



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 FIRST QUARTER ENDED 31 MARCH 2024**

1. Review of Performance for the First Quarter Ended 31 March 2024

1.1 Breakdown of Total Revenue by Geography

	1 Jan 2024 to 31 Mar 2024 ("1Q 2024") S\$'000	1 Jan 2023 to 31 Mar 2023 ("1Q 2023") S\$'000	Better / (Worse) (%)
Master Leases			
Singapore			
- Hotels	18,615	15,489	20.2
- Claymore Connect	1,945	1,969	(1.2)
New Zealand	2,235	2,704	(17.3)
Maldives	3,197	2,958	8.1
United Kingdom	1,075	982	9.5
Germany ¹	1,763	1,764	(0.1)
Italy ²	648	493	31.4
	29,478	26,359	11.8
Managed Hotels			
Singapore	14,117	13,901	1.6
Australia	5,597	5,495	1.9
Japan	2,165	1,816	19.2
Maldives	5,406	5,286	2.3
United Kingdom	8,494	7,948	6.9
	35,779	34,446	3.9
Total	65,257	60,805	7.3

¹ In April 2021, CDLHT entered into a lease amendment agreement with the lessee of the Germany Hotel to restructure the rental arrangement. Under the lease amendment, the base rent ("**Restructured Rent**") was €0.6 million in 2021, stepping up annually to €1.2 million in 2022, €1.8 million in 2023, and to €2.4 million in 2024, before reverting to the original base rent of €3.6 million per annum in 2025. Notwithstanding this Restructured Rent arrangement, under SFRS(I) 16/ FRS 116 Leases, the rental income under this lease modification will be accounted for on a straight-line basis over the remaining lease tenure at S\$4.6 million (€3.1 million) per year or S\$1.1 million (€0.8 million) per quarter.

² In December 2020, CDLHT entered into a lease amendment agreement with the lessee of the Italy Hotel to restructure the rental arrangement. Under the lease amendment, the base rent ("**Restructured Rent**") was €0.2 million from 2020, stepping up to €0.6 million in 2023 and €0.9 million in 2024, before reverting to the original base rent level of €1.3 million per annum in 2025. Notwithstanding this Restructured Rent arrangement, under SFRS(I) 16/ FRS 116 Leases, the rental income under this lease modification will be accounted for on a straight-line basis over the remaining lease tenure at S\$1.6 million (€1.1 million) per year or S\$0.4 million (€0.3 million) per quarter.

1.2 Breakdown of NPI by Geography

	1Q 2024 S\$'000	1Q 2023 S\$'000	Better / (Worse) (%)
Singapore			
- Hotels	20,510	18,176	12.8
- Claymore Connect	1,540	1,376	11.9
New Zealand	2,235	2,704	(17.3)
Australia	1,309	1,446	(9.5)
Japan	1,085	742	46.2
Maldives	4,201	4,125	1.8
United Kingdom	2,130	2,241	(5.0)
Germany	1,398	1,484	(5.8)
Italy	511	392	30.4
Total	34,919	32,686	6.8

1.3 Statistics for CDLHT's Hotels

Singapore Hotels Statistics

	1Q 2024*	1Q 2023*	Better / (Worse)
Average Occupancy Rate	82.1%	67.9%	14.2pp
Average Daily Rate	S\$250	S\$259	(3.6%)
RevPAR	S\$205	S\$176	16.6%

* A total of 13,998 room nights were taken out of inventory in 1Q 2023 at Grand Copthorne Waterfront Hotel for renovation works. This is against the 2,500 room nights that were unavailable at Studio M Hotel in 1Q 2024 due to room upgrading works including progressive replacement of air conditioning system. Excluding the out-of-order rooms, for 1Q 2024 and 1Q 2023, occupancy would be 83.0% and 72.3% respectively, while RevPAR would be S\$208 and S\$187 respectively.

Overseas Hotels – RevPAR by Geography

	1Q 2024	1Q 2023	Better / (Worse) (%)
New Zealand (NZ\$)	166	164	0.8
Australia (A\$)	130	122	6.4
Japan (¥)	10,014	7,553	32.6
Maldives (US\$)	517	463	11.8
United Kingdom (£)**	104	104	0.5
Germany (€)	65	59	8.6
Italy (€)***	144	113	27.5

** The RevPAR for UK does not include voco Manchester (formerly known as Hotel Brooklyn) as the hotel is under a fixed-rent occupational lease and its trading performance does not affect the rent received.

