



CDL HOSPITALITY TRUSTS

**CDL HOSPITALITY TRUSTS  
UNAUDITED FINANCIAL STATEMENTS ANNOUNCEMENT OF CDL HOSPITALITY TRUSTS AND  
H-REIT AND ITS SUBSIDIARIES FOR THE YEAR ENDED 31 DECEMBER 2009**

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## CDL HOSPITALITY TRUSTS

A stapled group comprising:

### **CDL HOSPITALITY REAL ESTATE INVESTMENT TRUST AND ITS SUBSIDIARIES**

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

### **CDL HOSPITALITY BUSINESS TRUST**

(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 AND H-REIT AND ITS SUBSIDIARIES FOR THE YEAR ENDED 31 DECEMBER 2009**

## **INTRODUCTION**

CDL Hospitality Trusts 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. CDL Hospitality Trusts was listed on the Singapore Exchange Securities Trading Limited (“**SGX**”) on 19 July 2006.

The H-REIT Units and HBT Units are stapled together under the terms of a stapling deed dated 12 June 2006 entered into between M&C REIT Management Limited (the “**H-REIT Manager**”), DBS Trustee Limited (the “**H-REIT Trustee**”) and M&C Business Trust Management Limited (the “**HBT Trustee-Manager**”) (the “**Stapling Deed**”) and cannot be traded separately. CDL Hospitality Trusts is regulated by the Stapling Deed, the H-REIT Trust Deed and the HBT Trust Deed as well as any legislation and regulations governing CDL Hospitality Trusts, H-REIT and HBT.

H-REIT is constituted by a trust deed dated 8 June 2006 as amended by the First Supplemental Deed dated 11 January 2007 (collectively, the “**H-REIT Trust Deed**”). It is principally regulated by the Securities and Futures Act, Chapter 289 of Singapore (“**SFA**”), the Code of Collective Investment Schemes issued by the Monetary Authority of Singapore (the “**CIS Code**”), including the Property Funds Guidelines in Appendix 2 to the CIS Code, other relevant legislation and regulations as well as the Stapling Deed and the H-REIT Trust Deed.

HBT is constituted by a trust deed dated 12 June 2006 (the “**HBT Trust Deed**”). It is principally regulated by the Business Trusts Act, Chapter 31A of Singapore, the SFA, other relevant legislation and regulations as well as the Stapling Deed and the HBT Trust Deed.

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H-REIT, the first hotel real estate investment trust in Singapore, is established with the principal investment strategy of investing, directly or indirectly, in a diversified portfolio of income-producing real estate which is primarily used for hospitality and/or hospitality-related purposes, whether wholly or partially, and real estate-related assets in relation to the foregoing.

As of 31 December 2009, H-REIT’s portfolio with a total of 2,803 hotel rooms, comprises Orchard Hotel, Grand Copthorne Waterfront Hotel, M Hotel, Copthorne King’s Hotel and Novotel Clarke Quay (collectively, the “**Singapore Hotels**”), all of which are located in Singapore and marketed as “superior” hotels, the Rendezvous Hotel Auckland, a deluxe hotel located in New Zealand’s gateway city of Auckland, as well as the Orchard Hotel Shopping Arcade, the shopping arcade adjoining Orchard Hotel.

HBT is a business trust which is presently dormant. Accordingly, the financial information of HBT has not been presented. HBT will, however, become active if H-REIT is unable to appoint a master lessee for any of the hotels in its portfolio at the expiry of the relevant master lease agreement or for a newly acquired hotel. In such circumstances, HBT will be appointed by H-REIT as a master lessee for that hotel, and HBT will in turn appoint a professional hotel manager to manage the day-to-day operations and marketing of the hotel. HBT exists primarily as “a master lessee of last resort”. HBT may also become active if it undertakes certain hospitality and hospitality-related development projects, acquisition and investments which may not be suitable for H-REIT.

H-REIT’s distribution policy is to distribute at least 90.0% of its taxable income, comprising substantially its income from the letting of the properties and related property services income after deduction of expenses and allowances, and of its tax exempt income (if any), with the actual level of distribution to be determined at the H-REIT Manager’s discretion. H-REIT will make distributions to holders of the Stapled Securities 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 (the “**Scheduled Distribution**”). Distributions, when paid, will be in Singapore Dollars.

With regards to HBT, in the event it becomes active and profitable, the determination to distribute and the quantum of distributions to be made by HBT will be determined by the HBT Trustee-Manager’s Board at its sole discretion.

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**SUMMARY OF CDL HOSPITALITY TRUSTS’ RESULTS**

	1 Oct 2009 to 31 Dec 2009 S\$'000	1 Oct 2008 to 31 Dec 2008 S\$'000	Increase/ (Decrease) %	1 Jan 2009 to 31 Dec 2009 S\$'000	1 Jan 2008 to 31 Dec 2008 S\$'000	Increase/ (Decrease) %
Gross revenue	26,148	28,144	(7.1)	91,757	114,659	(20.0)
Net property income	24,734	21,706	14.0	85,921	102,770	(16.4)
Net income before revaluation	19,205	19,000	1.1	65,584	78,405	(16.4)
Income available for distribution to holders of Stapled Securities	21,660	18,994	14.0	75,841	91,988	(17.6)
Add/(Less):						
Income retained for working capital	-	(4,044)	N.M.	(4,091)	(4,044)	1.2
Distribution of income retained in previous quarters	788	-	N.M.	-	-	-
Income to be distributed to holders of Stapled Securities	22,448	14,950	50.2	71,750	87,944	(18.4)
<b>Income available for distribution per Stapled Security (cents)</b>						
For the period	2.58	2.29	12.7	9.05	11.11	(18.5)
Annualised	10.24	9.11	12.4	9.05	11.11	(18.5)
Annualised distribution yield (%) at closing market price of S\$1.69 as at 25 January 2010	6.06%	5.39%	12.4	5.36%	6.57%	(18.4)
<b>Income to be distributed per Stapled Security (cents)</b>						
For the period	2.67	1.80	48.3	8.57	10.62	(19.3)
Annualised	10.59	7.16	47.9	8.57	10.62	(19.3)
Annualised distribution yield (%) at closing market price of S\$1.69 as at 25 January 2010	6.27%	4.24%	47.9	5.07%	6.28%	(19.3)

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**UNAUDITED FINANCIAL STATEMENTS ANNOUNCEMENT OF CDL HOSPITALITY TRUSTS AND H-REIT AND ITS SUBSIDIARIES FOR THE YEAR ENDED 31 DECEMBER 2009**

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

		H-REIT Group					
<u>Statements of Total Return</u>	Foot- notes	1 Oct 2009 to 31 Dec 2009 S\$'000	1 Oct 2008 to 31 Dec 2008 S\$'000	Increase/ (Decrease) %	1 Jan 2009 to 31 Dec 2009 S\$'000	1 Jan 2008 to 31 Dec 2008 S\$'000	Increase/ (Decrease) %
Gross revenue	(a)	26,148	28,144	(7.1)	91,757	114,659	(20.0)
Property tax	(b)	(882)	(4,605)	(80.8)	(3,516)	(8,366)	(58.0)
Insurance		(229)	(221)	3.6	(883)	(881)	0.2
Other property expenses	(c)	(303)	(1,612)	(81.2)	(1,437)	(2,642)	(45.6)
Net property income		24,734	21,706	14.0	85,921	102,770	(16.4)
H-REIT Manager's fees		(2,194)	(2,080)	5.5	(8,070)	(9,216)	(12.4)
H-REIT Trustee's fees		(50)	(50)	-	(196)	(206)	(4.9)
Other trust expenses	(d)	(114)	(212)	(46.2)	(588)	(1,819)	(67.7)
Finance income		4	109	(96.3)	22	214	(89.7)
Finance costs		(3,174)	(473)	N.M.	(11,513)	(13,335)	(13.7)
Net finance costs	(e)	(3,170)	(364)	N.M.	(11,491)	(13,121)	(12.4)
Net income before revaluation		19,206	19,000	1.1	65,576	78,408	(16.4)
Net surplus/(deficit) on revaluation of investment properties		489	(123,221)	N.M.	489	(123,221)	N.M.
Net income/(loss)	(f)	19,695	(104,221)	N.M.	66,065	(44,813)	N.M.
Income tax expense	(g)	830	(728)	N.M.	-	(728)	(100.0)
Total return for the period/ year		20,525	(104,949)	N.M.	66,065	(45,541)	N.M.

