



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 2011**

TABLE OF CONTENTS

| | Page |
|---|-------------|
| INTRODUCTION | 2 |
| SUMMARY OF CDL HOSPITALITY TRUSTS' RESULTS | 3 |
| 1(a) STATEMENTS OF TOTAL RETURN | 4 - 9 |
| 1(b)(i) BALANCE SHEETS | 10 - 11 |
| 1(b)(ii) AGGREGATE AMOUNT OF GROUP'S BORROWINGS AND DEBT SECURITIES | 12 |
| 1(c) CASH FLOW STATEMENTS | 13 - 15 |
| 1(d) STATEMENT OF CHANGES IN UNITHOLDERS' FUNDS | 15 - 19 |
| 1(e) DETAILS OF ANY CHANGES IN THE UNITS | 20 |
| 2 AUDIT STATEMENT | 21 |
| 3 AUDITORS' REPORT | 21 |
| 4 ACCOUNTING POLICIES | 21 |
| 5 CHANGES IN ACCOUNTING POLICIES | 21 |
| 6 EARNINGS PER UNIT AND DISTRIBUTION PER UNIT | 22 - 23 |
| 7 NET ASSET VALUE PER UNIT | 23 |
| 8 REVIEW OF PERFORMANCE | 24 - 28 |
| 9 VARIANCE FROM FORECAST OR PROSPECTUS STATEMENT | 29 |
| 10 OUTLOOK AND PROSPECTS | 29 |
| 11 DISTRIBUTIONS | 30 - 32 |
| 12 DISTRIBUTION STATEMENT | 32 |
| 13 CONFIRMATION PURSUANT TO RULE 705(5) OF THE LISTING MANUAL | 32 |



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 2011

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**”) and cannot be traded separately.

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 2011, H-REIT’s portfolio with a total of 4,304 hotel rooms, comprises Orchard Hotel, Grand Copthorne Waterfront Hotel, M Hotel, Copthorne King’s Hotel, Novotel Clarke Quay and Studio M Hotel (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 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 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 makes distributions to unitholders on a semi-annual basis, with the amount calculated as at 30 June and 31 December each year for the six-month period ending on each of the said dates. Distributions, when paid, will be in Singapore Dollars.

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.

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 SECOND QUARTER AND SIX MONTHS ENDED
30 JUNE 2011

SUMMARY OF CDL HOSPITALITY TRUSTS’ RESULTS

| | 1 Apr 2011 to 30 Jun 2011 S\$'000 | 1 Apr 2010 to 30 Jun 2010 S\$'000 | Increase/ (Decrease) % | 1 Jan 2011 to 30 Jun 2011 S\$'000 | 1 Jan 2010 to 30 Jun 2010 S\$'000 | Increase/ (Decrease) % |
|--|--|--|------------------------------|--|--|------------------------------|
| Gross revenue | 34,569 | 30,713 | 12.6 | 66,870 | 57,318 | 16.7 |
| Net property income | 35,585 | 28,698 | 24.0 | 65,705 | 53,417 | 23.0 |
| Net income | 29,100 | 20,639 | 41.0 | 52,665 | 42,052 | 25.2 |
| Income available for distribution to holders of Stapled Securities | 31,659 | 24,106 | 31.3 | 57,006 | 45,704 | 24.7 |
| Less: | | | | | | |
| Income retained for working capital | (3,166) | (2,410) | 31.3 | (5,701) | (4,570) | 24.7 |
| Income to be distributed to holders of Stapled Securities | 28,493 | 21,696 | 31.3 | 51,305 | 41,134 | 24.7 |
| Income available for distribution per Stapled Security (cents) | | | | | | |
| For the period | 3.29 | 2.87 | 14.6 | 5.94 | 5.45 | 9.0 |
| Annualised | 13.20 | 11.51 | 14.7 | 11.98 | 10.99 | 9.0 |
| Annualised distribution yield (%) at closing market price of S\$2.10 as at 26 July 2011 | 6.29% | 5.48% | 14.8 | 5.70% | 5.23% | 9.0 |
| Income to be distributed per Stapled Security (cents) | | | | | | |
| For the period | 2.96 | 2.57 | 15.2 | 5.34 | 4.89 | 9.2 |
| Annualised | 11.87 | 10.31 | 15.1 | 10.77 | 9.86 | 9.2 |
| Annualised distribution yield (%) at closing market price of S\$2.10 as at 26 July 2011 | 5.65% | 4.91% | 15.1 | 5.13% | 4.70% | 9.1 |

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 SECOND QUARTER AND SIX MONTHS ENDED 30 JUNE 2011

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> | | H-REIT Group | | | | | |
|-----------------------------------|-----|----------------|--|--|------------------------------|--|--|
| | | Foot- notes | 1 Apr 2011 to 30 Jun 2011 S\$'000 | 1 Apr 2010 to 30 Jun 2010 S\$'000 | Increase/ (Decrease) % | 1 Jan 2011 to 30 Jun 2011 S\$'000 | 1 Jan 2010 to 30 Jun 2010 S\$'000 |
| Gross revenue | (a) | 34,569 | 30,713 | 12.6 | 66,870 | 57,318 | 16.7 |
| Property tax | (b) | 1,653 | (1,427) | N.M | 36 | (2,759) | N.M |
| Insurance | (c) | (205) | (216) | -5.1 | (337) | (436) | -22.7 |
| Other property expenses | (d) | (432) | (372) | 16.1 | (864) | (706) | 22.4 |
| Net property income | | 35,585 | 28,698 | 24.0 | 65,705 | 53,417 | 23.0 |
| H-REIT Manager's fees | | (3,008) | (2,529) | 18.9 | (5,651) | (4,800) | 17.7 |
| H-REIT Trustee's fees | | (59) | (54) | 9.3 | (114) | (106) | 7.5 |
| Other trust expenses | (e) | (444) | (266) | 66.9 | (712) | (549) | 29.7 |
| Finance income | | 593 | 43 | N.M | 313 | 3,226 | -90.3 |
| Finance costs | | (3,566) | (5,252) | -32.1 | (6,875) | (9,135) | -24.7 |
| Net finance costs | (f) | (2,973) | (5,209) | -42.9 | (6,562) | (5,909) | 11.1 |
| Net income | | 29,101 | 20,640 | 41.0 | 52,666 | 42,053 | 25.2 |
| Income tax expense | (h) | (73) | (4) | N.M | (556) | (4) | N.M |
| Total return for the period | | 29,028 | 20,636 | 40.7 | 52,110 | 42,049 | 23.9 |

