CDL HOSPITALITY TRUSTS
FIRST HALF 2021 SUMMARY OF GROUP PERFORMANCE

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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
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 2021

INTRODUCTION

CDL Hospitality Trusts ("**CDLHT**") is one of Asia's leading hospitality trusts with assets under management of about S$2.9 billion as at 30 June 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 (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 30 June 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**").

Following the lease expiry of the Perth Hotels, Sunshine Hotels Australia Pty Ltd in its capacity as trustee of Sun Trust Three (which is a wholly-owned subsidiary of H-REIT) and CDL HBT Sun Three Pty Ltd (incorporated in Australia on 12 March 2021 and is an indirect wholly-owned subsidiary of 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) and CDL HBT Sun Four Pty Ltd (incorporated in Australia on 12 March 2021 and is an indirect wholly-owned subsidiary of HBT) (in the case of Mercure Perth) appointed AAPC Properties Pty Limited (a wholly-owned subsidiary of Accor SA) to provide hotel management services to the two Perth hotels from 1 May 2021 onwards.

HBT Group owns Hilton Cambridge City Centre and The Lowry Hotel and is also the master lessee of H-REIT Group's Australia Hotels, 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.

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 2021

SUMMARY OF CDL HOSPITALITY TRUSTS' RESULTS

	1 Jan 2021 to 30 Jun 2021 ("1H 2021") S$'000	1 Jan 2020 to 30 Jun 2020 ("1H 2020") S$'000	Increase/ (Decrease) %
Revenue	66,225	52,059	27.2
Net property income	36,977	29,721	24.4
Total return	7,498	(4,379)	N.M
Income available for distribution to Stapled Securityholders (before retention)	16,622	20,391	(18.5)
Less:			
Income retained for working capital	(1,662)	(2,039)	(18.5)
Income to be distributed to Stapled Securityholders (after retention)	14,960	18,352	(18.5)
Total distribution per Stapled Security (before retention) (cents)			
For the period	1.35	1.68	(19.6)
Total distribution per Stapled Security (after retention) (cents)			
For the period	1.22	1.51	(19.2)

CDL HOSPITALITY TRUSTS ("CDLHT")
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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 2021

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

		H-REIT Group			HBT Group [b]			CDL Hospitality Trusts		
	Foot-note	1H 2021 S$'000	1H 2020 S$'000	Increase/ (Decrease) %	1H 2021 S$'000	1H 2020 S$'000	Increase/ (Decrease) %	1H 2021 S$'000	1H 2020 S$'000	Increase/ (Decrease) %
Revenue										
Rental revenue		44,321	43,775	1.2	-	-	-	37,698	41,062	(8.2)
Hotel revenue		-	-	-	28,527	10,997	N.M	28,527	10,997	N.M
	(a)	44,321	43,775	1.2	28,527	10,997	N.M	66,225	52,059	27.2
Property expenses										
Operation and maintenance expenses		-	-	-	(6,735)	(3,419)	97.0	(6,735)	(3,419)	97.0
Employee benefit expenses		-	-	-	(9,812)	(5,120)	91.6	(9,812)	(5,120)	91.6
Rental expenses	(c)	-	-	-	(2,039)	(687)	N.M	(113)	(72)	56.9
Property tax	(d)	(3,344)	(3,257)	2.7	759	(603)	N.M	(2,585)	(3,860)	(33.0)
Other property expenses	(e)	(19,433)	(5,819)	N.M	(6,575)	(4,048)	62.4	(10,003)	(9,867)	1.4
		(22,777)	(9,076)	N.M	(24,402)	(13,877)	75.8	(29,248)	(22,338)	30.9
Net property income		21,544	34,699	(37.9)	4,125	(2,880)	N.M	36,977	29,721	24.4
H-REIT Manager's management fees		(3,877)	(5,034)	(23.0)	-	-	-	(3,877)	(5,034)	(23.0)
H-REIT Trustee's fees		(180)	(203)	(11.3)	-	-	-	(180)	(203)	(11.3)
HBT Trustee-Manager's management fees		-	-	-	(279)	(297)	(6.1)	(279)	(297)	(6.1)
HBT Trustee-Manager's trustee fees		-	-	-	(112)	(119)	(5.9)	(112)	(119)	(5.9)
Valuation fees		(87)	(96)	(9.4)	(14)	(21)	(33.3)	(101)	(117)	(13.7)
Depreciation	(f)	(852)	(946)	(9.9)	(7,162)	(4,921)	45.5	(10,132)	(5,983)	69.3
Other expenses	(g)	(8,890)	(3,097)	N.M	(332)	(252)	31.7	(1,772)	(3,349)	(47.1)
Finance income		7,772	3,366	N.M	-	266	N.M	7,672	1,885	N.M
Finance costs		(17,940)	(16,418)	9.3	(5,177)	(2,718)	90.5	(17,636)	(18,065)	(2.4)
Net finance costs	(h)	(10,168)	(13,052)	(22.1)	(5,177)	(2,452)	N.M	(9,964)	(16,180)	(38.4)
(Net loss)/Total return before tax		(2,510)	12,271	N.M	(8,951)	(10,942)	(18.2)	10,560	(1,561)	N.M
Tax expense		(2,649)	(2,478)	6.9	(413)	(340)	21.5	(3,062)	(2,818)	8.7
(Net loss)/Total return		(5,159)	9,793	N.M	(9,364)	(11,282)	(17.0)	7,498	(4,379)	N.M
Attributable to:										
Unitholders		(5,242)	9,826	N.M	(9,364)	(11,282)	(17.0)	7,415	(4,346)	N.M
Non-controlling interests	(i)	83	(33)	N.M	-	-	-	83	(33)	N.M
(Net loss)/Total return		(5,159)	9,793	N.M	(9,364)	(11,282)	(17.0)	7,498	(4,379)	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 2021 S$'000	1H 2020 S$'000	Increase/ (Decrease) %
Net loss for the period	(9,364)	(11,282)	(17.0)
Other comprehensive income			
Items that will not be reclassified to profit or loss:			
Tax effect on revaluation surplus on property, plant and equipment	9	19	(52.6)
	9	19	(52.6)
Items that are or may be reclassified subsequently to profit or loss:			
Foreign currency translation differences:			
- foreign operations	2,135	(1,884)	N.M
- hedge of net investment in a foreign operation	(2,191)	1,305	N.M
- monetary items forming part of net investment in a foreign operation	3,366	(1,521)	N.M
	3,310	(2,100)	N.M
Other comprehensive income for the period, net of tax	3,319	(2,081)	N.M
Total comprehensive income for the period	(6,045)	(13,363)	(54.8)

Review of financial performance

(a) Revenue comprises rental revenue and hotel revenue from CDLHT's properties. Please refer to Section 2 (i), page 10 to 11 of the Announcement.

