CDL HOSPITALITY TRUSTS

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CDL HOSPITALITY TRUSTS ACHIEVES 23.0% YOY INCREASE IN DPS TO 2.51 CENTS FOR 1H 2023

- **Total distribution increased by 23.8% to S$31.2 million for 1H 2023**
- **1H 2023 NPI increased by 23.3% year-on-year to S$62.9 million, despite asset enhancement works at Grand Copthorne Waterfront Hotel**
- **RevPAR growth achieved across most of its portfolio markets, supported by the continued strong momentum in international travel**

Singapore, 28 July 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 first six months ("**1H 2023**") ended 30 June 2023.

Financial Highlights:

	1 Jan 2023 to 30 Jun 2023 S$'000 ("1H 2023")	1 Jan 2022 to 30 Jun 2022 S$'000 ("1H 2022")	Better / (Worse) (%)
Revenue	119,222	98,645	20.9
Net property income ("NPI")	62,854	50,966	23.3
Total distribution to Stapled Securityholders (after retention)	31,202	25,200	23.8
Total distribution per Stapled Security (after retention) ("DPS") (cents)	2.51	2.04	23.0

First Half Ended 30 June 2023

For 1H 2023, NPI increased by 23.3% (or S$11.9 million) year-on-year ("**yoy**") to S$62.9 million in tandem with the 20.9% yoy increase in gross revenue to S$119.2 million. The improved performance reflects the continued strong momentum in international travel, with RevPAR growth achieved across most of the Group's portfolio markets. The increase in NPI for 1H 2023 was mainly attributed to the Group's Singapore, Japan, Australia, Europe and UK markets, which increased by S$17.2 million yoy. This includes higher NPI from Claymore Connect and a full six months NPI recognition from Hotel Brooklyn (acquired on 22 February 2022), which increased by 94.4% and 35.5% yoy to S$2.8 million and S$2.0 million in 1H 2023 respectively. The increases were partially offset by lower NPI from the New Zealand and Maldives markets, which declined by S$5.3 million yoy.

Interest costs for 1H 2023 increased by 71.4% or S$8.3 million yoy, mainly due to higher funding costs on the Group's floating rate loans and fixed rate loans re-financed at higher rates. In 1H 2023, CDLHT completed the refinancing of a S$120.0 million term loan into a 5-year sustainability-linked term loan and concurrently entered into an interest rate swap to partially hedge against the interest rate volatility.

Total distribution to Stapled Securityholders (after retention for working capital) for 1H 2023 was S$31.2 million and DPS was 2.51 cents, an increase of 23.8% and 23.0% yoy respectively.

Mr Vincent Yeo, Chief Executive Officer of CDLHT's managers, said, "Our portfolio hotels continue to achieve a solid performance in 1H 2023 on the back of a robust recovery in global tourism. Strong leisure travel and the resumption of events have been key growth drivers across most geographical markets. Notably, 12 of our portfolio hotels have seen RevPAR in 1H 2023 exceeding 1H 2019 pre-pandemic levels, even though Chinese tourists have yet to return in full. In our core market, Singapore, we look forward to an exciting events calendar with the upcoming F1 Singapore Grand Prix in September 2023, followed by major concerts in early-2024."

As at 30 June 2023, CDLHT has a gearing of 37.9% and debt headroom of S$715.3 million (at 50% gearing limit), with cash reserves of S$63.8 million and S$585.2 million[1] of credit facilities.

Portfolio Update

Singapore

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

	2Q 2023[2]	2Q 2022[2]	Better/ (Worse)	1H 2023[3]	1H 2022[3]	Better/ (Worse)
Average Occupancy Rate	70.5%	75.8%	*(5.3)pp*	69.2%	65.2%	*4.0pp*
Average Daily Rate	S$258	S$199	*29.8%*	S$258	S$188	*37.3%*
Revenue per Available Room ("RevPAR")	S$182	S$150	*20.7%*	S$179	S$123	*45.8%*

Singapore recorded 6.2 million visitor arrivals in 1H 2023, a substantial rebound from the 1.5 million arrivals in 1H 2022, after border restrictions were lifted from late April 2023. Visitor days have recovered to 77.6% of the levels seen in 1H 2019, supported by visitor arrivals reaching 67.4% of the pre-pandemic levels, as well as an increase in the average length of stay from 3.4 days in 1H 2019 to 3.9 days in 1H 2023[4].

CDLHT's Singapore Hotels have experienced a strong recovery in 1H 2023, with a 45.8% yoy increase in RevPAR, attributed to higher occupancy and average daily rates. Against pre-pandemic 1H 2019, the Singapore Hotels achieved a 12.6% growth in RevPAR, primarily driven by a significant increase of 36.9% in average daily rate.

