



CDL HOSPITALITY TRUSTS

**CDL HOSPITALITY TRUSTS  
UNAUDITED FINANCIAL STATEMENTS ANNOUNCEMENT OF CDL HOSPITALITY TRUSTS AND  
H-REIT AND ITS SUBSIDIARIES FOR THE SECOND QUARTER AND SIX MONTHS ENDED  
30 JUNE 2010**

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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 SECOND QUARTER AND SIX MONTHS ENDED 30 JUNE 2010**

### **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, the Second Supplemental Deed dated 26 March 2010 and the Third Supplemental Deed dated 20 July 2010 (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 Appendix (Appendix 2 of 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 30 June 2010, H-REIT’s portfolio with a total of 3,942 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; the Mercure Brisbane, Ibis Brisbane, Novotel Brisbane, Mercure Perth and Ibis Perth (collectively, the “**Australia Hotels**”), hotels well-located in key gateway cities of Brisbane and Perth, Australia; 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 Board at its sole discretion.

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**SUMMARY OF CDL HOSPITALITY TRUSTS’ RESULTS**

	1 Apr 2010 to 30 Jun 2010 S\$'000	1 Apr 2009 to 30 Jun 2009 S\$'000	Increase/ (Decrease) %	1 Jan 2010 to 30 Jun 2010 S\$'000	1 Jan 2009 to 30 Jun 2009 S\$'000	Increase/ (Decrease) %
Gross revenue	30,713	20,219	51.9	57,318	42,750	34.1
Net property income	28,698	19,229	49.2	53,417	39,780	34.3
Net income	20,639	14,427	43.0	42,052	29,837	40.9
Income available for distribution to holders of Stapled Securities	24,106	17,376	38.7	45,704	35,547	28.6
Less:						
Income retained for working capital	(2,410)	(1,555)	55.0	(4,570)	(3,217)	42.1
Income to be distributed to holders of Stapled Securities	21,696	15,821	37.1	41,134	32,330	27.2
<b>Income available for distribution per Stapled Security (cents)</b>						
For the period	2.87	2.07	38.6	5.45	4.25	28.2
Annualised	11.51	8.30	38.7	10.99	8.57	28.2
Annualised distribution yield (%) at closing market price of S\$1.94 as at 27 July 2010	5.93%	4.28%	38.6	5.67%	4.42%	28.3
<b>Income to be distributed per Stapled Security (cents)</b>						
For the period	2.57	1.89	36.0	4.89	3.86	26.7
Annualised	10.31	7.58	36.0	9.86	7.78	26.7
Annualised distribution yield (%) at closing market price of S\$1.94 as at 27 July 2010	5.31%	3.91%	35.8	5.08%	4.01%	26.7

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**UNAUDITED FINANCIAL STATEMENTS ANNOUNCEMENT OF CDL HOSPITALITY TRUSTS AND H-REIT AND ITS SUBSIDIARIES FOR THE SECOND QUARTER AND SIX MONTHS ENDED 30 JUNE 2010**

**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**

<u>Statements of Total Return</u>	Foot-notes	H-REIT Group					
		1 Apr 2010 to 30 Jun 2010 S\$'000	1 Apr 2009 to 30 Jun 2009 S\$'000	Increase/ (Decrease) %	1 Jan 2010 to 30 Jun 2010 S\$'000	1 Jan 2009 to 30 Jun 2009 S\$'000	Increase/ (Decrease) %
Gross revenue	(a)	30,713	20,219	51.9	57,318	42,750	34.1
Property tax		(1,427)	(382)	N.M.	(2,759)	(1,781)	54.9
Insurance		(216)	(219)	(1.4)	(436)	(440)	(0.9)
Other property expenses	(b)	(372)	(389)	(4.4)	(706)	(749)	(5.7)
Net property income		28,698	19,229	49.2	53,417	39,780	34.3
H-REIT Manager's fees		(2,529)	(1,900)	33.1	(4,800)	(3,850)	24.7
H-REIT Trustee's fees		(54)	(49)	10.2	(106)	(97)	9.3
Other trust expenses	(c)	(266)	(74)	N.M.	(549)	(270)	N.M.
Finance income		(79)	2	N.M.	3,226	13	N.M.
Finance costs		(5,130)	(2,779)	84.6	(9,135)	(5,736)	59.3
Net finance costs	(d)	(5,209)	(2,777)	87.6	(5,909)	(5,723)	3.3
Net income		20,640	14,429	43.0	42,053	29,840	40.9
Income tax expense	(f)	(4)	(264)	(98.5)	(4)	(547)	(99.3)
Total return for the period		20,636	14,165	45.7	42,049	29,293	43.5

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		CDL Hospitality Trusts					
<u>Statements of Total Return</u>	Foot- notes	1 Apr 2010	1 Apr 2009	Increase/ (Decrease)	1 Jan 2010	1 Jan 2009	Increase/ (Decrease)
		to 30 Jun 2010 S\$'000	to 30 Jun 2009 S\$'000	%	to 30 Jun 2010 S\$'000	to 30 Jun 2009 S\$'000	%
Gross revenue	(a)	30,713	20,219	51.9	57,318	42,750	34.1
Property tax		(1,427)	(382)	N.M.	(2,759)	(1,781)	54.9
Insurance		(216)	(219)	(1.4)	(436)	(440)	(0.9)
Other property expenses	(b)	(372)	(389)	(4.4)	(706)	(749)	(5.7)
Net property income		28,698	19,229	49.2	53,417	39,780	34.3
H-REIT Manager's fees		(2,529)	(1,900)	33.1	(4,800)	(3,850)	24.7
H-REIT Trustee's fees		(54)	(49)	10.2	(106)	(97)	9.3
Other trust expenses	(c)	(267)	(76)	N.M.	(550)	(273)	N.M.
Finance income		(79)	2	N.M.	3,226	13	N.M.
Finance costs		(5,130)	(2,779)	84.6	(9,135)	(5,736)	59.3
Net finance costs	(d)	(5,209)	(2,777)	87.6	(5,909)	(5,723)	3.3
Net income	(e)	20,639	14,427	43.0	42,052	29,837	40.9
Income tax expense	(f)	(4)	(264)	(98.5)	(4)	(547)	(99.3)
Total return for the period		20,635	14,163	45.7	42,048	29,290	43.6