*** The RevPAR of the Italy Hotel for 1Q 2023 is based on total inventory regardless of the three-week closure from 16 January 2023 for water pipe works. Excluding the closure dates, the RevPAR for 1Q 2023 would be €149.

1.4 Review of Performance

First Quarter Ended 31 March 2024

CDL Hospitality Trusts (“CDLHT”) experienced RevPAR growth across all geographical markets, largely driven through increased occupancies. Accordingly, gross revenue and net property income (“NPI”) in 1Q 2024 increased by 7.3% and 6.8% year-on-year (“yoy”) to S\$65.3 million and S\$34.9 million respectively.

A volume strategy was adopted for the seasonally weaker quarter of the year for hotels in Singapore. For 1Q 2024, RevPAR for the Singapore Hotels increased by 16.6% yoy, driven mainly by a 14.2 percentage point increase in occupancy. Consequently, NPI for the Singapore Hotels improved by 12.8% or S\$2.3 million yoy for 1Q 2024. 1Q 2024 saw the return of significant demand drivers from a robust concert calendar as well as a 30-day mutual visa exemption agreement between China and Singapore that commenced from 9 February 2024. The earlier Easter commencement this year led to a tapering of demand during the last week of the quarter. Overall, during the first quarter, Singapore recorded 4.4 million visitor arrivals, an increase of 49.6% yoy. Visitor days rebounded to 94.7% of 1Q 2019’s level¹.

The earlier commencement of Easter in March instead of April also had the effect of compromising the performance of the overseas properties.

Grand Millennium Auckland posted a marginal RevPAR increase of 0.8% yoy in 1Q 2024, with food and beverage revenues being affected by the ballroom closure for refurbishments in 1Q 2024. Increased operating expenses, compounded by a weaker NZD (against SGD), led to a decline of 17.3% or S\$0.5 million yoy in NPI for 1Q 2024.

The Perth Hotels registered 6.4% yoy increase in RevPAR in 1Q 2024. Increased operating costs as well as the absence of a large project group with associated F&B spend together with the depreciation of AUD against SGD, led to lower NPI by 9.5% or S\$0.1 million yoy for 1Q 2024.

Japan continued to experience robust inbound demand and the Japan Hotels posted a RevPAR improvement of 32.6% yoy. The Japan Hotels recorded their highest 1Q ADR and RevPAR of ¥11,646 and ¥10,014 respectively since acquisition in 2014. Correspondingly, despite the depreciation of JPY against SGD, NPI for the Japan Hotels improved 46.2% or S\$0.3 million yoy in 1Q 2024.

In the Maldives, a 15.3% growth in visitor arrivals² supported a 11.8% yoy improvement in RevPAR in 1Q 2024. At Raffles Maldives Meradhoo, higher operating costs, particularly in payroll as well as seaplane operations introduced in October 2023, reduced the profitability of the resort. Notwithstanding this, NPI for the Maldives Resorts posted an increase of 1.8% or S\$0.1 million yoy for 1Q 2024.

Hilton Cambridge City Centre and The Lowry Hotel registered a combined RevPAR growth of 0.5% in 1Q 2024. The positive change in RevPAR was attributed to Hilton Cambridge City Centre, which grew by 5.9% yoy due to improved leisure and corporate demand, while The Lowry Hotel recorded a RevPAR decline of 5.0% yoy due to the decrease in number of football games following the re-introduction of winter break in January 2024. Increased operating costs particularly in payroll and utilities led to lower profit margins for both hotels. NPI contribution from voco Manchester (formerly known as Hotel Brooklyn, operating on an inflationary fixed-lease rental model) increased by S\$0.1 million over 1Q 2023. Overall, the UK Hotels experienced a yoy NPI decline of 5.0% or S\$0.1 million in 1Q 2024.

In Germany, Pullman Hotel Munich reported RevPAR growth of 8.6% yoy for 1Q 2024. The improved operating performance did not translate to higher NPI as only accounting base rent on a straight-line basis was recognised, similar to 1Q 2023. Coupled with higher repair and maintenance and utilities expenses from the commercial component, the property recorded an NPI decline of 5.8% or S\$0.1 million yoy for the reporting quarter.

