CDL HOSPITALITY TRUSTS

CDL HOSPITALITY TRUSTS
UNAUDITED FINANCIAL STATEMENTS ANNOUNCEMENT OF CDL HOSPITALITY TRUSTS, H-REIT AND ITS SUBSIDIARIES AND HBT AND ITS SUBSIDIARIES FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2020

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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)

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UNAUDITED FINANCIAL STATEMENTS ANNOUNCEMENT OF CDL HOSPITALITY TRUSTS, H-REIT AND ITS SUBSIDIARIES AND HBT AND ITS SUBSIDIARIES FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2020

INTRODUCTION

CDL Hospitality Trusts ("**CDLHT**") is one of Asia's leading hospitality trusts with assets under management of about S$3.1 billion as at 30 June 2020. 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 (collectively the "**Group**"). 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 16 July 2020, CDLHT owns 16 hotels and two resorts comprising a total of 4,926 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, as well as a retail mall adjoining Orchard Hotel (Claymore Connect);
(ii) three hotels in Brisbane and Perth, Australia comprising Novotel Brisbane, Mercure Perth and Ibis Perth (collectively, the "**Australia 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 "**German Hotel**");
(vii) one hotel in the historic city centre of Florence, Italy, namely Hotel Cerretani Firenze - MGallery (the "**Italy Hotel**"); and
(viii) two resorts in Maldives, comprising Angsana Velavaru and Raffles Maldives Meradhoo (previously known as Dhevanafushi Maldives Luxury Resort, Managed by AccorHotels) (collectively, the "**Maldives Resorts**").

Subsequent to the reporting period, CDLHT completed its divestment of Novotel Singapore Clarke Quay on 15 July 2020 and the acquisition of W Singapore – Sentosa Cove on 16 July 2020.[1] For the reporting period, the six Singapore hotels are Orchard Hotel, Grand Copthorne Waterfront Hotel, M Hotel, Copthorne King's Hotel, Studio M Hotel and Novotel Singapore Clarke Quay (collectively, the "**Singapore Hotels**").

HBT Group owns Hilton Cambridge City Centre and The Lowry Hotel and is also the master lessee of H-REIT Group's Japan Hotels and Raffles Maldives Meradhoo. It will continue its function as a master lessee of last resort and may undertake certain hospitality and hospitality-related development projects, acquisitions and investments which may not be suitable or deemed suitable for H-REIT.

CDLHT's distribution policy is to distribute at least 90.0% of its taxable income and all of its tax exempt income (if any), with the actual level of distribution to be determined at the H-REIT Manager's and HBT Trustee-Manager's discretion. CDLHT makes distributions to stapled securityholders on a semi-annual basis, with the amount calculated as at 30 June and 31 December each year for the six-month period ending on each of the said dates. Distributions, when paid, will be in Singapore dollars.

[1] For more details, please refer to announcements released by CDLHT on 15 July 2020 and 16 July 2020.

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UNAUDITED FINANCIAL STATEMENTS ANNOUNCEMENT OF CDL HOSPITALITY TRUSTS, H-REIT AND ITS SUBSIDIARIES AND HBT AND ITS SUBSIDIARIES FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2020

SUMMARY OF CDL HOSPITALITY TRUSTS' RESULTS

	1 Jan 2020 to 30 Jun 2020 ("1H 2020") S$'000	1 Jan 2019 to 30 Jun 2019 ("1H 2019") S$'000	Increase/ (Decrease) %
Revenue	52,059	93,767	(44.5)
Net property income	29,721	67,529	(56.0)
(Net loss)/Total return	(4,379)	30,562	N.M
Income available for distribution to Stapled Securityholders (before retention)	20,391	47,429	(57.0)
Less:			
Income retained for working capital	(2,039)	(4,743)	(57.0)
Income to be distributed to Stapled Securityholders (after retention)	18,352	42,686	(57.0)
Capital distribution[1]	-	7,698	N.M
Total distribution to Stapled Securityholders (after retention)	18,352	50,384	(63.6)
Total distribution per Stapled Security (before retention)[2] (cents)			
For the period	1.68	4.55	(63.1)
Total distribution per Stapled Security (after retention)[2] (cents)			
For the period	1.51	4.16	(63.7)

[1] Includes partial distribution of proceeds from the sale of Mercure and Ibis Brisbane amounting to S$3.6 million for 1H 2019.

[2] This includes capital distribution.

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UNAUDITED FINANCIAL STATEMENTS ANNOUNCEMENT OF CDL HOSPITALITY TRUSTS, H-REIT AND ITS SUBSIDIARIES AND HBT AND ITS SUBSIDIARIES FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2020

1 (a) Consolidated Statements of Total Return of H-REIT Group and CDL Hospitality Trusts and Consolidated Statements of Comprehensive Income of HBT Group with a comparative statement for the corresponding period of the immediately preceding financial year

	Foot-note	H-REIT Group			HBT Group			CDL Hospitality Trusts		
		1H 2020 S$'000	1H 2019 S$'000	Increase/ (Decrease) %	1H 2020 S$'000	1H 2019 S$'000	Increase/ (Decrease) %	1H 2020 S$'000	1H 2019 S$'000	Increase/ (Decrease) %
Revenue										
Rental revenue		43,775	72,922	(40.0)	-	-	-	41,062	68,713	(40.2)
Hotel revenue		-	-	-	10,997	25,054	(56.1)	10,997	25,054	(56.1)
	(a)	43,775	72,922	(40.0)	10,997	25,054	(56.1)	52,059	93,767	(44.5)
Property expenses										
Operation and maintenance expenses	(b)	-	-	-	(3,419)	(5,338)	(35.9)	(3,419)	(5,338)	(35.9)
Employee benefit expenses	(c)	-	-	-	(5,120)	(8,402)	(39.1)	(5,120)	(8,402)	(39.1)
Rental expenses	(d)	-	-	-	(687)	(2,192)	(68.7)	(72)	(24)	N.M
Property tax	(e)	(3,257)	(3,122)	4.3	(603)	(1,192)	(49.4)	(3,860)	(4,314)	(10.5)
Other property expenses	(f)	(5,819)	(2,173)	N.M	(4,048)	(5,987)	(32.4)	(9,867)	(8,160)	20.9
		(9,076)	(5,295)	71.4	(13,877)	(23,111)	(40.0)	(22,338)	(26,238)	(14.9)
Net property income		34,699	67,627	(48.7)	(2,880)	1,943	N.M	29,721	67,529	(56.0)
H-REIT Manager's management fees		(5,034)	(6,469)	(22.2)	-	-	-	(5,034)	(6,469)	(22.2)
H-REIT Trustee's fees		(203)	(195)	4.1	-	-	-	(203)	(195)	4.1
HBT Trustee-Manager's management fees		-	-	-	(297)	(280)	6.1	(297)	(280)	6.1
HBT Trustee-Manager's trustee fees		-	-	-	(119)	(112)	6.3	(119)	(112)	6.3
Valuation fees		(96)	(102)	(5.9)	(21)	(21)	-	(117)	(123)	(4.9)
Depreciation	(g)	(946)	(933)	1.4	(4,921)	(4,891)	0.6	(5,983)	(6,002)	(0.3)
Other expenses	(h)	(3,097)	(2,755)	12.4	(252)	(534)	(52.8)	(3,349)	(3,289)	1.8
Finance income		3,366	962	N.M	266	202	31.7	1,885	706	N.M
Finance costs		(16,418)	(12,812)	28.1	(2,718)	(2,876)	(5.5)	(18,065)	(15,387)	17.4
Net finance costs	(j)	(13,052)	(11,850)	10.1	(2,452)	(2,674)	(8.3)	(16,180)	(14,681)	10.2
Total return/(Net loss) before tax		12,271	45,323	(72.9)	(10,942)	(6,569)	66.6	(1,561)	36,378	N.M
Tax expense	(k)	(2,478)	(5,134)	(51.7)	(340)	(682)	(50.1)	(2,818)	(5,816)	(51.5)
Total return/(Net loss)	(l)	9,793	40,189	(75.6)	(11,282)	(7,251)	55.6	(4,379)	30,562	N.M
Attributable to:										
Unitholders		9,826	39,737	(75.3)	(11,282)	(7,251)	55.6	(4,346)	30,110	N.M
Non-controlling interests	(i)	(33)	452	N.M	-	-	-	(33)	452	N.M
Total return/(Net loss)		9,793	40,189	(75.6)	(11,282)	(7,251)	55.6	(4,379)	30,562	N.M

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1 (a) Consolidated Statements of Total Return of H-REIT Group and CDL Hospitality Trusts and Consolidated Statements of Comprehensive Income of HBT Group with a comparative statement for the corresponding period of the immediately preceding financial year

	HBT Group		
	1H 2020 S$'000	1H 2019 S$'000	Increase/ (Decrease) %
Net loss for the period	(11,282)	(7,251)	55.6
Other comprehensive income			
Items that will not be reclassified to profit or loss:			
Tax effect on revaluation surplus on property, plant and equipment	19	(10)	N.M
	19	(10)	N.M
Items that are or may be reclassified subsequently to profit or loss:			
Foreign currency translation differences:			
- foreign operations	(1,884)	(1,091)	72.7
- hedge of net investment in a foreign operation	1,305	1,085	20.3
- monetary items forming part of net investment in a foreign operation	(1,521)	(1,277)	19.1
	(2,100)	(1,283)	63.7
Other comprehensive income for the period, net of tax	(2,081)	(1,293)	60.9
Total comprehensive income for the period	(13,363)	(8,544)	56.4

Footnotes

(a) Revenue comprises rental revenue and hotel revenue from CDLHT's properties. Please refer to Section 8 (i), page 21 to 22 of the Announcement. The decrease in Group revenue in 1H 2020 is the result of travel restrictions, quarantines and nationwide lockdowns imposed by governments in most of the countries during the COVID-19 pandemic.

(b) HBT Group recorded a decrease in operation and maintenance expenses in 1H 2020. This was attributed to lower operating costs associated with the decline in occupancies across the assets due to the COVID-19 pandemic.