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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). The results for the second quarter ended 30 June 2010 and six months ended 30 June 2010 include contributions from the Australia Hotels, which were acquired on 18 February 2010.*
- (b) *Other property expenses comprise mainly direct operating expenses of the Orchard Hotel Shopping Arcade. Expenses were higher for the six months ended 30 June 2009 as they included allowance for doubtful debts of S\$97,000.*
- (c) *Other trust expenses comprise mainly professional fees and administrative costs.*
- (d) *Net finance costs comprise the following:*

	H-REIT Group					
	1 Apr 2010 to 30 Jun 2010 S\$’000	1 Apr 2009 to 30 Jun 2009 S\$’000	Increase/ (Decrease) %	1 Jan 2010 to 30 Jun 2010 S\$’000	1 Jan 2009 to 30 Jun 2009 S\$’000	Increase/ (Decrease) %
Interest income received / receivable from banks	43	2	N.M.	56	13	N.M.
Exchange gain <sup>(i)</sup>	(122)	-	N.M.	3,170	-	N.M.
Finance income	(79)	2	N.M.	3,226	13	N.M.
Exchange loss <sup>(ii)</sup>	-	(1,206)	(100.0)	-	(2,251)	(100.0)
Interest paid/ payable to banks <sup>(iii)</sup>	(4,407)	(1,476)	N.M.	(7,690)	(3,291)	N.M.
Amortisation of transaction costs capitalized <sup>(iv)</sup>	(681)	(56)	N.M.	(1,361)	(113)	N.M.
Financial expense arising from remeasuring non-current rental deposits at amortised cost	(42)	(41)	N.M.	(84)	(81)	3.7
Finance costs	(5,130)	(2,779)	84.6	(9,135)	(5,736)	59.3
Net finance costs	(5,209)	(2,777)	87.6	(5,909)	(5,723)	3.3

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CDL Hospitality Trusts

	1 Apr 2010 to 30 Jun 2010 S\$'000	1 Apr 2009 to 30 Jun 2009 S\$'000	Increase/ (Decrease) %	1 Jan 2010 to 30 Jun 2010 S\$'000	1 Jan 2009 to 30 Jun 2009 S\$'000	Increase/ (Decrease) %
Interest income received / receivable from banks	43	2	N.M.	56	13	N.M.
Exchange gain <sup>(i)</sup>	(122)	-	N.M.	3,170	-	N.M.
Finance income	(79)	2	N.M.	3,226	13	N.M.
Exchange loss <sup>(ii)</sup>	-	(1,206)	(100.0)	-	(2,251)	(100.0)
Interest paid/ payable to banks <sup>(iii)</sup>	(4,407)	(1,476)	N.M.	(7,690)	(3,291)	N.M.
Amortisation of transaction costs capitalized <sup>(iv)</sup>	(681)	(56)	N.M.	(1,361)	(113)	N.M.
Financial expense arising from remeasuring non-current rental deposits at amortised cost	(42)	(41)	N.M.	(84)	(81)	3.7
Finance costs	(5,130)	(2,779)	84.6	(9,135)	(5,736)	59.3
Net finance costs	(5,209)	(2,777)	87.6	(5,909)	(5,723)	3.3

- (i) The Australia Hotels, which were acquired on 18 February 2010, were funded by a combination of Australian and Singapore debt. The exchange gain for the six months ended 30 June 2010 relates mainly to realized gains arising from the conversion of funds borrowed in Singapore Dollars to Australian Dollars at favorable exchange rates. The exchange gain has no impact on the distributions of CDL Hospitality Trusts.
- (ii) The exchange loss recognised in the second quarter ended 30 June 2009 and six months ended 30 June 2009 was mainly due to revaluation loss on a foreign currency bank loan, denominated in New Zealand Dollar. No such foreign currency translation differences were recorded in the second quarter ended 30 June 2010 and six months ended 30 June 2010 as the New Zealand Dollar loan was fully repaid in July 2009.
- (iii) Interest paid/payable to banks in the second quarter ended 30 June 2010 and six months ended 30 June 2010 increased mainly due to higher funding costs and additional interest expense incurred on loan drawn down to finance the acquisition of the Australia Hotels.
- (iv) Higher amortisation of transaction costs was recorded in the second quarter ended 30 June 2010 and six months ended 30 June 2010, following the re-financing of the S\$350 million secured term loan and revolving credit facility in April 2009.



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(e) *Net income of CDL Hospitality Trusts is contributed by:*

	CDL Hospitality Trusts			
	1 Apr 2010 to 30 Jun 2010 S\$'000	1 Apr 2009 to 30 Jun 2009 S\$'000	1 Jan 2010 to 30 Jun 2010 S\$'000	1 Jan 2009 to 30 Jun 2009 S\$'000
H-REIT	19,449	21,535	41,657	41,523
Other H-REIT group entities (including consolidation adjustments)	1,191	(7,106)	396	(11,683)
HBT	(1)	(2)	(1)	(3)
	20,639	14,427	42,052	29,837

(f) *Income tax expense for the six months ended 30 June 2010 relates to the tax payable for the interest income earned from the bank accounts in Australia. Income tax expense for the six months ended 30 June 2009 relates to the tax payable on 10% of the taxable income for the period 1 January 2009 to 30 June 2009 that was not distributed to holders of Stapled Securities.*

(g) *Distribution Statements<sup>(i)</sup>*

	H-REIT Group and CDL Hospitality Trusts			
	1 Apr 2010 to 30 Jun 2010 S\$'000	1 Apr 2009 to 30 Jun 2009 S\$'000	1 Jan 2010 to 30 Jun 2010 S\$'000	1 Jan 2009 to 30 Jun 2009 S\$'000
Net income of H-REIT	19,449	21,535	41,657	41,523
Add / (Less): Non tax deductible / (tax chargeable) items:				
- Amortisation of transaction costs	681	56	1,361	113
- Financial expense arising from remeasuring non-current rental deposits at amortised cost	42	41	84	81
- Exchange (gain) / loss	1,802	(5,841)	(1,507)	(9,398)
- H-REIT Manager's fees paid / payable in Stapled Securities	2,023	1,520	3,839	3,080
- Other items	109	65	270	148
Income available for distribution to holders of Stapled Securities	24,106	17,376	45,704	35,547
Less :				
Income retained for working capital	(2,410)	(1,555)	(4,570)	(3,217)
Income to be distributed to holders of Stapled Securities <sup>(ii)</sup>	21,696	15,821	41,134	32,330
Comprising :				
- Taxable income	19,352	13,990	37,061	28,957
- Tax exempt income	2,344	1,831	4,073	3,373
	21,696	15,821	41,134	32,330

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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 total income to be distributed for six months ended 30 June 2010 of S\$41,134,000 comprises all of H-REIT’s taxable income and net tax exempt income (after retaining an amount of S\$4,570,000 for working capital purposes) for the period from 1 January 2010 to 30 June 2010.

