CDL HOSPITALITY TRUSTS
FIRST HALF 2022 SUMMARY OF GROUP PERFORMANCE

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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
UNAUDITED FINANCIAL STATEMENTS ANNOUNCEMENT OF CDL HOSPITALITY TRUSTS, H-REIT AND ITS SUBSIDIARIES AND HBT AND ITS SUBSIDIARIES FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2022

INTRODUCTION

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 (collectively the "**Group**"). 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 (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**").

On 22 February 2022, H-REIT through its wholly-owned subsidiary, CDL HREIT Investments (II) Limited, completed its acquisition of 100% interest in Hotel Brooklyn in Manchester, United Kingdom.

HBT Group owns Hilton Cambridge City Centre (the "**Hilton Hotel**") and The Lowry Hotel and is also the master lessee of H-REIT Group's Australia Hotels, Japan Hotels, Raffles Maldives Meradhoo, and W Hotel. It is also undertaking a residential Build-to-Rent project in Manchester, United Kingdom. HBT Group will continue its function as a master lessee of last resort and may undertake certain hospitality and hospitality-related development projects, acquisitions and investments which may not be suitable or deemed suitable for H-REIT.

CDLHT's distribution policy is to distribute at least 90.0% of its taxable income and of its tax-exempt income (if any), with the actual level of distribution to be determined at the H-REIT Manager's and HBT Trustee-Manager's discretion. CDLHT makes distributions to stapled securityholders on a semi-annual basis, with the amount calculated as at 30 June and 31 December each year for the six-month period ending on each of the said dates. Distributions, when paid, will be in Singapore dollars.

CDL HOSPITALITY TRUSTS ("CDLHT")
CDL HOSPITALITY REAL ESTATE INVESTMENT TRUST AND ITS SUBSIDIARIES ("H-REIT Group")
CDL HOSPITALITY BUSINESS TRUST AND ITS SUBSIDIARIES ("HBT Group")

UNAUDITED FINANCIAL STATEMENTS ANNOUNCEMENT OF CDL HOSPITALITY TRUSTS, H-REIT AND ITS SUBSIDIARIES AND HBT AND ITS SUBSIDIARIES FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2022

SUMMARY OF CDL HOSPITALITY TRUSTS' RESULTS

	1 Jan 2022 to 30 Jun 2022 ("1H 2022") S$'000	1 Jan 2021 to 30 Jun 2021 ("1H 2021") S$'000	Increase/ (Decrease) %
Revenue	98,645	66,225	49.0
Net property income	50,966	36,977	37.8
Total return before fair value adjustments on properties	29,585	7,498	N.M
Income available for distribution to Stapled Securityholders (before retention)	26,647	16,622	60.3
Less:			
Income retained for working capital	(2,665)	(1,662)	60.3
Income to be distributed to Stapled Securityholders (after retention)	23,982	14,960	60.3
Capital distribution[1]	1,218	-	N.M
Total distribution to Stapled Securityholders (after retention)	25,200	14,960	68.4
Total distribution per Stapled Security (before retention) (cents)			
For the period	2.26	1.35	67.4
Total distribution per Stapled Security (after retention) (cents)			
For the period	2.04	1.22	67.2

[1] Comprise of capital distribution from Hilton Hotel and The Lowry Hotel, UK.

CDL HOSPITALITY TRUSTS (“CDLHT”)
CDL HOSPITALITY REAL ESTATE INVESTMENT TRUST AND ITS SUBSIDIARIES (“H-REIT Group”)
CDL HOSPITALITY BUSINESS TRUST AND ITS SUBSIDIARIES (“HBT Group”)

UNAUDITED FINANCIAL STATEMENTS ANNOUNCEMENT OF CDL HOSPITALITY TRUSTS, H-REIT AND ITS SUBSIDIARIES AND HBT AND ITS SUBSIDIARIES FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2022

1 (a) Consolidated Statements of Total Return of H-REIT Group and CDL Hospitality Trusts and Consolidated Statements of Comprehensive Income of HBT Group with a comparative statement for the corresponding period of the immediately preceding financial year

		H-REIT Group			HBT Group (b)			CDL Hospitality Trusts		
	Foot-note	1H 2022 S$'000	1H 2021 S$'000	Increase/ (Decrease) %	1H 2022 S$'000	1H 2021 S$'000	Increase/ (Decrease) %	1H 2022 S$'000	1H 2021 S$'000	Increase/ (Decrease) %
Revenue										
Rental revenue		53,648	44,321	21.0	-	-	-	42,325	37,698	12.3
Hotel revenue		-	-	-	56,320	28,527	97.4	56,320	28,527	97.4
	(a)	53,648	44,321	21.0	56,320	28,527	97.4	98,645	66,225	49.0
Property expenses										
Operation and maintenance expenses		-	-	-	(12,570)	(6,735)	86.6	(12,570)	(6,735)	86.6
Employee benefit expenses		-	-	-	(18,582)	(9,812)	89.4	(18,582)	(9,812)	89.4
Rental expenses	(c)	-	-	-	(5,155)	(2,039)	N.M	(46)	(113)	(59.3)
Property tax	(d)	(2,246)	(3,344)	(32.8)	(711)	759	N.M	(2,957)	(2,585)	14.4
Other property expenses	(e)	(2,686)	(19,433)	(86.2)	(10,838)	(6,575)	64.8	(13,524)	(10,003)	35.2
		(4,932)	(22,777)	(78.3)	(47,856)	(24,402)	96.1	(47,679)	(29,248)	63.0
Net property income		48,716	21,544	N.M	8,464	4,125	N.M	50,966	36,977	37.8
H-REIT Manager’s management fees		(5,303)	(3,877)	36.8	-	-	-	(5,303)	(3,877)	36.8
H-REIT Trustee’s fees		(184)	(180)	2.2	-	-	-	(184)	(180)	2.2
HBT Trustee-Manager’s management fees		-	-	-	(482)	(279)	72.8	(482)	(279)	72.8
HBT Trustee-Manager’s trustee fees		-	-	-	(135)	(112)	20.5	(135)	(112)	20.5
Valuation fees		(83)	(87)	(4.6)	(23)	(14)	64.3	(106)	(101)	5.0
Depreciation	(f)	(774)	(852)	(9.2)	(8,941)	(7,162)	24.8	(11,361)	(10,132)	12.1
Other expenses	(g)	(2,005)	(8,890)	(77.4)	(591)	(332)	78.0	(2,595)	(1,772)	46.4
Finance income		24,271	7,772	N.M	4,020	-	N.M	23,583	7,672	N.M
Finance costs		(18,852)	(17,940)	5.1	(4,614)	(5,177)	(10.9)	(23,080)	(17,636)	30.9
Net finance income/(costs)	(h)	5,419	(10,168)	N.M	(594)	(5,177)	(88.5)	503	(9,964)	N.M
Net income/(loss) before fair value adjustment		45,786	(2,510)	N.M	(2,302)	(8,951)	(74.3)	31,303	10,560	N.M
Net fair value gain on investment properties	(i)	2,404	-	N.M	-	-	-	2,404	-	N.M
Total return/(Net loss) before tax		48,190	(2,510)	N.M	(2,302)	(8,951)	(74.3)	33,707	10,560	N.M
Tax (expense)/credit		(3,199)	(2,649)	20.8	1,481	(413)	N.M	(1,718)	(3,062)	(43.9)
Total return/(Net loss)		44,991	(5,159)	N.M	(821)	(9,364)	(91.2)	31,989	7,498	N.M
Attributable to:										
Unitholders		44,870	(5,242)	N.M	(821)	(9,364)	(91.2)	31,868	7,415	N.M
Non-controlling interests	(j)	121	83	45.8	-	-	-	121	83	45.8
Total return/(Net loss)		44,991	(5,159)	N.M	(821)	(9,364)	(91.2)	31,989	7,498	N.M