(b) Revenue and property expenses for HBT Group in 1H 2021 have increased as compared to the corresponding period last year primarily due to the inclusion of the operating results for the W Hotel (acquired on 16 July 2020) as well as the two Perth hotels following its entry into hotel management agreement with AAPC Properties Pty Limited on 1 May 2021. Accordingly, the yoy employee benefit expenses has correspondingly increased.

(c) Rental expenses for HBT Group have increased in 1H 2021 as compared to the corresponding period last year mainly due to the inclusion of rentals from W Hotel and the two Perth hotels with effect from 16 July 2020 and 1 May 2021 respectively. This more than offset with the weaker performance of Japan hotels amid border closures and restrictions imposed by the Japanese government during the virus outbreak.

(d) CDLHT recorded yoy net savings in property tax in 1H 2021 mainly due to a property tax refund of S$812K (GBP440K) arising from the business rate relief granted by the UK government for The Lowry Hotel.

(e) CDLHT's other property expenses comprise mainly utilities, insurance and other direct operating expenses. In 1H 2021, H-REIT Group's expenses have increased primarily due to impairment loss recognised of S$15.8 million in relation to intra-group trade receivables due from HBT, which is the lessee of Raffles Maldives Meradhoo. The impairment loss was made as the resort's operational performance had been adversely affected by the pandemic. Excluding this impairment loss (which has no impact to the Stapled Group), H-REIT Group's other property expenses in 1H 2021 would have been S$3.7 million (instead of S$19.4 million). On a same store basis and excluding the impairment loss, H-REIT Group would have recorded an NPI of S$37.3 million (instead of S$21.5 million) in 1H 2021. In comparison, last year's other property expenses included an impairment of S$3.4 million relating to the rental receivables from the Germany and Italy Hotels.

Also included in other property expenses for 1H 2021 was an impairment of S$215K (1H 2020: S$210K) relating to the rental receivables from its retail mall, Claymore Connect.

(f) The depreciation for CDLHT mainly relate to property, plant and equipment of W Hotel, Raffles Maldives Meradhoo, the Japan, Australia and UK Hotels.

*(g) Other expenses comprise mainly professional fees and administrative expenses. H-REIT Group incurred higher fees and administrative expenses in 1H 2021 mainly due to the impairment loss on intra-group non-trade receivables (S$7.4 million) in relation to Raffles Maldives Meradhoo as a result of COVID-19 pandemic. Excluding this impairment loss (which has no impact to the Stapled Group), H-REIT Group's other expenses in 1H 2021 would have been S$1.5 million (instead of S$8.9 million). In comparison, included in 1H 2020 other expenses was a S$2.1 million winding down costs for Novotel Singapore Clarke Quay ("**NCQ**"), which was divested on 15 July 2020.*

(h) *Net finance costs*

	CDL Hospitality Trusts		
	1H 2021 S$'000	1H 2020 S$'000	Increase/ (Decrease) %
Interest income received/receivable from banks	20	305	(93.4)
Interest income from finance lease	73	86	(15.1)
Fair value gain on derivatives(i)	7,579	-	N.M
Exchange gain(ii)	-	1,494	N.M
Finance income	7,672	1,885	N.M
Exchange loss(ii)	(5,072)	-	N.M
Interest paid/payable to banks(iii)	(9,544)	(10,615)	(10.1)
Interest expense on lease liabilities	(2,054)	(932)	N.M
Fair value loss on derivatives(i)	-	(5,655)	N.M
Amortisation of transaction costs capitalised(iv)	(841)	(743)	13.2
Financial expense arising from remeasuring non-current rental deposits at amortised cost	(125)	(120)	4.2
Finance costs	(17,636)	(18,065)	(2.4)
Net finance costs	(9,964)	(16,180)	(38.4)

(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 loss of CDLHT for 1H 2021 mainly arose from the appreciation of Sterling Pound ("GBP") and US dollar ("USD") denominated borrowings against SGD, as well as depreciation from Euro ("EUR") denominated receivables against SGD. During the comparative period in 1H 2020, the exchange gain arose mainly from the appreciation of Australian Dollars ("AUD"), USD and EUR denominated receivables and cash balances against SGD.

(iii) The interest paid/payable to banks for 1H 2021 were lower yoy mainly due to lower funding costs on the Group's floating rate loans and an interest savings arising from the partial repayment of a revolving credit facility in December 2020.

(iv) The amortisation costs in 1H 2021 relate to the amortisation of transaction costs arising from CDLHT's borrowings.

