



CDL HOSPITALITY TRUSTS

A stapled group comprising:

CDL HOSPITALITY REAL ESTATE INVESTMENT TRUST AND ITS SUBSIDIARIES

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

CDL HOSPITALITY BUSINESS TRUST AND ITS SUBSIDIARIES

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

**CDL HOSPITALITY TRUSTS
OPERATIONAL UPDATE FOR THE QUARTER ENDED 31 MARCH 2020**

1. Review of Performance for First Quarter Ended 31 March 2020

1.1 Breakdown of Total Revenue by Geography

	1 Jan 2020 to 31 Mar 2020 ("1Q 2020") S\$'000	1 Jan 2019 to 31 Mar 2019 ("1Q 2019") S\$'000	Increase/ (Decrease) (%)
<u>Master leases</u>			
Singapore			
- Hotels	13,235	20,564	(35.6)
- Claymore Connect	1,825	1,907	(4.3)
Maldives	1,532	2,034	(24.7)
Australia	2,188	2,325	(5.9)
New Zealand	1,318	5,046	(73.9)
Germany	2,079	2,608	(20.3)
Italy	512	546	(6.2)
	22,689	35,030	(35.2)
<u>Managed Hotels</u>			
Maldives	1,589	-	N.M
Japan	1,599	2,304	(30.6)
United Kingdom	7,151	8,982	(20.4)
	10,339	11,286	(8.4)
Total	33,028	46,316	(28.7)

1.2 Breakdown of NPI by Geography

	1Q 2020 S\$'000	1Q 2019 S\$'000	Increase/ (Decrease) (%)
Singapore			
- Hotels	11,780	19,168	(38.5)
- Claymore Connect	1,119	1,343	(16.7)
Maldives	134	(176)	N.M
Australia	2,188	2,325	(5.9)
New Zealand	1,318	5,046	(73.9)
Germany	1,803	2,364	(23.7)
Italy	415	467	(11.1)
Japan	458	1,093	(58.1)
United Kingdom	341	2,140	(84.1)
Total	19,556	33,770	(42.1)

1.3 RevPAR by Geography¹

	1Q 2020	1Q 2019	Increase/ (Decrease) (%)
Singapore (S\$)	94	157	(39.8)
Maldives (US\$) [#]	185	269	(31.2)
New Zealand (NZ\$)	176	207	(15.0)
Germany (€)	61	97	(37.0)
Italy (€)	68	109	(37.9)
Japan (¥)	5,264	7,925	(33.6)
United Kingdom (£)	77	106	(27.3)

[#] Raffles Maldives Meradhoo was closed during 1Q 2019 for renovation and is still undergoing gestation after it reopened in September 2019, hence RevPAR only accounts for Angsana Velavaru.

1.4 Review of Performance

First Quarter Ended 31 March 2020

The outbreak of COVID-19 has impacted travel demand globally and many countries have responded to the outbreak by imposing measures such as strict restrictions on travel, quarantines, strict social distancing measures and complete lockdown of cities. Accordingly, this has impacted CDL Hospitality Trusts' ("CDLHT" or the "Group") overall portfolio, and its overseas properties are either closed on a temporary basis or operating at low occupancies. RevPAR across CDLHT's portfolio has been significantly affected in February and March and as such, gross revenue and NPI declined by 28.7% and 42.1% to S\$33.0 million and S\$19.6 million respectively.

For 1Q 2020, RevPAR of the Singapore Hotels fell by 39.8% yoy largely due to lower occupancy at 53.9% while ADR declined marginally. The decline in occupancy was mitigated by accommodation demand from foreign workers affected by border closures (e.g. Malaysia's border closure from 18 March to 12 May) and also demand for returnees from overseas serving out Stay Home Notices in hotels. The Singapore Hotels also saw postponement and cancellations of major MICE and social events (such as weddings). Claymore Connect, CDLHT's only retail mall, recorded lower NPI yoy due to lower committed occupancy (87% as at 31 March 2020).

In the Maldives, Angsana Velavaru² saw a 31.2% yoy contraction in RevPAR while the gestation of Raffles Maldives Meradhoo was disrupted due to the COVID-19 situation and was closed on 1 April 2020 to contain costs in advance of low season.

The Australia Hotels continue to receive fixed rent for 1Q 2020. Overall NPI contribution to CDLHT (in SGD terms) was lower due to a weaker AUD.

In New Zealand, Grand Millennium Auckland recorded strong occupancy prior to mid-March before New Zealand closed its borders to travellers on 19 March and commenced a country-wide lockdown shortly after. As such, RevPAR of the hotel decreased by 15.0% yoy for 1Q 2020. Given that the deterioration of the trading environment only started towards the end of the first quarter, only base rent has been recognised for prudence as it is likely that any variable rent for the first quarter will have to be reversed when rent is calculated on a six-month basis for the first half of 2020³.

Despite healthy occupancies in the first quarter, CDLHT's Japan Hotels in Tokyo posted a RevPAR decrease of 33.6% yoy in 1Q 2020 due to flexible pricing in the face of significantly decreased international demand.

