CDL HOSPITALITY TRUSTS

CDL HOSPITALITY TRUSTS
SECOND HALF 2022 SUMMARY OF GROUP PERFORMANCE

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CDL HOSPITALITY TRUSTS

A stapled group comprising:

CDL HOSPITALITY REAL ESTATE INVESTMENT TRUST AND ITS SUBSIDIARIES

(a real estate investment trust constituted on 8 June 2006
under the laws of the Republic of Singapore)
and

CDL HOSPITALITY BUSINESS TRUST AND ITS SUBSIDIARIES

(a business trust constituted on 12 June 2006
under the laws of the Republic of Singapore)

CDL HOSPITALITY TRUSTS
UNAUDITED FINANCIAL STATEMENTS ANNOUNCEMENT OF CDL HOSPITALITY TRUSTS, H-REIT AND ITS SUBSIDIARIES AND HBT AND ITS SUBSIDIARIES FOR THE SIX MONTHS PERIOD AND YEAR ENDED 31 DECEMBER 2022

INTRODUCTION

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 (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 31 December 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 Perth 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 AND YEAR ENDED 31 DECEMBER 2022

SUMMARY OF CDL HOSPITALITY TRUSTS' RESULTS

	1 Jul 2022 to 31 Dec 2022 ("2H 2022") S$'000	1 Jul 2021 to 31 Dec 2021 ("2H 2021") S$'000	Increase/ (Decrease) %	1 Jan 2022 to 31 Dec 2022 ("FY 2022") S$'000	1 Jan 2021 to 31 Dec 2021 ("FY 2021") S$'000	Increase/ (Decrease) %
Revenue	130,711	91,499	42.9	229,356	157,724	45.4
Net property income	72,753	49,133	48.1	123,719	86,110	43.7
Total return before revaluation and fair value adjustments on properties	42,295	16,457	N.M	71,880	23,955	N.M
Income available for distribution to Stapled Securityholders (before retention)	43,731	24,673	77.2	70,379	41,295	70.4
Less:						
Income retained for working capital	(4,373)	(2,468)	77.2	(7,038)	(4,130)	70.4
Income to be distributed to Stapled Securityholders (after retention)	39,358	22,205	77.2	63,341	37,165	70.4
Capital distribution[1]	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 (before retention) (cents)						
For the year	3.95	3.26	21.2	6.21	4.61	34.7
Total distribution per Stapled Security (after retention) (cents)						
For the year	3.59	3.06	17.3	5.63	4.27	31.9

[1] Comprise of capital distribution from UK, Europe and Perth hotels of S$5.2 million and S$6.4 million for 2H 2022 and FY 2022, arising from operating cashflows. In prior year, the capital distribution was higher at S$15.4 million primarily due to the inclusion of a partial distribution of S$12.5 million sale proceeds from past divestments.

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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

	Foot-note	H-REIT Group			HBT Group [b]			CDL Hospitality Trusts		
		2H 2022 S$'000	2H 2021 S$'000	Increase/ (Decrease) %	2H 2022 S$'000	2H 2021 S$'000	Increase/ (Decrease) %	2H 2022 S$'000	2H 2021 S$'000	Increase/ (Decrease) %
Revenue										
Rental revenue		75,936	49,879	52.2	-	-	-	57,861	39,185	47.7
Hotel revenue		-	-	-	72,850	52,340	39.2	72,850	52,314	39.3
	(a)	75,936	49,879	52.2	72,850	52,340	39.2	130,711	91,499	42.9
Property expenses										
Operation and maintenance expenses		-	-	-	(16,190)	(18,132)	(10.7)	(16,190)	(18,132)	(10.7)
Employee benefit expenses		-	-	-	(21,850)	(10,607)	N.M	(21,850)	(10,607)	N.M
Rental expenses	(c)	-	-	-	(11,997)	(4,294)	N.M	(58)	105	N.M
Property tax	(d)	(2,183)	(1,497)	45.8	(939)	(504)	86.3	(3,122)	(2,001)	56.0
Other property expenses	(e)	(4,137)	5,925	N.M	(12,601)	(9,666)	30.4	(16,738)	(11,731)	42.7
		(6,320)	4,428	N.M	(63,577)	(43,203)	47.2	(57,958)	(42,366)	36.8
Net property income		69,616	54,307	28.2	9,273	9,137	1.5	72,753	49,133	48.1
H-REIT Manager's management fees		(6,399)	(5,581)	14.7	-	-	-	(6,399)	(5,581)	14.7
H-REIT Trustee's fees		(191)	(182)	4.9	-	-	-	(191)	(182)	4.9
HBT Trustee-Manager's management fees		-	-	-	(533)	(575)	(7.3)	(533)	(575)	(7.3)
HBT Trustee-Manager's trustee fees		-	-	-	(137)	(131)	4.6	(137)	(131)	4.6
Valuation fees		(66)	(50)	32.0	(19)	(33)	(42.4)	(85)	(83)	2.4
Depreciation	(f)	(713)	(819)	(12.9)	(7,830)	(8,780)	(10.8)	(9,623)	(11,321)	(15.0)
Other expenses	(g)	(2,194)	5,447	N.M	(298)	(223)	33.6	(2,491)	(2,227)	11.9
Finance income		16,140	10,150	59.0	4,113	1,174	N.M	13,452	10,026	34.2
Finance costs		(17,294)	(18,555)	(6.8)	(4,242)	(4,252)	(0.2)	(18,391)	(21,823)	(15.7)
Net finance costs	(h)	(1,154)	(8,405)	(86.3)	(129)	(3,078)	(95.8)	(4,939)	(11,797)	(58.1)
Net income/(loss) before fair value adjustment		58,899	44,717	31.7	327	(3,683)	N.M	48,355	17,236	N.M
Reversal of revaluation deficit/(Revaluation deficit) on property, plant and equipment	(i)	409	911	(55.1)	(3,667)	4,460	N.M	13,250	13,337	(0.7)
Net fair value gain on investment properties	(j)	140,384	18,237	N.M	6,374	438	N.M	127,858	30,509	N.M
Total return before tax		199,692	63,865	N.M	3,034	1,215	N.M	189,463	61,082	N.M
Tax (expense)/credit		(823)	557	N.M	(5,439)	(276)	N.M	(6,060)	(779)	N.M
Total return/(Net loss)		198,869	64,422	N.M	(2,405)	939	N.M	183,403	60,303	N.M
Attributable to:										
Unitholders		198,873	64,638	N.M	(2,405)	939	N.M	183,407	60,519	N.M
Non-controlling interests	(k)	(4)	(216)	(98.1)	-	-	-	(4)	(216)	(98.1)
Total return/(Net loss)		198,869	64,422	N.M	(2,405)	939	N.M	183,403	60,303	N.M