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 SECOND QUARTER AND SIX MONTHS ENDED
30 JUNE 2011

| | | CDL Hospitality Trusts | | | | | |
|-----------------------------------|----------------|--|--|------------------------------|--|--|------------------------------|
| <u>Statements of Total Return</u> | Foot- notes | 1 Apr 2011 to 30 Jun 2011 S\$'000 | 1 Apr 2010 to 30 Jun 2010 S\$'000 | Increase/ (Decrease) % | 1 Jan 2011 to 30 Jun 2011 S\$'000 | 1 Jan 2010 to 30 Jun 2010 S\$'000 | Increase/ (Decrease) % |
| Gross revenue | (a) | 34,569 | 30,713 | 12.6 | 66,870 | 57,318 | 16.7 |
| Property tax | (b) | 1,653 | (1,427) | N.M | 36 | (2,759) | N.M |
| Insurance | (c) | (205) | (216) | -5.1 | (337) | (436) | -22.7 |
| Other property expenses | (d) | (432) | (372) | 16.1 | (864) | (706) | 22.4 |
| Net property income | | 35,585 | 28,698 | 24.0 | 65,705 | 53,417 | 23.0 |
| H-REIT Manager's fees | | (3,008) | (2,529) | 18.9 | (5,651) | (4,800) | 17.7 |
| H-REIT Trustee's fees | | (59) | (54) | 9.3 | (114) | (106) | 7.5 |
| Other trust expenses | (e) | (445) | (267) | 66.7 | (713) | (550) | 29.6 |
| Finance income | | 593 | 43 | N.M | 313 | 3,226 | -90.3 |
| Finance costs | | (3,566) | (5,252) | -32.1 | (6,875) | (9,135) | -24.7 |
| Net finance costs | (f) | (2,973) | (5,209) | -42.9 | (6,562) | (5,909) | 11.1 |
| Net income | (g) | 29,100 | 20,639 | 41.0 | 52,665 | 42,052 | 25.2 |
| Income tax expense | (h) | (73) | (4) | N.M | (556) | (4) | N.M |
| Total return for the period | | 29,027 | 20,635 | 40.7 | 52,109 | 42,048 | 23.9 |

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 SECOND QUARTER AND SIX MONTHS ENDED
30 JUNE 2011

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 2011 and six months ended 30 June 2011 include contributions from the Studio M Hotel, which was acquired on 3 May 2011.*
- (b) *In 2008, the Inland Authority of Singapore (“IRAS”) raised a one-off additional property tax assessment of about S\$3.2 million in respect of the years 2006 and 2007, which was adjusted in the Statement of Total Return that year. The assessments were raised following the implementation of the new basis of computing the annual value of hotels effective 1 January 2008. An objection was subsequently lodged against these assessments by H-REIT’s consultant, CB Richard Ellis (Pte) Ltd. Following the finalisation of the property tax assessments for the years 2006 to 2008, a property tax refund of S\$3.3 million was adjusted against the current reporting period’s property tax. Excluding the property tax refund, the property tax expense for 2Q 2011 and 1H 2011 was about S\$1.7 million and S\$3.3 million respectively.*
- (c) *Insurance expenses decreased mainly due to the reversal of an over accrual of about S\$69,000 in 1Q 2011 following the finalisation of premiums by insurers.*
- (d) *Other property expenses comprise mainly direct operating expenses of the Orchard Hotel Shopping Arcade. Expenses were higher for the six months ended 30 June 2011 as they included impairment losses on trade receivables of S\$153,000.*
- (e) *Other trust expenses comprise mainly professional fees and administrative costs.*
- (f) *Net finance costs comprise the following:*

| | H-REIT Group | | | | | |
|--|--|--|------------------------------|--|--|------------------------------|
| | 1 Apr 2011 to 30 Jun 2011 S\$’000 | 1 Apr 2010 to 30 Jun 2010 S\$’000 | Increase/ (Decrease) % | 1 Jan 2011 to 30 Jun 2011 S\$’000 | 1 Jan 2010 to 30 Jun 2010 S\$’000 | Increase/ (Decrease) % |
| Interest income received / receivable from banks | 171 | 43 | N.M | 280 | 56 | N.M |
| Exchange gain ⁽ⁱ⁾ | 422 | - | N.M | 33 | 3,170 | -99.0 |
| Finance income | 593 | 43 | N.M | 313 | 3,226 | -90.3 |
| Exchange loss | - | (122) | N.M | - | - | N.M |
| Interest paid/ payable to banks ⁽ⁱⁱ⁾ | (3,422) | (4,407) | -22.4 | (6,589) | (7,690) | -14.3 |
| Amortisation of transaction costs capitalized ⁽ⁱⁱⁱ⁾ | (101) | (681) | -85.2 | (200) | (1,361) | -85.3 |
| Financial expense arising from remeasuring non-current rental deposits at amortised cost | (43) | (42) | 2.4 | (86) | (84) | 2.4 |
| Finance costs | (3,566) | (5,252) | -32.1 | (6,875) | (9,135) | -24.7 |
| Net finance costs | (2,973) | (5,209) | -42.9 | (6,562) | (5,909) | 11.1 |

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 SECOND QUARTER AND SIX MONTHS ENDED
30 JUNE 2011

(f) *Net finance costs comprise the following (continued):*

| CDL Hospitality Trusts | | | | | | |
|---|--|--|------------------------------|--|--|------------------------------|
| | 1 Apr 2011 to 30 Jun 2011 S\$'000 | 1 Apr 2010 to 30 Jun 2010 S\$'000 | Increase/ (Decrease) % | 1 Jan 2011 to 30 Jun 2011 S\$'000 | 1 Jan 2010 to 30 Jun 2010 S\$'000 | Increase/ (Decrease) % |
| Interest income received / receivable from banks | 171 | 43 | N.M | 280 | 56 | N.M |
| Exchange gain ⁽ⁱ⁾ | 422 | - | N.M | 33 | 3,170 | -99.0 |
| Finance income | 593 | 43 | N.M | 313 | 3,226 | -90.3 |
| Exchange loss | - | (122) | N.M | - | - | N.M |
| Interest paid/ payable to banks ⁽ⁱⁱ⁾ | (3,422) | (4,407) | -22.4 | (6,589) | (7,690) | -14.3 |
| Amortisation of transaction costs capitalized ⁽ⁱⁱⁱ⁾ | (101) | (681) | -85.2 | (200) | (1,361) | -85.3 |
| Financial expense arising from remeasuring non- current rental deposits at amortised cost | (43) | (42) | 2.4 | (86) | (84) | 2.4 |
| Finance costs | (3,566) | (5,252) | -32.1 | (6,875) | (9,135) | -24.7 |
| Net finance costs | (2,973) | (5,209) | -42.9 | (6,562) | (5,909) | 11.1 |

(i) The exchange gain for the quarter ended 30 June 2011 was mainly due to a net revaluation gain on borrowings and cash and cash equivalents denominated in New Zealand and Australian dollars.

There was a significant exchange gain recorded in the corresponding period last year. These relate mainly to realised gains arising from the conversion of funds borrowed in Singapore Dollars to Australian Dollars at favorable exchange rates. These funds were utilised to finance the acquisition of the Australia Hotels in 1Q 2010. The exchange gain has no impact on the distributions of CDL Hospitality Trusts.

(ii) The decrease in interest paid/payable to banks in the second quarter and six months ended 30 June 2011 was mainly due to lower funding cost.

(iii) The amortisation expense in the second quarter and six months ended 30 June 2010 relates to the amortisation of transaction costs arising from the refinancing of the S\$350 million secured term loan and revolving credit facility in April 2009. These facilities were repaid and cancelled in 3Q 2010. In the absence of these costs, amortisation expense was correspondingly lower in 2011. The amortisation costs in second quarter and six months ended 30 June 2011 relates to the amortisation of transaction costs arising from the medium term note issuance and revolving credit facility.

