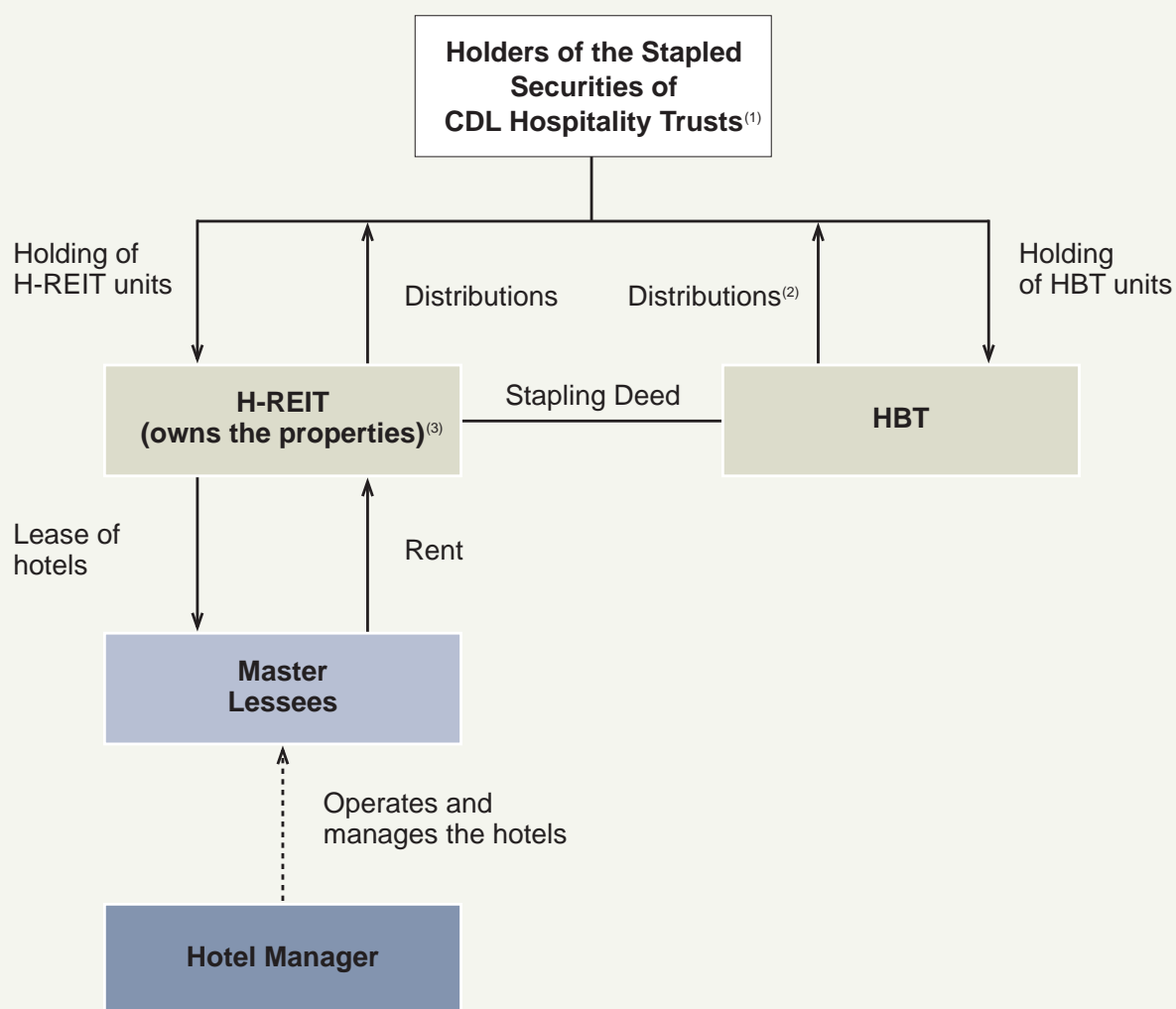


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OVERVIEW OF CDL HOSPITALITY TRUSTS

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-ST") on 19 July 2006. HBT is presently dormant.

CDL Hospitality Trusts is presenting its full year financial results for the year ended 31 December 2007.



⁽¹⁾ Each Stapled Security comprises a unit in H-REIT and a unit in HBT.

⁽²⁾ Distributions (if any) to be made by HBT, when activated, will be determined by the HBT trustee-manager Board in its sole discretion.

⁽³⁾ Properties include Orchard Hotel Shopping Arcade. However, for simplicity, the diagram reflects the relationships in relation to the hotels only. The various tenants of the retail units at Orchard Hotel Shopping Arcade make rental payment directly to H-REIT under the terms of their respective leases.

H-REIT'S STRATEGY

H-REIT currently owns a portfolio of quality hotel and hotel-related assets in Singapore and New Zealand which are:

- Strategically located in or near the central business districts in key gateway cities
- Marketed as "superior" and/or 5 star hotels

The principal investment strategy of M&C REIT Management Limited, as manager of H-REIT (the "H-REIT Manager"), is to invest in a diversified portfolio of income-producing real estate which is primarily used for hospitality and/or hospitality-related purposes. The investment strategy envisages investments globally. Such investments may be by way of direct acquisition and ownership of properties by H-REIT or may be effected indirectly through the acquisition and ownership of companies or other legal entities whose primary purpose is to hold or own real estate and real estate-related assets which are used for hospitality and hospitality-related purposes. It is intended that H-REIT's investments will be for the long term.

Generally, investments will be made where such investment is considered to be yield accretive and feasible in the light of regulatory, commercial, political and other relevant considerations.

The H-REIT Manager's objective is to maximize the rate of return for the holders of H-REIT units and to make regular distributions. The H-REIT Manager plans to achieve these objectives through the following strategies:

ACQUISITION GROWTH STRATEGY

The H-REIT Manager will continue to pursue opportunities for asset acquisitions that are yield accretive. In evaluating new acquisition opportunities, the H-REIT Manager may consider the need for the diversification of the portfolio by geography and asset profile.

Potential sources of acquisitions are likely to arise from:

- H-REIT's relationship with Millennium & Copthorne Hotels plc ("M&C"), an international hotel owner and operator listed on the London Stock Exchange with a market capitalization of more than £1.3 billion as at 26 February 2008. H-REIT intends to leverage on M&C's experience, market reach and network of contacts in the global hotel and hospitality sector for its acquisition strategy to make yield-accretive acquisitions. In addition, H-REIT can seek partnership and co-operation opportunities with M&C as it expands globally.
- Opportunities arising from trends in the hospitality industry. The H-REIT Manager believes that hospitality service providers are increasingly looking to free up capital for business expansion and many investment funds also have a finite period to dispose of acquired assets. This may increase the availability of assets for acquisition.
- Hotels that are under-performing which present an opportunity for turnaround with value added strategies such as re-flagging, management change and asset enhancements.

CAPITAL AND RISK MANAGEMENT STRATEGY

The H-REIT Manager intends to use a combination of debt and equity to fund future acquisitions and property enhancements such that it is within the "aggregate leverage" limit set out in the Property Funds Guidelines.

The objectives of the H-REIT Manager in relation to capital and risk management are to:

- maintain a strong balance sheet and remain within the aggregate leverage limit set out in the Property Funds Guidelines;
- minimize the cost of debt financing;
- secure diversified funding sources from both financial institutions and capital markets as H-REIT grows in size and scale; and
- manage the exposure arising from adverse market movements in interest rates and foreign exchange through appropriate hedging strategies.

ACTIVE ASSET MANAGEMENT

The H-REIT Manager intends to leverage upon its relationship with M&C, which has extensive experience in the hospitality industry, to actively improve the operational performance and maximize the cash flow and value of its properties. The H-REIT Manager further intends to optimize the value of H-REIT's hotels with asset enhancement initiatives.

HBT'S STRATEGY

HBT is currently dormant. It will however, become active if any of the following occurs:

- It is appointed by H-REIT, in the absence of any other master lessee(s) being appointed, as a master lessee of one of the hotel assets in H-REIT's portfolio at the expiry of the lease terms. HBT will not, however, manage or operate any of the hotels, and the intention is for HBT to appoint a professional hotel manager, to manage that hotel.
- H-REIT acquires hotels in the future, and, if there are no other suitable master lessees, H-REIT will lease these acquired hotels to HBT. HBT will then become a master lessee for that hotel and will appoint a professional hotel manager to manage that hotel.
- It undertakes certain hospitality and hospitality-related development projects, acquisitions and investments which may not be suitable for H-REIT.

NOTE ON REPORTED FINANCIALS

With respect to the actual financial results of CDL Hospitality Trusts for the period ended 31 December 2006, these refer to the period 8 June 2006, being the date of constitution of H-REIT, and 12 June 2006, being the date of constitution of HBT, to 31 December 2006.

H-REIT only acquired some of its hotels ("IPO Hotels")⁽¹⁾ and Orchard Hotel Shopping Arcade at the initial public offering ("IPO") of CDL Hospitality Trusts on 19 July 2006. Consequently, no actual income was derived by H-REIT for the period 1 January 2006 to 18 July 2006. Unless the context otherwise specifies, pro forma financial figures mentioned in this report for the period ended 31 December 2006 have been compiled based on the actual figures of H-REIT for the period 19 July 2006 to 31 December 2006 and the unaudited financial statements of City Hotels Pte. Ltd.⁽²⁾, Harbour View Hotel Pte. Ltd.⁽²⁾ and Republic Hotels & Resorts Limited⁽²⁾, and the unaudited divisional financial statements of City Developments Limited⁽²⁾ relating to Grand Copthorne Waterfront Hotel for the period 1 January 2006 to 18 July 2006, after making certain assumptions and adjustments as appropriate.

Projections for 2007 ("Projection") are based on the projection, together with the accompanying assumptions, as set out in the prospectus dated 10 July 2006 ("Prospectus").

In summary, unless otherwise specified, the following terms have the meanings specified below:

FY 2007 : Refers to the actual performance of CDL Hospitality Trusts for the period 1 January 2007 to 31 December 2007.

Projection 2007 : Refers to the Projection, together with the accompanying assumptions, as set out in the Prospectus.

FY 2006 : Refers to the actual performance of CDL Hospitality Trusts for the period 8 June 2006, being the date of constitution of H-REIT, and 12 June 2006, being the date of constitution of HBT, to 31 December 2006.

Pro Forma 2006 : Refers to the actual figures of H-REIT for the period 19 July 2006 to 31 December 2006 and the unaudited financial statements of City Hotels Pte.Ltd.⁽²⁾, Harbour View Hotel Pte. Ltd.⁽²⁾ and Republic Hotels & Resorts Limited⁽²⁾, and the unaudited divisional financial statements of City Developments Limited⁽²⁾ relating to Grand Copthorne Waterfront Hotel for the period 1 January 2006 to 18 July 2006, after making certain assumptions and adjustments as appropriate.

⁽¹⁾ Orchard Hotel, Grand Copthorne Waterfront Hotel, M Hotel and Copthorne King's Hotel.

⁽²⁾ City Hotels Pte. Ltd., Harbour View Hotel Pte. Ltd., Republic Hotels & Resorts Limited and City Developments Limited are the vendors of Orchard Hotel and Orchard Hotel Shopping Arcade, M Hotel, Copthorne King's Hotel and Grand Copthorne Waterfront Hotel respectively.

FINANCIAL HIGHLIGHTS

FY 2007 VS. FY 2006

CDL HOSPITALITY REAL ESTATE INVESTMENT TRUST

	As at 31 Dec 2007 ('000)	As at 31 Dec 2006 ('000)	Variance
Balance Sheet			
Capital Employed			
Total assets	S\$1,656,908	S\$1,117,613	+48.3%
Investment properties	S\$1,628,809	S\$1,101,908	+47.8%
Net assets	S\$1,325,476	S\$720,054	+84.1%
Financial Liabilities			
Borrowings	S\$291,654	S\$387,077	-24.7%
Provision for taxation	S\$18,800 ⁽¹⁾	-	NM

NM - Not Meaningful

⁽¹⁾ 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.

FY 2007 VS. PRO FORMA 2006

CDL HOSPITALITY REAL ESTATE INVESTMENT TRUST

	FY 2007 ('000)	Pro Forma 2006 ('000)	Variance
Statement of Total Return			
Revenue	S\$90,654	S\$57,191	+58.5%
Net property income	S\$85,817	S\$52,689	+62.9%
Net income before revaluation	S\$60,028	S\$40,629	+47.7%
Income available for distribution	S\$68,724	NA	NA

NA - Not Available

FY 2007 VS. PROJECTION 2007

CDL HOSPITALITY TRUSTS

	FY 2007 ('000)	Projection 2007 ('000)	Variance
Statement of Total Return			
Revenue	S\$90,654	S\$56,259	+61.1%
Net property income	S\$85,817	S\$51,494	+66.7%
Net income before revaluation	S\$60,028	S\$34,815	+72.4%
Income available for distribution	S\$68,724	S\$39,124	+75.7%