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		CDL Hospitality Trusts					
<u>Statements of Total Return</u>	Foot- notes	1 Oct 2009	1 Oct 2008	Increase/ (Decrease)	1 Jan 2009	1 Jan 2008	Increase/ (Decrease)
		to 31 Dec 2009 S\$'000	to 31 Dec 2008 S\$'000	%	to 31 Dec 2009 S\$'000	to 31 Dec 2008 S\$'000	%
Gross revenue	(a)	26,148	28,144	(7.1)	91,757	114,659	(20.0)
Property tax	(b)	(882)	(4,605)	(80.8)	(3,516)	(8,366)	(58.0)
Insurance		(229)	(221)	3.6	(883)	(881)	0.2
Other property expenses	(c)	(303)	(1,612)	(81.2)	(1,437)	(2,642)	(45.6)
Net property income		24,734	21,706	14.0	85,921	102,770	(16.4)
H-REIT Manager's fees		(2,194)	(2,080)	5.5	(8,070)	(9,216)	(12.4)
H-REIT Trustee's fees		(50)	(50)	-	(196)	(206)	(4.9)
Other trust expenses	(d)	(115)	(213)	(46.0)	(580)	(1,825)	(68.2)
Finance income		4	110	(96.4)	22	217	(89.9)
Finance costs		(3,174)	(473)	N.M.	(11,513)	(13,335)	(13.7)
Net finance costs	(e)	(3,170)	(363)	N.M.	(11,491)	(13,118)	(12.4)
Net income before revaluation		19,205	19,000	1.1	65,584	78,405	(16.4)
Net surplus/(deficit) on revaluation of investment properties		489	(123,221)	N.M.	489	(123,221)	N.M.
Net income/(loss)	(f)	19,694	(104,221)	N.M.	66,073	(44,816)	N.M.
Income tax expense	(g)	830	(728)	N.M.	-	(728)	(100.0)
Total return for the period/ year		20,524	(104,949)	N.M.	66,073	(45,544)	N.M.

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**Footnotes**

N.M – Not Meaningful

- (a) *Gross revenue comprises rental income from H-REIT’s investment properties. Please refer to paragraph 8(ii).*
- (b) *Property tax expense decreased due to a one-off 40% property tax rebate amounting to S\$2.1 million granted by the Inland Revenue Authority of Singapore for the year ended 31 December 2009. Property tax expense also decreased due to the absence of a one-off additional property tax assessment of S\$3.2 million raised by IRAS in respect of prior years in December 2008.*
- (c) *Other property expenses comprise mainly direct operating expenses of the Orchard Hotel Shopping Arcade, including impairment losses on trade receivables of S\$113,000 (31 December 2008: S\$10,000). Other property expenses decreased due to the absence of a one-off S\$1.3 million repair and maintenance expense incurred in relation to the public areas common to the Liang Court Complex, where Novotel Clarke Quay is situated.*
- (d) *Other trust expenses comprise mainly professional fees and administrative costs.*
- (e) *Net finance costs comprise the following:*

	H-REIT Group					
	1 Oct 2009 to 31 Dec 2009 S\$’000	1 Oct 2008 to 31 Dec 2008 S\$’000	Increase/ (Decrease) %	1 Jan 2009 to 31 Dec 2009 S\$’000	1 Jan 2008 to 31 Dec 2008 S\$’000	Increase/ (Decrease) %
Interest income received / receivable from banks	4	9	(55.6)	22	114	(80.7)
Gain on termination of financial derivative <sup>(i)</sup>	-	100	(100.0)	-	100	(100.0)
Finance income	4	109	(96.3)	22	214	(89.7)
Exchange gain/(loss) <sup>(ii)</sup>	(50)	2,956	N.M.	(2,271)	(2,867)	(20.8)
Loss on remeasurement of financial derivative <sup>(i)</sup>	-	(1,145)	(100.0)	-	-	-
Interest paid/payable to banks <sup>(iii)</sup>	(2,400)	(2,189)	9.6	(7,809)	(9,236)	(15.5)
Amortisation of transaction costs capitalised	(684)	(57)	N.M.	(1,272)	(227)	N.M.
Financial expense arising from remeasuring non-current rental deposits at amortised cost	(40)	(38)	5.3	(161)	(155)	3.9
Net change in fair value of cash flow hedge transferred to the statement of total return <sup>(iv)</sup>	-	-	-	-	(850)	(100.0)
Finance costs	(3,174)	(473)	N.M.	(11,513)	(13,335)	(13.7)
Net finance costs	(3,170)	(364)	N.M.	(11,491)	(13,121)	(12.4)

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CDL Hospitality Trusts						
	1 Oct 2009 to 31 Dec 2009 S\$'000	1 Oct 2008 to 31 Dec 2008 S\$'000	Increase/ (Decrease) %	1 Jan 2009 to 31 Dec 2009 S\$'000	1 Jan 2008 to 31 Dec 2008 S\$'000	Increase/ (Decrease) %
Interest income received/receivable from banks	4	10	(60.0)	22	117	(81.2)
Gain from termination of financial derivative <sup>(i)</sup>	-	100	(100.0)	-	100	(100.0)
Finance income	4	110	(96.4)	22	217	(89.9)
Exchange (loss)/gain <sup>(ii)</sup>	(50)	2,956	N.M.	(2,271)	(2,867)	(20.8)
Loss on remeasurement of financial derivative <sup>(i)</sup>	-	(1,145)	(100.0)	-	-	-
Interest paid/payable to banks <sup>(iii)</sup>	(2,400)	(2,189)	9.6	(7,809)	(9,236)	(15.5)
Amortisation of transaction costs capitalised	(684)	(57)	N.M.	(1,272)	(227)	N.M.
Financial expense arising from remeasuring non-current rental deposits at amortised cost	(40)	(38)	5.3	(161)	(155)	3.9
Net change in fair value of cash flow hedge transferred to the statement of total return <sup>(iv)</sup>	-	-	-	-	(850)	(100.0)
Finance costs	(3,174)	(473)	N.M.	(11,513)	(13,335)	(13.7)
Net finance costs	(3,170)	(363)	N.M.	(11,491)	(13,118)	(12.4)

- (i) The gain on termination of financial derivative and loss on remeasurement of financial derivative in 2008 arose from an interest rate swap of S\$220.0 million. Under Financial Reporting Standard 39 *Financial Instruments: Recognition and Measurement*, any change in the fair value of this interest rate swap had to be taken to the Statement of Total Return as it did not qualify for hedge accounting. In October 2008, this interest rate swap was terminated.
- (ii) The exchange loss for the year ended 31 December 2009 was mainly due to the revaluation loss on a foreign currency bank loan, denominated in New Zealand Dollar, which was realised at the end of July 2009 upon repayment of the bank loan. The loss arose as a result of the appreciation of the New Zealand Dollar against the Singapore Dollar. The exchange loss has no impact on the distribution of CDL Hospitality Trusts.
- (iii) The decrease in interest paid/ payable to banks for the year ended 31 December 2009 was mainly due to lower funding costs.
- (iv) This relates to the transfer of the net change in fair value of the S\$260.0 million interest rate swap which expired on 13 January 2008, from the hedging reserve to the Statement of Total Return.



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(f) Net income/(loss) of CDL Hospitality Trusts is contributed by:

	CDL Hospitality Trusts			
	1 Oct 2009 to 31 Dec 2009 S\$'000	1 Oct 2008 to 31 Dec 2008 S\$'000	1 Jan 2009 to 31 Dec 2009 S\$'000	1 Jan 2008 to 31 Dec 2008 S\$'000
H-REIT	18,813	(118,459)	86,631	(65,738)
Other H-REIT group entities (including consolidation adjustments)	882	14,238	(20,566)	20,925
HBT	(1)	-	8	(3)
	19,694	(104,221)	66,073	(44,816)

(g) There is no income tax expense for the year ended 31 December 2009 as 100% of the taxable income for the year will be distributed to holders of Stapled Securities.

(h) Distribution Statements<sup>(i)</sup>

	H-REIT Group and CDL Hospitality Trusts			
	1 Oct 2009 to 31 Dec 2009 S\$'000	1 Oct 2008 to 31 Dec 2008 S\$'000	1 Jan 2009 to 31 Dec 2009 S\$'000	1 Jan 2008 to 31 Dec 2008 S\$'000
Net income/(loss) of H-REIT	18,813	(118,459)	86,631	(65,738)
Add / (Less): Non tax deductible / (tax chargeable) items:				
- Amortisation of transaction costs	684	57	1,272	227
- Net (surplus)/deficit on revaluation of investment properties <sup>(ii)</sup>	(2,323)	121,193	(2,323)	121,193
- Financial expense arising from remeasuring non-current rental deposits at amortised cost	40	38	161	155
- Exchange (gain)/loss	2,589	13,291	(16,660)	26,579
- Loss from remeasurement of financial derivative	-	1,145	-	-
- H-REIT Manager's fees paid/payable in Stapled Securities	1,755	1,664	6,456	7,373
- Net change in fair value of cash flow hedge transferred to the statement of total return	-	-	-	850
- Other items	102	65	304	1,349
Income available for distribution to holders of Stapled Securities	21,660	18,994	75,841	91,988
Add/(Less) :				
Income retained for working capital <sup>(iii)</sup>	-	(4,044)	(4,091)	(4,044)
Distribution of income retained in previous quarters <sup>(iii)</sup>	788	-	-	-
Income to be distributed <sup>(iv)</sup>	22,448	14,950	71,750	87,944
Comprising :				
- Taxable income	24,497	13,596	68,408	80,693
- Tax exempt income	(2,049)	1,354	3,342	7,251
	22,448	14,950	71,750	87,944

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- (i) The distribution of CDL Hospitality Trusts represents the aggregate of distributions by H-REIT and HBT. The distribution of CDL Hospitality Trusts for the period is contributed solely by H-REIT as HBT was dormant during the period. Accordingly, only the income available for distribution of H-REIT has been presented.
- (ii) The Singapore Hotels and Orchard Hotel Shopping Arcade were revalued as at 31 December 2009 by Knight Frank Pte Ltd, an independent valuer. The valuations gave rise to a revaluation surplus of S\$2.3 million, which has been recognised in the Statement of Total Return of H-REIT. This revaluation surplus has no impact on the income available for distribution to holders of Stapled Securities.
- (iii) The Inland Revenue Authority of Singapore (“IRAS”) has clarified that H-REIT is only required to distribute 90% of its taxable income in order to enjoy tax transparency. Accordingly, in December 2009, H-REIT decided to retain 100% of the tax exempt income for the period from 1 July 2009 to 31 December 2009. Taxable income of S\$788,000 which had been retained in previous quarters, will be distributed in the current quarter. Please refer to note (iv) below for total distributable income.
- (iv) The total distributable income for the year ended 31 December 2009 of S\$71,750,000 comprises 100% of the taxable income for the year ended 31 December 2009 and 100% of the tax exempt income for the period from 1 January 2009 to 30 June 2009. Distribution income of S\$32,250,000 relating to the half year ended 30 June 2009 has already been distributed. The remaining balance of S\$39,500,000 will be distributed on 26 February 2010.