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

<b>Balance Sheets</b>	Footnotes	H-REIT Group		CDL Hospitality Trusts <sup>(a)</sup>	
		30 Jun 2010	31 Dec 2009	30 Jun 2010	31 Dec 2009
		S\$'000	S\$'000	S\$'000	S\$'000
<b>ASSETS</b>					
<b>Non-current assets</b>					
Investment properties	(b)	1,731,812	1,501,615	1,731,812	1,501,615
Rental deposit		76	76	76	76
		<b>1,731,888</b>	<b>1,501,691</b>	<b>1,731,888</b>	<b>1,501,691</b>
<b>Current assets</b>					
Trade and other receivables		15,137	14,157	15,137	14,157
Cash and cash equivalents		11,288	5,293	11,673	5,681
		<b>26,425</b>	<b>19,450</b>	<b>26,810</b>	<b>19,838</b>
<b>Total assets</b>		<b>1,758,313</b>	<b>1,521,141</b>	<b>1,758,698</b>	<b>1,521,529</b>
<b>LIABILITIES</b>					
<b>Non-current liabilities</b>					
Financial liabilities	(c)	288,023	284,662	288,023	284,662
Rental deposits	(d)	4,619	4,536	4,619	4,536
		<b>292,642</b>	<b>289,198</b>	<b>292,642</b>	<b>289,198</b>
<b>Current liabilities</b>					
Financial liabilities	(c)	229,955	-	229,955	-
Trade and other payables	(e)	17,903	14,905	17,905	14,909
Provision for taxation	(f)	19,528	19,528	19,528	19,528
		<b>267,386</b>	<b>34,433</b>	<b>267,388</b>	<b>34,437</b>
<b>Total liabilities</b>		<b>560,028</b>	<b>323,631</b>	<b>560,030</b>	<b>323,635</b>
<b>Net assets</b>		<b>1,198,285</b>	<b>1,197,510</b>	<b>1,198,668</b>	<b>1,197,894</b>
Represented by:					
<b>Unitholders' funds</b>					
Unitholders' funds of H-REIT Group	(g)	1,198,285	1,197,510	1,198,285	1,197,510
Unitholders' funds of HBT		-	-	383	384
		<b>1,198,285</b>	<b>1,197,510</b>	<b>1,198,668</b>	<b>1,197,894</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 30 June 2010 are approximately S\$383,000 (31 December 2009: S\$384,000).*
- (b) *On 18 February 2010, the H-REIT Group acquired Mercure Brisbane, Ibis Brisbane Novotel Brisbane, Ibis Perth and Mercure Perth (collectively, the “Australia Hotels”) for a cash consideration of S\$222,163,000 (A\$175,000,000). The total acquisition costs of S\$16,040,000 (A\$12,635,000) included an acquisition fee payable to the H-REIT Manager of S\$2,222,000 (A\$1,750,000).*
- (c) *Financial liabilities comprise borrowings of S\$517,978,000 (31 December 2009: S\$284,662,000), including S\$229,955,000 loans drawn down to fund the acquisition of the Australia Hotels, as explained under Note (b) above and page 14 of the Announcement.*
- (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.*
- (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		30 Jun 2010	31 Dec 2009
		S\$'000	S\$'000
<b>Amount repayable after one year</b>			
Secured borrowings	(i)	293,000	291,000
		293,000	291,000
<b>Amount repayable within one year</b>			
Unsecured borrowings	(ii)	229,955	-
		229,955	-
<b>Total borrowings</b>		522,955	291,000

**Footnotes**

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

**i. Secured borrowings**

**Details of borrowings and collateral**

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.

Subsequent to the balance sheet date, H-REIT partially repaid S\$80.2 million of the Facilities, as explained under Footnote (b) on page 14 of the Announcement.

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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 is to be repaid within a maximum period of one year from the drawn down date or one year from the first drawn down date (where the amount is drawn in multiple tranches).*

*As at the balance sheet date, approximately S\$229.9 million (comprising S\$116.3 million and A\$93.2 million) was drawn down under this facility to finance the acquisition of the Australia Hotels.*

*Subsequent to the balance sheet date, H-REIT repaid S\$116.3 million of the Singapore dollar portion of the bridging facility through net proceeds raised from a private placement, as explained under Footnote (b) below.*

- (b) *CDL Hospitality Trusts issued 116,960,000 of new stapled securities (“New Stapled Securities”) on 1 July 2010 at an issue price of S\$1.71 per New Stapled Security by way of a private placement (the “Private Placement”).*

*Gross proceeds from the Private Placement of approximately S\$200 million was utilised in the following manner:*

- (i) *S\$116.3 million was used to fully repay the Singapore dollar portion of the bridging facility which was used to finance the recent acquisition of properties located in Australia comprising Novotel Brisbane, Mercure Brisbane, Ibis Brisbane, Mercure Perth and Ibis Perth; and*
- (ii) *S\$80.2 million was used to repay part of a DBS loan facility comprising a term loan facility and a revolving credit facility.*

*The balance of the gross proceeds from the Private Placement was used to pay fees and expenses incurred in connection with the Private Placement.*

*Following the Private Placement, H-REIT’s total borrowings of S\$522.9 million as at 30 June 2010 was reduced to S\$326.4 million as at 1 July 2010.*

*Please see the Announcements released on the SGXNET on 1 July 2010 for further details on the issue of the New Stapled Securities in CDL Hospitality Trusts pursuant to the Private Placement and on the use of proceeds.*