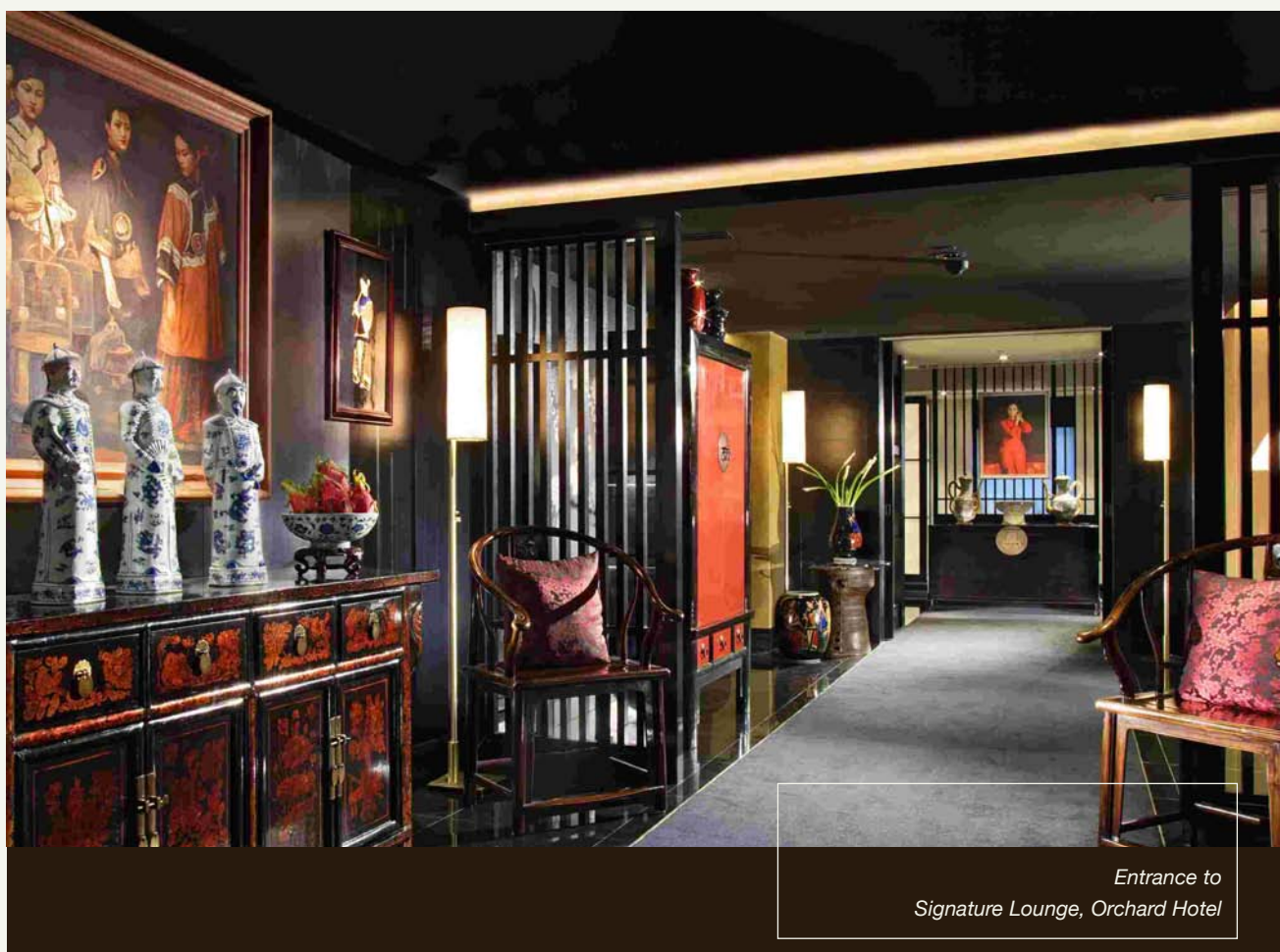
FY 2007 VS. FY 2006
CDL HOSPITALITY REAL ESTATE INVESTMENT TRUST

KEY FINANCIAL RATIOS

	As at 31 Dec 2007	As at 31 Dec 2006	Variance
Net asset value per unit	S\$1.61	S\$1.03	+56.3%
Borrowings & provision for taxation / total assets	18.74%	34.63%	-15.9 percentage points
	FY 2007	FY 2006	Variance
Debt service coverage ratio ⁽¹⁾	5.35	5.18	+3.3%

H-REIT's exposure to derivatives is elaborated in the Financial Statements. The net fair value of the derivatives, which is included in the Financial Statements under Note 21 was a liability of S\$81,000. This represents a negligible percentage of the net assets of H-REIT and of H-REIT's market capitalization as at 31 December 2007.

⁽¹⁾ Defined as net property income divided by interest paid/payable to banks.



Entrance to
Signature Lounge, Orchard Hotel

VALUE CREATION BY CDL HOSPITALITY TRUSTS

CDL HOSPITALITY TRUSTS ENDED FY 2007 WITH:

- Strong underlying performance of hotels
- Strong financial performance
- Strong investment return for holders of stapled securities
- Strong growth in asset portfolio and values

STRONG UNDERLYING PERFORMANCE OF HOTELS

The average occupancy rate, weighted average daily room rates and room revenue per available room for the IPO Hotels exceeded Projection 2007.

	FY 2007	Projection 2007	Variance
Average occupancy rate	87%	82%	+5 percentage points
Weighted average daily rate	S\$202	S\$162	+24.7%
Room revenue per available room (RevPAR) ⁽¹⁾	S\$175	S\$132	+32.6%

For comparison purposes, the room revenue per available room for the IPO Hotels grew 30.1% in FY 2007 against Pro Forma 2006.

	FY 2007	Pro Forma 2006	Variance
Average occupancy rate	87%	83%	+4 percentage points
Weighted average daily rate	S\$202	S\$163	+24.1%
Room revenue per available room (RevPAR) ⁽¹⁾	S\$175	S\$135	+30.1%

For comparison purposes, the room revenue per available room for H-REIT's five Singapore hotels (including Novotel Clarke Quay) grew 30.8% in FY 2007 against Pro Forma 2006.

	FY 2007 ⁽²⁾	Pro Forma 2006 ⁽²⁾	Variance
Average occupancy rate	87%	82%	+5 percentage points
Weighted average daily rate	S\$200	S\$162	+23.5%
Room revenue per available room (RevPAR) ⁽¹⁾	S\$174	S\$133	+30.8%

⁽¹⁾ RevPAR represents the product of the average occupancy rate and weighted average daily rate.

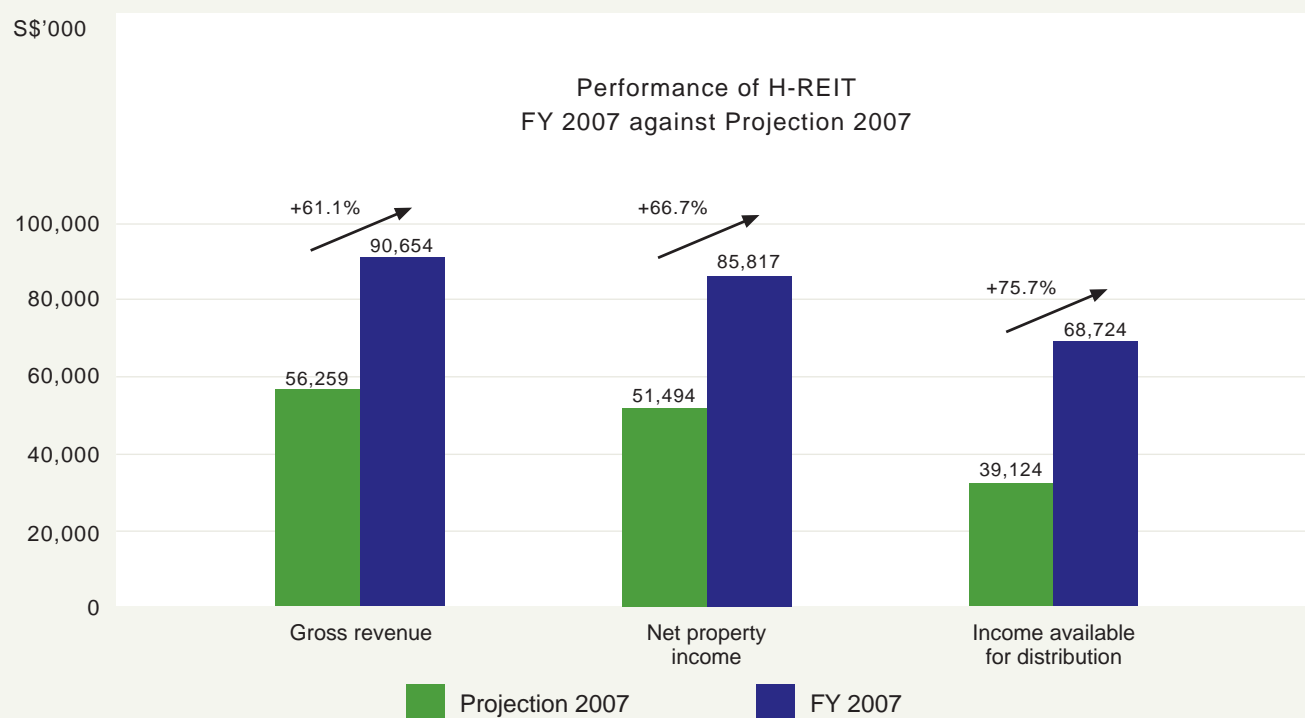
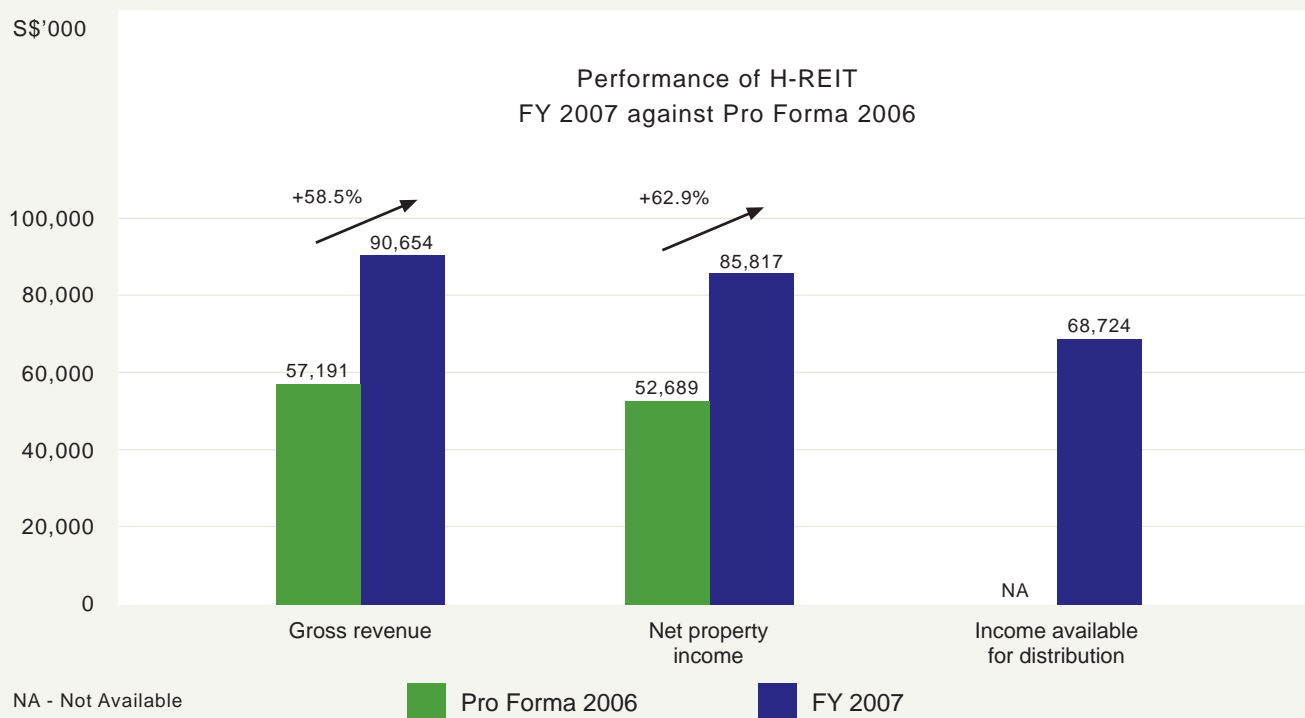
⁽²⁾ Includes the actual and pro forma contributions from Novotel Clarke Quay for the periods from 7 June to 31 December 2007 and 7 June to 31 December 2006 respectively.

STRONG FINANCIAL PERFORMANCE

For FY 2007, H-REIT generated a gross revenue of S\$90.7 million and enjoyed a net property income of S\$85.8 million. Income available for distribution was S\$68.7 million.

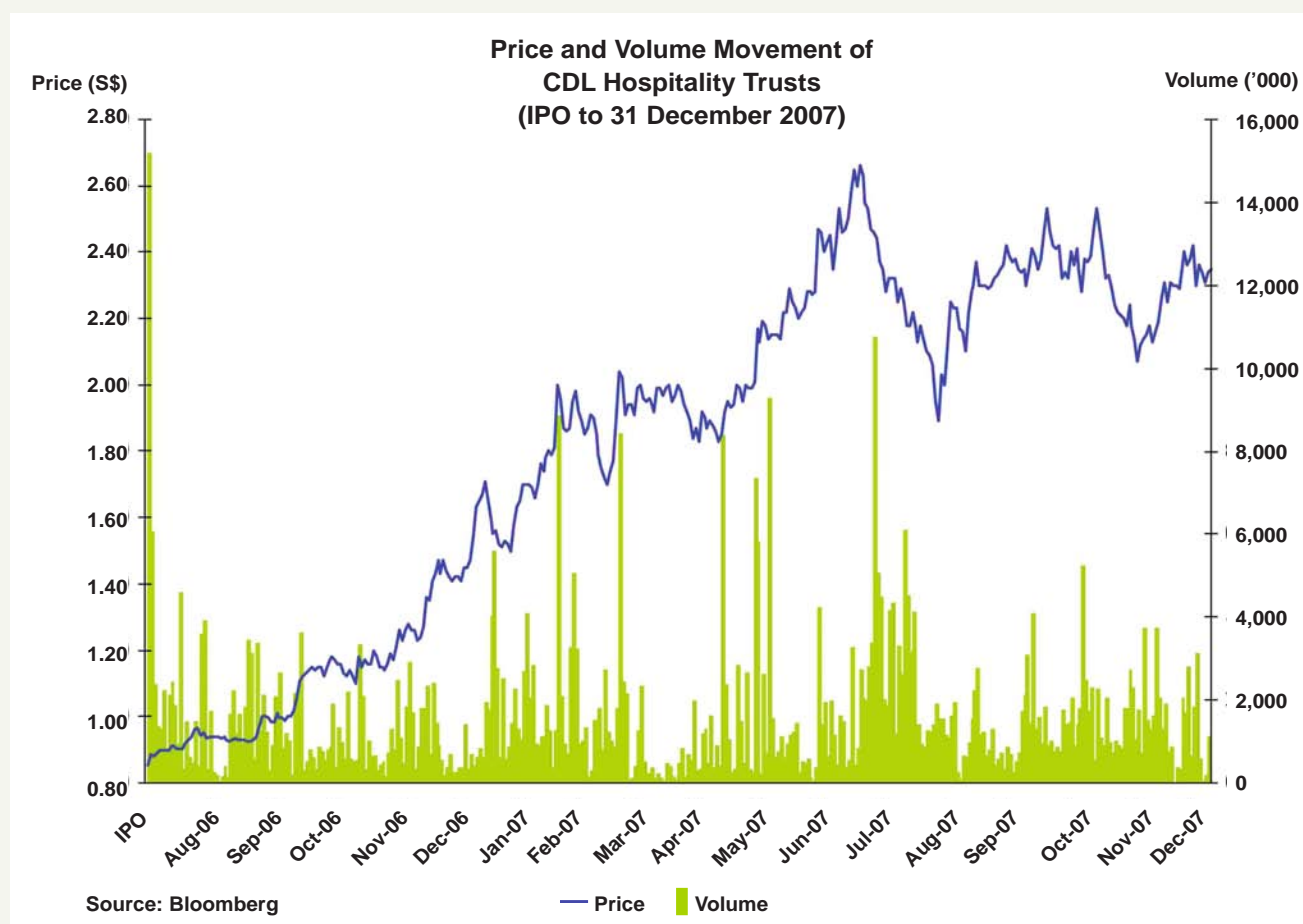
Relative to Pro Forma 2006, gross revenue of H-REIT was up 58.5% and net property income was up 62.9%.

