



CDL HOSPITALITY TRUSTS

FOR IMMEDIATE RELEASE

29 JUL 2022

CDL HOSPITALITY TRUSTS REPORTS 67.2% GROWTH IN DPS TO 2.04 CENTS FOR 1H 2022

- Total distribution increased by 68.4% to S\$25.2 million for 1H 2022
- Stronger performance for 1H 2022 on the back of demand and rate growths in most portfolio markets
- 1H 2022 NPI increased by 37.8% year-on-year to S\$51.0 million
- Recovery accelerated in 2Q 2022 with NPI increasing by 55.4% year-on-year to S\$26.8 million
- Robust overall recovery with nine hotels achieving higher RevPAR in June 2022 against June 2019 (pre-pandemic)

Singapore, 29 July 2022 – 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 2022”) ended 30 June 2022.

Financial Highlights:

	1 Jan 2022 to 30 Jun 2022 S\$'000 ("1H 2022")	1 Jan 2021 to 30 Jun 2021 S\$'000 ("1H 2021")	Increase/ (Decrease) (%)
Revenue	98,645	66,225	49.0
Net property income ("NPI")	50,966	36,977	37.8
Total distribution to Stapled Securityholders (after retention)	25,200	14,960	68.4
Total distribution per Stapled Security (after retention) ("DPS")(cents)	2.04	1.22	67.2

First Half Ended 30 June 2022

With the exception of a few regions in the portfolio, a firm recovery is now evident in 2Q 2022 anchored by strong leisure demand.

For 1H 2022, NPI increased by 37.8% (or S\$14.0 million) year-on-year (“yoy”) to S\$51.0 million in tandem with the 49.0% (or S\$32.4 million) yoy increase in gross revenue to S\$98.6 million for 1H 2022. The pace of recovery accelerated incrementally through 2Q 2022 for most of the portfolio markets, which resulted in a significant NPI growth of 55.4% yoy. For 1H 2022, the increase in NPI was mainly attributed to the Singapore Hotels, UK Hotels and Maldives Resorts, which increased collectively by S\$16.9 million yoy. The Group’s retail property, Claymore Connect also recorded an improvement in NPI of S\$1.0 million yoy in 1H 2022 due to continued tenant recovery and the normalisation of Singapore’s retail trade. The increases were partially offset by lower NPI from the Australia and New Zealand portfolio, which collectively declined by S\$4.8 million yoy.



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Interest costs for 1H 2022 increased by 21.4% or S\$2.0 million yoy, mainly due to higher funding costs on the Group's floating rate loans and interest expenses incurred on additional loans taken to fund the acquisition of Hotel Brooklyn and the UK BTR development project.

Total distribution to Stapled Securityholders (after retention for working capital) for 1H 2022 was S\$25.2 million and DPS was 2.04 cents, an increase of 68.4% and 67.2% yoy respectively.

Mr Vincent Yeo, Chief Executive Officer of CDLHT's managers, said, "We are very pleased to see a strong recovery in trading for many of our portfolio hotels. In particular, the growth momentum experienced in our core market, Singapore, is promising. Across our global portfolio, nine of our portfolio hotels have seen RevPAR in June 2022 exceeding June 2019 pre-pandemic levels, with the RevPAR for another four portfolio hotels already above 90% of June 2019. This recovery is very encouraging given that travel out of China and Japan, traditionally strong outbound markets, still faces constraints. Strong growth has been seen in the leisure and project group market while the recovery in the primary corporate market is more nascent."

As at 30 June 2022, CDLHT has a gearing of 39.5% and debt headroom of S\$587.3 million (at 50% gearing limit), with cash reserves of S\$98.9 million and S\$625.8 million¹ of credit facilities.

Portfolio Update

Singapore

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

	2Q 2022	2Q 2021	Increase/ (Decrease)	1H 2022	1H 2021	Increase/ (Decrease)
Average Occupancy Rate²	75.8%	70.5%	5.2pp	65.2%	70.2%	(5.0)pp
Average Daily Rate	S\$200	S\$108	85.8%	S\$189	S\$102	85.4%
Revenue per Available Room² ("RevPAR")	S\$151	S\$76	99.6%	S\$123	S\$72	72.1%

Total arrivals to Singapore grew to 1,503,430 visitors for YTD June 2022, which constituted only 16.1% of the pre-pandemic levels for the same period in 2019³. After Singapore lifted the requirement for pre-departure testing for all fully vaccinated travellers from 26 April 2022⁴, total tourist arrivals subsequently increased from 295,095 in April 2022 to 543,732 in June 2022. For the month of June 2022, visitor arrivals reached 35% of June 2019 levels, coupled with the significant increase in the length of stay from 3.6 days to 5.7 days over the corresponding periods, the number of visitor days recovered to 54.8% of 2019 levels.