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 SECOND QUARTER AND SIX MONTHS ENDED 30 JUNE 2011

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

| | CDL Hospitality Trusts | | | |
|--|--|--|--|--|
| | 1 Apr 2011 to 30 Jun 2011 S\$'000 | 1 Apr 2010 to 30 Jun 2010 S\$'000 | 1 Jan 2011 to 30 Jun 2011 S\$'000 | 1 Jan 2010 to 30 Jun 2010 S\$'000 |
| H-REIT | 35,097 | 19,449 | 53,444 | 41,657 |
| Other H-REIT group entities (including consolidation adjustments) | (5,996) | 1,191 | (778) | 396 |
| HBT | (1) | (1) | (1) | (1) |
| | 29,100 | 20,639 | 52,665 | 42,052 |

(h) *This relates to current and deferred tax in respect of the Australia properties:*

| | H-REIT Group and CDL Hospitality Trusts | | | |
|----------------------|--|--|--|--|
| | 1 Apr 2011 to 30 Jun 2011 S\$'000 | 1 Apr 2010 to 30 Jun 2010 S\$'000 | 1 Jan 2011 to 30 Jun 2011 S\$'000 | 1 Jan 2010 to 30 Jun 2010 S\$'000 |
| Corporate income tax | (111) | - | (285) | - |
| Deferred tax | 45 | - | (259) | - |
| Others | (7) | (4) | (12) | (4) |
| | (73) | (4) | (556) | (4) |

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 SECOND QUARTER AND SIX MONTHS ENDED 30 JUNE 2011

(i) *Income available for distribution⁽ⁱ⁾*

| | H-REIT Group and CDL Hospitality Trusts | | | |
|--|--|--|--|--|
| | 1 Apr 2011 to 30 Jun 2011 S\$'000 | 1 Apr 2010 to 30 Jun 2010 S\$'000 | 1 Jan 2011 to 30 Jun 2011 S\$'000 | 1 Jan 2010 to 30 Jun 2010 S\$'000 |
| Net income of H-REIT | 35,097 | 19,449 | 53,444 | 41,657 |
| Add/(Less): Non tax deductible/(tax chargeable) items: | | | | |
| - Amortisation of transaction costs | 101 | 681 | 200 | 1,361 |
| - Financial expense arising from remeasuring non-current rental deposits at amortised cost | 43 | 42 | 86 | 84 |
| - Exchange (gain)/loss | (6,215) | 1,802 | (1,648) | (1,507) |
| - H-REIT Manager's fees paid/payable in Stapled Securities | 2,406 | 2,023 | 4,520 | 3,839 |
| - Other items | 227 | 109 | 404 | 270 |
| Income available for distribution to holders of Stapled Securities | 31,659 | 24,106 | 57,006 | 45,704 |
| Less : | | | | |
| Income retained for working capital | (3,166) | (2,410) | (5,701) | (4,570) |
| Income to be distributed to holders of Stapled Securities ⁽ⁱⁱ⁾ | 28,493 | 21,696 | 51,305 | 41,134 |
| Comprising : | | | | |
| - Taxable income | 26,781 | 19,352 | 47,673 | 37,061 |
| - Tax exempt income | 1,712 | 2,344 | 3,632 | 4,073 |
| | 28,493 | 21,696 | 51,305 | 41,134 |

- (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 2011 of S\$51,305,000 comprises all of H-REIT's taxable income and net tax exempt income (after retaining an amount of S\$5,701,000 for working capital purposes) for the period from 1 January 2011 to 30 June 2011.

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 SECOND QUARTER AND SIX MONTHS ENDED 30 JUNE 2011

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

| Balance Sheets | Footnotes | H-REIT Group | | CDL Hospitality Trusts ^(a) | |
|------------------------------------|-----------|------------------|------------------|---------------------------------------|------------------|
| | | 30 Jun 2011 | 31 Dec 2010 | 30 Jun 2011 | 31 Dec 2010 |
| | | S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| ASSETS | | | | | |
| Non-current assets | | | | | |
| Investment properties | (b) | 1,950,514 | 1,787,098 | 1,950,514 | 1,787,098 |
| Rental deposit | | 76 | 76 | 76 | 76 |
| | | 1,950,590 | 1,787,174 | 1,950,590 | 1,787,174 |
| Current assets | | | | | |
| Trade and other receivables | | 21,895 | 14,972 | 21,895 | 14,972 |
| Cash and cash equivalents | | 61,147 | 67,376 | 61,531 | 67,760 |
| | | 83,042 | 82,348 | 83,426 | 82,732 |
| Total assets | | 2,033,632 | 1,869,522 | 2,034,016 | 1,869,906 |
| LIABILITIES | | | | | |
| Non-current liabilities | | | | | |
| Financial liabilities | (c)(i) | 380,146 | 381,118 | 380,146 | 381,118 |
| Rental deposits | (d) | 6,389 | 4,703 | 6,389 | 4,703 |
| Deferred tax liabilities | | 2,283 | 2,042 | 2,283 | 2,042 |
| | | 388,818 | 387,863 | 388,818 | 387,863 |
| Current liabilities | | | | | |
| Financial liabilities | (c)(ii) | 153,200 | - | 153,200 | - |
| Trade and other payables | (e) | 23,478 | 20,609 | 23,480 | 20,610 |
| Provision for taxation | | 753 | 1,195 | 753 | 1,195 |
| | | 177,431 | 21,804 | 177,433 | 21,805 |
| Total liabilities | | 566,249 | 409,667 | 566,251 | 409,668 |
| Net assets | | 1,467,383 | 1,459,855 | 1,467,765 | 1,460,238 |
| Represented by: | | | | | |
| Unitholders' funds | | | | | |
| Unitholders' funds of H-REIT Group | (f) | 1,467,383 | 1,459,855 | 1,467,383 | 1,459,855 |
| Unitholders' funds of HBT | | - | - | 382 | 383 |
| | | 1,467,383 | 1,459,855 | 1,467,765 | 1,460,238 |

**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 SECOND QUARTER AND SIX MONTHS ENDED
30 JUNE 2011**

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 2011 are approximately S\$382,000 (31 December 2010: S\$383,000).*
- (b) *On 3 May 2011, the H-REIT Group acquired Studio M Hotel for a cash consideration of S\$154,000,000. The total acquisition costs of S\$2,211,000 included an acquisition fee payable to H-REIT Manager of S\$1,540,000.*
- (c)
 - (i) *Non-current financial liabilities of S\$380,146,000 (31 December 2010: S\$381,118,000), which are measured at amortised cost, comprise S\$260.0 million notes issued pursuant to the Medium Term Note Programme and approximately S\$121.4 million drawn down from RCF Facility, as explained under footnote (i) and footnote (ii) on page 12 of the Announcement respectively.*
 - (ii) *Current financial liabilities of S\$153,200,000 was drawn down to fund the acquisition of Studio M Hotel, as explained under footnote (iii) on page 12 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) *The movement in unitholders’ funds are set out in Section 1(d).*

**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 SECOND QUARTER AND SIX MONTHS ENDED 30 JUNE 2011

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

| | | H-REIT Group and CDL Hospitality Trusts | |
|---|-----------|---|------------------------|
| | | 30 Jun 2011 S\$'000 | 31 Dec 2010 S\$'000 |
| Amount repayable after one year | Footnotes | | |
| Unsecured medium term notes | (i) | 260,000 | 260,000 |
| Unsecured borrowings | (ii) | 121,393 | 122,651 |
| | | 381,393 | 382,651 |
| Amount repayable within one year | | | |
| Unsecured borrowings | (iii) | 153,200 | - |
| Total borrowings | | 534,593 | 382,651 |