1 (a) Consolidated Statements of Total Return of H-REIT Group and CDL Hospitality Trusts and Consolidated Statements of Comprehensive Income of HBT Group with a comparative statement for the corresponding period of the immediately preceding financial year

	HBT Group		
	1H 2022 S$'000	1H 2021 S$'000	Increase/ (Decrease) %
Net loss for the period	(821)	(9,364)	(91.2)
Other comprehensive income			
Items that will not be reclassified to profit or loss:			
Tax effect on revaluation surplus on property, plant and equipment	26	9	N.M
	26	9	N.M
Items that are or may be reclassified subsequently to profit or loss:			
Foreign currency translation differences:			
- foreign operations	(7,346)	2,135	N.M
- hedge of net investment in a foreign operation	4,271	(2,191)	N.M
- monetary items forming part of net investment in a foreign operation	(6,037)	3,366	N.M
	(9,112)	3,310	N.M
Other comprehensive income for the period, net of tax	(9,086)	3,319	N.M
Total comprehensive income for the period	(9,907)	(6,045)	63.9

Review of financial performance

(a) Revenue comprises rental revenue and hotel revenue from CDLHT's properties. Please refer to Section 2 (i), pages 10 to 11 of the Announcement.

(b) Revenue and property expenses for HBT Group in 1H 2022 have increased as compared to the corresponding period last year primarily due to the improvement in most of the hotels' performance across HBT Group, which includes W Hotel, Raffles Maldives Meradhoo, Hilton Hotel and The Lowry Hotel.

(c) Rental expenses for HBT Group have increased in 1H 2022 as compared to the corresponding period last year mainly due to better performance from W Hotel resulting in higher variable rent as compared to 1H 2021.

(d) CDLHT recorded a yoy increase in property tax in 1H 2022, mainly from the UK Hotels and the absence of a property tax refund of S$812K (£440K) arising from the business rate relief granted by the UK government for The Lowry Hotel recognised in 1H 2021. This was partially offset by the property tax refund recognised for the Singapore Hotels by H-REIT Group subsequent to the finalisation of prior year's assessment.

(e) CDLHT's other property expenses comprise mainly utilities, insurance and other direct operating expenses. In 1H 2022, H-REIT Group's expenses have decreased primarily due to the absence of S$15.8 million impairment loss recognised in 1H 2021 in relation to intra-group trade receivables due from HBT, which is the lessee of Raffles Maldives Meradhoo. The impairment loss (which have no impact to the Stapled Group) was made as the resort's operational performance had been adversely affected by the pandemic. In addition, last year's other property expenses also included an impairment of S$1.2 million (€0.7 million) relating to the rental receivables from the Germany Hotel which was absent in 1H 2022. Excluding these impairment losses, H-REIT Group's other property expenses in 1H 2021 would have been S$2.4 million (instead of S$19.4 million).

(f) The depreciation for CDLHT mainly relate to property, plant and equipment of W Hotel, Raffles Maldives Meradhoo, the Japan Hotels, Perth Hotels, Hilton Hotel and The Lowry Hotel.

(g) Other expenses comprise mainly professional fees and administrative expenses. H-REIT Group incurred lower fees and administrative expenses in 1H 2022 mainly due to the absence of an impairment loss on intra-group non-trade receivables (S$7.4 million) recognised in 1H 2021 in relation to Raffles Maldives Meradhoo due to the COVID-19 pandemic.

(h) *Net finance income/(costs)*

	CDL Hospitality Trusts		
	1H 2022 S$'000	1H 2021 S$'000	Increase/ (Decrease) %
Interest income received/receivable from banks	43	20	N.M
Interest income from finance lease	33	73	(54.8)
Fair value gain on derivatives(i)	23,507	7,579	N.M
Finance income	23,583	7,672	N.M
Exchange loss(ii)	(7,982)	(5,072)	57.4
Interest paid/payable to banks(iii)	(11,587)	(9,544)	21.4
Interest expense on lease liabilities	(2,199)	(2,054)	7.1
Amortisation of transaction costs capitalised(iv)	(1,182)	(841)	40.5
Financial expense arising from remeasuring non-current rental deposits at amortised cost	(130)	(125)	4.0
Finance costs	(23,080)	(17,636)	30.9
Net finance income/(costs)	503	(9,964)	N.M

(i) *Fair value gain/loss on derivatives relates to the re-measurement of foreign exchange forward contracts to partially hedge H-REIT's and HBT's income from overseas as well as interest rate swap and cross-currency interest rate swap contracts entered into by H-REIT to partially hedge its interest cost.*

(ii) *The exchange loss of CDLHT for 1H 2022 mainly arose from the appreciation of US dollar ("**USD**") denominated borrowings against SGD, as well as depreciation from Sterling Pound ("**GBP**") and Euro ("**EUR**") denominated receivables against SGD. During the comparative period in 1H 2021, the exchange loss was mainly from the appreciation of GBP and USD borrowings, as well as depreciation from EUR denominated receivables against SGD.*

(iii) *The interest paid/payable to banks for 1H 2022 was higher yoy mainly as a result of higher funding costs on the Group's floating rate loans and increased interest expenses from additional loans taken to fund the acquisition of Hotel Brooklyn and the UK BTR development project.*

(iv) *The amortisation costs in 1H 2022 relate to the amortisation of transaction costs arising from CDLHT's borrowings.*

(i) *This relates to net fair value gain recognised from the acquisition of Hotel Brooklyn on 22 February 2022.*

(j) *Non-controlling interests relate to the interest owned by the minority shareholders in relation to Pullman Hotel Munich and Hotel Cerretani Firenze.*

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UNAUDITED FINANCIAL STATEMENTS ANNOUNCEMENT OF CDL HOSPITALITY TRUSTS, H-REIT AND ITS SUBSIDIARIES AND HBT AND ITS SUBSIDIARIES FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2022

1 (b)(i) Statements of Financial Position together with a comparative statement at the end of the immediately preceding financial year