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	Foot-note	H-REIT Group			HBT Group [b]			CDL Hospitality Trusts		
		FY 2022 S$'000	FY 2021 S$'000	Increase/ (Decrease) %	FY 2022 S$'000	FY 2021 S$'000	Increase/ (Decrease) %	FY 2022 S$'000	FY 2021 S$'000	Increase/ (Decrease) %
Revenue										
Rental revenue		129,584	94,200	37.6	-	-	-	100,186	76,883	30.3
Hotel revenue		-	-	-	129,170	80,867	59.7	129,170	80,841	59.8
	(a)	129,584	94,200	37.6	129,170	80,867	59.7	229,356	157,724	45.4
Property expenses										
Operation and maintenance expenses		-	-	-	(28,760)	(24,867)	15.7	(28,760)	(24,867)	15.7
Employee benefit expenses		-	-	-	(40,432)	(20,419)	98.0	(40,432)	(20,419)	98.0
Rental expenses	(c)	-	-	-	(17,152)	(6,333)	N.M	(104)	241	N.M
Property tax	(d)	(4,429)	(4,841)	(8.5)	(1,650)	255	N.M	(6,079)	(4,586)	32.6
Other property expenses	(e)	(6,823)	(13,508)	(49.5)	(23,439)	(16,241)	44.3	(30,262)	(21,983)	37.7
		(11,252)	(18,349)	(38.7)	(111,433)	(67,605)	64.8	(105,637)	(71,614)	47.5
Net property income		118,332	75,851	56.0	17,737	13,262	33.7	123,719	86,110	43.7
H-REIT Manager's management fees		(11,702)	(9,458)	23.7	-	-	-	(11,702)	(9,458)	23.7
H-REIT Trustee's fees		(375)	(362)	3.6	-	-	-	(375)	(362)	3.6
HBT Trustee-Manager's management fees		-	-	-	(1,015)	(854)	18.9	(1,015)	(854)	18.9
HBT Trustee-Manager's trustee fees		-	-	-	(272)	(243)	11.9	(272)	(243)	11.9
Valuation fees		(149)	(136)	9.6	(42)	(47)	(10.6)	(191)	(183)	4.4
Depreciation	(f)	(1,487)	(1,671)	(11.0)	(16,771)	(15,942)	5.2	(20,984)	(21,453)	(2.2)
Other expenses	(g)	(4,199)	(3,444)	21.9	(889)	(556)	59.9	(5,086)	(4,000)	27.2
Finance income		43,177	17,891	N.M	8,133	-	N.M	40,644	17,667	N.M
Finance costs		(38,912)	(36,464)	6.7	(8,856)	(8,255)	7.3	(45,080)	(39,428)	14.3
Net finance income/(costs)	(h)	4,265	(18,573)	N.M	(723)	(8,255)	(91.2)	(4,436)	(21,761)	(79.6)
Net income/(loss) before fair value adjustment		104,685	42,207	N.M	(1,975)	(12,635)	(84.4)	79,658	27,796	N.M
Reversal of revaluation deficit/(Revaluation deficit) on property, plant and equipment	(i)	409	911	(55.1)	(3,667)	4,460	N.M	13,250	13,337	(0.7)
Net fair value gain on investment properties	(j)	142,788	18,237	N.M	6,374	438	N.M	130,262	30,509	N.M
Total return/(Net loss) before tax		247,882	61,355	N.M	732	(7,737)	N.M	223,170	71,642	N.M
Tax expense		(4,022)	(2,092)	92.3	(3,958)	(689)	N.M	(7,778)	(3,841)	N.M
Total return/(Net loss)		243,860	59,263	N.M	(3,226)	(8,426)	(61.7)	215,392	67,801	N.M
Attributable to:										
Unitholders		243,743	59,396	N.M	(3,226)	(8,426)	(61.7)	215,275	67,934	N.M
Non-controlling interests	(k)	117	(133)	N.M	-	-	-	117	(133)	N.M
Total return/(Net loss)		243,860	59,263	N.M	(3,226)	(8,426)	(61.7)	215,392	67,801	N.M

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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			HBT Group		
	2H 2022 S$'000	2H 2021 S$'000	Increase/ (Decrease) %	FY 2022 S$'000	FY 2021 S$'000	Increase/ (Decrease) %
Net (loss)/income for the period	(2,405)	939	N.M	(3,226)	(8,426)	(61.7)
Other comprehensive income						
Items that will not be reclassified to profit or loss:						
Revaluation (deficit)/surplus on property, plant and equipment	(7,679)	7,642	N.M	(7,679)	7,642	N.M
Tax effect on revaluation surplus on property, plant and equipment	(3,401)	(2,031)	67.5	(3,376)	(2,023)	66.9
	(11,080)	5,611	N.M	(11,055)	5,619	N.M
Items that are or may be reclassified subsequently to profit or loss:						
Foreign currency translation differences:						
- foreign operations	(4,632)	(2,337)	98.2	(11,978)	(202)	N.M
- hedge of net investment in a foreign operation	3,563	1,651	N.M	7,835	(539)	N.M
- monetary items forming part of net investment in a foreign operation	(4,208)	(2,385)	76.4	(10,245)	981	N.M
	(5,277)	(3,071)	71.8	(14,388)	240	N.M
Other comprehensive income for the period, net of tax	(16,357)	2,540	N.M	(25,443)	5,859	N.M
Total comprehensive income for the period	(18,762)	3,479	N.M	(28,669)	(2,567)	N.M

Review of financial performance

(a) Revenue comprises rental revenue and hotel revenue from CDLHT's properties. Please refer to Section 2 (i), pages 14 to 15 of the Announcement.

(b) Revenue and property expenses for HBT Group in 2H 2022 and FY 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, Hilton Hotel, The Lowry Hotel and Perth Hotels.

(c) Rental expenses for HBT Group have increased in 2H 2022 and FY 2022 as compared to the corresponding period last year mainly due to better performance from W Hotel, which resulted in higher variable rent recognised as compared to 2H 2021 and FY 2021.

(d) CDLHT recorded an overall yoy increase in property tax in FY 2022, mainly due to the higher business rate from UK Hotels and the absence of a business rate refund of S$812K (£440K) granted by the UK government for The Lowry Hotel recognised in FY 2021. The Perth Hotels also recognised a full year's property tax expense in FY 2022 as compared to FY 2021 (following its entry into hotel management agreement on 1 May 2021). This was partially offset by property tax savings from the Singapore Hotels subsequent to the finalisation of prior year's assessment.

(e) CDLHT's other property expenses comprise mainly utilities, insurance and other direct operating expenses. The other property expenses for both HBT Group and CDLHT Group have increased in 2H 2022 and FY 2022 in line with the strong recovery across most of its portfolio markets. H-REIT Group's expenses have decreased primarily due to the absence of S$7.7 million impairment loss in relation to intra-group trade receivables due from HBT (the lessee of Raffles Maldives Meradhoo) and an impairment of S$1.0 million (€0.7 million) relating to the rental receivables from the Germany Hotel which were recognised in FY 2021. Excluding these impairment losses, H-REIT Group's other property expenses in FY 2022 would have been S$2.0 million higher yoy (instead of a yoy decrease of S$6.7 million).

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

(g) Other expenses comprise mainly professional fees and administrative expenses. CDLHT incurred higher fees and administrative expenses in FY 2022 mainly due to the resumption of the Group's operations following gradual recovery from the pandemic as well as inclusion of the expenses arising from the Hotel Brooklyn and full year expenses from UK BTR investment as compared to only 4 months expenses in FY 2021.

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

	H-REIT Group			H-REIT Group		
	2H 2022	2H 2021	Increase/ (Decrease)	FY 2022	FY 2021	Increase/ (Decrease)
	S$'000	S$'000	%	S$'000	S$'000	%
Interest income received/receivable from banks	302	19	N.M	342	38	N.M
Interest income received/receivable from HBT Group(v)	1,886	124	N.M	2,577	224	N.M
Interest income from finance lease	29	35	(17.1)	62	108	(42.6)
Fair value gain on derivatives(i)	8,563	9,972	(14.1)	40,196	17,521	N.M
Exchange gain (ii)	5,360	-	N.M	-	-	-
Finance income	16,140	10,150	59.0	43,177	17,891	N.M
Exchange loss (ii)	-	(7,686)	N.M	(8,273)	(15,028)	(44.9)
Interest paid/payable to banks(iii)	(14,212)	(8,508)	67.0	(24,476)	(16,709)	46.5
Interest expense on lease liabilities	(1,967)	(1,442)	36.4	(3,812)	(2,918)	30.6
Amortisation of transaction costs capitalised(iv)	(984)	(793)	24.1	(2,090)	(1,558)	34.1
Financial expense arising from remeasuring non-current rental deposits at amortised cost	(131)	(126)	4.0	(261)	(251)	4.0
Finance costs	(17,294)	(18,555)	(6.8)	(38,912)	(36,464)	6.7
Net finance (costs)/income	(1,154)	(8,405)	(86.3)	4,265	(18,573)	N.M

	HBT Group			HBT Group		
	2H 2022	2H 2021	Increase/ (Decrease)	FY 2022	FY 2021	Increase/ (Decrease)
	S$'000	S$'000	%	S$'000	S$'000	%
Interest income received/receivable from banks	41	-	N.M	44	-	N.M
Exchange gain (ii)	4,072	1,174	N.M	8,089	-	N.M
Finance income	4,113	1,174	N.M	8,133	-	N.M
Exchange loss (ii)	-	-	-	-	(89)	N.M
Interest paid/payable to banks(iii)	(1,355)	(1,490)	(9.1)	(2,678)	(2,833)	(5.5)
Interest paid/payable to H-REIT Group(v)	(370)	(124)	N.M	(1,061)	(224)	N.M
Interest expense on lease liabilities	(2,441)	(2,561)	(4.7)	(4,965)	(4,956)	0.2
Amortisation of transaction costs capitalised(iv)	(76)	(77)	(1.3)	(152)	(153)	(0.7)
Finance costs	(4,242)	(4,252)	(0.2)	(8,856)	(8,255)	7.3
Net finance costs	(129)	(3,078)	(95.8)	(723)	(8,255)	(91.2)