(c) Employee benefit expenses decreased against the same period last year mainly due to reduced staffing levels from hotel closures and/or employee furloughs implemented as a result of the COVID-19 pandemic. The Group also benefitted from the job retention packages offered by governments in some countries as support measures during lockdown period.

(d) Rental expenses for HBT Group have decreased in 1H 2020 as compared to the corresponding period last year mainly due to the weaker performance of Japan hotels amid the border closure and restrictions imposed by the Japanese government during virus outbreak.

*(e) CDLHT recorded year-on-year ("**yoy**") net savings in property tax in 1H 2020. HBT Group recorded lower property taxes due to a one year property tax relief (effective from March 2020 onwards) granted by the UK government. This was partially offset by an increase in property taxes for H-REIT Group attributed to adjustments made in relation to under-accruals following the finalisation of prior year property tax assessments. Whilst the Singapore government offered property tax rebates to its property owners, this relief measure did not result in lower property taxes as the relief was passed to its tenants.*

(f) CDLHT's other property expenses comprise mainly utilities, insurance and other direct operating expenses. In 1H 2020, H-REIT Group's expenses have increased primarily due to a S$3.6 million impairment recognised in relation to rental receivables due from certain tenants of its retail mall and from the lessees of its European hotels. In comparison, included in other property expenses for 1H 2019 was an impairment of S$82K relating to the rental receivables from its retail mall.

(g) *The depreciation for CDLHT mainly relate to property, plant and equipment of the Japan and UK Hotels and Raffles Maldives Meradhoo.*

	H-REIT Group		HBT Group		CDL Hospitality Trusts	
	1H 2020 S$'000	1H 2019 S$'000	1H 2020 S$'000	1H 2019 S$'000	1H 2020 S$'000	1H 2019 S$'000
Depreciation of property, plant and equipment	946	933	4,921	4,891	5,983	6,002

(h) *Other trust expenses comprise mainly professional fees and administrative expenses. H-REIT Group incurred higher fees and administrative expenses in 1H 2020 mainly due to the recognition of S$2.1 million winding down costs for Novotel Singapore Clarke Quay ("**NCQ**"), which was offset by the return of excess funds of approximately S$1.0 million arising from the dissolution of MCST relating to NCQ, and the absence of some adhoc professional fees in 1H 2020.*

(i) *Non-controlling interests relate to the interest owned by the minority shareholders in relation to Pullman Hotel Munich and Hotel Cerretani Firenze.*

(j) *Net finance costs comprise the following:*

	H-REIT Group		
	1H 2020 S$'000	1H 2019 S$'000	Increase/ (Decrease) %
Interest income received/receivable from banks	304	575	(47.1)
Interest income received/receivable from HBT Group[(v)]	3	-	N.M
Interest income from finance lease	86	130	(33.8)
Exchange gain	2,973	257	N.M
Finance income	3,366	962	N.M
Interest paid/payable to banks[(iii)]	(9,312)	(10,397)	(10.4)
Interest expense on lease liabilities	(641)	(716)	(10.5)
Fair value loss on derivatives[(i)]	(5,678)	(948)	N.M
Amortisation of transaction costs capitalised[(iv)]	(667)	(635)	5.0
Financial expense arising from remeasuring non-current rental deposits at amortised cost	(120)	(116)	3.4
Finance costs	(16,418)	(12,812)	28.1
Net finance costs	(13,052)	(11,850)	10.1

	HBT Group		
	1H 2020 S$'000	1H 2019 S$'000	Increase/ (Decrease) %
Fair value gain on derivatives[(i)]	23	-	N.M
Exchange gain	243	202	20.3
Finance income	266	202	31.7
Interest paid/payable to banks[(iii)]	(1,303)	(1,294)	0.7
Interest paid/payable to H-REIT Group[(v)]	(3)	-	N.M
Interest expense on lease liabilities	(1,336)	(1,469)	(9.1)
Fair value loss on derivatives[(i)]	-	(37)	N.M
Amortisation of transaction costs capitalised[(iv)]	(76)	(76)	-
Finance costs	(2,718)	(2,876)	(5.5)
Net finance costs	(2,452)	(2,674)	(8.3)

	CDL Hospitality Trusts		
	1H 2020 S$'000	1H 2019 S$'000	Increase/ (Decrease) %
Interest income received/receivable from banks	305	576	(47.0)
Interest income from finance lease	86	130	(33.8)
Exchange gain[(ii)]	1,494	-	N.M
Finance income	1,885	706	N.M
Exchange loss[(ii)]	-	(989)	N.M
Interest paid/payable to banks[(iii)]	(10,615)	(11,690)	(9.2)
Interest expense on lease liabilities	(932)	(896)	4.0
Fair value loss on derivatives[(i)]	(5,655)	(985)	N.M
Amortisation of transaction costs capitalised[(iv)]	(743)	(711)	4.5
Financial expense arising from remeasuring non-current rental deposits at amortised cost	(120)	(116)	3.4
Finance costs	(18,065)	(15,387)	17.4
Net finance costs	(16,180)	(14,681)	10.2

(i) Fair value gain/loss on derivatives relates to the re-measurement of foreign exchange forward contracts to partially hedge H-REIT's and HBT's income from overseas as well as EUR/USD cross-currency interest rate swap contracts entered into by H-REIT to partially hedge its interest cost.

*(ii) The exchange gain of CDLHT for 1H 2020 mainly arose from the appreciation of Australian dollar ("**AUD**"), US dollar ("**USD**") and Euro ("**EUR**") denominated receivables and cash balances against SGD. During the comparative period in 1H 2019, the exchange loss arose mainly from the depreciation of AUD.*

(iii) The interest paid/payable to banks for 1H 2020 were lower yoy mainly due to lower funding costs on the Group's floating rate loans.

(iv) The amortisation costs in 1H 2020 relate to the amortisation of transaction costs arising from CDLHT's borrowings.

*(v) The intra-group interest income/expenses between H-REIT Group and HBT Group arose from a loan extended by H-REIT to HBT to support the operational cashflow in UK hotels ("**Intra-group loan**").*

(k) This relates to current and deferred taxes in respect of CDLHT's properties.

	H-REIT Group		HBT Group		CDL Hospitality Trusts	
	1H 2020 S$'000	1H 2019 S$'000	1H 2020 S$'000	1H 2019 S$'000	1H 2020 S$'000	1H 2019 S$'000
Corporate income tax [i]	(1,725)	(4,802)	-	(326)	(1,725)	(5,128)
Deferred tax	(68)	(212)	123	138	55	(74)
Withholding tax	(694)	(136)	(463)	(494)	(1,157)	(630)
Overprovision in respect of prior year tax	9	16	-	-	9	16
	(2,478)	(5,134)	(340)	(682)	(2,818)	(5,816)

(i) Due to lower corporate income tax expenses from the Group's overseas properties.

(l) Total return/(Net loss) of CDLHT is contributed by:

	CDL Hospitality Trusts	
	1H 2020 S$'000	1H 2019 S$'000
H-REIT	8,593	38,506
Other H-REIT group entities (including consolidation adjustments)	1,200	1,683
HBT	(1,310)	(443)
Other HBT group entities (including consolidation adjustments)	(9,972)	(6,808)
CDL Hospitality Trusts' consolidation adjustments	(2,890)	(2,376)
	(4,379)	30,562

(m) Income available for distribution[i]

	CDL Hospitality Trusts	
	1H 2020 S$'000	1H 2019 S$'000
Total return of H-REIT	8,593	38,506
Total comprehensive income of HBT	(1,310)	(443)
Add/(Less): Non tax deductible/(tax chargeable) items:		
- Amortisation of transaction costs	653	624
- Fair value loss on financial derivatives	5,678	948
- Financial expense arising from remeasuring non-current rental deposits at amortised cost	120	116
- Exchange (gain)/loss	(1,195)	1,145
- H-REIT Manager's fees paid/payable in Stapled Securities	4,027	5,176
- H-REIT Trustee's fees	203	195
- HBT Trustee-Manager's management fees paid/payable in Stapled Securities	237	224
- HBT Trustee-Manager's trustee fees	119	112
- Other items	3,266	826
Income available for distribution to Stapled Securityholders (before retention)	20,391	47,429
Less :		
Income retained for working capital	(2,039)	(4,743)
Income to be distributed to Stapled Securityholders (after retention)	18,352	42,686
Capital distribution [ii]	-	7,698
Total distribution to Stapled Securityholders (after retention)	18,352	50,384
Comprising :		
- Taxable income	14,926	32,104
- Tax exempt income	3,426	10,582
- Capital distribution	-	7,698
	18,352	50,384

(i) The distribution of CDLHT represents the aggregate of distributions by H-REIT and HBT. For 1H 2020, there were no distributions from HBT due to the losses incurred.

(ii) The capital distribution of 1H 2019 comprises of income from CDLHT's properties as well as CDLHT's continued partial distribution of proceeds from the 2018 disposal of Mercure Brisbane and Ibis Brisbane.

