CDL HOSPITALITY TRUSTS

FOR IMMEDIATE RELEASE **30 JAN 2023**

CDL HOSPITALITY TRUSTS FY 2022 TOTAL DISTRIBUTION: UP 32.6% YOY, OR 74.0% YOY EXCLUDING S$12.5 MILLION CAPITAL DISTRIBUTION IN FY 2021 FROM PAST DIVESTMENTS

- **Continued recovery in global travel with positive momentum in rate growth across virtually all the portfolio markets**
- **Robust demand in Singapore in 2H 2022 with a strong return in citywide events and conventions**
- **In 4Q 2022, RevPAR for 13 hotels (out of 17 hotels[1]) exceeded 4Q 2019 RevPAR**
- **2H 2022 NPI increased by 48.1% year-on-year to S$72.8 million**
- **DPS of 5.63 cents for FY 2022: Up 31.9% yoy, or up 72.7% yoy (excluding capital distribution of S$12.5 million in FY 2021 from sale proceeds of past divestments)**
- **Reopening of China's borders in early-January 2023 is expected to activate the next phase of recovery in international tourism**

Singapore, 30 January 2023 – 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 2022**") and full year ("**FY 2022**") ended 31 December 2022.

Financial Highlights:

	1 Jul 2022 to 31 Dec 2022 S$'000 ("2H 2022")	1 Jul 2021 to 31 Dec 2021 S$'000 ("2H 2021")	Increase/ (Decrease) (%)	1 Jan 2022 to 31 Dec 2022 S$'000 ("FY 2022")	1 Jan 2021 to 31 Dec 2021 S$'000 ("FY 2021")	Increase/ (Decrease) (%)
Revenue	130,711	91,499	42.9	229,356	157,724	45.4
Net property income ("NPI")	72,753	49,133	48.1	123,719	86,110	43.7
Income to be distributed to Stapled Securityholders (after retention)	39,358	22,205	77.2	63,341	37,165	70.4
Capital Distribution[2]	5,154	15,398	(66.5)	6,372	15,398	(58.6)
Total distribution to Stapled Securityholders (after retention)	44,512	37,603	18.4	69,713	52,563	32.6
Total distribution per Stapled Security (after retention)[3] ("DPS")(cents)	3.59	3.06	17.3	5.63	4.27	31.9

[1] Excludes Hotel Brooklyn which is on a fixed rent structure.
[2] The capital distribution in 2H 2022 and FY 2022 arose from operating cashflows for UK, Europe and Perth hotels. In prior year, the capital distribution was higher at S$15.4 million primarily due to the S$12.5 million capital distribution from sale proceeds of past divestments.
[3] Includes capital distribution.

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Six months period ended 31 December 2022

Continued recovery in global travel took place in 2H 2022 following the easing of pandemic-related travel restrictions and restoration of public confidence. Initially spurred by leisure demand, the return of corporate groups and citywide events reinforced the recovery. The Group saw positive momentum in rate growth across virtually all the portfolio markets.

For 2H 2022, NPI increased by 48.1% (or S$23.6 million) year-on-year ("**yoy**") to S$72.8 million in tandem with the 42.9% yoy increase in gross revenue. The improvement was largely attributed to the Singapore portfolio, which saw an NPI increase of S$27.4 million yoy. However, NPI was lower for the New Zealand Hotel and Maldives Resorts, which declined by S$11.3 million yoy for 2H 2022.

Total distribution to Stapled Securityholders (after retention for working capital) for 2H 2022 was S$44.5 million and DPS was 3.59 cents, an increase of 18.4% and 17.3% yoy respectively. On a same-store basis, excluding the capital distribution of S$12.5 million in 2H 2021 from sale proceeds of past divestments, total distribution and DPS for 2H 2022 would have improved by 77.3% and 75.1% yoy respectively.