	Footnote	H-REIT Group		HBT Group[a]		CDL Hospitality Trusts	
		30 Jun 2022 S$'000	31 Dec 2021 S$'000	30 Jun 2022 S$'000	31 Dec 2021 S$'000	30 Jun 2022 S$'000	31 Dec 2021 S$'000
ASSETS							
Non-current assets							
Investment properties	(b)	2,487,482	2,419,305	-	-	1,986,454	1,921,748
Investment property under development	(b)	-	-	35,608	27,661	35,608	27,661
Property, plant and equipment	(c)	62,602	72,631	313,144	334,284	762,691	792,701
Deferred tax assets		754	789	685	163	1,439	952
Finance lease receivables		1,567	1,803	-	-	1,567	1,803
Financial derivative assets	(d)	27,320	4,762	-	-	27,320	4,762
Other receivables		74,398	72,845	212	212	361	361
		2,654,123	2,572,135	349,649	362,320	2,815,440	2,749,988
Current assets							
Inventories		-	-	2,295	2,403	2,295	2,403
Trade and other receivables		34,531	35,148	21,632	22,340	25,148	28,876
Finance lease receivables		455	395	-	-	455	395
Financial derivative assets	(d)	92	-	-	-	92	-
Cash and cash equivalents		74,267	107,137	24,655	32,327	98,922	139,464
		109,345	142,680	48,582	57,070	126,912	171,138
Total assets		**2,763,468**	**2,714,815**	**398,231**	**419,390**	**2,942,352**	**2,921,126**
LIABILITIES							
Non-current liabilities							
Loans and borrowings	(e)	662,281	676,877	-	-	662,281	676,877
Lease liabilities	(f)	109,898	73,382	134,052	139,600	126,926	91,407
Rental deposits	(g)	10,245	10,126	-	-	10,245	10,126
Other payables	(i)	802	801	92	92	894	893
Financial derivative liabilities	(d)	-	948	-	-	-	948
Deferred tax liabilities	(h)	7,517	6,703	12,653	13,939	21,179	21,672
		790,743	768,837	146,797	153,631	821,525	801,923
Current liabilities							
Loans and borrowings	(e)	349,966	323,714	166,302	170,824	442,019	421,842
Lease liabilities	(f)	556	941	7,119	5,995	670	1,046
Trade and other payables	(i)	33,133	31,750	51,113	49,891	45,222	45,195
Financial derivative liabilities	(d)	19	-	-	-	19	-
Provision for taxation	(j)	7,165	8,429	335	65	7,500	8,494
		390,839	364,834	224,869	226,775	495,430	476,577
Total liabilities		**1,181,582**	**1,133,671**	**371,666**	**380,406**	**1,316,955**	**1,278,500**
Net assets		**1,581,886**	**1,581,144**	**26,565**	**38,984**	**1,625,397**	**1,642,626**
Represented by:							
Unitholders' funds		1,574,793	1,573,852	26,565	38,984	1,618,304	1,635,334
Non-controlling interests	(k)	7,093	7,292	-	-	7,093	7,292
		1,581,886	**1,581,144**	**26,565**	**38,984**	**1,625,397**	**1,642,626**

Review of financial position

(a) *The Statement of Financial Position of HBT Group comprises the hotel operations of W Hotel, Raffles Maldives Meradhoo, the Japan Hotels, the Perth Hotels, Hilton Hotel, The Lowry Hotel and UK BTR.*

(b) *The increase in investment properties at CDLHT was mainly attributed to the acquisition of Hotel Brooklyn on 22 February 2022.*

(c) *The property, plant and equipment at H-REIT Group and HBT Group comprise the Japan Hotels and the Hilton Hotel and The Lowry Hotel respectively.*

The property, plant and equipment at CDLHT comprise the W Hotel, Japan Hotels, Raffles Maldives Meradhoo, the Perth Hotels, Hilton Hotel and The Lowry Hotel. For W Hotel, Raffles Maldives Meradhoo and Australia Hotels, the properties are leased by H-REIT's indirect wholly-owned subsidiaries to HBT's indirect wholly-owned subsidiaries. For the Japan Hotels, there is a master lease arrangement between a trust bank in Japan (in its capacity as the trust bank holding the legal title to the Japan Hotels) and HBT's indirect wholly-owned subsidiary. As these properties are considered property held for use as owner-occupied properties, they are classified as property, plant and equipment instead of investment property in CDLHT's financial statements.

The decrease in property, plant and equipment at CDLHT is mainly due to the recognition of depreciation expenses of S$11.3 million and net translation loss of S$24.5 million, offset by additions of S$4.0 million for the period.

(d) *Movement in financial derivatives arose from fair value changes upon re-measurement of foreign exchange forward contracts, interest rate swaps and cross-currency interest rate swaps.*

(e) *Loans and borrowings of CDLHT of S$1.1 billion (as at 31 December 2021: S$1.1 billion), which are measured at amortised cost, comprise JPY3.1 billion (S$31.8 million) TMK bond and S$1.08 billion bank loans, as explained under Section 1(b)(ii) on pages 7 to 9 of the Announcement. Movements during the reporting period include drawdowns to fund the acquisition of Hotel Brooklyn, operating costs and capital expenditure of the Group's properties. This was partially offset by the utilisation of S$33.4 million (£18.8 million) proceeds from previous divestments to partially pare down the GBP borrowings.*

Additionally, to manage interest rate risks, the Group entered into three fixed-rate interest rate swaps to hedge against the interest rate volatility arising from (i) the progressive draw down of the UK BTR development term loan facility (£60.2 million) and (ii) the funding of the acquisition of Hotel Brooklyn (£24.1 million).

The net current liabilities position for CDLHT as at 30 June 2022 was mainly attributed to borrowings falling due within one year. Notwithstanding the net current liabilities position, CDLHT has an established S$1.0 billion Multicurrency Medium Term Note Programme and committed revolving credit facilities (as disclosed under Section 1(b)(ii) footnote (iii) on page 9 of the Announcement) to meet its current obligations as and when they fall due.

(f) *Lease liabilities represent CDLHT's obligation to make lease payments in relation to the ROU assets recognised in accordance to SFRS(I) 16/FRS 116.*

(g) *Rental deposits relate to rental deposits collected from the Master Lessees and tenants at Claymore Connect, stated at amortised cost.*

(h) *The deferred tax liabilities mainly relate to the Perth Hotels and UK Hotels.*

(i) *Trade and other payables for the Group relates mainly to payables for operational and trust expenses.*

(j) *Provision for taxation comprise tax provisions arising from the Group's overseas properties.*

(k) *Non-controlling interests relate to the interests owned by the minority shareholder in relation to the Pullman Hotel Munich and the Hotel Cerretani Firenze.*

1 (b)(ii) Aggregate amount of group's borrowings and debt securities

	H-REIT Group		HBT Group		CDL Hospitality Trusts	
	30 Jun 2022 S$'000	31 Dec 2021 S$'000	30 Jun 2022 S$'000	31 Dec 2021 S$'000	30 Jun 2022 S$'000	31 Dec 2021 S$'000
Amount repayable after one year						
Secured borrowings	64,515	67,454	-	-	64,515	67,454
Secured TMK bond	31,775	36,549	-	-	31,775	36,549
Unsecured borrowings [(a),(b)]	570,130	575,878	-	-	570,130	575,878
	666,420	679,881	-	-	666,420	679,881
Amount repayable within one year						
Unsecured borrowings	350,148	324,140	92,119	98,269	442,267	422,409
	350,148	324,140	92,119	98,269	442,267	422,409
Total borrowings [(c)]	1,016,568	1,004,021	92,119	98,269	1,108,687	1,102,290

[(a)] *On 16 March 2022, H-REIT refinanced an existing S$200.0 million committed multi-currency unsecured revolving credit facility ("**RCF**") for another 3 years.*

[(b)] *On 29 June 2022, H-REIT refinanced its existing S$100.0 million committed multi-currency unsecured RCF to S$50.0 million for 18 months. As at 30 June 2022, this facility remains unutilised.*

[(c)] *The borrowings are presented before the deduction of unamortised transaction costs.*

As at 30 June 2022, CDLHT's aggregate leverage ratio was 39.5%, which was within the 50% limit allowed under the Monetary Authority of Singapore Property Funds Appendix. The interest coverage ratio was 3.5[1] times as of 30 June 2022. For purpose of computing interest coverage ratio, interest expense excludes interest expense on lease liabilities.