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1 (b)(i) Statements of Financial Position together with a comparative statement at the end of the immediately preceding financial year

	Footnote	H-REIT Group		HBT Group[a]		CDL Hospitality Trusts	
		30 Jun 2020 S$'000	31 Dec 2019 S$'000	30 Jun 2020 S$'000	31 Dec 2019 S$'000	30 Jun 2020 S$'000	31 Dec 2019 S$'000
ASSETS							
Non-current assets							
Investment properties	(b)	2,227,657	2,209,253	-	-	2,155,883	2,139,392
Property, plant and equipment	(c)	89,680	86,240	250,436	257,735	370,656	373,843
Deferred tax assets		607	635	-	-	607	635
Finance lease receivables		4,514	4,923	-	-	4,514	4,923
Financial derivative assets	(d)	4,993	5,968	-	-	4,993	5,968
Other receivables		1,709	149	-	-	149	149
		2,329,160	2,307,168	250,436	257,735	2,536,802	2,524,910
Current assets							
Inventories		-	-	1,690	1,767	1,690	1,767
Trade and other receivables		52,411	50,079	10,846	14,190	23,757	28,915
Finance lease receivables		813	800	-	-	813	800
Financial derivative assets	(d)	81	79	-	-	81	79
Cash and cash equivalents		119,802	128,152	2,124	7,802	121,926	135,954
Assets held for sale	(b)	368,710	368,700	-	-	368,710	368,700
		541,817	547,810	14,660	23,759	516,977	536,215
Total assets		**2,870,977**	**2,854,978**	**265,096**	**281,494**	**3,053,779**	**3,061,125**
LIABILITIES							
Non-current liabilities							
Loans and borrowings	(e)	936,805	890,711	94,641	94,554	1,029,885	985,265
Lease liabilities	(f)	24,135	24,166	53,083	53,359	38,402	38,673
Rental deposits	(g)	9,886	9,761	-	-	9,886	9,761
Other payables	(i)	780	715	-	-	780	715
Financial derivative liabilities	(d)	4,870	-	-	-	4,870	-
Deferred tax liabilities	(h)	17,416	16,925	15,631	16,032	33,047	32,958
		993,892	942,278	163,355	163,945	1,116,870	1,067,372
Current liabilities							
Loans and borrowings	(e)	82,702	78,662	-	-	82,702	78,662
Lease liabilities	(f)	1,106	1,079	2,183	2,072	1,114	1,087
Trade and other payables	(i)	36,114	37,307	41,987	41,673	38,602	43,625
Financial derivative liabilities	(d)	-	164	-	23	-	187
Provision for taxation	(j)	5,081	6,883	808	822	5,889	7,705
		125,003	124,095	44,978	44,590	128,307	131,266
Total liabilities		**1,118,895**	**1,066,373**	**208,333**	**208,535**	**1,245,177**	**1,198,638**
Net assets		**1,752,082**	**1,788,605**	**56,763**	**72,959**	**1,808,602**	**1,862,487**
Represented by:							
Unitholders' funds		1,743,463	1,780,289	56,763	72,959	1,799,983	1,854,171
Non-controlling interests	(k)	8,619	8,316	-	-	8,619	8,316
		1,752,082	**1,788,605**	**56,763**	**72,959**	**1,808,602**	**1,862,487**

Footnotes

(a) *The Statement of Financial Position of HBT Group comprises the resort operations of Raffles Maldives Meradhoo, the Japan Hotels and the UK Hotels.*

(b) *The increase in investment properties as at the reporting date was mainly attributed to a net translation gain of S$13.7 million relating to its overseas properties, and additional capital expenditure of S$2.8 million.*

CDLHT's investment properties as at 30 June 2020 are based on the independent valuations as at 31 December 2019, and have not taken into account any impact arising from the COVID-19 pandemic. Please refer to Section 14, page 31 of the Announcement, for sensitivity analysis on the carrying amounts of the investment properties.

(c) *The property, plant and equipment at H-REIT Group and HBT Group comprise the Japan Hotels and the UK Hotels respectively.*

The property, plant and equipment at CDLHT comprise the Japan Hotels, Raffles Maldives Meradhoo and the UK Hotels. For Raffles Maldives Meradhoo, the property is leased by H-REIT's indirect wholly-owned subsidiary to HBT's indirect wholly-owned subsidiary. For the Japan Hotels, there is a master lease arrangement between a trust bank in Japan (in its capacity as the trust bank holding the legal title to the Japan Hotels) and HBT's indirect wholly-owned subsidiary. As these properties are considered property held for use as owner-occupied properties, they are classified as property, plant and equipment instead of investment property in CDLHT's financial statements.

The decrease in property, plant and equipment at CDLHT is mainly due to the recognition of depreciation expenses of S$6.0 million, offset by additions of S$0.1 million and a net translation gain of S$2.7 million for the period.

CDLHT's property, plant and equipment as at 30 June 2020 are based on the independent valuations as at 31 December 2019, and have not taken into account any impact arising from the COVID-19 pandemic. Please refer to Section 14, page 31 of the Announcement, for sensitivity analysis on the carrying amounts of property, plant and equipment.

(d) *Movement in financial derivatives arose from fair value changes upon re-measurement of foreign exchange forward contracts and cross-currency interest rate swaps.*

(e) *Loans and borrowings of CDLHT of S$1.11 billion (as at 31 December 2019: S$1.06 billion), which are measured at amortised cost, comprise JPY3.1 billion (S$40.3 million) TMK bond and S$1.07 billion bank borrowings, as explained under Section 1(b)(ii) on pages 11 to 13 of the Announcement. During the reporting period, CDLHT drew approximately S$36.4 million from its revolving credit facility to fund operating costs and renovation works of the Group's properties.*

(f) *The lease liabilities represent CDLHT's obligation to make lease payments in relation to the ROU assets recognised in accordance to FRS 116/SFRS(I) 16.*

(g) *Rental deposits relate to rental deposits collected from the Master Lessees and tenants at Claymore Connect, stated at amortised cost.*

(h) *The deferred tax liabilities mainly relate to the Australia, UK and Japan properties.*

(i) *Trade and other payables for the Group relates mainly to payables for operational and trust expenses. Included in HBT Group's payables are amounts owing to suppliers in respect of the rebranding works on Raffles Maldives Meradhoo.*

(j) *Provision for taxation comprise tax provisions arising from the Group's overseas properties.*

(k) *Non-controlling interests relate to the interests owned by the minority shareholder in relation to the Pullman Hotel Munich and the Hotel Cerretani Firenze.*

1 (b)(ii) Aggregate amount of group's borrowings and debt securities

	H-REIT Group		HBT Group		CDL Hospitality Trusts	
	30 Jun 2020 S$'000	31 Dec 2019 S$'000	30 Jun 2020 S$'000	31 Dec 2019 S$'000	30 Jun 2020 S$'000	31 Dec 2019 S$'000
Amount repayable after one year						
Secured borrowings	68,805	66,123	-	-	68,805	66,123
Unsecured borrowings	870,778	827,891	93,452	95,002	964,230	922,893
	939,583	894,014	93,452	95,002	1,033,035	989,016
Amount repayable within one year						
Secured TMK bond	40,269	38,347	-	-	40,269	38,347
Unsecured borrowings	42,477	40,450	-	-	42,477	40,450
	82,746	78,797	-	-	82,746	78,797
Total borrowings[a]	1,022,329	972,811	93,452	95,002	1,115,781	1,067,813

[a] *The borrowings are presented before the deduction of unamortised transaction costs.*

As at 30 June 2020, CDLHT's aggregate leverage ratio was 37.1%, which was within the 50% limit allowed under the Monetary Authority of Singapore Property Funds Appendix. The interest coverage ratio was 3.4 times as of 30 June 2020. For purpose of computing interest coverage ratio, interest expense excludes interest expense on lease liabilities.

1 (b)(ii) Aggregate amount of group's borrowings and debt securities

Details of borrowings

The facilities and borrowings of the H-REIT Group, HBT Group and CDL Hospitality Trusts are set out below:

Facilities		H-REIT Group			HBT Group			CDL Hospitality Trusts		
		30 Jun 2020			30 Jun 2020			30 Jun 2020		
Currency	Type*	Facility amount S$'000	Drawn down S$'000	Undrawn S$'000	Facility amount S$'000	Drawn down S$'000	Undrawn S$'000	Facility amount S$'000	Drawn down S$'000	Undrawn S$'000
JPY	TMK bond (¥3.1 billion)[i]	40,269	40,269	-	-	-	-	40,269	40,269	-
JPY	5-year term loan (¥3.27 billion)	42,477	42,477	-	-	-	-	42,477	42,477	-
SGD	Medium term note[iii]	1,000,000	-	1,000,000	-	-	-	1,000,000	-	1,000,000
SGD	Bridge loan[iv]	300,000	-	300,000	100,000	-	100,000	400,000	-	400,000
SGD	3-year revolving credit (committed)[v]	350,000	229,936	120,064	-	-	-	350,000	229,936	120,064
SGD	5-year term loans	273,600	273,600	-	-	-	-	273,600	273,600	-
USD	5-year term loans (US$181.2 million)	252,157	252,157	-	-	-	-	252,157	252,157	-
EUR	7-year term loan (€44.0 million)[ii]	68,805	68,805	-	-	-	-	68,805	68,805	-
GBP	5-year term loans (£120.5 million)	115,085	115,085	-	93,452	93,452	-	208,537	208,537	-
		2,442,393	**1,022,329**	**1,420,064**	**193,452**	**93,452**	**100,000**	**2,635,845**	**1,115,781**	**1,520,064**

* Apart from the TMK bond and the 7-year EUR term loan, all the borrowings of the Group are unsecured.

Excluded from the borrowings above are the lease liabilities of S$25.2 million, S$55.3 million and S$39.5 million for H-REIT Group, HBT Group and CDLHT respectively, which are secured over the finance lease receivables and right-of-use assets (recognised as part of investment properties and property, plant and equipment).

(i) Secured TMK bond

The TMK bond included in H-REIT Group relates to 5-year Japanese yen denominated bond of JPY3.1 billion (S$40.3 million) issued by H-REIT's indirectly owned subsidiary, CDLHT Hanei Tokutei Mokuteki Kaisha. CDLHT's interest in Japan Hotels is held via a Tokutei Mokuteki Kaisha ("**TMK**") structure, and such TMK structure is required to issue bond to partially fund the acquisition of Japan assets.

The bondholders have a statutory preferred right, under Article 128 of the Japan Asset Liquidation Law, to receive payment of all obligations under the bond prior to other creditors out of the assets of the TMK. Such right shall be junior to the priority of the general statutory lien under the Japan Civil Code. While the assets of TMK are subject to a statutory preferred right, it is not considered a mortgage under Japan laws.

(ii) Secured borrowing

The secured bank loan relates to a 7-year fixed rate loan of S$68.8 million (€44.0 million) drawn down by H-REIT's indirectly-owned subsidiary, NKS Hospitality I B.V..

The securities include (i) a first legal mortgage on the property, (ii) assignment of the rights and claims under the property's major contracts such as the lease agreement and insurance policies and (iii) pledge of shares and bank accounts of NKS Hospitality I B.V..