Three of CDLHT's Singapore Hotels exited from the government contracts by January 2022 and have been trading to the public, which largely comprised of domestic leisure and corporate project groups. Two of CDLHT's Singapore Hotels continued to be used mostly for isolation purposes in 1H 2022. Additionally, 215 rooms were taken out of inventory at Studio M for refurbishment from 7 February 2022, with the full inventory back in service from 27 May 2022.

¹ Includes committed revolving credit facilities amounting to approximately S\$166.0 million and a S\$99.1 million undrawn committed term loan facility.

² There were 146 rooms taken out of the inventory for Studio M Hotel due to the inability to access the rooms for works to be conducted since May 2020. This increased from 146 rooms to 215 rooms from 7 Feb 2022, as the hotel re-commenced refurbishment works following its exit from the government contract business, with full inventory becoming available from 27 May 2022. Excluding the out-of-order rooms, for 2Q 2022 and 2Q 2021, occupancy would be 79.1% and 74.8% respectively, while RevPAR would be S\$158 and S\$80 respectively. For 1H 2022 and 1H 2021, occupancy would be 69.1% and 74.5% respectively while RevPAR would be S\$131 and S\$76 respectively.

³ Singapore Tourism Analytics Network

⁴ Gov.sg, "[Updated] Facilitating the resumption of travel with the Vaccinated Travel Framework", 22 April 2022



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Despite the reopening of international borders, staycation demand driven by weekends, public holidays and school holiday periods continued to benefit the Singapore Hotels. For W Hotel, this contributed to a RevPAR growth of 73.7% yoy for 1H 2022. Additionally, momentum has continued to build since the full border relaxation from 26 April 2022, and 5 out of the 6 Singapore Hotels have achieved a strong performance in June 2022 with RevPAR levels exceeding that of June 2019. Overall, NPI from the Singapore Hotels improved by 56.3% or S\$9.2 million yoy for 1H 2022.

Tourist arrivals as a proportion of the corresponding 2019 levels have been trending upwards from 18.5% in April 2022 to 35.0% in June 2022⁵, with stronger growth momentum expected in the subsequent months. Encouraged by the strong pickup in travel demand, Changi Airport Group will be reopening Terminal 4 in September 2022 and commencing departure operations in the southern wing of Terminal 2 in October 2022 in a bid to meet the full recovery of pre-pandemic passenger traffic in the Northern Winter Season that begins on 30 October 2022⁶.

Aside from the return of the Formula 1 Singapore Grand Prix in 2H 2022⁷, recovery is also picking up for the meetings, incentives, conventions and exhibitions (“MICE”) industry with at least 66 international events secured for the rest of this year. Notably, Singapore hosted over 150 events attended by more than 37,000 delegates in 1Q 2022 alone, as compared to over 200 events attended by an estimated 49,000 delegates for the whole year of 2021⁸.

Only one of CDLHT’s Singapore Hotel continues to operate as a facility used for isolation purposes and the other five Singapore Hotels are expected to be supported primarily by the return of international travellers, staycations, small meeting groups, long stay project groups, and renewed MICE demand. In line with keeping the portfolio competitive in the market place and strengthening our market share, Grand Copthorne Waterfront Hotel will be undergoing an asset enhancement exercise for the rooms and conference facilities starting in the fourth quarter of 2022.