Relative to Projection 2007, gross revenue was up 61.1%, net property income was up 66.7% and income available for distribution was up 75.7%.



STRONG INVESTMENT RETURN FOR HOLDERS OF STAPLED SECURITIES

CDL Hospitality Trusts launched its IPO on 19 July 2006 on the SGX-ST at a price of S\$0.83 per stapled security. CDL Hospitality Trusts closed 2006 and 2007 at a price of S\$1.67 and S\$2.35 per stapled security respectively. Holders of CDL Hospitality Trusts stapled securities since the IPO to the end of 2007 saw a 183% appreciation, and a 41% appreciation from the beginning to the end of 2007, in their stapled security price.



CDL Hospitality Trusts Stapled Security Price Performance

29 December 2006 Closing Price	S\$1.67
31 December 2007 Closing Price	S\$2.35
Highest Price	S\$2.66
Lowest Price	S\$1.50
Weighted Average Price	S\$2.14
Trading Volume	405.96 million stapled securities

Source: Bloomberg

For FY 2007, CDL Hospitality Trusts had income available for distribution of S\$68.7 million resulting in a distribution per stapled security of 8.98 Singapore cents. The distribution per stapled security yield was 3.82% based on the closing market price of S\$2.35 per stapled security on 31 December 2007, the last day of trading for 2007. This was 114 basis points higher than the 10-year Singapore Government Bond yield as at 31 December 2007⁽¹⁾.

As at 31 December 2007, a total of 824,131,917⁽²⁾ stapled securities were issued and/or to be issued.

⁽¹⁾ Source: Bloomberg

⁽²⁾ As at 31 December 2007, 823,271,875 stapled securities were issued (please refer to page 109). 85,821 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 materializes. 774,221 stapled securities were issued on 30 January 2008 as payment for management fees.

STRONG GROWTH IN ASSET PORTFOLIO AND VALUES

As at 31 December 2007, the total value of investment properties grew to S\$1,628.8 million, up from S\$1,101.9 million as at 31 December 2006.

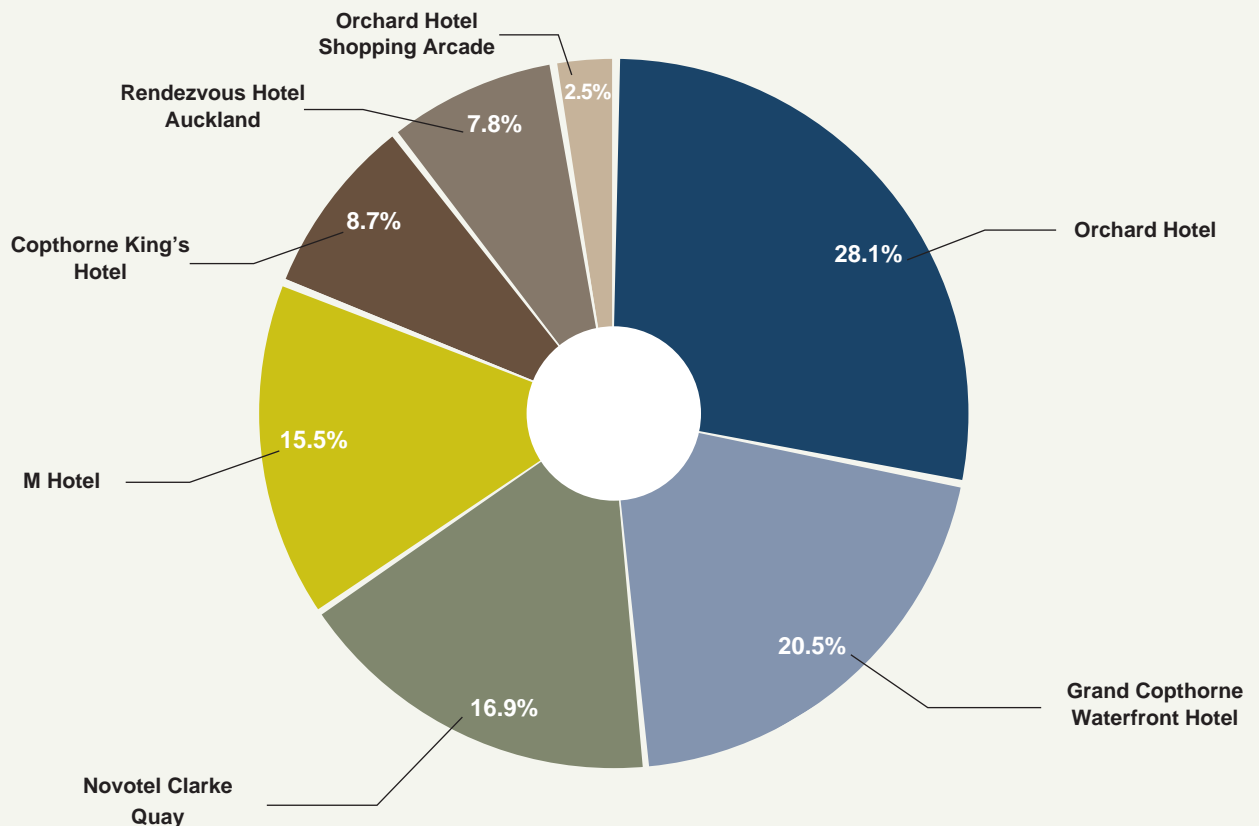
Property Valuation as at				
	Date of Purchase	Purchase Price ('000)	31 December 2006 ('000)	31 December 2007 ('000)
Singapore				
Orchard Hotel	19 July 2006	S\$330,100	S\$384,900	S\$458,000
Grand Copthorne Waterfront Hotel	19 July 2006	S\$234,100	S\$267,200	S\$334,000
M Hotel	19 July 2006	S\$161,500	S\$191,000	S\$253,000
Copthorne King’s Hotel	19 July 2006	S\$86,100	S\$101,000	S\$141,000
Orchard Hotel Shopping Arcade	19 July 2006	S\$34,500	S\$35,100	S\$40,300
Novotel Clarke Quay	7 June 2007	S\$201,000	NA ⁽¹⁾	S\$275,000
New Zealand				
Rendezvous Hotel Auckland	19 December 2006	NZ\$113,000	NZ\$113,000 ⁽²⁾ (S\$122,708) ⁽³⁾	NZ\$114,000 (S\$127,509) ⁽³⁾

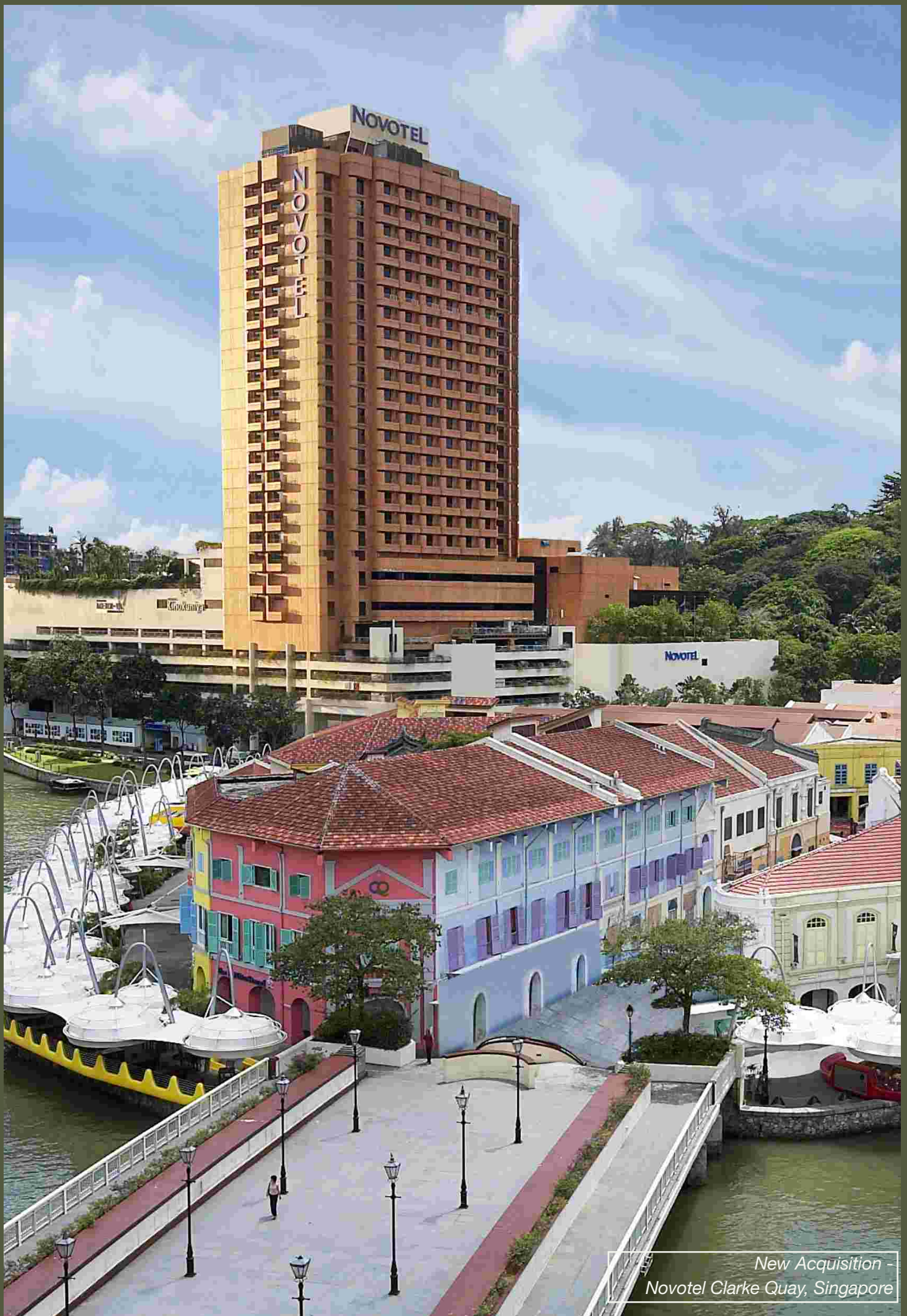
(1) Not applicable as Novotel Clarke Quay was only acquired on 7 June 2007.

(2) Valuation stated is the purchase price of the Rendezvous Hotel Auckland. No valuation of the hotel was undertaken on 31 December 2006 as it was only acquired in December 2006 and an independent valuation had been undertaken at the time of acquisition.

(3) Based on the exchange rate of NZ\$1.00 = S\$1.0859 for 31 December 2006 or NZ\$1.00 = S\$1.1185 for 31 December 2007.

Percentage Breakdown of Total Property Valuation as of 31 December 2007





*New Acquisition -
Novotel Clarke Quay, Singapore*

CHAIRMAN'S STATEMENT

CHAIRMAN'S STATEMENT

On behalf of the Board of Directors of M&C REIT Management Limited, manager of CDL Hospitality Real Estate Investment Trust and M&C Business Trust Management Limited, as trustee-manager of CDL Hospitality Business Trust, I am pleased to present a set of stellar results for CDL Hospitality Trusts for the financial year ended 31 December 2007.

2007 IN REVIEW

2007 was a spectacular year for CDL Hospitality Trusts:

We saw strong operating performance in our Singapore hotels – Revenue per available room ("RevPAR") for our Singapore hotels was S\$174, up 30.8% against the Pro Forma 2006 RevPAR of S\$133. Our average occupancy rate was 87% at an average daily rate of S\$200.

We successfully completed the acquisition of the Novotel Clarke Quay – On 7 June 2007, we acquired the 398-room Novotel Clarke Quay located at the heart of Clarke Quay, one of Singapore's leading lifestyle and entertainment destinations. This acquisition boosted our portfolio of Singapore hotel rooms to 2,324, making us the largest hotel owner in Singapore by number of rooms. The Novotel Clarke Quay contributed S\$9.6 million towards gross rental revenues and S\$9.2 million towards net property income for the period 7 June 2007 to 31 December 2007.

We delivered significant growth in our business in FY 2007 – As a result of the strong operating performance of CDL Hospitality Trusts' hotels in

Singapore, the revenues from the Novotel Clarke Quay and the revenues from the Rendezvous Hotel Auckland, gross revenues of CDL Hospitality Trusts were S\$90.7 million, representing a 61.1% increase over Projection 2007 and 58.5% increase against Pro Forma 2006. Net property income was S\$85.8 million, which was a 66.7% increase over Projection 2007 and 62.9% increase over Pro Forma 2006.

We presented strong returns to our unitholders

– In line with our strong financial performance, we declared record distributions per stapled security of approximately 8.98 Singapore cents, which was 61.8% above the projection of 5.55 cents provided at our IPO. In addition to strong distributions, the price of our stapled security appreciated 40.7% in 2007 reflecting strong investor confidence in us.

We received robust support from the investment community

– On 19 July 2007, we completed a successful round of equity fund raising comprising a placement tranche which was 24 times subscribed and a preferential tranche which was 93.9% subscribed by existing unitholders. We raised net proceeds of S\$291.0 million, which was used to pare down debt.

We strengthened our balance sheet significantly

– As a result of the successful equity fund raising and increase in the value of our assets, we now have a low debt-to-asset ratio of 18.7% as at 31 December 2007 compared to 34.6% as at the end of 2006. The net asset value per stapled security has also grown 56.3% to S\$1.61 versus S\$1.03 as at the end of 2006.

OUTLOOK FOR 2008

Singapore's tourism industry experienced a record-breaking year for 2007. Visitor arrivals in Singapore hit a historic high with 10.3 million visitors and 38 million visitor days for the entire year. For 2008, the Singapore Tourism Board has set a target to increase visitor arrivals by 5%, to 10.8 million. The year has already started on a strong note with the opening of Changi Airport Terminal 3, and the rest of this year promises to be just as exciting. With the official launch of the Singapore Flyer in February, the eagerly-anticipated 2008 FORMULA 1™ SingTel Singapore Grand Prix in September and other inaugural major international events such as the Singapore Airshow, Singapore International Water Week and ITB Asia, the tourism and hotel industry is expected to remain buoyant.

While concerns remain over the growth of the macro economy in 2008, fuelled by fears of a recession in the United States and increasingly stretched credit markets worldwide, we remain cautiously upbeat on the outlook for the hotel industry in Singapore in 2008.