(iii) Unsecured medium term note

H-REIT's wholly-owned subsidiary, CDLHT MTN Pte. Ltd. (the "Issuer") has in place a S$1.0 billion Multi-currency Medium Term Note Programme (the "Programme").

As at 30 June 2020, there are no outstanding medium term notes.

(iv) Unsecured bridge loan

H-REIT and HBT has in place a S$300.0 million and S$100.0 million uncommitted multi-currency bridge loan facility with a bank respectively (the "Bridge Loan Facilities") to fund acquisitions, capital expenditure and working capital requirements.

The Bridge Loan Facilities can be drawn in multiple tranches and each tranche is to be repaid within a maximum period of one year from each draw down date or one year from the first drawn date (where the amount is drawn in multiple tranches).

As at 30 June 2020, the Bridge Loan Facilities remains unutilised.

(v) Unsecured borrowings

In June 2020, H-REIT secured a fresh S$100.0 million committed multi-currency revolving credit facility, taking the revolving credit facility amount to S$350.0 million.

UNAUDITED FINANCIAL STATEMENTS ANNOUNCEMENT OF CDL HOSPITALITY TRUSTS, H-REIT AND ITS SUBSIDIARIES AND HBT AND ITS SUBSIDIARIES FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2020

1 (c) Consolidated Statements of Cash Flows

	Foot-note	H-REIT Group		HBT Group		CDL Hospitality Trusts	
		1H 2020 S$'000	1H 2019 S$'000	1H 2020 S$'000	1H 2019 S$'000	1H 2020 S$'000	1H 2019 S$'000
Operating activities							
Total return/(Net loss) for the period before tax		12,271	45,323	(10,942)	(6,569)	(1,561)	36,378
Adjustments for:							
H-REIT Manager's/HBT Trustee-Manager's fee paid/payable in Stapled Securities	(a)	4,027	5,176	237	224	4,264	5,400
Depreciation of property, plant and equipment		946	933	4,921	4,891	5,983	6,002
Impairment loss/(Reversal of impairment loss) on trade receivables		3,643	82	68	(19)	3,711	63
Net finance costs		13,052	11,850	2,452	2,674	16,180	14,681
Operating income/(loss) before working capital changes		33,939	63,364	(3,264)	1,201	28,577	62,524
Changes in working capital:							
Inventories		-	-	114	(371)	114	(371)
Trade and other receivables		(4,796)	(9,089)	3,594	(2,582)	1,963	(3,214)
Trade and other payables		(4,487)	(4,142)	(506)	8,655	(8,155)	(3,945)
Cash generated from/(used in) operating activities		24,656	50,133	(62)	6,903	22,499	54,994
Income tax paid		(4,260)	(3,757)	(464)	(1,229)	(4,725)	(4,986)
Net cash generated from/(used in) operating activities		20,396	46,376	(526)	5,674	17,774	50,008
Investing activities							
Loan to related entity		(1,586)	-	-	-	-	-
Capital expenditure on investment properties		(2,842)	(15,522)	-	-	(2,842)	(15,522)
Additions of property, plant and equipment		(79)	(45)	(15)	(1,415)	(96)	(1,460)
Receipt of finance lease receivable		397	335	-	-	397	335
Interest received		424	726	-	-	424	726
Cash used in investing activities		(3,686)	(14,506)	(15)	(1,415)	(2,117)	(15,921)
Financing activities							
Loan from related entity		-	-	1,586	-	-	-
Proceeds from bank loans		81,478	78,828	-	-	81,478	78,828
Repayment of bank loans		(45,046)	(53,620)	-	-	(45,046)	(53,620)
Payment of transaction costs related to bank loans		(39)	(1,184)	-	-	(39)	(1,184)
Payment of lease liabilities		(539)	(427)	(1,056)	(840)	(543)	(515)
Finance costs paid		(6,722)	(8,956)	(2,643)	(2,769)	(8,319)	(10,436)
Distribution to holders of Stapled Securities		(55,906)	(54,835)	(3,070)	(4,884)	(58,976)	(59,719)
Distribution to non-controlling interests		(23)	(134)	-	-	(23)	(134)
Return of capital to non-controlling interests		(24)	(49)	-	-	(24)	(49)
Movement in restricted cash		(2,026)	(16)	-	-	(2,026)	(16)
Cash used in financing activities		(28,847)	(40,393)	(5,183)	(8,493)	(33,518)	(46,845)
Net decrease in cash and cash equivalents		(12,137)	(8,523)	(5,724)	(4,234)	(17,861)	(12,758)
Cash and cash equivalents at beginning of the period		127,091	125,740	7,802	12,506	134,893	138,246
Effect of exchange rate changes on cash and cash equivalents		1,711	(1,800)	46	(76)	1,757	(1,875)
Cash and cash equivalents at end of the period	(b)	116,665	115,417	2,124	8,196	118,789	123,613

Footnotes

(a) *Significant non-cash transactions*

1H 2020

4,561,218 (1H 2019: 3,323,656) Stapled Securities amounting to S$4.3 million (1H 2019: S$5.4 million) will be issued to the H-REIT Manager and HBT Trustee-Manager as satisfaction of management fees payable in units in respect of the period.

(b) *Cash and cash equivalents for H-REIT Group and CDLHT as at 30 June 2020 are as follows:*

	H-REIT Group S$'000	CDL Hospitality Trusts S$'000
Cash and cash equivalents in the Statement of Financial Position	119,802	121,926
Restricted cash	(3,137)	(3,137)
Cash and cash equivalents in the Statement of Cash Flows	116,665	118,789

1 (d) Statements of Movements in Unitholders' funds for the period from 1 January 2020 to 30 June 2020

		H-REIT Group			HBT Group						CDL Hospitality Trusts		
	Footnote	Attributable to Stapled Securityholders S$'000	Non-controlling Interests S$'000	**Total S$'000**	Units in Issue S$'000	Issue Expenses S$'000	Foreign Currency Translation Reserve S$'000	Revaluation Reserve S$'000	Accumulated Profits/ (Losses) S$'000	**Total S$'000**	Attributable to Stapled Securityholders S$'000	Non-controlling Interests [(c)] S$'000	**Total S$'000**
Balance as at 1 January 2020		1,780,289	8,316	**1,788,605**	113,517	(121)	3,152	12,491	(56,080)	**72,959**	1,854,171	**8,316**	**1,862,487**
Operations													
Increase/(Decrease) in net assets resulting from operations		9,826	(33)	**9,793**	-	-	-	-	(11,282)	**(11,282)**	(4,346)	(33)	**(4,379)**
Movements in revaluation reserve													
- Tax effect on revaluation of property, plant and equipment		-	-	**-**	-	-	-	19	-	**19**	19	-	**19**
Increase in revaluation reserve		-	-	**-**	-	-	-	19	-	**19**	19	-	**19**
Movements in foreign currency translation reserve													
- Translation differences relating to financial statements of foreign subsidiaries		6,359	336	**6,695**	-	-	(1,884)	-	-	**(1,884)**	4,476	336	**4,812**
- Exchange differences on hedge of net investments in foreign operations		(2,726)	-	**(2,726)**	-	-	1,305	-	-	**1,305**	302	-	**302**
- Exchange differences on monetary items forming part of net investment in foreign operations		1,594	-	**1,594**	-	-	(1,521)	-	-	**(1,521)**	73	-	**73**
Increase/(Decrease) in foreign currency translation reserve		5,227	336	**5,563**	-	-	(2,100)	-	-	**(2,100)**	4,851	336	**5,187**
Transactions with owners													
Contributions by and distributions to owners													
- Stapled Securities to be issued	(a)	4,027	-	**4,027**	237	-	-	-	-	**237**	4,264	-	**4,264**
- Distribution to Stapled Securityholders	(b)	(55,906)	-	**(55,906)**	(2,700)	-	-	-	(370)	**(3,070)**	(58,976)	-	**(58,976)**
Decrease in net assets resulting from transactions with owners		(51,879)	-	**(51,879)**	(2,463)	-	-	-	(370)	**(2,833)**	(54,712)	-	**(54,712)**
Balance as at 30 June 2020		1,743,463	8,619	**1,752,082**	111,054	(121)	1,052	12,510	(67,732)	**56,763**	1,799,983	8,619	**1,808,602**

CDL HOSPITALITY TRUSTS ("CDLHT")
CDL HOSPITALITY REAL ESTATE INVESTMENT TRUST AND ITS SUBSIDIARIES ("H-REIT Group")
CDL HOSPITALITY BUSINESS TRUST AND ITS SUBSIDIARIES ("HBT Group")

**UNAUDITED FINANCIAL STATEMENTS ANNOUNCEMENT OF CDL HOSPITALITY TRUSTS,
H-REIT AND ITS SUBSIDIARIES AND HBT AND ITS SUBSIDIARIES FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2020**

1 (d) Statements of Movements in Unitholders' funds for the period from 1 January 2019 to 30 June 2019

