



CDL HOSPITALITY TRUSTS

FOR IMMEDIATE RELEASE

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CDL HOSPITALITY TRUSTS REPORTS
TOTAL DISTRIBUTION OF S\$42.1 MILLION FOR 2H 2020

- Total distribution per Stapled Security of 3.44 cents for 2H 2020 and 4.95 cents for FY 2020
- Capital distribution of S\$20.0 million for 2H 2020 from part of the proceeds from the divestment of Novotel Singapore Clarke Quay
- Portfolio impacted by COVID-19 but downside partially mitigated by minimum rent, governmental relief measures and alternative sources of business
- Healthy balance sheet with gearing of 37.5% and comfortable debt headroom to pursue acquisitions and growth
- Divestment of Novotel Brisbane completed on 30 October 2020

Singapore, 29 January 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 six months (“2H 2020”) and full year (“FY 2020”) ended 31 December 2020.

Financial Highlights:

	1 Jul 2020 to 31 Dec 2020 S\$'000 ("2H 2020")	1 Jul 2019 to 31 Dec 2019 S\$'000 ("2H 2019")	Increase/ (Decrease) (%)	1 Jan 2020 to 31 Dec 2020 S\$'000 ("FY 2020")	1 Jan 2019 to 31 Dec 2019 S\$'000 ("FY 2019")	Increase/ (Decrease) (%)
Revenue	65,499	103,105	(36.5)	117,558	196,872	(40.3)
Net property income (“NPI”)	39,604	73,633	(46.2)	69,325	141,162	(50.9)
Income to be distributed to Stapled Securityholders (after retention)	22,056	46,188	(52.2)	40,408	88,874	(54.5)
Capital Distribution ¹	20,000	12,817	56.0	20,000	20,515	(2.5)
Total distribution to Stapled Securityholders (after retention)	42,056	59,005	(28.7)	60,408	109,389	(44.8)
Total distribution per Stapled Security (after retention) ² (“DPS”)(cents)	3.44	4.86	(29.2)	4.95	9.02	(45.1)

¹ Includes partial distribution of proceeds from the sale of Novotel Singapore Clarke Quay (“NCQ”) amounting to S\$20.0 million for 2H 2020 and FY 2020 (partial distribution of proceeds from sale of Mercure and Ibis Brisbane amounting to S\$5.4 million for 2H 2019 and S\$9.0 million for FY 2019).

² This includes capital distribution.



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Six months period ended 31 December 2020

The unprecedented COVID-19 pandemic continued to have a profound impact on the Group's overall performance. With the exception of five of CDLHT's Singapore Hotels and the New Zealand Hotel, which were supported by demand for accommodation facilities used for isolation purposes, most of the Group's hotels were operating at mid to low occupancies. While there was inorganic NPI contribution from W Singapore – Sentosa Cove (“W Hotel”) (acquired 16 July 2020) in 2H 2020, this was more than offset by the absence of contribution from NCQ and Novotel Brisbane (divested on 15 July 2020 and 30 October 2020 respectively).

Accordingly, total NPI for 2H 2020 declined by 46.2% yoy to S\$39.6 million. The substantive contributions to portfolio revenue from the Singapore, New Zealand and Australia Hotels, which amounted to S\$47.8 million (inclusive of S\$22.4 million fixed rent), partially insulated the group from the severe effects of the pandemic.

Interest costs for 2H 2020 decreased by 14.9% or S\$1.7 million against the same period last year, mainly as a result of lower funding costs on the Group's floating rate loans.

CDLHT recorded total distribution to Stapled Securityholders (after retention for working capital) of S\$42.1 million and DPS of 3.44 cents for 2H 2020, lower by 28.7% and 29.2% yoy respectively. The reduction in total distribution following the decline in overall NPI was mitigated by a capital distribution of S\$20.0 million which relates to a partial distribution of the proceeds from the divestment of NCQ during the year.

Twelve months period ended 31 December 2020

In 2020, the operating environment transformed significantly with community lockdowns, social distancing, travel and mobility restrictions severely affecting the hospitality and conference businesses. Most of CDLHT's properties, with the exception of the Singapore and New Zealand Hotels, were either closed temporarily or have experienced varying degrees of occupancy declines since March 2020. The Group's results were also partially insulated by substantive contribution from the Singapore, New Zealand and Australia Hotels amounting to S\$79.9 million (inclusive of S\$45.1 million fixed rent). Consequently, NPI for FY 2020 was S\$69.3 million, 50.9% lower than the previous year.