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

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 2021 S$'000	31 Dec 2020 S$'000	30 Jun 2021 S$'000	31 Dec 2020 S$'000	30 Jun 2021 S$'000	31 Dec 2020 S$'000
ASSETS							
Non-current assets							
Investment properties	(b)	2,411,646	2,403,183	-	-	1,904,400	1,978,356
Property, plant and equipment	(c)	75,523	80,822	334,352	279,605	788,055	709,039
Deferred tax assets		824	835	163	163	987	998
Finance lease receivables		3,675	4,098	-	-	3,675	4,098
Other receivables		19,031	10,264	212	212	361	361
		2,510,699	2,499,202	334,727	279,980	2,697,478	2,692,852
Current assets							
Inventories		-	-	1,985	1,947	1,985	1,947
Trade and other receivables		32,100	59,974	17,638	15,704	24,503	27,733
Finance lease receivables		839	825	-	-	839	825
Financial derivative assets	(d)	31	-	-	-	31	-
Cash and cash equivalents		109,326	113,570	20,215	17,532	129,541	131,102
		142,296	174,369	39,838	35,183	156,899	161,607
Total assets		**2,652,995**	**2,673,571**	**374,565**	**315,163**	**2,854,377**	**2,854,459**
LIABILITIES							
Non-current liabilities							
Loans and borrowings	(e)	578,194	641,745	100,481	96,976	678,675	738,721
Lease liabilities	(f)	75,266	77,820	144,527	93,342	93,735	92,750
Rental deposits	(g)	10,125	10,005	-	-	10,125	10,005
Other payables	(i)	837	810	113	-	950	810
Financial derivative liabilities	(d)	6,159	13,707	-	-	6,159	13,707
Deferred tax liabilities	(h)	9,767	11,298	12,379	10,851	22,146	22,149
		680,348	755,385	257,500	201,169	811,790	878,142
Current liabilities							
Loans and borrowings	(e)	394,825	289,804	18,882	10,115	394,825	289,805
Lease liabilities	(f)	1,688	1,847	4,624	4,025	2,049	2,071
Trade and other payables	(i)	26,986	33,957	58,377	57,965	36,757	43,978
Provision for taxation	(j)	11,714	11,707	136	1,021	11,850	12,728
		435,213	337,315	82,019	73,126	445,481	348,582
Total liabilities		**1,115,561**	**1,092,700**	**339,519**	**274,295**	**1,257,271**	**1,226,724**
Net assets		**1,537,434**	**1,580,871**	**35,046**	**40,868**	**1,597,106**	**1,627,735**
Represented by:							
Unitholders' funds		1,529,631	1,573,044	35,046	40,868	1,589,303	1,619,908
Non-controlling interests	(k)	7,803	7,827	-	-	7,803	7,827
		1,537,434	**1,580,871**	**35,046**	**40,868**	**1,597,106**	**1,627,735**

Review of financial position

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

(b) *The decrease in investment properties at CDLHT was mainly attributed to the S$75.9 million reclassification of Australia properties to property, plant and equipment after HBT Group acquired its hotel business on 30 April 2021. There was also a net translation loss of S$2.1 million relating to its overseas properties, offset by additions during the reporting period of S$4.0 million.*

(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 W Hotel, Japan Hotels, Raffles Maldives Meradhoo, the Australia Hotels and the UK Hotels. For W Hotel, Raffles Maldives Meradhoo and Australia Hotels, the properties are leased by H-REIT's indirect wholly-owned subsidiaries to HBT's indirect wholly-owned subsidiaries. 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 increase in property, plant and equipment at CDLHT is mainly due to the reclassification of the Australia properties from investment properties to property, plant and equipment after HBT Group acquired its hotel business. There were also recognition of depreciation expenses of S$10.1 million, offset by additions of S$11.8 million and a net translation gain of S$3.5 million for the period.

(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$1.07 billion (as at 31 December 2020: S$1.03 billion), which are measured at amortised cost, comprise JPY3.1 billion (S$37.5 million) TMK bond and S$1.04 billion bank loans, as explained under Section 1(b)(ii) on pages 7 to 9 of the Announcement. During the reporting period, CDLHT withdrew approximately S$39.1 million from its revolving credit facility to fund operating costs and capital expenditure of the Group's properties.*

The net current liabilities position for CDLHT as at 30 June 2021 was mainly attributed to borrowings falling due within one year. Notwithstanding the net current liabilities position, CDLHT has an established S$1.0 billion Multicurrency Medium Term Note Programme and committed revolving credit facilities (as disclosed under Section 1(b)(ii) footnote (iii) on page 9 of the Announcement) to meet its current obligations as and when they fall due.

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

(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 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 2021	31 Dec 2020	30 Jun 2021	31 Dec 2020	30 Jun 2021	31 Dec 2020
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
Amount repayable after one year						
Secured borrowings	70,475	71,449	-	-	70,475	71,449
Secured TMK bond	37,541	39,773	-	-	37,541	39,773
Unsecured borrowings	472,481	533,781	100,699	97,270	573,180	631,051
	580,497	645,003	100,699	97,270	681,196	742,273
Amount repayable within one year						
Secured TMK bond	-	-	-	-	-	-
Unsecured borrowings[a]	395,343	290,176	-	-	395,343	290,176
	395,343	290,176	-	-	395,343	290,176
Total borrowings[b]	975,840	935,179	100,699	97,270	1,076,539	1,032,449

[a] *On 29 July 2021, H-REIT entered into a fresh 5-year facility agreement to refinance the S$83.6 million term loan which will mature on 12 August 2021. Discussions are underway to refinance the other borrowings expiring in 2H 2021.*

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

As at 30 June 2021, CDLHT's aggregate leverage ratio was 39.1%, which was within the 50% limit allowed under the Monetary Authority of Singapore Property Funds Appendix. The interest coverage ratio was 2.8[1] times as of 30 June 2021. For purpose of computing interest coverage ratio, interest expense excludes interest expense on lease liabilities.

[1] The interest coverage ratio is computed on a trailing 12 months basis and excludes one-off loss on disposal of investment properties of S$8.8 million recognised in 2H 2020. Including this divestment loss, the interest coverage ratio would be 2.4x instead.

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 2021			30 Jun 2021			30 Jun 2021		
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]	37,541	37,541	-	-	-	-	37,541	37,541	-
JPY	5-year term loan (¥3.27 billion)	39,600	39,600	-	-	-	-	39,600	39,600	-
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	2-3 years revolving credit (committed)	450,000	187,734	262,266	-	-	-	450,000	187,734	262,266
SGD	5-year term loans	273,600	273,600	-	-	-	-	273,600	273,600	-
USD	5-year term loans (US$181.2 million)	242,881	242,881	-	-	-	-	242,881	242,881	-
EUR	7-year term loan (€44.0 million)[ii]	70,475	70,475	-	-	-	-	70,475	70,475	-
GBP	5-year term loans (£120.5 million)	124,009	124,009	-	100,699	100,699	-	224,708	224,708	-
		2,538,106	**975,840**	**1,562,266**	**200,699**	**100,699**	**100,000**	**2,738,805**	**1,076,539**	**1,662,266**

* 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$77.0 million, S$149.2 million and S$95.8 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$37.5 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$70.5 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 2021, 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 2021, the Bridge Loan Facilities remains unutilised.