- (c) *On 23 July 2010, H-REIT announced the establishment of a S\$1,000,000,000 Multicurrency Medium Term Note Programme (the “Programme”) by a newly incorporated wholly-owned subsidiary, CDLHT MTN Pte. Ltd.. For further details on the Programme, please see the Announcement released on the SGXNET on 23 July 2010.*

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

		H-REIT Group			
Foot- notes	1 Apr 2010 to 30 Jun 2010 S\$'000	1 Jan 2010 to 30 Jun 2010 S\$'000	1 Apr 2009 to 30 Jun 2009 S\$'000	1 Jan 2009 to 30 Jun 2009 S\$'000	
<b>Operating activities</b>					
	20,640	42,053	14,429	29,840	
Adjustments for:					
H-REIT Manager’s fee paid / payable in Stapled Securities	2,023	3,839	1,520	3,080	
Net finance costs	5,209	5,909	2,777	5,723	
	27,872	51,801	18,726	38,643	
<b>Operating income before working capital changes</b>					
Changes in working capital:					
Trade and other receivables	366	1,933	(5,097)	(5,028)	
Trade and other payables	(177)	1,593	(1,749)	(3,803)	
	28,061	55,327	11,880	29,812	
<b>Cash generated from operating activities</b>					
<b>Investing activities</b>					
Cash outflow from acquisition of investment properties	(4,362)	(237,700)	-	-	
Capital expenditure on investment properties	(1,751)	(2,309)	(1,431)	(1,811)	
Interest received	49	54	3	14	
	(6,064)	(239,955)	(1,428)	(1,797)	
<b>Cash flows from investing activities</b>					
<b>Financing activities</b>					
Proceeds from bank loans	1,269	267,136	-	29,000	
Repayment of bank loans	(19,000)	(30,500)	(5,500)	(11,500)	
Finance costs paid	(4,598)	(6,561)	(2,013)	(3,899)	
Distribution to holders of Stapled Securities	-	(39,452)	-	(39,279)	
	(22,329)	190,623	(7,513)	(25,678)	
<b>Cash flows from financing activities</b>					
	(332)	5,995	2,939	2,337	
<b>Net (decrease)/increase in cash and cash equivalents</b>					
Cash and cash equivalents at beginning of the period	11,620	5,293	6,126	6,728	
	11,288	11,288	9,065	9,065	
<b>Cash and cash equivalents at end of the period</b>					

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

		CDL Hospitality Trusts			
Foot- notes		1 Apr 2010 to 30 Jun 2010 S\$'000	1 Jan 2010 to 30 Jun 2010 S\$'000	1 Apr 2009 to 30 Jun 2009 S\$'000	1 Jan 2009 to 30 Jun 2009 S\$'000
<b>Operating activities</b>					
	Net income	20,639	42,052	14,427	29,837
	Adjustments for:				
	H-REIT Manager’s fee paid / payable in Stapled Securities	(a) 2,023	3,839	1,520	3,080
	Net finance costs	5,209	5,909	2,777	5,723
	<b>Operating income before working capital changes</b>	<b>27,871</b>	<b>51,800</b>	<b>18,724</b>	<b>38,640</b>
	Changes in working capital:				
	Trade and other receivables	365	1,932	(5,097)	(5,028)
	Trade and other payables	(178)	1,592	(1,747)	(3,800)
	<b>Cash generated from operating activities</b>	<b>28,058</b>	<b>55,324</b>	<b>11,880</b>	<b>29,812</b>
<b>Investing activities</b>					
	Cash outflow from acquisition of investment properties	(b) (4,362)	(237,700)	-	-
	Capital expenditure on investment properties	(1,751)	(2,309)	(1,431)	(1,811)
	Interest received	49	54	3	14
	<b>Cash flows from investing activities</b>	<b>(6,064)</b>	<b>(239,955)</b>	<b>(1,428)</b>	<b>(1,797)</b>
<b>Financing activities</b>					
	Proceeds from bank loans	(b) 1,269	267,136	-	29,000
	Repayment of bank loans	(19,000)	(30,500)	(5,500)	(11,500)
	Finance costs paid	(4,598)	(6,561)	(2,013)	(3,899)
	Distribution to holders of Stapled Securities	-	(39,452)	-	(39,279)
	<b>Cash flows from financing activities</b>	<b>(22,329)</b>	<b>190,623</b>	<b>(7,513)</b>	<b>(25,678)</b>
	<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(335)</b>	<b>5,992</b>	<b>2,939</b>	<b>2,337</b>
	Cash and cash equivalents at beginning of the period	12,008	5,681	6,514	7,116
	<b>Cash and cash equivalents at end of the period</b>	<b>11,673</b>	<b>11,673</b>	<b>9,453</b>	<b>9,453</b>



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**Footnotes**

- (a) *Significant non-cash transactions*

Quarter ended 30 June 2010

1,130,764 (Quarter ended 30 June 2009: 1,910,314) Stapled Securities amounting to S\$2,023,000 (Quarter ended 30 June 2009: S\$1,520,000) will be issued to the H-REIT Manager as satisfaction of asset management fees payable in units in respect of the quarter ended 30 June 2010 on 28 July 2010.

Period from 1 January 2010 to 30 June 2010

2,161,983 (six months ended 30 June 2009: 5,044,950) Stapled Securities amounting to S\$3,839,000 (six months ended 30 June 2009: S\$3,080,000) were issued or will be issued to the H-REIT Manager as satisfaction of asset management fees payable in units in respect of the period from 1 January to 30 June 2010.

