CDL HOSPITALITY TRUSTS
FIRST HALF 2023 SUMMARY OF GROUP PERFORMANCE

TABLE OF CONTENTS

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 ENDED 30 JUNE 2023

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 30 June 2023. CDLHT is a stapled group comprising CDL Hospitality Real Estate Investment Trust ("**H-REIT**"), a real estate investment trust, and CDL Hospitality Business Trust ("**HBT**"), a business trust (collectively the "**Group**"). CDLHT was listed on the Singapore Exchange Securities Trading Limited on 19 July 2006. M&C REIT Management Limited is the manager of H-REIT, the first hotel real estate investment trust in Singapore, and M&C Business Trust Management Limited is the trustee-manager of HBT.

CDLHT's principal investment strategy is to invest in a diversified portfolio of real estate which is or will be primarily used for hospitality, hospitality-related and other accommodation and/or lodging purposes globally. As at 30 June 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**").

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.

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UNAUDITED FINANCIAL STATEMENTS ANNOUNCEMENT OF CDL HOSPITALITY TRUSTS, H-REIT AND ITS SUBSIDIARIES AND HBT AND ITS SUBSIDIARIES FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2023

SUMMARY OF CDL HOSPITALITY TRUSTS' RESULTS

	1 Jan 2023 to 30 Jun 2023 ("1H 2023") S$'000	1 Jan 2022 to 30 Jun 2022 ("1H 2022") S$'000	Increase/ (Decrease) %
Revenue	119,222	98,645	20.9
Net property income	62,854	50,966	23.3
Total return before fair value adjustments on properties	7,917	29,585	(73.2)
Income available for distribution to Stapled Securityholders (before retention)	31,086	26,647	16.7
Less:			
Income retained for working capital	(3,109)	(2,665)	16.7
Income to be distributed to Stapled Securityholders (after retention)	27,977	23,982	16.7
Capital distribution[1]	3,225	1,218	N.M
Total distribution to Stapled Securityholders (after retention)	31,202	25,200	23.8
Total distribution per Stapled Security (before retention) (cents)			
For the period	2.76	2.26	22.1
Total distribution per Stapled Security (after retention) (cents)			
For the period	2.51	2.04	23.0

[1] Comprise of capital distribution from overseas hotels arising from operating cashflows.

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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

		H-REIT Group			HBT Group [b]			CDL Hospitality Trusts		
	Foot-note	1H 2023 S$'000	1H 2022 S$'000	Increase/ (Decrease) %	1H 2023 S$'000	1H 2022 S$'000	Increase/ (Decrease) %	1H 2023 S$'000	1H 2022 S$'000	Increase/ (Decrease) %
Revenue										
Rental revenue		65,543	53,648	22.2	-	-	-	51,621	42,325	22.0
Hotel revenue		-	-	-	67,601	56,320	20.0	67,601	56,320	20.0
	(a)	65,543	53,648	22.2	67,601	56,320	20.0	119,222	98,645	20.9
Property expenses										
Operation and maintenance expenses		-	-	-	(14,226)	(12,570)	13.2	(14,226)	(12,570)	13.2
Employee benefit expenses		-	-	-	(21,745)	(18,582)	17.0	(21,745)	(18,582)	17.0
Rental expenses	(c)	-	-	-	(7,969)	(5,155)	54.6	(13)	(46)	(71.7)
Property tax	(d)	(2,129)	(2,246)	(5.2)	(777)	(711)	9.3	(2,906)	(2,957)	(1.7)
Other property expenses	(e)	(3,592)	(2,686)	33.7	(13,886)	(10,838)	28.1	(17,478)	(13,524)	29.2
		(5,721)	(4,932)	16.0	(58,603)	(47,856)	22.5	(56,368)	(47,679)	18.2
Net property income		59,822	48,716	22.8	8,998	8,464	6.3	62,854	50,966	23.3
H-REIT Manager’s management fee		(6,046)	(5,303)	14.0	-	-	-	(6,046)	(5,303)	14.0
H-REIT Trustee’s fee		(201)	(184)	9.2	-	-	-	(201)	(184)	9.2
HBT Trustee-Manager’s management fee		-	-	-	(535)	(482)	11.0	(535)	(482)	11.0
HBT Trustee-Manager’s trustee fee		-	-	-	(142)	(135)	5.2	(142)	(135)	5.2
Valuation fee		(86)	(83)	3.6	(20)	(23)	(13.0)	(106)	(106)	-
Depreciation	(f)	(794)	(774)	2.6	(8,604)	(8,941)	(3.8)	(11,222)	(11,361)	(1.2)
Other expenses	(g)	(1,444)	(2,005)	(28.0)	(666)	(591)	12.7	(2,059)	(2,595)	(20.7)
Finance income		2,870	24,271	(88.2)	39	4,020	(99.0)	460	23,583	(98.0)
Finance costs		(26,281)	(18,852)	39.4	(13,319)	(4,614)	N.M	(31,082)	(23,080)	34.7
Net finance (costs)/income	(h)	(23,411)	5,419	N.M	(13,280)	(594)	N.M	(30,622)	503	N.M
Net income/(loss) before fair value adjustment		27,840	45,786	(39.2)	(14,249)	(2,302)	N.M	11,921	31,303	(61.9)
Net fair value gain on investment properties	(i)	-	2,404	N.M	-	-	-	-	2,404	N.M
Total return/(loss) for the period before tax		27,840	48,190	(42.2)	(14,249)	(2,302)	N.M	11,921	33,707	(64.6)
Tax (expense)/credit		(2,328)	(3,199)	(27.2)	(1,676)	1,481	N.M	(4,004)	(1,718)	N.M
Total return/(loss) for the period		25,512	44,991	(43.3)	(15,925)	(821)	N.M	7,917	31,989	(75.3)
Attributable to:										
Unitholders		25,320	44,870	(43.6)	(15,925)	(821)	N.M	7,725	31,868	(75.8)
Non-controlling interests	(j)	192	121	58.7	-	-	-	192	121	58.7
Total return/(loss) for the period		25,512	44,991	(43.3)	(15,925)	(821)	N.M	7,917	31,989	(75.3)

