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 THIRD QUARTER AND NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2022

1. Review of Performance for the Third Quarter and Nine Months Period Ended 30 September 2022

1.1 Breakdown of Total Revenue by Geography

	1 Jul 2022 to 30 Sep 2022 ("3Q 2022") S$'000	1 Jul 2021 to 30 Sep 2021 ("3Q 2021") S$'000	Better/ (Worse) (%)	1 Jan 2022 to 30 Sep 2022 ("YTD Sep 2022") S$'000	1 Jan 2021 to 30 Sep 2021 ("YTD Sep 2021") S$'000	Better/ (Worse) (%)
Master Leases						
Singapore						
- Hotels	17,866	8,137	119.6	39,383	25,066	57.1
- Claymore Connect	1,575	827	90.4	3,962	2,516	57.5
Maldives	888	1,032	(14.0)	6,125	3,583	70.9
Australia	-	-	-	-	1,597	N.M
New Zealand	1,351	6,057	(77.7)	8,356	15,855	(47.3)
Germany[1]	1,770	1,994	(11.2)	5,514	6,264	(12.0)
Italy[2]	1,112	428	159.8	2,050	1,292	58.7
United Kingdom	1,004	-	N.M	2,501	-	N.M
	25,566	18,475	38.4	67,891	56,173	20.9
Managed Hotels						
Singapore	13,920	7,256	91.8	35,322	19,547	80.7
Maldives	1,858	1,258	47.7	10,723	7,968	34.6
Australia	5,446	2,079	162.0	11,884	4,497	164.3
Japan	1,043	878	18.8	2,921	2,516	16.1
United Kingdom	10,704	10,049	6.5	28,441	15,519	83.3
	32,971	21,520	53.2	89,291	50,047	78.4
Total	**58,537**	**39,995**	**46.4**	**157,182**	**106,220**	**48.0**

[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$1.2 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 in 2020, stepping up annually to €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$1.6 million (€1.1 million) per year or S$0.4 million (€0.3 million) per quarter.

1.2 Breakdown of NPI by Geography

	3Q 2022 S$'000	3Q 2021 S$'000	Better/ (Worse) (%)	YTD Sep 2022 S$'000	YTD Sep 2021 S$'000	Better/ (Worse) (%)
Singapore						
- Hotels	21,501	8,568	150.9	47,147	24,975	88.8
- Claymore Connect	1,086	349	211.2	2,543	847	200.2
Maldives	(268)	(43)	N.M	6,314	3,405	85.4
Australia	1,374	(374)	N.M	1,722	1,955	(11.9)
New Zealand	1,351	6,057	(77.7)	8,356	15,855	(47.3)
Germany	1,034	1,773	(41.7)	4,202	4,134	1.6
Italy	1,081	380	184.2	1,854	1,096	69.2
Japan	264	83	218.1	453	226	100.4
United Kingdom	4,205	3,688	14.0	10,003	4,965	101.5
Total	**31,628**	**20,481**	**54.4**	**82,594**	**57,458**	**43.7**

1.3 Statistics for CDLHT's Hotels

Singapore Hotels Statistics

	3Q 2022	3Q 2021*	Better/ (Worse)	YTD Sep 2022*	YTD Sep 2021*	Better/ (Worse)
Average Occupancy Rate	88.1%	72.3%	*15.7pp*	72.9%	70.9%	*2.0pp*
Average Daily Rate	S$226	S$104	*116.5%*	S$204	S$103	*98.5%*
RevPAR	S$199	S$76	*163.6%*	S$149	S$73	*104.0%*

** 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 from May 2020. This increased to 215 rooms from 7 February 2022, as the hotel re-commenced refurbishment works following its exit from the government contract business, with the full inventory only becoming available from 27 May 2022. Excluding the out-of-order rooms, the occupancy and RevPAR for 3Q 2021 would be 76.7% and S$80 respectively. For YTD Sep 2022 and YTD Sep 2021, occupancy would be 75.8% and 75.2% respectively while RevPAR would be S$155 and S$77 respectively.*