[1] 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.

1 (b)(ii) Aggregate amount of group's borrowings and debt securities

Details of borrowings

The facilities and borrowings of the H-REIT Group, HBT Group and CDL Hospitality Trusts are set out below:

Facilities		H-REIT Group			HBT Group			CDL Hospitality Trusts		
		30 Jun 2022			30 Jun 2022			30 Jun 2022		
Currency	Type*	Facility amount S$'000	Drawn down S$'000	Undrawn S$'000	Facility amount S$'000	Drawn down S$'000	Undrawn S$'000	Facility amount S$'000	Drawn down S$'000	Undrawn S$'000
JPY	TMK bond (¥3.1 billion)(i)	31,775	31,775	-	-	-	-	31,775	31,775	-
JPY	5-year term loan (¥3.27 billion)	33,518	33,518	-	-	-	-	33,518	33,518	-
SGD	Medium term note(iii)	1,000,000	-	1,000,000	-	-	-	1,000,000	-	1,000,000
SGD	Bridge loans(iv)	300,000	39,372	260,628	100,000	-	100,000	400,000	39,372	360,628
SGD	2-3 years revolving credit (committed)	400,000	233,954	166,046	-	-	-	400,000	233,954	166,046
SGD	5-year term loans	273,600	273,600	-	-	-	-	273,600	273,600	-
USD	5-year term loans (US$181.2 million)	250,907	250,907	-	-	-	-	250,907	250,907	-
EUR	7-year term loan (€44.0 million)(ii)	64,515	64,515	-	-	-	-	64,515	64,515	-
GBP	5-year term loans (£110.2 million)	188,058	88,927	99,131	92,119	92,119	-	280,177	181,046	99,131
		2,542,373	**1,016,568**	**1,525,805**	**192,119**	**92,119**	**100,000**	**2,734,492**	**1,108,687**	**1,625,805**

* Apart from the TMK bond and the 7-year EUR term loan, all the borrowings of the Group are unsecured.

Excluded from the borrowings above are the lease liabilities of S$110.5 million, S$141.2 million and S$127.6 million for H-REIT Group, HBT Group and CDLHT respectively, which are secured over the finance lease receivables and right-of-use assets (recognised as part of investment properties and property, plant and equipment).

(i) Secured TMK bond

The TMK bond included in H-REIT Group relates to 5-year Japanese yen denominated bond of JPY3.1 billion (S$31.8 million) issued by H-REIT's indirectly owned subsidiary, CDLHT Hanei Tokutei Mokuteki Kaisha. CDLHT's interest in Japan Hotels is held via a Tokutei Mokuteki Kaisha ("**TMK**") structure, and such TMK structure is required to issue bond to partially fund the acquisition of Japan assets.

The bondholders have a statutory preferred right, under Article 128 of the Japan Asset Liquidation Law, to receive payment of all obligations under the bond prior to other creditors out of the assets of the TMK. Such right shall be junior to the priority of the general statutory lien under the Japan Civil Code. While the assets of TMK are subject to a statutory preferred right, it is not considered a mortgage under Japan laws.

(ii) Secured bank loan

The secured bank loan relates to a 7-year fixed rate loan of S$64.5 million (€44.0 million) drawn down by H-REIT's indirectly-owned subsidiary, NKS Hospitality I B.V..

The securities include (i) a first legal mortgage on the property, (ii) assignment of the rights and claims under the property's major contracts such as the lease agreement and insurance policies and (iii) pledge of shares and bank accounts of NKS Hospitality I B.V..

(iii) Unsecured medium term notes

H-REIT's wholly-owned subsidiary, CDLHT MTN Pte. Ltd. (the "**Issuer**") has in place a S$1.0 billion Multi-currency Medium Term Note Programme (the "**Programme**").

As at 30 June 2022, there are no outstanding medium term notes.

(iv) Unsecured bridge loans

H-REIT and HBT have in place a S$300.0 million and S$100.0 million uncommitted multi-currency bridge loan facility with a bank respectively (the "**Bridge Loan Facilities**") mainly to fund acquisitions.

The Bridge Loan Facilities can be drawn in multiple tranches and each tranche is to be repaid within a maximum period of one year from each draw down date or one year from the first drawn date (where the amount is drawn in multiple tranches).

During the reporting period, an amount of S$39.4 million (£23.1 million) was drawn down to largely fund the acquisition of Hotel Brooklyn. As at 30 June 2022, S$360.6 million remains unutilised.

2 Review of the performance for the six months period ended 30 June 2022

2 (i) Breakdown of Total Revenue by Geography

		H-REIT Group			HBT Group			CDL Hospitality Trusts		
	Footnote	2Q 2022 S$'000	2Q 2021 S$'000	Increase/ (Decrease) %	2Q 2022 S$'000	2Q 2021 S$'000	Increase/ (Decrease) %	2Q 2022 S$'000	2Q 2021 S$'000	Increase/ (Decrease) %
Master leases										
Singapore										
- Hotels		12,774	8,780	45.5	-	-	-	12,774	8,780	45.5
- Claymore Connect		1,250	832	50.2	-	-	-	1,250	832	50.2
Maldives	(a)	1,766	524	N.M	-	-	-	1,766	524	N.M
Australia	(b)	-	397	N.M	-	-	-	-	397	N.M
NewZealand		2,128	3,348	(36.4)	-	-	-	2,128	3,348	(36.4)
Germany	(c)	1,938	2,079	(6.8)	-	-	-	1,938	2,079	(6.8)
Italy	(d)	531	433	22.6	-	-	-	531	433	22.6
United Kingdom	(f)	1,043	-	N.M	-	-	-	1,043	-	N.M
		21,430	16,393	30.7	-	-	-	21,430	16,393	30.7
Managed hotels										
Singapore		3,738	1,084	N.M	12,556	5,707	N.M	12,556	5,707	N.M
Maldives	(a)	1,031	998	3.3	2,757	2,282	20.8	2,757	2,282	20.8
Australia	(b)	2,562	1,776	44.3	4,507	2,418	86.4	4,507	2,418	86.4
Japan	(e)	218	206	5.8	998	837	19.2	998	837	19.2
United Kingdom	(f)	-	-	-	10,163	4,620	N.M	10,163	4,620	N.M
		7,549	4,064	85.8	30,981	15,864	95.3	30,981	15,864	95.3
Total		28,979	20,457	41.7	30,981	15,864	95.3	52,411	32,257	62.5