2 Review of the performance for the six months period ended 30 June 2021

2 (i) Breakdown of Total Revenue by Geography

		H-REIT Group			HBT Group			CDL Hospitality Trusts		
	Footnote	2Q 2021 S$'000	2Q 2020 S$'000	Increase/ (Decrease) %	2Q 2021 S$'000	2Q 2020 S$'000	Increase/ (Decrease) %	2Q 2021 S$'000	2Q 2020 S$'000	Increase/ (Decrease) %
Master leases										
Singapore										
- Hotels		8,780	8,876	(1.1)	-	-	-	8,780	8,876	(1.1)
- Claymore Connect		832	778	6.9	-	-	-	832	778	6.9
Maldives	(a)	524	(541)	N.M	-	-	-	524	(541)	N.M
Australia	(b)	397	2,245	(82.3)	-	-	-	397	2,245	(82.3)
New Zealand		3,348	4,242	(21.1)	-	-	-	3,348	4,242	(21.1)
Germany	(c)	2,079	2,268	(8.3)	-	-	-	2,079	2,268	(8.3)
Italy	(d)	433	505	(14.3)	-	-	-	433	505	(14.3)
		16,393	18,373	(10.8)	-	-	-	16,393	18,373	(10.8)
Managed hotels										
Singapore		1,084	-	N.M	5,707	-	N.M	5,707	-	N.M
Maldives	(a)	998	1,057	(5.6)	2,282	10	N.M	2,282	10	N.M
Australia	(b)	1,776	-	N.M	2,418	-	N.M	2,418	-	N.M
Japan	(e)	206	115	79.1	837	664	26.1	837	664	26.1
United Kingdom	(f)	-	-	-	4,620	(16)	N.M	4,620	(16)	N.M
		4,064	1,172	N.M	15,864	658	N.M	15,864	658	N.M
Total		20,457	19,545	4.7	15,864	658	N.M	32,257	19,031	69.5

2 (i) Breakdown of Total Revenue by Geography

		H-REIT Group			HBT Group			CDL Hospitality Trusts		
	Footnote	1H 2021 S$'000	1H 2020 S$'000	Increase/ (Decrease) %	1H 2021 S$'000	1H 2020 S$'000	Increase/ (Decrease) %	1H 2021 S$'000	1H 2020 S$'000	Increase/ (Decrease) %
Master leases										
Singapore										
- Hotels		16,929	22,111	(23.4)	-	-	-	16,929	22,111	(23.4)
- Claymore Connect		1,689	2,603	(35.1)	-	-	-	1,689	2,603	(35.1)
Maldives	(a)	2,551	991	N.M	-	-	-	2,551	991	N.M
Australia	(b)	1,597	4,433	(64.0)	-	-	-	1,597	4,433	(64.0)
New Zealand		9,798	5,560	76.2	-	-	-	9,798	5,560	76.2
Germany	(c)	4,270	4,347	(1.8)	-	-	-	4,270	4,347	(1.8)
Italy	(d)	864	1,017	(15.0)	-	-	-	864	1,017	(15.0)
		37,698	41,062	(8.2)	-	-	-	37,698	41,062	(8.2)
Managed hotels										
Singapore		2,522	-	N.M	12,291	-	N.M	12,291	-	N.M
Maldives	(a)	1,997	2,098	(4.8)	6,710	1,599	N.M	6,710	1,599	N.M
Australia	(b)	1,776	-	N.M	2,418	-	N.M	2,418		
Japan	(e)	328	615	(46.7)	1,638	2,263	(27.6)	1,638	2,263	(27.6)
United Kingdom	(f)	-	-	-	5,470	7,135	(23.3)	5,470	7,135	(23.3)
		6,623	2,713	N.M	28,527	10,997	N.M	28,527	10,997	N.M
Total		44,321	43,775	1.2	28,527	10,997	N.M	66,225	52,059	27.2

2 (ii) Breakdown of Net Property Income by Geography

		H-REIT Group			HBT Group			CDL Hospitality Trusts		
	Footnote	2Q 2021 S$'000	2Q 2020 S$'000	Increase/ (Decrease) %	2Q 2021 S$'000	2Q 2020 S$'000	Increase/ (Decrease) %	2Q 2021 S$'000	2Q 2020 S$'000	Increase/ (Decrease) %
Singapore										
- Hotels		8,319	7,396	12.5	738	-	N.M	8,307	7,396	12.3
- Claymore Connect		193	289	(33.2)	-	-	-	193	289	(33.2)
Maldives	(a)	(14,427)	338	N.M	(28)	(778)	96.4	303	(1,497)	N.M
Australia	(b)	2,088	2,245	(7.0)	(8)	-	N.M	1,129	2,245	(49.7)
New Zealand		3,348	4,242	(21.1)	-	-	-	3,348	4,242	(21.1)
Germany	(c)	1,686	(634)	N.M	-	-	-	1,686	(634)	N.M
Italy	(d)	384	(559)	N.M	-	-	-	384	(559)	N.M
Japan	(e)	126	28	N.M	(79)	(172)	54.1	47	(144)	N.M
United Kingdom	(f)	-	-	-	1,819	(1,173)	N.M	1,819	(1,173)	N.M
Total		1,717	13,345	(87.1)	2,442	(2,123)	N.M	17,216	10,165	69.4

		H-REIT Group			HBT Group			CDL Hospitality Trusts		
	Footnote	1H 2021 S$'000	1H 2020 S$'000	Increase/ (Decrease) %	1H 2021 S$'000	1H 2020 S$'000	Increase/ (Decrease) %	1H 2021 S$'000	1H 2020 S$'000	Increase/ (Decrease) %
Singapore										
- Hotels		16,382	19,176	(14.6)	1,525	-	N.M	16,407	19,176	(14.4)
- Claymore Connect		498	1,408	(64.6)	-	-	-	498	1,408	(64.6)
Maldives	(a)	(11,665)	2,652	N.M	1,354	(1,917)	N.M	3,448	(1,363)	N.M
Australia	(b)	3,288	4,433	(25.8)	(8)	-	N.M	2,329	4,433	(47.5)
New Zealand		9,798	5,560	76.2	-	-	-	9,798	5,560	76.2
Germany	(c)	2,361	1,169	N.M	-	-	-	2,361	1,169	N.M
Italy	(d)	716	(144)	N.M	-	-	-	716	(144)	N.M
Japan	(e)	166	445	(62.7)	(23)	(131)	82.4	143	314	(54.5)
United Kingdom	(f)	-	-	-	1,277	(832)	N.M	1,277	(832)	N.M
Total		21,544	34,699	(37.9)	4,125	(2,880)	N.M	36,977	29,721	24.4

Footnotes

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

(i) <u>Master Lease</u>

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.