Overseas Hotels – RevPAR by Geography

	3Q 2022	3Q 2021	Better/ (Worse) (%)	YTD Sep 2022	YTD Sep 2021	Better/ (Worse) (%)
Maldives (US$)	189	149	*26.3*	317	204	*55.3*
Australia (A$)^	109	33	*233.5*	76	52	*47.6*
New Zealand (NZ$)	71	188	*(62.3)*	129	172	*(25.4)*
Germany (€)	129	44	*195.8*	78	24	*227.0*
Italy (€)**	194	56	*245.3*	149	22	*567.1*
Japan (¥)	4,146	2,781	*49.1*	3,661	2,626	*39.4*
United Kingdom (£)	146	117	*24.9*	120	59	*101.9*

^ 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 YTD Sep 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.*

1.4 Review of Performance

Third Quarter Ended 30 September 2022

The overall improvement in CDLHT's 3Q 2022 year-on-year ("**yoy**") performance reflects the robust growth in global travel following the easing of pandemic-related travel restrictions and restoration of public confidence. Importantly, most countries are now treating the disease as endemic and are learning to live with it, embracing the risk associated with travel. The pace of recovery varies but remains bolstered strongly by leisure demand, the return of citywide events and corporate group travel. CDLHT's gross revenue increased by 46.4% yoy to S$58.5 million for 3Q 2022, out of which S$31.8 million was contributed by its Singapore Hotels.

In tandem with the improved revenue, net property income ("**NPI**") increased by 54.4% or S$11.1 million yoy to S$31.6 million for 3Q 2022. The increased NPI contribution arose mainly from the Singapore and Australia properties, which increased collectively by S$15.4 million yoy for 3Q 2022. This was however offset by lower NPI from the New Zealand Hotel, which declined by S$4.7 million yoy for 3Q 2022 following its exit from the government isolation programme.

With all border restrictions eased for vaccinated travellers from 26 April 2022[3], Singapore's visitor arrivals continued to rebound in 3Q 2022, with 2.2 million visitors arrivals recorded, representing a 77.6% increase from 2Q 2022[4]. However, this constituted only 44.6% of the 3Q 2019 arrivals (pre-COVID-19 levels) largely due to the absence of international travellers from China, but was in part mitigated by the longer average length of stay of 4.8 days in 3Q 2022 as compared to 3.4 days in 3Q 2019[5].

In contrast to 3Q 2021 whereby five of the Singapore Hotels were under government contracts, only one hotel continued to be used primarily for isolation purposes in 3Q 2022 under the CDLHT portfolio. While demand largely comprised individual leisure and corporate travellers in the early part of the quarter, the hotels benefitted from a strong return in events in September 2022 starting with Food and Hotel Asia, FPSO World Congress, OS+H Asia 2022 and rounding off with the return of the 2022 Singapore Grand Prix after a two-year hiatus. Yielding strategies reflective of the compression in the city propelled the Singapore hotels to record the highest ADR and RevPAR for a single month in September and for the reporting quarter. With the exception of the government contracted hotel, the remaining five hotels achieved RevPAR levels exceeding that of 3Q 2019. Overall, NPI from the Singapore Hotels improved by S$12.9 million yoy to S$21.5 million for 3Q 2022.

In the Maldives, tourist arrivals for 3Q 2022 grew 4.7% yoy[6], compared to the same period last year, recovering to 97.0% of 3Q 2019 (pre-pandemic) levels. The Maldives Resorts achieved an occupancy-led RevPAR growth of 26.3% for 3Q 2022, but increased fuel prices and inflationary costs affected the profit margins. As a result, the Maldives Resorts registered an NPI decrease of S$0.2 million yoy for 3Q 2022.