Twelve months period ended 31 December 2022

On the back of accelerated global travel recovery with most countries treating the coronavirus as a stable endemic situation, most of CDLHT's portfolio markets experienced robust performance growth in FY 2022. Driven by higher revenue achievement, NPI increased by 43.7% or S$37.6 million yoy to S$123.7 million for FY 2022. The higher NPI was largely attributed to the Singapore portfolio and UK Hotels, which increased collectively by S$43.4 million yoy (including a S$3.5 million inorganic contribution from Hotel Brooklyn) for the reporting year. These increases were offset by lower NPI from the New Zealand Hotel, which declined by S$11.2 million yoy.

Interest costs for 2H 2022 and FY 2022 increased mainly due to higher funding costs on the Group's floating rate loans and on refinancing of fixed rate loans, as well as interest expenses incurred on additional loans taken to fund the acquisition of Hotel Brooklyn. Interest expense incurred on the UK BTR development project was capitalised and did not affect distribution.

Total distribution to Stapled Securityholders (after retention for working capital) for FY 2022 was S$69.7 million and DPS was 5.63 cents, representing an increase of 32.6% and 31.9% yoy respectively. On a same-store basis, excluding the capital distribution of S$12.5 million in FY 2021 from sale proceeds of past divestments, total distribution and DPS for FY 2022 would have improved by 74.0% and 72.7% yoy respectively.

As at 31 December 2022, CDLHT's total portfolio value increased by 6.2% or S$163.7 million yoy to S$2.8 billion, mainly due to the Singapore portfolio, the inclusion of Hotel Brooklyn and construction progress of The Castings. On a same-store basis (excluding Hotel Brooklyn which was acquired on 22 Feb 2022), the total portfolio value would have increased by 4.7% or S$125.0 million yoy. These revaluation gains do not have any impact on the distribution to Stapled Securityholders.

Mr Vincent Yeo, Chief Executive Officer of CDLHT's managers, said, "Global travel recovered strongly beyond expectations in 2022, despite the absence of international travellers from China. In Singapore, our core market, robust demand materialised in the second half of the year, further boosted by the return of citywide events and conventions from September 2022. Our portfolio continued to benefit from the recovery, with majority of our hotels achieving RevPAR levels in 4Q 2022 exceeding that of 4Q 2019 pre-pandemic levels."

As at 31 December 2022, CDLHT has a gearing of 36.6% and debt headroom of S$790.4 million (at 50% gearing limit), with S$348.9 million reserves (comprising cash and undrawn committed revolving credit facilities and term loan).

Portfolio Update

Singapore

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

	2H 2022	2H 2021	Better/ (Worse)	FY 2022	FY 2021	Better/ (Worse)
Average Occupancy Rate	86.8%	75.3%	*11.5pp*	76.1%	72.8%	*3.3pp*
Average Daily Rate ("ADR")	S$241	S$121	*99.0%*	S$219	S$112	*95.3%*
Revenue per Available Room ("RevPAR")	S$209	S$91	*129.3%*	S$166	S$82	*104.1%*

In Singapore, stellar performance was achieved by CDLHT's Singapore Hotels despite the absence of inbound visitors from China, Singapore's biggest pre-pandemic inbound market, and 2H 2022 visitor arrivals only having reached 49.0% of 2H 2019's arrivals. Supported by a longer average length of stay compared to pre-pandemic period, visitor days recovered to 66.5% of 2H 2019[4]. Overall, Singapore ended the year with 6.3 million visitor arrivals, exceeding the Singapore Tourism Board's forecast of between four to six million visitors[5].

All four terminals at Singapore's Changi Airport have reopened since September 2022, providing the airport with the capacity to handle more than 70 million passenger movements a year. As at the first week of December 2022, 95 airlines were operating flights at Changi Airport, connecting Singapore to about 140 cities. This represents 82% of the pre-pandemic connectivity[6].

Marquee events such as the Singapore Grand Prix in September 2022, which was surrounded by a vibrant lineup of events, and strong demand from key source markets, drove the rebound in Singapore's tourism sector. In 4Q 2022, RevPAR for all six Singapore Hotels surpassed that of 4Q 2019, supported by solid growth in ADR. Overall, NPI from the Singapore Hotels more than doubled to S$47.1 million for 2H 2022.