Under the lease agreement, 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. 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 2021.

(ii) <u>Managed hotel</u>

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 to operate the resort as Raffles Maldives Meradhoo.*

For the H-REIT Group, the revenue for 1H 2021 includes S$2.0 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) The Australia Hotels includes Ibis Perth and Mercure Perth. For the corresponding period last year, the Australia hotels also included Novotel Brisbane, which was divested on 30 October 2020.

With effect from 1 May 2021, there is a lease agreement between H-REIT and HBT's indirect wholly-owned subsidiaries. In turn, HBT's indirect wholly owned subsidiaries, CDL HBT Sun Three Pty Ltd and CDL HBT Sun Four Pty Ltd engaged AAPC Properties Pty Limited (a wholly-owned subsidiary of Accor SA) to continue operating the hotels. In accordance with SFRS(I) 16/FRS 116 Leases, H-REIT Group must account for the base rent on a straight-line basis over the tenor of the lease at S$2.2 million (A$2.1 million) per annum for Ibis Perth and S$3.5 million (A$3.4 million) per annum for Mercure Perth. Accordingly, the gross revenue and NPI under H-REIT Group has been adjusted to reflect this arrangement.

For H-REIT Group, the revenue for 1H 2021 includes S$1.8 million (A$1.7 million) net rental income received from HBT Group (based on the rental income accounted for on a straight-lining basis, according to SFRS(I) 16/FRS 116 Leases, and variable rent, if any, arising from the gross operating profit of the Perth Hotels). For the HBT Group, the revenue for the reporting period comprises the entire revenue derived from the operations of the hotels.

(c) 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. In 1Q 2021, an impairment of S$1.2 million (€0.7 million) was recognised in relation to the rental receivables from this Lessee.

*Due to the COVID-19 pandemic, the Lessor entered into discussions on temporary rent abatement with its Lessee. A temporary 4-year rent abatement agreement for Pullman Munich was signed in April 2021 ("**Temporary Arrangement**"). Pursuant to the Temporary Arrangement, from April 2021 to 2024, the annual base rent level of the Pullman Hotel Munich has been reduced, starting with €0.6 million in 2021, stepping up annually to a base rent level of €2.4 million in 2024, before reverting to the original base rent level of €3.6 million per annum in 2025. Notwithstanding this arrangement, under SFRS(I) 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 S$5.0 million (€3.1 million) per annum. Accordingly, the gross revenue and NPI has been adjusted to reflect this new arrangement in 2Q 2021.*

*Under the Temporary Arrangement, between April 2021 to December 2024 (the "**Restructured Term**"), after paying for its rent obligations and relevant hotel related expenses, any losses suffered by the lessee during the Restructured Term will be first funded by the Lessee, but the Lessee will be allowed to clawback the cumulative losses incurred from future variable rent payment obligations. The variable rent formula remains unchanged throughout the Restructured Term or after, except that variable rent will be suspended until the cumulative losses are clawbacked by the Lessee. As soon as the cumulative losses are fully clawed back, the Lessor shall be entitled to receive the variable rent thereafter. Lowering the base rent level in the four-year period serves to lower the level of cumulative losses suffered by the lessee and hence lower the amount of clawbacks from future available variable rent. The rationale for the Temporary Arrangement is for business continuity and working together with the lessees is important to navigate the hotel out of the crisis successfully.*

(d) 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 base rent of €1.3 million per annum.

*Due to the COVID-19 pandemic, the Lessor entered into discussions on temporary rent abatement with its Lessee. A temporary 5-year rent abatement agreement for Hotel Cerretani Firenze was signed in December 2020 ("**Temporary Arrangement**"). Pursuant to the Temporary Arrangement, from 2020 to 2024, the annual base rent level of the Hotel Cerretani Firenze has been reduced, starting with €0.2 million in 2020, stepping up annually to a base rent level of €0.9 million in 2024, before reverting to the original base rent level of €1.3 million per annum in 2025. Notwithstanding this arrangement, under SFRS(I) 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 S$1.7 million (€1.1 million) per annum. Accordingly, the gross revenue and NPI has been adjusted to reflect this new arrangement in 1H 2021.*

*Under the Temporary Arrangement, between March 2020 to December 2024 (the "**Restructured Term**"), after paying for its rent obligations and relevant hotel related expenses, any losses suffered by the lessee during the Restructured Term will be first funded by the Lessee, but the Lessee will be allowed to clawback the cumulative losses incurred from future variable rent payment obligations. The variable rent formula remains unchanged throughout the Restructured Term or after, except that variable rent will be suspended until the cumulative losses are clawbacked by the Lessee. As soon as the cumulative losses are fully clawed back, the Lessor shall be entitled to receive the variable rent thereafter. Lowering the base rent level in the five-year period serves to lower the level of cumulative losses suffered by the lessee and hence lower the amount of clawbacks from future available variable rent. The rationale for the Temporary Arrangement is for business continuity and working together with the lessees is important to navigate the hotel out of the crisis successfully.*

(e) 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 2021 includes S$0.3 million (JPY26.4 million) net rental income received from HBT Group (based on the gross operating profit of the Japan Hotels). 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.

(f) The UK Hotels includes:

(i) <u>Hilton Cambridge City Centre</u>

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) <u>The Lowry Hotel</u>

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.

2 (iii) Review of the Performance

Six months period ended 30 June 2021

CDLHT's gross revenue increased by 27.2% year-on-year ("**yoy**") to S$66.2 million for 1H 2021, out of which S$48.3 million (inclusive of S$18.6 million fixed rent) was contributed by its Singapore and New Zealand Hotels and Maldives Resorts. Occupancies for the Singapore and New Zealand hotels were bolstered by demand for accommodation facilities used for isolation purposes.

In tandem with the increased revenue, net property income ("NPI") increased by 24.4% or S$7.3 million yoy to S$37.0 million. The higher NPI contribution came from the Maldives Resorts, New Zealand, UK, Germany and Italy Hotels, which increased collectively by S$13.2 million yoy. This was however offset by lower NPI, mainly from the Singapore and Australia portfolio, which declined by $5.8 million yoy. While there was a S$1.7 million inorganic contribution from W Hotel (acquired 16 July 2020) in 1H 2021, this was more than offset by the absence of contribution from NCQ and Novotel Brisbane totaling S$7.0 million (divested on 15 July 2020 and 30 October 2020 respectively). Claymore Connect also recorded lower NPI due to continued short-term rent concessions extended to tenants affected by COVID-19 to maintain mall occupancy. As at 30 June 2021, committed occupancy of Claymore Connect was 88.2% with new tenants slated to commence in 2H 2021.