In the UK, concerns over COVID-19 diluted corporate demand in the lead up to the mandated closure of the UK hotels on 24 March 2020 as part of the country's lockdown measures⁴, resulting in the UK Hotels recording a collective yoy RevPAR decline of 27.3% for the quarter.

In Munich, there were fewer events during the quarter due to the cyclical nature of the city's fair calendar, including the absence of a major biennial trade fair (BAU) in January. Coupled with the plunge in occupancy from March onwards, Pullman Hotel Munich recorded a yoy RevPAR drop of 37.0% for the quarter.

¹ RevPAR for Australia Hotels is not included as CDLHT receives fixed rent

² Rental income is subject to true-up adjustments every half year cumulatively

³ Rental income is subject to true-up adjustments every quarter cumulatively

⁴ Gov UK, "COVID-19 advice for accommodation providers", 24 March 2020

In Italy, Hotel Cerretani Firenze – MGallery has been temporarily closed since 13 March 2020 due to the nationwide lockdown where non-essential business and services including hotels, had to shut down. Accordingly, RevPAR for the hotel recorded a substantial decline of 37.9% yoy.

2. Outlook and Prospects

The virus outbreak reached Singapore shores in late January 2020, and the situation has since worsened rapidly around the world, with the epicenter shifting from China to Europe and the US. It has also been declared a global pandemic by the World Health Organization. This has severely affected the global economy with adverse impact on most industries and been devastating for the tourism and hospitality industry in an unprecedented manner. Strict containment measures such as lockdowns and wide travel curbs remain in enforcement for most countries. Some governments have also stepped in to provide economic stimulus packages and support measures ranging from tenant protection movements to wage and tax reliefs.

CDLHT has been working with its lessees and operators on appropriate measures to be put in place to ensure the safety of the guests and staff, as well as to streamline and contain costs. 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 and this positive impact together with the cost containment measures taken are expected to filter through in 2Q 2020.

Considering the rapid fluidity of the situation and lack of visibility on the protraction of this global pandemic, there is much uncertainty on the recovery trajectory and headwinds to overall demand are expected to persist in the near term. This is expected to weigh on CDLHT's operations and financial performance but the full extent of the impact for the rest of FY 2020 or beyond cannot be conclusively determined at this point of time. CDLHT is utilising this period of low occupancy to carry out critical guests-related asset enhancement works to continually optimise the potential of its assets, while deferring non-essential capital expenditures.

Singapore's borders remain closed to short-term visitors since 23 March⁵ and "circuit breaker" measures are currently in effect until 1 June. Based on the latest available statistics from the Singapore Tourism Board ("**STB**"), total arrivals to Singapore collapsed by 51.2% in February 2020, and 22.5% to 2.4 million for YTD February 2020⁶, which has yet to reflect the full effect of Singapore's travel restrictions. On Singapore's MICE scene this year, most of the large events initially scheduled to be held in the period from late February to July this year have been either cancelled or postponed.

For the first 22 days of April 2020, RevPAR for Singapore Hotels decreased by 62.4% as compared to the same period last year. The Singapore Hotels have continued to rely on housing returning Singapore residents for the duration of their two-week isolation and foreign workers affected by border closures to mitigate the decline in performance. As announced on 9 April 2020, CDLHT has extended the operations of Novotel Singapore Clarke Quay by another three months due to demand for accommodation which can be used for isolation purposes. Excluding Novotel Singapore Clarke Quay which will be divested in July 2020⁷, CDLHT's gross revenue comprises of fixed rents of S\$7.9 million per quarter (or S\$31.4 million per annum) from the master lessees of the Singapore Hotels, which are all entities of the sponsor, Millennium & Copthorne Hotels Limited, a subsidiary of City Developments Limited, one of the largest property developers in Singapore. At Claymore Connect, 16 out of 22 tenants are closed in accordance with the circuit breaker measures. CDLHT will assist its retail tenants through measures such as passing on property tax rebate and providing rent rebates and deferments.

Initially expected to complete in mid-2020, the makeover of 142 rooms in the Tower Wing of Copthorne King's Hotel was accelerated and completed in April 2020 while other technology upgrading works for the rooms will resume after Singapore's circuit breaker period is over. The soft refurbishment of rooms in Studio M Hotel has commenced in phases. Asset enhancement opportunities in other Singapore Hotels are also being evaluated strategically.

The Maldives currently has a blanket suspension of on-arrival visa, effectively closing its borders until further notice⁸. Several resorts across the Maldives have been closed till mid-2020⁹ and similarly, Raffles Maldives Meradhoo is closed temporarily while Angsana Velavaru is continuing to house some guests and operating at highly reduced staffing level to contain costs. Construction of a new Presidential Villa at Raffles Maldives

⁵ Straits Times, "Coronavirus: All short-term visitors barred from entering or transiting in Singapore from Monday, 11.59pm", 22 March 2020

⁶ STB

⁷ Refer to CDLHT's announcement dated 9 April 2020 for further details

⁸ Maldives Insider, "Maldives cuts tourism prospects further, says 2020 arrivals could drop by half", 2 April 2020

⁹ Maldives Insider, "More resort closures as coronavirus travel restrictions hit Maldives tourism", 20 March 2020

Meradhoo and the refurbishment of remaining land villas at Angsana Velavaru are being targeted for completion in mid-2020 to prepare the assets for an eventual recovery.