	CDL Hospitality Trusts			CDL Hospitality Trusts		
	2H 2022	2H 2021	Increase/ (Decrease)	FY 2022	FY 2021	Increase/ (Decrease)
	S$'000	S$'000	%	S$'000	S$'000	%
Interest income received/receivable from banks	343	19	N.M	386	38	N.M
Interest income from finance lease	29	35	(17.1)	62	108	(42.6)
Fair value gain on derivatives[(i)]	8,563	9,972	(14.1)	40,196	17,521	N.M
Exchange gain[(ii)]	4,517	-	N.M	-	-	-
Finance income	13,452	10,026	34.2	40,644	17,667	N.M
Exchange loss[(ii)]	-	(9,018)	N.M	(11,591)	(14,059)	(17.6)
Interest paid/payable to banks[(iii)]	(14,904)	(9,998)	49.1	(26,491)	(19,542)	35.6
Interest expense on lease liabilities	(2,296)	(1,811)	26.8	(4,495)	(3,865)	16.3
Amortisation of transaction costs capitalised[(iv)]	(1,060)	(870)	21.8	(2,242)	(1,711)	31.0
Financial expense arising from remeasuring non-current rental deposits at amortised cost	(131)	(126)	4.0	(261)	(251)	4.0
Finance costs	(18,391)	(21,823)	(15.7)	(45,080)	(39,428)	14.3
Net finance costs	(4,939)	(11,797)	(58.1)	(4,436)	(21,761)	(79.6)

(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 gain of CDLHT for 2H 2022 mainly arose from the depreciation of Sterling Pound ("**GBP**"), Euro ("**EUR**") and US dollar ("**USD**") denominated borrowings against SGD, while the exchange loss recognised by CDLHT for FY 2022 was largely attributed to the depreciation of the Group's foreign currency denominated cash and receivables against SGD. During the comparative period in 2H 2021 and FY 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 2H 2022 and FY 2022 was higher yoy mainly as a result of higher funding costs on the Group's floating rate loans and fixed rates loans re-financed at higher rates, as well as 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 2H 2022 and FY 2022 relate to the amortisation of transaction costs arising from CDLHT's borrowings.

(v) The intra-group interest income/expenses between H-REIT Group and HBT Group arose from a loan extended by H-REIT to HBT to mainly support the operational cashflow of Hilton Hotel and The Lowry Hotel during the COVID-19 pandemic as well as the ongoing development cost for the UK BTR("Intra-group loan").

(i) This relates to the annual revaluation of land and buildings included as part of property, plant and equipment under the revaluation model adopted by CDLHT. Please refer to Section 1(b)(i) footnote (c) on page 10 of the Announcement for details.

(j) This relates to net fair value gain recognised from the revaluation of CDLHT's investment properties as at 31 December 2022. Please refer to Section 1(b)(i) footnote (b) on page 9 of the Announcement for details.

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

(l) *Income available for distribution*[i]

	CDL Hospitality Trusts		CDL Hospitality Trusts	
	2H 2022 S$'000	2H 2021 S$'000	FY 2022 S$'000	FY 2021 S$'000
Total return of H-REIT	182,126	16,971	223,185	31,485
Total comprehensive income of HBT	(24,197)	(11,503)	(24,660)	(13,468)
Add/(Less): Non tax deductible/(tax chargeable) items:				
- Net fair value gain on investment properties	(146,809)	(3,447)	(146,809)	(3,447)
- Amortisation of transaction costs	969	760	2,050	1,490
- Fair value gain on financial derivatives	(8,563)	(9,972)	(40,196)	(17,520)
- Financial expense arising from remeasuring non-current rental deposits at amortised cost	130	126	261	251
- Exchange (gain)/loss	(11,430)	7,686	(2,958)	12,917
- H-REIT Manager’s fees paid/payable in Stapled Securities	5,119	4,464	9,362	7,566
- H-REIT Trustee’s fees	191	182	375	362
- HBT Trustee-Manager’s management fees paid/payable in Stapled Securities	426	460	812	683
- HBT Trustee-Manager’s trustee fees	137	131	272	243
- Impairment loss on subsidiaries[ii]	42,686	16,558	42,686	16,558
- Other items	2,946	2,257	5,999	4,175
Income available for distribution to Stapled Securityholders (before retention)	43,731	24,673	70,379	41,295
Less :				
Income retained for working capital	(4,373)	(2,468)	(7,038)	(4,130)
Income to be distributed to Stapled Securityholders (after retention)	39,358	22,205	63,341	37,165
Capital distribution [iii]	5,154	15,398	6,372	15,398
Total distribution to Stapled Securityholders (after retention)	44,512	37,603	69,713	52,563
Comprising :				
- Taxable income	38,651	15,828	58,152	26,213
- Tax exempt income	707	6,377	5,189	10,952
- Capital distribution	5,154	15,398	6,372	15,398
	44,512	37,603	69,713	52,563

(i) The distribution of CDLHT represents the aggregate of distributions by H-REIT and HBT.

(ii) This relates to impairment loss on H-REIT’s and HBT’s cost of investment in overseas subsidiaries. These have no impact on the income available for distribution.

(iii) For FY 2022, the capital distribution comprise capital distribution from CDLHT’s overseas properties.

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 AND YEAR ENDED 31 DECEMBER 2022

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

		H-REIT Group		HBT Group[a]		CDL Hospitality Trusts	
	Footnote	31 Dec 2022 S$'000	31 Dec 2021 S$'000	31 Dec 2022 S$'000	31 Dec 2021 S$'000	31 Dec 2022 S$'000	31 Dec 2021 S$'000
ASSETS							
Non-current assets							
Investment properties	(b)	2,631,976	2,419,305	-	-	2,104,672	1,921,748
Investment property under development	(b)	-	-	59,660	27,661	59,660	27,661
Property, plant and equipment	(c)	67,399	72,631	284,416	334,284	783,250	792,701
Deferred tax assets		737	789	426	163	1,162	952
Finance lease receivables		1,327	1,803	-	-	1,327	1,803
Financial derivative assets	(d)	26,336	4,762	-	-	26,336	4,762
Other receivables		87,078	72,845	529	212	677	361
		2,814,853	2,572,135	345,031	362,320	2,977,084	2,749,988
Current assets							
Inventories		-	-	2,391	2,403	2,391	2,403
Trade and other receivables		41,163	35,148	22,410	22,340	26,228	28,876
Finance lease receivables		476	395	-	-	476	395
Financial derivative assets	(d)	83	-	-	-	83	-
Cash and cash equivalents		71,379	107,137	25,549	32,327	96,928	139,464
		113,101	142,680	50,350	57,070	126,106	171,138
Total assets		**2,927,954**	**2,714,815**	**395,381**	**419,390**	**3,103,190**	**2,921,126**
LIABILITIES							
Non-current liabilities							
Loans and borrowings	(e)	754,749	676,877	174,203	-	842,023	676,877
Lease liabilities	(f)	114,220	73,382	125,967	139,600	130,416	91,407
Rental deposits	(g)	10,823	10,126	-	-	10,823	10,126
Other payables	(i)	783	801	77	92	860	893
Financial derivative liabilities	(d)	-	948	-	-	-	948
Deferred tax liabilities	(h)	7,959	6,703	17,155	13,939	25,878	21,672
		888,534	768,837	317,402	153,631	1,010,000	801,923
Current liabilities							
Loans and borrowings	(e)	238,753	323,714	-	170,824	238,753	421,842
Lease liabilities	(f)	637	941	8,010	5,995	731	1,046
Trade and other payables	(i)	35,144	31,750	59,831	49,891	49,848	45,195
Financial derivative liabilities	(d)	163	-	-	-	163	-
Provision for taxation	(j)	7,424	8,429	3,127	65	10,551	8,494
		282,121	364,834	70,968	226,775	300,046	476,577
Total liabilities		**1,170,655**	**1,133,671**	**388,370**	**380,406**	**1,310,046**	**1,278,500**
Net assets		**1,757,299**	**1,581,144**	**7,011**	**38,984**	**1,793,144**	**1,642,626**
Represented by:							
Unitholders' funds		1,750,373	1,573,852	7,011	38,984	1,786,218	1,635,334
Non-controlling interests	(k)	6,926	7,292	-	-	6,926	7,292
		1,757,299	**1,581,144**	**7,011**	**38,984**	**1,793,144**	**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) *In FY 2022, the increase in investment properties at CDLHT was mainly due to the acquisition of Hotel Brooklyn and the recognition of net fair value gain of H-REIT Group’s investment properties at the end of the financial year. The details are as follows:*