For the year ahead, the ongoing recovery of Singapore's hospitality sector is expected to be supported by a healthy pipeline of MICE events, new tourism offerings, increased flight connectivity and capacity, as well as China's reopening. China, Singapore's top inbound market pre-pandemic, generated around 3.6 million arrivals to Singapore and accounted for 19.0% of total visitor arrivals in 2019. According to the STB's forecast, international visitor arrivals are expected to reach around 12 to 14 million in 2023 (approximately 63% to 73% of 2019), before a full recovery to pre-pandemic levels by 2024[7]. Riding on the recovery wave, CDLHT's Singapore Hotels have achieved remarkable growth in 2022 and are well-positioned to benefit from the continued positive momentum in 2023.

As part of CDLHT's asset enhancement aspirations, Grand Copthorne Waterfront Hotel, a major asset, is currently undergoing a full renovation of all of its rooms which is scheduled to be completed in 2Q 2023. The hotel's meeting rooms will also be undergoing an extensive rejuvenation from April to July 2023, which will elevate its facilities significantly. Although these works will cause some short-term disruption to the business in 1H 2023, they will strongly enhance the hotel's prospects as a leading conference hotel in Singapore for years to come.

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[4] Singapore Tourism Analytics Network
[5] CNA, "Visitor arrivals in Singapore creep back to pre-pandemic levels as tourism sector rebounds", 17 January 2023
[6] Changi Airport Group, "2022 - A year of recovery for Changi Airport", 20 December 2022
[7] CNA, "Visitor arrivals in Singapore creep back to pre-pandemic levels as tourism sector rebounds", 17 January 2023

Overseas Markets

Despite the full border reopening from 31 July 2022, the New Zealand Hotel has been slow to recover due to the progressive restoration of long haul flight capacity with demand still primarily limited to air crew business and domestic leisure travellers. Accordingly, NPI declined by 70.6% yoy to S$3.5 million for 2H 2022. Looking ahead for New Zealand, up to 530,000 people are expected to land in Auckland, Wellington and Christchurch in January and February 2023[8], representing approximately 65% of total arrivals during the same period in 2019[9]. In 3Q 2023, Australia and New Zealand will co-host the 2023 FIFA Women's World Cup, with seven teams based in Auckland[10], and this is expected to boost international tourism numbers to the region. Although headwinds such as supply growth and labour constraints remain, working holiday visa holders are gradually returning to New Zealand, which should help to ease the labour shortage.

On the back of strong shipping and mining activity in Western Australia ("**WA**"), the Perth Hotels turned in a positive NPI of S$2.6 million for 2H 2022, an increase of S$3.1 million yoy. Perth continues to be boosted by the resources sector, and the value of minerals exploration expenditure in WA, which can be a leading indicator for investment in minerals and petroleum projects, rose 20.7% to A$2.5 billion in 2021-22. As at September 2022, WA had A$57 billion of major resource projects under construction or committed and A$87 billion under consideration[11]. The increased activity in WA's resources sector, coupled with the government's A$195 million Reconnect WA package, a multifaceted package to target tourists, skilled workers and international students, are expected to result in more inbound leisure and corporate travellers, which will support Perth's hotel demand in 2023.

In Japan, pandemic-related entry restrictions were lifted in October 2022. Although rates remained suppressed prior to November 2022 due to the lack of international arrivals, rate recovery accelerated as inbound travel recovered following the reopening. Overall, NPI for the Japan Hotels increased by S$0.7 million yoy to S$1.0 million for 2H 2022, notwithstanding the depreciation in JPY for the reporting period. While Japan has imposed a requirement for a negative test result for passengers boarding direct flights from China[12] (which accounted for approximately 30% of total tourism before the pandemic), Japan remains an attractive destination for Chinese tourists and the reopening of China's borders is expected to drive hotel demand going forward.