The overall performance would have been much stronger if not for the closure of the entire conference facilities at Grand Copthorne Waterfront Hotel for renovation from April to July 2023 and progressive removal of close to 34,000 room nights from inventory for ongoing bedroom refurbishment works in 1H 2023. In addition, the last government contracted hotel in CDLHT's portfolio which exited the program in early January 2023 was still experiencing a gestation period during 1H 2023 as it was rebuilding its leisure, corporate and conference businesses. Notwithstanding the sub-optimal performance of these two hotels, the Singapore Hotels posted a respectable 39.8% or S$10.2 million yoy growth in NPI during 1H 2023.

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[1] Comprising approximately S$132.1 million committed unsecured revolving credit facilities, S$53.1 million undrawn committed term loan facility and S$400.0 million uncommitted bridge loan facilities.

[2] A total of 19,334 room nights were taken out of inventory in 2Q 2023 at Grand Copthorne Waterfront Hotel for renovation works. This is against the 9,691 room nights that were out of order at Studio M Hotel in 2Q 2022 due to refurbishment works. Excluding the out-of-order rooms, for 2Q 2023 and 2Q 2022, occupancy would be 76.9% and 79.1% respectively, while RevPAR would be S$198 and S$157 respectively.

[3] A total of 33,332 room nights were taken out of inventory in 1H 2023 at Grand Copthorne Waterfront Hotel for renovation works. This is against the 26,488 room nights that were out of order at Studio M Hotel in 1H 2022 due to refurbishment works. Excluding the out-of-order rooms, for 1H 2023 and 1H 2022, occupancy would be 74.6% and 69.1% respectively while RevPAR would be S$193 and S$130 respectively.

[4] Singapore Tourism Analytics Network

Singapore's hospitality sector is anticipated to benefit from various demand drivers in the months ahead, including MICE and sports events, concerts, improved tourism offerings, increased flight connectivity and capacity, and China's reopening. A robust lineup of concerts over the next 12 months, will further enhance the country's appeal as a tourism destination and attract travellers from neighbouring countries. Notably, Coldplay's concert, one of the upcoming concerts in early 2024, is expected to draw a crowd comparable to the recurring Formula One event, which welcomed 302,000 fans in 2022[5].

Ahead of Singapore Tourism Board's ("**STB**") expectation of a full recovery by 2024, STB predicts international visitor arrivals to reach approximately 12 to 14 million in 2023, generating tourism receipts of around S$18 billion to S$21 billion (approximately two-thirds to three-quarters of the pre-pandemic levels in 2019)[6].

<u>Overseas Markets</u>

In New Zealand, Grand Millennium Auckland recorded a RevPAR decline of 12.1% yoy in 1H 2023 as the hotel mostly operated as a managed isolation facility with high occupancy and rate in 1H 2022. Post-pandemic operating expenses were also higher as the hotel returned to normalised operations, which resulted in a S$3.9 million (NZ$4.6 million) increase in operating costs. A weaker NZD (against SGD) further contributed to the decline in NPI by 47.9% or S$3.4 million yoy during 1H 2023. New Zealand is expected to continue its recovery with the reinstatement of flights and additional services between New Zealand and other destinations. More direct flights between New Zealand and China, the second-largest inbound market pre-pandemic, are scheduled to resume later in the year[7].

In Australia, the Perth Hotels recorded a significant RevPAR growth of 74.8% yoy in 1H 2023, driven by a robust events calendar and higher corporate rates achieved. Despite facing low season demand headwinds in 2Q 2023 and the depreciation of AUD against SGD, the Australia portfolio achieved an NPI increase of S$1.5 million yoy in 1H 2023. Western Australia's ("**WA**") flight connectivity is improving, with direct flights between Perth and Tokyo set to resume in October 2023[8]. Major concerts and events are also in the pipeline as part of the WA Government's and Tourism WA's new major events strategy, which is expected to attract international and interstate visitors to WA.

The Japan Hotels leveraged on the strong recovery in inbound travel since the lifting of border restrictions from October 2022, achieving a remarkable RevPAR improvement of 143.0% yoy in 1H 2023. While tourists from China, one of Japan's key source markets, have yet to fully return, the Japan Hotels were able to achieve a RevPAR increase of 1.3% over 1H 2019, driven through a 9.4% growth in average rate. Consequently, the Japan portfolio registered an NPI increase of S$1.6 million yoy in 1H 2023. Chinese arrivals to Japan have only reached 13% of pre-pandemic levels as of YTD June 2023. The eventual return of Chinese travellers will give a significant boost to Japan's tourism sector.