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**1 (b)(i) Balance sheets together with a comparative statement at the end of the immediately  
preceding financial year**

	Footnotes	H-REIT Group		CDL Hospitality Trusts <sup>(a)</sup>	
		31 Dec 2009	31 Dec 2008	31 Dec 2009	31 Dec 2008
		S\$'000	S\$'000	S\$'000	S\$'000
<b>Balance Sheets</b>					
<b>ASSETS</b>					
<b>Non-current assets</b>					
Investment properties	(b)	1,501,615	1,481,184	1,501,615	1,481,184
Rental deposit		76	76	76	76
		<b>1,501,691</b>	<b>1,481,260</b>	<b>1,501,691</b>	<b>1,481,260</b>
<b>Current assets</b>					
Trade and other receivables		14,157	13,565	14,157	13,565
Cash and cash equivalents		5,293	6,728	5,681	7,116
		<b>19,450</b>	<b>20,293</b>	<b>19,838</b>	<b>20,681</b>
<b>Total assets</b>		<b>1,521,141</b>	<b>1,501,553</b>	<b>1,521,529</b>	<b>1,501,941</b>
<b>LIABILITIES</b>					
<b>Non-current liabilities</b>					
Financial liabilities	(c)	284,662	-	284,662	-
Rental deposits	(d)	4,536	4,375	4,536	4,375
		<b>289,198</b>	<b>4,375</b>	<b>289,198</b>	<b>4,375</b>
<b>Current liabilities</b>					
Trade and other payables	(e)	14,905	26,185	14,909	26,197
Financial liabilities	(c)	-	274,825	-	274,825
Provision for taxation	(f)	19,528	19,528	19,528	19,528
		<b>34,433</b>	<b>320,538</b>	<b>34,437</b>	<b>320,550</b>
<b>Total liabilities</b>		<b>323,631</b>	<b>324,913</b>	<b>323,635</b>	<b>324,925</b>
<b>Net assets</b>		<b>1,197,510</b>	<b>1,176,640</b>	<b>1,197,894</b>	<b>1,177,016</b>
Represented by:					
<b>Unitholders' funds</b>					
Unitholders' funds of H-REIT Group	(g)	1,197,510	1,176,640	1,197,510	1,176,640
Unitholders' funds of HBT		-	-	384	376
		<b>1,197,510</b>	<b>1,176,640</b>	<b>1,197,894</b>	<b>1,177,016</b>

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**Footnotes**

- (a) *The balance sheet of CDL Hospitality Trusts comprises the balance sheets of H-REIT Group and HBT. No separate balance sheet of HBT has been presented as its net assets as at 31 December 2009 are approximately S\$384,000 (31 December 2008: S\$376,000).*
- (b) *The investment properties were valued as at 31 December 2009 by Knight Frank Pte Ltd and Bower Valuations Limited, independent registered valuers, as follows:*

<b>Property</b>	<b>Tenure</b>	<b>Date of valuation</b>	<b>Valuation</b>
Orchard Hotel	75 years from 19 July 2006	31 December 2009	S\$413,000,000
Grand Copthorne Waterfront Hotel	75 years from 19 July 2006	31 December 2009	S\$315,000,000
M Hotel	75 years from 19 July 2006	31 December 2009	S\$225,000,000
Copthorne King's Hotel	99 years from 1 February 1968	31 December 2009	S\$118,000,000
Orchard Hotel Shopping Arcade	75 years from 19 July 2006	31 December 2009	S\$54,000,000
Rendezvous Hotel Auckland	Freehold	31 December 2009	NZ\$110,000,000
Novotel Clarke Quay	97 years & 30 days from 2 April 1980	31 December 2009	S\$267,000,000

*The valuations gave rise to a net revaluation surplus of S\$489,000 (31 December 2008: revaluation deficit of S\$123,221,000) which has been recognised in the Statement of Total Return. This revaluation surplus has no impact on the taxable income or income available for distribution to holders of Stapled Securities.*

*Included in investment properties as at 31 December 2009 is a translation gain of S\$18,266,000 (31 December 2008: translation loss of S\$32,297,000) relating to Rendezvous Hotel Auckland.*

- (c) *Financial liabilities comprise borrowings of S\$284,662,000 (31 December 2008: S\$273,012,000). Included in financial liabilities as at 31 December 2008 was a derivative liability of S\$1,813,000. The borrowings as at 31 December 2008 were refinanced with a new 3- year bank facility on 31 July 2009. Accordingly, the borrowings as at 31 December 2009 are classified as non-current liabilities. Refer to Section 1(b)(ii) for details of the new facility. The derivative liability as at 31 December 2008 related to the fair value of an interest rate swap of notional amount of S\$220.0 million, which expired on 31 July 2009.*
- (d) *Rental deposits relate to rental deposits collected from the Master Lessees, stated at amortised cost.*
- (e) *Trade and other payables relates mainly to loan interest payable, rental deposits of Orchard Hotel Shopping Arcade and accrual for property tax. Trade and other payables decreased mainly due to payment of additional property tax assessed in respect of prior years during the year.*
- (f) *Provision for taxation relates to approximately S\$18.8 million to cover the potential tax liability on the capital gain arising upon the transfer of Novotel Clarke Quay to H-REIT on 7 June 2007 and tax payable accrued on the portion of the taxable income that is not distributed.*
- (g) *The movement in unitholders' funds are set out in Section 1(d).*

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**1 (b)(ii) Aggregate amount of group’s borrowings and debt securities<sup>(a)</sup>**

		H-REIT Group and CDL Hospitality Trusts	
Footnotes		31 Dec 2009	31 Dec 2008
		S\$'000	S\$'000
<b>Amount repayable after one year</b>			
Secured borrowings	(i)	291,000	-
<b>Amount repayable within one year</b>			
Secured borrowings		-	254,000
Unsecured borrowings	(ii)	-	19,136
		-	273,136
<b>Total borrowings</b>		291,000	273,136

**Footnotes**

(a) Relates to borrowings from term loan and revolving credit facilities.

**i. Secured borrowings**

**Details of borrowings and collateral**

During the year, H-REIT was granted a S\$270.0 million committed secured term loan facility and a S\$80.0 million committed revolving credit facility by DBS Bank Limited for a 3-year term (the “Facilities”) at a floating interest rate of the Singapore 3-month swap offer rate plus a margin of 2.6% per annum.

The Facilities are secured on the following:

- A first legal mortgage on the Singapore investment properties;
- Debenture over all present and future assets (including without limitation on all furniture, fixtures, fittings, equipment and inventory) in the Singapore investment properties which are owned or acquired by H-REIT but not including the operating bank accounts of the Singapore hotels;
- An assignment of H-REIT’s rights, title and interests in the guarantee provided in relation to the lease agreement of Novotel Clarke Quay;
- An assignment of H-REIT’s rights, title and interests in the present and future sale and purchase agreements, leases and tenancy agreements in connection with the Singapore investment properties;
- An assignment of H-REIT’s rights, title and interests in the lease agreement in respect of Waterfront Conference Centre, which is leased by H-REIT from City Developments Limited and sub-leased to Republic Hotels & Resorts Limited;
- An assignment of insurance policies (other than with respect to public liability) effected over the Singapore investment properties; and
- Assignment of the escrow account to be opened with the financial institutions granting the Facilities for the purposes of depositing all rental and sale proceeds in relation to the Singapore investment properties.