Overseas Markets

In New Zealand, the shortening of the quarantine period for international arrivals from mid-February 2022⁹ led to a corresponding reduction in room utilisation rates across isolation facilities. With the progressive lifting of border restrictions for non-citizens ahead of the previously announced timetable, managed isolation facilities were gradually released with Grand Millennium Auckland exiting the program on 9 June 2022. This resulted in a RevPAR decline of 3.9% yoy for 1H 2022. A corresponding decline in captive food and beverage revenue following the end of the quarantine business led to an NPI decline of 28.5% or S\$2.8 million yoy for 1H 2022. Further easing of restrictions is expected to take place from 31 July 2022, with all visa categories including tourist, visitor and student visas reopened for applications¹⁰. The Women’s Rugby World Cup in October and November 2022 and FIFA Women’s World Cup Australia & New Zealand 2023, among other major events, are expected to drive hotel demand. In the near term, lower occupancies are expected in 3Q 2022 due to the ramp up period associated with flight restoration and related issues.

⁵ Singapore Tourism Analytics Network

⁶ The Business Times, “Changi Airport T4 and T2’s Departure Hall to reopen in coming months”, 10 June 2022

⁷ The Straits Times, “Formula One: Three-day grandstand, combo tickets for S’pore Grand Prix sold out”, 13 April 2022

⁸ Singapore Tourism Board, “Singapore’s MICE industry set to post a strong recovery”, 1 June 2022

⁹ Managed Isolation and Quarantine, “MIQ moves to 7-day stays”, 18 February 2022

¹⁰ New Zealand Government



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The contribution from the Perth Hotels was based on actual trading performance for 1H 2022, following the expiry of the fixed-rent leases from end April 2021. Even with the lifting of border restrictions from early March 2022, recovery was sluggish as state-wide restrictions affected inter-state travel, before these restrictions were scrapped from late April 2022¹¹. Despite pronounced and progressive improvements in May and June 2022, the Perth Hotels could not make up for the soft occupancies earlier in the year, resulting in a RevPAR decline of 3.0% yoy for 1H 2022. Collectively, the Perth Hotels recorded an NPI decline of 85.1% or S\$2.0 million yoy in 1H 2022. Major events are set to take place in 2H 2022, such as the Wallabies V England Rugby, ICON - Perth's Festival of International Football and ICC Men's T20 World Cup¹², which should encourage travel into Perth. In addition, corporate groups and domestic leisure travellers are expected to support demand for the Perth Hotels.

While the quasi-state of emergency in Japan was lifted end March 2022¹³, limitations on foreign arrivals remained largely in place, with the country only re-opening to overseas tour groups under strict conditions from 10 June 2022¹⁴. Although rates remained suppressed amidst the lack of international arrivals, the Japan Hotels posted a RevPAR growth of 34.1% for 1H 2022 compared to the same period in 2021 when the prefecture was largely under a state of emergency. Consequently, the NPI for the Japan Hotels improved by 32.2% yoy for 1H 2022 from a low base in 1H 2021. Ahead of the further easing of border restrictions, Japan's hospitality sector will continue to be supported by domestic and business travel, further aided by domestic campaigns.

In the Maldives, tourist arrivals for 1H 2022 grew 59.3% yoy and recovered to 94.3% of pre-pandemic levels in 2019¹⁵, notwithstanding a brief setback since the onset of the Russian-Ukraine conflict which triggered an interruption of flights out of Russia. Off the back of strong tourism recovery, the Maldives Resorts posted a RevPAR growth of 64.8% yoy and NPI improvement of 90.9% or S\$3.1 million yoy for 1H 2022. The Maldives Resorts are keeping abreast of the evolving dynamics, with a focus on identifying and strengthening their marketing efforts across both existing and upcoming inbound source markets.

In the UK, hotels have experienced a strong recovery, recording a market-wide occupancy of roughly 87% of pre-pandemic levels in April 2022¹⁶. Coming off a low base last year, Hilton Cambridge City Centre and The Lowry Hotel recorded a collective growth in RevPAR for 1H 2022 to £107 compared to £30 in 1H 2021. The reporting period also included inorganic NPI contribution of S\$1.5 million from the newly acquired Hotel Brooklyn, which is under an inflation-adjusted fixed lease¹⁷. The fixed rent for Hotel Brooklyn has been increased by 5% to £2.4 million for the period from 7 May 2022 to 6 May 2023. Coupled with a strong recovery following the lifting of the remaining restrictions from 18 March 2022¹⁸, the UK portfolio registered a yoy NPI growth of S\$4.5 million to S\$5.8 million in 1H 2022. In the near term, both the Cambridge and Manchester markets are expected to remain supported by domestic business, and be further augmented by the return of events and international travellers.

