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
OPERATIONAL UPDATE FOR THE FIRST QUARTER ENDED 31 MARCH 2023

1. Review of Performance for the First Quarter Ended 31 March 2023

1.1 Breakdown of Total Revenue by Geography

	1 Jan 2023 to 31 Mar 2023 ("1Q 2023") S$'000	1 Jan 2022 to 31 Mar 2022 ("1Q 2022") S$'000	Better / (Worse) (%)
Master Leases			
Singapore			
- Hotels	15,489	8,743	77.2
- Claymore Connect	1,969	1,137	73.2
New Zealand	2,704	4,877	(44.6)
Maldives	2,958	3,471	(14.8)
United Kingdom	982	454	116.3
Germany[1]	1,764	1,806	(2.3)
Italy[2]	493	407	21.1
	26,359	20,895	26.1
Managed Hotels			
Singapore	13,901	8,846	57.1
Australia	5,495	1,931	184.6
Japan	1,816	880	106.4
Maldives	5,286	6,108	(13.5)
United Kingdom	7,948	7,574	4.9
	34,446	25,339	35.9
Total	**60,805**	**46,234**	**31.5**

[1] In April 2021, CDLHT entered into a lease amendment agreement with the lessee of the Germany Hotel to restructure the rental arrangement. Under the lease amendment, the base rent ("**Restructured Rent**") was €0.6 million in 2021, stepping up annually to €1.2 million in 2022, €1.8 million in 2023, and to €2.4 million in 2024, before reverting to the original base rent of €3.6 million per annum in 2025. Notwithstanding this Restructured Rent 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 year or S$1.1 million (€0.8 million) per quarter.

[2] In December 2020, CDLHT entered into a lease amendment agreement with the lessee of the Italy Hotel to restructure the rental arrangement. Under the lease amendment, the base rent ("**Restructured Rent**") was €0.2 million from 2020, stepping up to €0.6 million in 2023 and €0.9 million in 2024, before reverting to the original base rent level of €1.3 million per annum in 2025. Notwithstanding this Restructured Rent 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$1.5 million (€1.1 million) per year or S$0.4 million (€0.3 million) per quarter.

1.2 Breakdown of NPI by Geography

	1Q 2023 S$'000	1Q 2022 S$'000	Better / (Worse) (%)
Singapore			
- Hotels	18,176	10,043	81.0
- Claymore Connect	1,376	673	104.5
New Zealand	2,704	4,877	(44.6)
Australia	1,446	(581)	N.M
Japan	742	22	N.M
Maldives	4,125	5,503	(25.0)
United Kingdom	2,241	1,772	26.5
Germany	1,484	1,613	(8.0)
Italy	392	286	37.1
Total	**32,686**	**24,208**	**35.0**

1.3 Statistics for CDLHT's Hotels

Singapore Hotels Statistics

	1Q 2023*	1Q 2022*	Better / (Worse)
Average Occupancy Rate	67.9%	54.5%	13.5pp
Average Daily Rate	S$259	S$174	49.2%
RevPAR	S$176	S$95	86.1%

** A total of 13,998 room nights were taken out of inventory in 1Q 2023 at Grand Copthorne Waterfront Hotel for renovation works. This is against the 16,797 room nights that were out of order at Studio M Hotel in 1Q 2022 due to refurbishment works. Excluding the out-of-order rooms, for 1Q 2023 and 1Q 2022, occupancy would be 72.3% and 58.7% respectively, while RevPAR would be S$187 and S$102 respectively.*

Overseas Hotels – RevPAR by Geography

	1Q 2023	1Q 2022	Better / (Worse) (%)
New Zealand (NZ$)	164	175	(5.9)
Australia (A$)	122	33	273.3
Japan (¥)	7,553	3,084	144.9
Maldives (US$)	463	519	(10.8)
United Kingdom (£)**	104	86	21.2
Germany (€)	59	24	145.7
Italy (€)***	113	57	97.1