The investment properties were valued by CBRE Pte. Ltd., CBRE GmbH, Cushman & Wakefield (Valuations) Pty Ltd, CBRE Valuation S.p.A., Jones Lang LaSalle Incorporated, Savills (UK) Limited, Cushman & Wakefield Debenham Tie Leung Limited, all independent registered valuers, and adopted in the financial statements of the Group as at 31 December 2022 as follows:

Properties	**Tenure**	**CDL Hospitality Trusts Valuation**	
		Foreign currency (million)	**(S$ million)**
Orchard Hotel	75 years from 19 July 2006		478.0
Grand Copthorne Waterfront Hotel	75 years from 19 July 2006		377.0
M Hotel	75 years from 19 July 2006		259.0
Studio M Hotel	99 years from 26 February 2007		187.5
Copthorne King’s Hotel	99 years from 1 February 1968		129.0
W Singapore – Sentosa Cove [1]	99 years from 31 October 2006		338.0
Claymore Connect Mall	75 years from 19 July 2006		100.0
Grand Millennium Auckland	Freehold	NZ$235.0	199.3
Mercure Perth [3]	Freehold	A$45.0	40.9
Ibis Perth [3]	Freehold	A$31.5	28.7
Angsana Velavaru [6]	99 years from 26 August 1997	US$59.8	80.4
Raffles Maldives Meradhoo [2,6]	99 years from 15 June 2006	US$49.0	65.9
Pullman Hotel Munich	Freehold	€104.3	149.3
Hotel Cerretani Firenze - MGallery	Freehold	€40.1	57.4
The Castings [4]	Freehold	£36.7	59.7
Hotel Brooklyn [5]	197 years from 7 May 2021	£23.8	38.7

The valuation at H-REIT Group's investment properties incurred a net fair value gain of S$142.8 million as at 31 December 2022 (31 December 2021: net fair value gain of S$18.2 million). This net fair value change is recognised in H-REIT Group's Statement of Total Return for FY 2022 and has no impact on the income available for distribution to holders of Stapled Securities.

Included in H-REIT Group’s investment properties as at 31 December 2022 is a net translation loss of S$46.8 million (31 December 2021: net translation gain of S$18.2 million) relating to its overseas properties.

[1] Under H-REIT Group, if W Hotel was valued on a standalone basis and on a master lease arrangement, the value is S$335.0 million.
[2] Under H-REIT Group, if Raffles Maldives Meradhoo was valued on a standalone basis and on a master lease agreement, the value is US$45.5 million.
[3] Under H-REIT Group, if Ibis Perth and Mercure Perth was valued on a standalone basis and on a master lease agreement, the value is A$30.5 million and A$43.5 million respectively.
[4] On 31 August 2021, HBT Group invested into the forward-funding scheme, The Castings. The independent valuation as at 31 December 2022 for this investment property under development was derived by applying the percentage of the spend-to-date (from 31 August 2021 to 31 December 2022) over the total contractual commitment to the assessed market value.
[5] On 22 February 2022, H-REIT Group acquired a wholly owned investment property, Hotel Brooklyn in Manchester, which is on a lease arrangement.
[6] Angsana Velavaru and Raffles Maldives Meradhoo each entered into an addendum with the Government of the Republic of Maldives for the extension of the head lease by another 49 years.

(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 Perth 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$21.0 million and net translation loss of S$38.6 million, offset by additions of S$8.3 million for the period.

As at 31 December 2022, the valuation of CDLHT properties (comprising investment properties and property, plant and equipment including ROU) resulted in a fair value gain of S$143.5 million, (31 December 2021: net fair value gain S$43.8 million). The net fair value change is recognized in CDLHT's Statement of Total Return for FY2022 and has no impact on the income available for distribution to holders of stapled securities.

(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$30.9 million) TMK bond and S$1.05 billion bank loans, as explained under Section 1(b)(ii) on pages 11 to 13 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 and a cross-currency interest rate swap to hedge against the interest rate volatility on some of its borrowings during the financial year.

The net current liabilities position for CDLHT as at 31 December 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 (as disclosed under Section 1(b)(ii) footnote (iii) on page 13 of the Announcement) and committed revolving credit facilities 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 of Singapore hotels (excluding W Hotel) 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	
	31 Dec 2022 S$'000	31 Dec 2021 S$'000	31 Dec 2022 S$'000	31 Dec 2021 S$'000	31 Dec 2022 S$'000	31 Dec 2021 S$'000
Amount repayable after one year						
Secured borrowings	63,000	67,454	-	-	63,000	67,454
Secured TMK bond	31,372	36,549	-	-	31,372	36,549
Unsecured borrowings [(a),(b),(d),(e)]	664,243	575,878	87,831	-	752,074	575,878
	758,615	679,881	87,831	-	846,446	679,881
Amount repayable within one year						
Unsecured borrowings [(c)]	238,865	324,140	-	98,269	238,865	422,409
	238,865	324,140	-	98,269	238,865	422,409
Total borrowings [(f)]	997,480	1,004,021	87,831	98,269	1,085,311	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 31 December 2022, this facility remains unutilised.*
(c) *On 23 August 2022, H-REIT refinanced its existing £50 million 1-year term loan for another year.*
(d) *On 30 November 2022, an existing term loan of US$76.2 million was refinanced into a S$90.2 million term loan for another 3 years.*
(e) *On 5 December 2022, HBT refinanced an existing £54 million term loan for another 4 years.*
(f) *The borrowings are presented before the deduction of unamortised transaction costs.*

As at 31 December 2022, CDLHT's aggregate leverage ratio was 36.6%, which was within the 50% limit allowed under the Monetary Authority of Singapore Property Funds Appendix. The interest coverage ratio was 3.7[1] times as of 31 December 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		
		31 Dec 2022			31 Dec 2022			31 Dec 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)	31,372	31,372	-	-	-	-	31,372	31,372	-
JPY	5-year term loan (¥3.27 billion)	33,092	33,092	-	-	-	-	33,092	33,092	-
SGD	Medium term note(iii)	1,000,000	-	1,000,000	-	-	-	1,000,000	-	1,000,000
SGD	Bridge loans(iv)	300,000	37,539	262,461	100,000	-	100,000	400,000	37,539	362,461
SGD	2-3 years revolving credit (committed)	400,000	224,603	175,397	-	-	-	400,000	224,603	175,397
SGD	3-5-year term loans	363,840	363,840	-	-	-	-	363,840	363,840	-
USD	5-year term loans (US$105.0 million)	141,288	141,288	-	-	-	-	141,288	141,288	-
EUR	7-year term loan (€44.0 million)(ii)	63,000	63,000	-	-	-	-	63,000	63,000	-
GBP	1-4-year term loans (£117.2 million)	179,306	102,746	76,560	87,831	87,831	-	267,137	190,577	76,560
		2,511,898	**997,480**	**1,514,418**	**187,831**	**87,831**	**100,000**	**2,699,729**	**1,085,311**	**1,614,418**

* 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$114.9 million, S$134.0 million and S$131.1 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 ("**JPY**") denominated bond of JPY3.1 billion (S$31.4 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$63.0 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 31 December 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$37.5 million (£23.1 million) was drawn down to fund the acquisition of Hotel Brooklyn. As at 31 December 2022, S$362.5 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