The Group's interest costs for FY 2020 was 12.0% or S\$2.8 million lower yoy as a result of lower funding costs on its floating rate loans.

Total distribution to Stapled Securityholders (after retention for working capital) for FY 2020 was S\$60.4 million (including the S\$20.0 million capital distribution) and DPS was 4.95 cents, a decrease of 44.8% and 45.1% yoy respectively.

As at 31 December 2020, CDLHT's total investment properties and property, plant and equipment value (excluding Rights-of-use assets) decreased by 8.8% or S\$250.4 million yoy to S\$2.6 billion due to the divestments made during the year and the impact of the COVID-19 pandemic on the portfolio. The divestment value of NCQ and Novotel Brisbane (collectively S\$437.2 million) more than offset the acquisition value of W Hotel (S\$326.0 million) during the year. On the same store basis³, CDLHT's total investment properties and property, plant and equipment value (excluding Rights-of-use assets) would have decreased by 5.1% or S\$139.2 million yoy. These revaluation losses do not have any impact on the distribution.

³ Assuming NCQ and Novotel Brisbane were excluded and W Hotel was included as part of the portfolio as at 31 December 2019.



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Mr Vincent Yeo, Chief Executive Officer of CDLHT's managers, said, "The COVID-19 pandemic resulted in the worst crisis in the history of international tourism and travel. With the varying levels of success experienced by various countries in containing the virus, the recovery trajectory remains uncertain. We have been navigating the crisis by working with our operators and lessees to secure alternative revenue channels to safeguard the top line and implemented tight costs control measures to protect the bottom line.

"With the commencement towards travel normalcy activated by the availability of the vaccines, it will still take time before mass travel is likely to resume in full force. Nonetheless, as we move towards a recovery, we believe that countries which have demonstrated strong ability to contain the situation, such as Singapore, are likely to rank among the top choice for travel and MICE events."

As at 31 December 2020, CDLHT has a gearing of 37.5% and comfortable debt headroom of S\$689.0 million (at 50% gearing limit). In FY 2020, CDLHT completed the divestment of NCQ and Novotel Brisbane, and the acquisition of W Hotel. The conclusion of the three deals during the year strengthened CDLHT's balance sheet with a net cash inflow of S\$83.3 million. As at 31 December 2020, CDLHT has cash reserves of S\$131.1 million and S\$701.9 million⁴ of credit facilities.

Portfolio Update

Singapore

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

5 SG Hotels ⁵	2H 2020	2H 2019	Increase/ (Decrease)	FY 2020	FY 2019	Increase/ (Decrease)
Average Occupancy Rate ⁶	89.6%	88.6%	1.0pp	79.6%	86.8%	(7.2)pp
Average Daily Rate	S\$73	S\$182	(60.1)%	S\$88	S\$177	(50.3)%
Revenue per Available Room ⁵ ("RevPAR")	S\$65	S\$162	(59.7)%	S\$70	S\$153	(54.4)%

6 SG Hotels ⁷ (including W Hotel)	2H 2020	2H 2019	Increase/ (Decrease)	FY 2020	FY 2019	Increase/ (Decrease)
Average Occupancy Rate ⁸	86.1%	88.0%	(1.9)pp	78.2%	86.5%	(8.3)pp
Average Daily Rate	S\$96	S\$201	(52.4)%	S\$101	S\$187	(46.2)%
Revenue per Available Room ⁷ ("RevPAR")	S\$82	S\$177	(53.5)%	S\$79	S\$162	(51.4)%

⁴ Includes committed revolving credit facilities amounting to approximately S\$301.9 million.

⁵ Comprises Orchard Hotel, Grand Copthorne Waterfront Hotel, M Hotel, Copthorne King's Hotel and Studio M Hotel (collectively, the "5 Singapore Hotels"). Excludes Novotel Singapore Clarke Quay which was divested on 15 July 2020.