*** Excludes Hotel Brooklyn which is under a fixed rent occupational lease.*
**** The RevPAR of the Italy Hotel is based on total inventory regardless of the three-week closure from 16 January 2023 for water pipe works. Excluding the closure dates, the RevPAR for 1Q 2023 would be €149.*

1.4 Review of Performance

First Quarter Ended 31 March 2023

CDL Hospitality Trusts ("**CDLHT**" or the "**Group**") experienced growth in RevPAR across most of its portfolio, driven by increased occupancies and robust rate recovery. Accordingly, the Group's gross revenue and NPI in 1Q 2023 increased by 31.5% and 35.0% year-on-year ("**yoy**") to S$60.8 million and S$32.7 million respectively.

For 1Q 2023, RevPAR for the Singapore Hotels increased by 86.1% yoy, attributed to an increase of 13.5 percentage points in occupancy and 49.2% in average rate. This was compared to a low base in 1Q 2022 as border restrictions were only fully lifted from late April 2022. Against 1Q 2019, RevPAR grew by 8.3%, driven by an increase in average rate of 36.9%. During the first quarter of 2023, Singapore recorded a total of 2.9 million visitor arrivals, a significant increase from the 0.2 million recorded during the same period last year[3]. Visitor days has rebounded to 73.8% of 1Q 2019's level, supported by visitor arrivals reaching 62.1% of 1Q 2019's arrivals and an increase in length of stay from 3.34 in 1Q 2019 to 3.97 in 1Q 2023.

Compared to 1Q 2022 when two of the Singapore Hotels were used for isolation purposes, the last government contracted hotel in CDLHT's portfolio exited the program in early January 2023, and all of the Singapore Hotels were open to the public for the majority of 1Q 2023. Business sentiment improved from February onwards after a relatively quiet start in January as corporate demand was affected due to the Lunar New Year holidays. The hotel that exited the government contract was going through a gestation period during the quarter as it was rebuilding its leisure, corporate and conference business. The ongoing refurbishment of Grand Copthorne Waterfront Hotel resulted in disruption to the business as there was close to 14,000 room nights taken out of the inventory, which affected the hotel's RevPAR. Overall, despite the sub-optimal performance of these two hotels, NPI from the Singapore Hotels improved by 81.0% or S$8.1 million yoy for 1Q 2023.

Grand Millennium Auckland experienced a RevPAR decline of 5.9% in 1Q 2023 as compared to 1Q 2022, during which the hotel operated as a managed isolation facility with guaranteed occupancy and income. Business performance was also impacted by cancellations of major events and accommodation reservations due to the North Island floods and separately, Cyclone Gabrielle, which collectively affected Auckland from 27 January to 14 February 2023. Post-pandemic operating expenses were higher as the hotel returned to normal operations, which resulted in an increase of S$1.6 million (NZ$1.9 million) in operating costs, primarily comprising labour and rooms related expenses. Compounded by a weaker NZD (against SGD), the hotel saw a decline of 44.6% or S$2.2 million yoy in NPI for 1Q 2023.

The Perth Hotels posted a substantial increase in RevPAR to A$122 in 1Q 2023 as compared to A$33 in 1Q 2022 when borders into Western Australia ("**WA**") were largely closed. Against a backdrop of a strong event calendar and success in raising corporate rates, the Perth Hotels recorded RevPAR growth of 28.6% over 1Q 2019. Collectively, the Australia portfolio registered an NPI increase of S$2.0 million yoy in 1Q 2023.

In Japan, the recovery accelerated after the lifting of border restrictions in October 2022. Accordingly, the Japan Hotels saw RevPAR in 1Q 2023 of ¥7,553 as compared to ¥3,084 in 1Q 2022, representing an increase of 144.9% yoy. Despite the quarter's ADR being 5.2% higher than the pre-pandemic ADR, RevPAR was still marginally behind 1Q 2019 as tourists from China, one of Japan's key source markets, has yet to fully return, coupled with the increase in hotel room supply since 2019. Consequently, the Japan portfolio registered an NPI increase of S$0.7 million yoy in 1Q 2023.