	Footnote	H-REIT Group			HBT Group			CDL Hospitality Trusts		
		2H 2022 S$'000	2H 2021 S$'000	Better/ (Worse) %	2H 2022 S$'000	2H 2021 S$'000	Better/ (Worse) %	2H 2022 S$'000	2H 2021 S$'000	Better/ (Worse) %
Master leases										
Singapore										
- Hotels		38,711	16,585	133.4	-	-	-	38,711	16,585	133.4
- Claymore Connect		3,351	1,885	77.8	-	-	-	3,351	1,885	77.8
Maldives	(a)	2,588	4,070	(36.4)	-	-	-	2,588	4,070	(36.4)
New Zealand		3,478	11,842	(70.6)	-	-	-	3,478	11,842	(70.6)
Germany	(c)	5,281	3,919	34.8	-	-	-	5,281	3,919	34.8
Italy	(d)	2,447	884	176.8	-	-	-	2,447	884	176.8
United Kingdom	(f)	2,005	-	N.M	-	-	-	2,005	-	N.M
		57,861	39,185	47.7	-	-	-	57,861	39,185	47.7
Managed hotels										
Singapore		10,548	5,494	92.0	31,650	19,061	66.0	31,650	19,061	66.0
Maldives	(a)	2,082	2,031	2.5	6,041	6,604	(8.5)	6,041	6,604	(8.5)
Australia	(b)	4,420	2,922	51.3	11,094	4,774	132.4	11,094	4,748	133.7
Japan	(e)	1,025	247	315.0	2,680	1,799	49.0	2,680	1,799	49.0
United Kingdom	(f)	-	-	-	21,385	20,102	6.4	21,385	20,102	6.4
		18,075	10,694	69.0	72,850	52,340	39.2	72,850	52,314	39.3
Total		75,936	49,879	52.2	72,850	52,340	39.2	130,711	91,499	42.9

2 (i) Breakdown of Total Revenue by Geography

		H-REIT Group			HBT Group			CDL Hospitality Trusts		
	Footnote	FY 2022 S$'000	FY 2021 S$'000	Better/ (Worse) %	FY 2022 S$'000	FY 2021 S$'000	Better/ (Worse) %	FY 2022 S$'000	FY 2021 S$'000	Better/ (Worse) %
Master leases										
Singapore										
- Hotels		60,228	33,514	79.7	-	-	-	60,228	33,514	79.7
- Claymore Connect		5,738	3,574	60.5	-	-	-	5,738	3,574	60.5
Maldives	(a)	7,825	6,621	18.2	-	-	-	7,825	6,621	18.2
Australia	(b)	-	1,597	N.M	-	-	-	-	1,597	N.M
New Zealand		10,483	21,640	(51.6)	-	-	-	10,483	21,640	(51.6)
Germany	(c)	9,025	8,189	10.2	-	-	-	9,025	8,189	10.2
Italy	(d)	3,385	1,748	93.6	-	-	-	3,385	1,748	93.6
United Kingdom	(f)	3,502	-	N.M	-	-	-	3,502	-	N.M
		100,186	76,883	30.3	-	-	-	100,186	76,883	30.3
Managed hotels										
Singapore		16,298	8,016	103.3	53,052	31,352	69.2	53,052	31,352	69.2
Maldives	(a)	4,126	4,028	2.4	14,906	13,314	12.0	14,906	13,314	12.0
Australia	(b)	7,587	4,698	61.5	17,532	7,192	143.8	17,532	7,166	144.7
Japan	(e)	1,387	575	141.2	4,558	3,437	32.6	4,558	3,437	32.6
United Kingdom	(f)	-	-	N.M	39,122	25,572	53.0	39,122	25,572	53.0
		29,398	17,317	69.8	129,170	80,867	59.7	129,170	80,841	59.8
Total		129,584	94,200	37.6	129,170	80,867	59.7	229,356	157,724	45.4

2 (ii) Breakdown of Net Property Income by Geography

	Footnote	H-REIT Group			HBT Group			CDL Hospitality Trusts		
		2H 2022 S$'000	2H 2021 S$'000	Better/ (Worse) %	2H 2022 S$'000	2H 2021 S$'000	Better/ (Worse) %	2H 2022 S$'000	2H 2021 S$'000	Better/ (Worse) %
Singapore										
- Hotels		46,554	21,123	120.4	2,027	1,677	20.9	47,082	21,300	121.0
- Claymore Connect		2,483	900	175.9	-	-	-	2,483	900	175.9
Maldives	(a)	4,113	13,620	(69.8)	(334)	1,038	(132.2)	1,698	4,636	(63.4)
Australia	(b)	3,439	2,526	36.1	1,759	(197)	N.M	2,642	(460)	674.3
New Zealand		3,478	11,842	(70.6)	-	-	-	3,478	11,842	(70.6)
Germany	(c)	4,227	3,425	23.4	-	-	-	4,227	3,425	23.4
Italy	(d)	2,430	791	207.2	-	-	-	2,430	791	207.2
Japan	(e)	890	80	N.M	75	163	(54.0)	965	243	297.1
United Kingdom	(f)	2,002	-	N.M	5,746	6,456	(11.0)	7,748	6,456	20.0
Total		69,616	54,307	28.2	9,273	9,137	1.5	72,753	49,133	48.1

	Footnote	H-REIT Group			HBT Group			CDL Hospitality Trusts		
		FY 2022 S$'000	FY 2021 S$'000	Better/ (Worse) %	FY 2022 S$'000	FY 2021 S$'000	Better/ (Worse) %	FY 2022 S$'000	FY 2021 S$'000	Better/ (Worse) %
Singapore										
- Hotels		71,966	37,505	91.9	3,761	3,202	17.5	72,728	37,707	92.9
- Claymore Connect		3,940	1,398	181.8	-	-	-	3,940	1,398	181.8
Maldives	(a)	10,814	1,955	453.1	1,591	2,392	(33.5)	8,280	8,084	2.4
Australia	(b)	5,929	5,814	2.0	2,287	(205)	N.M	2,990	1,869	60.0
New Zealand		10,483	21,640	(51.6)	-	-	-	10,483	21,640	(51.6)
Germany	(c)	7,395	5,786	27.8	-	-	-	7,395	5,786	27.8
Italy	(d)	3,203	1,507	112.5	-	-	-	3,203	1,507	112.5
Japan	(e)	1,100	246	347.2	54	140	(61.4)	1,154	386	199.0
United Kingdom	(f)	3,502	-	N.M	10,044	7,733	29.9	13,546	7,733	75.2
Total		118,332	75,851	56.0	17,737	13,262	33.7	123,719	86,110	43.7

Footnotes

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

(i) <u>Master Lease</u>

*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 FY 2022.

(ii) <u>Managed hotel</u>

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 FY 2022 includes S$4.1 million (US$3.0 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$2.0 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 FY 2022 includes S$7.6 million (A$7.9 million) net rental income recorded 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$4.5 million (€3.1 million) per annum. Accordingly, the gross revenue and NPI have been adjusted to reflect this new arrangement in FY 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.*

As at 31 December 2022, the cumulative losses have been fully clawed back by the Lessee. Consequently, a variable rent of S$1.9 million (€1.3 million) was recognised in FY 2022.

*(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 FY 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.*

As at 31 December 2022, the cumulative losses have been fully clawed back by the Lessee. Consequently, a variable rent of S$1.5 million (€1.1 million) was recognised in FY 2022.

(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 FY 2022 includes S$1.4 million (JPY103.8 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. In FY 2021, the Lowry Hotel received a business rate refund of S$812K (£440K) granted by the UK government. If we exclude this one-off business rate refund, the yoy growth for The Lowry hotel would have been higher in FY2022.

(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$3.9 million (£2.3 million). An annual rent review was carried out during the reporting period and the fixed rent of S$3.9 million (£2.3 million) has been increased to S$4.1 million (£2.4 million) from 7 May 2022 to 6 May 2023.

2 (iii) Review of the Performance

Six months period ended 31 December 2022

CDLHT's gross revenue increased by 42.9% or S$39.2 million year-on-year ("**yoy**") for 2H 2022, out of which S$36.2 million was mainly contributed by its Singapore portfolio. The increase in gross revenue reflects the continued recovery in global travel 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.

In tandem with the higher revenue, NPI increased by 48.1% (or S$23.6 million) yoy to S$72.8 million for 2H 2022. The improvement was largely attributed to the Singapore portfolio, which saw an increase of S$27.4 million yoy. However, there was lower NPI from the New Zealand Hotel and Maldives Resorts, which declined by S$11.3 million yoy for 2H 2022.

Robust demand was evident in the second half with a strong return in citywide events and conventions featuring prominently from September 2022. CDLHT's Singapore hotel portfolio (with the exception of one hotel which was contracted for isolation purposes[1]) achieved RevPAR levels exceeding that of 2H 2019 supported by solid growth in ADR, which demonstrated firm recovery in its core market. Overall, NPI from the Singapore Hotels improved by S$25.8 million yoy to S$47.1 million for 2H 2022. This set of stellar results was achieved despite the absence of Singapore's biggest pre-pandemic inbound market from China 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[2].

