



CDL HOSPITALITY TRUSTS

FOR IMMEDIATE RELEASE

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CDL HOSPITALITY TRUSTS REPORTS  
TOTAL DISTRIBUTION OF S\$18.4 MILLION FOR 1H 2020

- 1H 2020 net property income of S\$29.7 million with total distribution per Stapled Security of 1.51 cents
- Portfolio impacted by COVID-19 but downside partially mitigated by minimum rent and governmental relief measures
- Healthy balance sheet with low gearing of 37.1% and ample debt headroom as at 30 June 2020
- Divestment of Novotel Singapore Clarke Quay and acquisition of W Singapore - Sentosa Cove completed in mid-July 2020

**Singapore, 29 July 2020** – 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 2020”) ended 30 June 2020.

**Financial Highlights:**

	1 Jan 2020 to 30 Jun 2020 S\$'000 ("1H 2020")	1 Jan 2019 to 30 Jun 2019 S\$'000 ("1H 2019")	Decrease (%)
Revenue	52,059	93,767	(44.5)
Net property income ("NPI")	29,721	67,529	(56.0)
Total distribution to Stapled Securityholders (after retention)	18,352	50,384	(63.6)
Total distribution per Stapled Security (after retention) ("DPS")(cents)	1.51	4.16	(63.7)

**First Half ended 30 June 2020**

The unprecedented downturn in global tourism and travel with the COVID-19 pandemic has completely changed the operating landscape due to strict travel restrictions and social distancing measures implemented across most countries, which has sharply impacted the performance of CDLHT’s portfolio.

With the exception of the New Zealand and Singapore hotels<sup>1</sup>, most of CDLHT’s properties were either closed on a temporary basis or were operating at low occupancies from March 2020 onwards. While international demand was absent, occupancies for the New Zealand and Singapore hotels were bolstered by demand for accommodation facilities which were used for isolation purposes. Additionally, occupancy for the Singapore Hotels was also supported by demand from foreign workers affected by the border closures.

<sup>1</sup> Novotel Singapore Clarke Quay was divested on 15 July 2020 and W Singapore – Sentosa Cove was acquired on 16 July 2020. Hence, the Singapore Hotels referred to for the periods up to 30 Jun 2020 refers to Orchard Hotel, Grand Copthorne Waterfront Hotel, M Hotel, Copthorne King’s Hotel, Studio M Hotel and Novotel Singapore Clarke Quay.



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Accordingly, total revenue and NPI for 1H 2020 declined yoy by 44.5% and 56.0% to S\$52.1 million and S\$29.7 million respectively. The substantive contributions to the portfolio rental income from the Singapore, New Zealand and Australia hotels, which amounted to S\$32.1 million (inclusive of S\$22.7 million fixed rent), partially insulated CDLHT from the severe effects of the pandemic.

Interest expense for 1H 2020 was lower by S\$1.1 million yoy mainly due to lower funding costs on floating rate loans.

Overall, with the decline in NPI and absence of partial distribution of proceeds from the sale of Mercure and Ibis Brisbane hotels (sold in 2018), CDLHT recorded total distribution to Stapled Securityholders (after retention for working capital) of S\$18.4 million and DPS of 1.51 cents for 1H 2020, lower by 63.6% and 63.7% yoy respectively.

Mr Vincent Yeo, Chief Executive Officer of CDLHT's managers, said, "Due to the COVID-19 pandemic, the global hospitality sector has never faced a crisis of such magnitude before. Our immediate priority was to respond quickly by proactively deploying a number of tactical measures to navigate the challenges posed by this crisis. We have been working closely with our lessees and operators and have managed to aggressively contain costs and to pursue and secure alternative revenue channels. We have also fortified our financial position through securing a new S\$100 million credit facility in June and conserving cash.

"Barring subsequent waves of infections, we are encouraged that strict lockdown and social distancing measures implemented in our markets have been progressively relaxed to varying degrees recently. International travel which is still largely restricted will take time to recover and the pace of which is contingent upon a viable medical solution. Nonetheless, we are preparing ourselves for an eventual recovery in global tourism, and keeping faith with the long term growth prospects of our markets even though there is significant short term uncertainty. For example, Singapore is committed on bringing its various mega tourism infrastructure plans to fruition in order to continually enhance its attractiveness as a tourism destination. Similarly, while we are deferring non-essential capital expenditure, we have utilised periods of low occupancy to carry out critical guests-related asset enhancement works."