		H-REIT Group			HBT Group						CDL Hospitality Trusts		
	Footnote	Attributable to Stapled Securityholders S$'000	Non-controlling Interests S$'000	**Total S$'000**	Units in Issue S$'000	Issue Expenses S$'000	Foreign Currency Translation Reserve S$'000	Revaluation Reserve S$'000	Accumulated Profits/ (Losses) S$'000	**Total S$'000**	Attributable to Stapled Securityholders S$'000	Non-controlling Interests [(c)] S$'000	**Total S$'000**
Balance as at 1 January 2019		1,754,809	7,659	**1,762,468**	117,863	(121)	1,838	10,771	(37,498)	**92,853**	1,847,663	7,659	**1,855,322**
Operations													
Increase/(Decrease) in net assets resulting from operations		39,737	452	**40,189**	-	-	-	-	(7,251)	**(7,251)**	30,110	452	**30,562**
Movements in revaluation reserve													
- Tax effect on revaluation of property, plant and equipment		2	-	**2**	-	-	-	(10)	-	**(10)**	(8)	-	**(8)**
Increase/(Decrease) in revaluation reserve		2	-	**2**	-	-	-	(10)	-	**(10)**	(8)	-	**(8)**
Movements in foreign currency translation reserve													
- Translation differences relating to financial statements of foreign subsidiaries		(7,109)	(108)	**(7,217)**	-	-	(1,091)	-	-	**(1,091)**	(8,196)	(108)	**(8,304)**
- Exchange differences on hedge of net investments in foreign operations		52	-	**52**	-	-	1,085	-	-	**1,085**	2,583	-	**2,583**
- Exchange differences on monetary items forming part of net investment in foreign operations		(1,894)	-	**(1,894)**	-	-	(1,277)	-	-	**(1,277)**	(3,172)	-	**(3,172)**
Decrease in foreign currency translation reserve		(8,951)	(108)	**(9,059)**	-	-	(1,283)	-	-	**(1,283)**	(8,785)	(108)	**(8,893)**
Transactions with owners													
Contributions by and distributions to owners													
- Stapled Securities to be issued	(a)	5,176	-	**5,176**	224	-	-	-	-	**224**	5,400	-	**5,400**
- Distribution to Stapled Securityholders	(d)	(54,835)	-	**(54,835)**	(2,980)	-	-	-	(1,904)	**(4,884)**	(59,719)	-	**(59,719)**
- Distribution to non-controlling interests		-	(129)	**(129)**	-	-	-	-	-	**-**	-	(129)	**(129)**
- Return of capital to non-controlling interests		-	(49)	**(49)**	-	-	-	-	-	**-**	-	(49)	**(49)**
Decrease in net assets resulting from transactions with owners		(49,659)	(178)	**(49,837)**	(2,756)	-	-	-	(1,904)	**(4,660)**	(54,319)	(178)	**(54,497)**
Balance as at 30 June 2019		1,735,938	7,825	**1,743,763**	115,107	(121)	555	10,761	(46,653)	**79,649**	1,814,661	7,825	**1,822,486**

Footnotes

(a) These represent the Stapled Securities to be issued as partial satisfaction of the portion of the management fee (comprising base fee and performance fee) incurred for the respective quarters. The Stapled Securities for H-REIT Manager and HBT Trustee-manager's base fee will be issued within 30 days from the end of the quarter while the Stapled Securities for H-REIT Manager and HBT Trustee-manager's performance fee will be issued on an annual basis, within 30 days from the date of the issuance of the audited financial statements of the Group.

(b) Distribution to Stapled Securityholders in respect of the period from 1 July 2019 to 31 December 2019, which includes a capital distribution of S$12,741,000 in 1Q 2020.

(c) This relates to non-controlling minority shareholders which has an effective interest of less than 5.1% in Pullman Munich and 5% in Hotel Cerretani Firenze.

(d) Distribution to Stapled Securityholders in respect of the period from 1 July 2018 to 31 December 2018, which includes a capital distribution of S$9,049,000 in 1Q 2019.

1 (e) Details of any changes in the stapled securities

	Foot-note	CDL Hospitality Trusts	
		1H 2020	1H 2019
Issued stapled securities at beginning of the period		1,212,583,713	1,205,465,379
Issue of new stapled securities:			
- as payment of H-REIT Manager's and HBT Trustee-Manager's management fees		4,048,309	5,311,777
Issued stapled securities at end of the period		1,216,632,022	1,210,777,156
Stapled securities to be issued:			
- as payment of H-REIT Manager's and HBT Trustee-Manager's management fees	(a)	4,561,218	2,434,670
Total issued and issuable stapled securities at end of the period		1,221,193,240	1,213,211,826

Footnote

(a) These represent the Stapled Securities to be issued as partial satisfaction of the management fee incurred for the respective quarters. Included in the balance to be issued for performance fee is an estimated 1.2 million (1H 2019: 1.5 million) Stapled Securities, which will be issued on an annual basis, within 30 days from the date of the issuance of the audited financial statements of the Group.

2 Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice

The figures have not been audited or reviewed by the auditors.

3 Where the figures have been audited or reviewed, the auditor's report (including any qualifications or emphasis of matter)

Not applicable.

4 Whether the same accounting principles and methods of computation as in the issuer's most recent audited financial statements have been applied

The accounting policies and methods of computation adopted are consistent with those applied in the audited financial statements for the year ended 31 December 2019, except as disclosed in Section 5 below.

5 If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change

H-REIT Group, HBT Group and CDL Hospitality Trusts adopted various new accounting standards, amendments to and interpretations of standards that are effective for annual periods beginning on or after 1 January 2020. The adoption of those new standards, amendments to and interpretations of standards did not have material impact on their respective financial statements.

6 Earnings per Stapled Security ("EPS") and Income Available for Distribution per Stapled Security ("DPS") for the financial period

	CDL Hospitality Trusts	
	1H 2020	1H 2019
EPS		
Basic EPS		
Weighted average number of Stapled Securities	1,217,652,089	1,210,345,022
Basic EPS[(a)] (cents)	(0.36)	2.49
Diluted EPS		
Weighted average number of Stapled Securities	1,221,193,240	1,213,211,826
Diluted EPS[(b)] (cents)	(0.36)	2.48

	CDL Hospitality Trusts	
	1H 2020	1H 2019
DPS		
Number of Stapled Securities entitled to distribution	1,220,026,698	1,211,680,683
DPS for the period based on the total number of Stapled Securities entitled to the distribution (cents)		
- Taxable income	1.23	2.66
- Tax exempt income	0.28	0.87
- Capital distribution	-	0.63
	1.51	4.16

Footnotes

(a) Basic EPS has been calculated using total return for the period and the weighted average number of Stapled Securities issued and issuable during the period.

(b) Diluted EPS has been calculated using the weighted average number of Stapled Securities issued and issuable during the period and taking into consideration the number of Stapled Securities to be issued as payment for performance fee.

7 Net asset value ("NAV")/net tangible asset ("NTA") per stapled security based on issued and issuable stapled securities at the end of the period

	CDL Hospitality Trusts	
	30 Jun 2020	31 Dec 2019
Net asset value/net tangible asset attributable to unitholders (S$'000)	1,799,983	1,854,171
Number of Stapled Securities issued and to be issued at end of the period	1,221,193,240	1,216,632,022
Net asset value/net tangible asset per Stapled Security (S$)	1.4740	1.5240

8 Review of the performance for the six months period ended 30 June 2020

8 (i) Breakdown of Total Revenue by Geography

		H-REIT Group			HBT Group			CDL Hospitality Trusts		
	Footnote	2Q 2020 S$'000	2Q 2019 S$'000	Increase/ (Decrease) %	2Q 2020 S$'000	2Q 2019 S$'000	Increase/ (Decrease) %	2Q 2020 S$'000	2Q 2019 S$'000	Increase/ (Decrease) %
Master leases										
Singapore										
- Hotels		8,876	19,619	(54.8)	-	-	-	8,876	19,619	(54.8)
- Claymore Connect		778	1,897	(59.0)	-	-	-	778	1,897	(59.0)
Maldives	(a)	(541)	2,048	N.M	-	-	-	(541)	2,048	N.M
Australia		2,245	2,299	(2.3)	-	-	-	2,245	2,299	(2.3)
New Zealand		4,242	3,431	23.6	-	-	-	4,242	3,431	23.6
Germany	(b)	2,268	3,312	(31.5)	-	-	-	2,268	3,312	(31.5)
Italy	(c)	505	1,077	(53.1)	-	-	-	505	1,077	(53.1)
		18,373	33,683	(45.5)	-	-	-	18,373	33,683	(45.5)
Managed hotels										
Maldives	(a)	1,057	1,024	3.2	10	34	(70.6)	10	34	(70.6)
Japan	(d)	115	990	(88.4)	664	2,513	(73.6)	664	2,513	(73.6)
United Kingdom	(e)	-	-	-	(16)	11,221	N.M	(16)	11,221	N.M
		1,172	2,014	(41.8)	658	13,768	(95.2)	658	13,768	(95.2)
Total		19,545	35,697	(45.2)	658	13,768	(95.2)	19,031	47,451	(59.9)

8 (i) Breakdown of Total Revenue by Geography

		H-REIT Group			HBT Group			CDL Hospitality Trusts		
	Footnote	1H 2020 S$'000	1H 2019 S$'000	Increase/ (Decrease) %	1H 2020 S$'000	1H 2019 S$'000	Increase/ (Decrease) %	1H 2020 S$'000	1H 2019 S$'000	Increase/ (Decrease) %
Master leases										
Singapore										
- Hotels		22,111	40,183	(45.0)	-	-	-	22,111	40,183	(45.0)
- Claymore Connect		2,603	3,804	(31.6)	-	-	-	2,603	3,804	(31.6)
Maldives	(a)	991	4,082	(75.7)	-	-	-	991	4,082	(75.7)
Australia		4,433	4,624	(4.1)	-	-	-	4,433	4,624	(4.1)
New Zealand		5,560	8,477	(34.4)	-	-	-	5,560	8,477	(34.4)
Germany	(b)	4,347	5,920	(26.6)	-	-	-	4,347	5,920	(26.6)
Italy	(c)	1,017	1,623	(37.3)	-	-	-	1,017	1,623	(37.3)
		41,062	68,713	(40.2)	-	-	-	41,062	68,713	(40.2)
Managed hotels										
Maldives	(a)	2,098	2,041	2.8	1,599	34	N.M	1,599	34	N.M
Japan	(d)	615	2,168	(71.6)	2,263	4,817	(53.0)	2,263	4,817	(53.0)
United Kingdom	(e)	-	-	-	7,135	20,203	(64.7)	7,135	20,203	(64.7)
		2,713	4,209	(35.5)	10,997	25,054	(56.1)	10,997	25,054	(56.1)
Total		43,775	72,922	(40.0)	10,997	25,054	(56.1)	52,059	93,767	(44.5)