2 (i) Breakdown of Total Revenue by Geography

		H-REIT Group			HBT Group			CDL Hospitality Trusts		
	Footnote	1H 2022 S$'000	1H 2021 S$'000	Increase/ (Decrease) %	1H 2022 S$'000	1H 2021 S$'000	Increase/ (Decrease) %	1H 2022 S$'000	1H 2021 S$'000	Increase/ (Decrease) %
Master leases										
Singapore										
- Hotels		21,517	16,929	27.1	-	-	-	21,517	16,929	27.1
- Claymore Connect		2,387	1,689	41.3	-	-	-	2,387	1,689	41.3
Maldives	(a)	5,237	2,551	N.M	-	-	-	5,237	2,551	N.M
Australia	(b)	-	1,597	N.M	-	-	-	-	1,597	N.M
NewZealand		7,005	9,798	(28.5)	-	-	-	7,005	9,798	(28.5)
Germany	(c)	3,744	4,270	(12.3)	-	-	-	3,744	4,270	(12.3)
Italy	(d)	938	864	8.6	-	-	-	938	864	8.6
United Kingdom	(f)	1,497	-	N.M	-	-	-	1,497	-	N.M
		42,325	37,698	12.3	-	-	-	42,325	37,698	12.3
Managed hotels										
Singapore		5,750	2,522	N.M	21,402	12,291	74.1	21,402	12,291	74.1
Maldives	(a)	2,044	1,997	2.4	8,865	6,710	32.1	8,865	6,710	32.1
Australia	(b)	3,167	1,776	78.3	6,438	2,418	N.M	6,438	2,418	N.M
Japan	(e)	362	328	10.4	1,878	1,638	14.7	1,878	1,638	14.7
United Kingdom	(f)	-	-	N.M	17,737	5,470	N.M	17,737	5,470	N.M
		11,323	6,623	71.0	56,320	28,527	97.4	56,320	28,527	97.4
Total		53,648	44,321	21.0	56,320	28,527	97.4	98,645	66,225	49.0

2 (ii) Breakdown of Net Property Income by Geography

	Footnote	H-REIT Group			HBT Group			CDL Hospitality Trusts		
		2Q 2022 S$'000	2Q 2021 S$'000	Increase/ (Decrease) %	2Q 2022 S$'000	2Q 2021 S$'000	Increase/ (Decrease) %	2Q 2022 S$'000	2Q 2021 S$'000	Increase/ (Decrease) %
Singapore										
- Hotels		15,438	8,319	85.6	916	738	24.1	15,604	8,307	87.8
- Claymore Connect		784	193	N.M	-	-	-	784	193	N.M
Maldives	(a)	2,521	(14,427)	N.M	(411)	(28)	N.M	1,079	303	N.M
Australia	(b)	2,215	2,088	6.1	778	(8)	N.M	929	1,129	(17.7)
NewZealand		2,128	3,348	(36.4)	-	-	-	2,128	3,348	(36.4)
Germany	(c)	1,555	1,686	(7.8)	-	-	-	1,555	1,686	(7.8)
Italy	(d)	487	384	26.8	-	-	-	487	384	26.8
Japan	(e)	144	126	14.3	23	(79)	N.M	167	47	N.M
United Kingdom	(f)	1,058	-	N.M	2,968	1,819	63.2	4,026	1,819	N.M
Total		26,330	1,717	N.M	4,274	2,442	75.0	26,759	17,216	55.4

	Footnote	H-REIT Group			HBT Group			CDL Hospitality Trusts		
		1H 2022 S$'000	1H 2021 S$'000	Increase/ (Decrease) %	1H 2022 S$'000	1H 2021 S$'000	Increase/ (Decrease) %	1H 2022 S$'000	1H 2021 S$'000	Increase/ (Decrease) %
Singapore										
- Hotels		25,412	16,382	55.1	1,734	1,525	13.7	25,646	16,407	56.3
- Claymore Connect		1,457	498	N.M	-	-	-	1,457	498	N.M
Maldives	(a)	6,701	(11,665)	N.M	1,925	1,354	42.2	6,582	3,448	90.9
Australia	(b)	2,490	3,288	(24.3)	528	(8)	N.M	348	2,329	(85.1)
NewZealand		7,005	9,798	(28.5)	-	-	-	7,005	9,798	(28.5)
Germany	(c)	3,168	2,361	34.2	-	-	-	3,168	2,361	34.2
Italy	(d)	773	716	8.0	-	-	-	773	716	8.0
Japan	(e)	210	166	26.5	(21)	(23)	8.7	189	143	32.2
United Kingdom	(f)	1,500	-	N.M	4,298	1,277	N.M	5,798	1,277	N.M
Total		48,716	21,544	N.M	8,464	4,125	N.M	50,966	36,977	37.8

Footnotes

(a) The Maldives resorts includes a Master Lease and Managed hotel as follows:

(i) Master Lease

*There is a master lease agreement between H-REIT's indirect wholly-owned subsidiary, Sanctuary Sands Maldives Private Limited (the "**Lessor**") and Maldives Bay Pvt Ltd (the "**Lessee**"), a subsidiary of Banyan Tree Holdings Limited.*

Under the lease agreement, there was a minimum rent top-up cap of US$6.0 million and no further minimum rent top-ups was payable by Lessee to Lessor after the cumulative top-ups reached US$6.0 million. Following the final utilisation of the remaining cumulative minimum rent top-ups in FY 2019, there has been no further top-ups available for 1H 2022.

(ii) Managed hotel

There is a lease agreement between H-REIT and HBT's indirect wholly-owned subsidiaries.

*In turn, HBT's indirect wholly owned subsidiary, CDL HBT Oceanic Maldives Private Limited ("**CDL HBT Oceanic**") engaged AccorHotels to operate the resort as Raffles Maldives Meradhoo.*

For the H-REIT Group, the revenue for 1H 2022 includes S$2.0 million (US$1.5 million) rental income from HBT Group respectively. For the HBT Group, the revenue for the reporting period comprises the entire revenue derived from the operations of the resort.

(b) The Perth Hotels includes Ibis Perth and Mercure Perth.

With effect from 1 May 2021, there is a lease agreement between H-REIT and HBT's indirect wholly-owned subsidiaries. In turn, HBT's indirect wholly owned subsidiaries, CDL HBT Sun Three Pty Ltd and CDL HBT Sun Four Pty Ltd engaged AAPC Properties Pty Limited (a wholly-owned subsidiary of Accor SA) to continue operating the hotels. In accordance with SFRS(I) 16/FRS 116 Leases, H-REIT Group must account for the base rent on a straight-line basis over the tenor of the lease at S$2.1 million (A$2.1 million) per annum for Ibis Perth and S$3.3 million (A$3.4 million) per annum for Mercure Perth. Accordingly, the gross revenue and NPI under H-REIT Group have been adjusted to reflect this arrangement.

For H-REIT Group, the revenue for 1H 2022 includes S$3.2 million (A$3.3 million) net rental income received from HBT Group (based on the rental income accounted for on a straight-line basis, according to SFRS(I) 16/FRS 116 Leases, and variable rent, if any, arising from the gross operating profit of the Perth Hotels). For the HBT Group, the revenue for the reporting period comprises the entire revenue derived from the operations of the hotels.