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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		
	1H 2023 S$'000	1H 2022 S$'000	Increase/ (Decrease) %
Loss for the period	(15,925)	(821)	N.M
Other comprehensive income			
Items that will not be reclassified to profit or loss:			
Tax effect on revaluation of property, plant and equipment	(4)	26	N.M
	(4)	26	N.M
Items that are or may be reclassified subsequently to profit or loss:			
Foreign currency translation differences:			
- foreign operations	7,691	(7,346)	N.M
- hedge of net investment in a foreign operation	(2,940)	4,271	N.M
- monetary items forming part of net investment in a foreign operation	5,194	(6,037)	N.M
	9,945	(9,112)	N.M
Other comprehensive income for the period, net of tax	9,941	(9,086)	N.M
Total comprehensive income for the period	(5,984)	(9,907)	39.6

Review of financial performance

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

(b) Revenue and property expenses for HBT Group in 1H 2023 have increased as compared to the corresponding period last year primarily due to the improvement in most of the hotels' performance across HBT Group.

(c) Rental expenses for HBT Group have increased in 1H 2023 as compared to the corresponding period last year mainly due to better performance from W Hotel, Perth Hotels and Japan Hotels as compared to 1H 2022.

(d) CDLHT recorded a yoy marginal decrease in property tax in 1H 2023, mainly due to tax savings following re-assessment of prior year's property tax for Singapore and Perth properties. This was partially offset by the increase in property tax recognised by two UK hotels due to a higher business rate levied in 1H 2023 as compared to 1H 2022.

(e) CDLHT's other property expenses comprise mainly utilities, insurance and other direct operating expenses. The other property expenses for both H-REIT Group and HBT Group have increased in 1H2023 in line with the strong recovery across most of its portfolio markets.

Included in other property expenses for 1H 2023 is an impairment loss of S$225K relating to the rental receivables of Claymore Connect which was absent in 1H 2022.

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

(g) Other expenses comprise mainly professional fees and administrative expenses. CDLHT Group's professional fees and administrative expenses were lower in 1H 2023 mainly due to the reversal of over accruals of professional fees under H-REIT Group (S$0.4 million).

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

	CDL Hospitality Trusts		
	1H 2023 S$'000	1H 2022 S$'000	Increase/ (Decrease) %
Interest income received/receivable from banks	434	43	N.M
Interest income from finance lease	26	33	(21.2)
Fair value gain on derivatives(i)	-	23,507	N.M
Finance income	460	23,583	(98.0)
Exchange loss(ii)	(3,051)	(7,982)	(61.8)
Interest paid/payable to banks(iii)	(19,859)	(11,587)	71.4
Interest expense on lease liabilities	(2,396)	(2,199)	9.0
Fair value loss on derivatives(i)	(4,595)	-	N.M
Amortisation of transaction costs capitalised(iv)	(1,045)	(1,182)	(11.6)
Financial expense arising from remeasuring non-current rental deposits at amortised cost	(136)	(130)	4.6
Finance costs	(31,082)	(23,080)	34.7
Net finance (costs)/income	(30,622)	503	N.M

(i) Fair value gain/loss on derivatives relates to the re-measurement of interest rate swap and cross-currency interest rate swap contracts entered into by H-REIT to partially hedge its interest cost.

*(ii) The exchange loss of CDLHT for 1H 2023 mainly arose from the appreciation of Sterling Pound ("**GBP**") and Euro ("**EUR**") denominated borrowings against SGD. During the comparative period in 1H 2022, the exchange loss was mainly from the appreciation of US Dollar ("**USD**") denominated borrowings against SGD, as well as depreciation from GBP and EUR denominated receivables against SGD.*

(iii) The interest paid/payable to banks for 1H 2023 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 expense from amounts drawn to finance the Group's asset enhancement works.

(iv) The amortisation costs in 1H 2023 relate to the amortisation of transaction costs arising from CDLHT's borrowings.

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

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

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

	Footnote	H-REIT Group		HBT Group[a]		CDL Hospitality Trusts	
		30 Jun 2023 S$'000	31 Dec 2022 S$'000	30 Jun 2023 S$'000	31 Dec 2022 S$'000	30 Jun 2023 S$'000	31 Dec 2022 S$'000
ASSETS							
Non-current assets							
Investment properties	(b)	2,654,311	2,631,976	-	-	2,125,375	2,104,672
Investment property under development	(b)	-	-	94,914	59,660	94,066	59,660
Property, plant and equipment	(c)	63,425	67,399	288,931	284,416	783,649	783,250
Deferred tax assets		759	737	749	426	1,508	1,162
Finance lease receivables		1,083	1,327	-	-	1,083	1,327
Financial derivative assets	(d)	21,742	26,336	-	-	21,742	26,336
Other receivables		120,300	87,078	529	529	677	677
		2,861,620	2,814,853	385,123	345,031	3,028,100	2,977,084
Current assets							
Inventories		-	-	2,264	2,391	2,264	2,391
Trade and other receivables		42,904	41,163	23,332	22,410	26,197	26,228
Finance lease receivables		484	476	-	-	484	476
Financial derivative assets	(d)	15	83	-	-	15	83
Cash and cash equivalents		49,390	71,379	14,389	25,549	63,779	96,928
		92,793	113,101	39,985	50,350	92,739	126,106
Total assets		**2,954,413**	**2,927,954**	**425,108**	**395,381**	**3,120,839**	**3,103,190**
LIABILITIES							
Non-current liabilities							
Loans and borrowings	(e)	945,855	754,749	212,774	174,203	1,038,478	842,023
Lease liabilities	(f)	118,438	114,220	122,501	125,967	135,619	130,416
Rental deposits	(g)	10,757	10,823	-	-	10,757	10,823
Other payables	(i)	845	783	71	77	916	860
Deferred tax liabilities	(h)	9,078	7,959	20,076	17,155	29,913	25,878
		1,084,973	888,534	355,422	317,402	1,215,683	1,010,000
Current liabilities							
Loans and borrowings	(e)	86,215	238,753	-	-	86,215	238,753
Lease liabilities	(f)	643	637	8,499	8,010	781	731
Trade and other payables	(i)	36,120	35,144	59,678	59,831	47,928	49,848
Financial derivative liabilities	(d)	10	163	-	-	10	163
Provision for taxation	(j)	4,894	7,424	1,866	3,127	6,760	10,551
		127,882	282,121	70,043	70,968	141,694	300,046
Total liabilities		**1,212,855**	**1,170,655**	**425,465**	**388,370**	**1,357,377**	**1,310,046**
Net assets/(liabilities)		**1,741,558**	**1,757,299**	**(357)**	**7,011**	**1,763,462**	**1,793,144**
Represented by:							
Unitholders' funds		1,734,229	1,750,373	(357)	7,011	1,756,133	1,786,218
Non-controlling interests	(k)	7,329	6,926	-	-	7,329	6,926
		1,741,558	**1,757,299**	**(357)**	**7,011**	**1,763,462**	**1,793,144**