8 (ii) Breakdown of Net Property Income by Geography

	Footnote	H-REIT Group			HBT Group			CDL Hospitality Trusts		
		2Q 2020 S$'000	2Q 2019 S$'000	Increase/ (Decrease) %	2Q 2020 S$'000	2Q 2019 S$'000	Increase/ (Decrease) %	2Q 2020 S$'000	2Q 2019 S$'000	Increase/ (Decrease) %
Singapore										
- Hotels		7,396	18,223	(59.4)	-	-	-	7,396	18,223	(59.4)
- Claymore Connect		289	1,210	(76.1)	-	-	-	289	1,210	(76.1)
Maldives	(a)	338	2,866	(88.2)	(778)	(2,006)	61.2	(1,497)	(165)	N.M
Australia		2,245	2,299	(2.3)	-	-	-	2,245	2,299	(2.3)
New Zealand		4,242	3,431	23.6	-	-	-	4,242	3,431	23.6
Germany	(b)	(634)	3,058	N.M	-	-	-	(634)	3,058	N.M
Italy	(c)	(559)	975	N.M	-	-	-	(559)	975	N.M
Japan	(d)	28	906	(96.9)	(172)	17	N.M	(144)	923	N.M
United Kingdom	(e)	-	-	-	(1,173)	3,805	N.M	(1,173)	3,805	N.M
Total		13,345	32,968	(59.5)	(2,123)	1,816	N.M	10,165	33,759	(69.9)

	Footnote	H-REIT Group			HBT Group			CDL Hospitality Trusts		
		1H 2020 S$'000	1H 2019 S$'000	Increase/ (Decrease) %	1H 2020 S$'000	1H 2019 S$'000	Increase/ (Decrease) %	1H 2020 S$'000	1H 2019 S$'000	Increase/ (Decrease) %
Singapore										
- Hotels		19,176	37,391	(48.7)	-	-	-	19,176	37,391	(48.7)
- Claymore Connect		1,408	2,553	(44.8)	-	-	-	1,408	2,553	(44.8)
Maldives	(a)	2,652	5,716	(53.6)	(1,917)	(4,016)	52.3	(1,363)	(341)	N.M
Australia		4,433	4,624	(4.1)	-	-	-	4,433	4,624	(4.1)
New Zealand		5,560	8,477	(34.4)	-	-	-	5,560	8,477	(34.4)
Germany	(b)	1,169	5,422	(78.4)	-	-	-	1,169	5,422	(78.4)
Italy	(c)	(144)	1,442	N.M			-	(144)	1,442	N.M
Japan	(d)	445	2,002	(77.8)	(131)	14	N.M	314	2,016	(84.4)
United Kingdom	(e)	-	-	-	(832)	5,945	N.M	(832)	5,945	N.M
Total		34,699	67,627	(48.7)	(2,880)	1,943	N.M	29,721	67,529	(56.0)

Footnotes

(a) The Maldives resorts includes a Master Lease and Managed hotel as follows:

(i) Master Lease

There is a master lease agreement between H-REIT's indirect wholly-owned subsidiary, Sanctuary Sands Maldives Private Limited (the "Lessor") and Maldives Bay Pvt Ltd (the "Lessee"), a subsidiary of Banyan Tree Holdings Limited. Following the final utilisation of the remaining cumulative minimum rent top-ups in FY 2019, there has been no further top-ups available for 1H 2020.

Previously in 2019, there was a minimum rent top-up cap of US$6.0 million and no further minimum rent top-ups was payable by Lessee to Lessor after the cumulative top-ups reached US$6.0 million. Accordingly, the yoy gross revenue declined as the cumulative minimum rent top-up has reached its limit. In the previous corresponding period, the revenue included a minimum rent of US$500,000 per month (based on a minimum rent of US$6.0 million per annum).

(ii) Managed hotel

There is a lease agreement between H-REIT and HBT's indirect wholly-owned subsidiaries.

*In turn, HBT's indirect wholly owned subsidiary, CDL HBT Oceanic Maldives Private Limited ("**CDL HBT Oceanic**") engaged AccorHotels (previously managed by Jumeirah Management Services (Maldives) Private Limited) to operate the resort. The resort initially operated as Dhevanafushi Maldives Luxury Resort, Managed by AccorHotels, and following enhancements during its closure since 1 June 2018, has been rebranded as Raffles Maldives Meradhoo in May 2019 to join the iconic collection of Raffles Hotels and Resorts.*

For the H-REIT Group, the revenue for 1H 2020 includes S$2.1 million (US$1.5 million) rental income from HBT Group respectively. For the HBT Group, the revenue for the reporting period comprises the entire revenue derived from the operations of the resort.

(b) H-REIT's indirect wholly-owned subsidiary owns an effective interest of 94.5% in Pullman Hotel Munich, which comprises the hotel and its office and retail components. There is a hotel lease agreement between H-REIT's indirect subsidiary, NKS Hospitality I B.V. (the "Lessor") and UP Hotel Operations GmbH & Co. KG (the "Lessee"). Under this lease, H-REIT will receive rent of around 90% of the net operating profit of the hotel, subject to a guaranteed fixed rent of €3.6 million per annum. During the reporting period, an impairment of S$2.4 million (€1.6 million) was recognised in relation to the rental receivables from this Lessee.

(c) H-REIT's indirect wholly-owned subsidiary owns an interest of 95.0% in Hotel Cerretani Firenze. There is a hotel lease agreement between H-REIT's indirect subsidiary, NKS Hospitality III SRL. (the "Lessor") and FC Operations Hotel SRL (the "Lessee"). Under this lease, H-REIT will receive rent of around 93% of the net operating profit of the hotel, subject to a guaranteed fixed rent of €1.3 million per annum. During the reporting period, an impairment of S$1.0 million (€0.7 million) was recognised in relation to the rental receivables from this Lessee.

(d) The Japan Hotels with HBT refers to master lease arrangement between a trust bank in Japan (in its capacity as the trust bank holding the legal title to the Japan Hotels) and CDLHT.

For H-REIT Group, the revenue for 1H 2020 includes S$0.6 million (JPY47.7 million) net rental income received from HBT Group (based on the gross operating profit of the Japan Hotels). The income from Japan Hotels of S$0.3 million (JPY26.0 million), after deducting operating expenses, was included in the income available for distribution in 1H 2020 as the financial results for the fiscal period ended 30 March 2020 has been audited and the income was ascertained. The fiscal period for the Japan Hotels is set at 6-month intervals, from 1 October to 31 March and 1 April to 31 September. This will allow the income from the Japan Hotels to be distributed twice a year, subject to completion of the audit for the relevant period.

(e) The UK Hotels includes:

(i) Hilton Cambridge City Centre

Hilton Cambridge City Centre is owned by HBT's indirectly wholly-owned subsidiary, CDL HBT Cambridge City Hotel (UK) Ltd. The hotel operator for this hotel is Hilton UK Manage Limited.

The revenue for the reporting period comprises the entire revenue derived from the hotel operations. The net property income is derived after deducting the operating expenses, property tax and insurance expenses of the hotel.

(ii) The Lowry Hotel

The Lowry Hotel is owned and operated by HBT's indirectly wholly-owned subsidiary, The Lowry Hotel Ltd.

The revenue for the reporting period comprises the entire revenue derived from the hotel operations. The net property income is derived after deducting the operating expenses, property tax and insurance expenses of the hotel.

8 (iii) Review of the Performance

Six months period ended 30 June 2020

For the six months ended 30 June 2020, CDLHT's Gross Revenue and NPI declined yoy by 44.5% and 56.0% to S$52.1 million and S$29.7 million respectively. The significant decline across CDLHT's portfolio was due to the unprecedented downturn in global tourism arising from the lockdown measures and travel restrictions imposed by most countries amidst the COVID-19 pandemic. With the exception of the New Zealand and Singapore hotels, most of CDLHT's properties were either closed on a temporary basis or were operating at low occupancies from March 2020 onwards. Occupancies for the New Zealand and Singapore hotels were bolstered by demand for accommodation facilities which are used for isolation purposes. Additionally, occupancy for the Singapore Hotels was also supported by demand from foreign workers affected by the border closures. The substantive contributions to the portfolio rental income from the Singapore, New Zealand and Australia hotels, which amounted to S$32.1 million (inclusive of S$22.7 million fixed rent), partially insulated the group from the severe effects of the pandemic.

Total arrivals to Singapore have declined sharply by 65.7% yoy to 2.7 million for YTD May 2020, with little arrivals in April and May[1], due to border closure since March. Whilst room occupancies have been supported by demand for dedicated facilities for isolation purposes (such as for guests to serve their two-week Stay-Home Notice or as a government quarantine facility) and from foreign workers (such as Malaysian workers) affected by border closures, the average room rates recorded for the period were much lower as compared to the same period last year. Furthermore, performance for the Singapore Hotels were also affected by the absence of major MICE events, wedding banquets and social functions, which have either been postponed or cancelled. Accordingly, 1H 2020 RevPAR and rental revenue for Singapore Hotels decreased by 49.2% and 45.0% yoy respectively.

In the Maldives, total tourist arrivals recorded a steep decline of 48.9% for YTD May 2020[2]. While the year started positively in January 2020, trading conditions rapidly deteriorated with the ban of Chinese travellers into Maldives from early February 2020, which culminated in a blanket suspension of on-arrival visas in end March 2020[3]. Angsana Velavaru posted a RevPAR decrease of 44.6% yoy for 1H 2020 and coupled with the absence of a minimum rent top up for the period, the rental revenue declined 75.7% yoy. Similar to most resorts in the Maldives[4], Raffles Maldives Meradhoo also closed temporarily from 1 April 2020 and its gestation was disrupted by the pandemic. Both resorts are operating at highly reduced staffing levels to contain costs.

The lease structure of Australia Hotels is largely a fixed rent structure, hence CDLHT is insulated from the severe downturn in trading conditions. The rental contribution (in SGD terms) was lower by 4.1% in 1H 2020 yoy due to the weaker AUD.