Footnotes

i. Unsecured medium term notes

In July 2010, H-REIT’s wholly-owned subsidiary, CDLHT MTN Pte. Ltd. (the “Issuer”) established a S\$1.0 billion Multi-currency Medium Term Note Programme (the “Programme”). As at balance sheet date, S\$150.0 million 3-year fixed rate notes and S\$110.0 million 3-year variable rate notes, which are re-priced every six or twelve months, have been issued. The holders of the variable rate notes have the option to put the notes back to the Issuer at each interest re-pricing date. The Issuer has a 3-year committed arrangement with the banks to purchase any variable rate notes which are put back to the Issuer. Proceeds from the notes issuance were on-lent to H-REIT to mainly repay outstanding borrowings.

ii. Unsecured borrowings, after one year

In 2010, H-REIT secured a S\$100.0 million committed bilateral multi-currency revolving credit facility each from two banks (collectively S\$200.0 million) for a 3-year term (the “RCF Facility”).

As at 30 June 2011, A\$93.2 million (S\$121.4 million) was utilised to fund the loan relating to the Australia Hotels.

Approximately S\$78.6 million of the RCF Facility remains unutilised at balance sheet date.

iii. Unsecured borrowings, within one year

H-REIT has in place the following unsecured facilities

- (i) *A S\$300.0 million uncommitted multi-currency bridge loan facility with a bank (the “Bridge Loan Facility”) to fund acquisitions, capital expenditure and working capital requirements.*

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

In May 2011, S\$76.6 million was utilised to fund a portion of the acquisition of Studio M Hotel.

As at 30 June 2011, S\$223.4 million of the Bridge Loan facility remains unutilised.

- (ii) *During the reporting period, H-REIT secured a fresh S\$76.6 million one year revolving credit facility, which was fully drawn down to partially finance the acquisition of Studio M Hotel.*

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 SECOND QUARTER AND SIX MONTHS ENDED 30 JUNE 2011

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

| | | H-REIT Group | | | |
|---|--|--|--|--|--|
| Foot- notes | 1 Apr 2011 to 30 Jun 2011 S\$'000 | 1 Jan 2011 to 30 Jun 2011 S\$'000 | 1 Apr 2010 to 30 Jun 2010 S\$'000 | 1 Jan 2010 to 30 Jun 2010 S\$'000 | |
| Operating activities | | | | | |
| | 29,101 | 52,666 | 20,640 | 42,053 | |
| | Adjustments for: | | | | |
| | 1,540 | 1,540 | - | - | |
| (a) | 2,406 | 4,520 | 2,023 | 3,839 | |
| | 2,973 | 6,562 | 5,209 | 5,909 | |
| | 36,020 | 65,288 | 27,872 | 51,801 | |
| Changes in working capital: | | | | | |
| | (4,698) | (1,920) | 366 | 1,933 | |
| | (208) | (5,253) | (177) | 1,593 | |
| | 31,114 | 58,115 | 28,061 | 55,327 | |
| | - | (727) | - | - | |
| | 31,114 | 57,388 | 28,061 | 55,327 | |
| Investing activities | | | | | |
| (b) | (155,807) | (155,807) | (4,362) | (237,700) | |
| | 1,600 | 1,600 | - | - | |
| | (3,134) | (6,178) | (1,751) | (2,309) | |
| | 161 | 247 | 49 | 54 | |
| | (157,180) | (160,138) | (6,064) | (239,955) | |
| Financing activities | | | | | |
| (c) | 153,200 | 153,200 | 1,269 | 267,136 | |
| | - | - | (19,000) | (30,500) | |
| | (14) | (14) | - | - | |
| | (1,976) | (5,754) | (4,598) | (6,561) | |
| | - | (50,911) | - | (39,452) | |
| | 151,210 | 96,521 | (22,329) | 190,623 | |
| | 25,144 | (6,229) | (332) | 5,995 | |
| Cash and cash equivalents at beginning of the period | | | | | |
| | 35,988 | 67,361 | 11,620 | 5,293 | |
| Cash and cash equivalents at end of the period | | | | | |
| | 61,132 | 61,132 | 11,288 | 11,288 | |

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 SECOND QUARTER AND SIX MONTHS ENDED
30 JUNE 2011

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

| | | CDL Hospitality Trusts | | | |
|-----------------------------|---|--|--|--|--|
| Foot- notes | | 1 Apr 2011 to 30 Jun 2011 S\$'000 | 1 Jan 2011 to 30 Jun 2011 S\$'000 | 1 Apr 2010 to 30 Jun 2010 S\$'000 | 1 Jan 2010 to 30 Jun 2010 S\$'000 |
| Operating activities | | | | | |
| | Net income | 29,100 | 52,665 | 20,639 | 42,052 |
| | Adjustments for: | | | | |
| | H-REIT Manager's acquisition fee | 1,540 | 1,540 | - | - |
| (a) | H-REIT Manager's fee paid/payable in Stapled Securities | 2,406 | 4,520 | 2,023 | 3,839 |
| | Net finance costs | 2,973 | 6,562 | 5,209 | 5,909 |
| | Operating income before working capital changes | 36,019 | 65,287 | 27,871 | 51,800 |
| | Changes in working capital: | | | | |
| | Trade and other receivables | (4,698) | (1,920) | 365 | 1,932 |
| | Trade and other payables | (207) | (5,252) | (178) | 1,592 |
| | Cash used in operation | 31,114 | 58,115 | 28,058 | 55,324 |
| | Income tax paid | - | (727) | - | - |
| | Cash generated from operating activities | 31,114 | 57,388 | 28,058 | 55,324 |
| Investing activities | | | | | |
| | Cash outflow from acquisition of an investment property | (155,807) | (155,807) | (4,362) | (237,700) |
| (b) | Security deposit from acquisition of an investment property | 1,600 | 1,600 | - | - |
| | Capital expenditure on investment properties | (3,134) | (6,178) | (1,751) | (2,309) |
| | Interest received | 161 | 247 | 49 | 54 |
| | Cash flows from investing activities | (157,180) | (160,138) | (6,064) | (239,955) |
| Financing activities | | | | | |
| | Proceeds from bank loans | 153,200 | 153,200 | 1,269 | 267,136 |
| (c) | Repayment of bank loans | - | - | (19,000) | (30,500) |
| | Other transaction expenses | (14) | (14) | - | - |
| | Finance costs paid | (1,976) | (5,754) | (4,598) | (6,561) |
| | Distribution to holders of Stapled Securities | - | (50,911) | - | (39,452) |
| | Cash flows from financing activities | 151,210 | 96,521 | (22,329) | 190,623 |
| | Net increase/(decrease) in cash and cash equivalents | 25,144 | (6,229) | (335) | 5,992 |
| | Cash and cash equivalents at beginning of the period | 36,372 | 67,745 | 12,008 | 5,681 |
| | Cash and cash equivalents at end of the period | 61,516 | 61,516 | 11,673 | 11,673 |

**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 SECOND QUARTER AND SIX MONTHS ENDED 30 JUNE 2011

| | H-REIT Group | | CDL Hospitality Trusts | |
|--|------------------------|------------------------|------------------------|------------------------|
| | 30 Jun 2011 S\$'000 | 30 Jun 2010 S\$'000 | 30 Jun 2011 S\$'000 | 30 Jun 2010 S\$'000 |
| Cash and cash equivalents in consolidated balance sheets | 61,147 | 11,288 | 61,531 | 11,673 |
| Fixed deposit pledged to a financial institution | (15) | - | (15) | - |
| Cash and cash equivalents in consolidated statements of cash flows | 61,132 | 11,288 | 61,516 | 11,673 |

Footnotes

(a) *Significant non-cash transactions*

Quarter ended 30 June 2011

1,186,793 (Quarter ended 30 June 2010: 1,130,764) Stapled Securities amounting to S\$2,406,000 (Quarter ended 30 June 2010: S\$2,023,000) 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 2011 on 27 July 2011.