*(c) H-REIT's indirect wholly-owned subsidiary owns an interest of 94.9% in Pullman Hotel Munich, which comprises the hotel and its office and retail components. There is a hotel lease agreement between H-REIT's indirect subsidiary, NKS Hospitality I B.V. (the "**Lessor**") and UP Hotel Operations GmbH & Co. KG (the "**Lessee**"). Under this lease, H-REIT will receive rent of around 90% of the net operating profit of the hotel, subject to a guaranteed fixed rent of €3.6 million per annum.*

*Due to the COVID-19 pandemic, the Lessor entered into discussions on temporary rent abatement with its Lessee. A temporary 4-year rent abatement agreement for Pullman Munich was signed in April 2021 ("**Temporary Arrangement**"). Pursuant to the Temporary Arrangement, from April 2021 to 2024, the annual base rent level of the Pullman Hotel Munich has been reduced, starting with €0.6 million in 2021, stepping up annually to a base rent level of €2.4 million in 2024, before reverting to the original base rent level of €3.6 million per annum in 2025. Notwithstanding this 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$4.7 million (€3.1 million) per annum. Accordingly, the gross revenue and NPI have been adjusted to reflect this new arrangement in 1H 2022.*

*Under the Temporary Arrangement, between April 2021 to December 2024 (the "**Restructured Term**"), after paying for its rent obligations and relevant hotel-related expenses, any losses suffered by the lessee during the Restructured Term will be first funded by the Lessee, but the Lessee will be allowed to clawback the cumulative losses incurred from future variable rent payment obligations. The variable rent formula remains unchanged throughout the Restructured Term or after, except that variable rent will be suspended until the cumulative losses are clawed back by the Lessee. As soon as the cumulative losses are fully clawed back, the Lessor shall be entitled to receive the variable rent thereafter. Lowering the base rent level in the four-year period serves to lower the level of cumulative losses suffered by the lessee and hence lower the amount of clawbacks from future available variable rent. The rationale for the Temporary Arrangement is for business continuity and working together with the lessees is important to navigate the hotel out of the crisis successfully.*

*(d) H-REIT's indirect wholly-owned subsidiary owns an interest of 95.0% in Hotel Cerretani Firenze. There is a hotel lease agreement between H-REIT's indirect subsidiary, NKS Hospitality III SRL. (the "**Lessor**") and FC Operations Hotel SRL (the "**Lessee**"). Under this lease, H-REIT will receive rent of around 93% of the net operating profit of the hotel, subject to a base rent of €1.3 million per annum.*

*Due to the COVID-19 pandemic, the Lessor entered into discussions on temporary rent abatement with its Lessee. A temporary 5-year rent abatement agreement for Hotel Cerretani Firenze was signed in December 2020 ("**Temporary Arrangement**"). Pursuant to the Temporary Arrangement, from 2020 to 2024, the annual base rent level of the Hotel Cerretani Firenze has been reduced, starting with €0.2 million in 2020, stepping up annually to a base rent level of €0.9 million in 2024, before reverting to the original base rent level of €1.3 million per annum in 2025. Notwithstanding this 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 annum. Accordingly, the gross revenue and NPI has been adjusted to reflect this new arrangement in 1H 2022.*

*Under the Temporary Arrangement, between March 2020 to December 2024 (the "**Restructured Term**"), after paying for its rent obligations and relevant hotel related expenses, any losses suffered by the lessee during the Restructured Term will be first funded by the Lessee, but the Lessee will be allowed to clawback the cumulative losses incurred from future variable rent payment obligations. The variable rent formula remains unchanged throughout the Restructured Term or after, except that variable rent will be suspended until the cumulative losses are clawed back by the Lessee. As soon as the cumulative losses are fully clawed back, the Lessor shall be entitled to receive the variable rent thereafter. Lowering the base rent level in the five-year period serves to lower the level of cumulative losses suffered by the lessee and hence lower the amount of clawbacks from future available variable rent. The rationale for the Temporary Arrangement is for business continuity and working together with the lessees is important to navigate the hotel out of the crisis successfully.*

(e) The Japan Hotels with HBT refers to master lease arrangement between a trust bank in Japan (in its capacity as the trust bank holding the legal title to the Japan Hotels) and CDLHT.

For H-REIT Group, the revenue for 1H 2022 includes S$0.4 million (JPY32.3 million) net rental income received from HBT Group (based on the gross operating profit of the Japan Hotels). The fiscal period for the Japan Hotels is set at 6-month intervals, from 1 October to 31 March and 1 April to 31 September. This will allow the income from the Japan Hotels to be distributed twice a year, subject to completion of the audit for the relevant period.

(f) The UK Hotels includes:

(i) <u>Hilton Cambridge City Centre</u>

Hilton Cambridge City Centre is owned by HBT's indirectly wholly-owned subsidiary, CDL HBT Cambridge City Hotel (UK) Ltd. The hotel operator for this hotel is Hilton UK Manage Limited.

The revenue for the reporting period comprises the entire revenue derived from the hotel operations. The net property income is derived after deducting the operating expenses, property tax and insurance expenses of the hotel.

(ii) <u>The Lowry Hotel</u>

The Lowry Hotel is owned and operated by HBT's indirectly wholly-owned subsidiary, The Lowry Hotel Ltd.

The revenue for the reporting period comprises the entire revenue derived from the hotel operations. The net property income is derived after deducting the operating expenses, property tax and insurance expenses of the hotel.

(iii) <u>Hotel Brooklyn</u>

*There is an Occupational Lease agreement between H-REIT's indirect wholly-owned subsidiary, CDL HREIT Investments (II) Property Limited (the "**Lessor**") and HLD (Manchester) Limited (the "**Lessee**"), which is part of a group under Marshall Holdings Limited.*

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.

2 (iii) Review of the Performance

Six months period ended 30 June 2022

CDLHT's gross revenue increased by 49.0% or S$32.4 million year-on-year ("**yoy**") to S$98.6 million for 1H 2022, on the back of demand and rate growth in most portfolio markets. The pace of recovery varied across different regions and the increase in gross revenue was mainly supported by growth from Singapore, United Kingdom ("**UK**") (inclusive of a S$1.5 million inorganic contribution from Hotel Brooklyn, which was acquired on 22 February 2022) and Maldives properties.

In tandem with the increased revenue, net property income ("**NPI**") in 1H 2022 increased by 37.8% or S$14.0 million yoy to S$51.0 million. The increase in NPI contribution came mainly from 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. This was, however, offset by lower NPI from the Australia and New Zealand portfolio, which collectively declined by S$4.8 million yoy.

Total tourist arrivals into Singapore YTD June 2022 improved to 1,503,430[1], a substantial growth from a low base of 118,665 YTD June 2021 which was then impacted by pandemic border closures. However, this constituted only 16.1% of the YTD June 2019 arrivals (pre-Covid-19 levels) as border restrictions remained largely in place for large parts of 1H 2022, and the requirement for pre-departure testing for all fully vaccinated travellers arriving via air or sea prior to departing for Singapore was only lifted from 26 April 2022[2]. 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.

In contrast to 1H 2021, three 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. Only two of CDLHT's Singapore Hotels continued to be used mostly for isolation purposes in 1H 2022. Additionally, 215 rooms were out of order at Studio M for refurbishment from 7 February 2022 with the full inventory back in service from 27 May 2022. Staycation demand driven by weekends, public holidays and school holiday periods continued to benefit the Singapore Hotels despite the reopening of international borders. For W Hotel, this contributed to a RevPAR growth of 73.7% yoy for 1H 2022. 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.