In New Zealand, Grand Millennium Auckland recorded strong occupancies prior to mid-March before the New Zealand Government closed its borders to travellers on 19 March 2020 and commenced a six week country-wide lockdown thereafter, with visitor arrivals declining 44.1% for YTD May 2020[5]. Occupancy plummeted until the hotel secured managed isolation business from the government during the reporting quarter. Bolstered by this business, the New Zealand Hotel was able to yield a total rent of S$5.6 million (inclusive of a variable rent of S$2.9 million (NZ$3.3 million)) for 1H 2020. Overall, the rental income for 1H 2020 declined by 34.4% yoy in tandem with the 32.2% yoy drop in RevPAR.

Visitor arrivals to Japan declined 76.3% for YTD June 2020[6], with the drastic fall in tourism demand from the implementation of travel bans and the nationwide state of emergency declared by the Japanese Government on 16 April 2020 in response to the pandemic. This affected demand during the traditional annual Golden Week holidays from late April to early May 2020 as the state of emergency was only lifted towards the end of May 2020. Accordingly, the Group's Japan Hotels posted a 1H 2020 RevPAR and NPI decline of 56.9% and 84.4% yoy respectively.

On the back of a mandatory closure of hotels across UK from 24 March 2020[7] as part of the country's lockdown measures, CDLHT's UK Hotels were temporarily closed for more than three months as at 30 June 2020, resulting in a yoy RevPAR and gross revenue decline of 68.1% and 64.7% respectively for 1H 2020. MICE events at the Hilton Cambridge City Centre and The Lowry Hotel were either postponed or cancelled whilst The Lowry was also affected by suspension of sporting events and concerts until further notice. The closure of the hotels and the UK government's furlough scheme has helped CDLHT to contain operating costs and losses.

[1] Singapore Tourism Board ("**STB**")
[2] Ministry of Tourism, Republic of Maldives
[3] Maldives Insider, "Maldives cuts tourism prospects further, says 2020 arrivals could drop by half", 2 April 2020
[4] Maldives Insider, "More resort closures as coronavirus travel restrictions hit Maldives tourism", 20 March 2020
[5] Statistics – Tourism New Zealand
[6] Japan National Tourism Organization
[7] Gov UK, "COVID-19 advice for accommodation providers", 24 March 2020

In Europe, the absence of two major trade fairs and conferences (biennial BAU and triennial bauma) together with the lockdown measures and travel restrictions in Germany resulted in Pullman Munich recording a yoy RevPAR drop of 66.5% for 1H 2020. In Italy, Hotel Cerretani Firenze – MGallery was closed since 13 March 2020 due to the nationwide lockdown where non-essential business and services, including hotels, had to shut down. As a result, the hotel registered a RevPAR decrease of 79.1% yoy for 1H 2020. Even though the ban on inter-regional and European travel was lifted in June 2020 for Germany and Italy, demand remained stagnant for the summer. As the operating performance of the hotels were badly affected and discussions are ongoing with the lessees, a collective impairment of S$3.4 million (€2.3 million) was recognised in 1H 2020 against rental receivables due for the two European hotels. This has resulted in a collective 85.1% decline in the NPI.

Claymore Connect, CDLHT's only retail mall, recorded lower NPI due to lower committed occupancy and landlord rental rebates given to its tenants. During the circuit breaker period in 1H 2020, CDLHT also passed on the government property tax rebates to its tenants. As at 30 June 2020, committed occupancy of Claymore Connect was 74%.

Interest costs for 1H 2020 was lower than the same period last year, mainly the result of lower funding costs on its floating rate loans.

Total distribution (after deducting income retained for working capital) was S$18.4 million in 1H 2020, 63.6% lower yoy. Distribution was lower as there was no capital distribution for 1H 2020, whereas in same period last year, there was a capital distribution of S$7.7 million from the Group's properties, out of which there was a partial distribution of proceeds from the sale of its Mercure and Ibis Brisbane hotels (sold in 2018).

The distribution per Stapled Security ("**DPS**") (after deducting income retained for working capital) for 1H 2020 was 1.51 cents, 63.7% lower yoy.

Statistics for CDLHT's hotels are set out below:

<u>Singapore Hotels</u>

	2Q 2020*	2Q 2019	Increase/ (Decline)	1H 2020*	1H 2019	Increase/ (Decline)
Average Occupancy Rate	82.5%	84.2%	(1.7)pp	68.2%	85.7%	(17.6)pp
Average Daily Rate	S$75	S$179	(58.2)%	S$115	S$179	(36.1)%
RevPAR	S$62	S$151	(59.0)%	S$78	S$154	(49.2)%

** Room refurbishment was carried out until April 2020 for Copthorne King's Hotel while Studio M Hotel commenced its room refurbishment from April 2020. Excluding the out-of-order rooms, occupancy would be 90.8% and 72.2% for 2Q 2020 and 1H 2020 respectively while RevPAR would be S$68 and S$83 for 2Q 2020 and 1H 2020 respectively.*

<u>Overseas Hotels – RevPAR by Geography[8]</u>

	2Q 2020	2Q 2019	Increase/ (Decline)	1H 2020	1H 2019	Increase/ (Decline)
Maldives (US$)[9,10]		N.M		105	190	(44.6)%
New Zealand (NZ$)[10]	73	160	(54.6)%	125	184	(32.2)%
Germany (€)[10]		N.M		36	107	(66.5)%
Italy (€)[10]		N.M		33	158	(79.1)%
Japan (¥)	1,798	8,450	(78.7)%	3,531	8,189	(56.9)%
United Kingdom (£)[10]		N.M		39	121	(68.1)%

[8] RevPAR for Australia Hotels is not included as CDLHT receives fixed rent.
[9] RevPAR only accounts for Angsana Velavaru. Raffles Maldives Meradhoo was closed during 1H 2019 for renovation and was still undergoing gestation after it reopened in Sep 2019, and was closed again since 1 Apr 2020 due to the pandemic.
[10] These hotels are either closed or operating at very low occupancies in 2Q 2020, hence the RevPAR statistics and comparatives are not meaningful.

9 Variance between the forecast or prospectus statement (if disclosed previously) and the actual results

The Group's result was in line with the profit guidance announcement released on SGX-ST on 17 July 2020, except for CDLHT's total return (after tax). Following the finalisation of the 1H 2020 results, CDLHT recorded a net loss (after tax) of S$4.4 million. Excluding the one-off winding down costs arising from the divestment of Novotel Singapore Clarke Quay, which was completed on 15th July 2020, CDLHT would record a loss (after tax) of S$2.3 million, instead of a slight profit as previously disclosed in the profit guidance.

10 Commentary on the competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months

The hospitality and tourism industry globally has been severely disrupted by the COVID-19 pandemic in an unprecedented manner which has completely changed the operating landscape due to strict travel restrictions and social distancing measures having been implemented across most countries. Depending on the speed of virus containment, duration of travel restrictions and shutdown of borders, international tourism numbers could fall between 60% to 80% in 2020[1].

Barring subsequent waves of infections, the strict measures issued in markets which CDLHT has a presence in have been progressively relaxed to varying degrees since mid-2020 but international travel curbs largely remain in place. While sentiments point to a start of the recovery of international demand in 2021[1], the situation remains fluid and there is much uncertainty on the recovery trajectory. A viable medical solution is vital to the pace of the pickup in international travel. Accordingly, CDLHT's financial performance in FY 2020 will be severely affected.

CDLHT has proactively deployed a number of measures in the face of the global downturn, such as working with its lessees and operators to aggressively contain costs and to pursue alternative revenue channels. These include temporary closure of hotels or certain floors, shortened working hours, unpaid leave as well as furloughs for hotel employees and review of operational contracts for deferment or cancellation. Where applicable, CDLHT and its lessees/operators will tap into governments' reliefs or subsidies. CDLHT is also deferring non-essential capital expenditures while utilising periods of low occupancy to carry out critical guests-related asset enhancement works to continually optimise the potential of its assets. CDLHT's hotels which are opened/opening will pursue domestic travel, government-related businesses, demand from guests affected by border closures or requiring isolation, in the absence of international travel.

In mid-July 2020, the divestment of Novotel Singapore Clarke Quay and acquisition of W Singapore - Sentosa Cove (W Hotel) were completed. Located on Sentosa, an island well-known for its diverse array of unique leisure experiences, W Hotel is a popular choice for staycations due to its extensive facilities and location.

CDLHT's healthy balance sheet, ample debt headroom and a strong liquidity position will allow it to weather the impact of the pandemic. CDLHT will also continue to evaluate suitable divestment opportunities as they arise to unlock underlying asset values and/or recycle capital for better returns.

Portfolio Markets

Currently in the second phase of Singapore's reopening which started since June, F&B and retail businesses have resumed activity while hotels can seek approval from the authorities to provide accommodation to guests for the purposes of leisure (e.g. staycations). A S$45 million marketing campaign was also launched by the government to drive local tourism. This includes promoting hotel staycation deals packaged with tours or activities[2], such as in Sentosa, where hoteliers can provide an attractive island getaway for locals, packaged with unique leisure experiences available on the island during their stay. While large-scale events are still not allowed currently, STB is preparing for a controlled resumption of business-to-business events for up to 50 physical attendees (such as meetings, conventions, exhibitions and trade shows) in the coming months[3]. In addition, Singapore has gradually reopened its borders for safe travel since June, starting with six China provinces. Bilateral cross-border travel for long-term pass holders and essential business and official travellers between Singapore and Malaysia has also been established, with the start date targeted for 10 August 2020[4], and discussions with more countries such as Australia, New Zealand, Japan and South Korea are underway.

[1] UNWTO, "International Tourist Numbers Could Fall 60-80% In 2020, UNWTO Reports", 7 May 2020
[2] STB, "Enterprise Singapore, Sentosa Development Corporation and Singapore Tourism Board team up with industry to encourage locals to rediscover Singapore", 22 July 2020
[3] STB, "Towards the Safe Resumption of Business Events", 22 July 2020
[4] Straits Times, "S'pore, Malaysia aim to start cross-border travel for long-term pass holders and essential travellers on Aug 10", 14 July 2020

For the first 27 days of July 2020, RevPAR for Singapore Hotels[5] decreased by 61.9% as compared to the same period last year. The occupancy of the hotels continues to be supported by demand for accommodation facilities which can be used for isolation purposes and demand from foreign workers affected by border closures (e.g. Malaysia's border closure from March to August).