As at 30 June 2020, CDLHT has a gearing 37.1% and ample debt headroom of S\$777 million (at 50% gearing limit). In mid-July 2020, the divestment of Novotel Singapore Clarke Quay and acquisition of W Singapore - Sentosa Cove were completed. Located on Sentosa, W Singapore - Sentosa Cove is a popular choice for staycations due to its extensive facilities and location. The conclusion of the two deals also augmented CDLHT's balance sheet with a net cash inflow of \$26.8 million. Including this net cash inflow post balance sheet date, CDLHT has cash reserves of almost S\$150 million and S\$520 million<sup>2</sup> of available credit facilities.

### Portfolio Update

#### Singapore

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

	1H 2020 <sup>3</sup>	1H 2019	Decrease
<b>Average occupancy rate</b>	68.2%	85.7%	(17.6)pp
<b>Average daily rate</b>	S\$115	S\$179	(36.1)%
<b>Revenue per available room ("RevPAR")</b>	S\$78	S\$154	(49.2)%

<sup>2</sup> Includes committed revolving credit facilities amounting to approximately S\$120M.

<sup>3</sup> Room refurbishment was carried out until April 2020 for Copthorne King's Hotel while Studio M Hotel commenced its room refurbishment from April 2020. Excluding the out-of-order rooms, occupancy and RevPAR would be 72.2% and S\$83 respectively for 1H 2020.



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Occupancy for the Singapore Hotels have been supported by demand for dedicated facilities for isolation purposes (such as for guests to serve their two-week Stay-Home Notice or as a government quarantine facility) and from foreign workers (such as Malaysian workers) affected by border closures, but the average room rates for 1H 2020 were much lower yoy.

Currently in the second phase of Singapore's reopening which started since June, most activities have resumed progressively in a safe manner including hotel "staycations" (subject to approval from authorities). Recently, a S\$45 million marketing campaign was launched by the government to drive local tourism. This includes promoting hotel staycation deals packaged with tours or activities<sup>4</sup>, such as in Sentosa, where hoteliers can provide an attractive island getaway for locals, packaged with unique leisure experiences available on the island during their stay.

While large-scale events are still not allowed currently, STB is preparing for a controlled resumption of business-to-business events for up to 50 physical attendees (such as meetings, conventions, exhibitions and trade shows) in the coming months<sup>5</sup>. In addition, Singapore has gradually reopened its borders for safe travel since June, starting with six China provinces. Bilateral cross-border travel for long-term pass holders and essential business and official travellers between Singapore and Malaysia has also been established, with the start date targeted for 10 August 2020<sup>6</sup>, and discussions with more countries such as Australia, New Zealand, Japan and South Korea are underway.

The makeover of 142 rooms in the Tower Wing of Copthorne King's Hotel was completed in April 2020 while the soft refurbishment of all 360 rooms in Studio M Hotel has commenced in phases. Asset enhancement opportunities in other Singapore Hotels are also being evaluated strategically.

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### **Copthorne King's Hotel**



***Newly Refurbished Signature Studio***

### **W Singapore - Sentosa Cove**



***Facade and WET Pool***

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### **Overseas Markets**

In New Zealand, the impact of the sharp downturn in the overall hospitality market was partially mitigated in the near term by Grand Millennium Auckland securing managed isolation business from the government during the second quarter. New Zealand's lockdown has been eased since early June where MICE activities can resume without a limit on the number of attendees and domestic travel is allowed with no social distancing requirements.

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<sup>4</sup> STB, "Enterprise Singapore, Sentosa Development Corporation and Singapore Tourism Board team up with industry to encourage locals to rediscover Singapore", 22 July 2020

<sup>5</sup> STB, "Towards the Safe Resumption of Business Events", 22 July 2020

<sup>6</sup> Straits Times, "S'pore, Malaysia aim to start cross-border travel for long-term pass holders and essential travellers on Aug 10", 14 July 2020



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In Australia, the lease structure of CDLHT's hotels in Perth and Brisbane is largely a fixed rent structure, thereby insulating CDLHT from the severe downturn in trading conditions.