The Perth Hotels achieved a collective RevPAR of A$109, after coming off a low base of A$33 last year when performance was impacted by strict travel restrictions into Western Australia ("**WA**"). Collectively, the Perth Hotels posted an NPI increase of S$1.7 million yoy to achieve an NPI of S$1.4 million for 3Q 2022.

In New Zealand, despite the full border reopening from 31 July 2022, Grand Millennium Auckland faced slow market re-entry gestation with demand still primarily limited to air crew business and domestic leisure travellers. A key constraint faced is the lag time for the full resumption of airline capacity into Auckland. Accordingly, Grand Millennium Auckland recorded a RevPAR decline of 62.3% yoy in 3Q 2022 compared to 3Q 2021, when the hotel was contracted as a managed isolation facility. Accordingly, NPI declined by S$4.7 million yoy to S$1.4 million for 3Q 2022[7].

In Japan, despite the reopening of borders to overseas tour groups from 10 June 2022[8], international inbound arrivals remained suppressed through the quarter due to the strict conditions imposed. Nevertheless, the Japan Hotels achieved a RevPAR of ¥4,146 for 3Q 2022, which was a 49.1% increase yoy from a low base in 3Q 2021. As a result, the NPI for the Japan Hotels improved by S$0.2 million yoy to S$0.3 million for 3Q 2022.

In the UK, Hilton Cambridge City Centre and The Lowry Hotel recorded a collective RevPAR growth of 24.9% to £146 in 3Q 2022 compared to £117 in 3Q 2021, when the remaining legal restrictions were only lifted from mid-July 2021[9]. Both hotels registered the highest recorded RevPAR of £163 for July 2022. Together with the inorganic contribution from Hotel Brooklyn (acquired on 22 February 2022), the UK portfolio registered NPI growth of 14.0% or S$0.5 million yoy to S$4.2 million in 3Q 2022.

[3] Gov.sg, "[Updated] Facilitating the resumption of travel with the Vaccinated Travel Framework", 24 August 2022
[4] Singapore Tourism Analytics Network
[5] Singapore Tourism Analytics Network
[6] Ministry of Tourism, Republic of Maldives
[7] 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$0.2 million (NZ$0.2 million) per quarter.
[8] Nikkei Asia, "Masks and chaperones: Japan's new rules for foreign tour groups", 7 June 2022
[9] CNBC, "England takes leap into the unknown, lifting Covid rules as cases surge", 19 July 2021

The Pullman Hotel Munich recorded RevPAR of €129 for 3Q 2022 compared to the low base of €44 in 3Q 2021. The improvement was backed by the strong return of project-based corporate travel, leisure demand from the Middle Eastern market over the summer months, as well as a strong events calendar, which included the multi-sport event "European Championships Munich 2022" from 11 to 21 August 2022 and Oktoberfest from 17 September to 3 October 2022. Notwithstanding the improved performance, due to a clawback by the lessee on its cumulative losses as part of the temporary rent abatement agreement, no variable rent was recognised in 3Q 2022. Coupled with higher maintenance and property expenses, NPI for the Germany Hotel decreased by S$0.7 million or 41.7% yoy to S$1.0 million for 3Q 2022.

Hotel Cerretani Firenze reported a RevPAR of €194 for 3Q 2022, up from a low base of €56 for 3Q 2021. Due to the extreme heat in Italy over the 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 72.6% for the reporting quarter. Nonetheless, Hotel Cerretani Firenze registered the highest recorded RevPAR in any third quarter since acquisition. Overall, NPI increased by S$0.7 million yoy to S$1.1 million in 3Q 2022, due to the variable rent recognised during the period.

At Claymore Connect, the mall benefited from the reopening of the Singapore economy. With new tenants coming in, the mall recorded an NPI of S$1.1 million for 3Q 2022 as compared to S$0.3 million in 3Q 2021.

