CDL HOSPITALITY TRUSTS

FOR IMMEDIATE RELEASE **30 JUL 2021**

CDL HOSPITALITY TRUSTS REPORTS TOTAL DISTRIBUTION OF S$15.0 MILLION FOR 1H 2021

- **NPI increased by 24.4% yoy driven by stronger contribution from the Maldives Resorts, New Zealand and UK Hotels**
- **Inorganic contribution from W Hotel in 1H 2021 was more than offset by the absence of contribution from Novotel Singapore Clarke Quay and Novotel Brisbane**
- **Impact of the pandemic largely commenced from February to March last year, with portfolio hotels having a few months of normal trading in 1H 2020**
- **Total distribution per Stapled Security of 1.22 cents for 1H 2021, lower by 19.2% yoy**
- **Portfolio continues to be impacted by restriction measures, with downside partially mitigated by minimum rent, governmental relief measures and alternative sources of business**
- **Revision of mandate to seek exposure into full spectrum of accommodation and/or lodging assets**

Singapore, 30 July 2021 – CDL Hospitality Trusts ("**CDLHT**" or the "**Group**"), a stapled group comprising CDL Hospitality Real Estate Investment Trust ("**H-REIT**"), a real estate investment trust, and CDL Hospitality Business Trust ("**HBT**"), a business trust, today announced its results for the first six months ("**1H 2021**") ended 30 June 2021.

Financial Highlights:

	1 Jan 2021 to 30 Jun 2021 S$'000 ("1H 2021")	1 Jan 2020 to 30 Jun 2020 S$'000 ("1H 2020")	Increase/ (Decrease) (%)
Revenue	66,225	52,059	27.2
Net property income ("NPI")	36,977	29,721	24.4
Total distribution to Stapled Securityholders (after retention)	14,960	18,352	(18.5)
Total distribution per Stapled Security (after retention) ("DPS")(cents)	1.22	1.51	(19.2)

First Half Ended 30 June 2021

The Group's overall performance in 1H 2021 continues to be impacted by the COVID-19 pandemic. 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 the Singapore and New Zealand Hotels and Maldives Resorts. Occupancies for the Singapore and New Zealand Hotels were supported by demand for accommodation facilities used for isolation purposes.

Net property income ("**NPI**") increased by 24.4% yoy to S$37.0 million, with higher NPI recorded for the Maldives Resorts, New Zealand, UK, Germany and Italy Hotels. While there was inorganic contribution from W Hotel (acquired 16 July 2020) in 1H 2021, this was offset by the absence of contribution from Novotel Singapore Clarke Quay ("**NCQ**") and Novotel Brisbane (divested on 15 July 2020 and 30 October 2020 respectively).

Interest costs for 1H 2021 decreased by 10.1% or S$1.1 million yoy 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.

Total distribution to Stapled Securityholders (after retention for working capital) for 1H 2021 was S$15.0 million and DPS was 1.22 cents, a decrease of 18.5% and 19.2% yoy respectively. Despite the increase in NPI (which has taken into account the absence of contribution from NCQ and Novotel Brisbane), the decrease in distribution was mainly due to the following reasons: (i) NPI increase of S$5.4 million yoy for the UK Hotels and Raffles Maldives Meradhoo, did not contribute to a corresponding increase to the 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 that have to be accounted for; (ii) Post the rent restructuring for the Germany and Italy Hotels, the accounting rents recorded (due to the straight lining effect per SFRS(I) 16/FRS116) was higher than the actual rents received and no distribution was available from the actual rents received after the deduction of interest costs; and (iii) Absence of a one-off contribution (S$0.8 million) arising from the dissolution of the MCST relating to the divestment of NCQ in 1H 2020, which did not recur this year.

Mr Vincent Yeo, Chief Executive Officer of CDLHT's managers, said, "The widespread vaccination efforts have helped to mitigate the effects of the extremely contagious and virulent Delta variant. Although the pandemic is yet to be over, the easing of restrictions and the restart of international travel have taken place in Europe. The performance of our UK and Germany Hotels has been encouraging, and we are experiencing some of the highest occupancies since the onset of COVID-19. We are optimistic that such form of recovery could follow in other markets upon the continued easing of restrictions and quarantine requirements.

"As we head towards travel normalcy, we will continue to work closely with our operators and lessees to ride on the recovery, while maintaining tight costs control measures to protect the bottom line."

As at 30 June 2021, CDLHT has a gearing of 39.1% and debt headroom of S$595 million (at 50% gearing limit). In addition, CDLHT has approximately S$262.3 million of committed unsecured revolving credit facilities available for drawdown and another S$400.0 million in short-term uncommitted bridge loan facilities available for acquisitions. Subsequent to 1H 2021, CDLHT's S$83.6 million 5-year borrowings was successfully refinanced in July 2021. CDLHT's healthy balance sheet and liquidity position will allow it to weather the pandemic and there are no material concerns over its ability to fulfil its near term debt obligations.