In the Maldives, despite the growth in visitor arrivals, the increase in resort supply as well as the reopening of alternative destinations such as Seychelles, Mauritius and Thailand (which had border restrictions through 1Q 2022), impacted the top-line performance of the Maldives Resorts in 1Q 2023. The Maldives Resorts experienced a RevPAR decline of 10.8% yoy this quarter. The increased fuel prices and other cost inflation impacted profit margins. As a result, the Maldives Resorts registered an NPI decline of 25.0% or S$1.4 million yoy for 1Q 2023.

[3] Singapore Tourism Analytics Network

After coming off a relatively low base last year, when Hilton Cambridge City Centre and The Lowry Hotel were impacted by the threat of the Omicron variant, the hotels saw a growth in RevPAR of 21.2% yoy. The higher gross revenue was partially offset by increased operating costs and cessation of the government's COVID business rate relief since 31 March 2022, resulting in a 5.6% increase in NPI yoy for these two UK hotels in local currency terms. In SGD terms, the NPI for these two UK hotels was 5.3% lower yoy due to the weaker GBP. The reporting quarter included a full quarter's contribution of S$1.0 million in NPI from Hotel Brooklyn as compared to S$0.4 million in 1Q 2022 (the hotel was acquired on 22 February 2022). The fixed rent of £2.4 million under the occupational lease will be increased to £2.5 million for the period from 7 May 2023 to 6 May 2024 following the annual rent review. Collectively, the three UK Hotels registered a yoy NPI growth of 26.5% or S$0.5 million for 1Q 2023.

In Germany, Pullman Hotel Munich reported an improvement in RevPAR to €59 for 1Q 2023 compared to €24 in 1Q 2022. As corporate travel and events have yet to fully recover to pre-pandemic 2019 levels, RevPAR for 1Q 2023 was still 39.0% lower as compared to 1Q 2019. As the first quarter is seasonally the weakest, the yoy growth in 1Q 2023 RevPAR did not translate to higher NPI as only base rent on a straight-line basis was recognised, similar to 1Q 2022. Furthermore, the weakening of the Euro against SGD also contributed to a lower NPI, which decreased by 8.0% or S$0.1 million yoy.

At Hotel Cerretani Firenze, performance was bolstered by the gradual return of Asian travellers, as well as continued demand from its traditional markets. The Italy Hotel posted a RevPAR of €113 for 1Q 2023, almost double that of €57 reported in 1Q 2022 and 3.0% higher than the pre-pandemic 1Q 2019 RevPAR. The yoy NPI growth of 37.1% (or S$0.1 million) did not increase in tandem with the significant improvement in RevPAR due to the recognition of base rent on a straight-line basis in 1Q 2022 (despite a weaker hotel performance for that period). For 1Q 2023, NPI was bolstered by the recognition of S$0.07 million of variable rent above the straight-line base rent.

Claymore Connect, the only retail mall in CDLHT's portfolio, recorded a 104.5% or S$0.7 million yoy improvement in NPI primarily due to higher occupancy (committed occupancy as at 31 March 2023 was 91.0% as compared to 85.8% as at 31 March 2022), reduced rental rebates and an improvement in variable rent collected due to higher trading revenue from tenants.

2. Outlook and Prospects

CDLHT's portfolio of hotels has largely recovered from the impact of the pandemic and is expected to continue benefitting from the next phase of the recovery, as Chinese tourists return to international travel. Prior to the pandemic, China was the largest tourism source market in the world, with Chinese tourists having spent US$255 billion on international travel in 2019, according to UNWTO data[4].

High interest rates continue to impact borrowing costs while the global economic environment remains weak. While inflationary cost pressures, higher energy prices and funding costs may affect CDLHT's performance in the near to medium term, the positive trends in the hospitality industry are expected to offset some of these costs, particularly in strong markets or periods of high demand.