Impacted by continued border closures as a result of the pandemic, arrivals into Singapore declined by 95.5% yoy to 118,663 for YTD June 2021[1]. Room occupancies for five Singapore hotels were supported by demand for dedicated isolation facilities. As for W Hotel and part of Orchard Hotel, demand primarily comprised of leisure staycation and corporate demand in the form of long-stay project and local conference business. Average room rates continued to be suppressed except at W Hotel, which yielded well especially over weekends and holidays as Sentosa continued to serve as the closest proxy to overseas travel that local residents could enjoy. Overall, hotel revenues continued to be impacted by the absence of major MICE events, postponements in wedding banquets due to unpredictable capacity restriction changes and the ongoing moratorium on social functions.

Total arrivals to Maldives recorded an increase of 33.4% yoy for YTD June 2021[2], in the absence of the blanket suspension of visas-on-arrival implemented from late-March 2020 in response to the onset of the pandemic. However, average daily visitor arrivals were lower in 2Q 2021, following the temporary suspension of entry for tourists originating from South Asian countries from mid-May 2021[3]. Angsana Velavaru posted a RevPAR increase of 60.7% yoy for 1H 2021, having captured arrivals from Russia, the United States and India, which ranked amongst the top five inbound source markets into Maldives for 1H 2021. Compared to 2020 when the resort was temporarily closed from 1 April to 30 September 2020 as a cost containment measure, Raffles Maldives Meradhoo saw positive results in 1H 2021, aided in part by the opening of its presidential villa in December 2020. Collectively, the Maldives Resorts achieved RevPAR of US$231 in 1H 2021 as compared to US$97 in 1H 2020.

While the Perth Hotels received fixed rent for the first four months in 2021, contribution for the remaining two months was recognised based on the hotels' trading performance following the expiry of their leases on 30 April 2021. For 1H 2021, the Perth Hotels recorded an improvement in NPI of S$0.2 million yoy due to foreign exchange gains. Taking into account the absence of contribution from Novotel Brisbane (S$2.3 million) following its divestment in October 2020, the NPI contribution (in SGD terms) for the Australia portfolio was lower in 1H 2021 by 47.5% yoy.

In New Zealand, Grand Millennium Auckland continued to serve as a managed isolation facility throughout 1H 2021. Overall, the New Zealand Hotel recorded higher rental income of S$9.8 million (inclusive of a variable rent of S$6.9 million (NZ$7.3 million)) for 1H 2021.

[1] Singapore Tourism Board ("**STB**")
[2] Ministry of Tourism, Republic of Maldives, "Maldives Tourism Update", 1 July 2021
[3] Ministry of Tourism, Republic of Maldives, "Circular Ref Number: 88-PS/CIR/2021/42 'Halting the issuance of Tourist Visa to travelers from South Asian countries", 11 May 2021

Visitor arrivals to Japan plunged by 97.6% yoy for YTD June 2021[4]. For 1H 2021, Tokyo remained largely under a state of emergency, with reduced operating hours for some businesses and capacity limits for events. Restrictions imposed since December 2020, such as the suspension of the 'Go To Travel' campaign and the temporary suspension of entry of non-resident foreign nationals, also remained in place. Consequently, the Japan Hotels posted a RevPAR decline of 27.9% yoy for 1H 2021.

Amidst a rise in infections, the UK government imposed a national lockdown in early January 2021. Accordingly, contributions from the UK Hotels continue to be affected, with Hilton Cambridge City Centre remaining open to house aircrew and essential workers, while The Lowry Hotel opened intermittently to house elite sports teams and entertainment groups. Restrictions were eased from 17 May 2021 and hotels were allowed to accept leisure business[5] and strong weekend leisure demand followed. Overall, the UK Hotels recorded a RevPAR decline of 21.8% yoy for 1H 2021. In 1H 2020, the UK Hotels were performing at normal trading levels before the intermittent mandated closures from late-March. With the government's payroll support scheme in place until 30 September 2021, the UK Hotels were able to implement flexible furlough to effectively ramp up manning over peak weekend demand periods while managing operating expenses tightly.

In Munich, the prohibition on non-essential travel remained in place for most of 1H 2021 before it was lifted in May 2021 as part of Germany's plan to ease out of 'lockdown light'[6]. The Germany Hotel recorded a RevPAR decline of 61.2% yoy in 1H 2021 as the full brunt of the first pandemic lockdown only took place from mid-March last year. With the operating performance being adversely affected, an impairment of S$1.2 million (€0.7 million) was recognised in 1Q 2021 (1H 2020: S$2.4 million / €1.6 million) against the rental receivables from the lessee. In addition, CDLHT had in 2Q 2021, entered into a lease amendment agreement with the lessee of the Germany Hotel to restructure the rental arrangement. Under SFRS(I) 16/ FRS 116 *Leases*, the rental income under the lease modification will be accounted for on a straight-line basis over the remaining lease tenure at S$5.0 million[7] (€3.1 million) per annum. Accordingly, the rent recognised has been adjusted to reflect this new arrangement with effect from April 2021 onwards. For further details of this restructuring, please refer to Section 2(ii) footnote (c) on page 13 of the Announcement.

The Italy Hotel, which was temporarily closed since 30 October 2020, reopened from 26 May 2021 as booking pace picked up gradually following the easing of restrictions, which included the lifting of the ban on inter-regional travel, from end-April 2021[8]. RevPAR of the Italy Hotel declined by 84.4% yoy for 1H 2021, as the hotel was fully operational for most of 1Q 2020 (except for the last two weeks of March), in contrast to its temporary closure from October 2020 to May 2021. Revenue of S$0.9 million[9] (€0.5 million) in 1H 2021 was lower than the same period last year due to the recognition of the restructured rent. Notwithstanding the lower revenue, NPI in 1H 2021 was higher than the same period last year. This was due to the recognition of an impairment of S$1.0 million (€0.7 million) in respect of rental receivables from the lessee in 1H 2020, which was absent this year.