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*ii. Unsecured borrowings*

*H-REIT has in place a S\$300.0 million uncommitted multi-currency unsecured bridging loan facility (the “**DBS Bank Bridging Loan Facility**”) with DBS Bank Limited to fund acquisitions, capital expenditure and working capital requirements:*

*The DBS Bank Bridging Loan Facility can be drawn down in multiple tranches and each tranche is to be repaid within a maximum period of one year from each drawn down date.*

*As at the balance sheet date, no amount was drawn down under this facility.*

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**1 (c)(i) Cash flow statements of H-REIT Group**

		H-REIT Group			
Foot- notes	1 Oct 2009 to 31 Dec 2009 S\$'000	1 Jan 2009 to 31 Dec 2009 S\$'000	1 Oct 2008 to 31 Dec 2008 S\$'000	1 Jan 2008 to 31 Dec 2008 S\$'000	
<b>Operating activities</b>					
	19,695	66,065	(104,221)	(44,813)	
Net income/(loss)					
Adjustments for:					
	1,755	6,456	1,664	7,373	
(a) H-REIT Manager's fee paid/payable in Stapled Securities	3,170	11,491	364	13,121	
Net finance costs	-	-	5	10	
Impairment losses on trade receivables	(489)	(489)	123,221	123,221	
Net (surplus)/deficit on revaluation of investment properties					
<b>Operating income before working capital changes</b>	<b>24,131</b>	<b>83,523</b>	<b>21,033</b>	<b>98,912</b>	
Changes in working capital:					
	(2,645)	(646)	1,752	832	
Trade and other receivables	(1,042)	(7,235)	5,410	7,147	
Trade and other payables					
<b>Cash generated from operating activities</b>	<b>20,444</b>	<b>75,642</b>	<b>28,195</b>	<b>106,891</b>	
<b>Investing activities</b>					
	(2,602)	(4,434)	(1,347)	(5,045)	
Capital expenditure on investment properties	5	23	9	114	
Interest received					
<b>Cash flows from investing activities</b>	<b>(2,597)</b>	<b>(4,411)</b>	<b>(1,338)</b>	<b>(4,931)</b>	
<b>Financing activities</b>					
	-	341,500	-	59,500	
Proceeds from bank loans	(16,000)	(326,055)	(20,500)	(71,648)	
Repayment of bank loans	(153)	(7,480)	-	-	
Payment of transaction costs related to bank loans	(2,475)	(9,102)	(2,250)	(9,811)	
Finance costs paid	-	-	100	100	
Proceeds from termination of interest rate swap	-	(71,529)	-	(86,646)	
Distribution to holders of Stapled Securities					
<b>Cash flows from financing activities</b>	<b>(18,628)</b>	<b>(72,666)</b>	<b>(22,650)</b>	<b>(108,505)</b>	
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(781)</b>	<b>(1,435)</b>	<b>4,207</b>	<b>(6,545)</b>	
Cash and cash equivalents at beginning of the period/year	6,074	6,728	2,521	13,273	
<b>Cash and cash equivalents at end of the period/year</b>	<b>5,293</b>	<b>5,293</b>	<b>6,728</b>	<b>6,728</b>	

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**1 (c)(ii) Cash flow statements of CDL Hospitality Trusts**

		CDL Hospitality Trusts			
Foot- notes	1 Oct 2009 to 31 Dec 2009 S\$'000	1 Jan 2009 to 31 Dec 2009 S\$'000	1 Oct 2008 to 31 Dec 2008 S\$'000	1 Jan 2008 to 31 Dec 2008 S\$'000	
<b>Operating activities</b>					
	19,694	66,073	(104,221)	(44,816)	
	Adjustments for:				
	H-REIT Manager's fee paid/payable in				
	Stapled Securities				
(a)	1,755	6,456	1,664	7,373	
	Net finance costs				
	3,170	11,491	363	13,118	
	Impairment losses on trade receivables				
	-	-	5	10	
	Net (surplus)/deficit on revaluation of investment properties				
	(489)	(489)	123,221	123,221	
	<b>Operating income before working capital changes</b>				
	24,130	83,531	21,032	98,906	
	Changes in working capital:				
	Trade and other receivables				
	(2,645)	(646)	1,752	832	
	Trade and other payables				
	(1,041)	(7,243)	5,411	7,150	
	<b>Cash generated from operating activities</b>				
	20,444	75,642	28,195	106,888	
<b>Investing activities</b>					
	Capital expenditure on investment properties				
	(2,602)	(4,434)	(1,347)	(5,045)	
	Interest received				
	5	23	10	117	
	<b>Cash flows from investing activities</b>				
	(2,597)	(4,411)	(1,337)	(4,928)	
<b>Financing activities</b>					
	Proceeds from bank loans				
	-	341,500	-	59,500	
	Repayment of bank loans				
	(16,000)	(326,055)	(20,500)	(71,648)	
	Payment of transaction costs related to bank loans				
	(153)	(7,480)	-	-	
	Finance costs paid				
	(2,475)	(9,102)	(2,250)	(9,811)	
	Proceeds from termination of interest rate swap				
	-	-	100	100	
	Distribution to holders of Stapled Securities				
	-	(71,529)	-	(86,646)	
	<b>Cash flows from financing activities</b>				
	(18,628)	(72,666)	(22,650)	(108,505)	
	<b>Net (decrease)/increase in cash and cash equivalents</b>				
	(781)	(1,435)	4,208	(6,545)	
	Cash and cash equivalents at beginning of the period / year				
	6,462	7,116	2,908	13,661	
	<b>Cash and cash equivalents at end of the period / year</b>				
	5,681	5,681	7,116	7,116	



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**Footnotes**

(a) *Significant non-cash transactions*

Quarter ended 31 December 2009

1,033,858 (Quarter ended 31 December 2008: 2,410,022) Stapled Securities amounting to S\$1,755,000 (Quarter ended 31 December 2008: S\$1,664,000) will be issued to the H-REIT Manager as satisfaction of asset management fees payable in units in respect of the quarter ended 31 December 2009 on 26 January 2010.

Full year from 1 January 2009 to 31 December 2009

7,176,280 (year ended 31 December 2008: 6,386,592) Stapled Securities amounting to S\$6,456,000 (year ended 31 December 2008: S\$7,373,000) were issued or will be issued to the H-REIT Manager as satisfaction of asset management fees payable in units in respect of the year ended 31 December 2009.

**1 (d)(i) Statement of movements in unitholders’ funds of HBT**

	1 Oct 2009 to 31 Dec 2009 S\$'000	1 Jan 2009 to 31 Dec 2009 S\$'000	1 Oct 2008 to 31 Dec 2008 S\$'000	1 Jan 2008 to 31 Dec 2008 S\$'000
Balance as at beginning of the period/ year	385	376	376	379
Net profit/(loss) after tax	(1)	8	-	(3)
Balance as at end of the period/year	384	384	376	376

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**1 (d)(ii) Statement of movements in unitholders’ funds for the period from 1 October 2009 to 31 December 2009**

Foot- notes	Unitholders’ funds of H-REIT Group				Stapled Group	
	Units in issue S\$’000	Issue Expenses S\$’000	Foreign Currency Translation Reserve S\$’000	Accumulated Profits S\$’000	Total S\$’000	Total S\$’000
<b>Balance as at 1 October 2009</b>	897,515	(20,674)	(2,280)	303,486	1,178,047	1,178,432
<b>Operations</b>						
Increase in net assets resulting from operations	-	-	-	20,525	20,525	20,524
<b>Movements in foreign currency translation reserve:</b>						
- Translation differences relating to financial statements of foreign subsidiaries	-	-	(86)	-	(86)	(86)
- Exchange differences on a monetary item forming part of net investment in a foreign operation	(b) -	-	(2,731)	-	(2,731)	(2,731)
<b>Unitholders’ transactions</b>						
(i) Stapled Securities to be issued as payment of H- REIT Manager’s management fees	(c) 1,755	-	-	-	1,755	1,755
<b>Increase in net assets resulting from unitholders’ transactions</b>	1,755	-	-	-	1,755	1,755
<b>Balance as at 31 December 2009</b>	899,270	(20,674)	(5,097)	324,011	1,197,510	1,197,894

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**1 (d)(iii) Statement of movements in unitholders’ funds for the period from 1 January 2009 to 31 December 2009**

Foot- notes	Unitholders' funds of H-REIT Group						Stapled Group
	Units in issue S\$'000	Issue Expenses S\$'000	Hedging Reserve S\$'000	Foreign Currency Translation Reserve S\$'000	Accumulated Profits S\$'000	Total S\$'000	Total S\$'000
<b>Balance as at 1 January 2009</b>	892,814	(20,674)	(1,813)	(23,162)	329,475	1,176,640	1,177,016
<b>Operations</b>							
Increase in net assets resulting from operations	-	-	-	-	66,065	66,065	66,073
<b>Movement in hedging reserve:</b>							
- Effective portion of change in fair value of cash flow hedge (a)	-	-	1,813	-	-	1,813	1,813
<b>Movements in foreign currency translation reserve:</b>							
- Translation differences relating to financial statements of foreign subsidiaries	-	-	-	(655)	-	(655)	(655)
- Exchange differences on a monetary item forming part of net investment in a foreign operation (b)	-	-	-	18,720	-	18,720	18,720
<b>Unitholders' transactions</b>							
(i) Stapled Securities issued and to be issued as payment of H-REIT Manager's management fees (c)	6,456	-	-	-	-	6,456	6,456
(ii) Distribution to holders of Stapled Securities (d)	-	-	-	-	(71,529)	(71,529)	(71,529)
<b>Decrease in net assets resulting from unitholders' transactions</b>	6,456	-	-	-	(71,529)	(65,073)	(65,073)
<b>Balance as at 31 December 2009</b>	899,270	(20,674)	-	(5,097)	324,011	1,197,510	1,197,894