Visitation to Japan declined 76.3% for YTD June 2020<sup>7</sup>, with the drastic fall in tourism demand arising from the implementation of travel bans and the nationwide state of emergency declared by the government on 16 April 2020 in response to the pandemic. The fall-off in tourism arrivals and nationwide state of emergency in place from mid-April to end May 2020, during which the traditional annual Golden Week holidays occur, took a toll on the Japan Hotels' performance. While the entry ban on foreign travellers from most countries remain in place, Japan is looking to begin discussions with around 12 countries and regions including China, South Korea, Taiwan and Singapore on easing travel restrictions<sup>8</sup>.

Similar to most resorts in the Maldives, Raffles Maldives Meradhoo closed temporarily from 1 April 2020 and its gestation was disrupted by the pandemic, while Angsana Velavaru operated at a low occupancy. Both resorts are managed with highly reduced staffing levels to contain costs. The Maldives' borders reopened in mid-July with a number of international airlines expected to resume operations over the next few months<sup>9</sup> and Raffles Maldives Meradhoo is likely to reopen in 4Q 2020. Taking advantage of this low period, the refurbishment of all 79 land villas at Angsana Velavaru was completed in July while the construction of a new Presidential Villa at Raffles Maldives Meradhoo will complete later this year, which will help to enhance the product offering in positioning for an eventual recovery.

During 1H 2020, CDLHT's UK Hotels were shuttered temporarily from 24 March 2020 in line with the country's lockdown measures, which has been relaxed with reopening of hotels and overnight stays for domestic tourism allowed since early July. The closure of the hotels and the UK government's furlough scheme have helped CDLHT to contain operating costs and losses. Hilton Cambridge City Centre reopened in early July while The Lowry Hotel is expected to reopen in August 2020, depending on the level of demand. UK has established several travel corridors as of July, which includes most EU nations and some Asia Pacific nations<sup>10</sup>.

In Europe, Pullman Hotel Munich operated at a low occupancy while Hotel Cerretani Firenze – MGallery in Italy was closed since 13 March 2020 due to the nationwide lockdown where non-essential businesses and services, including hotels, had to shut down. The Italy hotel is expected to reopen in mid-August 2020. Travel restrictions within the EU were largely lifted in June 2020 and in Germany and Italy, domestic travel is permitted and their international borders have recently opened to a small number of non-EU countries.

Mr Yeo concluded: "Our healthy balance sheet and financial strength will allow us to weather the impact of the pandemic. Our medium to long term perspective towards investment allows us to focus on long term value creation for Stapled Securityholders. We will also continue to evaluate suitable divestment opportunities as they arise to unlock underlying asset values and/or recycle capital."

– ENDS –

<sup>7</sup> Japanese National Tourism Organization

<sup>8</sup> Straits Times, "Singapore and Japan will work towards resuming essential travel", 24 July 2020

<sup>9</sup> Maldives Insider, "Emirates, Qatar, Singapore — which airlines are resuming Maldives flights and when?", 5 July 2020

<sup>10</sup> GOV.UK, "Travel corridors", 6 July 2020



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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\$3.1 billion as at 30 June 2020. CDLHT is a stapled group comprising CDL Hospitality Real Estate Investment Trust ("H-REIT"), a real estate investment trust, and CDL Hospitality Business Trust ("HBT"), a business trust. CDLHT was listed on the Singapore Exchange Securities Trading Limited on 19 July 2006. M&C REIT Management Limited is the manager of H-REIT, the first hotel real estate investment trust in Singapore, and M&C Business Trust Management Limited is the trustee-manager of HBT.

CDLHT was established with the principal investment strategy of investing in a portfolio of hospitality and/or hospitality-related real estate assets. As at 16 July 2020, CDLHT owns 16 hotels and two resorts comprising a total of 4,926 rooms as well as a retail mall. The properties under CDLHT's portfolio include:

- (i) six hotels in the gateway city of Singapore (Orchard Hotel, Grand Copthorne Waterfront Hotel, M Hotel, Copthorne King's Hotel, Studio M Hotel and W Singapore – Sentosa Cove) as well as a retail mall adjoining Orchard Hotel (Claymore Connect);
- (ii) three hotels in Brisbane and Perth, Australia (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).