We will continue to proactively manage our portfolio by maximizing the operating performance of our existing assets, as well as continue to explore asset enhancement opportunities to optimize the value of our hotels. In this regard, we are in the process of converting unused space at the Grand Copthorne Waterfront Hotel into 24 new extended stay rooms. The project is nearing completion

and the rooms are expected to be launched in the second quarter of 2008.

In addition, we are also in the process of renovating M Hotel's Serviced Office & Business Centre. This re-configuration will result in the creation of an additional four serviced office units with 98 sq m of leaseable space and two additional meeting rooms. Work is also underway to convert the present gym located on the 8th floor of Novotel Clarke Quay into two deluxe rooms and to free up space in the hotel for a suite. These activities will take the total hotel room inventory to 401 rooms. The present gym will be relocated to one of the meeting rooms on a lower floor of the hotel which is not regularly used. These projects are expected to generate incremental revenue with effect from second quarter of 2008.

Concurrent with pursuing organic growth opportunities, we will use our strong balance sheet to make yield-accretive quality acquisitions in the Asia-Pacific region. Building on our strong performance in 2007, we look forward to the continued delivery of consistently attractive returns to our unitholders.

Mr Wong Hong Ren
Chairman

"We will continue to proactively manage our portfolio by maximizing the operating performance of our existing assets ... and we will use our strong balance sheet to make yield-accretive quality acquisitions in the Asia-Pacific region."

MARKET REVIEW



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11 February 2008

M&C REIT Management Limited
(as Manager of CDL Hospitality Real Estate Investment Trust)
36 Robinson Road #04-01
City House
Singapore 068877

Dear Sirs

We have been instructed by M&C REIT Management Limited, as Manager of CDL Hospitality Real Estate Investment Trust, to prepare a brief Singapore hotel market overview for the purpose of inclusion in the annual report.

ECONOMIC AND TOURISM MARKET OVERVIEW

1.1 Singapore Economic Overview

Singapore displayed a strong increase in Gross Domestic Product (GDP) of 5.7% in 2005, followed by 7.9% GDP growth in 2006. According to the Ministry of Trade & Industry, the Singapore economy is estimated to have grown by 7.5% in 2007, representing an upward adjustment from initial forecasts of up to 5%. Economic growth forecasts for 2008 currently lie at around 4% to 6%.

1.2 Singapore Tourism Market

1.2.1 International Tourism Visitor Arrivals

Since the successful management of SARS and generally stronger economic conditions, visitor arrivals to Singapore increased by 36% to a record high of 8.3 million in 2004. Previously, the SARS outbreak and war in Iraq attributed to a 19.1% decline in international visitors to 6.1 million in 2003.

In 2005, visitor arrivals were 8.9 million, representing an increase of approximately 7% from 2004. This was followed by a record 9.7 million visitors during 2006, equating to an increase of approximately 9%, and comfortably exceeding the Singapore Tourism Board's (STB) initial forecast of 9.4 million visitors.

Available statistics for 2007 indicate visitation for the year at 10,275,094, representing an increase of 5.4% over 2006 and exceeding the STB's forecast of 10.2 million visitors for the year.

This result was underpinned by record visitation in July 2007 at 952,487 which was attributed in part to the success of the Great Singapore Sale promotion and the Herbalife convention.

1.2.2 Average Length of Stay

According to the STB, visitors to Singapore including day trippers stayed an average of 3.7 days in 2007, reflecting a total of 38 million visitor days and representing an increase of approximately 13.4% over the 32.9 million visitor days recorded in 2006.

1.2.3 Seasonality

Based on typical patterns, excluding external factors, the June through August period is peak season for the tourism sector. This period includes the Great Singapore Sale and coincides with the winter season in Australia and the summer holidays in Europe and the United States. Another peak period is from late November to December. The low seasons are generally January to February (Chinese New Year), April to May and September to mid-November.

1.2.4 Geographic Origin

Singapore's largest source market is Indonesia which accounts for approximately 19% of total visitor arrivals. Other major markets include mainland China (10.8%), Australia (7.5%), India (7.3%) and Malaysia (6.3%).

Of these significant source markets, India and Australia have performed well, with visitor arrivals increasing by 13.6% and 11.1% respectively over the year.

1.3 Singapore Hotel Market

1.3.1 Existing Hotel Supply

As at 31 December 2006, according to data from the STB, there were a total of 103 gazetted hotels in Singapore with a total of 30,476 rooms available. According to the latest figures, the number of gazetted hotels increased by 2 to 105 while the number of gazetted hotel rooms increased by 313 to 30,789.

The Hotel Phoenix (392 rooms) closed in August 2007, however the loss of rooms was minimized by the opening of The Link Hotel (288 rooms) and the completion of The St. Regis Hotel Singapore (299 rooms).

1.3.2 Future Hotel Supply

The STB has a vision to increase Singapore's hotel room supply to help meet the accommodation needs of the targeted 17 million visitors by 2015. In recent times, the Singapore hotel industry has concentrated on refurbishing existing hotels and re-branding and marketing. Major upcoming supply developments in the pipeline include:

Known Future Hotel Supply (Q4 2007 to 2012)*							
Expected Completion	No.	Proposed Hotel Projects	Location	Developer	Area Classification	No. of Rooms **	Total No. of Rooms
2007	1	Hotel (to be named)	Chin Swee Road	Whitehouse Holdings	Rest of Central Area	140	140
2008	2	Capella Singapore	Sentosa Island	Millenia Hotel Pte Ltd	Sentosa Island	193	
	3	Crowne Plaza Changi Airport Hotel	Changi International Airport T3	Lum Chang Building Contractors and Nishimatsu Construction	Outside Central Region	307	
	4	Park Hotel Clarke Quay	Clemenceau Avenue/Unity Street	Parkings Property Pte Ltd	Rest of Central Area	355	
	5	Palawan Beach Resort	Sentosa Island	NTUC Club	Sentosa Island	200	
	6	The Movenpick Treasure Resort Sentosa	Sentosa Island	Maxz Universal Development Group	Sentosa Island	186	
	7	Quincy	Mount Elizabeth	Far East Organization	Orchard	108	1,349
2009	8	The Ibis Bencoolen	Bencoolen Street	LaSalle Lao Singapore Pte Ltd	Rest of Central Area	538	
	9	Extension to Carlton Hotel	Bras Basah Road	Carlton Group	Downtown Core	288	
	10	Hotel (to be named)	Belilios Road/Klang Lane	Hotel Grand Central Ltd	Rest of Central Area	350	
	11	Hotel (to be named)	Mohamed Sultan/Nanson Road	Republic Hotels & Resorts Limited	Rest of Central Area	386	
	12	The Fullerton Bay Hotel	Collyer Quay	Sino Land	Downtown Core	90	
	13	The Marina Bay Sands	Marina IR	Las Vegas Sands	Downtown Core	2,600	4,252
2010	14	Hotel (to be named)	Sinaran Drive	Far East Organization	Fringe Area	432	
	15	The W Hotel	The Quayside Isle	City Developments Limited	Sentosa Island	320	
	16	Hotel (to be named)	Tanjong Pagar Road/Gopeng Street	Carlton Group	Downtown Core	400	
	17	The Biltmore	Cuscaden Road/Orchard Boulevard	Granmil Holdings Pte Ltd	Orchard	165	
	18	Hotel (to be named)	Tanjong Pagar Road/Tras Street	Chng Gim Huat (CGH Group)	Downtown Core	270	
	19	Laguna Hotel	Laguna National Golf & Country Club (Changi)	Laguna National Golf & Country Club Ltd	Outside Central Region	151	
	20	Hotel (to be named)	Jurong Country Club	Jurong Country Club	Outside Central Region	300	
	21	Resorts World at Sentosa	Sentosa Island	Genting International	Sentosa Island	1,830	3,868
2011	22	Park Avenue Vista Hotel	one-north (Buona Vista)	United Engineers	Fringe Area	370	370
2012	23	South Beach	Beach Road	City Developments Limited, Istithmar and Elad Group	Downtown Core	700	700
						Total (Q4 07- 2012)	10,679
Other Known New Hotel Supply							
n.a	24	Hotel (to be named)	Fairy Hill Point	HG Properties Pte Ltd	Outside Central Region	280	
n.a	25	Hotel Phoenix	Orchard Road	Specialists' Centre Pte Ltd & Great Eastern Life Assurance Co Ltd	Orchard	684	
n.a	26	Hotel (to be named)	Telok Blangah Road (former Citipoint Centre)	Fiesta Development Pte Ltd	Fringe Area	352	
						Total	1,316

Source : URA; STB; CBRE Research

* As at end of Q3 07, list includes projects which are under construction or have obtained provisional or written permission. It excludes projects for which approval has lapsed or is pending or those which have to be submitted for approval.

** Estimates only

It is noted from the above that the unnamed hotel subject to refurbishment by Whitehouse Holdings was due for completion at the time of preparation of this report.

1.3.3 Historical Hotel Market Performance

Based on information from the STB, Singapore gazetted hotels' performance improved during 2007, following significant growth during 2006.

For the year ending 2007, the occupancy rate for hotels improved to 86.9% compared to 85.2% during 2005. The average daily rate was S\$202.40, which reflects an increase of 23.1% from the rate of S\$166.90 recorded during 2005. As a result of the better performance of both indicators, the revenue per available room increased by 25.6% to S\$176.

1.4 Hotel Outlook

The outlook for Singapore's hotel and tourism industry remains positive, particularly in consideration of the current market fundamentals and overall optimistic economic and business sentiment.

As earlier indicated, there is limited new room supply anticipated in 2008. This, coupled with tourism growth is likely to translate into continued revenue growth during this 12-month period.

Room occupancies have grown substantially over the last two to three years which has occurred in conjunction with growth in average room rates. As such, the market is experiencing rate driven growth, with a consolidation of the occupancy rate position.

According to the Ministry of Trade & Industry, the Singapore economy is estimated to have grown by 7.5% in 2007, representing an upward adjustment from the initial forecasts of up to 5%. Economic growth forecasts for 2008 currently lie at around 4% to 6%, supported by strength in the construction sector and buoyant domestic demand.

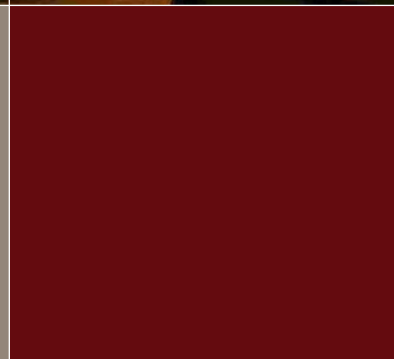
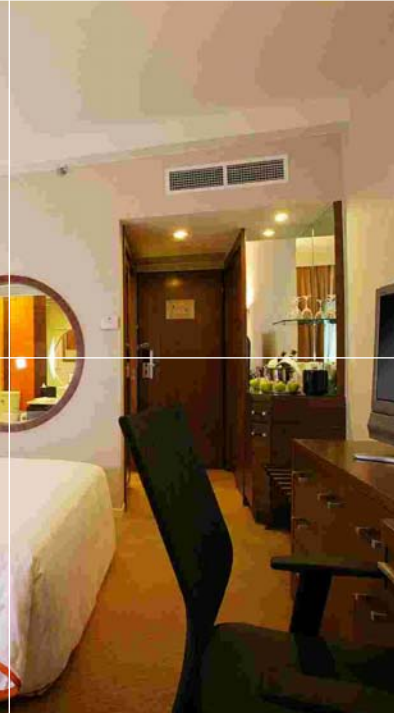
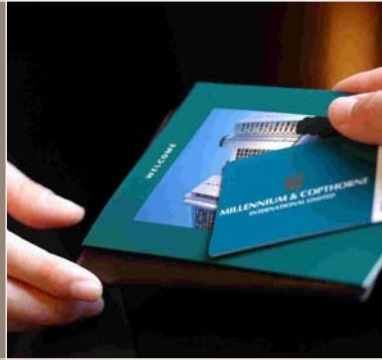
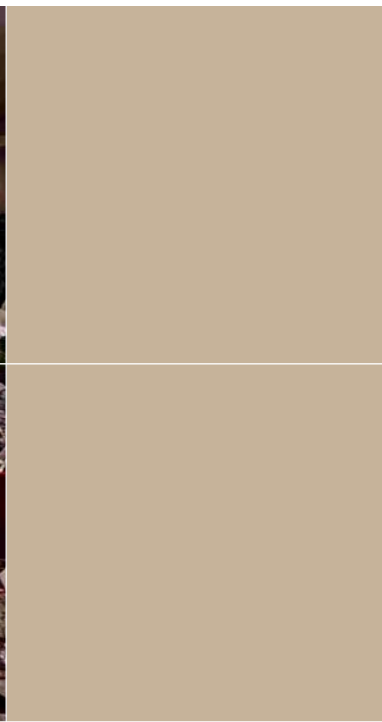
Other positive indicators for the hotel market include:

- Ongoing Government initiatives to support the targeted 17 million arrivals by 2015, reflecting compound annual average growth of approximately 6.5%.
- Positive MICE demand into 2008, with major events to include The Singapore Airshow, Bike Asia, Singapore International Water Week, ITB Asia and City Scape 2008 in addition to the opening of the Singapore Flyer and Changi Airport Terminal 3. Singapore will also host the first night F1 Grand Prix in September 2008 which will follow a street circuit within the heart of the city.
- There will be a significant increase in the supply of hotel rooms between 2009 and 2010, however, the introduction of the proposed Integrated Resorts (IRs) will broaden the product offering in Singapore and will introduce a greater scope of tourist oriented retail and entertainment offerings, enhancing Singapore's position as a world class tourist destination.

However, despite the above positive fundamentals, competition from other regional destinations will challenge Singapore's position, including growth within emerging corporate markets located within both China and India which continue to display a growing economic dominance.

Yours faithfully,
CB RICHARD ELLIS (PTE) LTD

SIM HWEE YAN
BSc (Est. Mgt) Hons FSISV
Appraiser's Licence No. : AD041-2004155J



BOARD OF DIRECTORS - M&C REIT MANAGEMENT LIMITED AND M&C BUSINESS TRUST MANAGEMENT LIMITED

WONG HONG REN, 56

Mr Wong Hong Ren was appointed a Director of the H-REIT Manager and M&C Business Trust Management Limited (the "HBT Trustee-Manager") on 17 May 2006. He was subsequently appointed as the non-Executive Chairman of both Boards on 12 June 2006.

Mr Wong is also the Chairman of Grand Plaza Hotel Corporation (listed on the Philippines Stock Exchange), Chairman of Millennium & Copthorne Hotels New Zealand Limited and CDL Investments New Zealand Limited (both listed on the New Zealand Stock Exchange). He is an Executive Director of Millennium & Copthorne Hotels plc (the Sponsor) (listed on the Stock Exchange of London) and is currently also sitting on the boards of a number of public listed companies, namely City e-Solutions Limited (listed on The Stock Exchange of Hong Kong) and Thakral Corporation Ltd (listed on the SGX-ST). He was a Director of HLG Enterprise Limited and China Yuchai International Limited which are listed on the SGX-ST and New York Stock Exchange respectively.