- (b) *For explanations on the significant movements in the cashflow, please refer to Footnote (c) on page 12 and page 14, Section (1)(b)(ii) Footnote (a)(ii) of the Announcement.*

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

	1 Apr 2010 to 30 Jun 2010 S\$'000	1 Apr 2009 to 30 Jun 2009 S\$'000	1 Jan 2010 to 30 Jun 2010 S\$'000	1 Jan 2009 to 30 Jun 2009 S\$'000
Balance as at beginning of the period	384	375	384	376
Net loss after tax	(1)	(2)	(1)	(3)
Balance as at end of the period	383	373	383	373

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**1 (d)(ii) Statement of movements in unitholders’ funds for the period from 1 April 2010 to 30 June 2010**

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 April 2010</b>	901,086	(20,674)	(5,056)	305,972	1,181,328	1,181,712
<b>Operations</b>						
Increase in net assets resulting from operations	-	-	-	20,636	20,636	20,635
<b>Movements in foreign currency translation reserve:</b>						
- Translation differences relating to financial statements of foreign subsidiaries	-	-	(3,651)	-	(3,651)	(3,651)
- Exchange differences on hedge of net investment in a foreign operation	-	-	5,582	-	5,582	5,582
- Exchange differences on monetary items forming part of net investment in a foreign operation	-	-	(7,633)	-	(7,633)	(7,633)
<b>Unitholders’ transactions</b>						
(i) Stapled Securities to be issued as payment of H- REIT Manager’s management fees	2,023	-	-	-	2,023	2,023
(a)						
<b>Increase in net assets resulting from unitholders’ transactions</b>	2,023	-	-	-	2,023	2,023
<b>Balance as at 30 June 2010</b>	903,109	(20,674)	(10,758)	326,608	1,198,285	1,198,668

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**1 (d)(iii) Statement of movements in unitholders’ funds for the period from 1 January 2010 to 30 June 2010**

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 January 2010</b>	899,270	(20,674)	(5,097)	324,011	1,197,510	1,197,894
<b>Operations</b>						
Increase in net assets resulting from operations	-	-	-	42,049	42,049	42,048
<b>Movements in foreign currency translation reserve:</b>						
- Translation differences relating to financial statements of foreign subsidiaries	-	-	(3,631)	-	(3,631)	(3,631)
- Exchange differences on monetary items forming part of net investment in a foreign operation	-	-	(6,710)	-	(6,710)	(6,710)
- Exchange differences on hedge of net investment in a foreign operation	-	-	4,680	-	4,680	4,680
<b>Unitholders’ transactions</b>						
(i) Stapled Securities issued and to be issued as payment of H-REIT Manager’s management fees	(a) 3,839	-	-	-	3,839	3,839
(ii) Distribution to holders of Stapled Securities	(b) -	-	-	(39,452)	(39,452)	(39,452)
<b>Decrease in net assets resulting from unitholders’ transactions</b>	3,839	-	-	(39,452)	(35,613)	(35,613)
<b>Balance as at 30 June 2010</b>	903,109	(20,674)	(10,758)	326,608	1,198,285	1,198,668

**Footnotes**

- (a) *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.*
- (b) *Distribution to holders of Stapled Securities relates to the distribution made in respect of the period from 1 July 2009 to 31 December 2009.*

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**1 (d)(iv) Statement of movements in unitholders’ funds for the period from 1 April 2009 to 30 June 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 April 2009</b>	894,374	(20,674)	(819)	(18,674)	305,324	1,159,531	1,159,906
<b>Operations</b>							
Increase in net assets resulting from operations	-	-	-	-	14,165	14,165	14,163
<b>Movement in hedging reserve:</b>							
- Effective portion of change in fair value of cash flow hedge	(a) -	-	511	-	-	511	511
<b>Movements in foreign currency translation reserve:</b>							
- Translation differences relating to financial statements of foreign subsidiaries	-	-	-	(186)	-	(186)	(186)
- Exchange differences on a monetary item forming part of net investment in a foreign operation	-	-	-	7,112	-	7,112	7,112
<b>Unitholders’ transactions</b>							
(i) Stapled Securities to be issued as payment of H- REIT Manager’s management fees	(b) 1,520	-	-	-	-	1,520	1,520
<b>Increase in net assets resulting from unitholders’ transactions</b>	1,520	-	-	-	-	1,520	1,520
<b>Balance as at 30 June 2009</b>	895,894	(20,674)	(308)	(11,748)	319,489	1,182,653	1,183,026

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**1 (d)(v) Statement of movements in unitholders’ funds for the period from 1 January 2009 to 30 June 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	-	-	-	-	29,293	29,293	29,290
<b>Movement in hedging reserve:</b>							
- Effective portion of change in fair value of cash flow hedge	(a) -	-	1,505	-	-	1,505	1,505
<b>Movements in foreign currency translation reserve:</b>							
- Translation differences relating to financial statements of foreign subsidiaries	-	-	-	(307)	-	(307)	(307)
- Exchange differences on a monetary item forming part of net investment in a foreign operation	-	-	-	11,721	-	11,721	11,721
<b>Unitholders’ transactions</b>							
(i) Stapled Securities issued and to be issued as payment of H-REIT Manager’s management fees	(b) 3,080	-	-	-	-	3,080	3,080
(ii) Distribution to holders of Stapled Securities	(c) -	-	-	-	(39,279)	(39,279)	(39,279)
<b>Decrease in net assets resulting from unitholders’ transactions</b>	3,080	-	-	-	(39,279)	(36,199)	(36,199)
<b>Balance as at 30 June 2009</b>	895,894	(20,674)	(308)	(11,748)	319,489	1,182,653	1,183,026

**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 Stapled Securities issued as partial satisfaction of the management fee incurred for the respective quarters. The Stapled Securities were issued within 30 days from quarter end.*
- (c) *Distribution to holders of Stapled Securities relates to the distribution made in respect of the period from 1 July 2008 to 31 December 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 Apr 2010 to 30 Jun 2010	1 Apr 2009 to 30 Jun 2009	1 Jan 2010 to 30 Jun 2010	1 Jan 2009 to 30 Jun 2009
Issued H-REIT units / Stapled Securities at the beginning of the period	837,608,968	830,432,688	836,575,110	828,022,666
Issue of new H-REIT units / Stapled Securities <sup>(a)</sup>				
- as payment of H-REIT Manager's management fees	1,031,219	3,134,636	2,065,077	5,544,658
Issued H-REIT units / Stapled Securities at the end of the period	838,640,187	833,567,324	838,640,187	833,567,324
H-REIT units/ Stapled Securities to be issued:				
- as payment of H-REIT Manager's management fees (b)	1,130,764	1,910,314	1,130,764	1,910,314
- 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 <sup>(d)</sup>	839,856,772	835,563,459	839,856,772	835,563,459

**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.
- (d) CDL Hospitality Trusts issued 116,960,000 of new stapled securities (“New Stapled Securities”) on 1 July 2010 in connection with the Private Placement.