**Footnotes**

- (a) *The hedging reserve relates to the effective portion of the change in fair value of the interest rate swap entered into to hedge the interest rate risk on S\$220.0 million of the Facilities, which expired on 31 July 2009.*
- (b) *These represent the exchange differences arising from the translation on the NZD loan between H-REIT and its subsidiary. The loan is treated as H-REIT's net investment in the subsidiary with effect from 1 July 2008. Accordingly, the exchange differences on the loan to subsidiary are recognised in the unitholders' funds in the consolidated financial statements from 1 July 2008.*
- (c) *These represent the Stapled Securities issued and to be issued as partial satisfaction of the management fee incurred for the respective quarters. The Stapled Securities are issued within 30 days from quarter end.*
- (d) *Distribution to holders of Stapled Securities relates to the distribution made in respect of the period from 1 July 2008 to 31 December 2008 and from 1 January 2009 to 30 June 2009.*

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**1 (d)(iv) Statement of movements in unitholders’ funds for the period from 1 October 2008 to 31 December 2008**

Foot- notes	Unitholders’ funds of H-REIT Group					Stapled Group	
	Units in issue S\$’000	Issue Expenses S\$’000	Hedging Reserve S\$’000	Foreign Currency Translation Reserve S\$’000	Accumulated Profits S\$’000	Total S\$’000	Total S\$’000
<b>Balance as at 1 October 2008</b>	891,150	(20,686)	(1,835)	(7,415)	434,424	1,295,638	1,296,014
<b>Operations</b>							
Decrease in net assets resulting from operations	-	-	-	-	(104,949)	(104,949)	(104,949)
<b>Movements in hedging reserve:</b>							
- Effective portion of change in fair value of cash flow hedge (a)	-	-	22	-	-	22	22
<b>Movement in foreign currency translation reserve:</b>							
- Translation differences relating to financial statements of foreign subsidiaries	-	-	-	470	-	470	470
- Exchange differences on a monetary item forming part of net investment in a foreign operation (c)	-	-	-	(16,217)	-	(16,217)	(16,217)
<b>Unitholders’ transactions</b>							
(i) Stapled Securities issued and to be issued as payment of H-REIT Manager’s management fees (d)	1,664	-	-	-	-	1,664	1,664
(ii) Issue expenses	-	12	-	-	-	12	12
<b>Increase in net assets resulting from unitholders’ transactions</b>	1,664	12	-	-	-	1,676	1,676
<b>Balance as at 31 December 2008</b>	892,814	(20,674)	(1,813)	(23,162)	329,475	1,176,640	1,177,016

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**1 (d)(v) Statement of movements in unitholders’ funds for the period from 1 January 2008 to 31 December 2008**

Foot- notes	Unitholders’ funds of H-REIT Group					Stapled Group	
	Units in issue S\$’000	Issue Expenses S\$’000	Hedging Reserve S\$’000	Foreign Currency Translation Reserve S\$’000	Accumulated Profits S\$’000	Total S\$’000	Total S\$’000
<b>Balance as at 1 January 2008</b>	885,441	(20,686)	(932)	(9)	461,662	1,325,476	1,325,855
<b>Operations</b>							
Decrease in net assets resulting from operations	-	-	-	-	(45,541)	(45,541)	(45,544)
<b>Movements in hedging reserve:</b>							
- Effective portion of change in fair value of cash flow hedge (a)	-	-	(1,731)	-	-	(1,731)	(1,731)
- Net change in fair value of cash flow hedge transferred to the statement of total return (b)	-	-	850	-	-	850	850
<b>Movement in foreign currency translation reserve:</b>							
- Translation differences relating to financial statements of foreign subsidiaries	-	-	-	574	-	574	574
- Exchange differences on a monetary item forming part of net investment in a foreign operation (c)	-	-	-	(23,727)	-	(23,727)	(23,727)
<b>Unitholders’ transactions</b>							
(i) Stapled Securities issued and to be issued as payment of H-REIT Manager’s management fees (d)	7,373	-	-	-	-	7,373	7,373
(ii) Distribution to holders of Stapled Securities (e)	-	-	-	-	(86,646)	(86,646)	(86,646)
(iii) Issue expenses	-	12	-	-	-	12	12
<b>Decrease in net assets resulting from unitholders’ transactions</b>	7,373	12	-	-	(86,646)	(79,261)	(79,261)
<b>Balance as at 31 December 2008</b>	892,814	(20,674)	(1,813)	(23,162)	329,475	1,176,640	1,177,016

**Footnotes**

- (a) *The hedging reserve related to the effective portion of the change in fair value of the interest rate swap entered into to hedge the interest rate risk on S\$220.0 million of the Facilities.*
- (b) *This related to the transfer of the net change in fair value of the S\$260.0 million interest rate swap which expired on 13 January 2008, from the hedging reserve to the Statement of Total Return.*
- (c) *These represent the exchange differences arising from the translation on the NZD loan between H-REIT and its subsidiary. The loan is treated as H-REIT’s net investment in the subsidiary with effect from 1 July 2008. Accordingly, the exchange differences on the loan to subsidiary are recognised in the unitholders’ funds in the consolidated financial statements from 1 July 2008.*

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- (d) *These represent the Stapled Securities issued and to be issued as partial satisfaction of the management fee incurred for the respective quarters. The Stapled Securities are issued within 30 days from quarter end.*
- (e) *Distribution to holders of Stapled Securities relates to the distribution made in respect of the period from 19 July 2007 to 31 December 2007 and from 1 January 2008 to 30 June 2008.*

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**1 (e) Details of any changes in the H-REIT units / Stapled Securities**

<----- H-REIT Group and CDL Hospitality Trusts ----->				
Foot- notes	1 Oct 2009 to 31 Dec 2009	1 Oct 2008 to 31 Dec 2008	1 Jan 2009 to 31 Dec 2009	1 Jan 2008 to 31 Dec 2008
Issued H-REIT units / Stapled Securities at the beginning of the period/year	835,477,638	826,104,237	828,022,666	823,271,875
Issue of new H-REIT units / Stapled Securities <sup>(a)</sup>				
- as payment of H-REIT Manager's management fees	1,097,472	1,918,429	8,552,444	4,750,791
Issued H-REIT units / Stapled Securities at the end of the period	836,575,110	828,022,666	836,575,110	828,022,666
H-REIT units/ Stapled Securities to be issued:				
- as payment of H-REIT Manager's management fees (b)	1,033,858	2,410,022	1,033,858	2,410,022
- as payment of H-REIT Manager's acquisition fees (c)	85,821	85,821	85,821	85,821
Total issued and issuable H-REIT units / Stapled Securities at the end of the period/year	837,694,789	830,518,509	837,694,789	830,518,509

**Footnotes**

- (a) *Each Stapled Security comprises one H-REIT unit and one HBT unit.*
- (b) *These represent the H-REIT units/ Stapled Securities to be issued as partial satisfaction of the management fee incurred for the respective quarters.*
- (c) *An additional 85,821 H-REIT units/ Stapled Securities will be issued to the H-REIT Manager if the potential tax liability for the transfer of Novotel Clarke Quay to H-REIT materialise.*

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**2 Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice**

The figures have not been audited but have been extracted from financial information for the year ended 31 December 2009 which has been reviewed by our auditors in accordance with Singapore Standard on Review Engagements SSRE 2410 “Review of Interim Financial Information Prepared by the Independent Auditor of the Entity”.

**3 Where the figures have been audited or reviewed, the auditor’s report (including any qualifications or emphasis of matter)**

Please see the attached review report.

**4 Whether the same accounting principles and methods of computation as in the issuer’s most recent audited financial statements have been applied**

Except as described in Note 5 below, the accounting policies and methods of computation adopted are consistent with those applied in the audited financial statements for the year ended 31 December 2008.

**5 If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.**

The H-REIT Group and CDL Hospitality Trusts have adopted FRS 108 *Operating Segments* and early adopted the Amendments to FRS 108 during the year. Arising therefrom, they have changed their accounting policies in the determination and presentation of operating segments.

Previously, the segments presented were based on geographical segments, namely Singapore and New Zealand. The segments currently presented comprise Singapore Hotels, New Zealand Hotel and Others (comprising Orchard Hotel Shopping Arcade).

The adoption of this standard and amendment only affects presentation and disclosure aspects.

Other than as described above, there has been no change in the accounting policies and methods of computation adopted by the H-REIT Group and CDL Hospitality Trusts.