Interest costs for 1H 2021 decreased by 10.1% (S$1.1 million) against the same period last year, mainly as a result of lower funding costs on the Group's floating rate loans and interest savings arising from the partial repayment of a revolving credit facility in 4Q 2020.

[4] Japan National Tourism Organisation (JNTO)
[5] Gov.uk, "Further easing of COVID restrictions confirmed for 17 May", 10 May 2021
[6] The Federal Government of Germany, "Easing of restrictions for people who have been vaccinated or have recovered", 5 May 2021
[7] Notwithstanding the restructured base rent of Pullman Hotel Munich is S$0.24 million (or €0.15 million) per quarter under the lease amendment agreement signed with the lessee of the Germany Hotel in April 2021, under SFRS(I) 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$1.3 million (€0.8 million) for 2Q 2021.
[8] Ministry of Health, Italy, "Covid-19, Minister of Health Speranza signs new Ordinances to contain the spread of the virus", 26 April 2021
[9] Notwithstanding the restructured base rent of Hotel Cerretani Firenze is S$0.19 million (or €0.12 million) for 1H 2021 under the lease amendment agreement signed with the lessee of the Italy Hotel in December 2020, under SFRS(I) 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$0.9 million (€0.5 million) for the six months ended 30 June 2021.

The increase in 1H 2021 NPI of S$7.3 million yoy did not translate into higher distribution mainly due to the following reasons. The NPI increase of S$5.4 million yoy for the UK Hotels and Raffles Maldives Meradhoo, did not contribute to a corresponding increase in distribution, as part of the increase was largely due to the low base effect attributed to losses in NPI recorded in 1H 2020, coupled with expenses below the NPI line such as interest costs, administration expenses and taxes that have to be accounted for. Secondly, post the rent restructuring for the Germany and Italy Hotels, the accounting rent recorded (straight lining effect per SFRS(I) 16/FRS116) was higher than the actual rent received and there was no distribution available from the actual rent received after the deduction of interest costs. There was also a one-off contribution arising from the dissolution of the MCST relating to the divestment of NCQ in 1H 2020, which did not recur this year (S$0.8 million). Accordingly, the total distribution (after deducting income retained for working capital) in 1H 2021 was S$15.0 million, S$3.4 million or 18.5% lower yoy. The distribution per Stapled Security ("**DPS**") (after deducting income retained for working capital) for 1H 2021 declined by 19.2% yoy to 1.22 cents.

Statistics for CDLHT's hotels are set out below:

Singapore Hotels Statistics

5 Singapore Hotels[10]

	2Q 2021*	2Q 2020*	Increase/ (Decrease)	1H 2021*	1H 2020*	Increase/ (Decrease)
Average Occupancy Rate	74.0%	84.6%	(10.6)pp	73.5%	69.5%	4.0pp
Average Daily Rate	S$89	S$70	27.0%	S$82	S$108	(23.9)%
RevPAR	S$66	S$59	11.0%	S$60	S$75	(19.5)%

** 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 78.9% and 88.4% for 2Q 2021 and 2Q 2020 respectively while RevPAR would be S$70 and S$62 for 2Q 2021 and 2Q 2020 respectively. For 1H 2021 and 1H 2020, occupancy would be 78.5% and 71.5% respectively while RevPAR would be S$64 and S$77 respectively.*

6 Singapore Hotels[11] (including W Hotel)

	2Q 2021*	2Q 2020*	Increase/ (Decrease)	1H 2021*	1H 2020*	Increase/ (Decrease)
Average Occupancy Rate	70.5%	77.7%	(7.2)pp	70.2%	65.9%	4.4pp
Average Daily Rate	S$108	S$72	49.6%	S$102	S$120	(15.1)%
RevPAR	S$76	S$56	35.8%	S$72	S$79	(9.5)%

** 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 74.8% and 80.8% for 2Q 2021 and 2Q 2020 respectively while RevPAR would be S$80 and S$58 for 2Q 2021 and 2Q 2020 respectively. For 1H 2021 and 1H 2020, occupancy would be 74.5% and 67.6% respectively while RevPAR would be S$76 and S$81 respectively.*

[10] Comprises Orchard Hotel, Grand Copthorne Waterfront Hotel, M Hotel, Copthorne King's Hotel and Studio M Hotel (collectively, the "**5 Singapore Hotels**"). Excludes NCQ which was divested on 15 July 2020.
[11] Comprises Orchard Hotel, Grand Copthorne Waterfront Hotel, M Hotel, Copthorne King's Hotel, Studio M Hotel and W Hotel (collectively, the "**6 Singapore Hotels**"). Assumes CDLHT owns W Hotel from 1 January for each period for comparison on same store basis. W Hotel was acquired on 16 July 2020. Excludes NCQ which was divested on 15 July 2020.

Overseas Hotels – RevPAR by Geography

	2Q 2021	2Q 2020	Increase/ (Decrease) (%)	1H 2021	1H 2020	Increase/ (Decrease) (%)
Maldives (US$)	151	3	N.M.	231	97	N.M.
Australia (A$)^	69	9	N.M.	61	46	31.8
New Zealand (NZ$)	143	73	96.1	164	125	31.8
Germany (€)	19	9	N.M.	14	36	(61.2)
Italy (€)	10	-	N.M.	5	33	(84.4)
Japan (¥)	2,679	1,798	49.0	2,546	3,531	(27.9)
United Kingdom (£)	51	-	N.M.	30	39	(21.8)

^ RevPAR only accounts for the Ibis Perth and Mercure Perth (collectively the "Perth Hotels") and excludes Novotel Brisbane which was divested on 30 October 2020. With effect from 1 May 2021, CDLHT entered into hotel management agreements with Accor to manage the Perth Hotels and will recognise the full operational results of the hotels. For the comparative period 2Q 2020 and 1H 2020, this assumes that the Perth Hotels were operating as managed hotels as well.

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

No forecast has been disclosed.

4 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

Overview

The availability of vaccines and increasing vaccination efforts have contributed to lowering the risk of transmission as well as the likelihood of developing a serious illness[12]. Despite the varying pace, countries across the world continue to move towards the easing of restriction measures, subject to their respective situations. Some countries have eased most restrictions, allowing life to return to a pre-pandemic state, while others are taking a more cautious approach.

In the second half of 2021, the UNWTO expects a moderate rebound in international travel, supported by the gradual easing of restrictions and improvement in consumer confidence[13]. However, international tourism in 2021 is expected to remain below pre-pandemic levels, which will weigh on CDLHT's financial performance in the near term.