⁶ 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 95.6% and 83.4% for 2H 2020 and FY 2020 respectively while RevPAR would be S\$70 and S\$73 for 2H 2020 and FY 2020 respectively.

⁷ Comprises the 5 Singapore Hotels and W Hotel (collectively, the "6 Singapore Hotels"). Assumes CDLHT owns W Hotel from 1 July 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.

⁸ 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 91.3% and 81.8% for 2H 2020 and FY 2020 respectively while RevPAR would be S\$87 and S\$82 for 2H 2020 and FY 2020 respectively.



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Total arrivals to Singapore declined sharply by 99.2% yoy to 77,342 for the July to December 2020 period⁹. Occupancies for the Singapore hotels remain supported by continued demand for dedicated isolation facilities and from foreign workers affected by border closures. RevPAR for the 6 Singapore Hotels decreased by 53.5% yoy to S\$82 in 2H 2020, mainly due to lower average daily rate achieved during the period. Furthermore, the performance of the Singapore Hotels was also impacted by the absence of major MICE events, wedding banquets and social functions, which were either postponed or cancelled. Accordingly, gross revenue for the Singapore hotels decreased by 31.6% yoy.

During the year, the government launched several initiatives to promote domestic tourism. These initiatives include the S\$45 million SingapoRediscovered campaign¹⁰ and S\$320 million worth of SingapoRediscovered Vouchers for Singaporeans to spend on local hotel stays, attractions and tours¹¹. Singapore has been actively stepping up its border reopening efforts with bilateral or unilateral travel arrangements currently in place with 11 countries¹², which will pave the way for reviving inbound travel when the pandemic situation globally comes under control.

On 28 December 2020, Singapore moved into Phase 3 of re-opening and the maximum number of physical attendees for MICE events has been increased to 250 (subject to relevant approvals)¹³. Countries that have demonstrated strong ability to manage COVID-19 measures for large-scale events are likely to be among the top choices for MICE destinations in the near future. In May 2021, Singapore will be hosting the World Economic Forum's annual meeting, reflecting the international community's trust and confidence in Singapore's handling of the pandemic¹⁴.

Four 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 1Q 2021. For the other two hotels, staycation, project groups, essential foreign worker demand and reciprocal green-lane travel arrangements will be the key to supporting occupancies.

Overseas Markets

In New Zealand, entry to the country remains strictly controlled to help prevent the spread of COVID-19, with the borders currently only open to New Zealand citizens or residents, or travellers with specific approval granted¹⁵. Grand Millennium Auckland was contracted as a managed isolation facility throughout 2H 2020, with RevPAR for 2H 2020 5.5% lower against 2H 2019. Overall, the higher rental income was assisted by the increased food and beverage contribution driven by the government managed isolation business. Grand Millennium Auckland continues to be contracted for such purpose and this arrangement is expected to continue supporting occupancy through 1Q 2021.

The Australia Hotels are largely on a fixed rent structure, insulating CDLHT from the underlying trading conditions. The gross revenue contribution for 2H 2020 from Australia consisting all fixed rent (in SGD terms) was 13.1% lower yoy due to the divestment of Novotel Brisbane on 30 October 2020. The Managers are exploring various options ahead of the expiry of the leases on 30 April 2021 for the two remaining Perth hotels in CDLHT's Australia portfolio.

⁹ Singapore Tourism Board ("STB")

¹⁰ STB, "Enterprise Singapore, Sentosa Development Corporation and Singapore Tourism Board team up with industry to encourage locals to rediscover Singapore", 22 July 2020

¹¹ STB, "Factsheet: SingapoRediscovered and Expanded Attractions Guidelines", 16 September 2020

¹² Immigration & Checkpoints Authority, "Travelling to Singapore", 18 January 2021

¹³ STB, "Safe Management Measures for MICE Events", 28 December 2020

¹⁴ The Straits Times, "Health and safety of participants top priority for WEF event", 19 January 2021

¹⁵ New Zealand Immigration, "New Zealand border entry requirements", 12 January 2021



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CDLHT's Japan Hotels in Tokyo experienced an increase in business volumes in 4Q 2020 after Tokyo's inclusion in the "Go To Travel" campaign, a government-subsidised program introduced in July 2020 to encourage domestic tourism, from 1 October 2020¹⁶. The Japan Hotels achieved occupancy of 47.0% for 2H 2020, supported by higher occupancy of 56.8% in 4Q 2020. Collectively, the Japan Hotels posted a yoy RevPAR decline of 69.6% for 2H 2020. The spike in COVID-19 cases in Tokyo and across Japan resulted in the suspension of the "Go To Travel" campaign from December 2020, as well as a second state of emergency declared in Tokyo from early January 2021. The accommodation demand for the Japan Hotels are expected to be impacted by the latest measures.