The increased supply as well as 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. Overall, the Maldives Resorts experienced an occupancy-driven RevPAR decline of 5.8% yoy for 2H 2022. The increased fuel prices and other inflationary costs such as a mandated substantial increase in minimum wage from 1 January 2022, affected profit margins. As a result, the Maldives Resorts registered NPI decline of S$2.9 million yoy for 2H 2022.

The Perth Hotels achieved a collective RevPAR of A$113 for 2H 2022, after coming off a low base of A$38 last year when performance was impacted by strict travel restrictions into Western Australia ("**WA**"). On the back of strong shipping and mining activity in WA, the recovery in the trading performance reflected a RevPAR growth of 8.9% against that of 2H 2019's RevPAR. Consequently, the Perth Hotels turned in a positive NPI of S$2.6 million for 2H 2022, an increase of S$3.1 million yoy.

In New Zealand, Grand Millennium Auckland was reopened to the public in 2H 2022 after having served as a managed isolation facility throughout 2H 2021. 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. The New Zealand Hotel subsequently hosted some rugby teams over the Women's Rugby World Cup that took place in 4Q 2022. Consequently, the New Zealand Hotel posted a RevPAR of NZ$98, a decrease of 46.7% from 2H 2021. Accordingly, NPI declined by 70.6% or S$8.4 million yoy to S$3.5 million for 2H 2022[3].

In Japan, the government removed its cap on daily arrivals and the ban on individual and non-prearranged group travel from 11 October 2022. Against this backdrop, improved trading results ensued with the Japan Hotels posting a RevPAR of ¥5,355 for 2H 2022 reflecting an 84.1% increase yoy from the low base in 2H 2021. Notably, the Japan Hotels registered a growth of 14.6% in RevPAR in December 2022 against December 2019 due to a 27.5% improvement in average rate. The 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.

[1] One Singapore hotel continued to be contracted for isolation purposes through 2H 2022, as compared to 2H 2021 whereby five of the Singapore Hotels were under such government contracts.
[2] Singapore Tourism Analytics Network
[3] In July 2022, CDLHT renewed its lease of the New Zealand Hotel with the lessee of the hotel for another three-year term. The lease commenced on 7 September 2016 with a three-year term and options to renew for two further three-year terms, subject to mutual agreement. The third three-year term of the Lease commenced on 7 September 2022 on the same terms, save for the annual base rent reducing from NZ$6.0 million to zero for the first two years of the term and NZ$2.0 million for the third year. Accordingly, under SFRS(I) 16/ FRS 116 *Leases*, the annual base rent will be accounted for on a straight-line basis over the remaining lease tenure at S$0.6 million (NZ$0.7 million) per year or S$0.1 million (NZ$0.2 million) per quarter.

In the UK, Hilton Cambridge City Centre and The Lowry Hotel recorded a collective RevPAR growth of 22.1% yoy to £138 in 2H 2022. For The Lowry Hotel, there was a one-off S$0.8 million (£0.4 million) business rate refund recognized as income in 2H 2021 which was not present in the 2H 2022 NPI. 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.

Pullman Hotel Munich recorded RevPAR of €119 for 2H 2022 compared to the low base of €42 in 2H 2021. The improvement 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 whereas in 2H 2021, no variable rent was recorded due to the clawback by lessee of its cumulative losses as part of its temporary rent abatement arrangement. Accordingly, the NPI for the Germany Hotel increased by 23.4% or S$0.8 million yoy to S$4.2 million for 2H 2022, even after taking into account the depreciation in EUR for the reporting period.

Hotel Cerretani Firenze reported a RevPAR of €177 for 2H 2022, up from a low base of €64 for 2H 2021. Due to the extreme heat in Italy over summer, the air-conditioning system required repair over a three-week period, which masked an extremely robust performance and resulted in a subdued occupancy of 73.4% for 2H 2022. Despite this, the Italy Hotel, registered the highest RevPAR in any half-year reporting period since acquisition, driven by the record ADR achieved. Overall, NPI increased by S$1.6 million yoy to S$2.4 million for the reporting period due to the recognition of S$1.5 million (€1.1 million) variable rent (2H 2021: Nil).

At Claymore Connect, retail activity gradually picked up in 2H 2022 due to the resumption of group gatherings of up to five pax at F&B establishments from 12 July 2022 onwards. Claymore Connect recorded an increase of S$1.6 million yoy to S$2.5 million in NPI due to incoming tenants and the higher average rent achieved. The committed occupancy of the mall as at 31 December 2022 was 95.7%.

Interest costs for 2H 2022 increased mainly due to higher funding costs on the Group's floating rate loans and fixed rate loans re-financed at higher rates, as well as interest expenses incurred on additional loans taken to fund the acquisition of Hotel Brooklyn. To manage interest costs, the Group had in 1Q 2022, entered into three fixed-rate interest rate swaps and a cross-currency interest rate swap to hedge against the interest rate volatility on some of its borrowings. Additionally, in February 2022, proceeds from previous divestments amounting to £18.8 million was used to partially pare down its GBP borrowings. These initiatives helped to partially mitigate the interest cost increases in 2H 2022. The interest expense incurred on the UK BTR development project was capitalised, hence it did not have an impact on distribution.

CDLHT's total investment properties and property, plant and equipment value (excluding Rights-of-use assets) ("**Total Portfolio Value**") increased by S$163.7 million or 6.2% yoy to S$2.8 billion as at 31 December 2022. The yoy increase includes the value of Hotel Brooklyn which was acquired during the year. On a same store basis, the Total Portfolio Value (excluding Hotel Brooklyn) would have increased by S$125.0 million or 4.7% yoy.

Correspondingly, the total distribution (after deducting income retained for working capital) was S$44.5 million, 18.4% higher yoy. Included herein is a capital distribution from UK, Europe and Perth properties of S$5.2 million arising from operating cashflows. In prior year, capital distribution was higher at S$15.4 million because it included a partial distribution of S$12.5 million sales proceeds from past divestments. On a same store basis, excluding the capital distribution of S$12.5 million in 2H 2021, the total distribution would have improved by 77.3% (instead of 18.4%) yoy.

The distribution per Stapled Security ("**DPS**") (after deducting income retained for working capital) for 2H 2022 was 3.59 cents, 17.3% higher yoy.

2 (iii) Review of the Performance

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 have experienced robust performance growth. CDLHT's gross revenue for FY 2022 grew by 45.4% yoy to S$229.4 million. The improvement across the portfolio was offset by lower contributions from the New Zealand Hotel following the reversion to public trading from 2Q 2022 onwards after its exit from government isolation program.

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.

In FY 2022 tourist arrivals into Singapore improved to 6.3 million representing 33.0% of total 2019 arrivals as border restrictions were only fully lifted for all fully vaccinated travellers arriving via air or sea from late April 2022 onwards. However, the longer average length of stay of 5.2 days in 2022 translated to 33.1 million visitor days which is about 51.6% of visitor days in 2019[4].

Compared to 2021 when five of the Singapore Hotels were supported by government isolation contracts for most of the year, the majority of these arrangements ended by mid-2022 with only one hotel remaining as an isolation facility at year end. Additionally, 215 rooms were taken out of inventory at Studio M Hotel for refurbishment works from 7 February 2022 to 26 May 2022 while renovations at Grand Copthorne Waterfront Hotel rendered an average of 111 rooms out of order from 24 October 2022. Despite a relatively measured start to the year before restrictions were fully relaxed in late April 2022[5], the healthy recovery of both domestic and inbound demand as well as a series of sporting and citywide events and conventions boosted accommodation demand. The Singapore Hotels ended the year on a positive note with all six hotels achieving RevPAR levels for 4Q 2022 exceeding that of 4Q 2019. Collectively, the Singapore Hotels reported RevPAR of S$166 for FY 2022 as compared to S$82 for FY 2021, and was only marginally behind FY 2019 by 1.6% despite not enjoying a full year of normalised trading. Overall, NPI from the Singapore Hotels improved by 92.9% or S$35.0 million yoy to S$72.7 million for FY 2022.