Mr Wong joined Hong Leong Management Services Pte. Ltd., a wholly-owned subsidiary of Hong Leong Investment Holdings Pte. Ltd., in 1988 as Group Investment Manager and was redesignated to Executive Vice President (Group Investment) in 2006. He is widely experienced in hospitality and industrial businesses overseas, investment analysis, international capital markets and merger and acquisition transactions as well as post-acquisition management re-organisation matters. Prior to 1988, he was a Director and General Manager (Investment and Property) of Haw Par Brothers International Limited (now known as Haw Par Corporation Limited) and a Director of Investment with Royal Trust Asset Management Pte Ltd (now known as RT Investment Nominees Pte Ltd) and First Capital Corporation Ltd (now known as Guocoland Limited).

Mr Wong holds a Masters of Business Administration from Bradford University, United Kingdom.

VINCENT YEO WEE ENG, 39

Mr Vincent Yeo Wee Eng was appointed an Executive Director on 17 May 2006 as well as the Chief Executive Officer on 19 July 2006 of the H-REIT Manager and HBT Trustee-Manager.

Prior to his appointment as the Chief Executive Officer of the H-REIT Manager, he was the President of Millennium & Copthorne International Limited - Asia Pacific from 2003 to July 2006. He was previously its Chief Operating Officer from 2001 to 2003. Mr Yeo is also the Executive Director and Chief Executive Officer of City e-Solutions Limited (listed on The Stock Exchange of Hong Kong) since 2000 and also sits on the boards of CDL Investments New Zealand Limited and Millennium & Copthorne Hotels New Zealand Limited (both listed on the New Zealand Stock Exchange).

Between 1998 and 2000, he was an Executive Director of Millennium & Copthorne Hotels plc based in London overseeing global sales and marketing. Between 1993 to 1998, he was the Executive Director and then the Managing Director of Millennium & Copthorne Hotels New Zealand Limited where he developed and integrated the largest chain of hotels in New Zealand.

Mr Yeo graduated Summa Cum Laude and the top of his faculty in 1988 from Boston University with a Bachelor of Science in Business Administration (Major in Finance).

DR TAN CHENG BOCK, 67

Dr Tan Cheng Bock was appointed an Independent non-Executive Director of the H-REIT Manager and HBT Trustee-Manager on 22 May 2006. He also sits on the Audit Committees of both companies.

Dr Tan is the Chairman of the Board of Directors of Chuan Hup Holdings Limited. He is also the Chairman of the Nominating Committee and a member of both the Audit and Remuneration Committees. Dr Tan is also an Independent non-Executive Director of PCI Limited and a board member of Tsao Foundation.

Dr Tan served as a Member of Parliament for Ayer Rajah and was also the leader of the Singapore Southeast Asia Parliamentary Group, Chairman of the West Coast – Ayer Rajah Town Council, Vice-Chairman of the South West Community Development Council and member of the Government Parliamentary Committee for Defence and Foreign Affairs.

He presently serves the Ministry of Health and as Chairman of the Jurong Medical Centre. He served in Chronic Disease Management Committee in the Ministry of Health and currently sits in the steering committee on Active Aging, Ministry of Health and is a board member of the Council for Third Age Ltd.

A private medical practitioner by profession, Dr Tan obtained his Bachelor of Medicine and Surgery from the University of Singapore in 1968. In addition, he is a Honorary Fellow of the College of Family Practitioners and an Honorary Member of the Singapore Medical Association.

JENNY LIM YIN NEE, 54

Ms Jenny Lim Yin Nee was appointed an Independent non-Executive Director of the H-REIT Manager and the HBT Trustee-Manager on 22 May 2006. She is also the Chairman of the H-REIT Manager Audit Committee and a member of the HBT Trustee-Manager Audit Committee.

Ms Lim retired as a Partner of KPMG Singapore on 31 December 2001 to devote her time as a volunteer of a charitable organisation. She was the head of the firm's tax practice and represented its Asian Anchor practice on KPMG International Committee. After her retirement, she remained as an advisor to KPMG Singapore till 31 January 2004.

Ms Lim has been involved in many corporate reorganisations, mergers and acquisitions and international tax planning assignments which require in-depth knowledge and experience in accounting, corporate and commercial law, and local and international tax.

Ms Lim is a fellow of the Association of Chartered Certified Accountants, United Kingdom. Presently, she serves as a Vice President of Viriya Community Services, a voluntary (charitable) welfare organisation and a board member of Raffles Institution and Raffles Junior College. She is also an Adjunct Professor with the Singapore Management University, teaching 'Tax Planning'.

JIMMY CHAN CHUN MING, 50

Mr Jimmy Chan Chun Ming was appointed an Independent non-Executive Director of the H-REIT Manager and HBT Trustee-Manager on 22 May 2006. He also sits on the Audit Committees of both H-REIT Manager and HBT Trustee-Manager.

Mr Chan is currently an Investment Director for HSBC NF China Real Estate Fund. He has over twenty years of experience in the financial and hospitality industries in Asia Pacific and has held senior positions with Aareal Bank Group, Starwood Hotels & Resorts Worldwide Inc., City e-Solutions Limited, Societe Generale Group and The Chase Manhattan Bank N.A, being involved in various corporate finance, capital market, syndication, advisory and investments transactions for major real estate and hotel companies in the region.

Mr Chan graduated from the University of British Columbia in 1980 with a Bachelor of Applied Science, Civil Engineering, and the University of Missouri-Columbia in 1981 with a Master of Science in Construction Management. In 1994 and 1999, he attended the Executive Management Programs organized by the Kellogg Graduate School of Management, Northwestern University.

RICHARD ANTHONY JOHNSON, 43

Mr Richard Anthony Johnson was appointed a non-Executive Director of the H-REIT Manager and HBT Trustee-Manager on 3 January 2007.

Mr Johnson is currently the Chief Executive Officer of Standard Chartered-Istithmar Real Estate Fund Management (Singapore) Pte. Limited. He was previously the Managing Director, Real Estate of Istithmar, which is a major investment house based in the United Arab Emirates, focusing on private equity, real estate and strategic investments. Mr Johnson was responsible for developing and implementing real estate strategy for Istithmar. He has more than twenty years of experience in real estate investment, financing and structuring projects around the world and was an International Director of Jones Lang LaSalle based in London, Singapore, Hong Kong and Beijing from 1997 to 2006.

Mr Johnson holds a MA in Law from Oxford University, United Kingdom and MSc in Property Investment and Finance from City University, London, United Kingdom. He is also a member of the Royal Institution of Chartered Surveyors.

LIM HOW TECK, 57

Mr Lim How Teck was appointed an Independent non-Executive Director of the H-REIT Manager and HBT Trustee-Manager on 3 January 2007.

Mr Lim is currently the Executive Chairman of Redwood International Pte Ltd, an investment and consultancy company. He also sits on the boards of IFS Capital Limited, Lasseters International Holdings Limited, UMS Holdings Limited (formerly Norelco UMS Holdings Limited), ARA Asset Management Limited and Mermaid Maritime Public Co Ltd (all listed on the SGX-ST). Mr Lim is a director of Rickmers Trust Management Pte Ltd, the Trustee-Manager of Rickmers Maritime Trust and MacarthurCook Investment Managers (Asia) Ltd, the Manager of MacarthurCook Industrial REIT, both of which are also listed on the SGX-ST.

From 1979 to 2005, Mr Lim was with the Neptune Orient Lines Limited Group, holding various positions such as the offices of an Executive Director, Group Chief Financial Officer, Group Chief Operating Officer and Group Deputy Chief Executive Officer. Mr Lim has been recently appointed to the Audit Committee Guidance Committee established jointly by the Monetary Authority of Singapore, the Accounting and Corporate Regulatory Authority and the Singapore Exchange Limited.

Mr Lim has extensive international qualifications and experience in business finance and accounting as well as in-depth knowledge of the shipping industry. He holds a Bachelor of Accountancy Degree from the University of Singapore. He is a Fellow of the Chartered Institute of Management Accountants of UK (FCMA), a Fellow of the Certified Public Accountants of Australia (FCPA Aust), a Fellow of the Institute of Certified Public Accountants of Singapore (FCPA ICPAS), a Fellow of the Singapore Institute of Directors (SID) and an Associate of the Business Administration of Australia (AIBA). He is a graduate of the Harvard Graduate School of Business, Corporate Financial Management Course and Advanced Management Programme in 1983 and 1989 respectively.

MANAGEMENT TEAM - M&C REIT MANAGEMENT LIMITED

VINCENT YEO WEE ENG

Chief Executive Officer

Mr Yeo is also an Executive Director of the H-REIT Manager and his profile can be found under the “Board of Directors” section on page 20 of this Annual Report.

ANNIE GAN

Chief Financial Officer

Ms Annie Gan was appointed as Chief Financial Officer of the H-REIT Manager on 1 June 2007. She is responsible for the financial management and accounting functions of H-REIT including statutory reporting and compliance, debt and financing arrangements, taxation, treasury and corporate governance.

Prior to joining the H-REIT Manager, Ms Gan was the Group Financial Controller of the public-listed company, Orchard Parade Holdings Limited (“OPHL”), a subsidiary of Far East Organisation Pte Ltd, where she was responsible for overseeing the financial and operating functions of OPHL and was actively involved in fund raising and the re-structuring of its borrowings. She also served as a Director of all the subsidiaries of OPHL, primarily responsible for the stewardship of the subsidiaries’ affairs and advising on new investment opportunities. She has more than eighteen years experience in financial management, treasury, taxation and corporate advisory as well as in-depth knowledge of the hospitality, property development and property investment industry. She was also previously with PricewaterhouseCoopers, Singapore as a Senior Audit Manager, where she was responsible for due diligence and acquisition audits, profit forecast reviews and the statutory audits of several public-listed companies and large multi-national corporations. Ms Gan is a Certified Public Accountant of the Institute of Certified Public Accountants of Singapore and of the Certified Public Accountants of Australia and holds a Bachelor of Accountancy from The Australian National University.

ALEXANDER EE

Head, Strategy and Investor Relations

Mr Alexander Ee is responsible for formulating and driving H-REIT’s strategy as well as maintaining relations with the investment and research community.

Prior to joining the H-REIT Manager, Mr Ee founded Enterprise Advisers, a boutique strategy and mergers and acquisitions advisory firm. He has advised large listed corporations as well as small and medium enterprises on strategic business issues. In particular, he advised Millennium & Copthorne International Limited on hotel-related investment opportunities in various countries in the Asia Pacific and South Asia. Prior to founding Enterprise Advisers, he was with the Boston Consulting Group where he advised large corporations in a variety of industries. Mr Ee started his career as a lawyer. He was previously with the law firms Rajah & Tann and Drew & Napier. Mr Ee has a Masters of Business Administration from the Darden Graduate School of Business Administration, University of Virginia and a Bachelor of Laws (Honours) from the National University of Singapore.

HO SIANG TWANG

Head, Investments

Mr Ho Siang Twang is responsible for sourcing, evaluating and executing potential acquisitions with a view to enhancing CDL Hospitality Trusts’ portfolio.

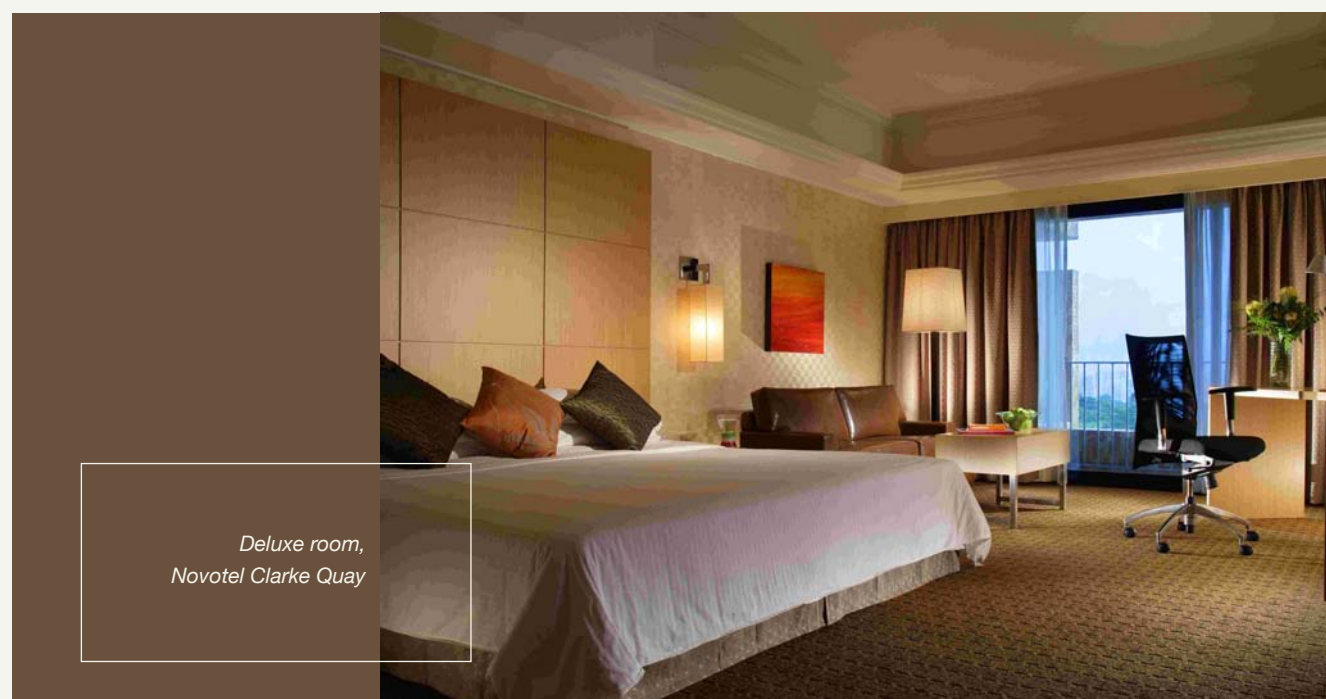
Prior to joining the H-REIT Manager, Mr Ho was the Director of Business Development of Millennium & Copthorne International Limited (“MCIL”), primarily responsible for evaluating hotel acquisition and development opportunities for MCIL. Mr Ho was also previously the Strategic Planning and Fund Management Manager of ARA Trust Management (Suntec) Limited, the manager of Suntec Real Estate Investment Trust where he was responsible for overseeing the fund management/investor relations activities, acquisition financial analysis and due diligence, and debt/financing arrangements. Mr Ho was also previously with the Government of Singapore Investment Corporation where he worked in the private equity team that was responsible for the stewardship of investments across Asia as well as the evaluation of new investment opportunities in a broad range of private equity investments globally. At the portfolio level, he was responsible for reporting the performance of the private equity portfolio and helped developed a risk management framework. Mr Ho is a holder of the Chartered Financial Analyst charter and is a Singapore Certified Public Accountant. He holds a Bachelor of Accountancy from the Nanyang Technological University and a post-graduate diploma in Systems Analysis from the Institute of Systems Science, National University of Singapore.