Period from 1 January 2011 to 30 June 2011

2,253,537 (six months ended 30 June 2010: 2,161,983) Stapled Securities amounting to S\$4,520,000 (six months ended 30 June 2010: S\$3,839,000) 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 2011.

(b) *For explanations on the significant movements in the cashflow, please refer to Footnote (b) on page 11 of the Announcement.*

(c) *For explanations on the significant movements in the cashflow, please refer to Footnote (c) on page 11 and page 12, Section (1)(b)(ii) Footnote (iii) of the Announcement.*

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

| | 1 Apr 2011 to 30 Jun 2011 S\$'000 | 1 Apr 2010 to 30 Jun 2010 S\$'000 | 1 Jan 2011 to 30 Jun 2011 S\$'000 | 1 Jan 2010 to 30 Jun 2010 S\$'000 |
|---------------------------------------|--|--|--|--|
| Balance as at beginning of the period | 383 | 384 | 383 | 384 |
| Net loss after tax | (1) | (1) | (1) | (1) |
| Balance as at end of the period | 382 | 383 | 382 | 383 |

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 SECOND QUARTER AND SIX MONTHS ENDED 30 JUNE 2011

1 (d)(ii) Statement of movements in unitholders’ funds for the period from 1 April 2011 to 30 June 2011

| 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 |
| Balance as at 1 April 2011 | 1,109,323 | (24,695) | (7,204) | 351,573 | 1,428,997 | 1,429,380 |
| Operations | | | | | | |
| Increase in net assets resulting from operations | - | - | - | 29,028 | 29,028 | 29,027 |
| Movements in foreign currency translation reserve: | | | | | | |
| - Translation differences relating to financial statements of foreign subsidiaries | - | - | (491) | - | (491) | (491) |
| - Exchange differences on monetary items forming part of net investment in a foreign operation | - | - | 6,276 | - | 6,276 | 6,276 |
| - Exchange differences on hedge of net investment in a foreign operation | - | - | (373) | - | (373) | (373) |
| Unitholders’ transactions | | | | | | |
| (i) Stapled Securities to be issued as payment of H- REIT Manager’s management fees | (a) 2,406 | - | - | - | 2,406 | 2,406 |
| (ii) Stapled Securities to be issued as payment of H-REIT Manager’s acquisition fees | 1,540 | - | - | - | 1,540 | 1,540 |
| Increase in net assets resulting from unitholders’ transactions | 3,946 | - | - | - | 3,946 | 3,946 |
| Balance as at 30 June 2011 | 1,113,269 | (24,695) | (1,792) | 380,601 | 1,467,383 | 1,467,765 |

**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 SECOND QUARTER AND SIX MONTHS ENDED 30 JUNE 2011

1 (d)(iii) Statement of movements in unitholders’ funds for the period from 1 January 2011 to 30 June 2011

| 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 |
| Balance as at 1 January 2011 | 1,107,209 | (24,695) | (2,061) | 379,402 | 1,459,855 | 1,460,238 |
| Operations | | | | | | |
| Increase in net assets resulting from operations | - | - | - | 52,110 | 52,110 | 52,109 |
| Movements in foreign currency translation reserve: | | | | | | |
| - Translation differences relating to financial statements of foreign subsidiaries | - | - | (1,214) | - | (1,214) | (1,214) |
| - Exchange differences on monetary items forming part of net investment in a foreign operation | - | - | 225 | - | 225 | 225 |
| - Exchange differences on hedge of net investment in a foreign operation | - | - | 1,258 | - | 1,258 | 1,258 |
| Unitholders’ transactions | | | | | | |
| (i) Stapled Securities issued and to be issued as payment of H-REIT Manager’s management fees | (a) 4,520 | - | - | - | 4,520 | 4,520 |
| (ii) Stapled securities issued and to be issued as payment of H-REIT Manager’s acquisition fee | 1,540 | - | - | - | 1,540 | 1,540 |
| (iii) Distribution to holders of Stapled Securities | (b) - | - | - | (50,911) | (50,911) | (50,911) |
| Decrease in net assets resulting from unitholders’ transactions | 6,060 | - | - | (50,911) | (44,851) | (44,851) |
| Balance as at 30 June 2011 | 1,113,269 | (24,695) | (1,792) | 380,601 | 1,467,383 | 1,467,765 |

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 2010 to 31 December 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 SECOND QUARTER AND SIX MONTHS ENDED 30 JUNE 2011

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

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 SECOND QUARTER AND SIX MONTHS ENDED 30 JUNE 2011

1 (d)(v) 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 |
| Balance as at 1 January 2010 | 899,270 | (20,674) | (5,097) | 324,011 | 1,197,510 | 1,197,894 |
| Operations | | | | | | |
| Increase in net assets resulting from operations | - | - | - | 42,049 | 42,049 | 42,048 |
| Movements in foreign currency translation reserve: | | | | | | |
| - 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 |
| Unitholders’ transactions | | | | | | |
| (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) |
| Decrease in net assets resulting from unitholders’ transactions | 3,839 | - | - | (39,452) | (35,613) | (35,613) |
| Balance as at 30 June 2010 | 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.*

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 SECOND QUARTER AND SIX MONTHS ENDED 30 JUNE 2011

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

| <----- H-REIT Group and CDL Hospitality Trusts -----> | | | | |
|--|---------------------------------|---------------------------------|---------------------------------|---------------------------------|
| Foot- notes | 1 Apr 2011 to 30 Jun 2011 | 1 Apr 2010 to 30 Jun 2010 | 1 Jan 2011 to 30 Jun 2011 | 1 Jan 2010 to 30 Jun 2010 |
| Issued H-REIT units / Stapled Securities at the beginning of the period | 958,768,077 | 837,608,968 | 957,718,797 | 836,575,110 |
| Issue of new H-REIT units / Stapled Securities ^(a) | | | | |
| - as payment of H-REIT Manager's management fees | 1,066,744 | 1,031,219 | 2,116,024 | 2,065,077 |
| - as payment of H-REIT Manager's acquisition fees (b) | 760,794 | - | 760,794 | - |
| Issued H-REIT units / Stapled Securities at the end of the period | 960,595,615 | 838,640,187 | 960,595,615 | 838,640,187 |
| H-REIT units/ Stapled Securities to be issued: | | | | |
| - as payment of H-REIT Manager's management fees (c) | 1,186,793 | 1,130,764 | 1,186,793 | 1,130,764 |
| - as payment of H-REIT Manager's acquisition fees (d) | - | 85,821 | - | 85,821 |
| Total issued and issuable H-REIT units / Stapled Securities at the end of the period | 961,782,408 | 839,856,772 | 961,782,408 | 839,856,772 |

Footnotes

- (a) *Each Stapled Security comprises one H-REIT unit and one HBT unit.*
- (b) *An additional 760,794 H-REIT units/Stapled Securities were issued to H-REIT Manager as satisfaction of acquisition of Studio M Hotel.*
- (c) *These represent the H-REIT units/Stapled Securities to be issued as partial satisfaction of the management fee incurred for the respective quarters.*
- (d) *Following the finalisation of the income tax affairs in 2010, the H-REIT Manager's fee 85,821 units payable on acquisition of Novotel Clarke Quay was written back.*

**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 SECOND QUARTER AND SIX MONTHS ENDED
30 JUNE 2011**

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 2011 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 2010.