In the Maldives, tourist arrivals in 2022 grew 26.7% yoy and recovered to 98.4% of 2019 pre-pandemic levels[6], despite the absence of China inbound tourism and a brief setback from late 1Q to 2Q 2022 due to the onset of the Russian-Ukraine war which affected demand. While the year started relatively well with the Maldives continuing to benefit as one of the few fully-opened Indian Ocean destinations, the reopening of alternative island destinations as well as the strengthening of the USD resulted in the weakening of demand into the Maldives' resorts from 4Q 2022. Notwithstanding this, for FY 2022, the Maldives Resorts achieved a RevPAR increase of 25.9% yoy to US$322, with a marginal NPI improvement of 2.4% or S$0.2 million yoy to S$8.3 million after taking into account cost increases.

The contribution from the Perth Hotels was based on actual trading performance for FY 2022, compared to FY 2021 where the fixed rent structure was in place until April 2021. Demand was affected in 1Q 2022 due to international border closures[7], with marked improvements from June 2022 following removal of statewide restrictions (including mandatory mask-wearing, capacity limits at sports events and concerts) from late April 2022[8] and the subsequent recovery of shipping and mining demand, as well as national and international sporting events. The Perth Hotels posted a RevPAR increase of 75.6% to A$87, with NPI improving by 60.0% or S$1.1 million yoy to S$3.0 million.

With the progressive lifting of border restrictions for non-citizens, facilities throughout Auckland were gradually released from the government isolation program with Grand Millennium Auckland reopening to the public on 9 June 2022. Recovery was hampered against a backdrop of labour constraints limiting maximum occupancy levels, traditionally low winter demand and gradual international flight capacity restoration. Consequently, for FY 2022, the New Zealand Hotel recorded RevPAR decline of 26.8% yoy, resulting in an NPI decline of 51.6% or S$11.2 million.

[4] Singapore Tourism Analytics Network
[5] Ministry of Health, Singapore, Further Easing of Community and Border Measures, 22 April 2022
[6] Ministry of Tourism, Republic of Maldives
[7] CNN Travel, "Western Australia ends one of the world's longest border closures", 3 March 2022
[8] ABC.net.au, "WA's relaxed COVID rules explained, from masks and G2G passes, to close contact changes", 27 April 2022

Limitations on foreign arrivals to Japan remained largely in place for most of 2022 before the cap on daily arrival and ban on individuals and non-prearranged group travel was finally lifted from 11 October 2022[9]. Amidst the lack of international arrivals, rates remained suppressed prior to November 2022. The rate recovery accelerated as inbound travel recovered since the reopening. The Japan Hotels posted a RevPAR growth of 61.0% yoy to achieve ¥4,393 for FY 2022, after coming off a relatively low base in FY 2021 which was impacted by travel restrictions. Consequently, NPI improved by S$0.8 million yoy to S$1.2 million for FY 2022, notwithstanding the depreciation in JPY during the year.

Despite a slow start to the year due to the outbreak of the 'Omicron' variant, consumer confidence quickly improved after all remaining domestic restrictions in the UK were lifted on 24 February 2022[10]. Hilton Hotel and The Lowry Hotel recorded collective RevPAR growth of 70.2% yoy for FY 2022, against a comparatively low base last year when hospitality businesses were only allowed to accept leisure business from 17 May 2021. For The Lowry Hotel, there was a one-off S$0.8 million (£0.4 million) business rate refund recognized as income in FY 2021 which was not present in FY 2022 NPI. The reporting period also included an inorganic NPI contribution of S$3.5 million from the newly acquired Hotel Brooklyn, which is under an inflation-adjusted fixed lease. The fixed rent for Hotel Brooklyn has been increased by 5.0% to £2.4 million (S$4.1 million) for the period commencing 7 May 2022 to 6 May 2023. Collectively, the NPI from the UK portfolio increased by 75.2% or S$5.8 million yoy to S$13.5 million for FY 2022, notwithstanding the weakening of GBP during the year.

Similarly, in Germany, pandemic-related restrictions for most of 1Q 2022 resulted in a sluggish start to the year. The subsequent relaxation of these restrictions, coupled with the robust return of corporate travel and a host of citywide events supported the recovery of Pullman Hotel Munich. The Germany Hotel recorded its highest annual ADR of €157 since its acquisition in 2017 with RevPAR improving to €86 for FY 2022, after coming off a low base of €28 for FY 2021 due to the nationwide travel restrictions. For FY 2022, after taking into account the depreciation in EUR and the recognition of variable rent of S$1.9 million (€1.3 million), NPI increased by 27.8% or S$1.6 million yoy to S$7.4 million.

Hotel Cerretani Firenze was operational throughout 2022 albeit a short three-week disruption due to air-conditioning repair works from late July 2022, compared to a five-month closure in 2021 due to travel restrictions. The demand for the Italy Hotel primarily consisted of domestic, intra-Europe and US leisure travel, further supported by the return of events and festivals. At a rate of €229, the Italy Hotel registered its highest annual ADR since acquisition which propelled RevPAR to €152 for FY 2022 against a low base of €35 for FY 2021. Notwithstanding the weaker EUR, the Italy Hotel doubled its NPI from S$1.5 million in FY 2021 to S$3.2 million for FY 2022, due to the variable rent of S$1.5 million (€1.1 million) recognised during the year. In FY 2021, there was no variable rent recognised due to the clawback by the lessee of its cumulative losses incurred during the pandemic.

For FY 2022, NPI for Claymore Connect increased by S$2.5 million yoy to S$3.9 million primarily due to an improved trade mix, new tenant commencement and a higher occupancy. During the year, the mall continued to focus on securing new leases, increasing rental levels for renewals and reducing operating costs.

Interest costs for FY 2022 increased mainly due to higher funding costs on the Group's floating rate loans and on re-financing of fixed rate loans, as well as interest expenses incurred on additional loans taken to fund the acquisition of Hotel Brooklyn. To manage interest costs, the Group had, in 1Q 2022, entered into three fixed-rate interest rate swaps and a cross-currency interest rate swap to hedge against the interest rate volatility on some of its borrowings. In addition, in February 2022, the Group also utilised proceeds from previous divestments amounting to £18.8 million to partially pare down its GBP borrowings. These initiatives helped to partially mitigate the interest cost increases in FY 2022. The interest expense incurred on the UK BTR development project was capitalised, hence it did not have an impact on distribution.

CDLHT's Total Portfolio Value increased by S$163.7 million or 6.2% yoy to S$2.8 billion as at 31 December 2022. The yoy increase includes the value of Hotel Brooklyn which was acquired during the year. On a same store basis, the Total Portfolio Value (excluding Hotel Brooklyn) would have increased by S$125.0 million or 4.7% yoy. An overall accounting net fair value gain of S$143.6 million has been recognised to Statements of Total Return, with the remaining balance recognised in Statements of Movements in Unitholders' Funds (refer to pages FS6 and FS8 of the Condensed Interim Financial Statements announcement). These revaluation gains do not have any impact on the distribution to Stapled Securityholders.

[9] Kyodo News, "Japan scraps COVID border controls in hopes of reviving tourism boom", 11 October 2022
[10] Gov.uk, "Prime Minister sets out plan for living with COVID", 21 February 2022

Correspondingly, the total distribution (after deducting income retained for working capital) was S$69.7 million, 32.6% higher yoy. Included herein is a capital distribution from UK, Europe and Perth properties of S$6.4 million arising from operating cashflows. In prior year, capital distribution was higher at S$15.4 million because it includes a partial distribution of sales proceeds of S$12.5 million from past divestments. On a same store basis, excluding the capital distribution of S$12.5 million in FY 2021, the total distribution would have improved by 74.0% (instead of 32.6%) yoy.

DPS (after deducting income retained for working capital) for FY 2022 was 5.63 cents, 31.9% higher yoy.