The soft refurbishment of all 360 rooms in Studio M Hotel is commencing in phases and asset enhancement opportunities in other Singapore Hotels are also being evaluated strategically.

In New Zealand, the country's borders are currently closed to non-New Zealanders. Since early June, MICE activities can resume without a limit on the number of attendees and domestic travel is allowed with no social distancing requirements. In the near term, the impact of the sharp downturn in the overall hospitality market is partially mitigated by Grand Millennium Auckland being contracted as a managed isolation facility.

The Australia Hotels work largely on a fixed rent structure, thereby insulating CDLHT from downside in the underlying trading conditions, especially during this period of the COVID-19 pandemic. The Managers are exploring various options ahead of the expiry of the Australia Hotels' leases on 30 April 2021. Following the expiration of the leases, the contribution from the Australia Hotels will be exposed to the trading conditions at that point in time.

Japan has imposed an entry ban on foreign travellers from most countries. The country is looking to begin discussions with around 12 countries and regions including China, South Korea, Taiwan and Singapore on easing travel restrictions[6].

The Maldives' borders reopened in mid-July with a number of international airlines expected to resume operations over the next few months[7]. Raffles Maldives Meradhoo, which is closed temporarily, is likely to reopen in 4Q 2020. The refurbishment of all 79 land villas at Angsana Velavaru has been completed in July while the construction of a new Presidential Villa at Raffles Maldives Meradhoo will complete later this year, which will help to enhance the product offering in positioning for an eventual recovery.

In UK, most of the lockdown measures have been relaxed and travel corridors have been established with several countries as of July, which includes most EU nations and some Asia Pacific nations[8], where visitors will not be required to self-isolate upon arrival. Hilton Cambridge City Centre has reopened in early July while The Lowry Hotel is expected to reopen in August, depending on the level of demand. In Europe, travel restrictions within the EU have largely been lifted and Germany and Italy have also recently opened their international borders to a small number of non-EU countries. Hotel Cerretani Firenze – MGallery in Italy is also expected to reopen in mid-August 2020.

[5] Excludes Novotel Singapore Clarke Quay and W Singapore – Sentosa Cove
[6] Straits Times, "Singapore and Japan will work towards resuming essential travel", 24 July 2020
[7] Maldives Insider, "Emirates, Qatar, Singapore — which airlines are resuming Maldives flights and when?", 5 July 2020
[8] GOV.UK, "Travel corridors", 6 July 2020

11 Distributions

11 (a) Current financial period

Any distributions declared for the current financial period? Yes

Name of distribution: Distribution for the period from 1 January 2020 to 30 June 2020

Distribution type	Taxable income	Tax exempt income	Capital	**Total**
Amount (cents per Stapled Security)	1.23	0.28	0.00	**1.51**

Tax rate:

Taxable income distribution
Qualifying investors and individuals (other than those who held their stapled securities through a partnership) would generally receive pre-tax distributions. These distributions are exempt from tax in the hands of individuals unless such distributions are derived through a Singapore partnership or from the carrying on of a trade, business or profession.

Qualifying foreign non-individual investors will receive their distributions after deduction of tax at the rate of 10%.

All other investors will receive their distributions after deduction of tax at the rate of 17%.

Tax exempt income distribution
All stapled securityholders are exempt from Singapore income tax on the distributions made out of the tax exempt income regardless of whether they are corporate stapled securityholders or investors.

Capital distribution
Capital distribution represents a return of capital to Stapled securityholders for tax purposes and is therefore not subject to income tax. For Stapled securityholders who hold the Stapled securities as trading assets, the amount of capital distribution will be applied to reduce the cost base of their Stapled securities for the purpose of calculating the amount of taxable trading gains arising from the disposal of the Stapled securities.

11 (b) Corresponding period of the preceding financial period

Any distributions declared for the current financial period? Yes

Name of distribution: Distribution for the period from 1 January 2019 to 30 June 2019

Distribution type	Taxable income	Tax exempt income	Capital	**Total**
Amount (cents per Stapled Security)	2.66	0.87	0.63	**4.16**

Tax rate:

Taxable income distribution
Qualifying investors and individuals (other than those who held their stapled securities through a partnership) would generally receive pre-tax distributions. These distributions are exempt from tax in the hands of individuals unless such distributions are derived through a Singapore partnership or from the carrying on of a trade, business or profession.

Qualifying foreign non-individual investors received their distributions after deduction of tax at the rate of 10%.

All other investors received their distributions after deduction of tax at the rate of 17%.

Tax exempt income distribution
All stapled securityholders are exempt from Singapore income tax on the distributions made out of the tax exempt income regardless of whether they are corporate stapled securityholders or investors.

Capital distribution
Capital distribution represents a return of capital to Stapled securityholders for tax purposes and is therefore not subject to income tax. For Stapled securityholders who hold the Stapled securities as trading assets, the amount of capital distribution will be applied to reduce the cost base of their Stapled securities for the purpose of calculating the amount of taxable trading gains arising from the disposal of the Stapled securities.

11 (c) Book closure date

5.00 p.m. on 7 August 2020

11 (d) Date payable

27 August 2020

12 If no distribution has been declared/recommended, a statement to that effect

Not applicable.

13 General mandate relating to Interested Person Transactions

CDL Hospitality Trusts has not obtained a general mandate from stapled securityholders for Interested Person Transactions.

14 Confirmation pursuant to Rule 705(5) of the Listing Manual

We, on behalf of the directors of M&C REIT Management Limited (as Manager of CDL Hospitality Real Estate Investment Trust) ("**H-REIT Manager**") and M&C Business Trust Management Limited (as Trustee-Manager of CDL Hospitality Business Trust) ("**HBT Trustee-Manager**"), hereby confirm that, to the best of our knowledge, nothing has come to the attention of the board of directors of H-REIT Manager and HBT Trustee-Manager which may render the unaudited financial results of CDL Hospitality Trusts for the six months ended 30 June 2020 to be false or misleading in any material respect.

That said, in this regard, we would like to highlight that the carrying amounts of CDLHT's investment properties ("**IP**") and property, plant and equipment ("**PPE**") as at 30 June 2020 are based on the independent valuations as at 31 December 2019, and have not taken into account the impact of the COVID-19 pandemic, which may be significant. The unprecedented market uncertainty caused by the COVID-19 pandemic, particularly in the short term, has resulted in challenges in providing accurate valuations for the properties as there is a lack of visibility regarding future cash flows and insufficient market transactions available for benchmarking to adopt meaningful capitalisation rates in the current market. After due consideration, the Boards of Directors of the H-REIT Manager and HBT Trustee-Manager are of the view that it may be inaccurate to quantify any impact on the carrying amounts as the assumptions used to derive valuations currently would be very subjective and arbitrary given that the situation is still highly fluid and evolving (for example, developments on the easing of government restrictions on travel and social distancing measures are ongoing and the consequential impact on travel and business demand remains uncertain).

In line with the requirements of Appendix 6 of the Code on Collective Investment Schemes, CDLHT conducts property valuations on an annual basis and will continue with the practice of valuing CDLHT's assets once a year at the end of the financial year and any fair value gains or losses on properties will only be recorded in the full year results.

Sensitivity analysis

For illustration purposes, a decline of between 5% to 30% (at increments of 5%) in the carrying amounts of CDLHT's properties as at 30 June 2020 would have the following estimated impact on the net asset value/ net tangible asset and gearing of CDLHT by the amounts as shown below. This sensitivity analysis assumes that all other variables remain constant.

Carrying Amount of IP & PPE	As at 30 Jun 2020	Decreased by					
		5%	10%	15%	20%	25%	30%
Aggregate leverage ratio (%)	37.1	38.7	40.4	42.3	44.4	46.7	49.3
NAV/NTA (S$'000)	1,799,983	1,675,990	1,551,996	1,428,003	1,304,009	1,180,016	1,056,022
NAV/NTA per Stapled Security (S$)	1.4740	1.3724	1.2709	1.1694	1.0678	0.9663	0.8647

15 Confirmation pursuant to Rule 720(1) of the Listing Manual

We, on behalf of the directors of the H-REIT Manager and the HBT Trustee-Manager, hereby confirm that the undertakings from all its directors and executive officers in the format set out in Appendix 7.7 in accordance with Rule 720(1) of the Listing Manual were procured.

On behalf of the Board of Directors

CHAN SOON HEE ERIC Chairman	VINCENT YEO WEE ENG Chief Executive Officer

29 July 2020

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. Representatives 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.

The value of the stapled securities in CDLHT (the "Stapled Securities") and the income derived from them, may fall or rise. Stapled Securities are not obligations of, deposits in, or guaranteed by, the Managers or any of its affiliates. An investment in Stapled Securities is subject to investment risks, including the possible loss of the principal amount invested. Investors have no right to request that the Managers redeem or purchase their Stapled Securities while the Stapled Securities are listed. It is intended that holders of Stapled Securities may only deal in their Stapled Securities through trading on the Singapore Exchange Securities Trading Limited ("SGX-ST"). Listing of the Stapled Securities on the SGX-ST does not guarantee a liquid market for the Stapled Securities.

Nothing in this announcement constitutes an offer of any securities in the United States or elsewhere. The rights Stapled Securities have not been and will not be registered under the US Securities Act of 1933, as amended, and may not be offered or sold in the United States absent registration or an exemption from the registration requirements of that Act. No public offer of the rights Stapled Securities has been or will be made in the United States.

The past performance of CDLHT is not necessarily indicative of the future performance of CDLHT.

Any discrepancies in the tables included in this announcement between the listed amounts and total thereof are due to rounding.

By Order of the Board

Enid Ling Peek Fong
Company Secretary
M&C REIT Management Limited
(Company Registration No. 200607091Z)
(as Manager of CDL Hospitality Real Estate Investment Trust)

29 July 2020

By Order of the Board

Enid Ling Peek Fong
Company Secretary
M&C Business Trust Management Limited
(Company Registration No. 200607118H)
(as Trustee-Manager of CDL Hospitality Business Trust)

29 July 2020