PROPERTIES

SUMMARY

As at 31 December 2007, CDL Hospitality Trusts owns assets in Singapore and New Zealand. All of the properties with the exception of the Orchard Hotel Shopping Arcade, have been leased to master lessees on long term leases. The Orchard Hotel Shopping Arcade is leased directly to tenants by H-REIT. Summary details of our assets are as follows:

	Singapore					New Zealand	
	Orchard Hotel	Grand Copthorne Waterfront Hotel	M Hotel	Copthorne King's Hotel	Orchard Hotel Shopping Arcade	Novotel Clarke Quay	Rendezvous Hotel Auckland
Number of rooms	653	550	413	310	n/a	398	455
Title	75-year leasehold interest commencing on 19 July 2006 with the exception of Copthorne King's Hotel which will be an approximately 61-year leasehold interest expiring on 31 January 2067					97 years and 30 days leasehold interest commencing 2 April 1980	Freehold
Date of acquisition	19 July 2006	19 July 2006	19 July 2006	19 July 2006	19 July 2006	7 June 2007	19 December 2006
Purchase Price	S\$330 million	S\$234 million	S\$162 million	S\$86 million	S\$35 million	S\$201 million	NZ\$113 million
Vendor	City Hotels Pte. Ltd.	City Developments Limited	Harbour View Hotel Pte. Ltd.	Republic Hotels & Resorts Limited	City Hotels Pte. Ltd.	Lehman Brothers Real Estate Partners II L.P. and affiliated partnerships	Abacus Funds Management Limited as trustee of Abacus NZ Holdings Trust
Valuation as at 31 December 2007	S\$458 million	S\$334 million	S\$253 million	S\$141 million	S\$40 million	S\$275 million	NZ\$114 million



*Deluxe room,
Novotel Clarke Quay*

Across the five hotel properties in Singapore, occupancies and average room rates for FY 2007 were higher than that of Pro Forma 2006.

	FY 2007 ⁽¹⁾	Pro Forma 2006 ⁽¹⁾	Variance
Average occupancy rate	87%	82%	+5 percentage points
Weighted average daily rate	S\$200	S\$162	+23.5%
Room revenue per available room (RevPAR)	S\$174	S\$133	+30.8%

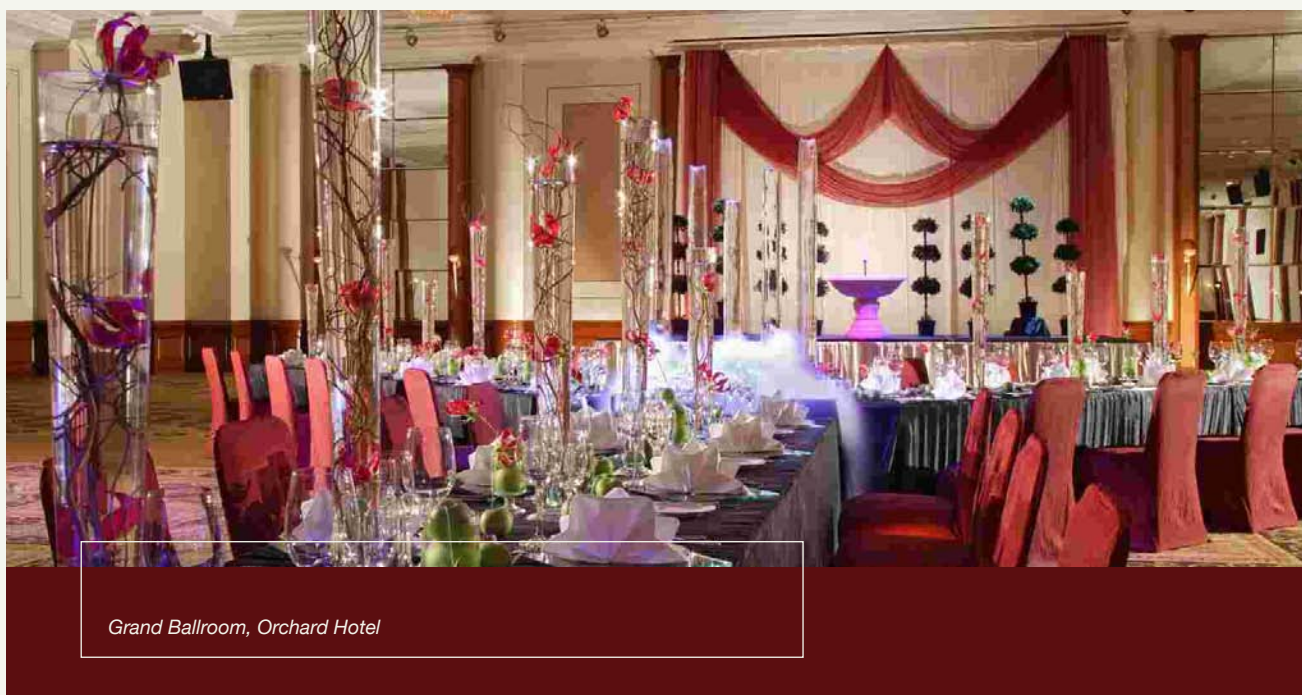
Rental revenues from each of the hotels showed corresponding strength.

	FY 2007 ('000)	Pro Forma 2006 ('000)	Variance
Singapore			
Orchard Hotel	S\$24,498	S\$19,972	+22.7%
Grand Copthorne Waterfront Hotel	S\$19,530	S\$15,707	+24.3%
M Hotel	S\$13,824	S\$10,943	+26.3%
Copthorne King's Hotel	S\$9,591	S\$6,734	+42.4%
Orchard Hotel Shopping Arcade	S\$3,681	S\$3,575	+3.0%
Novotel Clarke Quay	S\$9,649	-	NM
New Zealand			
Rendezvous Hotel Auckland	S\$9,881	S\$260 ⁽²⁾	NM

NM - Not Meaningful

(1) Based on the actual and pro forma contributions from Novotel Clarke Quay for the periods from 7 June to 31 December 2007 and 7 June to 31 December 2006 respectively.

(2) Refers to revenue from Rendezvous Hotel Auckland from 19 December 2006 to 31 December 2006.



Pursuant to the Property Funds Guidelines, set out below are various statistics relating to H-REIT's tenant profile on a portfolio basis:

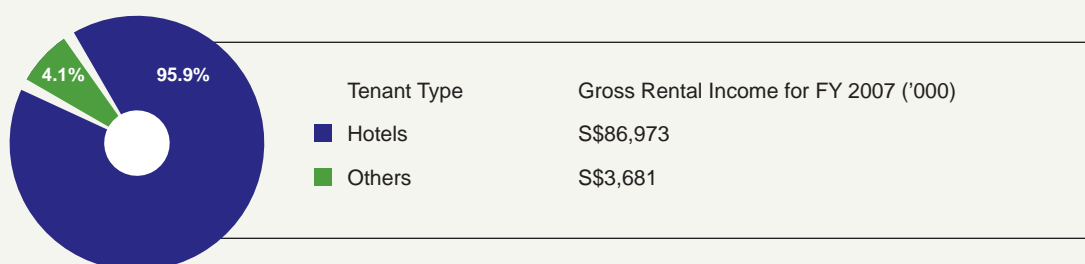
H-REIT Top 10 Tenants By Gross Rental Income

Tenant	Tenant Classification	Gross Rental Income for FY 2007 ('000)	% of Total Gross Rental Income
Republic Hotels & Resorts Limited	Hotel	S\$29,121	32.1%
City Hotels Pte. Ltd.	Hotel	S\$24,498	27.0%
Harbour View Hotel Pte. Ltd.	Hotel	S\$13,824	15.3%
Rendezvous Hotels (NZ) Limited	Hotel	S\$9,881	10.9%
AAPC Clarke Quay Hotel Pte. Ltd.	Hotel	S\$9,649	10.6%
World Spa Health Club Pte. Ltd.	Spa / Beauty	S\$459	0.5%
Gourmets United Pte. Ltd.	F&B	S\$365	0.4%
Gaelic Inns Pte. Ltd.	F&B	S\$353	0.4%
Mas Millennium (Singapore) Pte. Ltd.	F&B	S\$318	0.4%
Backstage Hair Salon Pte. Ltd.	Spa / Beauty	S\$195	0.2%

H-REIT Lease Expiry Profile

Property	Master Lessee	Gross Rental Income for FY 2007 ('000)	% of Total Gross Rental Income	Lease Term
Orchard Hotel	City Hotels Pte. Ltd.	S\$24,498	27.0%	20 years from 19 July 2006 with an option to renew for another 20 years
Grand Copthorne Waterfront Hotel	Republic Hotels & Resorts Limited	S\$19,530	21.5%	20 years from 19 July 2006 with an option to renew for another 20 years
M Hotel	Harbour View Hotel Pte. Ltd.	S\$13,824	15.3%	20 years from 19 July 2006 with an option to renew for another 20 years
Rendezvous Hotel Auckland	Rendezvous Hotels (NZ) Limited	S\$9,881	10.9%	Approximately 9 years ending 6 September 2016 with an option to renew for another 5 years
Novotel Clarke Quay	AAPC Clarke Quay Hotel Pte. Ltd.	S\$9,649	10.6%	Approximately 13.5 years from 7 June 2007 expiring 31 December 2020
Copthorne King's Hotel	Republic Hotels & Resorts Limited	S\$9,591	10.6%	20 years from 19 July 2006 with an option to renew for another 20 years
Orchard Hotel Shopping Arcade	Various tenants	S\$3,681	4.1%	Range of lease terms - for details on lease expiry profile, refer to page 34

Breakdown of H-REIT Gross Rental Income By Tenant Mix



ORCHARD HOTEL, SINGAPORE

442 Orchard Road
Singapore 238879

Key Statistics on Orchard Hotel

Number of rooms:	653
Car park facilities:	454 car park lots The car park facilities are shared with Orchard Hotel Shopping Arcade
Land area:	8,588.0 sq m (including Orchard Hotel Shopping Arcade)
Gross floor area:	49,940.9 sq m (including Orchard Hotel Shopping Arcade)
Title:	75 year leasehold interest commencing from 19 July 2006
Vendor:	City Hotels Pte. Ltd.
Purchase price at 19 July 2006:	S\$330 million
Valuation ⁽¹⁾ as at 31 December 2007:	S\$458 million
Master lessee:	City Hotels Pte. Ltd.
Term of lease with master lessee:	20 years from 19 July 2006 with an option to renew for another 20 years
Gross rental revenue from the property FY 2007:	S\$24.498 million
Net property income from the property FY 2007:	S\$23.420 million
RevPAR FY 2007:	S\$187

Orchard Hotel has 653 available rooms and is located at the junction of Orange Grove Road and Orchard Road.

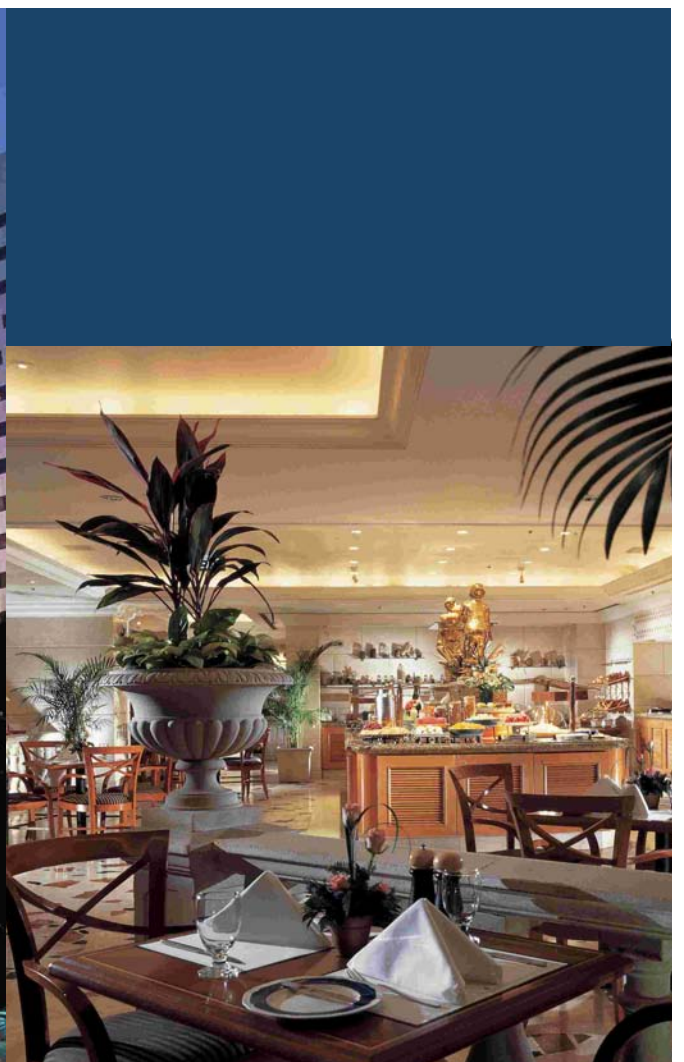
The Hotel is prominently located within the heart of the Orchard Road shopping and tourist belt and is within a short walking distance from the Orchard MRT station which is situated at the junction of Scotts Road, Paterson Road and Orchard Road. The Hotel comprises an 18-storey block with four basement levels known as Orchard Wing and a 17-storey extension block with four basement levels known as Claymore Wing.

Facilities and amenities available to the guests include a half-olympic size pool with sun deck, seminar and banquet facilities including a pillarless ballroom which can house up to 1,500 people (theatre-style seating), in-house shopping arcade, baggage store room and a fitness club, business centre, hospitality room, children's room and putting green. F&B outlets within the Hotel include the award winning Hua Ting Restaurant, Intermezzo Bar, La Terrasse, Orchard Cafe and Orchard Terrace. Services offered at Orchard Hotel include 24-hour concierge and security, 24-hour in-room dining service, laundry, dry cleaning, valet, travel and tour reservation services.