Nine Months Period Ended 30 September 2022

CDLHT's gross revenue increased by 48.0% or S$51.0 million yoy to S$157.2 million for YTD Sep 2022, out of which S$30.1 million of the increase was attributed to the Singapore Hotels. The improvement was partially offset by lower contribution from the New Zealand Hotel following its transition to trading to the public from 2Q 2022.

In tandem with the increased revenue, NPI increased by 43.7% or S$25.1 million yoy to S$82.6 million for YTD Sep 2022. The higher NPI was largely attributed to the Singapore Hotels, UK Hotels, and the Maldives Resorts, which increased collectively by S$30.1 million yoy (including a S$2.5 million inorganic contribution from Hotel Brooklyn) for YTD Sep 2022. These increases were partly offset by lower NPI, mainly from the New Zealand and Australia portfolio, which declined by S$7.7 million yoy for YTD Sep 2022. Claymore Connect recorded higher NPI by S$1.7 million yoy to S$2.5 million. As at 30 September 2022, the committed occupancy of Claymore Connect was 91.6%.

Total tourist arrivals into Singapore for YTD Sep 2022 improved to 3.7 million[10], a substantial growth from a low base of 172,078 for the same period last year. However, this constituted only 26.1% of the YTD Sep 2019 arrivals (pre-COVID-19 levels) as border restrictions were finally lifted for all fully vaccinated travellers arriving via air or sea from late April 2022 onwards. The lower number of tourist arrivals was partially mitigated by the longer average length of stay of 5.9 days in YTD Sep 2022, which translated to 22.2 million visitor days as compared to 3.4 days and 48.9 million visitor days in YTD Sep 2019[11] (~45.5% of pre-pandemic visitor days).

In contrast to the YTD Sep 2021 situation where five of the Singapore Hotels were supported by government isolation contracts, only one hotel continued to be contracted as an isolation facility throughout YTD Sep 2022. Additionally, 215 rooms were taken out of inventory at Studio M Hotel for refurbishment works from 7 February 2022 to 26 May 2022. Despite a relatively measured start to the year before restrictions were gradually relaxed from March 2022 and borders substantially opened in late April 2022[12], the healthy return of domestic leisure demand and international business, entertainment and sporting events supported demand for the Singapore hotels. As a result, RevPAR for YTD Sep 2022 reached S$149 from S$73 for YTD Sep 2021. Overall, NPI from the Singapore Hotels improved by 88.8% or S$22.2 million yoy for YTD Sep 2022.

In the Maldives, tourist arrivals for YTD Sep 2022 grew 36.7% and recovered to 95.1% of pre-pandemic levels in 2019[13], notwithstanding a brief setback from late 1Q to 2Q 2022 triggered by an interruption of flights from Russia since the onset of the Russian-Ukraine war. Collectively, for YTD Sep 2022, the Maldives Resorts achieved a RevPAR increase of 55.3% yoy to US$317, with a corresponding NPI improvement of 85.4% or S$2.9 million yoy to S$6.3 million.

The contribution from the Perth Hotels was based on actual trading performance for YTD Sep 2022, as compared to the fixed rent structure before expiry of the fixed leases from end April 2021. The initial pace of recovery was slow despite the lifting of border restrictions from early March 2022, with marked improvements from June 2022 following the return of mining and shipping demand, as well as national and international sporting events. Despite a RevPAR increase of 47.6% yoy for YTD Sep 2022, NPI declined by 11.9% or S$0.2 million yoy to S$1.7 million due to the fixed rent levels before 1 May 2021.

[10] Singapore Tourism Analytics Network
[11] Singapore Tourism Analytics Network
[12] Ministry of Health, Singapore, Further Easing of Community and Border Measures, 22 April 2022
[13] Ministry of Tourism, Republic of Maldives

The New Zealand Hotel exited the government isolation program and reopened to public trading on 9 June 2022. While the return of hotels from the state isolation program was carried out in conjunction with a progressive lifting of border restrictions, business gestation was slow against a backdrop of labour constraints, traditionally low winter demand coupled with the absence of major citywide events, as well as the gradual resumption of air travel capacity. Notably, the re-opening of all visa categories for travellers only took place from 31 July 2022. Consequently, the New Zealand Hotel recorded RevPAR decline of 25.4% yoy for YTD Sep 2022, as compared to YTD Sep 2021 when the hotel was supported by the quarantine business, resulting in an NPI decline of 47.3% or S$7.5 million yoy to S$8.4 million for YTD Sep 2022.