In New Zealand, the country's borders are currently closed to non-residents and the underlying performance of Grand Millennium Auckland is expected to see a sharp downturn in the near term. Grand Millennium Auckland remains open and operational. As announced on 20 April, New Zealand will start easing its lockdown measures on 27 April 2020¹⁰.

Japan has imposed an entry ban on foreign travellers from most countries¹¹ and it is currently under a nationwide state of emergency. The Tokyo 2020 Olympics and Paralympics has also been postponed to August 2021¹², which is a dampener for the hospitality industry this year.

CDLHT's UK Hotels are shuttered temporarily in line with the country's lockdown measures. In Europe, a travel ban into the European Union ("EU") for non-EU citizens and a lockdown in Germany and Italy are currently in effect. Fairs in Munich have been either cancelled or tentatively postponed to the second half of 2020. Pullman Hotel Munich in Germany remains open with low occupancy and is being operated with minimal staffing levels. Hotel Cerretani Firenze – MGallery in Italy is tentatively closed till early May 2020 in line with the country's lockdown period. Discussions in Europe are now taking place on the conditions for a gradual loosening of the strict lockdown measures and in Germany, some shops have started reopening on 20 April¹³.

3. CDLHT Key Financial Statistics

	As at 31 March 2020	As at 31 December 2019
Debt Value (S\$ million)	1,111	1,068
Gearing	37.4%	35.4%
Debt Headroom (S\$ million) at 45% Gearing^{###}	410	526
Debt Headroom (S\$ million) at 50% Gearing^{###}	747	N.M
Interest Coverage Ratio^{####}	4.3x	4.7x
Weighted Average Cost of Debt	1.9%	2.2%

^{###} On 16 April 2020, the Monetary Authority of Singapore increased the leverage limit for S-REITs from 45% to 50%, to provide S-REITs greater flexibility to manage their capital structure amid the challenging environment created by the COVID-19 pandemic. For purposes of gearing computation, the total assets exclude the FRS 116 / SFRS(I) 16 Leases (adopted wef 1 January 2019).

^{####} Appendix 6 of the Code on Collective Investment Schemes was also updated to define interest coverage ratio (ICR) as a ratio that is calculated by dividing the trailing 12 months earnings before interest, tax, depreciation and amortisation (excluding effects of any fair value changes of derivatives and investment properties, and foreign exchange translation), by the trailing 12 months interest expense and borrowing-related fees. As such, ICR as at 31 December 2019 was restated.

As of 31 March 2020, CDLHT has a low gearing of 37.4% and cash reserves of about \$104.2 million on its balance sheet, which does not include amounts that can be drawn on under its committed revolving credit facility. CDLHT's liquidity will be further boosted when net cash inflows from the two transactions (the divestment of Novotel Singapore Clarke Quay and acquisition of W Singapore Sentosa Cove) are completed in mid-July 2020. Discussions are also underway with respect to the refinancing of CDLHT's JPY 6.4 billion (equivalent of S\$83.3 million) borrowings due in September 2020. There are no material concerns over CDLHT's ability to fulfil its near term debt obligations.

¹⁰ Reuters, "New Zealand extends lockdown by a week, to ease measures on April 27", 20 April 2020

¹¹ Japan National Tourism Organization, Coronavirus (COVID-19) advisory information

¹² Straits Times, "Coronavirus: Tokyo Olympics will be postponed, says IOC member Dick Pound, as window for 2021 Games opens", 24 March 2020

¹³ BBC, "Coronavirus: Germany relaxes shop closures", 20 April 2020

About CDL Hospitality Trusts

CDL Hospitality Trusts (“CDLHT”) is one of Asia’s leading hospitality trusts with assets valued at S\$2.85 billion. CDLHT is a stapled group comprising CDL Hospitality Real Estate Investment Trust (“H-REIT”), a real estate investment trust, and CDL Hospitality Business Trust (“HBT”), a business trust. CDLHT was listed on the Singapore Exchange Securities Trading Limited on 19 July 2006. M&C REIT Management Limited is the manager of H-REIT, the first hotel real estate investment trust in Singapore, and M&C Business Trust Management Limited is the trustee-manager of HBT.

CDLHT was established with the principal investment strategy of investing in a portfolio of hospitality and/or hospitality-related real estate assets. As at 31 March 2020, CDLHT owns 16 hotels and two resorts comprising a total of 5,089 rooms as well as a retail mall. The properties under CDLHT’s portfolio include:

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

By Order of the Board

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

24 April 2020

By Order of the Board

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

24 April 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. Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate trends, cost of capital and capital availability, competition from other companies, shifts in customer demands, customers and partners, changes in operating expenses (including employee wages, benefits and training costs, governmental and public policy changes and the continued availability of financing in the amounts and the terms necessary to support future business. Investors are cautioned not to place undue reliance on these forward-looking statements, which are based on the current view of the REIT Manager and the Trustee-Manager (together with the REIT Manager, the "Managers") on future events.

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.