In the Maldives, the borders reopened on 15 July 2020 and a total of 172,604 tourists arrived in 2H 2020¹⁷. Whilst arrivals decreased by 79.5% compared to 2H 2019¹⁸, there has been gradual recovery with arrivals supported by greater flight connectivity to the Maldives. Although the Maldives Resorts were largely unoccupied for most of 2H 2020, business activity picked up in December 2020 as Maldives remains one of the few countries in Asia that kept its borders opened to international tourists despite second waves of the pandemic. For December 2020, Angsana Velavaru achieved an occupancy of 45.7%, while RevPAR decreased by 6.9% yoy. At Raffles Maldives Meradhoo, the resort achieved an occupancy of 39.2% for December 2020, while RevPAR for the month increased by 21.6% yoy. Raffles Royal Residence, the newly constructed presidential villa in 2H 2020, welcomed its first guests in December 2020.

Raffles Maldives Meradhoo – New Presidential Villa



Raffles Royal Residence



Raffles Royal Residence – Living Room

In the UK, the resurgence of the pandemic resulted in a second nationwide lockdown from 5 November 2020. Hilton Cambridge City Centre remained open through the second lockdown, providing accommodation to flight crew and essential workers. The hotel closed temporarily during the weak year end festive period in order to minimise operating costs. The Lowry Hotel closed intermittently throughout the second lockdown, only opening to house elite sports teams and entertainment groups. Collectively, the UK Hotels registered a 68.8% yoy decline in RevPAR for 2H 2020. With a new lockdown in effect in early January 2021¹⁹, both the UK Hotels remain open to essential workers, operating at minimal staffing levels. Payroll for the UK Hotels remains heavily subsidised by the UK government's furlough scheme.

¹⁶ The Japan Times, "Breaking down Japan's Go To Travel campaign", 18 October 2020

¹⁷ Ministry of Tourism, Republic of Maldives, "Monthly Statistics – December 2020", 17 January 2021

¹⁸ Ministry of Tourism, Republic of Maldives, "Monthly Statistics – December 2019", 14 January 2020

¹⁹ The Straits Times, "Europe back in lockdown due to Covid-19", 10 January 2021



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In Europe, travel restrictions within the EU were largely lifted in June 2020 and a slow recovery took place in 3Q 2020 across Germany and Italy. However, a resurgence of the virus sweeping across Europe led to new tightened measures from early November 2020. While Pullman Hotel Munich continues to operate to provide accommodation for essential business travellers, RevPAR decreased by 84.1% yoy for 2H 2020. Hotel Cerretani Firenze, which reopened on 14 August 2020 after a five-month closure, went into a temporary closure from 30 October 2020 due to the lack of demand following the implementation of a nationwide curfew and lockdown.

Mr Yeo concluded: “Our healthy balance sheet and financial strength will see us through this crisis. With ample debt headroom, we remain well-positioned to pursue acquisitions and focus on long term value creation for our Stapled Securityholders.”

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For media and investor queries, please contact:

Mandy Koo
Head, Investments & Investor Relations
Tel: +65 6664 8887
Email: mandykoo@cdlht.com

Joey Ho
Assistant Manager, Investor Relations
Tel: +65 6664 8890
Email: joeyho@cdlht.com

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 31 December 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 31 December 2020, 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 (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) two hotels in Perth, Australia (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).

M&C REIT Management Limited and M&C Business Trust Management Limited
390 Havelock Road • #02-05 King’s Centre • Singapore 169662 • Tel (65) 6664 8888 • www.cdlht.com

Registered Address: 9 Raffles Place, #12-01 Republic Plaza, Singapore 048619 • Company Registration No: 200607091Z
A member of Hong Leong Group (Singapore)