In Japan, Tokyo's borders remained closed until reopening to overseas tour groups under strict conditions in June 2022[14], and eventually allowed unescorted visitors on packaged tours and increased the daily arrival cap from 20,000 to 50,000 from 7 September 2022[15]. However, room rates remained suppressed as international arrivals continued to stagnate due to pre-departure testing and visa requirements. The Japan Hotels posted a RevPAR growth of 39.4% yoy for YTD Sep 2022 which consequently led to NPI improvement of S$0.2 million yoy to S$0.5 million for YTD Sep 2022.

After a slow start to the year owing to the spread of the new 'Omicron' variant, consumer confidence quickly improved after all remaining domestic restrictions in the UK ended on 24 February 2022[16] . Coming off a low base last year whereby hotels were operating amid various restrictions, Hilton Cambridge City Centre and The Lowry Hotel recorded a collective growth in RevPAR for YTD Sep 2022 to £120 compared to £59 for YTD Sep 2021. The reporting period also included an inorganic NPI contribution of S$2.5 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% to £2.4 million for the period commencing 7 May 2022 to 6 May 2023. Collectively, the NPI from the UK portfolio doubled from S$5.0 million for YTD Sep 2021 to S$10.0 million for YTD Sep 2022.

Likewise in Germany, the enforcement of restrictions such as stadium capacity limits and a curfew on opening hours of restaurants in place for most of 1Q 2022 due to the 'Omicron' variant resulted in a sluggish start to the year. These restrictions were subsequently lifted from early April 2022[17] and the strong return of project-based corporate travel and citywide events such as IFAT, the European Athletics Championships and Oktoberfest supported demand into Pullman Hotel Munich. Consequently, the Pullman Hotel Munich recorded a RevPAR improvement to €78 for YTD Sep 2022, after coming off a low base of €24 for YTD Sep 2021. For the reporting period, NPI remained largely unchanged despite the improved hotel performance, due to a clawback by the lessee on its cumulative losses as part of the temporary rent abatement agreement, which resulted in no variable rent being recognised in YTD Sep 2022. The NPI for YTD Sep 2022 was also affected by higher maintenance and property expenses incurred during the period.

Hotel Cerretani Firenze was operational throughout YTD Sep 2022 albeit a small three-week disruption caused by an air-conditioning defect from late July 2022, as compared to the five-month closure in 2021 due to travel restrictions. The demand into the Italy Hotel primarily consisted of domestic, intra-Europe and US leisure travel, further supported by the return of fairs and festivals. The Italy Hotel recorded a RevPAR of €149 for YTD Sep 2022 against a low base of €22 for YTD Sep 2021. Accordingly, the Italy Hotel recorded an NPI increase of 69.2% or S$0.8 million yoy to S$1.9 million for YTD Sep 2022.

2. Outlook and Prospects

International tourism continued to show strong signs of recovery as international arrivals almost tripled in YTD Jul 2022 compared to YTD Jul 2021, supported by strong pent-up demand and the easing of travel restrictions. Notwithstanding geopolitical and economic headwinds, recovery has been resilient with international tourism in YTD Jul 2022 reaching almost 60% of pre-pandemic levels[18].

All of CDLHT's portfolio markets have reopened to international travellers and CDLHT continues to observe a strong recovery across most of its portfolio markets. However, all the portfolio hotels are experiencing inflationary cost pressures of which some of the labour-related inflation have been mitigated with real productivity gains from efforts put through during the pandemic. The interest rate hikes across many markets have caused our average funding costs to be higher.