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**6 Earnings per Stapled Security (“EPS”) and Income Available for Distribution per  
Stapled Security (“DPS”) for the financial period**

	1 Oct 2009 to 31 Dec 2009	1 Oct 2008 to 31 Dec 2008	1 Jan 2009 to 31 Dec 2009	1 Jan 2008 to 31 Dec 2008
Weighted average number of Stapled Securities	836,672,168 <sup>(a)</sup>	828,134,683	834,139,511 <sup>(b)</sup>	825,900,567
Earnings per Stapled Security based on the weighted average number of Stapled Securities (cents)				
- basic and diluted	2.45	(12.67)	7.92	(5.51)
Distribution per Stapled Security for the period based on the total number of Stapled Securities entitled to the distribution (cents)				
- Taxable income	2.92	1.64	8.17	9.75
- Tax exempt income	(0.25)	0.16	0.40	0.87
	2.67 <sup>(c)</sup>	1.80	8.57 <sup>(d)</sup>	10.62

**Footnotes**

- (a) *The weighted average number of Stapled Securities used for computation of EPS for the quarter ended 31 December 2009 is 836,672,168. This comprises:*
- (i) *The weighted average number of Stapled Securities in issue as at 31 December 2009 of 836,575,110;*
  - (ii) *Weighted average number of Stapled Securities to be issued to the H-REIT Manager as partial satisfaction of the acquisition fee payable in units in respect of the acquisition of Novotel Clarke Quay of 85,821; and*
  - (iii) *Weighted average number of Stapled Securities to be issued to the H-REIT Manager as satisfaction of management fee payable in units for the quarter ended 31 December 2009 of 11,237.*
- (b) *The weighted average number of Stapled Securities used for computation of EPS for the year ended 31 December 2009 is 834,139,511. This comprises:-*
- (i) *The weighted average number of Stapled Securities in issue as at 31 December 2009 of 834,050,858;*
  - (ii) *Weighted average number of Stapled Securities to be issued to the H-REIT Manager as partial satisfaction of the acquisition fee payable in units in respect of the acquisition of Novotel Clarke Quay of 85,821; and*
  - (iii) *Weighted average number of Stapled Securities to be issued to the H-REIT Manager as satisfaction of management fee payable in units for the quarter ended 31 December 2009 of 2,832.*

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(c) *The computation of DPS for the quarter ended 31 December 2009 is based on the number of Stapled Securities entitled to distribution of 837,608,968. This comprises:*

- (i) *The number of Stapled Securities in issue as at 31 December 2009 of 836,575,110; and*
- (ii) *The Stapled Securities to be issued to the H-REIT Manager as satisfaction of management fee payable in units for the quarter ended 31 December 2009 of 1,033,858.*

*For further details on the distribution for the reporting quarter, refer to paragraph 8(iv).*

(d) *The income to be distributed per Stapled Security for the year ended 31 December 2009 is 8.57 cents, of which 3.86 cents has already been distributed. The balance of 4.71 cents will be distributed on 26 February 2010.*

*For further details on the distribution for the year ended 31 December 2009, refer to paragraph 8(iv).*

**7 Net asset value (“NAV”) per Stapled Security / H-REIT unit based on issued and issuable Stapled Securities / H-REIT units at the end of the period**

	H-REIT Group		CDL Hospitality Trusts	
	31 Dec 2009 S\$	31 Dec 2008 S\$	31 Dec 2009 S\$	31 Dec 2008 S\$
Net asset value per H-REIT unit / Stapled Security	1.43 <sup>(a)</sup>	1.42	1.43 <sup>(b)</sup>	1.42

**Footnotes**

(a) *The net asset value per H-REIT unit as at 31 December 2009 is computed based on:*

- *Unitholders’ funds of H-REIT Group of S\$1,197,510,000; and*
- *The number of issued and issuable H-REIT units of 837,694,789 (31 December 2008: 830,518,509) (see paragraph 1(e) for details).*

(b) *The net asset value per Stapled Security as at 31 December 2009 is computed based on:*

- *Unitholders’ funds of CDL Hospitality Trusts as at 31 December 2009 of S\$1,197,894,000; and*
- *The number of issued and issuable Stapled Securities of 837,694,789 (31 December 2008: 830,518,509) (see paragraph 1(e) for details).*

(c) *Net asset value of HBT as at 31 December 2009 is S\$384,000 (31 December 2008: S\$376,000). The net asset value per HBT unit is 0.04 cents (31 December 2008: 0.04 cents). The number of HBT units used for computation of the actual net asset value per HBT unit is 837,694,789 (31 December 2008: 830,518,509) comprising:*

- *HBT units in issue as at 31 December 2009 of 836,575,110 (31 December 2008: 828,022,666);*
- *HBT units to be issued to the H-REIT Manager as satisfaction of management fee payable in units for the quarter ended 31 December 2009 of 1,033,858 (31 December 2008: 2,410,022); and*
- *HBT units issuable to the H-REIT Manager as partial satisfaction of the acquisition fee payable in units in respect of the acquisition of Novotel Clarke Quay of 85,821 (31 December 2008: 85,821).*

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**8 Review of the performance for the quarter ended 31 December 2009**

**8 (i) Consolidated statement of total return of CDL Hospitality Trusts**

	Foot- notes	1 Oct 2009 to 31 Dec 2009 S\$'000	1 Oct 2008 to 31 Dec 2008 S\$'000	Increase/ (Decrease) %	1 Jan 2009 to 31 Dec 2009 S\$'000	1 Jan 2008 to 31 Dec 2008 S\$'000	Increase/ (Decrease) %
Gross revenue		26,148	28,144	(7.1)	91,757	114,659	(20.0)
Property tax		(882)	(4,605)	(80.8)	(3,516)	(8,366)	(58.0)
Insurance		(229)	(221)	3.6	(883)	(881)	0.2
Other property expenses		(303)	(1,612)	(81.2)	(1,437)	(2,642)	(45.6)
Net property income		24,734	21,706	14.0	85,921	102,770	(16.4)
H-REIT Manager's fees		(2,194)	(2,080)	5.5	(8,070)	(9,216)	(12.4)
H-REIT Trustee's fees		(50)	(50)	-	(196)	(206)	(4.9)
Other trust expenses		(115)	(213)	(46.0)	(580)	(1,825)	(68.2)
Finance income		4	110	(96.4)	22	217	(89.9)
Finance costs		(3,174)	(473)	N.M.	(11,513)	(13,335)	(13.7)
Net finance costs	(a)	(3,170)	(363)	N.M.	(11,491)	(13,118)	(12.4)
Net income before revaluation		19,205	19,000	1.1	65,584	78,405	(16.4)
Net surplus/(deficit) on revaluation of investment properties		489	(123,221)	N.M.	489	(123,221)	N.M.
Net (loss)/income		19,694	(104,221)	N.M.	66,073	(44,816)	N.M.
Income tax expense	(a)	830	(728)	N.M.	-	(728)	(100.0)
Total return for the period/ year		20,524	(104,949)	N.M.	66,073	(45,544)	N.M.

**Footnotes**

(a) Please refer to footnote (e) for net finance costs and footnote (g) for income tax expense under paragraph 1(a).

**8 (ii) Breakdown of Total Gross Revenue by Property**

	1 Oct 2009 to 31 Dec 2009 S\$'000	1 Oct 2008 to 31 Dec 2008 S\$'000	Increase/ (Decrease) %	1 Jan 2009 to 31 Dec 2009 S\$'000	1 Jan 2008 to 31 Dec 2008 S\$'000	Increase/ (Decrease) %
Orchard Hotel	6,307	7,063	(10.7)	22,014	28,925	(23.9)
Grand Copthorne Waterfront Hotel	5,273	6,161	(14.4)	18,124	23,440	(22.7)
M Hotel	3,520	3,704	(5.0)	12,159	16,066	(24.3)
Copthorne King's Hotel	2,065	2,484	(16.9)	7,439	10,743	(30.8)
Orchard Hotel Shopping Arcade	1,060	1,110	(4.5)	4,269	4,290	(0.5)
Rendezvous Hotel Auckland	2,266	1,985	14.2	8,347	9,170	(9.0)
Novotel Clarke Quay	5,657	5,637	0.4	19,405	22,025	(11.9)
<b>Total</b>	<b>26,148</b>	<b>28,144</b>	<b>(7.1)</b>	<b>91,757</b>	<b>114,659</b>	<b>(20.0)</b>

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**8 (iii) Breakdown of Net Property Income by Property**

	1 Oct 2009 to 31 Dec 2009 S\$'000	1 Oct 2008 to 31 Dec 2008 S\$'000	Increase/ (Decrease) %	1 Jan 2009 to 31 Dec 2009 S\$'000	1 Jan 2008 to 31 Dec 2008 S\$'000	Increase/ (Decrease) %
Orchard Hotel	5,973	5,474	9.1	20,746	26,027	(20.3)
Grand Copthorne Waterfront Hotel	5,028	5,101	(1.4)	17,152	21,481	(20.2)
M Hotel	3,361	2,899	15.9	11,362	14,365	(20.9)
Copthorne King's Hotel	1,853	1,843	0.5	6,519	9,297	(29.9)
Orchard Hotel Shopping Arcade	848	820	3.4	3,202	3,182	0.6
Rendezvous Hotel Auckland	2,266	1,986	14.1	8,347	9,170	(9.0)
Novotel Clarke Quay	5,405	3,583	50.9	18,593	19,248	(3.4)
<b>Total</b>	<b>24,734</b>	<b>21,706</b>	<b>14.0</b>	<b>85,921</b>	<b>102,770</b>	<b>(16.4)</b>

**8 (iv) Review of the Performance**

**Fourth quarter ended 31 December 2009**

Gross revenue for 4Q 2009 was S\$26.1 million, a decrease of 7.1% compared to S\$28.1 million in 4Q 2008. The reduction in revenue was mainly due to lower revenue per available room (“RevPAR”) of the Singapore Hotels, which declined by 13.6% to S\$159 in 4Q 2009 compared to S\$184 in 4Q 2008. Average occupancies for the Singapore Hotels in 4Q 2009 exceeded the corresponding quarter last year by 5.2 percentage points to 88.9%. Average room rates for the reporting quarter, however, remained soft due to the intense price competition.

Despite the reduction in gross revenue of S\$2.0 million for the reporting quarter, net property income increased by S\$3.0 million or 14.0% to S\$24.7 million compared to the corresponding period a year ago of S\$21.7 million. This improvement was mainly due to a reduction in property tax expenses of S\$3.7 million (in the absence of a one-off additional property tax assessment of S\$3.2 million raised by IRAS in December 2008) and lower other property expenses, which decreased by S\$1.2 million.