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, Perth Hotels, Hilton Hotel, The Lowry Hotel and UK BTR.

(b) The increase in investment properties at CDLHT was mainly attributed to additional capital expenditure of S$38.9 million, which include the development cost for the UK BTR and net translation gain of S$12.4 million relating to its overseas properties.

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

The property, plant and equipment at CDLHT mainly comprise the W Hotel, Japan Hotels, Raffles Maldives Meradhoo, 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 increase in property, plant and equipment at CDLHT is mainly due to the additions of S$5.3 million for the period and net translation gain of S$6.2 million, offset by recognition of depreciation expenses of S$11.2 million.

(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 2022: S$1.1 billion), which are measured at amortised cost, comprise JPY3.1 billion (S$29.0 million) TMK bond and S$1.1 billion bank loans, as explained under Section 1(b)(ii) on pages 7 to 9 of the Announcement. Movements during the reporting period include drawdowns to fund the operating costs and capital expenditure of the Group's properties.

The net current liabilities position for CDLHT as at 30 June 2023 was mainly attributed to borrowings falling due within one year. If the borrowings falling due within one year were excluded, CDLHT would post a net current asset position of S$37.3 million as at 30 June 2023 instead. Notwithstanding the net current liabilities position, CDLHT has an established S$1.0 billion Multicurrency Medium Term Note Programme and committed revolving credit facilities (as disclosed under Section 1(b)(ii) footnote (iii) on page 9 of the Announcement) to meet its current obligations as and when they fall due.

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

(g) Rental deposits mainly 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, New Zealand and UK properties.

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

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

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

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

	H-REIT Group		HBT Group		CDL Hospitality Trusts	
	30 Jun 2023 S$'000	31 Dec 2022 S$'000	30 Jun 2023 S$'000	31 Dec 2022 S$'000	30 Jun 2023 S$'000	31 Dec 2022 S$'000
Amount repayable after one year						
Secured borrowings	64,878	63,000	-	-	64,878	63,000
Secured TMK bond	29,295	31,372	-	-	29,295	31,372
Unsecured borrowings [(a)]	855,584	664,243	93,123	87,831	948,707	752,074
	949,757	758,615	93,123	87,831	1,042,880	846,446
Amount repayable within one year						
Unsecured borrowings	86,225	238,865	-	-	86,225	238,865
	86,225	238,865	-	-	86,225	238,865
Total borrowings [(b)]	1,035,982	997,480	93,123	87,831	1,129,105	1,085,311

[(a)] *On 5 June 2023, H-REIT entered into a fresh 5-year facility agreement to refinance the S$120.0 million term loan to a Sustainability-linked term loan which will mature on 6 June 2028.*

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

As at 30 June 2023, CDLHT's aggregate leverage ratio was 37.9%, which was within the 50% limit allowed under the Monetary Authority of Singapore Property Funds Appendix. The interest coverage ratio was 3.2[1] times as of 30 June 2023. For the purpose of computing interest coverage ratio, interest expense excludes interest expense on lease liabilities.

1 Computed by using trailing 12 months earnings before interest, tax, depreciation and amortization ("**EBITDA**") (excluding effects of any fair value changes of derivatives and investment properties and foreign exchange translation), divided by the trailing 12 months interest expense and borrowing-related fees.

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

Details of borrowings

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

Facilities		H-REIT Group			HBT Group			CDL Hospitality Trusts		
		30 Jun 2023			30 Jun 2023			30 Jun 2023		
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)	29,295	29,295	-	-	-	-	29,295	29,295	-
JPY	5-year term loan (¥3.27 billion)	30,902	30,902	-	-	-	-	30,902	30,902	-
SGD	Medium term note(iii)	1,000,000	-	1,000,000	-	-	-	1,000,000	-	1,000,000
SGD	Bridge loans(iv)	300,000	-	300,000	100,000	-	100,000	400,000	-	400,000
SGD	2-3 years revolving credit (committed)	400,000	265,572	134,428	-	-	-	400,000	265,572	134,428
SGD	5-year term loans	363,840	363,840	-	-	-	-	363,840	363,840	-
USD	5-year term loans (US$105.0 million)	142,138	142,138	-	-	-	-	142,138	142,138	-
EUR	7-year term loan (€44.0 million)(ii)	64,878	64,878	-	-	-	-	64,878	64,878	-
GBP	5-year term loans (£110.2 million)	190,109	139,357	50,752	93,123	93,123	-	283,232	232,480	50,752
		2,521,162	**1,035,982**	**1,485,180**	**193,123**	**93,123**	**100,000**	**2,714,285**	**1,129,105**	**1,585,180**

* 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$119.1 million, S$131.0 million and S$136.4 million for H-REIT Group, HBT Group and CDLHT respectively, which are secured over the finance lease receivables and right-of-use assets (recognised as part of investment properties and property, plant and equipment).

