

FINANCIAL STATEMENTS AND RELATED ANNOUNCEMENT::PROFIT GUIDANCE

Issuer & Securities

Issuer/ Manager

M&C REIT MANAGEMENT LIMITED

Securities

CDL HOSPITALITY TRUSTS - SG1T66931158 - J85

Stapled Security

Yes

Other Issuer(s) for Stapled Security

Name
DBS TRUSTEE LIMITED

Announcement Details

Announcement Title

Financial Statements and Related Announcement

Date & Time of Broadcast

17-Jul-2020 22:06:44

Status

New

Announcement Sub Title

Profit Guidance

Announcement Reference

SG200717OTHRKDKC

Submitted By (Co./ Ind. Name)

Soo Lai Sun

Designation

Company Secretary

Description (Please provide a detailed description of the event in the box below - Refer to the Online help for the format)

Please see the attached document.

Additional Details

For Financial Period Ended

30/06/2020

Attachments

[CDLHT-Profit%20 Guidance 1H2020.170720.pdf](#)

Total size =381K MB



CDL HOSPITALITY TRUSTS

A stapled group comprising:

CDL HOSPITALITY REAL ESTATE INVESTMENT TRUST

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

CDL HOSPITALITY BUSINESS TRUST

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

PROFIT GUIDANCE ON THE UNAUDITED FINANCIAL RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2020

M&C REIT Management Limited, as manager of CDL Hospitality Real Estate Investment Trust (“**H-REIT**”), and the manager of H-REIT, the “**H-REIT Manager**”), and M&C Business Trust Management Limited, as trustee-manager of CDL Hospitality Business Trust (“**HBT**”), and the trustee-manager of HBT, the “**HBT Trustee-Manager**”, and together with the H-REIT Manager, the “**Managers**”, and H-REIT and HBT together, “**CDLHT**”) refers to the following announcements issued by the Managers on the impact of COVID-19 on CDLHT’s operations:

1. 9 April 2020: Update on transaction timelines and impact of the COVID-19 outbreak on portfolio of CDLHT;
2. 24 April 2020: Operational update for the quarter ended 31 March 2020; and
3. 25 June 2020: Responses to substantial and relevant questions as well as presentation slides in relation to the Annual General Meetings held on 26 June 2020.

With the unprecedented downturn in global tourism and travel with the COVID-19 pandemic, which has completely changed the operating landscape due to strict travel restrictions and social distancing measures having been implemented across most countries, the Managers have guided that CDLHT’s financial performance for FY 2020 will be severely affected. Barring subsequent waves of infections, the strict measures issued in markets which CDLHT has a presence in have been progressively relaxed to various extents since mid-2020 but international travel curbs largely remain in place.

CDLHT’s overseas properties are either closed on a temporary basis or operating at low occupancies, except for the New Zealand Hotel. The occupancies of the Singapore and New Zealand hotels have been and continue to be supported by demand for accommodation facilities which can be used for isolation purposes. Additionally, the occupancy of the Singapore Hotels is also supported by demand from foreign workers affected by border closures. Overall, RevPAR across CDLHT’s portfolio has been and will continue to be significantly affected. While sentiments point to a start of the recovery of international travel demand in 2021¹, the situation remains fluid and there is much uncertainty on the recovery trajectory. A viable medical solution is vital to the pace of the pickup in international travel.

As a result of the adverse impact from COVID-19 this year, the Managers wish to inform stapled securityholders of CDLHT (“**Stapled Securityholders**”) that:

- (i) CDLHT’s available income for distribution (after retention) for the six months ended 30 June 2020 (“**1H 2020**”) is expected to decline by 60% to 70%² from the S\$50.4 million recorded for the corresponding period in the previous year (“**1H 2019**”);
- (ii) CDLHT’s distribution per stapled security (after retention) for 1H 2020 is expected to decline by 60% to 70%² from the 4.16 cents recorded for 1H 2019;
- (iii) CDLHT’s total return (after tax) for 1H 2020 is expected to record a marginal loss² as compared to the S\$30.6 million profit recorded for 1H 2019. In 1H 2020, CDLHT will record one-off winding down costs arising from the divestment of Novotel Singapore Clarke Quay, which was completed on 15 July 2020. Excluding these one-off expenses, CDLHT’s total return may register a slight profit²; and
- (iv) In line with the requirements of Appendix 6 of the Code on Collective Investment Schemes, CDLHT conducts property valuations on an annual basis. The Managers will continue with the practice of

¹ UNWTO, “International Tourist Numbers Could Fall 60-80% In 2020, UNWTO Reports”, 7 May 2020

² These figures are based on preliminary estimates which are subject to changes after the Managers finalise the financial statements for 1H 2020.

valuing CDLHT's assets once a year at the end of the financial year and any fair value gains or losses on properties will only be recorded in the full year results. In this regard, the Managers would like to highlight that there is uncertainty relating to the carrying amounts of CDLHT's investment properties and fixed assets as at 30 June 2020 as the carrying amounts are based on the independent valuations as at 31 December 2019, and have not taken into account the impact of the COVID-19 pandemic, which may be significant. This unprecedented market uncertainty, particularly in the short term, has resulted in challenges in providing accurate valuations for the properties as there is a lack of visibility regarding future cash flows and insufficient market transactions available for benchmarking to adopt meaningful capitalisation rates in the current market. After due consideration, the Boards of Directors of the Managers are of the view that it may be inaccurate to quantify any impact on the carrying amounts as the assumptions used to derive valuations currently would be very subjective and arbitrary given that the situation is still highly fluid and evolving (for example, developments on the easing of government restrictions on travel and social distancing measures are ongoing and consequential impact on travel and business demand remains uncertain).

CDLHT has sufficient liquidity and there are no material concerns over its ability to fulfil its near term debt obligations and operational needs. In June 2020, CDLHT secured an additional S\$100.0 million committed multi-currency revolving credit facility and its liquidity has been further boosted from the net cash inflow of S\$26.8 million from the two completed transactions in mid-July 2020 (the divestment of Novotel Singapore Clarke Quay and acquisition of W Singapore - Sentosa Cove). The Managers will continue to exercise prudence in its capital and cash flow management amidst the uncertain market conditions.

The Managers will release the unaudited financial results for 1H 2020 on 29 July 2020 before trading hours.

Stapled Securityholders and potential investors are advised to exercise caution when dealing or trading in the securities of CDLHT.

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)

17 July 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)

17 July 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.