Orchard Wing: 325 available rooms with each room equipped with thermostat control unit, electronic safe, hairdryer, colour television with in-house movies, CNN and other satellite channels, IDD telephone with dedicated lines and voicemail facilities, data port, broadband internet access, computer and facsimile data port, coffee and tea making facilities and minibar. In each room, the bathroom is furnished with granite flooring while the remaining areas are carpeted. The size of the rooms ranges from approximately 24 sq m for a superior room to approximately 46 sq m for a suite.

Claymore Wing: 328 available rooms with each room equipped with thermostat control unit, electronic safe, hairdryer, colour television with in-house movies, CNN and other satellite channels, IDD telephone with dedicated lines and voicemail facilities, data port, broadband internet access, computer and facsimile data port, coffee and tea making facilities and minibar. In each room, the bathroom is furnished with granite flooring while the remaining areas are carpeted. The size of the rooms ranges from approximately 32 sq m for a superior room to approximately 115 sq m for a presidential suite.

⁽¹⁾ The property was valued by CB Richard Ellis (Pte) Ltd by the Capitalization of Income Approach, Discounted Cash Flow Analysis and Direct Comparison Method.



Orchard Hotel



GRAND COPTHORNE WATERFRONT HOTEL, SINGAPORE

392 Havelock Road
Singapore 169663

Key Statistics on Grand Copthorne Waterfront Hotel

Number of rooms:	550
Car park facilities:	287 car park lots ⁽¹⁾
Land area:	10,860.2 sq m (including adjoining Waterfront Plaza)
Gross floor area:	46,662.6 sq m
Title:	75 year leasehold interest commencing from 19 July 2006
Vendor:	City Developments Limited
Purchase price at 19 July 2006:	S\$234 million
Valuation ⁽²⁾ as at 31 December 2007:	S\$334 million
Master lessee:	Republic Hotels & Resorts Limited
Term of lease with master lessee:	20 years from 19 July 2006 with an option to renew for another 20 years
Gross rental revenue from the property FY 2007:	S\$19.530 million
Net property income from the property FY 2007:	S\$18.713 million
RevPAR FY 2007:	S\$164

Grand Copthorne Waterfront Hotel has 550 available rooms. 24 new extended stay rooms will be added to the Hotel as a result of the conversion of unused space. These rooms will be operational by April 2008. The Hotel is located along Havelock Road, near its junction with Kim Seng Road. It is just outside the Central Business District ("CBD") and is about 2.5km from the city centre at Raffles Place. It is located just minutes from the proposed Business and Financial Centre and IRs as well as the shopping and entertainment circuit of HarbourFront Centre, Suntec City, Orchard Road, Chinatown, Clarke Quay, Boat Quay and Robertson Quay. The Hotel has one of the largest conference facilities in Singapore and facilitates business travellers' needs. The Hotel has direct access to the adjoining Waterfront Plaza and also shares the basement level car park facility with King's Centre.

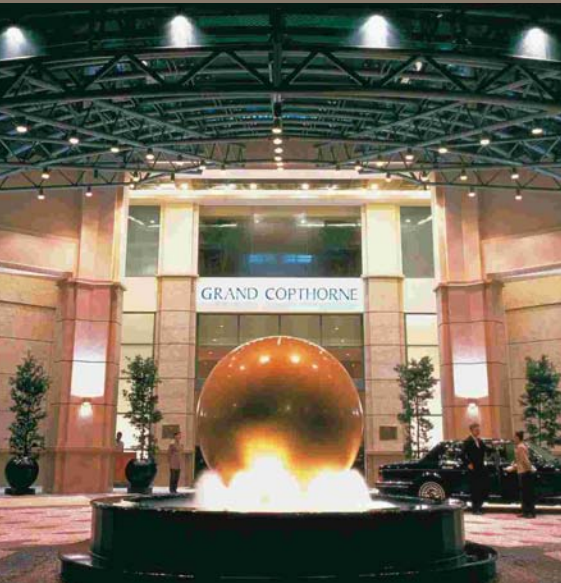
The Hotel comprises a 30-storey tower block with two basement levels and incorporating a four-storey podium. The Hotel commenced operations in October 1999. Each room is equipped with thermostat control unit, electronic safe, hair dryer, colour television with in-house movies, CNN and other satellite channels, IDD telephone with dedicated lines and voicemail facilities, data port, broadband internet access, computer and facsimile data port (from the 21st level onwards), coffee and tea making facilities

and minibar. Each guest room is provided with a bathroom with marble floor finishing while the remaining areas of each room is furnished with parquet/carpet flooring. The Hotel's accommodation includes one presidential suite and 19 suites. The size of the rooms ranges from approximately 26 sq m for a deluxe room to approximately 219 sq m for the presidential suite.

Facilities and amenities available to the guests include a swimming pool with a sun deck, a gymnasium, three levels (including Waterfront Conference Centre at Waterfront Plaza) of conference/meeting and banquet facilities, a business centre and food and entertainment outlets such as Café Brio's, Piano Bar and Pontini. Services offered at Grand Copthorne Waterfront Hotel include 24-hour concierge and security, 24-hour in-room dining service, laundry, dry cleaning, serviced offices and complimentary shuttle bus connection to UE Square, Republic Plaza, International Plaza and Orchard Road.

⁽¹⁾ The basement level car park facility was not acquired by CDL Hospitality Real Estate Investment Trust from City Developments Limited. However, the Hotel enjoys a right of easement to use the basement level car park facility.

⁽²⁾ The property was valued by CB Richard Ellis (Pte) Ltd by the Capitalization of Income Approach, Discounted Cash Flow Analysis and Direct Comparison Method.



*Grand Copthorne
Waterfront Hotel*



M HOTEL, SINGAPORE

81 Anson Road
Singapore 079908

Key Statistics on M Hotel

Number of rooms:	413
Car park facilities:	237 car park lots
Land area:	2,133.9 sq m
Gross floor area:	32,379.3 sq m
Title:	75 year leasehold interest commencing from 19 July 2006
Vendor:	Harbour View Hotel Pte. Ltd.
Purchase price at 19 July 2006:	S\$162 million
Valuation ⁽¹⁾ as at 31 December 2007:	S\$253 million
Master lessee:	Harbour View Hotel Pte. Ltd.
Term of lease with master lessee:	20 years from 19 July 2006 with an option to renew for another 20 years
Gross rental revenue from the property FY 2007:	S\$13.824 million
Net property income from the property FY 2007:	S\$13.200 million
RevPAR FY 2007:	S\$183

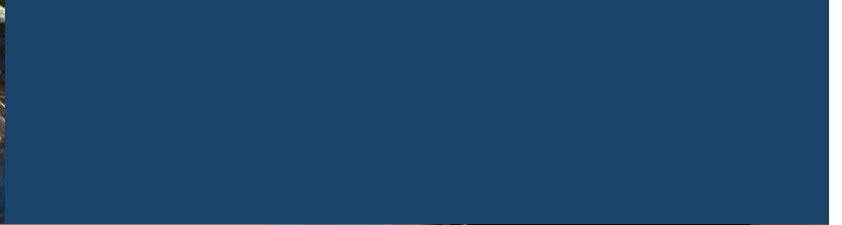
M Hotel is a 29-storey hotel development comprising a total of 413 available rooms, two basement levels and an eight-storey podium. It is located along Anson Road, at its junction with Palmer Road. The Hotel is within the CBD. It is within walking distance from certain major government offices, commercial buildings, banks, tourist attractions and is easily accessible from or to the shopping and entertainment hub. Its location also places it in close proximity to Marina Bay and Sentosa, the sites of the proposed IRs. Marina Bay is also the site for Singapore's up and coming Business and Financial Centre to be located at Marina Bay, Singapore. The Hotel was originally completed circa 1987. There are a total of 237 car park lots on the third to seventh levels of the podium block. The eighth level, a former car park floor, was converted in 1997 into 44 units of serviced offices, 11 of which were subsequently used as the Hotel's internal sales offices since 2004 and one which has been used as the Hotel's business centre.

Each room is provided with thermostat control unit, electronic safe, hair dryer, colour television with in-house movies, CNN and other satellite channels, IDD telephone with dedicated lines and voicemail facilities, high speed internet access, computer and

facsimile data port, coffee and tea making facilities and mini-bar. Each room has a bathroom with long bath and separate shower facility. The bathroom is furnished with marble flooring while the remaining areas are carpeted. The size of the rooms ranges from approximately 29 sq m for the standard room to approximately 72 sq m for the suite.

Facilities and amenities available to the guests include a swimming pool with a sun deck, a health spa with massage rooms, seminar and banquet facilities, baggage store room, a gymnasium and a business centre and restaurants such as Restaurant J Toshi and J Bar, Café 2000, The Buffet and Tea Bar. Services offered at M Hotel include 24-hour concierge and security, 24-hour in-room dining service, laundry, valet, foreign currency exchange, baby-sitting, courier and mailing, travel and tour reservation services and business and secretarial services available to hotel guests and serviced office tenants offered through the hotel's business centre.

⁽¹⁾ The property was valued by CB Richard Ellis (Pte) Ltd by the Capitalization of Income Approach, Discounted Cash Flow Analysis and Direct Comparison Method.



COPTHORNE KING'S HOTEL, SINGAPORE

403 Havelock Road
Singapore 169632

Key Statistics on Copthorne King's Hotel

Number of rooms:	310
Car park facilities:	77 car park lots
Land area:	5,636.9 sq m
Gross floor area:	17,598.3 sq m
Title:	Approximately 61 year leasehold interest expiring on 31 January 2067
Vendor:	Republic Hotels & Resorts Limited
Purchase price at 19 July 2006:	S\$86 million
Valuation ⁽¹⁾ as at 31 December 2007:	S\$141 million
Master lessee:	Republic Hotels & Resorts Limited
Term of lease with master lessee:	20 years from 19 July 2006 with an option to renew for another 20 years
Gross rental revenue from the property FY 2007:	S\$9.591 million
Net property income from the property FY 2007:	S\$8.772 million
RevPAR FY 2007:	S\$158

Copthorne King's Hotel has 310 available rooms within two adjoining and interconnected wings. The Hotel is located along Havelock Road, near the junction with Kim Seng Road. It is just outside the CBD and is about 2.5km from the city centre at Raffles Place. The Main Wing is a 13-storey rectangular building which comprises a two-storey podium and a slab block above it. The Tower Wing is a 20-storey semi-circular wing that adjoins the western end of the original building. In addition, there is a three-storey annexe at the rear of the Main Wing.

The Main Wing and the annexe were completed in 1970 whilst the Tower Wing was completed in 1980.

All guest rooms and Hotel public areas have been wired up for broadband and internet access. Each room is equipped with thermostat control unit, electronic safe, hair dryer, colour television with in-house movies, CNN and other satellite channels, IDD telephone with dedicated lines and voice mail facilities, data port, broadband internet access, computer and tea making facilities

and mini-bar. In each room, the bathroom is finished with ceramic tile/marble flooring while the remaining areas are carpeted. The size of the rooms ranges from approximately 22 sq m for the deluxe room to approximately 72 sq m for the suite.

Facilities and amenities available to the guests include a swimming pool with a sun deck, a gymnasium, seminar and banquet facilities, a business centre, a sundry shop, a barber shop, baggage store room, and food and entertainment outlets such as Tien Court, Princess Terrace Café, Connections Lounge, and Mino-Q Teppan-yaki Steak House. Services offered at Copthorne King's Hotel include 24-hour concierge and security, 24-hour in-room dining service, gymnasium, laundry, dry cleaning, complimentary shuttle bus connection to Orchard Road, Great World City, Chinatown, Outram and Somerset MRT stations, Suntec City and Shenton Way within the CBD.

⁽¹⁾ The property was valued by CB Richard Ellis (Pte) Ltd by the Capitalization of Income Approach, Discounted Cash Flow Analysis and Direct Comparison Method.



*Copthorne
King's Hotel*

ORCHARD HOTEL SHOPPING ARCADE, SINGAPORE

442 Orchard Road
Singapore 238879

Key Statistics on Orchard Hotel Shopping Arcade

Nett lettable area:	4,939.2 sq m
Car park facilities:	The car park facilities are shared with Orchard Hotel
Title:	75 years leasehold interest commencing from 19 July 2006
Vendor:	City Hotels Pte. Ltd.
Purchase price at 19 July 2006:	S\$35 million
Valuation ⁽¹⁾ as at 31 December 2007:	S\$40 million
Gross rental revenue from the property FY 2007:	S\$3.681 million
Net property income from the property FY 2007:	S\$2.638 million
Total number of tenants as at 31 December 2007:	47
Committed occupancy rate as at 31 December 2007:	95.2%
Committed average rent per sq ft as at 31 December 2007:	S\$6.70

Orchard Hotel Shopping Arcade is a four-storey retail podium block (basement level to third level) incorporated in Orchard Hotel's Claymore Wing. It is located at the junction of Orange Grove Road and Orchard Road shopping and tourist belt and is within short walking distance of the Orchard MRT station which is situated at the junction of Scotts Road, Paterson Road and Orchard Road.

Orchard Hotel Shopping Arcade has its main entrance along Claymore Road and there is access to Orchard Hotel on the second and third levels. Access to the upper levels is by means of a set of two-way escalators, two passenger lifts, two service lifts and numerous sets of staircases.

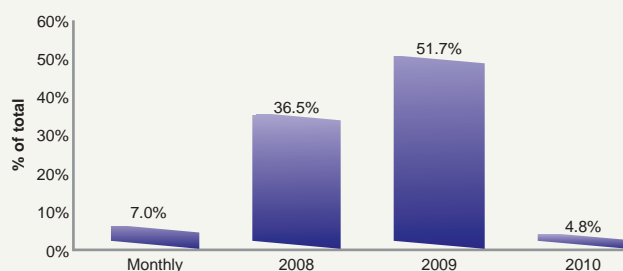
The total lettable floor area of the shopping arcade is approximately 7,505.3 sq m of which 4,939.2 sq m represents retail rental area and the balance is used by Orchard Hotel at no charge.

Retail Tenants

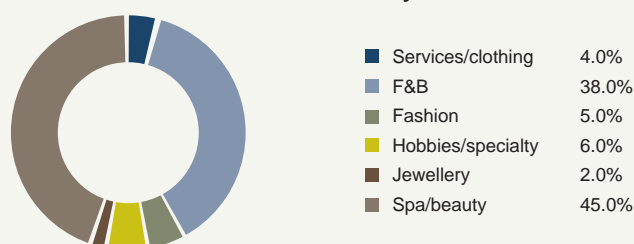
The majority of retail tenancies are occupied under a standard form of lease, with typical lease terms ranging from one to three years. All leases provide for the payment of base rental and service charges with a limited number of leases incorporating structured increases of base rent during the lease term. Retail leases typically do not incorporate mid-term reviews, with rentals generally being reviewed to market on lease renewal.