In the Maldives, increased supply and the reopening of alternative island destinations such as Seychelles, Mauritius and Thailand impacted the topline performance of the Maldives Resorts in 4Q 2022. With the strengthening of the US Dollar, the availability of resorts in Seychelles and Mauritius that trades in British pounds and Euros resulted in the decline from the resorts' key source markets of UK and Germany. The increased fuel prices and other inflationary costs also affected profit margins of the Maldives Resorts, which led to a decline of S$2.9 million yoy in the NPI for 2H 2022. The Maldives government has set a target of attracting two million tourists in 2023 as Chinese tourists prepare to travel to the Maldives for the first time since the pandemic[13]. The return of the largest pre-pandemic visitor source market to the Maldives should mitigate the impact of the new supply of resorts as well as the re-opening of other resort destinations.

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[8] RNZ, "Up to 530,000 international visitors expected amid tourism sector labour shortages", 3 January 2023
[9] Stats NZ
[10] FIFA, "Team Base Camps confirmed for FIFA Women's World Cup Australia & New Zealand 2023", 11 December 2022
[11] Government of Western Australia, "Western Australia Economic Profile – December 2022", 6 January 2023
[12] CNA, "Japan to tighten COVID-19 border controls for travellers from China", 4 January 2023
[13] Avas Online, "2023: Maldives sets target for 2 mln tourists", 29 September 2022

In the UK, although GBP weakened during the reporting period, after taking into account the inorganic contribution from Hotel Brooklyn (acquired on 22 February 2022), the UK portfolio registered NPI growth of 20.0% or S$1.3 million yoy to S$7.7 million for 2H 2022. Notably, for The Lowry Hotel, there was a one-off S$0.8 million (£0.4 million) business rate refund recognised as income in 2H 2021 which was not present in the 2H 2022 NPI. According to the VisitBritain forecast, inbound visits for 2023 are forecasted at 35.1 million, representing 86% of the 2019 level and 18% higher than in 2022[14]. In early 2023, a new 'GREAT Britain' marketing campaign, which will also capture major events (such as the Coronation of King Charles III), will be launched across Europe, the Gulf Co-operation Council countries and the USA to drive bookings[15]. However, the weak economy in the UK could weigh on the hotels' performances.

In Germany, the performance of Pullman Hotel Munich was mainly supported by the return of project-based corporate travel and a strong events calendar, which included citywide events such as the multi-sport event "European Championships Munich 2022", Oktoberfest which returned after a two-year hiatus and Bauma which is held every three years. A variable rent of S$1.9 million (€1.3 million) was recognised during the period, while no variable rent was recognised in 2H 2021. Accordingly, the NPI for the Germany Hotel increased by 23.4% yoy to S$4.2 million for 2H 2022, even after factoring in the depreciation in EUR for the reporting period.

The Italy Hotel recorded occupancy of 73.4% for 2H 2022 and achieved the highest RevPAR in any half-year reporting period since acquisition, driven by a record ADR. NPI tripled from S$0.8 million in 2H 2021 to S$2.4 million in 2H 2022 due to the recognition of S$1.5 million (€1.1 million) variable rent (2H 2021: Nil).

Hotel demand in Munich and Florence is expected to continue growing, supported by the recovery of travel in Europe as well as a healthy 2023 exhibition and fair calendar. In Munich, major events on the calendar for 2023 include the BAU, the IAA Mobility, which will be hosted in Munich for the second time, and the Oktoberfest, which will be extended by two additional days. In Florence, the bi-annual Pitti Immagine Uomo international fashion exhibition was held across four days in January 2023, with more events and festivals scheduled over the following months.

Mr Yeo concluded: "Amidst a gloomy economic environment, exacerbated by higher borrowing costs and inflationary cost pressures, it is gratifying to see travel demand continuing its robust recovery trajectory. China's reopening should boost international tourism in 2023 and beyond, helping to mitigate the inflationary cost challenges and higher interest rate environment. We remain confident in the medium to long term prospects, especially in our core market Singapore, and will assess opportunities to carry out asset enhancements to strengthen the competitiveness of our hotels."

– ENDS –

[14] VisitBritain, "2023 tourism forecast", 13 December 2022
[15] VisitBritain, "VisitBritain forecasts strong recovery in inbound visitor spending in 2023", 14 December 2022

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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 31 December 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 31 December 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**").