Business levels at most of CDLHT's city hotels are expected to be supported by domestic travel, government-related businesses, essential travel, as well as a gradual pick up in leisure and business travel across regions where borders have partially reopened.

Portfolio Markets

Five 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 3Q 2021. W Hotel and one other hotel (in which only one wing is used for isolation purposed) will remain supported by staycation, project groups and corporate long stay.

[12] CNA, "Getting vaccinated against COVID-19 can lessen the severity of symptoms: Experts", 29 Jun 2021
[13] UNWTO, "Tourist numbers down 83% but confidence slowly rising", 2 Jun 2021

Singapore has made good progress in its vaccination drive with over 70% of the population having received at least one dose and approximately 53% have completed the full vaccination regimen as at 26 July 2021[14]. Restrictions continue to remain in place and are adjusted according to the prevailing situation. COVID-19 restrictions will be reviewed in August 2021 and any easing of measures will be extended only to vaccinated individuals[15].

Ahead of the resumption of international travel, Singapore's tourism sector will continue to be supported by the ongoing domestic tourism campaigns, such as the SingapoRediscovers vouchers, which has been extended to the end of 2021[16]. Two of CDLHT's Singapore Hotels that are taking staycation bookings will continue to develop attractive promotions and engage with booking partners to further market their staycation offerings.

In the Oceania region, tight border restrictions remain in place for most international visitors entering both New Zealand and Australia.

Grand Millennium Auckland, in New Zealand, continues to be contracted as a managed isolation facility and this is expected to continue into 2H 2021.

The situation across Australia remains fluid with lockdowns implemented in response to outbreak of infections. Occupancies at CDLHT's Perth Hotels are expected to remain supported by domestic travel. To boost interstate tourism, the Australian government launched a A$1.2 billion support package, which includes 800,000 half-price tickets on domestic flights for travel through to September 2021[17].

In 2020-21, Australia's resource and energy exports are estimated at a record A$310 billion, and is forecast to increase further to A$334 billion in 2021–22[18]. Western Australia's mining and resources sector, which has approximately A$140 billion of projects currently in the pipeline, is expected to require an additional 40,000 workers by mid-2023[19]. These positive trends are expected to be supportive of the recovery in hotel demand driven by accommodation needs from long staying project groups.

In Japan, strict border restrictions remain in place with the entry of all non-resident foreigners prohibited. In Tokyo, a new state of emergency was imposed on 12 July 2021, which is expected to remain in place until August 2021. Occupancies at the Japan Hotels remain supported by the domestic market, but rates are likely to remain low. Looking ahead, improvement in demand will be subject to vaccination progress, a decrease in number of infections and progressive easing of measures.

In the Maldives, the suspension of tourist visas for travellers from South Asian countries has been lifted on 15 July 2021. Despite recording a 13.1% month-on-month decline in tourist arrivals in June 2021, which was partly due to the travel restrictions as well as seasonality factors, the overall trend remains healthier as compared to last year. Tourism arrivals increased by 33.4% year-on-year for YTD June 2021[20], as borders remained largely open to international tourists. As part of a scheduled maintenance, Raffles Maldives Meradhoo was closed from 1 June 2021 to 15 July 2021, coinciding with the weaker seasonal period.

In the UK, lockdown restrictions have been eased from 17 May 2021 and all holiday accommodation and indoor hospitality venues can reopen. Since the reopening, hotels across the UK have experienced better than expected recovery due to a release of pent-up demand. Further easing of restrictions in England took place on 19 July 2021 and all restrictions have been lifted[21].

In Germany, recovery in the hospitality sector is imminent amid the vaccine rollout. International travel has partially resumed, with the progressive implementation of unrestricted entry from specific countries and fully vaccinated travellers[22]. While large scale events will return more gradually, the domestic market is expected to lead the recovery, supported by Munich's historically high proportion of inbound domestic arrivals prior to the onset of the pandemic[23].

[14] Ministry of Health, Singapore
[15] The Straits Times, "S'pore to review Covid-19 rules in early August, ease measures for vaccinated people if situation under control", 27 July 2021
[16] Singapore Tourism Board, "SingapoRediscovers Vouchers scheme extended to 31 December 2021", 30 Apr 2021
[17] Prime Minister of Australia, "Tourism and aviation's flight path to recovery", 11 Mar 2021
[18] Australian Government, "Resources and Energy Quarterly", Jun 2021
[19] Chamber of Minerals and Energy of Western Australia, "WA mining and resources sector could need another 40,000 workers over the next two years", 21 Jun 2021
[20] Ministry of Tourism, Republic of Maldives
[21] Gov.uk
[22] Federal Ministry of the Interior, Building and Community, Germany
[23] According to data by the Munich Tourist Board, domestic travel accounted for 55.3% of total arrivals in 2019.

On 28 June 2021, Italy marked a significant milestone with all of the country's 20 regions classified under the lowest risk level, and face masks no longer compulsory in outdoor areas. Quarantine requirements have been lifted for travellers from the European Union, Britain, the United States, Canada and Japan, subject to a negative test result or proof of vaccination[24]. Recovery for the Italy Hotel is expected to be gradual, pending easing of travel and quarantine restrictions from source countries.

Revision of Principal Investment Strategy

On 26 July 2021, CDLHT announced the revision of its principal investment strategy to include references to real estate which is primarily used for other accommodation and/or lodging purposes (including, without limitation, properties used for rental housing, co-living, student accommodation and senior housing).

The revision of CDLHT's principal investment strategy will provide CDLHT with better growth by increasing the diversification of its portfolio, enhancing income stability, as well as increasing the pool of investment opportunities, and is therefore in line with the Managers' key financial objectives to maximise the rate of return to Security Holders and to make regular distributions. (Please refer to CDLHT's announcement on 26 July 2021 for more details, including the rationale on the Revision of Principal Investment Strategy.)

CDLHT will continue to actively pursue suitable acquisitions to diversify and augment its income streams. CDLHT will also continue to evaluate suitable divestment opportunities as they arise to unlock underlying asset values and/or recycle capital for better returns.

[24] The Straits Times, "Mask-free and low risk Italy welcomes coronavirus milestone", 28 Jun 21

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.

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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)

30 July 2021

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)

30 July 2021