Statistics for CDLHT's Hotels

Singapore Hotels Statistics

	4Q 2022*	4Q 2021*	Better/ (Worse)	2H 2022*	2H 2021*	Better/ (Worse)	FY 2022*	FY 2021*	Better/ (Worse)
Average Occupancy Rate	85.5%	78.3%	7.2pp	86.8%	75.3%	11.5pp	76.1%	72.8%	3.3pp
Average Daily Rate	S$257	S$137	88.0%	S$241	S$121	99.0%	S$219	S$112	95.3%
RevPAR	S$220	S$107	105.2%	S$209	S$91	129.3%	S$166	S$82	104.1%

** 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. A total of 7,666 room nights were out of inventory for Grand Copthorne Waterfront Hotel from 24 October 2022 to 31 December 2022 due to renovation works, which is expected to continue into 1H 2023. Excluding the out-of-order rooms for 4Q 2022 and 4Q 2021, occupancy would be 89.2% and 85.8% respectively, while RevPAR would be S$227 and S$114 respectively. For 2H 2022 and 2H 2021, occupancy would be 88.2% and 79.9% respectively, while RevPAR would be S$213 and S$97 respectively. For FY 2022 and FY 2021, occupancy would be 78.3% and 77.2% respectively while RevPAR would be S$171 and S$86 respectively.*

Overseas Hotels – RevPAR by Geography

	4Q 2022	4Q 2021	Better/ (Worse) (%)	2H 2022	2H 2021	Better/ (Worse) (%)	FY 2022	FY 2021	Better/ (Worse) (%)
Maldives (US$)	338	410	(17.5)	263	280	(5.8)	322	256	25.9
Australia (A$)^	117	42	177.1	113	38	201.7	87	49	75.6
New Zealand (NZ$)	126	181	(30.6)	98	185	(46.7)	128	175	(26.8)
Germany (€)	108	40	172.2	119	42	184.5	86	28	207.3
Italy (€)**	159	71	125.4	177	64	178.5	152	35	339.3
Japan (¥)	6,565	3,036	116.2	5,355	2,909	84.1	4,393	2,729	61.0
United Kingdom (£)	130	109	19.1	138	113	22.1	123	72	70.2

^ 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 FY 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

International tourism was on track to reach 65% of pre-pandemic levels by the end of 2022 as the sector continued to bounce back from the pandemic, boosted by strong pent-up demand, improved confidence levels and the lifting of restrictions in an increasing number of destinations[11]. CDLHT's portfolio hotels continue to benefit from the recovery across its portfolio markets at varying paces, while real productivity gains achieved during the pandemic continue to cushion some of the labour-related inflation.

According to the World Bank's Global Economic Prospects report, global growth in 2023 is expected to slow to 1.7% in the face of elevated inflation, higher interest rates, reduced investment and disruptions caused by Russia's invasion of Ukraine[12]. In the near-term, average funding costs are expected to be higher for CDLHT, subject to the interest rate movements across key markets. While there are strong economic headwinds, the reopening of China's borders in early-January 2023 is expected to activate the next phase of recovery in international tourism.

Portfolio Markets

In Singapore, all four terminals at 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[13].

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, supported the rebound in Singapore's tourism sector. Despite the absence of Chinese tourists, Singapore ended the year with 6.3 million visitor arrivals, exceeding the Singapore Tourism Board's (“**STB**”) forecast of between four to six million visitors.

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[14]. 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 going through 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. The Managers are confident of the medium to long term prospects of the Singapore market and will assess opportunities to invest through asset enhancements to strengthen the competitiveness of its hotels in its core market.

[11] UNWTO, “Tourism grows 4% in 2021 but remains far below pre-pandemic levels”,18 January 2022
[12] World Bank Group, "Sharp, Long-lasting Slowdown to Hit Developing Countries Hard", 10 January 2023
[13] Changi Airport Group, “2022 - A year of recovery for Changi Airport”, 20 December 2022
[14] CNA, “Visitor arrivals in Singapore creep back to pre-pandemic levels as tourism sector rebounds”, 17 January 2023

In New Zealand, up to 530,000 people are expected to land in Auckland, Wellington and Christchurch in January and February 2023[15], representing approximately 65% of total arrivals during the same period in 2019[16]. In 3Q 2023, Australia and New Zealand will co-host the 2023 FIFA Women's World Cup, with seven teams based in Auckland[17], 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.

Perth continues to be boosted by the resources sector, and the value of minerals exploration expenditure in Western Australia ("**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[18]. 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.

Following the lifting of pandemic-related entry restrictions in October 2022, Japan recorded 2.3 million visitor arrivals in the last two months of 2022, representing 46.4% of visitor arrivals in the same period in 2019[19]. Visitors from China, which accounted for approximately 30% of total visitor arrivals before the pandemic, were largely absent during this period. While Japan has imposed a requirement for a negative test result for passengers boarding direct flights from China[20], Japan remains an attractive destination for Chinese tourists and the reopening of China's borders is expected to drive hotel demand going forward.

The Maldives received 484,674 visitor arrivals in 4Q 2022, exceeding the level achieved in 4Q 2019 by 7.4%[21]. Notwithstanding the absence of Chinese tourists, which made up 16.7% (284,029) of the total visitor arrivals in 2019, the Maldives recorded 1.7 million visitor arrivals in 2022, exceeding its target of 1.6 million. 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[22]. 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.

On 14 December 2022, a wholly-owned subsidiary of H-REIT has entered into a new 10-year lease agreement for Angsana Velavaru with the current lessee (a subsidiary of Banyan Tree Holdings Limited). The existing lease in place with the lessee expires on 31 January 2023 and the terms of the new lease are similar to the existing lease. The new lease has been registered with the Ministry of Tourism and will commence on 1 February 2023.

According to the VisitBritain forecast, the inbound visits for 2023 are forecasted at 35.1 million, representing 86% of the 2019 level and 18% higher than in 2022[23]. 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[24]. The weak economy in the UK could weigh on the hotels' performances.

On 31 August 2021, CDLHT invested in a residential Build-to-Rent forward-funding scheme in Manchester, UK. Construction of the new UK BTR building is in progress, with the superstructure completed to around 12 out of 24 levels above ground and works on the building façade, interior and services ongoing. Development completion is currently expected to be by 3Q 2024.

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.

[15] RNZ, "Up to 530,000 international visitors expected amid tourism sector labour shortages", 3 January 2023
[16] Stats NZ
[17] FIFA, "Team Base Camps confirmed for FIFA Womens World Cup Australia & New Zealand 2023", 11 December 2022
[18] Government of Western Australia, "Western Australia Economic Profile – December 2022", 6 January 2023
[19] Japan National Tourism Organization
[20] CNA, "Japan to tighten COVID-19 border controls for travellers from China", 4 January 2023
[21] Ministry of Tourism, Republic of Maldives
[22] Avas Online, "2023: Maldives sets target for 2 mln tourists", 29 September 2022
[23] VisitBritain, "2023 tourism forecast", 13 December 2022
[24] VisitBritain, "VisitBritain forecasts strong recovery in inbound visitor spending in 2023", 14 December 2022

While inflationary cost pressures, higher energy prices and funding costs could weigh on bottomline performance in near to medium term, some of these costs can be passed on such as in form of higher room rates, especially in strong markets or in periods of high demand. The return of Chinese travellers is also expected to boost international tourism in 2023. CDLHT will continue to pursue suitable acquisitions to diversify and augment its income streams. CDLHT will also continue to work closely with its lessees and operators to identify and execute strategic asset enhancement opportunities to ensure that the portfolio stays ahead of competition.

With a healthy balance sheet, low leverage ratio of 36.6% and S$348.9 million reserves (comprising cash and undrawn committed revolving credit facilities and term loan) as of 31 December 2022, CDLHT is well poised to manage its capital funding needs, including its UK BTR development costs. In February 2023, CDLHT will draw down on its revolving credit facility to repay its one-year bridge loan, which was used to fund the acquisition of Hotel Brooklyn in February 2022 (£23.1 million). This borrowing will be on a fixed rate basis, with the interest rate locked in based on an Interest Rate Swap entered in March 2022. In addition, CDLHT has another S$362.5 million in short-term uncommitted bridge loan facilities available to pursue suitable investments.

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.

The value of the stapled securities in CDLHT (the "Stapled Securities") and the income derived from them, may fall or rise. Stapled Securities are not obligations of, deposits in, or guaranteed by, the Managers or any of its affiliates. An investment in Stapled Securities is subject to investment risks, including the possible loss of the principal amount invested. Investors have no right to request that the Managers redeem or purchase their Stapled Securities while the Stapled Securities are listed. It is intended that holders of Stapled Securities may only deal in their Stapled Securities through trading on the Singapore Exchange Securities Trading Limited ("SGX-ST"). Listing of the Stapled Securities on the SGX-ST does not guarantee a liquid market for the Stapled Securities.

Nothing in this announcement constitutes an offer of any securities in the United States or elsewhere. The rights Stapled Securities have not been and will not be registered under the US Securities Act of 1933, as amended, and may not be offered or sold in the United States absent registration or an exemption from the registration requirements of that Act. No public offer of the rights Stapled Securities has been or will be made in the United States.

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)

30 January 2023

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)

30 January 2023