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.

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 SECOND QUARTER AND SIX MONTHS ENDED 30 JUNE 2011

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

| | 1 Apr 2011 to 30 Jun 2011 | 1 Apr 2010 to 30 Jun 2010 | 1 Jan 2011 to 30 Jun 2011 | 1 Jan 2010 to 30 Jun 2010 |
|---|---------------------------------|---------------------------------|---------------------------------|---------------------------------|
| Weighted average number of Stapled Securities | 960,608,657 ^(a) | 838,738,434 | 960,077,640 ^(b) | 838,225,192 |
| Earnings per Stapled Security based on the weighted average number of Stapled Securities (cents) | | | | |
| - basic and diluted | 3.02 | 2.46 | 5.43 | 5.02 |
| Distribution per Stapled Security for the period based on the total number of Stapled Securities entitled to the distribution (cents) | | | | |
| - Taxable income | 2.78 | 2.30 | 4.96 | 4.41 |
| - Tax exempt income | 0.18 | 0.27 | 0.38 | 0.48 |
| | 2.96 ^(c) | 2.57 | 5.34 | 4.89 |

Footnotes

- (a) *The weighted average number of Stapled Securities used for computation of EPS for the quarter ended 30 June 2011 is 960,608,657. This comprises:*
- (i) *The weighted average number of Stapled Securities in issue as at 30 June 2011 of 959,834,821;*
 - (ii) *Weighted average number of Stapled Securities in issue to the H-REIT Manager as satisfaction of the acquisition fee payable in units in respect of the acquisition of Studio M Hotel of 760,794; and*
 - (iii) *Weighted average number of Stapled Securities in issue to the H-REIT Manager as satisfaction of management fee payable in units for the quarter ended 30 June 2011 of 13,042.*
- (b) *The weighted average number of Stapled Securities used for computation of EPS for the period from 1 January 2011 to 30 June 2011 is 960,077,640. This comprises:*
- (i) *The weighted average number of Stapled Securities in issue as at 30 June 2011 of 959,310,289;*
 - (ii) *Weighted average number of Stapled Securities in issue to the H-REIT Manager as satisfaction of the acquisition fee payable in units in respect of the acquisition of Studio M Hotel of 760,794; 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 2011 of 6,557.*

**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 SECOND QUARTER AND SIX MONTHS ENDED 30 JUNE 2011

- (c) *The computation of DPS for the quarter ended 30 June 2011 is based on the number of Stapled Securities entitled to distribution of 961,782,408, which is the number of Stapled Securities in issue as at 30 June 2011. This comprises:*
- (i) *The number of Stapled Securities in issue as at 30 June 2011 of 959,834,821;*
 - (ii) *The number of Stapled Securities in issue to the H-REIT Managers as satisfaction of acquisition fee payable in units in respect of acquisition of Studio M Hotel of 760,794; and*
 - (iii) *The Stapled Securities to be issued to the H-REIT Manager as satisfaction of manager fee payable in unit for the quarter ended 30 June 2011 of 1,186,793.*

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 2011 S\$ | 31 Dec 2010 S\$ | 30 Jun 2011 S\$ | 31 Dec 2010 S\$ |
| Net asset value per H-REIT unit / Stapled Security | 1.53 ^(a) | 1.52 | 1.53 ^(b) | 1.52 |

Footnotes

- (a) *The net asset value per H-REIT unit as at 30 June 2011 is computed based on:*
- *Unitholders’ funds of H-REIT Group of S\$1,467,383,000; and*
 - *The number of issued and issuable H-REIT units of 961,782,408 (31 December 2010: 958,768,077) (see paragraph 1(e) on page 20 for details).*
- (b) *The net asset value per Stapled Security as at 30 June 2011 is computed based on:*
- *Unitholders’ funds of CDL Hospitality Trusts as at 30 June 2011 of S\$1,467,765,000; and*
 - *The number of issued and issuable Stapled Securities of 961,782,408 (31 December 2010: 958,768,077) (see paragraph 1(e) on page 20 for details).*
- (c) *Net asset value of HBT as at 30 June 2011 is S\$382,000 (31 December 2010: S\$383,000). The net asset value per HBT unit is 0.04 cents (31 December 2010: 0.04 cents). The number of HBT units used for computation of the actual net asset value per HBT unit is 961,782,408 (31 December 2010: 958,768,077) comprising:*
- *HBT units in issue as at 30 June 2011 of 959,834,821 (31 December 2010: 957,718,797);*
 - *HBT units in issue to the H-REIT Manager as satisfaction of the acquisition fee payable in units in respect of the acquisition of Studio M Hotel of 760,794; and*
 - *HBT units to be issued to the H-REIT Manager as satisfaction of management fee payable in units for the quarter ended 30 June 2011 of 1,186,793 (31 December 2010: 1,049,280).*

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 SECOND QUARTER AND SIX MONTHS ENDED 30 JUNE 2011

8 Review of the performance for the quarter ended 30 June 2011

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

| | Foot- notes | 1 Apr 2011 to 30 Jun 2011 S\$'000 | 1 Apr 2010 to 30 Jun 2010 S\$'000 | Increase/ (Decrease) % | 1 Jan 2011 to 30 Jun 2011 S\$'000 | 1 Jan 2010 to 30 Jun 2010 S\$'000 | Increase/ (Decrease) % |
|-----------------------------|----------------|--|--|------------------------------|--|--|------------------------------|
| Gross revenue | | 34,569 | 30,713 | 12.6 | 66,870 | 57,318 | 16.7 |
| Property tax | | 1,653 | (1,427) | N.M | 36 | (2,759) | N.M |
| Insurance | | (205) | (216) | -5.1 | (337) | (436) | -22.7 |
| Other property expenses | | (432) | (372) | 16.1 | (864) | (706) | 22.4 |
| Net property income | | 35,585 | 28,698 | 24.0 | 65,705 | 53,417 | 23.0 |
| H-REIT Manager's fees | | (3,008) | (2,529) | 18.9 | (5,651) | (4,800) | 17.7 |
| H-REIT Trustee's fees | | (59) | (54) | 9.3 | (114) | (106) | 7.5 |
| Other trust expenses | | (445) | (267) | 66.7 | (713) | (550) | 29.6 |
| Finance income | | 593 | 43 | N.M | 313 | 3,226 | -90.3 |
| Finance costs | | (3,566) | (5,252) | -32.1 | (6,875) | (9,135) | -24.7 |
| Net finance costs | (a) | (2,973) | (5,209) | -42.9 | (6,562) | (5,909) | 11.1 |
| Net income | | 29,100 | 20,639 | 41.0 | 52,665 | 42,052 | 25.2 |
| Income tax expense | (a) | (73) | (4) | N.M | (556) | (4) | N.M |
| Total return for the period | | 29,027 | 20,635 | 40.7 | 52,109 | 42,048 | 23.9 |

Footnotes

- (a) Please refer to Footnote (f) on page 6 for net finance costs and Footnote (h) on page 8 for income tax expense under paragraph 1(a).