In Italy, Hotel Cerretani Firenze recorded a 27.5% yoy RevPAR improvement for 1Q 2024, mainly attributed to strong average rate growth. Robust demand from its traditional source markets led to a yoy increase in operating performance in 1Q 2024. The hotel also recorded its highest 1Q average rate and RevPAR of €235 and €144 respectively. The hotel posted NPI growth of 30.4% or S\$0.1 million yoy in 1Q 2024 due to the recognition of higher variable rent of S\$0.2 million (€0.1 million) above the accounting straight-line base rent.

Claymore Connect, the only retail mall in CDLHT’s portfolio, recorded an 11.9% or S\$0.2 million yoy improvement in NPI primarily due to higher occupancy (committed occupancy as at 31 March 2024 was 98.3% as compared to 91.0% as at 31 March 2023) and compensation received from the early termination of a lease. Both average unit rate and variable rent collected improved due to rent escalation and improved gross turnover rental from tenants.

¹ Singapore Tourism Analytics Network

² Ministry of Tourism, Republic of Maldives

2. Outlook and Prospects

In Singapore, CDLHT's core market, the outlook for inbound visitor arrivals remains promising. In February 2024, inbound Chinese visitor arrivals to Singapore surged to 96.3% of February 2019 levels. This coincided with the 30-day visa-waiver arrangement between Singapore and China, which was implemented early-February 2024 just ahead of the Chinese New Year. In the month of March 2024, Chinese visitor arrivals reached 83% of pre-pandemic levels. Overall, in the first quarter of 2024, China has regained its position as the top source market to Singapore comprising of 18% of total visitor arrivals³. This recovery trajectory bodes well for the whole industry as Chinese arrivals help to create demand compression in the market, which benefits all hotels.

There are multiple positive market developments announced in 2024 aimed at enhancing Singapore's appeal as a tourism destination. Singapore's tourism industry will receive a S\$300 million boost from the Tourism Development Fund⁴ and a S\$165 million Major Sports Event Fund⁵. There are also plans for a new arena to replace the Singapore Indoor Stadium to attract highly sought-after international events. These initiatives will support ongoing and future enhancements to Singapore's infrastructure, tourism and lifestyle offerings, further solidifying its allure as a global travel destination.

The performance of CDLHT's overseas portfolio is expected to remain bolstered by the broad recovery in international tourism. While lagging behind conspicuously, the eventual widespread return of the Chinese visitors will be a key determinant of the recovery trajectory. In New Zealand and Western Australia, the respective tourism authorities continue to drive initiatives to boost the sector. The positive trends for Japan's tourism sector are likely to continue in 2024, supported by the country's strong appeal as a travel destination and the weaker currency. In the Maldives, the government has a target to attract two million tourists in 2024⁶, and the scheduled inauguration of a new terminal at Velana International Airport by year-end is poised to enhance the nation's tourism capacity⁷. In the UK, the tourism outlook remains positive with inbound visits for 2024 forecasted at 39.5 million, representing 97% of the 2019 level and 5% higher than in 2023⁸. In Europe, hotel demand in Munich will be supported by a general recovery in travel and events, while Florence is expected to maintain high demand levels.

International tourism recovery is well on its path towards pre-Covid levels despite economic challenges. Geopolitical uncertainties continue to pose headwinds to global tourism. Ongoing conflicts such as the Russia-Ukraine and Israel-Hamas wars could impact travel patterns.

The Castings, CDLHT's Build-to-Rent project in Manchester, UK, is expected to open in mid-2024 which coincides with the active leasing period in the Manchester rental market. Three showflat apartments were made available in March 2024 to facilitate tenant viewings and pre-leasing activities. Residential rental demand remain strong in Manchester.

The US Federal Reserve has reaffirmed that the timing and number of the interest rate cuts will be dependent on confidence that inflation is on a sustainable course back to the 2% target⁹ and does not rule out delaying rate cuts if this target is not achieved. Amid the current interest rate environment, CDLHT remains vigilant and will adopt appropriate hedging strategies with respect to its capital management.

The Managers continue to implement asset enhancement initiatives to augment its hotels' competitive standing in the respective markets. Plans are underway for bedroom enhancement works for Grand Millennium Auckland and Ibis Perth. More public area works including meeting rooms will be carried out for Grand Millennium Auckland in the coming months.

On the ESG front, CDLHT has begun preparations for reporting in line with ISSB standards for financial year 2025. The group is progressing decarbonisation efforts through ongoing installations of solar energy systems where viable as well as leveraging smart room technology to reduce on site consumption, among other initiatives.