Net finance costs for 4Q 2009 increased by S\$2.8 million, partly due to the absence of recognition of foreign currency translation differences on a New Zealand Dollar loan, following its repayment in July 2009. In addition, the Group did not enter into any financial derivatives for the quarter, hence no remeasurement of financial derivatives was recorded in 4Q 2009.

The Group revalued its investment properties as at 31 December 2009 and recorded a net revaluation surplus of S\$0.5 million in 4Q 2009. This is a significant improvement compared to the revaluation deficit of S\$123.2 million recorded on its investment properties the same period last year.

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With respect to distribution, in light of IRAS recent clarification that H-REIT is only required to distribute 90% of its taxable income in order to enjoy tax transparency, H-REIT has decided to distribute 100% of its taxable income and retain an appropriate proportion of its tax exempt income for working capital purposes. The total distributable income for 4Q 2009 is S\$24.5 million, comprising 100% of its taxable income of S\$19.6 million for 4Q 2009 and S\$4.9 million of taxable income which was retained in previous quarters.

The total tax exempt income for the full year ended 31 December 2009 was S\$7.4 million. S\$3.3 million of the tax exempt income was distributed in 1H 2009 and the remaining S\$4.1 million will be retained for working capital needs. In 3Q 2009, the tax exempt income to be distributed was S\$2.0 million for that quarter. Following the clarification from IRAS and H-REIT’s decision to distribute the taxable income retained in the previous quarters as described in the foregoing paragraph, the S\$2.0 million tax exempt income to be distributed in 3Q 2009 has been reversed in the current quarter.

Overall, the income to be distributed per Stapled Security for 4Q 2009, after deducting the income retained for working capital, was 2.67 cents against the distribution per Stapled Security of 1.80 cents in 4Q 2008.

For the reporting quarter, the Singapore Hotels recorded a combined Hotel revenue of S\$66.3 million, a reduction of 10.5% over 4Q 2008. Gross operating profit in 4Q 2009 was S\$34.1 million compared with S\$39.9 million reported in the same period last year.

Statistics on the weighted average occupancy rate, daily rate and RevPAR for the Singapore Hotels are set out below:

	1 Oct 2009 to 31 Dec 2009	1 Oct 2008 to 31 Dec 2008	Increase /(Decline)
Average Occupancy Rate	88.9%	83.7%	5.2pp
Average Daily Rate	S\$178	S\$220	(19.1)%
Room Revenue per Available Room (RevPAR)	S\$159	S\$184	(13.6)%

Net property income contributed by the Orchard Hotel Shopping Arcade for 4Q 2009 was maintained at S\$0.8 million. Average occupancy was 81.8% in 4Q 2009 with an average monthly rental rate of approximately S\$7.35 per sq. ft.

**Full year ended 31 December 2009**

Gross revenue for FY 2009 was S\$91.8 million, a reduction of S\$22.9 million or 20.0% over 2008. For the year ended 31 December 2009, RevPAR decreased by 28.0% from S\$207 in 2008 to S\$149 in 2009. The decrease in RevPAR is reflective of the decline in visitor arrivals and is consistent with the overall hotel industry which was sharply impacted by the softening of tourist, MICE (meeting, incentive, travel, convention and exhibition) and business travel arising from the global economic slowdown. This was exacerbated by the absence of bi-annual Singapore air show event and the global outbreak of influenza (H1N1) virus, which had resulted in a reduction in room bookings (including cancellations) during 2009. In addition, contributions from the Formula One™ Grand Prix and the APEC conference towards the end of 2009, whilst positive in terms of occupancy rate, did not yield the high average room rates recorded a year ago.

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Net property income for FY 2009 of S\$85.9 million was boosted by a one-off 40% property tax rebate of S\$2.1 million granted by IRAS, lower property tax and lower other property expenses, which have been explained under the 4Q 2009 results.

Net finance costs for FY 2009 decreased by S\$1.6 million, partly due to lower net funding costs and the absence of any remeasurement or recognition of financial derivatives following the expiry of these instruments in FY 2008.

The Group revalued its investment properties as at 31 December 2009 and recorded a net revaluation surplus of S\$0.5 million. This is a significant improvement compared to the revaluation deficit of S\$123.2 million recorded in FY 2008. The revaluation adjustment has no impact on the total distributable income.

The total distributable income for FY 2009 was S\$75.8 million, out of which \$71.7 million or 94.6% will be distributed to unitholders. The remaining undistributed income of S\$4.1 million, comprising solely of tax exempt income earned in 2H 2009, will be retained for working capital needs.

The income to be distributed per Stapled Security for 2009, after deducting the income retained for working capital was 8.57 cents against the distribution per Stapled Security of 10.62 cents for 2008.

Overall, the Singapore Hotels recorded a combined Hotel revenue of S\$236.4 million, 21.3% lower than the corresponding year of S\$300.4 million. Gross operating profit for the year ended 2009 was S\$118.6 million compared with S\$161.2 million reported in 2008.

Statistics on the weighted average occupancy rate, daily rate and RevPAR for the Singapore Hotels are set out below:

	1 Jan 2009 to 31 Dec 2009	1 Jan 2008 to 31 Dec 2008	Decline
Average Occupancy Rate	81.4%	85.2%	(3.8)pp
Average Daily Rate	S\$184	S\$243	(24.3)%
Room Revenue per Available Room (RevPAR)	S\$149	S\$207	(28.0)%

Net property income contributed by Orchard Hotel Shopping Arcade for the year ended 2009 was maintained at S\$3.2 million, with an average occupancy of 86.1% and an average rental rate of approximately S\$7.49 per sq. ft.

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

Not applicable.

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**10 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**

The year 2009 ended on a relatively upbeat note. Despite close to 1,000 new rooms added to the overall Singapore market in 2009, the average occupancy in 4Q 2009 rose sharply to 88.9%, exceeding even the occupancies for the same period in both 2007 and 2008. Occupancy in 2H 2009 was 12.4 percentage points higher than 1H 2009 at 87.5%. RevPAR in 2H 2009, however, still recorded a 22.2% decline compared to 2H 2008 as intense price competition in the first half of 2009 had resulted in a 25% decline in ARR from S\$238 in 2H 2008 to S\$179 in 2H 2009.

In the course of 2010, there will be 5,823 rooms comprising 17.7% of the existing number of gazetted rooms coming on to the Singapore market. This will have the effect of increasing supply and offering more options for the consumer. The bulk of the rooms, numbering around 4,300, will be from the highly-anticipated launch of the two Integrated Resorts (“IRs”) in early 2010. The opening of the IRs is expected to be the single most important event in 2010 and is expected to have a broad-ranging and substantial impact on Singapore and its hospitality sector. Offering gaming entertainment, world-class conference facilities and attractions including a Universal Studios theme park, the IRs mark a significant step forward in Singapore’s transformation into a world-class travel destination and a preferred mono-travel destination. Other players in the entertainment and tourism industry, in anticipation of a new demand boost from the launch of the IRs, have also invested significantly by launching numerous new activities, entertainment spots, new concept or boutique hotels, nightclubs and restaurants. Further enhancing the tourism appeal of Singapore is the rejuvenation of existing retail malls and the launch of new retail malls along Orchard Road.

The increase in Singapore’s “Entertainment Quotient” and the successful revamp of the Orchard Road shopping belt in 2009 have also led to a rise in demand for locations in which to house new entertainment and F&B venues. CDLHT continues to review various asset-enhancement options and opportunities for the Orchard Hotel Shopping Arcade - Galleria. As an initial step, the retail space in the Galleria has been increased by around 5,000 square feet, which has already been leased by a new tenant that will create a bistro and live music venue on two levels of the complex.

The structural boost in business and leisure demand led by the opening of the IRs, as well as a broad range of new demand drivers, should lead to increased visitor arrivals and extended lengths of stay in Singapore. According to the Straits Times in December 2009, the MICE industry is expected to see three times as many new business events in 2010 as compared to 2009, and at least 10 major events attracting more than 5,000 foreign delegates – twice as many as in 2009. In the next few years, once the two IRs have firmly promoted and established themselves in the market, the MICE business should see a further significant increase.

The Universal Studios theme park and gaming entertainment are expected to be key drivers of new and repeat leisure demand, particularly during the weekend period where the Singapore hotels in CDLHT’s portfolio have traditionally experienced lower occupancies than during weekdays. The strategic location of H-REIT’s Singapore properties relative to the IRs will be a competitive advantage in capturing demand from visitors to the resorts.

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Singapore’s Changi Airport also experienced a record-breaking increase in air traffic numbers in December 2009, which augurs well for the hotel industry in 2010. A total of 3.83 million passenger arrivals were recorded during the month, which was the highest number recorded in a single month. Since passenger numbers started picking up in August 2009, traffic has grown every month and the hotel industry has also benefited, with occupancy rates soaring to a high of 84% in November 2009.

There is also potential for Singapore to convert transit passengers into actual visitors. Historically, the proportion of visitor arrivals into Singapore compared to total passenger movements at Changi Airport has been less than 20%. This means that less than 7.4 million of a total of 37.2 million passengers passing through Changi Airport in 2009 would have visited Singapore. The country’s new attractions should help in encouraging more transit passengers to spend some time discovering and enjoying Singapore, thereby boosting demand for rooms.