Portfolio Markets

Singapore, CDLHT's core market, is expected to see continued growth in the hospitality sector, supported by a healthy pipeline of MICE events, new tourism offerings, increased flight connectivity and capacity, as well as China's reopening. According to the Singapore Tourism Board ("**STB**"), international visitor arrivals is expected to reach around 12 to 14 million in 2023, bringing in approximately S$18 billion to S$21 billion in tourism receipts (around two-thirds to three-quarters of the levels in 2019), before fully recovering to pre-pandemic levels by 2024[5].

Enhancements to Singapore's tourism offerings, such as new attractions at Universal Studios Singapore and expansion of the SEA Aquarium by the end of 2024, the home port for the largest ship in Disney's fleet from 2025, and the extension of the Marina Bay Sands in 2028[6], are expected to further boost the hospitality industry.

CDLHT's Singapore Hotels remain well-positioned to benefit from the next phase of the recovery with the return of Chinese tourists, further supported by the positive demand drivers in the years ahead.

The Managers are confident of the medium to long term prospects of the Singapore market and will continue to assess opportunities to invest through asset enhancements to strengthen the competitiveness of its hotels in CDLHT's core market. Grand Copthorne Waterfront Hotel, a major asset, is currently undergoing a full renovation

[4] UNWTO, "UNWTO Looks to "Re-Write Tourism History" at Official Re-Opening of China", 24 February 2023
[5] STB, "Singapore's tourism sector recovers strongly in 2022, visitor numbers expected to double in 2023", 17 January 2023
[6] The Straits Times, "Marina Bay Sands $4.5b expansion work to start in April 2024 after two delays", 24 March 2023

of 549 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. While these enhancement works will continue to result in short-term disruption to the business to July 2023, they will reinforce the hotel's positioning as a leading conference hotel in Singapore for years to come.

In overseas markets, the hospitality sectors in New Zealand and Western Australia are expected to recover further. Japan has eased its border controls on travellers from mainland China from 5 April 2023[7], which should provide a further boost to the country's hospitality sector. The Maldives is also expected to benefit from the return of Chinese travellers. The UK economy is forecast to contract by 0.2% in 2023[8], and this could weigh on travel demand. Recovery trends in Munich and Florence are expected to continue into 2023, with Florence experiencing particularly strong leisure demand.

Construction of the superstructure of CDLHT's residential Build-to-Rent project in Manchester, UK, has been completed to 21 of the 24 levels above ground. Development completion is currently expected to be by 3Q 2024.

3. CDLHT Key Financial Statistics

	As at 31 March 2023	As at 31 December 2022
Debt Value (S$ million)	1,102	1,085
Gearing[9]	37.5%	36.6%
Debt Headroom (S$ million) at 50% Gearing	730	790
Interest Coverage Ratio[10]	3.5x	3.7x
Weighted Average Cost of Debt	3.8%	3.5%

During the reporting quarter, CDLHT utilised its committed multi-currency unsecured revolving credit facility to repay a one-year bridge loan that was used to acquire Hotel Brooklyn in February 2022 (£23.1 million). The borrowing is on a fixed-rate basis with interest locked in through an interest rate swap entered in March 2022.

Documentation is currently in progress to re-finance an upcoming S$120.0 million debt expiring in 2Q 2023 for another 5 years. Ahead of this refinancing, the Group entered into an interest rate swap to partially hedge against the interest rate volatility and will progressively look for opportunities to enter into further hedges. CDLHT has also commenced discussion to refinance the £50.0 million floating rate term loan expiring in August 2023.

In the near-term, average funding costs are expected to be higher for CDLHT, subject to the interest rate movements across key markets. As at 31 March 2023, CDLHT has a healthy balance sheet, with a gearing of 37.5% and cash reserves of about S$66.8 million. In addition, CDLHT also has approximately S$198.1 million of committed unsecured revolving credit facilities and term loan available to meet its capital funding requirements, including for the UK BTR development project.