In Germany, the lifting of restrictions from early April 2022¹⁹ and the subsequent return of citywide events supported the Germany Hotel, resulting in a RevPAR improvement to €52 for 1H 2022 after coming off a low base of €14 for 1H 2021. For 1H 2022, the hotel recorded an NPI increase of S\$0.8 million yoy, mainly due to the absence of an impairment loss of S\$1.2 million (€0.7 million) recognised on rental receivables in 1Q 2021, offset by adverse currency impact from the depreciation of EUR against SGD.

¹¹ ABC.net.au, "WA's relaxed COVID rules explained, from masks and G2G passes, to close contact changes", 27 April 2022

¹² Tourism Western Australia

¹³ TimeOut, "Tokyo's quasi-emergency is ending – here's what that means for going out", 18 March 2022

¹⁴ Nikkei Asia, "Masks and chaperones: Japan's new rules for foreign tour groups", 7 June 2022

¹⁵ Ministry of Tourism, Republic of Maldives, Daily Updates 3 July 2022

¹⁶ CoStar, "Europe's Hotels Trend Toward Full Recovery, Driven by Leisure Demand", 16 May 2022

¹⁷ Under the Occupational Lease, the lessee pays a fixed rent to the lessor, subject to upward-only rent review provisions, broadly based on inflation. The applicable annual fixed rent from 7 May 2021 to 6 May 2022 was S\$4.1 million (£2.3 million). An annual rent review was carried out during the reporting period and the fixed rent of S\$4.1 million (£2.3 million) has been increased to S\$4.3 million (£2.4 million) from 7 May 2022 to 6 May 2023.

¹⁸ Gov.uk, "All COVID-19 travel restrictions removed in the UK", 14 March 2022

¹⁹ Deutsche Welle, "Germany heads to summer with few COVID-19 rules", 1 April 2022



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In Italy, demand primarily consisted of domestic, intra-Europe and US leisure travel, further supported by the return of fairs and festivals. The Italy Hotel recorded a RevPAR of €126 for 1H 2022 against €5 for 1H 2021, when the hotel was mostly temporarily closed. Notwithstanding the improvement in RevPAR, NPI remained largely unchanged due to clawback by the Lessee of its cumulative losses incurred during the pandemic under the temporary rent abatement arrangement signed in December 2020.

Munich and Florence have shown strong recovery from May 2022. Looking ahead, major events are set to return to Munich, such as the European Championships Munich 2022 in August and Oktoberfest starting from 17 September 2022²⁰.

Mr Yeo concluded: "While hospitality demand has returned strongly, the industry globally is facing new challenges such as labour shortages and cost pressures due to inflation. Our hotels continue to navigate such challenges by leveraging on the lessons learnt during the pandemic and the efficiency improvements that have been implemented. Looking ahead, our hotels are well-positioned to capture the returning demand, which is expected to come through as airlines ramp up capacity and corporate business recovery gains more traction."

– ENDS –

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²⁰ City of Munich



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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\$2.9 billion as at 30 June 2022. 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 30 June 2022, CDLHT’s portfolio comprises 19 operational properties (including a total of 4,821 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) two hotels in Perth, Australia comprising Mercure Perth and Ibis Perth (collectively, the “**Perth Hotels**”);
- (iii) two hotels in Japan’s gateway city of Tokyo comprising Hotel MyStays Asakusabashi and Hotel MyStays Kamata (collectively, the “**Japan Hotels**”);
- (iv) one hotel in New Zealand’s gateway city of Auckland, namely Grand Millennium Auckland (the “**New Zealand Hotel**”);
- (v) three hotels in the United Kingdom comprising Hilton Cambridge City Centre in Cambridge, The Lowry Hotel and 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**”);
- (vi) one hotel in Germany’s gateway city of Munich, namely Pullman Hotel Munich (the “**Germany Hotel**”);
- (vii) one hotel in the historic city centre of Florence, Italy, namely Hotel Cerretani Firenze - MGallery (the “**Italy Hotel**” or “**Hotel Cerretani Firenze**”); and
- (viii) two resorts in Maldives comprising Angsana Velavaru and Raffles Maldives Meradhoo (collectively, the “**Maldives Resorts**”).