**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 SECOND QUARTER AND SIX MONTHS ENDED 30 JUNE 2011

8 (ii) Breakdown of Total Gross Revenue by Property

| | Foot- notes | 1 Apr 2011 to 30 Jun 2011 S\$'000 | 1 Apr 2010 to 30 Jun 2010 S\$'000 | Increase/ (Decrease) % | 1 Jan 2011 to 30 Jun 2011 S\$'000 | 1 Jan 2010 to 30 Jun 2010 S\$'000 | Increase/ (Decrease) % |
|-------------------------------------|----------------|--|--|------------------------------|--|--|------------------------------|
| Orchard Hotel | | 6,568 | 6,567 | 0.0 | 13,251 | 12,982 | 2.1 |
| Grand Copthorne Waterfront Hotel | | 6,047 | 5,468 | 10.6 | 11,678 | 10,190 | 14.6 |
| M Hotel | | 3,960 | 3,872 | 2.3 | 7,934 | 7,331 | 8.2 |
| Copthorne King's Hotel | | 2,649 | 2,270 | 16.7 | 5,106 | 4,459 | 14.5 |
| Orchard Hotel Shopping Arcade | | 1,314 | 1,102 | 19.2 | 2,597 | 2,200 | 18.0 |
| Studio M Hotel | (a) | 1,763 | - | N.M | 1,763 | - | N.M |
| Rendezvous Hotel Auckland | | 2,228 | 2,118 | 5.2 | 4,394 | 4,268 | 3.0 |
| Novotel Clarke Quay | | 5,517 | 4,888 | 12.9 | 10,354 | 9,486 | 9.2 |
| Ibis Brisbane | | 589 | 532 | 10.7 | 1,236 | 766 | 61.4 |
| Mercure Brisbane | | 754 | 782 | 3.6 | 1,724 | 1,134 | 52.0 |
| Novotel Brisbane | | 1,633 | 1,600 | 2.1 | 3,430 | 2,313 | 48.3 |
| Ibis Perth | | 613 | 600 | 2.2 | 1,313 | 867 | 51.4 |
| Mercure Perth | | 934 | 914 | 2.2 | 2,090 | 1,322 | 58.1 |
| Total | | 34,569 | 30,713 | 12.6 | 66,870 | 57,318 | 16.7 |

Footnotes

(a) No prior period comparatives are presented as Studio M Hotel was only acquired on 3 May 2011.

**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 SECOND QUARTER AND SIX MONTHS ENDED 30 JUNE 2011

8 (iii) Breakdown of Net Property Income by Property

| | Foot- notes | 1 Apr 2011 to 30 Jun 2011 S\$'000 | 1 Apr 2010 to 30 Jun 2010 S\$'000 | Increase/ (Decrease) % | 1 Jan 2011 to 30 Jun 2011 S\$'000 | 1 Jan 2010 to 30 Jun 2010 S\$'000 | Increase/ (Decrease) % |
|-------------------------------------|----------------|--|--|------------------------------|--|--|------------------------------|
| Orchard Hotel | | 7,201 | 6,086 | 18.3 | 13,383 | 12,025 | 11.3 |
| Grand Copthorne Waterfront Hotel | | 6,348 | 5,100 | 24.5 | 11,581 | 9,457 | 22.5 |
| M Hotel | | 4,208 | 3,579 | 17.6 | 7,862 | 6,776 | 16.0 |
| Copthorne King's Hotel | | 2,733 | 1,993 | 37.1 | 4,908 | 3,955 | 24.1 |
| Orchard Hotel Shopping Arcade | | 932 | 786 | 18.6 | 1,839 | 1,611 | 14.2 |
| Studio M Hotel | (a) | 1,654 | - | N.M | 1,654 | - | N.M |
| Rendezvous Hotel Auckland | | 2,228 | 2,118 | 5.2 | 4,394 | 4,268 | 3.0 |
| Novotel Clarke Quay | | 5,758 | 4,608 | 25.0 | 10,291 | 8,923 | 15.3 |
| Ibis Brisbane | | 589 | 532 | 10.7 | 1,236 | 766 | 61.4 |
| Mercure Brisbane | | 754 | 782 | 3.6 | 1,724 | 1,134 | 52.0 |
| Novotel Brisbane | | 1,633 | 1,600 | 2.1 | 3,430 | 2,313 | 48.3 |
| Ibis Perth | | 613 | 600 | 2.2 | 1,313 | 867 | 51.4 |
| Mercure Perth | | 934 | 914 | 2.2 | 2,090 | 1,322 | 58.1 |
| Total | | 35,585 | 28,698 | 24.0 | 65,705 | 53,417 | 23.0 |

Footnotes

(a) No prior period comparatives are presented as Studio M Hotel was only acquired on 3 May 2011.

**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 SECOND QUARTER AND SIX MONTHS ENDED 30 JUNE 2011

8 (iv) Review of the Performance

Second Quarter ended 30 June 2011

Gross revenue of S\$34.6 million for 2Q 2011 exceeded that of 2Q 2010 by S\$3.9 million or 12.6%. The increase was attributed to improved hospitality performance across the portfolio and contribution from the recently acquired Studio M Hotel, which accounted for approximately S\$1.8 million of the gross revenue increase.

In tandem with the growth in visitor arrivals, all the Singapore Hotels showed generally healthy growth, with the exception of Orchard Hotel. Orchard Hotel, which is the largest single asset in the portfolio, registered a 4.9% contraction in RevPAR primarily due to 4,417 room nights being taken out of its inventory during 2Q 2011 for refurbishment. This contributed to the modest overall RevPAR growth of 4.8% year-on-year to S\$205 in 2Q 2011 for the Singapore Hotels (excluding Studio M Hotel). In addition, Novotel Clarke Quay had 1,133 room nights taken out of its inventory during the Easter period for about two weeks. The newly acquired asset, Studio M Hotel, performed well in 2Q 2011, achieving a RevPAR of S\$168 for period from 1 April to 30 June 2011.

Net property income for the reporting quarter was S\$35.6 million, which exceeded the corresponding quarter last year by S\$6.9 million or 24.0%. The improvement was mainly attributed to improved gross revenue and a one-off property tax refund of about S\$3.3 million arising from the revised property tax assessments issued by IRAS in respect of the years 2006 to 2008.

The total return for the quarter was boosted by lower net finance costs, which reduced by S\$2.2 million or 42.9% over 2Q 2010. This was mainly due to lower funding costs and lower amortisation expenses.

The total income available for distribution (before deducting income retained for working capital) of S\$31.7 million in 2Q 2011 exceeded 2Q 2010 by S\$7.6 million or 31.3%. In line with the improved operating results, the income to be distributed per Stapled Security for 2Q 2011 (after deducting the income retained for working capital) was 2.96 cents, a 15.2% growth over the 2.57 cents recorded in the corresponding quarter last year.