[14] Nikkei Asia, "Masks and chaperones: Japan's new rules for foreign tour groups", 7 June 2022
[15] Travel+Leisure, "Japan Is Making It Easier for Tour Groups to Visit — Here's How", 31 August 2022
[16] Gov.uk, "Prime Minister sets out plan for living with COVID", 21 February 2022
[17] Deutsche Welle, "Germany heads to summer with few COVID-19 rules", 1 April 2022
[18] UNWTO, "International tourism back to 60% of pre-pandemic levels in January-July 2022", 26 September 2022

Portfolio Markets

Singapore recorded 778,141 visitor arrivals and 3.4 million visitor days in September 2022, representing 53.2% and 70.7% of the pre-pandemic level in September 2019, respectively[19]. Changi Airport's Terminals 2 and 4 resumed operations in September 2022 and October 2022 respectively, as Singapore gears up to meet an expected increase in air traffic[20].

The 2022 Singapore Grand Prix returned in September 2022 after a two-year break with around 25 events timed to coincide with the period[21]. The return of the race, which recorded the highest attendance since the first night race in 2008[22], marks a significant milestone in the recovery of Singapore's MICE (meetings, incentives, conventions and exhibitions) industry, which should provide more confidence for event organisers to stage or scale up their events.

Only one Singapore Hotel continue to operate as a facility used for isolation purposes currently. The outlook for demand recovery in Singapore remains positive with continued pick up in visitor arrivals and events. MICE groups, which have been lagging behind in the recovery, have also shown strong activation from September 2022.

From the last week of October, the rooms renovation programme for Grand Copthorne Waterfront Hotel ("**GCW**") will commence and continue through August 2023. There are also plans to renovate the meeting facilities next year. This asset enhancement exercise will strongly boost the prospects for GCW as one of the pre-eminent conference hotels in Singapore in tandem with the opening of the Havelock MRT station in November 2022. While the full rooms inventory of the hotel will not be available during the renovation, the hotel will seek to yield the available inventory to maximize revenue from the remaining guest rooms.

In New Zealand, there were 134,175 visitor arrivals in July 2022, representing 52.5% of the visitor arrivals in July 2019[23]. Notably, the New Zealand borders only fully reopened from 31 July 2022 and it is expected that air capacity into New Zealand will only gradually be restored. Citywide events and MICE pace are expected to recover from 4Q 2022. In the next quarter, New Zealand will host the Women's Rugby World Cup 2022, which is expected to support hotel demand alongside the return of international visitors. Supply growth and labour constraints represent the main headwinds to stronger performance recovery in the near term.

WA economic outlook remains healthy, with real gross state product ("**GSP**") expected to rise 3.75% in 2021-22, 2.0% in 2022-23 and 1.0% in 2023-24[24]. An improving mining industry, which accounted for 47% of the GSP in 2020-21, will help to support hotel demand in Perth. In early September 2022, WA launched its new global tourism brand, "Walking On A Dream", to promote it as a world-class business and leisure destination. The development of the new brand is supported by the State Government's Reconnect WA package and will underpin Tourism WA's marketing activities for at least the next five years[25]. The Perth Hotels are expected to benefit from these tailwinds, as leisure and corporate travellers continue to visit Perth amid the tourism promotion initiatives and growing economic activities.

Japan's border restrictions were lifted on 11 October 2022, restoring visa-free travel and lifting the cap on daily arrivals[26]. Coinciding with the easing of border restrictions, Japan has also introduced the National Travel Discount, which will replace the Go To Travel subsidy program and expand similar existing programs operating at the prefectural level, to boost domestic tourism[27]. Japan's hospitality sector is expected to benefit from the lifting of border restrictions, as the weaker Japanese Yen makes the country an inexpensive and attractive destination for visitors.