In the Maldives, tourist arrivals for 1H 2022 grew 59.3% yoy[3], compared to the same period last year which still saw much of Western Europe under lockdown and entry from South Asian countries temporarily suspended for two months from mid-May 2021. The visitation statistics for 1H 2022 have recovered to 94.3% of 2019 (pre-Covid-19) levels, despite a brief setback since the onset of the Russian-Ukraine war 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 contribution from the Perth Hotels was based on actual trading performance for 1H 2022, compared to the fixed rent structure for the first four months of 2021 before the expiry of the fixed leases on 30 April 2021. Trading performance was muted for 1Q 2022, as demand was severely impacted due to continued border closures into Western Australia. Despite the lifting of border restrictions from early March 2022, recovery was sluggish as state-wide restrictions (including mandatory mask-wearing, capacity limits at sports events and concerts) affected inter-state travel before these restrictions were scrapped from late April 2022[4]. Although May and June saw pronounced and progressive improvements, 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. It was encouraging to see that the RevPAR for the Perth Hotels collectively in June 2022 was 12.7% higher than that of 2019. Overall, the Australia portfolio recorded an NPI decline of 85.1% or S$2.0 million yoy in 1H 2022.

[1] Singapore Tourism Analytics Network, Tourism Statistics, Monthly Visitor Arrivals
[2] Gov.sg, "[Updated] Facilitating the resumption of travel with the Vaccinated Travel Framework", 22 April 2022
[3] Ministry of Tourism, Republic of Maldives, Daily Updates 3 July 2022
[4] ABC.net.au, "WA's relaxed COVID rules explained, from masks and G2G passes, to close contact changes", 27 April 2022

Following the shortening of the quarantine period for international arrivals into New Zealand from mid-February 2022[5], there was a corresponding reduction in room utilisation rate across isolation facilities. Coupled 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, resulting in a RevPAR decline of 3.9% yoy for 1H 2022. A corresponding decline in captive food and beverage revenue due to the end of the quarantine business led to an NPI decline of 28.5% or S$2.8 million yoy for 1H 2022.

In Japan, the quasi state of emergency imposed from 21 January 2022 was lifted towards the end of March 2022[6]. However, limitations on foreign arrivals remained largely in place, with the country only re-opening to overseas tour groups under strict conditions from 10 June 2022[7]. While 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.

In the UK, Hilton Hotel and The Lowry Hotel recorded a collective growth in RevPAR for 1H 2022 to £107 compared to £30 in 1H 2021, after coming off a low base last year when hospitality businesses were only allowed to accept leisure business from 17 May 2021 following a period of lockdown from early January 2021. The reporting period also included an inorganic NPI contribution of S$1.5 million from the newly acquired Hotel Brooklyn, under an inflation-adjusted fixed lease[8]. Coupled with strong recovery following the lifting of the remaining restrictions from 18 March 2022[9], the UK portfolio registered a yoy NPI growth of S$4.5 million from S$1.3 million in 1H 2021 to S$5.8 million in 1H 2022.

In Germany, Pullman Hotel Munich reported a RevPAR improvement to €52 for 1H 2022 after coming off a low base of €14 for 1H 2021 due to a nationwide 'lockdown light' which banned non-essential travel for most of 1H 2021. The lifting of restrictions, such as stadium capacity limits and mandatory mask wearing (in place since early January 2022 due to 'Omicron' variant infection spikes) by early April 2022[10] and the subsequent return of citywide events supported the gradual recovery. 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.

The Italy Hotel recorded a RevPAR of €126 for 1H 2022 against €5 for 1H 2021, when the hotel was mostly temporarily closed. Demand primarily consisted of domestic, intra-Europe and US leisure travel, further supported by the return of fairs and festivals. Notwithstanding the improvement in RevPAR, NPI remained largely unchanged due to clawback by the Lessee of its cumulative losses incurred during the pandemic of S$0.7 million (€0.5 million), which meant that no variable rent was recognised during the reporting period. Accordingly, only base rent (which remained unchanged yoy) was recognised on a straight-line basis. In June 2022, the Italy Hotel has achieved a RevPAR growth of 9.3% as compared to June 2019.

At Claymore Connect, leasing demand has improved due to the gradual recovery of the retail market. Specifically, the lifting of travel curbs, easing of safe distancing measures, resumption of live performances, and reopening of nightlife businesses contributed to the improved results, with the mall registering a committed occupancy of 91.6% as of 30 June 2022.

Interest costs for 1H 2022 increased 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 (after deducting income retained for working capital) was S$25.2 million in 1H 2022, 68.4% higher yoy. Included therein is a capital distribution from UK properties (Hilton Hotel and The Lowry Hotel) of S$1.2 million.

DPS (after deducting income retained for working capital) for 1H 2022 was 2.04 cents, 67.2% higher yoy.

[5] Managed Isolation and Quarantine, "MIQ moves to 7-day stays", 18 February 2022
[6] TimeOut, "Tokyo's quasi-emergency is ending – here's what that means for going out", 18 March 2022
[7] Nikkei Asia, "Masks and chaperones: Japan's new rules for foreign tour groups", 7 June 2022
[8] 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.
[9] Gov.uk, "All COVID-19 travel restrictions removed in the UK", 14 March 2022
[10] Deutsche Welle, "Germany heads to summer with few COVID-19 rules", 1 April 2022

Statistics for CDLHT's Hotels

Singapore Hotels Statistics

	2Q 2022*	2Q 2021*	Increase/ (Decrease)	1H 2022*	1H 2021*	Increase/ (Decrease)
Average Occupancy Rate	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%
RevPAR	S$151	S$76	99.6%	S$123	S$72	72.1%

** 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 February 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.*

Overseas Hotels – RevPAR by Geography

	2Q 2022	2Q 2021	Increase/ (Decrease) (%)	1H 2022	1H 2021	Increase/ (Decrease) (%)
Maldives (US$)	246	151	63.0	381	231	64.8
Australia (A$)^	86	69	25.3	59	61	(3.0)
New Zealand (NZ$)	141	143	(1.1)	158	164	(3.9)
Germany (€)	80	19	N.M	52	14	N.M
Italy (€)**	195	10	N.M	126	5	N.M
Japan (¥)	3,742	2,679	39.7	3,415	2,546	34.1
United Kingdom (£)	128	51	N.M	107	30	N.M

^ With effect from 1 May 2021, CDLHT entered into hotel management agreements with Accor to manage the Perth Hotels and will recognise the full operational results of the hotels. For the comparative period 2Q 2021 and 1H 2021, this assumes that the Perth Hotels were operating as managed hotels as well.
*** Hotel Cerretani Firenze was closed from 30 October 2020 to 26 May 2021 amidst border travel restrictions which heavily curtailed demand.*

3 Variance between the forecast or prospectus statement (if disclosed previously) and the actual results

No forecast has been disclosed.

