyo comprising Hotel MyStays Asakusabashi and Hotel MyStays Kamata (collectively, the “**Japan Hotels**”);
- (iv) one hotel in New Zealand’s gateway city of Auckland, namely Grand Millennium Auckland (the “**New Zealand Hotel**”);
- (v) two hotels in United Kingdom (Hilton Cambridge City Centre in Cambridge and The Lowry Hotel in Manchester) (the “**UK Hotels**”);
- (vi) one hotel in Germany’s gateway of Munich, namely Pullman Hotel Munich (the “**Germany Hotel**”);
- (vii) one hotel in the historic city centre of Florence, Italy, namely Hotel Cerretani Firenze - MGallery (the “**Italy Hotel**” or “**Hotel Cerretani Firenze**”); and
- (viii) two resorts in Maldives, comprising Angsana Velavaru and Raffles Maldives Meradhoo (collectively, the “**Maldives Resorts**”).

By Order of the Board

Vincent Yeo Wee Eng
Chief Executive Officer
M&C REIT Management Limited
(Company Registration No. 200607091Z)
(as Manager of CDL Hospitality Real Estate Investment Trust)

29 April 2021

By Order of the Board

Vincent Yeo Wee Eng
Chief Executive Officer
M&C Business Trust Management Limited
(Company Registration No. 200607118H)
(as Trustee-Manager of CDL Hospitality Business Trust)

29 April 2021

IMPORTANT NOTICE

This announcement may contain forward-looking statements that involve risks and uncertainties. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions. Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate trends, cost of capital and capital availability, competition from other companies, shifts in customer demands, customers and partners, changes in operating expenses (including employee wages, benefits and training costs, governmental and public policy changes and the continued availability of financing in the amounts and the terms necessary to support future business. Investors are cautioned not to place undue reliance on these forward-looking statements, which are based on the current view of the REIT Manager and the Trustee-Manager (together with the REIT Manager, the "Managers") on future events.

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