With the issue of 116,960,000 New Stapled Securities, the total number of stapled securities in CDL Hospitality Trusts in issue is 955,600,187 as at 1 July 2010.

Please refer to page 14, Section 1(b)(ii) Footnote (b) of the Announcement for further details of the Private Placement.

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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 six months ended 30 June 2010 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**

The accounting policies and methods of computation adopted are consistent with those applied in the audited financial statements for the year ended 31 December 2009.

**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.**

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 Apr 2010 to 30 Jun 2010	1 Apr 2009 to 30 Jun 2009	1 Jan 2010 to 30 Jun 2010	1 Jan 2009 to 30 Jun 2009
Weighted average number of Stapled Securities	838,738,434 <sup>(a)</sup>	833,674,137	838,225,192 <sup>(b)</sup>	832,105,040
Earnings per Stapled Security based on the weighted average number of Stapled Securities (cents)				
- basic and diluted	2.46	1.70	5.02	3.52
Distribution per Stapled Security for the period based on the total number of Stapled Securities entitled to the distribution (cents)				
- Taxable income	2.30	1.67	4.41	3.46
- Tax exempt income	0.27	0.22	0.48	0.40
	2.57 <sup>(c)</sup>	1.89	4.89	3.86

**Footnotes**

- (a) *The weighted average number of Stapled Securities used for computation of EPS for the quarter ended 30 June 2010 is 838,738,434. This comprises:*
- (i) *The weighted average number of Stapled Securities in issue as at 30 June 2010 of 838,640,187;*
  - (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 30 June 2010 of 12,426.*
- (b) *The weighted average number of Stapled Securities used for computation of EPS for the period from 1 January 2010 to 30 June 2010 is 838,225,192. This comprises:*
- (i) *The weighted average number of Stapled Securities in issue as at 30 June 2010 of 838,133,124;*
  - (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 30 June 2010 of 6,247.*



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(c) The computation of DPS for the quarter ended 30 June 2010 is based on the number of Stapled Securities entitled to distribution of 838,640,187, which is the number of Stapled Securities in issue as at 30 June 2010.

**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	
	30 Jun 2010 S\$	31 Dec 2009 S\$	30 Jun 2010 S\$	31 Dec 2009 S\$
Net asset value per H-REIT unit / Stapled Security	1.43 <sup>(a)</sup>	1.43	1.43 <sup>(b)</sup>	1.43

**Footnotes**

(a) The net asset value per H-REIT unit as at 30 June 2010 is computed based on:

- Unitholders’ funds of H-REIT Group of S\$1,198,285,000; and
- The number of issued and issuable H-REIT units of 839,856,772 (31 December 2009: 837,694,789) (see paragraph 1(e) for details).

(b) The net asset value per Stapled Security as at 30 June 2010 is computed based on:

- Unitholders’ funds of CDL Hospitality Trusts as at 30 June 2010 of S\$1,198,668,000; and
- The number of issued and issuable Stapled Securities of 839,856,772 (31 December 2009: 837,694,789) (see paragraph 1(e) for details).

(c) Net asset value of HBT as at 30 June 2010 is S\$383,000 (31 December 2009: S\$384,000). The net asset value per HBT unit is 0.04 cents (31 December 2009: 0.04 cents). The number of HBT units used for computation of the actual net asset value per HBT unit is 839,856,772 (31 December 2009: 837,694,789) comprising:

- HBT units in issue as at 30 June 2010 of 838,640,187 (31 December 2009: 836,575,110);
- HBT units to be issued to the H-REIT Manager as satisfaction of management fee payable in units for the quarter ended 30 June 2010 of 1,130,764 (31 December 2009: 1,033,858); 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 2009: 85,821).

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**8 Review of the performance for the quarter ended 30 June 2009**

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

	Foot- notes	1 Apr 2010 to 30 Jun 2010 S\$'000	1 Apr 2009 to 30 Jun 2009 S\$'000	Increase/ (Decrease) %	1 Jan 2010 to 30 Jun 2010 S\$'000	1 Jan 2009 to 30 Jun 2009 S\$'000	Increase/ (Decrease) %
Gross revenue		30,713	20,219	51.9	57,318	42,750	34.1
Property tax		(1,427)	(382)	N.M.	(2,759)	(1,781)	54.9
Insurance		(216)	(219)	(1.4)	(436)	(440)	(0.9)
Other property expenses		(372)	(389)	(4.4)	(706)	(749)	(5.7)
Net property income		28,698	19,229	49.2	53,417	39,780	34.3
H-REIT Manager's fees		(2,529)	(1,900)	33.1	(4,800)	(3,850)	24.7
H-REIT Trustee's fees		(54)	(49)	10.2	(106)	(97)	9.3
Other trust expenses		(267)	(76)	N.M.	(550)	(273)	N.M.
Finance income		(79)	2	N.M.	3,226	13	N.M.
Finance costs		(5,130)	(2,779)	84.6	(9,135)	(5,736)	59.3
Net finance costs	(a)	(5,209)	(2,777)	87.6	(5,909)	(5,723)	3.3
Net income		20,639	14,427	43.1	42,052	29,837	40.9
Income tax expense	(a)	(4)	(264)	(98.5)	(4)	(547)	(99.3)
Total return for the period		20,635	14,163	45.7	42,048	29,290	43.6

**Footnotes**

(a) Please refer to Footnote (d) for net finance costs and Footnote (f) for income tax expense under paragraph 1(a).