³ Singapore Tourism Analytics Network

⁴ EDB Singapore, "Singapore to pump S\$300 million into tourism as part of broader economic plan", 6 March 2024

⁵ The Business Times, "Singapore Indoor Stadium to make way for new 'best-in-class' indoor arena", 7 March 2024

⁶ The Edition, "Half a million tourists visited Maldives in less than 3 months", 22 March 2024

⁷ The Edition, "History and Future of Velana International Airport as it marks 58 years of service", 12 April 2024

⁸ VisitBritain, "2024 inbound tourism forecast", 20 December 2023

⁹ Reuters, "Fed seen cutting US interest rates later, and less, as inflation stays hot", 11 April 2024

3. Key Financial Statistics

	As at 31 March 2024	As at 31 December 2023
Debt Value (S\$ million)	1,199	1,156
Gearing¹⁰	37.8%	36.7%
Debt Headroom (S\$ million) at 50% Gearing	769	835
Interest Coverage Ratio¹¹	2.73x	2.79x
Weighted Average Cost of Debt	4.3%	4.2%

As at 31 March 2024, CDLHT has a healthy balance sheet, with a gearing of 37.8%. CDLHT has about S\$66.5 million of cash reserves and S\$196.9 million of committed revolving credit and term loan facilities available to fund working capital needs and the UK BTR development.

As of the reporting date, CDLHT has increased one of its committed sustainability-linked revolving credit facilities by an additional S\$50.0 million. This brings the total amount of sustainability-linked facilities to S\$354.8 million.

With access to short-term uncommitted bridge loan facilities of S\$400.0 million, CDLHT will continue to pursue suitable acquisitions to augment and diversify its income streams, while working closely with its lessees and operators to execute strategic asset enhancement opportunities to bolster the portfolio's competitiveness. CDLHT remains steadfast in its commitment to driving sustainable growth and delivering value to stakeholders, by leveraging its robust fundamentals, strategic initiatives, and prudent financial management.

¹⁰ For the purposes of gearing computation, the total assets exclude the SFRS(I) 16/ FRS 116 Leases (adopted wef 1 January 2019).

¹¹ For H-REIT group. Computed by using trailing 12 months earnings before interest, tax, depreciation and amortization ("EBITDA") (excluding effects of any fair value changes of derivatives and investment properties and foreign exchange translation), divided by the trailing 12 months interest expense and borrowing-related fees.

About CDL Hospitality Trusts

CDL Hospitality Trusts (“**CDLHT**”) is one of Asia’s leading hospitality trusts with assets under management of about S\$3.3 billion as at 31 March 2024. 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’s principal investment strategy is to invest in a diversified portfolio of real estate which is or will be primarily used for hospitality, hospitality-related and other accommodation and/or lodging purposes globally. As at 31 March 2024, CDLHT’s portfolio comprises 19 operational properties (total of 4,820 rooms and a retail mall) and one Build-to-Rent project in the pipeline with 352 apartment units. The properties under the 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) one hotel in New Zealand’s gateway city of Auckland, namely Grand Millennium Auckland (the “**New Zealand Hotel**”);
- (iii) two hotels in Perth, Australia comprising Mercure Perth and Ibis Perth (collectively, the “**Perth Hotels**”);
- (iv) two hotels in Japan’s gateway city of Tokyo comprising Hotel MyStays Asakusabashi and Hotel MyStays Kamata (collectively, the “**Japan Hotels**”);
- (v) two resorts in Maldives comprising Angsana Velavaru and Raffles Maldives Meradhoo (collectively, the “**Maldives Resorts**”);
- (vi) three hotels in the United Kingdom comprising Hilton Cambridge City Centre in Cambridge, The Lowry Hotel and voco Manchester – City Centre (“**voco Manchester**”, formerly known as Hotel Brooklyn) in Manchester (collectively, the “**UK Hotels**”) and one residential Build-to-Rent project in Manchester currently under development through a forward funding scheme (the “**UK BTR**”);
- (vii) one hotel in Germany’s gateway city of Munich, namely Pullman Hotel Munich (the “**Germany Hotel**”); and
- (viii) one hotel in the historic city centre of Florence, Italy, namely Hotel Cerretani Firenze - MGallery (the “**Italy Hotel**” or “**Hotel Cerretani Firenze**”).

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)

30 April 2024

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)

30 April 2024

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.

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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.