(i) Secured TMK bond

The TMK bond included in H-REIT Group relates to 5-year Japanese yen denominated bond of JPY3.1 billion (S$29.3 million) issued by H-REIT's indirectly owned subsidiary, CDLHT Hanei Tokutei Mokuteki Kaisha. CDLHT's interest in Japan Hotels is held via a Tokutei Mokuteki Kaisha ("**TMK**") structure, and such TMK structure is required to issue bond to partially fund the acquisition of Japan assets.

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

(ii) Secured bank loan

The secured bank loan relates to a 7-year fixed rate loan of S$64.9 million (€44.0 million) drawn down by H-REIT's indirectly-owned subsidiary, NKS Hospitality I B.V..

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

(iii) Unsecured medium term notes

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

As at 30 June 2023, 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).

As at 30 June 2023, the Bridge Loan Facilities remain unutilised.

2 Review of the performance for the six months period ended 30 June 2023

2 (i) Breakdown of Total Revenue by Geography

		H-REIT Group			HBT Group			CDL Hospitality Trusts		
	Footnote	2Q 2023 S$'000	2Q 2022 S$'000	Better/ (Worse) %	2Q 2023 S$'000	2Q 2022 S$'000	Better/ (Worse) %	2Q 2023 S$'000	2Q 2022 S$'000	Better/ (Worse) %
Master leases										
Singapore										
- Hotels		15,253	12,774	19.4	-	-	-	15,253	12,774	19.4
- Claymore Connect		1,839	1,250	47.1	-	-	-	1,839	1,250	47.1
NewZealand		948	2,128	(55.5)	-	-	-	948	2,128	(55.5)
Maldives	(a)	1,624	1,766	(8.0)	-	-	-	1,624	1,766	(8.0)
United Kingdom	(f)	1,050	1,043	0.7	-	-	-	1,050	1,043	0.7
Germany	(c)	2,428	1,938	25.3	-	-	-	2,428	1,938	25.3
Italy	(d)	2,120	531	299.2	-	-	-	2,120	531	299.2
		25,262	21,430	17.9	-	-	-	25,262	21,430	17.9
Managed hotels										
Singapore		3,664	3,738	(2.0)	13,978	12,556	11.3	13,978	12,556	11.3
Australia	(b)	1,160	2,562	(54.7)	4,006	4,507	(11.1)	4,006	4,507	(11.1)
Japan	(e)	1,114	218	411.0	2,092	998	109.6	2,092	998	109.6
Maldives	(a)	679	1,031	(34.1)	2,371	2,757	(14.0)	2,371	2,757	(14.0)
United Kingdom	(f)	-	-	-	10,708	10,163	5.4	10,708	10,163	5.4
		6,617	7,549	(12.3)	33,155	30,981	7.0	33,155	30,981	7.0
Total		31,879	28,979	10.0	33,155	30,981	7.0	58,417	52,411	11.5

2 (i) Breakdown of Total Revenue by Geography

	Footnote	H-REIT Group			HBT Group			CDL Hospitality Trusts		
		1H 2023 S$'000	1H 2022 S$'000	Better/ (Worse) %	1H 2023 S$'000	1H 2022 S$'000	Better/ (Worse) %	1H 2023 S$'000	1H 2022 S$'000	Better/ (Worse) %
Master leases										
Singapore										
- Hotels		30,742	21,517	42.9	-	-	-	30,742	21,517	42.9
- Claymore Connect		3,808	2,387	59.5	-	-	-	3,808	2,387	59.5
NewZealand		3,652	7,005	(47.9)	-	-	-	3,652	7,005	(47.9)
Maldives	(a)	4,582	5,237	(12.5)	-	-	-	4,582	5,237	(12.5)
United Kingdom	(f)	2,032	1,497	35.7	-	-	-	2,032	1,497	35.7
Germany	(c)	4,192	3,744	12.0	-	-	-	4,192	3,744	12.0
Italy	(d)	2,613	938	178.6	-	-	-	2,613	938	178.6
		51,621	42,325	22.0	-	-	-	51,621	42,325	22.0
Managed hotels										
Singapore		7,501	5,750	30.5	27,879	21,402	30.3	27,879	21,402	30.3
Australia	(b)	2,708	3,167	(14.5)	9,501	6,438	47.6	9,501	6,438	47.6
Japan	(e)	1,705	362	371.0	3,908	1,878	108.1	3,908	1,878	108.1
Maldives	(a)	2,008	2,044	(1.8)	7,657	8,865	(13.6)	7,657	8,865	(13.6)
United Kingdom	(f)	-	-	-	18,656	17,737	5.2	18,656	17,737	5.2
		13,922	11,323	23.0	67,601	56,320	20.0	67,601	56,320	20.0
Total		65,543	53,648	22.2	67,601	56,320	20.0	119,222	98,645	20.9