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

	Foot- notes	1 Apr 2010 to 30 Jun 2010 S\$'000	1 Apr 2009 to 30 Jun 2009 S\$'000	Increase/ (Decrease) %	1 Jan 2010 to 30 Jun 2010 S\$'000	1 Jan 2009 to 30 Jun 2009 S\$'000	Increase/ (Decrease) %
Orchard Hotel		6,567	4,652	41.2	12,982	10,182	27.5
Grand Copthorne Waterfront Hotel		5,468	3,621	51.0	10,190	8,217	24.0
M Hotel		3,872	2,702	43.3	7,331	5,661	29.5
Copthorne King's Hotel		2,270	1,742	30.3	4,459	3,597	24.0
Orchard Hotel Shopping Arcade		1,102	1,118	(1.4)	2,200	2,226	(1.2)
Rendezvous Hotel Auckland		2,118	2,007	5.5	4,268	3,869	10.3
Novotel Clarke Quay		4,888	4,377	11.7	9,486	8,998	5.4
Ibis Brisbane	(a)	532	-	N.M.	766	-	N.M.
Mercure Brisbane	(a)	782	-	N.M.	1,134	-	N.M.
Novotel Brisbane	(a)	1,600	-	N.M.	2,313	-	N.M.
Ibis Perth	(a)	600	-	N.M.	867	-	N.M.
Mercure Perth	(a)	914	-	N.M.	1,322	-	N.M.
<b>Total</b>		<b>30,713</b>	<b>20,219</b>	<b>51.9</b>	<b>57,318</b>	<b>42,750</b>	<b>34.1</b>

**Footnotes**

(a) No prior period comparatives are presented as the Australia Hotels were acquired on 18 February 2010.

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

	Foot- notes	1 Apr 2010 to 30 Jun 2010 S\$'000	1 Apr 2009 to 30 Jun 2009 S\$'000	Increase/ (Decrease) %	1 Jan 2010 to 30 Jun 2010 S\$'000	1 Jan 2009 to 30 Jun 2009 S\$'000	Increase/ (Decrease) %
Orchard Hotel		6,086	4,492	35.5	12,025	9,556	25.8
Grand Copthorne Waterfront Hotel		5,100	3,482	46.5	9,457	7,731	22.3
M Hotel		3,579	2,578	38.8	6,776	5,233	29.5
Copthorne King's Hotel		1,993	1,557	28.0	3,955	3,120	26.8
Orchard Hotel Shopping Arcade		786	830	(5.3)	1,611	1,646	(2.1)
Rendezvous Hotel Auckland		2,118	2,007	5.5	4,268	3,869	10.3
Novotel Clarke Quay		4,608	4,283	7.6	8,923	8,625	3.5
Ibis Brisbane	(a)	532	-	N.M.	766	-	N.M.
Mercure Brisbane	(a)	782	-	N.M.	1,134	-	N.M.
Novotel Brisbane	(a)	1,600	-	N.M.	2,313	-	N.M.
Ibis Perth	(a)	600	-	N.M.	867	-	N.M.
Mercure Perth	(a)	914	-	N.M.	1,322	-	N.M.
<b>Total</b>		<b>28,698</b>	<b>19,229</b>	<b>49.2</b>	<b>53,417</b>	<b>39,780</b>	<b>34.3</b>

**Footnotes**

(a) No prior period comparatives are presented as the Australia Hotels were acquired on 18 February 2010.

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

**Second Quarter ended 30 June 2010**

Gross revenue of S\$30.7 million for 2Q 2010 exceeded that of 2Q 2009 by S\$10.5 million or 51.9%. The recovery was due to improved hospitality performance across the portfolio and contribution from the Australia Hotels acquired in 1Q 2010, which accounted for approximately S\$4.4 million of the gross revenue increase. RevPAR for the Singapore Hotels increased by 45.4% to S\$195 in 2Q 2010. Fuelled by increased visitor arrivals and events such as Food & Hotel Asia and CommunicAsia Summit, occupancy for the reporting quarter surged by 13.1 percentage points to 88.5% in 2Q 2010. Net property income correspondingly improved by S\$9.5 million or 49.2% to S\$28.7 million in 2Q 2010.

Net finance cost for 2Q 2010 increased by S\$2.4 million, mainly due to higher funding costs and increased interest expense from the additional loan drawn down to finance the acquisition of the Australia Hotels.

The income available for distribution before deducting income retained for working capital of S\$24.1 million in 2Q 2010 exceeded 2Q 2009 of S\$17.4 million by S\$6.7 million or 38.7%. In line with the improved operating results, the income to be distributed per Stapled Security for 2Q 2010, after deducting the income retained for working capital was 2.57 cents, a 36.0% growth over the 1.89 cents recorded in the corresponding quarter last year.

For the reporting quarter, the Singapore Hotels achieved a combined Hotel revenue of S\$68.9 million, an improvement of 33.7% as compared to the corresponding quarter last year of S\$51.6 million. Gross operating profit in 2Q 2010 was S\$36.6 million, 46.3% higher than the S\$25.0 million recorded 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 Apr 2010 to 30 Jun 2010	1 Apr 2009 to 30 Jun 2009	Increase
Average Occupancy Rate	88.5%	75.4%	13.1pp
Average Daily Rate	S\$220	S\$178	23.6%
Room Revenue per Available Room (RevPAR)	S\$195	S\$134	45.4%

Net property income contributed by the Orchard Hotel Shopping Arcade for 2Q 2010 was maintained at S\$0.8 million. Average occupancy was 81.0% in Q2 2010 with an average monthly rental rate of approximately S\$7.71 per sq. ft.

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**Six months ended 30 June 2010**

Performance for 1H 2010 was strong with gross revenues of S\$57.3 million and net property income of S\$53.4 million, which exceeded the corresponding period last year by 34.1% and 34.3% respectively. The strong operating performance was due to both organic growth across the portfolio, and contribution from the Australia Hotels acquired in 1Q 2010 which accounted for approximately S\$6.4 million of the gross revenue increase. RevPAR for the Singapore Hotels increased by 29.8% to S\$185 in 1H 2010. Fuelled by increased visitor arrivals, occupancy for the reporting period surged by 11.3 percentage points to 86.4% in 1H 2010.

Finance costs for 1H 2010 comprising mainly interest costs and amortisation of transaction cost capitalized increased by S\$5.6 million. The increased finance cost was attributed to higher funding costs, additional interest expense incurred on borrowings drawn down to finance the acquisition of the Australia Hotels and higher amortisation expense. This was offset by higher finance income, which increased mainly due to a realised exchange gain of S\$3.2 million and the absence of an exchange loss of \$2.2 million incurred in 1H 2009. The exchange gain in 1H 2010 arose from the conversion of Singapore borrowings (which were drawn down to partially fund the purchase of the Australian Hotels) into Australian Dollars at favorable exchange rates in 1Q 2010. As a result, net finance cost increased marginally by S\$0.2 million for 1H 2010.