4 Commentary on the competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months

Overview

There has been a general resurgence in travel into countries whose borders have re-opened as a result of pent-up demand. The UNWTO has revised its outlook for 2022 due to stronger-than-expected results in 1Q 2022. International tourist arrivals are now expected to reach 55% to 70% of 2019 levels in 2022, depending on several circumstances including the rate at which destinations continue to lift travel restrictions, the evolution of the war in Ukraine, possible new outbreaks of coronavirus and global economic conditions, particularly inflation and energy prices[11].

All of CDLHT's portfolio markets, except Japan, have significantly eased travel restrictions and are now open to most international travellers with minimal or no restrictions. Supported by the reopening, CDLHT continues to observe a strong recovery across most of its portfolio markets.

[11] UNWTO, "Tourism Recovery Gains Momentum as Restrictions Ease and Confidence Returns", 3 June 2022

Over the years, CDLHT's hotels have implemented initiatives on various fronts including improving energy efficiency by capitalising on building automation technologies, job redesign and leveraging technology to effect payroll cost efficiencies. These initiatives will help to mitigate the recent inflationary pressures. In the short term, hotels worldwide are facing a shortage of labour as strenuous efforts are being made to rebuild the hospitality labour force that was drastically downsized during the pandemic.

Portfolio Markets

With all border restrictions eased for vaccinated travellers, Singapore's visitor arrivals continue to rebound in June 2022 with 543,732 visitor arrivals recorded, representing a 29.9% increase month-on-month from 418,458 in May 2022. Notably, 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 2022[12], 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 2022[13].

In 2H 2022, Singapore will see the return of the Formula 1 Singapore Grand Prix (268,000 spectators in 2019) after a two-year hiatus, marking the first race in a new seven-year term. Underpinned by strong demand, the event's three-day grandstand and combination tickets were sold out within six hours after going on sale[14]. 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 2021[15]. Some of the upcoming events include the World Cities Summit 2022, Food&HotelAsia, Milken Institute Asia Summit 2022, Gamescom Asia and Cosmoprof + Cosmopack Asia 2022.

On the supply front, Singapore's hotel inventory is estimated to increase by 2,094 net rooms in 2022, representing approximately 3.0% of existing room stock[16]. RevPAR for hotels across Singapore increased by 120.0% year-on-year market-wide to S$159 in May 2022, albeit falling short of May 2019 level by 6.0%[17].

Only one Singapore Hotel continues to operate as a facility used for isolation purposes with the contract ending in January 2023. Barring any pandemic-related adverse developments, the Singapore Hotels are expected to continue their strong recovery, 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 from the fourth quarter of 2022.

In New Zealand, all visa categories including tourist, visitor and student visas will reopen for applications for all travellers from 31 July 2022[18]. Upcoming major events including the Women's Rugby World Cup in October and November 2022 and FIFA Women's World Cup Australia & New Zealand 2023 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.

In May 2022, domestic travel through Perth Airport reached 94.1% of pre-pandemic levels[19]. Interstate travel rebounded strongly amid Western Australia's interstate border reopening from early March 2022 and subsequent further easing of restrictions[20], while intrastate travel was above pre-pandemic 2019 levels during 2Q 2022. International arrivals are returning at a slower pace, recording 36.8% of pre-pandemic levels in May 2022[21]. Major events are set to take place in 2H 2022, for example the Wallabies V England Rugby, ICON - Perth's Festival of International Football and ICC Men's T20 World Cup[22], which should encourage travel into Perth. In addition, corporate groups and domestic leisure travellers are expected to support demand for the Perth Hotels.

[12] Singapore Tourism Analytics Network
[13] The Business Times, "Changi Airport T4 and T2's Departure Hall to reopen in coming months", 10 June 2022
[14] The Straits Times, "Formula One: Three-day grandstand, combo tickets for S'pore Grand Prix sold out", 13 April 2022
[15] Singapore Tourism Board, "Singapore's MICE industry set to post a strong recovery", 1 June 2022
[16] Based on Horwath data (June 2022) and CDLHT Research.
[17] Singapore Tourism Analytics Network
[18] New Zealand Government
[19] Perth Airport
[20] Government of Western Australia
[21] Perth Airport
[22] Tourism Western Australia

Japan has reopened its borders to travellers on guided tours from 36 countries and regions from 10 June 2022, and doubled the cap on overseas arrivals to 20,000 a day[23]. In Tokyo, an ongoing campaign from 10 June 2022 to 31 July 2022 – "Motto Tokyo 2022" – subsidises up to ¥ 5,000 per night for overnight trips and up to ¥ 2,500 for day trips by Tokyo residents[24]. In the near term, Japan's hospitality sector will continue to be supported by domestic and business travel, further aided by domestic campaigns.

Tourist arrivals remain healthy in the Maldives, driven mainly by arrivals from India and Europe. Although arrivals from Russia have been affected by the ongoing Russia-Ukraine war, Russian national airline Aeroflot has recommenced its daily flights to Velena International Airport in May 2022[25] and further increased its flights to the Maldives in June 2022[26]. CDLHT's resorts continue to keep abreast of the evolving dynamics, with a focus on identifying and strengthening its 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 2022[27]. In the near term, both the Cambridge and Manchester markets are expected to remain supported by domestic business, further augmented by the return of events and international travellers. The fixed rent for Hotel Brooklyn, which was acquired on 22 February 2022 under an inflation-adjusted fixed lease, has been increased by 5% to £2.4 million for the period from 7 May 2022 to 6 May 2023.

On 31 August 2021, CDLHT invested in a residential Build-to-Rent forward-funding scheme in Manchester. The construction of the new UK BTR building continues to progress in accordance with the planned schedule. Piling works have completed and works on the floor slabs of the first few floors are in progress.

Munich and Florence have shown strong recovery from May 2022. Major events are set to return to Munich, such as the European Championships Munich 2022 in August and Oktoberfest starting from 17 September 2022[28].

As at 30 June 2022, CDLHT has a gearing of 39.5%, debt headroom of S$587.3 million and S$360.6 million in short-term uncommitted bridge loan facilities available for acquisitions. CDLHT will continue to actively pursue suitable acquisitions to diversify and augment its income streams and evaluate suitable divestment opportunities as they arise to unlock underlying asset values and/or recycle capital for better returns.

[23] The Straits Times, "Japan to allow tourists on package tours from June 10", 26 May 2022
[24] The Mainichi, "Tokyo to resume travel subsidy campaign to revitalize tourism in capital", 4 June 2022
[25] The Edition, "Aeroflot, Russia's largest airline fleet resumes direct flights to the Maldives", 16 May 2022
[26] Avas Online, "Aeroflot to increase flights to the Maldives", 6 June 2022
[27] CoStar, "Europe's Hotels Trend Toward Full Recovery, Driven by Leisure Demand", 16 May 2022
[28] City of Munich

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. Representatives 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.

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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.

By Order of the Board

Enid Ling Peek Fong
Company Secretary
M&C REIT Management Limited
(Company Registration No. 200607091Z)
(as Manager of CDL Hospitality Real Estate Investment Trust)

29 July 2022

By Order of the Board

Enid Ling Peek Fong
Company Secretary
M&C Business Trust Management Limited
(Company Registration No. 200607118H)
(as Trustee-Manager of CDL Hospitality Business Trust)

29 July 2022