2 (ii) Breakdown of Net Property Income by Geography

		H-REIT Group			HBT Group			CDL Hospitality Trusts		
	Footnote	2Q 2023	2Q 2022	Better/ (Worse)	2Q 2023	2Q 2022	Better/ (Worse)	2Q 2023	2Q 2022	Better/ (Worse)
		S$'000	S$'000	%	S$'000	S$'000	%	S$'000	S$'000	%
Singapore										
- Hotels		17,653	15,438	14.3	773	916	(15.6)	17,673	15,604	13.3
- Claymore Connect		1,456	784	85.7	-	-	-	1,456	784	85.7
New Zealand		948	2,128	(55.5)	-	-	-	948	2,128	(55.5)
Australia	(b)	853	2,215	(61.5)	732	778	(5.9)	370	929	(60.2)
Japan	(e)	1,050	144	629.2	(2)	23	(108.7)	1,048	167	527.5
Maldives	(a)	1,972	2,521	(21.8)	(433)	(411)	(5.4)	531	1,079	(50.8)
United Kingdom	(f)	1,050	1,058	(0.8)	2,918	2,968	(1.7)	3,968	4,026	(1.4)
Germany	(c)	2,097	1,555	34.9	-	-	-	2,097	1,555	34.9
Italy	(d)	2,077	487	326.5	-	-	-	2,077	487	326.5
Total		29,156	26,330	10.7	3,988	4,274	(6.7)	30,168	26,759	12.7

		H-REIT Group			HBT Group			CDL Hospitality Trusts		
	Footnote	1H 2023	1H 2022	Better/ (Worse)	1H 2023	1H 2022	Better/ (Worse)	1H 2023	1H 2022	Better/ (Worse)
		S$'000	S$'000	%	S$'000	S$'000	%	S$'000	S$'000	%
Singapore										
- Hotels		35,626	25,412	40.2	1,726	1,734	(0.5)	35,849	25,646	39.8
- Claymore Connect		2,832	1,457	94.4	-	-	-	2,832	1,457	94.4
New Zealand		3,652	7,005	(47.9)	-	-	-	3,652	7,005	(47.9)
Australia	(b)	2,087	2,490	(16.2)	2,185	528	313.8	1,816	348	421.8
Japan	(e)	1,572	210	648.6	218	(21)	N.M	1,790	189	847.1
Maldives	(a)	5,971	6,701	(10.9)	692	1,925	(64.1)	4,656	6,582	(29.3)
United Kingdom	(f)	2,032	1,500	35.5	4,177	4,298	(2.8)	6,209	5,798	7.1
Germany	(c)	3,581	3,168	13.0	-	-	-	3,581	3,168	13.0
Italy	(d)	2,469	773	219.4	-	-	-	2,469	773	219.4
Total		59,822	48,716	22.8	8,998	8,464	6.3	62,854	50,966	23.3

Footnotes

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

(i) Master Lease

*There is a master lease agreement between H-REIT's indirect wholly-owned subsidiary, Sanctuary Sands Maldives Private Limited (the "**Lessor**") and Maldives Bay Pvt Ltd (the "**Lessee**"), a subsidiary of Banyan Tree Holdings Limited. On 1 February 2023, the Lessor had renewed the master lease agreement with the Lessee for a further 10 years up to 31 January 2033. The revenue for the reporting period includes a minimum rent of US$500,000 per month (based on a minimum rent of US$6.0 million per annum).*

Under the lease agreement, there is a minimum rent top-up cap of US$6.0 million and no further minimum rent top-ups will be payable by Lessee to Lessor after the cumulative top-ups reaches US$6.0 million. As at 30 June 2023, the minimum rent top-up cap still remain unutilised.

(ii) Managed hotel

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

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

For the H-REIT Group, the revenue for 1H 2023 includes S$2.0 million (US$1.5 million) rental income from HBT Group respectively. For the HBT Group, the revenue for the reporting period comprises the entire revenue derived from the operations of the resort.

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

With effect from 1 May 2021, there is a lease agreement between H-REIT and HBT's indirect wholly-owned subsidiaries. In turn, HBT's indirect wholly owned subsidiaries, CDL HBT Sun Three Pty Ltd and CDL HBT Sun Four Pty Ltd engaged AAPC Properties Pty Limited (a wholly-owned subsidiary of Accor SA) to continue operating the hotels. In accordance with SFRS(I) 16/FRS 116 Leases, H-REIT Group must account for the base rent on a straight-line basis over the tenor of the lease at S$1.9 million (A$2.1 million) per annum for Ibis Perth and S$3.0 million (A$3.3 million) per annum for Mercure Perth. Accordingly, the gross revenue and NPI under H-REIT Group have been adjusted to reflect this arrangement.

For H-REIT Group, the revenue for 1H 2023 includes S$2.7 million (A$3.0 million) net rental income received from HBT Group (based on the rental income accounted for on a straight-line basis, according to SFRS(I) 16/FRS 116 Leases, and variable rent, if any, arising from the gross operating profit of the Perth Hotels). For the HBT Group, the revenue for the reporting period comprises the entire revenue derived from the operations of the hotels.

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

*Due to the COVID-19 pandemic, the Lessor entered into discussions on temporary rent abatement with its Lessee. A temporary 4-year rent abatement agreement for Pullman Munich was signed in April 2021 ("**Temporary Arrangement**"). Pursuant to the Temporary Arrangement, from April 2021 to 2024, the annual base rent level of the Pullman Hotel Munich has been reduced, starting with €0.6 million in 2021, stepping up annually to €1.2 million in 2022, €1.8 million in 2023, and €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 arrangement in 1H 2023.*

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

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

*Due to the COVID-19 pandemic, the Lessor entered into discussions on temporary rent abatement with its Lessee. A temporary 5-year rent abatement agreement for Hotel Cerretani Firenze was signed in December 2020 ("**Temporary Arrangement**"). Pursuant to the Temporary Arrangement, from 2020 to 2024, the annual base rent level of the Hotel Cerretani Firenze has been reduced, starting with €0.2 million in 2020, stepping up 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 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 arrangement in 1H 2023.*

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

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

For H-REIT Group, the revenue for 1H 2023 includes S$1.7 million (JPY172.3 million) net rental income received from HBT Group (based on the gross operating profit of the Japan Hotels). The fiscal period for the Japan Hotels is set at 6-month intervals, from 1 October to 31 March and 1 April to 30 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) *Hilton Cambridge City Centre*

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) *The Lowry Hotel*

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

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

(iii) *Hotel Brooklyn*

*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 2022 to 6 May 2023 was S$4.0 million (£2.4 million). An annual rent review was carried out during the reporting period and the fixed rent of S$4.0 million (£2.4 million) has been increased to S$4.2 million (£2.5 million) from 7 May 2023 to 6 May 2024.