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Portfolio Update

Singapore

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

5 SG Hotels[1]	2Q 2021	2Q 2020	Increase/ (Decrease)	1H 2021	1H 2020	Increase/ (Decrease)
Average Occupancy Rate[2]	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)%*
Revenue per Available Room[2] ("RevPAR")	S$66	S$59	*11.0%*	S$60	S$75	*(19.5)%*

6 SG Hotels[3]	2Q 2021	2Q 2020	Increase/ (Decrease)	1H 2021	1H 2020	Increase/ (Decrease)
Average Occupancy Rate[4]	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)%*
Revenue per Available Room[4] ("RevPAR")	S$76	S$56	*35.8%*	S$72	S$79	*(9.5)%*

Affected by continued border closures due the pandemic, arrivals into Singapore declined by 95.5% yoy to 118,663 for YTD June 2021[5]. Occupancies for 5 Singapore Hotels were supported by continued demand for dedicated isolation facilities. For 1H 2021, RevPAR for the 6 Singapore Hotels decreased by 9.5% yoy mainly due to lower Average Daily Rate achieved during the period. Except for W Hotel, which yielded well especially over weekends and holidays, average room rates for the Singapore Hotels continued to be suppressed. The performance of the Singapore Hotels was also impacted by the absence of major MICE events, postponements in wedding banquets and restrictions on social functions.

Following a surge in infections in the community, restrictions were tightened from 16 May 2021 to 13 June 2021, which included a reduction in social gathering group size, temporary suspension of wedding receptions and dining-in at F&B establishments[6]. Although the restrictions were gradually eased from 14 June 2021, a rising number of cases in mid-July 2021 reversed the eased measures[6].

Singapore has made good progress in its vaccination drive with over 70% of the population having received at least one dose, and approximately 53% has completed the full vaccination regimen as at 26 July 2021[6]. COVID-19 restrictions will be reviewed in August 2021 and any easing of measures will be extended only to vaccinated individuals[7].

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[1] 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.
[2] 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.
[3] Comprises the 5 Singapore Hotels 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.
[4] Room refurbishment was carried out until April 2020 at Copthorne King's Hotel while Studio M Hotel commenced its room refurbishment from May 2020. Excluding the out-of-order rooms, occupancy would be 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.
[5] Singapore Tourism Board ("**STB**")
[6] Ministry of Health, Singapore
[7] 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

The demand for dedicated isolation facilities should continue to support the occupancies for five of the Singapore hotels into 3Q 2021. As for W Hotel and one other hotel (in which only one wing is used for isolation purposes), occupancies will remain supported by staycations, project groups and corporate long stays.

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 31 December 2021[5]. 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.

Overseas Markets

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

Grand Millennium Auckland continued to serve as a managed isolation facility throughout 1H 2021. Overall, higher rental income of S$9.8 million (inclusive of a variable rent of S$6.9 million (NZ$7.3 million)) was recorded for 1H 2021. Grand Millennium Auckland is expected to continue to be contracted for such purpose into 2H 2021.

While the Perth Hotels received fixed rent for the first four months in 2021, contribution for the remaining two-month period was 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 (in SGD terms) for the Australia portfolio was lower in 1H 2021 by 47.5% yoy. The overall situation across Australia remains fluid, with lockdowns implemented when outbreaks occur. In the near term, 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[8].

In Japan, visitor arrivals plunged by 97.6% for YTD June 2021[9], as strict border restrictions remain in place with the entry of all non-resident foreigners prohibited. For 1H 2021, Tokyo remained largely under a state of emergency, with reduced operating hours for some businesses and capacity limits for events. Consequently, the Japan Hotels posted a RevPAR decline of 27.9% yoy for 1H 2021. The latest state of emergency in Tokyo imposed on 12 July 2021 is expected to remain in place until August 2021. 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, total arrivals recorded an increase of 33.4% yoy for YTD June 2021[10]. However, average daily visitor arrivals were lower in 2Q 2021, following the temporary suspension of entry for tourists originating from South Asian countries from 13 May 2021 to 15 July 2021. 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 the 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 a 139.2% yoy increase in RevPAR in 1H 2021.

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[8] Prime Minister of Australia, "Tourism and aviation's flight path to recovery", 11 Mar 2021
[9] Japan National Tourism Organisation (JNTO)
[10] Ministry of Tourism, Republic of Maldives

Amid a rise in infections, the UK government imposed a national lockdown in early January 2021. Hilton Cambridge City Centre remained 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 hospitality businesses were allowed to accept leisure business. Despite strong weekend leisure demand following the easing of restrictions, the UK Hotels recorded a RevPAR decline of 21.8% yoy for 1H 2021, in part due to a few months of normal pre-COVID trading in 1H 2020. Further easing of restrictions in England took place on 19 July 2021 and all restrictions have been lifted[11].

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'[12]. As the full brunt of the first pandemic lockdown took place from mid-March 2020, the Germany Hotel recorded a RevPAR decline of 61.2% yoy in 1H 2021. With the operating performance being adversely affected, an impairment of S$1.2 million (€0.7 million) was recognised in 1Q 2021 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. Accordingly, the rent recognised has been adjusted to reflect this new arrangement with effect from April 2021 onwards.

Looking ahead, a recovery in Germany's hospitality sector appears imminent amid the vaccine rollout. International travel has partially resumed, with the progressive implementation of unrestricted entry from specific countries and fully vaccinated travellers[13]. 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 domestic travel prior to the onset of the pandemic[14].

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[15]. 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.

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[15]. The 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.)

[11] Gov.uk
[12] The Federal Government of Germany, "Easing of restrictions for people who have been vaccinated or have recovered", 5 May 2021
[13] Federal Ministry of the Interior, Building and Community, Germany
[14] According to data by the Munich Tourist Board, domestic travel accounted for 55.3% of total arrivals in 2019.
[15] Ministry of Health, Italy

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Mr Yeo concluded: "The revision of our principal investment strategy is a natural extension within the spectrum of accommodation and/or lodging space. This enables future investments in a wider pool of assets, with the objective of enhancing our resilience and returns to Stapled Securityholders, while we look forward to the eventual recovery of the hospitality sector."

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About CDL Hospitality Trusts

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. 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**").