For the reporting quarter, the Singapore Hotels achieved a combined Hotel revenue of S\$77.5 million, an improvement of 12.5% over the previous corresponding quarter of S\$68.9 million. Gross operating profit for the Singapore Hotels in 2Q 2011 was a healthy S\$42.4 million, 15.8% higher than the S\$36.6 million recorded in 2Q 2010.

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

| | 1 Apr 2011 to 30 Jun 2011 ^(a) | 1 Apr 2010 to 30 Jun 2010 | Increase /(Decline) |
|--|--|---------------------------------|------------------------|
| Average Occupancy Rate | 88.1% | 88.5% | (0.4)pp |
| Average Daily Rate | S\$232 | S\$220 | 5.5% |
| Room Revenue per Available Room (RevPAR) | S\$205 | S\$195 | 4.8% |

Footnotes

(a) Excludes Studio M Hotel, which was only acquired on 3 May 2011.

**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 SECOND QUARTER AND SIX MONTHS ENDED 30 JUNE 2011

Net property income contributed by the Orchard Hotel Shopping Arcade for 2Q 2011 was S\$0.9 million. Average occupancy was 97.0% in 2Q 2011 with an average monthly rental rate of about S\$7.05 per sq. ft.

Six months ended 30 June 2011

Performance for 1H 2011 was strong with gross revenues of S\$66.9 million and net property income of S\$65.7 million, which exceeded the corresponding year by 16.7% and 23.0% respectively. The improved operating performance was due to both organic growth across the Singapore portfolio, a one-off property tax refund of S\$3.3 million and contribution from the recently acquired Studio M Hotel. The results were also boosted by the recording of an additional variable income of S\$0.84 million (or A\$0.65 million) from its Australia Hotels, which was recognised upon receipt. Despite stiff market competition, average room rates have increased by 7.5% to S\$230 in 1H 2011. RevPAR for the Singapore Hotels rose steadily to S\$200 or 8.2% increase over the same period last year.

Finance costs reduced by S\$2.3 million in 1H 2011 partially due to lower borrowing costs and amortisation expenses. Despite this, net finance costs increased by S\$0.7 million over corresponding period last year, mainly due to the absence of a realised gain of approximately S\$3.0 million. The exchange gain arose from the conversion of Singapore dollar borrowings (which were drawn to partially fund the purchase the Australia Hotels) into Australian dollars at favorable exchange rates.

The income available for distribution (before deducting income retained for working capital) of S\$57.0 million in 1H 2011 exceeded the previous corresponding period by S\$11.3 million, or 24.7%. In line with the improved operating results, the income to be distributed per Stapled Security for 1H 2011 (after deducting the income retained for working capital) was 5.34 cents, a 9.2% growth over the 4.89 cents recorded in the corresponding period last year.

Overall, the Singapore Hotels achieved a combined Hotel revenue of S\$148.8 million, an improvement of 11.2% as compared to the corresponding period last year of S\$133.8 million. Gross operating profit in 1H 2011 was S\$79.5 million, 14.2% higher than the S\$69.6 million recorded 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 2011 to 30 Jun 2011 ^(a) | 1 Jan 2010 to 30 Jun 2010 | Increase |
|--|--|---------------------------------|----------|
| Average Occupancy Rate | 86.9% | 86.4% | 0.5 pp |
| Average Daily Rate | S\$230 | S\$214 | 7.5% |
| Room Revenue per Available Room (RevPAR) | S\$200 | S\$185 | 8.2% |

Footnotes

(a) Excludes Studio M Hotel, which was only acquired on 3 May 2011.

Net property income contributed by the Orchard Hotel Shopping Arcade for 1H 2011 was S\$1.8 million. Average occupancy was 96.7% in 1H 2011 with an average monthly rental rate of approximately S\$6.98 per sq. ft.

**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 SECOND QUARTER AND SIX MONTHS ENDED
30 JUNE 2011**

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 global hospitality markets in the next 12 months could be adversely affected by a faltering US economy, a worsening of the European debt crisis, or a prolonged economic downturn in Japan in the aftermath of the earthquake and tsunami. In addition, political uncertainty in the Middle East and the attendant impact on oil prices, may also have a significant adverse impact on the hospitality sector.

For the first five months of 2011, however, Singapore continued to see continued strong growth in visitor arrivals of 15% compared to the corresponding period a year ago. In terms of new inventory, room supply increased by 1,312 rooms or 3.3% for the first six months of the year and is expected to increase by another 712 rooms or 1.8% for the rest of 2011. The cumulative net supply increase forecasted for 2011 is 2,024 rooms or 5.1% increase compared to the 2010. The increased room supply is expected to lead to a more competitive environment in the Singapore hospitality market.

In 2H 2011, upcoming new attractions in Singapore will continue to broaden and enrich the experience of visitors to Singapore and further rejuvenate the lifestyle and entertainment landscape in Singapore. For example, Resorts World Sentosa would be opening the Maritime Experiential Museum and Aquarium, Equarius Water Park and a much awaited new ride - Transformers - in Universal Studios Singapore, while Marina Bay Sands would be launching two leading US night clubs - Avalon and Pangaea.

CDLHT is well poised to further benefit from any increase in accommodation demand in Singapore following the completion of the acquisition of Studio M Hotel (the "Acquisition") on 3 May 2011 and certain asset enhancement works by 2H 2011. The Acquisition has allowed CDLHT to increase its total number of rooms in the Singapore hospitality market from 2,353 rooms to 2,713 rooms. With respect to the asset enhancement works, the 88 remaining rooms at Novotel Clarke Quay are scheduled to start in late December and be completed by early 2012 while 108 rooms at Orchard Hotel are scheduled to be renovated by the third week of September. Management will continue to work closely with the respective master lessees to minimize the impact on business interruptions during the renovation works.

CDLHT's Australia Hotels performed well in 2Q 2011. Both the Brisbane and Perth hotels continued to perform strongly in a market bolstered by the buoyant natural resource sector and static supply of hotel rooms.

Post acquisition, CDLHT's gearing as at 30 June 2011 is maintained at a healthy level of 26.3%, leaving it well-positioned for further expansion in the Asian hospitality sector in 2011.

**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 SECOND QUARTER AND SIX MONTHS ENDED
 30 JUNE 2011**

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 2011 to 30 June 2011 |
| i. Distribution type | Taxable income |
| Distribution rate | 4.96 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 | 0.38 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> |

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 SECOND QUARTER AND SIX MONTHS ENDED 30 JUNE 2011

11 (b) Corresponding period of the preceding 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 ^(a) |
| 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 Unaudited Financial Statements Announcement for the second quarter and six months ended 30 June 2010, 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.

**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 SECOND QUARTER AND SIX MONTHS ENDED
30 JUNE 2011**

11 (c) Book closure date

5.00 p.m. on 4 August 2011

11 (d) Date payable

29 August 2011

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 2011 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

27 July 2011

**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 SECOND QUARTER AND SIX MONTHS ENDED
30 JUNE 2011**

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)

27 July 2011

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)

27 July 2011



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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

27 July 2011

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 Jun 2011, and the related consolidated statements of total return, statements of movements in unitholders' funds, distribution statements and cash flow statements for the 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' 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
27 July 2011