2 (iii) Review of the Performance

Six months period ended 30 June 2023

CDL Hospitality Trusts ("**CDLHT**" or the "**Group**") gross revenue grew by 20.9% (or S$20.6 million) year-on-year ("**yoy**") to S$119.2 million, out of which S$15.7 million of the increase was contributed by its Singapore hotels. The increase in gross revenue reflects the continued strong momentum in international travel, with RevPAR growth achieved across most of its portfolio markets.

In tandem with the higher revenue, NPI increased 23.3% (or S$11.9 million) yoy to S$62.9 million for 1H 2023. The improvement was largely attributed to the Singapore, Japan, Australia, Europe and UK properties, which saw a collective increase in NPI of S$17.2 million yoy. This includes higher NPI from Claymore Connect and a full six months NPI recognition for Hotel Brooklyn (acquired on 22 February 2022), which increased by 94.4% and 35.5% yoy to S$2.8 million and S$2.0 million in 1H 2023 respectively. The increases were offset by lower NPI from its New Zealand and Maldives properties, which declined by S$5.3 million yoy.

For 1H 2023, RevPAR for the Singapore Hotels increased by 45.8% yoy, attributed to an increase of 4.0 percentage points in occupancy and 37.3% in average rate. Border restrictions were fully lifted from late April 2022. RevPAR for the Singapore Hotels surpassed pre-pandemic levels (reflected by 1H 2019) by 12.6%[1], driven by an increase in average rate of 36.9%. In 1H 2023, Singapore recorded a total of 6.2 million visitor arrivals, a significant increase from the 1.5 million recorded in 1H 2022[2]. Visitor days have recovered to 77.6% of 1H 2019's levels, supported by visitor arrivals reaching 67.4% of pre-pandemic arrivals as well as an increase in length of stay from 3.4 days in 1H 2019 to 3.9 days[2] in 1H 2023.

Against 1H 2022 when two of the Singapore Hotels were contracted for isolation purposes for part of the reporting period then, the last government contracted hotel in CDLHT's portfolio exited the programme in early January 2023, with all of the Singapore Hotels trading publicly for the majority of 1H 2023. The hotel that exited the government contract in January 2023 experienced a gestation period during the half year as it was rebuilding its leisure, corporate and conference businesses. Overall performance was also materially impacted by the closure of the entire conference facilities at Grand Copthorne Waterfront Hotel for renovation commencing from April to July 2023 and progressive removal of close to 34,000 room nights from inventory for ongoing bedroom refurbishment works in 1H 2023. Notwithstanding the sub-optimal performance of these two hotels, the Singapore Hotels posted a robust NPI growth of 39.8% or S$10.2 million yoy for 1H 2023.

Grand Millennium Auckland recorded a RevPAR decline of 12.1% yoy in 1H 2023 compared to 1H 2022, during which the hotel mostly operated as a managed isolation facility with high occupancy and rate. Performance was also impacted by cancellations of major events and accommodation reservations due to several weather events in the North Island including Cyclone Gabrielle, which collectively affected Auckland from 27 January to 14 February 2023. Post-pandemic operating expenses were also higher as the hotel returned to normalised operations, which resulted in a S$3.9 million (NZ$4.6 million) increase in operating costs, primarily arising from labour and rooms related expenses. Coupled with weaker NZD (against SGD), the hotel saw a decline of 47.9% or S$3.4 million yoy in NPI during 1H 2023.

The Perth Hotels posted a significant RevPAR growth of 74.8% yoy in 1H 2023. This improvement was mainly attributed to the January to April 2023 performance as the continued border closures into Western Australia ("**WA**") were only lifted from late April last year. A robust events calendar coupled with higher corporate rates achieved supported a RevPAR growth of 12.4% over 1H 2019. Despite a strong start to the year, the Perth market in 2Q 2023 faced low season demand headwinds. Notwithstanding softer trading performance in 2Q 2023 and the depreciation of AUD against SGD, the Australia portfolio registered an NPI increase of S$1.5 million yoy in 1H 2023.

In 1H 2023, the Japan Hotels leveraged the strong recovery in inbound travel since the lifting of border restrictions from October 2022 to post a rate and occupancy driven RevPAR improvement of 143.0% yoy. While tourists from China, one of Japan's key source markets, have yet to fully return, the RevPAR for the Japan Hotels has surpassed that of 1H 2019 by 1.3% attributed to a 9.4% growth in average rate. Consequently, the Japan portfolio registered an NPI increase of S$1.6 million yoy in 1H 2023 to S$1.8 million.

1 RevPAR for 2019 on a proforma basis, assuming CDLHT owns W Hotel from 1 Jan 2019.
2 Singapore Tourism Analytics Network

RevPAR for the Maldives Resorts in 1H 2023 declined by 5.8% yoy collectively, despite a growth in visitor arrivals to the Maldives. The decline was mainly attributed to increased resort supply in the Maldives and the reopening of alternative destinations such as Seychelles, Mauritius and Thailand (in which border restrictions were eased from the latter part of 2Q 2022). NPI for the Maldives Resorts was lower as profit margins were impacted by a 6.0% yoy reduction in average rate, as well as increased fuel prices and other inflationary costs. Accordingly, the Maldives Resorts registered an NPI decline of 29.3% or S$1.9 million yoy for 1H 2023.