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**11 Distributions**

**11 (a) Current financial period**

Any distributions declared for the current financial period?	Yes
Name of distribution	Distribution for the period from 1 July 2009 to 31 December 2009
i. Distribution type	Taxable income
Distribution rate	4.71 cents per unit
Tax rate	<p><u>Taxable income distribution</u>          Qualifying investors and individuals (other than those who held their units through a partnership) would generally receive pre-tax distributions. These distributions are exempt from tax in the hands of individuals unless such distributions are derived through a Singapore partnership or from the carrying on of a trade, business or profession.</p> <p>Qualifying foreign non-individual investors received their distributions after deduction of tax at the rate of 10% provided the Singapore Government extends the 10% tax rate concession to distributions made after 17 February 2010. If the tax concession period is not extended, qualifying foreign non-individual investors will receive their distributions after deduction of tax at the rate of 17%.</p> <p>All other investors received their distributions after deduction of tax at the rate of 17%.</p>

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**11 (b) Corresponding period of the preceding financial period**

Any distributions declared for the corresponding period of the immediately preceding financial period?	Yes
Name of distribution	Distribution for the period from 1 July 2008 to 31 December 2008
i. Distribution type	Taxable income
Distribution rate	4.38 cents per unit
Tax rate	<u>Taxable income distribution</u> Qualifying investors and individuals (other than those who held their units through a partnership) would generally receive pre-tax distributions. These distributions are exempt from tax in the hands of individuals unless such distributions are derived through a Singapore partnership or from the carrying on of a trade, business or profession.  Qualifying foreign non-individual investors received their distributions after deduction of tax at the rate of 10%.  All other investors received their distributions after deduction of tax at the rate of 18%.
ii. Distribution type	Tax Exempt Income
Distribution rate	0.35 cents per unit
Tax rate	Distribution for the period from 1 July 2008 to 31 December 2008  <u>Tax exempt income distribution</u> These distributions are made of H-REIT's tax exempt income. All unitholders are exempt from Singapore income tax on the distributions made by H-REIT out of its tax exempt income regardless of whether they are corporate unitholders or investors.

**11 (c) Book closure date**

5.00 p.m. on 3 February 2010

**11 (d) Date payable**

26 February 2010

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

**UNAUDITED FINANCIAL STATEMENTS ANNOUNCEMENT OF CDL HOSPITALITY TRUSTS AND H-REIT AND ITS SUBSIDIARIES FOR THE YEAR ENDED 31 DECEMBER 2009**

**12 If no distribution has been declared / recommended, a statement to that effect**

Not applicable

**13 Segmented revenue and results for operating segments (of CDL Hospitality Trusts)**

**13 (a) Operating segments for the year ended 31 December 2009**

	Singapore Hotels	New Zealand Hotel	Other segments	Total
	1 Jan 2009 to 31 Dec 2009 S\$'000	1 Jan 2009 to 31 Dec 2009 S\$'000	1 Jan 2009 to 31 Dec 2009 S\$'000	1 Jan 2009 to 31 Dec 2009 S\$'000
Gross Revenue	79,141	8,347	4,269	91,757
Segment net property income	74,372	8,347	3,202	85,921
Finance income				22
Finance costs				(11,513)
Unallocated expenses:				
- H-REIT Manager's fees				(8,070)
- H-REIT Trustee's fees				(196)
- other charges				(580)
Net income before revaluation				65,584
Net surplus on revaluation of investment properties	(8,664)	(1,834)	10,987	489
Net income				66,073
Income tax expense				-
Total return for the year				66,073

**Other segmental information**

Investment properties

- Capital expenditure

Allowance for doubtful receivables

1,664	-	13	1,677
-	-	127	127

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

**UNAUDITED FINANCIAL STATEMENTS ANNOUNCEMENT OF CDL HOSPITALITY TRUSTS AND H-REIT AND ITS SUBSIDIARIES FOR THE YEAR ENDED 31 DECEMBER 2009**

**13 (b) Operating segments for the year ended 31 December 2008**

	Singapore Hotels	New Zealand Hotel	Other segments	Total
	1 Jan 2008 to 31 Dec 2008 S\$'000	1 Jan 2008 to 31 Dec 2008 S\$'000	1 Jan 2008 to 31 Dec 2008 S\$'000	1 Jan 2008 to 31 Dec 2008 S\$'000
Gross Revenue	101,199	9,170	4,290	114,659
Segment net property income	90,418	9,170	3,182	102,770
Finance income				217
Finance costs				(13,335)
Unallocated expenses:				
- H-REIT Manager's fees				(9,216)
- H-REIT Trustee's fees				(206)
- other charges				(1,825)
Net income before revaluation				78,405
Net deficit on revaluation of investment properties	(123,757)	(2,028)	2,564	(123,221)
Net loss				(44,816)
Income tax expense				(728)
Total return for the year				(45,544)

**Other segmental information**

Investment properties

- Capital expenditure	7,757	-	136	7,893
Allowance for doubtful receivables	-	-	14	14

**14 In the review performance the factors leading to any changes in contributions to turnover and earnings by the business or geographical segments.**

Please refer to Section 8(iv) for the review of the actual performance.

**15 Breakdown of sales**

	CDL Hospitality Trusts		
	1 Jan 2009 to 31 Dec 2009 S\$'000	1 Jan 2008 to 31 Dec 2008 S\$'000	Increase/ (Decrease) %
Gross revenue reported for first half year	42,750	57,429	(25.6)
Total return for first half year	29,290	39,248	(25.4)
Gross revenue reported for second half year	49,007	57,230	(14.4)
Total return for second half year	36,783	(84,792)	N.M.

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

**UNAUDITED FINANCIAL STATEMENTS ANNOUNCEMENT OF CDL HOSPITALITY TRUSTS AND  
 H-REIT AND ITS SUBSIDIARIES FOR THE YEAR ENDED 31 DECEMBER 2009**

**16 Annual distribution to holders of Stapled Securities for financial year ended 31  
 December 2009**

	H-REIT Group and CDL Hospitality Trusts	
	1 Jan 2009 to 31 Dec 2009 S\$'000	1 Jan 2008 to 31 Dec 2008 S\$'000
19 July 2007 to 31 December 2007	-	37,988
1 January 2008 to 30 June 2008	-	48,658
1 July 2008 to 31 December 2008	39,279	-
1 January 2009 to 30 June 2009	32,250	-

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

**UNAUDITED FINANCIAL STATEMENTS ANNOUNCEMENT OF CDL HOSPITALITY TRUSTS AND  
H-REIT AND ITS SUBSIDIARIES FOR THE YEAR ENDED 31 DECEMBER 2009**

***Disclaimer***

*This release 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. Representative 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, governmental and public policy changes and the continued availability of financing in the amounts and the terms necessary to support future business. You are cautioned not to place undue reliance on these forward-looking statements, which are based on current view of management on future events.*

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)

26 January 2010

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)

26 January 2010



**KPMG LLP**  
16 Raffles Quay #22-00  
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Singapore 048581

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Internet kpmg.com.sg

The Board of Directors  
M&C REIT Management Limited  
(in its capacity as Manager of CDL Hospitality  
Real Estate Investment Trust)  
390 Havelock Road  
#02-05 King's Centre  
Singapore 169662

26 January 2010

Dear Sirs

**CDL Hospitality Real Estate Investment Trust Group and CDL Hospitality Trusts  
Review of Financial Information**

***Introduction***

We have reviewed the accompanying consolidated balance sheets and portfolio statements of CDL Hospitality Real Estate Investment Trust (“H-REIT”) and its subsidiaries (the “H-REIT Group”) and CDL Hospitality Trusts as at 31 December 2009, and the related consolidated statements of total return, distribution statements, statements of movements in unitholders’ funds and cash flow statements for the year then ended and certain explanatory notes (the Financial Information). CDL Hospitality Trusts comprise the H-REIT Group and CDL Hospitality Business Trust.

The management of M&C REIT Management Limited (the “Manager” of H-REIT) is responsible for the preparation and fair presentation of this Financial Information in accordance with the provisions of the Statement of Recommended Accounting Practice (“RAP”) 7 *Reporting Framework for Unit Trusts* relevant to financial information. Our responsibility is to express a conclusion on this Financial Information based on our review.



***Scope of review***

We conducted our review in accordance with Singapore Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Singapore Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

***Conclusion***

Based on our review, nothing has come to our attention that causes us to believe that the accompanying Financial Information is not prepared fairly, in all material respects, in accordance with RAP 7 *Reporting Framework for Unit Trusts* relevant to financial information, issued by the Institute of Certified Public Accountants of Singapore.

***Restriction on use***

Our report is provided on the basis that it is solely for the private information of the directors of the Manager and for the inclusion of our report in CDL Hospitality Trusts' announcement to the holders of Stapled Securities and should not be quoted or referred to, in whole or in part, without our prior written permission, for any other purposes. We do not assume any responsibility or liability for losses occasioned to the directors of the Manager, H-REIT or any other parties as a result of the circulation, publication, reproduction or use of the report contrary to the provisions of this paragraph.

Yours faithfully

**KPMG LP**

**KPMG LLP**  
*Public Accountants and  
Certified Public Accountants*

Singapore  
26 January 2010