The income available for distribution before deducting income retained for working capital of S\$45.7 million in 1H 2010 exceeded 1H 2009 of S\$35.5 million by S\$1.02 million or 28.6%. In line with the improved operating results, the income to be distributed per Stapled Security for 1H 2010, after deducting the income retained for working capital was 4.89 cents, a 26.7% growth over the 3.86 cents recorded in the corresponding period last year.

Overall, the Singapore Hotels achieved a combined Hotel revenue of S\$133.8 million, an improvement of 21.3% as compared to the corresponding period last year of S\$110.4 million. Gross operating profit in 1H 2010 was S\$69.6 million, 28.2% higher than the S\$54.3 million recorded 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 Jan 2010 to 30 Jun 2010	1 Jan 2009 to 30 Jun 2009	Increase
Average Occupancy Rate	86.4%	75.1%	11.3pp
Average Daily Rate	S\$214	S\$189	13.2%
Room Revenue per Available Room (RevPAR)	S\$185	S\$142	29.8%

Net property income contributed by the Orchard Hotel Shopping Arcade for 1H 2010 was maintained at S\$1.6 million. Average occupancy was 81.2% in 1H 2010 with an average monthly rental rate of approximately S\$7.68 per sq. ft.

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

Not applicable.

**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 performance of H-REIT continues to be underpinned by the positive outlook of the Singapore hospitality sector which drives substantially all its total portfolio variable rent. The Group’s Australian hotels, underpinned by high fixed rental proportions, continue to perform broadly in line with expectations, bolstered by the strength of the Australian economy.

The Singapore hospitality sector continued to see strong growth momentum in 2Q 2010 as Singapore recorded 7 consecutive monthly record high visitor arrivals from December 2009 to June 2010. Singapore achieved a 22.6% year-on-year growth in visitor arrivals for 1H 2010. With the initial launch of the Integrated Resorts in 1H 2010, and buoyed by the stronger than expected economic growth, Singapore is experiencing a structural boost in business and leisure demand. The Singapore Tourism Board forecasted Singapore to receive 11.5 – 12.5 million visitors in 2010, an increase of 19% - 29% from 2009.

In the months ahead, the phased introduction of even more attractions by the two Integrated Resorts and the Formula One™ Singapore Grand Prix event in September, will act as a further catalyst in sustaining the growth momentum in Singapore’s hospitality sector. New hotel room supply is expected to be approximately 1,600 rooms for the next 18 months till the end of 2011 (according to Horwath HTL). H-REIT will continue to work closely with its lessees for the Singapore Hotels to maximize RevPAR of the properties.

On the acquisition front, H-REIT is well poised to pursue potential growth opportunities with a significantly strengthened balance sheet. On 1 July 2010, H-REIT successfully raised S\$200 million through an over-subscribed overnight private placement which was used to pare down its gearing to around 19%. Thereafter, H-REIT announced on 23 July 2010 the establishment of a S\$1,000,000,000 Multicurrency Medium Term Note Programme by a wholly-owned subsidiary. This further broadens H-REIT’s access to alternative funding sources and enhances H-REIT’s competitive advantage in making acquisitions.

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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 January 2010 to 30 June 2010 <sup>(a)</sup>
i. Distribution type	Taxable income
Distribution rate	4.41 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 17%.
ii. Distribution type	Tax exempt income
Distribution rate	0.48 cents per unit
Tax rate	<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.

**Footnotes**

(a) In connection with the Private Placement disclosed under page 14, Section 1(b)(ii) Footnote (b) of the Announcement, the H-REIT Manager declared a distribution of H-REIT’s distributable income (after deducting income retained for working capital) of H-REIT for the period from 1 January 2010 to 30 June 2010, being the day immediately prior to the date on which the New Stapled Securities are issued pursuant to the Private Placement.

The next distribution thereafter will comprise H-REIT’s distributable income (after deducting income retained for working capital) for the period from 1 July 2010, being the day the New Stapled Securities are issued pursuant to the Private Placement, to 31 December 2010.

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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 January 2009 to 30 June 2009
i. Distribution type	Taxable income
Distribution rate	3.46 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%.</p> <p>All other investors received their distributions after deduction of tax at the rate of 17%.</p>
ii. Distribution type	Tax exempt income
Distribution rate	0.40 cents per unit
Tax rate	<p><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.</p>



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**11 (c) Book closure date**

5.00 p.m. on 30 June 2010

**11 (d) Date payable**

27 August 2010

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

Not applicable

**13 CONFIRMATION PURSUANT TO RULE 705(5) OF THE LISTING MANUAL**

We, on behalf of the directors of M&C REIT Management Limited (as Manager of CDL Hospitality Real Estate Investment Trust) (“**H-REIT Manager**”) and M&C Business Trust Management Limited (as Trustee-Manager of CDL Hospitality Business Trust) (“**HBT Trustee-Manager**”), hereby confirm that, to the best of our knowledge, nothing has come to the attention of the board of directors of H-REIT Manager and HBT Trustee-Manager which may render the unaudited financial results of CDL Hospitality Trusts for the quarter ended 30 June 2010 to be false or misleading in any material respect.

On behalf of the Board of Directors

WONG HONG REN  
Chairman

YEO WEE ENG VINCENT  
Chief Executive Officer

28 July 2010

**CDL HOSPITALITY TRUSTS  
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***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)

28 July 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)

28 July 2010



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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

28 July 2010

Dear Sirs

**CDL Hospitality Real Estate Investment Trust Group and CDL Hospitality Trusts  
Review of Interim 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 30 June 2010, and the related consolidated statements of total return, statements of movements in unitholders' funds and cash flow statements for the six-month period then ended and certain explanatory notes (the Interim 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 Interim Financial Information in accordance with the provisions of the Statement of Recommended Accounting Practice ("RAP") 7 *Reporting Framework for Unit Trusts* relevant to interim financial information. Our responsibility is to express a conclusion on this Interim 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 interim financial information consists of making inquiries, 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 Interim Financial Information is not presented fairly, in all material respects, in accordance with the provisions of RAP 7 *Reporting Framework for Unit Trusts* relevant to interim 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 information of the directors of the Manager and for the inclusion of our report in CDL Hospitality Trusts' interim 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 LLP*

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

Singapore  
28 July 2010