In 1H 2023, the Hilton Cambridge City Centre and The Lowry Hotel achieved a collective RevPAR growth of 14.5% yoy. Against 1H 2019, RevPAR grew by 0.8%, driven by a 13.3% increase in average rate. The higher gross revenue was partially offset by increased operating costs, primarily from higher labour costs and the cessation of the government’s COVID business rate relief since 31 March 2022, resulting in a muted 4.5% increase in NPI yoy for these two UK hotels in local currency terms. 1H 2023 NPI included a full six-month contribution of S$2.0 million from Hotel Brooklyn (acquired on 22 February 2022) compared to S$1.5 million in 1H 2022. The fixed rent for Hotel Brooklyn, which is under an inflation-adjusted fixed lease, has been increased by 5.0% to £2.5 million for the period from 7 May 2023 to 6 May 2024. Taking into account the weaker GBP, the three UK Hotels registered a collective NPI growth of 7.1% yoy in 1H 2023 in SGD terms.

In Germany, Pullman Hotel Munich reported an improvement in RevPAR of 64.7% yoy for 1H 2023 against the backdrop of the soft trading last year. As corporate travel and events have yet to fully recover to pre-pandemic 2019 levels, RevPAR for 1H 2023 was still 19.3% lower compared to 1H 2019. While business sentiment was weak in 1Q 2023, there was gradual recovery in 2Q 2023 due to support from fairs, events and the successful conversion of an airline crew providing base business for Pullman Hotel Munich. The NPI growth of 13.0% yoy did not increase in tandem with the significant improvement in RevPAR due to the recognition of accounting base rent on a straight-line basis in 1H 2022 (despite a weaker hotel performance for that period that was below fixed rental levels). For 1H 2023, NPI was bolstered by the recognition of S$0.5 million (€0.4 million) variable rent above the straight-line base rent, while no variable rent was recognised in 1H 2022. Accordingly, NPI in 1H 2023 was S$0.4 million higher yoy, after factoring in the depreciation in EUR for the reporting period.

At Hotel Cerretani Firenze, performance was bolstered by strong recovery from Asian travellers, as well as continued demand from its traditional markets. In 1H 2023, the Italy Hotel posted a RevPAR growth of 66.4% yoy, which represented an increase of 33.2% against the pre-pandemic 1H 2019. Notably, in 2Q 2023, the hotel achieved its highest average rate and RevPAR for a single quarter. Notwithstanding the weaker EUR, the hotel registered an NPI growth of S$1.7 million for 1H 2023 due to the variable rent of S$1.7 million (€1.2 million) recognised during the period. In 1H 2022, there was no variable rent recognised due to the clawback by the lessee of its cumulative losses incurred during the pandemic.

Claymore Connect, the only retail mall in CDLHT’s portfolio, recorded a 94.4% or S$1.4 million yoy improvement in NPI primarily due to higher occupancy (committed occupancy as at 30 June 2023 was 94.0% against 91.6% as at 30 June 2022) and higher rents secured. Property tax adjustments amounting to S$0.2 million upon finalisation of prior year assessments also contributed to the mall’s NPI.

Interest expense for 1H 2023 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 from amounts drawn to finance the Group’s asset enhancement works. During the reporting period, CDLHT completed the refinancing of its S$120.0 million term loan into a 5-year Sustainability-linked term loan and concurrently entered into an interest rate swap to partially hedge against the interest rate volatility. As for the movements in the net finance costs, any fair value gains/losses on derivatives and interest expense incurred on the UK BTR development project (which is capitalised), does not have any impact on the distribution to Stapled Securityholders.

Correspondingly, total distribution (after deducting income retained for working capital) was S$31.2 million in 1H 2023, 23.8% higher yoy. Included therein is capital distribution from the Group’s overseas hotels of S$3.2 million arising from operating cashflows.

Distribution per Stapled Security (after deducting income retained for working capital) for 1H 2023 was 2.51 cents, 23.0% higher yoy.

Statistics for CDLHT's Hotels

Singapore Hotels Statistics

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

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

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

Overseas Hotels – RevPAR by Geography

	2Q 2023	2Q 2022	Better/(Worse) (%)	1H 2023	1H 2022	Better/(Worse) (%)
New Zealand (NZ$)	113	141	(19.6)	139	158	(12.1)
Australia (A$)	86	86	0.1	104	59	74.8
Japan (¥)	9,036	3,742	141.5	8,299	3,415	143.0
Maldives (US$)	257	246	4.5	359	381	(5.8)
United Kingdom (£)*	141	128	10.1	122	107	14.5
Germany (€)	112	80	40.5	86	52	64.7
Italy (€)**	307	195	57.5	210	126	66.4

** 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 1H 2023 would be €239.*

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

According to the second UNWTO World Tourism Barometer of the year, international arrivals in 1Q 2023 have reached 80% of pre-pandemic levels, in line with UNWTO's forward-looking scenarios for the year, which project international arrivals to recover 80% to 95% of pre-pandemic levels[3]. Despite potential challenges such as inflationary cost pressures, elevated energy prices and funding costs, the recovery trajectory in the global tourism industry is expected to continue, driven by the return of Chinese tourists. Although energy prices remain above 2019 levels, they have fallen significantly from the records hit in 2022[4], providing some relief on cost pressures.

3 UNWTO, "Tourism on track for full recovery as new data shows strong start to 2023", 9 May 2023
4 Reuters, "Global power demand growth to rebound in 2024 after slowdown, IEA says", 19 July 2023

The hospitality sector in Singapore, which is CDLHT's core market, is anticipated to benefit from various demand drivers, including MICE and sports events, concerts, improved tourism offerings, increased flight connectivity and capacity, and the full return of Chinese travellers. As of June 2023, the number of weekly direct flights from China to Singapore was just about half that of 2019 levels[5].