Notwithstanding the absence of tourists from China, visitor arrivals to the Maldives remain healthy with 114,984 tourist arrivals recorded in September 2022, representing approximately 97.8% of pre-pandemic numbers in September 2019[28]. Looking ahead, demand is expected to pick up during the festive season in 4Q 2022. However, the continuing Russia/Ukraine conflict is expected to dampen the year-end festive season along with the weak pound for UK arrivals. The Maldives Resorts will continue to focus on growing market share in other markets.

In the UK, to mitigate rising costs, in late-September 2022, the government unveiled plans aimed at tackling energy costs to bring down inflation, backing businesses and helping households. The two-year energy support scheme for households and businesses will end in April 2023 and be replaced by a more targeted scheme[29]. In the near term, the performance of the Cambridge and Manchester hotels is expected to remain stable, ahead of a further recovery in conference and events, as well as international leisure business in 2023.

[19] Singapore Tourism Analytics Network
[20] The Business Times, "Changi Airport T4 and T2's Departure Hall to reopen in coming months", 10 June 2022
[21] The Straits Times, "F1's return boosts Singapore's Mice industry, with 25 major events timed around race period", 25 August 2022
[22] CNA, "F1 Singapore Grand Prix records highest attendance in race's 13-year history", 2 October 2022
[23] Statistics New Zealand
[24] Government of Western Australia
[25] Tourism WA, "Tourism WA unveils new global tourism brand, 'Western Australia – Walking On A Dream'", 6 September 2022
[26] CNA, "'Dream come true': Japan reopens to tourists", 11 October 2022
[27] Kyodo News, "Japan to launch domestic travel subsidy program on Oct 11", 23 September 2022
[28] Ministry of Tourism, Republic of Maldives
[29] The Business Times, "UK consumer industries warn curbing energy support will hit demand", 17 October 2022

On 31 August 2021, CDLHT invested in a residential Build-to-Rent forward-funding scheme in Manchester. The construction of the new UK BTR building continues to progress in accordance with the planned schedule. Work on site is currently focused on the superstructure which has been completed to around six levels above ground.

The Germany and Italy Hotels are expected to remain supported by the general recovery of travel in Europe. Hotel Cerretani Firenze has started to benefit from the variable rent since August 2022 and Pullman Hotel Munich is expected to recognize variable rent in the near term.

3. CDLHT Key Financial Statistics

	As at 30 September 2022	As at 31 December 2021
Debt Value (S$ million)	1,094	1,102
Gearing[30]	39.4%	39.1%
Debt Headroom (S$ million) at 50% Gearing	589	614
Interest Coverage Ratio[31]	3.7x	3.3x
Weighted Average Cost of Debt	2.5%	2.0%

As at 30 September 2022, CDLHT has a healthy balance sheet, with a gearing of 39.4% and cash reserves of about S$88.2 million. In addition, CDLHT also has approximately S$170.3 million of committed unsecured revolving credit facilities available for drawdown, S$84.0 million undrawn committed term loan to fund the UK BTR development over the construction period, and another S$364.3 million in short-term uncommitted bridge loan facilities available for acquisitions.

To manage interest rate risks during the year, the Group entered into three fixed-rate interest rate swaps to hedge against the interest rate volatility arising from (i) the progressive draw down of the UK BTR development term loan facility (£60.2 million) and (ii) the funding of the acquisition of Hotel Brooklyn (£24.1 million). In addition, proceeds from previous divestments amounting to £18.8 million were utilised by the Group to partially pare down the GBP borrowings.

During the reporting quarter, an existing £50.0 million term loan facility was refinanced for another year by the Group. Documentation is in progress to complete the refinancing for the remaining S$193.0 million debt expiring in 4Q 2022.

[30] For the purposes of gearing computation, the total assets exclude the SFRS(I) 16/ FRS 116 *Leases* (adopted wef 1 January 2019).
[31] 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$2.9 billion as at 30 September 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. 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 September 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**").

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 October 2022

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 October 2022

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.