With access to short-term uncommitted bridge loan facilities of S$400.0 million, CDLHT will continue to pursue suitable acquisitions to augment and diversify its income streams, while working closely with its lessees and operators to execute strategic asset enhancement opportunities to ensure that the portfolio stays ahead of the competition.

[7] The Japan Times, "Japan to end COVID-19 border measures on May 8", 3 April 2023
[8] Reuters, "UK economy forecast to contract by 0.2% in 2023", 15 March 2023
[9] For the purposes of gearing computation, the total assets exclude the SFRS(I) 16/ FRS 116 *Leases* (adopted wef 1 January 2019).
[10] 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.

About CDL Hospitality Trusts

CDL Hospitality Trusts ("**CDLHT**") is one of Asia's leading hospitality trusts with assets under management of about S$3.1 billion as at 31 March 2023. CDLHT is a stapled group comprising CDL Hospitality Real Estate Investment Trust ("**H-REIT**"), a real estate investment trust, and CDL Hospitality Business Trust ("**HBT**"), a business trust. CDLHT was listed on the Singapore Exchange Securities Trading Limited on 19 July 2006. M&C REIT Management Limited is the manager of H-REIT, the first hotel real estate investment trust in Singapore, and M&C Business Trust Management Limited is the trustee-manager of HBT.

CDLHT's principal investment strategy is to invest in a diversified portfolio of real estate which is or will be primarily used for hospitality, hospitality-related and other accommodation and/or lodging purposes globally. As at 31 March 2023, CDLHT's portfolio comprises 19 operational properties (total of 4,820 rooms and a retail mall) and one Build-to-Rent project in the pipeline with 352 apartment units. The properties under the portfolio include:

(i) six hotels in the gateway city of Singapore comprising Orchard Hotel, Grand Copthorne Waterfront Hotel, M Hotel, Copthorne King's Hotel, Studio M Hotel and W Singapore – Sentosa Cove (the "**W Hotel**" and collectively, the "**Singapore Hotels**") as well as a retail mall adjoining Orchard Hotel (Claymore Connect);
(ii) one hotel in New Zealand's gateway city of Auckland, namely Grand Millennium Auckland (the "**New Zealand Hotel**");
(iii) two hotels in Perth, Australia comprising Mercure Perth and Ibis Perth (collectively, the "**Perth Hotels**");
(iv) two hotels in Japan's gateway city of Tokyo comprising Hotel MyStays Asakusabashi and Hotel MyStays Kamata (collectively, the "**Japan Hotels**");
(v) two resorts in Maldives comprising Angsana Velavaru and Raffles Maldives Meradhoo (collectively, the "**Maldives Resorts**");
(vi) three hotels in the United Kingdom comprising Hilton Cambridge City Centre in Cambridge, The Lowry Hotel and Hotel Brooklyn in Manchester (collectively, the "**UK Hotels**") and one residential Build-to-Rent project in Manchester currently under development through a forward funding scheme (the "**UK BTR**");
(vii) one hotel in Germany's gateway city of Munich, namely Pullman Hotel Munich (the "**Germany Hotel**"); and
(viii) one hotel in the historic city centre of Florence, Italy, namely Hotel Cerretani Firenze - MGallery (the "**Italy Hotel**" or "**Hotel Cerretani Firenze**").

By Order of the Board

Vincent Yeo Wee Eng
Chief Executive Officer
M&C REIT Management Limited
(Company Registration No. 200607091Z)
(as Manager of CDL Hospitality Real Estate Investment Trust)

28 April 2023

By Order of the Board

Vincent Yeo Wee Eng
Chief Executive Officer
M&C Business Trust Management Limited
(Company Registration No. 200607118H)
(as Trustee-Manager of CDL Hospitality Business Trust)

28 April 2023

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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.