Singapore has a robust lineup of concerts over the next 12 months, featuring international music artists such as Coldplay and Taylor Swift, which will further enhance the country's appeal as a tourism destination. These events are expected to attract travellers from neighbouring countries such as Malaysia, Indonesia, Hong Kong, Australia, and the Philippines, driving accommodation demand and tourism receipts. Notably, Coldplay's concert, one of the upcoming concerts in early 2024, is expected to draw a crowd comparable to the recurring Formula One event, which welcomed 302,000 fans in 2022[6].

The Singapore Tourism Board ("**STB**") predicts international visitor arrivals to reach approximately 12 to 14 million in 2023, generating tourism receipts of around S$18 billion to S$21 billion, corresponding to two-thirds to three-quarters of the pre-pandemic levels in 2019. The STB anticipates a full recovery to pre-pandemic levels by 2024[7].

The Managers continue to explore investment opportunities through asset enhancements. Grand Copthorne Waterfront Hotel, a major asset, has largely completed the full renovation of all of its rooms and meeting spaces, solidifying its position as a leading conference hotel in Singapore for years to come. In 3Q 2023, the public areas of W Hotel and Grand Millennium Auckland will be refreshed to augment their competitive standing in the respective markets to protect and grow market share.

For CDLHT's overseas portfolio, most of the geographical markets are expected to benefit from the eventual full return of Chinese tourists, more city-wide events, and the reinstatement of flights and additional services.

New Zealand is expected to continue its recovery with the reinstatement of flights and additional services between New Zealand and other destinations. More direct flights between New Zealand and China, the second-largest inbound market pre-pandemic, are scheduled to resume later in the year[8].

Similarly, Western Australia's flight connectivity is improving, with direct flights between Perth and Tokyo set to resume in October 2023[9]. Major concerts and events are also in the pipeline as part of the WA Government's and Tourism WA's new major events strategy, which is expected to attract international and interstate visitors to WA.

Japan's tourism outlook remains robust with inbound visitor arrivals recovering strongly. According to the Japan National Tourism Organization, preliminary figures reported 10.7 million visitor arrivals in 1H 2023, which is 64.4% of pre-pandemic levels. The highest number of visitors came from South Korea, followed by Taiwan and Hong Kong, which was mostly consistent with 2019, with the exception of China[10]. While China held the largest pre-pandemic inbound market share at around 30%, Chinese arrivals to Japan have only reached 13% of pre-pandemic levels as of YTD June 2023. The eventual recovery of Chinese travellers is anticipated to give a significant boost to Japan's tourism sector.

In the Maldives, YTD tourist arrivals have surpassed 900,000 as of 3 July 2023, on track to meet the government's target of attracting 1.8 million tourists in 2023[11], compared to 1.7 million in 2019. Amid the tailwinds, increased resort supply in the Maldives in recent years will create more competitive pressure but the continued recovery of Chinese travellers will benefit the market. In the longer term, the Ministry of Tourism has also unveiled its Fifth Tourism Master Plan 2023-2027 ("**5TMP**"), which aims to strengthen the Maldives' position as a competitive and sustainable destination. The 5TMP carries a target of US$6 billion a year in international tourism receipts by 2027 (2019: US$3.2 billion)[12].

5 The Straits Times, "China has reopened, so why aren't Chinese tourists back in S'pore in droves?", 25 June 2023
6 The Straits Times, "Coldplay swiftly hots up concert tourism mania: Music to the ears for Singapore's economy", 24 June 2023
7 STB, "Singapore's tourism sector recovers strongly in 2022, visitor numbers expected to double in 2023", 17 January 2023
8 RNZ, "New flights between China and New Zealand announced", 29 June 2023
9 Government of Western Australia, "Direct flights between Perth and Tokyo now on sale", 13 June 2023
10 The Japan Times, "Foreign visitors to Japan soar as summer holiday season approaches", 19 July 2023
11 The Edition, "Tourist arrivals in Maldives nears 1 million mark", 30 June 2023
12 Ministry of Tourism, Republic of Maldives, "Maldives Fifth Tourism Master Plan 2023–2027", 24 May 2023

For 2H 2023, the UK, Germany, and Italy Hotels are expected to be supported by the recovery of general travel as well as a robust lineup of events.

Construction of CDLHT's residential Build-to-Rent building, under a forward-funding scheme in Manchester, UK, is currently in progress. The building topped out in end-June 2023, marking the completion of structural works. Works on the building façade, interior and services are still ongoing and on track. A property manager will be appointed and mobilisation of the building will commence shortly to have the scheme ready for lease-up. Practical completion is currently expected to be around mid-2024. The residential rental market in Manchester continues to face strong rental demand and supply shortages[13].

In the near-term, average funding costs will be influenced by interest rate movements across key markets. The US Federal Reserve recently raised rates on 26 July 2023[14] and signalled that future decisions would depend on inflationary and other economic data.

As at 30 June 2023, CDLHT maintains a healthy balance sheet, with a gearing of 37.9% and cash reserves of about S$63.8 million. In addition, CDLHT also has approximately S$185.2 million of committed unsecured revolving credit facilities and term loans available to meet its capital funding requirements, including for the UK BTR forward-funding 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 remains competitive. CDLHT will also evaluate suitable divestment opportunities as they arise to unlock underlying asset values and/or recycle capital for better returns.

13 urbanbubble, Manchester Quarterly Monitor, Q2 2023
14 Reuters, "US rate futures see slightly higher chance of Sept hike after Powell's comments", 27 July 2023

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

UNAUDITED FINANCIAL STATEMENTS ANNOUNCEMENT OF CDL HOSPITALITY TRUSTS, H-REIT AND ITS SUBSIDIARIES AND HBT AND ITS SUBSIDIARIES FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2023

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)

28 July 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)

28 July 2023