The Maldives Resorts recorded a collective RevPAR decline of 5.8% yoy in 1H 2023, despite an increase in visitor arrivals to the Maldives. This decline was primarily due to increased resort supply in the Maldives and the reopening of alternative destinations such as Seychelles, Mauritius, and Thailand. The Maldives Resorts registered an NPI decline of 29.3% yoy or S$1.9 million for 1H 2023, mainly attributed to lower profit margins impacted by a 6.0% yoy reduction in average rate, as well as increased fuel prices and other inflationary costs. Increased resort supply in the Maldives in recent years will create more competitive pressure but the continued recovery of Chinese travellers will benefit the market.

In 1H 2023, Hilton Cambridge City Centre and The Lowry Hotel achieved a collective RevPAR growth of 14.5% yoy. RevPAR was also marginally higher compared to 1H 2019, driven by an increase in average rate. However, increased operating costs, primarily due to higher labor costs, and the cessation of government's COVID business rate relief led to a relatively muted 4.5% yoy increase in NPI for these two

[5] The Straits Times, "Coldplay swiftly hots up concert tourism mania: Music to the ears for Singapore's economy", 24 June 2023
[6] STB, "Singapore's tourism sector recovers strongly in 2022, visitor numbers expected to double in 2023", 17 January 2023
[7] RNZ, "New flights between China and New Zealand announced", 29 June 2023
[8] Government of Western Australia, "Direct flights between Perth and Tokyo now on sale", 13 June 2023

UK hotels in local currency terms. 1H 2023 NPI included a full six-month contribution of S$2.0 million from Hotel Brooklyn (acquired on 22 February 2022) compared to S$1.5 million in 1H 2022. The fixed rent for Hotel Brooklyn, which is under an inflation-adjusted fixed lease, has been increased by 5% to £2.5 million for the period from 7 May 2023 to 6 May 2024. After taking into account the weaker GBP, the UK Hotels registered a collective NPI growth of 7.1% yoy in 1H 2023.

Pullman Hotel Munich reported a RevPAR improvement of 64.7% yoy in 1H 2023. However, RevPAR for 1H 2023 was still 19.3% behind 1H 2019 as corporate travel and events have yet to fully recover to pre-pandemic 2019 levels. A gradual recovery took place in 2Q 2023 supported by fairs, events and the successful conversion of an airline crew providing base business to the hotel. The hotel's NPI growth did not match the significant improvement in RevPAR due to the recognition of accounting base rent on a straight-line basis in 1H 2022 (despite a weaker hotel performance for that period that was below fixed rental levels). For 1H 2023, NPI was bolstered by the recognition of S$0.5 million (€0.4 million) variable rent above the straight-line base rent, while no variable rent was recognised in 1H 2022. Accordingly, NPI in 1H 2023 was S$0.4 million higher yoy, after factoring in the depreciation in EUR for the reporting period.

Hotel Cerretani Firenze continued to record outstanding performance, with a RevPAR growth of 66.4% yoy in 1H 2023, and an increase of 33.2% against the pre-pandemic 1H 2019. Notably, in 2Q 2023, the hotel achieved its highest average rate and RevPAR in a single quarter. Despite the weaker EUR, the hotel registered an NPI growth of S$1.7 million for 1H 2023 due to the recognition of variable rent of S$1.7 million (€1.2 million). In 1H 2022, there was no variable rent recognised.

Overall in Europe, the UK, Germany and Italy Hotels are expected to be supported by the recovery of general travel as well as a robust lineup of events.

CDLHT's residential Build-to-Rent project in Manchester, UK, achieved a significant milestone with the building topping out in end-June 2023, marking the completion of structural works. Works on the building façade, interior, and services are currently underway. A property manager will be appointed and mobilisation of the building will commence shortly, leading to the lease-up phase, ahead of practical completion expected around mid-2024. Meanwhile, the Manchester residential market continues to face strong rental demand and supply shortages[9].

Continued Investments In Existing Portfolio

The Managers are confident of the prospects of the Singapore market and have continued to explore investment opportunities through asset enhancements. Grand Copthorne Waterfront Hotel, a major asset, has largely completed the full renovation of all of its rooms and meeting spaces, solidifying its position as a leading conference hotel in Singapore for years to come.

Mr Yeo concluded: "We remain optimistic about the potential for further recovery in our portfolio, which is expected to benefit from the return of the Chinese travellers, as well as progressive restoration of flight capacity to pre-pandemic levels and beyond. However, high interest rates and inflationary cost pressures continue to pose challenges. We are looking beyond the current difficult economic environment as we continue to pursue suitable acquisitions. We are also committed to capitalize on strategic asset enhancement opportunities to boost the potential of our portfolio assets for the medium to long term in an ever-evolving hospitality landscape."

– ENDS –

[9] urbanbubble, Manchester Quarterly Monitor, Q2 2023

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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 30 June 2023. 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 2023, CDLHT's portfolio comprises 19 operational properties (including a 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 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**").