By base rental income, the top 10 tenants of Orchard Hotel Shopping Arcade made up 69.7% of the total base rental income received. The top tenant at the Orchard Hotel Shopping Arcade makes up 13.6% of total rental income with the 10th largest comprising 2.7%.

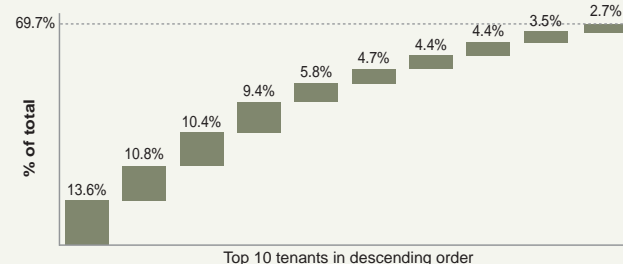
Lease Expiry Analysis by Gross Rental Income



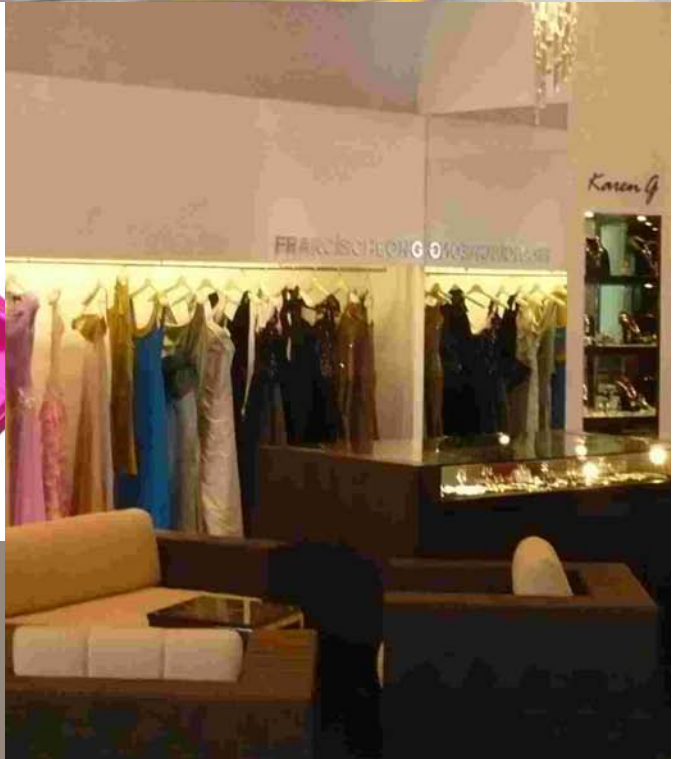
Breakdown of Base Rental Income by Tenant Mix



Percentage Contribution to Gross Rental Income of Top 10 Tenants



⁽¹⁾ The property was valued by CB Richard Ellis (Pte) Ltd by the Capitalization of Income Approach, Discounted Cash Flow Analysis and Direct Comparison Method.



*Orchard Hotel
Shopping Arcade*

NOVOTEL CLARKE QUAY, SINGAPORE

177A River Valley Road
Singapore 179031

Key Statistics on Novotel Clarke Quay

Number of rooms:	398
Car park facilities:	755 car park lots ⁽¹⁾
Land area:	12,925.4 sq m
Strata floor area:	37,624 sq m
Title:	97 years and 30 days leasehold interest commencing 2 April 1980
Vendor:	Lehman Brothers Real Estate Partners II L. P. and affiliated partnerships
Purchase price at 7 June 2007:	S\$201 million
Acquisition valuation:	S\$224 million
Valuation ⁽²⁾ as at 31 December 2007:	S\$275 million
Master lessee:	AAPC Clarke Quay Hotel Pte. Ltd.
Term of lease with master lessee:	Approximately 13.5 years from 7 June 2007 expiring 31 December 2020
Gross rental revenue from the property FY 2007:	S\$9.649 million
Net property income from the property FY 2007:	S\$9.193 million
RevPAR FY 2007:	S\$167

Novotel Clarke Quay is a prime 25-storey superior-class hotel located at Clarke Quay, on the banks of the Singapore River. It is situated on top of the six-storey Liang Court shopping podium. The Hotel is at the doorstep of Clarke Quay which has undergone a S\$85 million transformation to become one of Singapore's leading lifestyle and entertainment destinations. The Property is also a short distance to the business and financial district at Raffles Place, as well as to Singapore's main Orchard Road shopping belt and major cultural and tourist attractions such as Chinatown and the Esplanade. It is further serviced by excellent transportation links such as the Clarke Quay MRT station and the River Valley and Clemenceau Road main throughfares.

In 2006, the Hotel completed its comprehensive S\$18.8 million renovation to a sleek and contemporary style hotel. The areas that were renovated include: the key public areas, the restaurants and all 398 guestrooms. The guestrooms upgrade also included the introduction of three club floors and a club lounge.

Each of the 398 guestrooms is equipped with a fully-computerized bedside control panel which regulates the lights and air-conditioning, bathroom with separate shower compartment, electronic safe, hair dryer, color television with in-house movies, satellite channels,

separate DVD player with DVD movies, IDD telephone with dedicated lines and voicemail facilities, data port, broadband internet access, coffee and tea making facilities and minibar. In each room, the bathroom is finished with marble flooring, while the remaining areas are furnished with parquet/carpet flooring. The Hotel's accommodation includes 18 suites. The size of the rooms ranges from approximately 28 sq m for a standard room to approximately 64 sq m for a suite.

Facilities and amenities available to the guests include a 25-metre outdoor swimming pool, two levels of conference/meeting and banquet facilities, a full-service business centre, 755 shared car park lots in the Liang Court Complex. There are four food and beverage outlets, namely The Square, Le Bar Rouge, Moghul Mahal and Dragon Phoenix. Services offered at the Hotel include 24-hour concierge and security, 24-hour in-room dining service, laundry, dry cleaning, service offices and complimentary shuttle bus connection to Orchard Road.

The Hotel is managed by a subsidiary of Accor S.A. which is a well-known international hotel operator which currently operates around 4,000 hotels in 90 cities with over 486,000 rooms.

⁽¹⁾ Shared with Liang Court Shopping Centre and Somerset Liang Court Serviced Apartments (All space owned by MCST).

⁽²⁾ The property was valued by CB Richard Ellis (Pte) Ltd by the Capitalization of Income Approach, Discounted Cash Flow Analysis and Direct Comparison Method.



Novotel
Clarke Quay



RENDEZVOUS HOTEL AUCKLAND, NEW ZEALAND

71 - 87 Mayoral Drive
Auckland, New Zealand

Key Statistics on Rendezvous Hotel Auckland

Number of rooms:	455
Car park facilities:	258 car park lots
Land area:	5,910 sq m
Title:	Freehold
Vendor:	Abacus Funds Management Limited as trustee of Abacus NZ Holdings Trust
Purchase price at 19 December 2006:	NZ\$113 million
Valuation ⁽¹⁾ as at 31 December 2007:	NZ\$114 million
Master lessee:	Rendezvous Hotels (NZ) Limited
Term of lease with master lessee:	Approximately 9 years ending 6 September 2016 with an option to renew for another 5 years
Gross rental revenue from the property FY 2007:	S\$9.881 million (NZ\$8.9 million) ⁽²⁾
Net property income FY 2007:	S\$9.881 million (NZ\$8.9 million) ⁽²⁾
RevPAR for December 2007:	S\$96 (NZ\$86) ⁽²⁾

The Rendezvous Hotel Auckland is a prime 12-storey atrium-styled luxury hotel located in New Zealand's gateway city of Auckland. The Hotel has a total of 455 guest rooms, including a new wing built in 1998 with an additional 143 guest rooms.

The Hotel is situated in the Auckland Central Business District. It is located only 400 metres south of the Sky City entertainment complex, minutes from all major commercial buildings and the University of Auckland. A key highlight of the Hotel's location is its proximity to The Edge (Aotea Convention Centre) convention centre. The Edge is Auckland's prime convention precinct which comprises four of Auckland's finest venues: Aotea Centre, The Civic, Auckland Town Hall and Aotea Square. The Hotel is conveniently linked to The Edge by an exclusive underground pedestrian tunnel. The Hotel has complementary and extensive conference facilities with over 1,000 sq m of meeting space that can accommodate up to 550 guests. It also provides a full-serviced business centre which offers additional boardrooms.

Visitors are greeted by a large atrium, lit by a nine-storey wall of windows and a glass roof. Other amenities include a 25-metre lap pool (one of the largest in Auckland), a fitness centre and sauna. The Hotel's other facilities and services include complimentary inner city shuttle service, valet parking, complimentary daily newspapers, gymnasium, heated indoor swimming pool, individual male and female saunas, large outdoor sun deck, on-site taxi rank, 24-hour business centre, Pacific Restaurant, Katsura Japanese Restaurant, Atrium Lounge, Auckland Bar, Plaza Club Lounge, Japanese rooftop garden, extensive meeting, conference and event facilities and 250 secure covered parking lots.

⁽¹⁾ The property was valued by CB Richard Ellis (Pte) Ltd by the Capitalization of Income Approach, Discounted Cash Flow Analysis and Direct Comparison Method.

⁽²⁾ Based on the average exchange rate of NZ\$1.00 = S\$1.1103

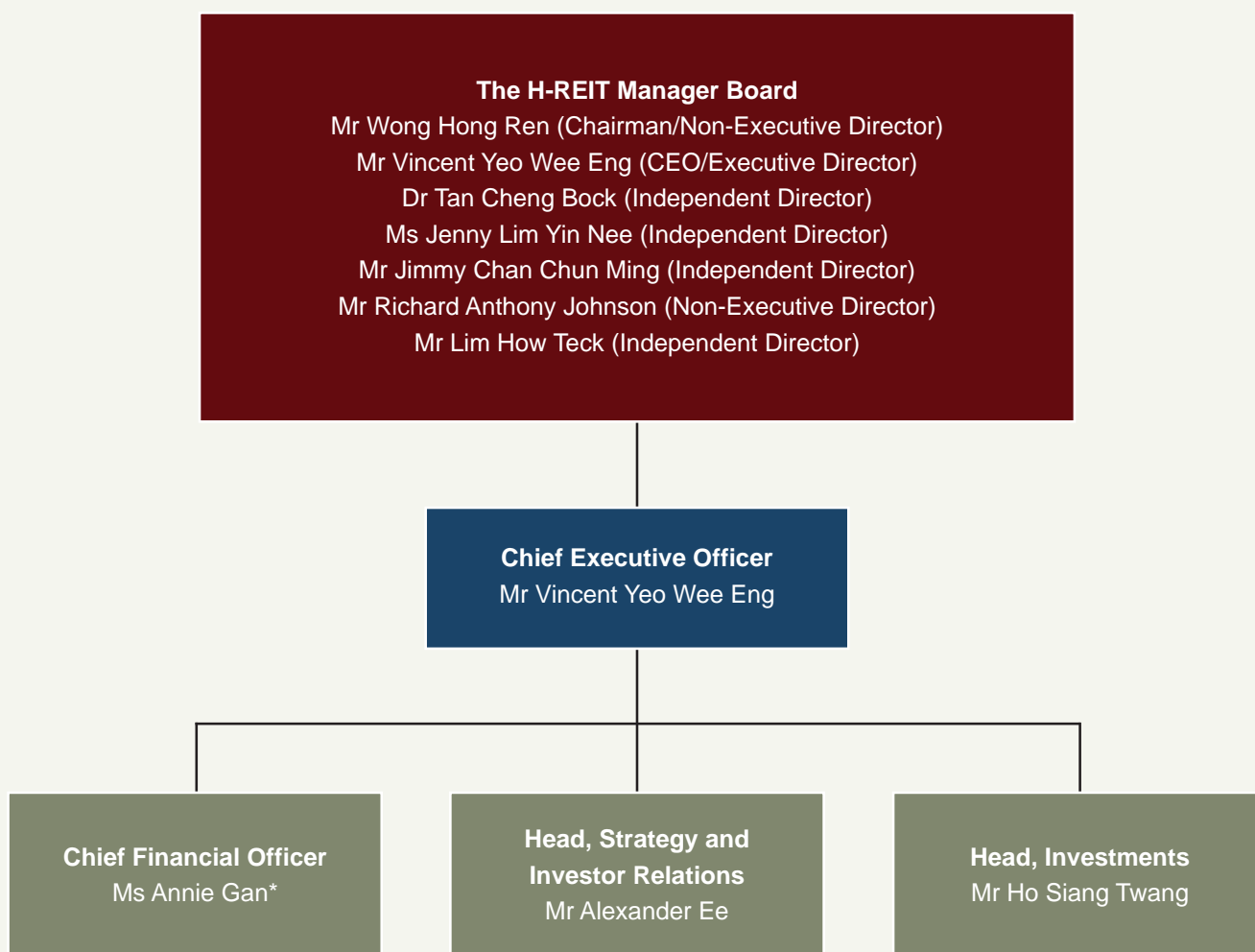


*Rendezvous Hotel
Auckland*



MANAGEMENT REPORTING STRUCTURE

MANAGEMENT REPORTING STRUCTURE OF THE H-REIT MANAGER AS AT 26 FEBRUARY 2008



* Appointed on 1 June 2007

CORPORATE DIRECTORY

CDL HOSPITALITY TRUSTS, A STAPLED GROUP COMPRISING CDL HOSPITALITY REAL ESTATE INVESTMENT TRUST AND CDL HOSPITALITY BUSINESS TRUST

MANAGER OF CDL HOSPITALITY REAL
ESTATE INVESTMENT TRUST

M&C REIT Management Limited

(Co. Reg. No. 200607091Z)
36 Robinson Road
#04-01 City House
Singapore 068877
Telephone: +65 6877 8228
Facsimile: +65 6225 4959

TRUSTEE-MANAGER OF CDL
HOSPITALITY BUSINESS TRUST

M&C Business Trust Management Limited

(Co. Reg. No. 200607118H)
36 Robinson Road
#04-01 City House
Singapore 068877
Telephone: +65 6877 8228
Facsimile: +65 6225 4959

Website: www.cdlht.com

DIRECTORS OF THE MANAGER OF
H-REIT AND THE TRUSTEE-MANAGER OF HBT

Wong Hong Ren

Chairman and Non-Executive Director

Vincent Yeo Wee Eng

Chief Executive Officer and Director

Dr Tan Cheng Bock

Non-Executive Independent Director

Jenny Lim Yin Nee

Non-Executive Independent Director

Jimmy Chan Chun Ming

Non-Executive Independent Director

Richard Anthony Johnson

Non-Executive Director

Lim How Teck

Non-Executive Independent Director

AUDIT COMMITTEE OF THE MANAGER OF H-REIT

Jenny Lim Yin Nee (Chairman)

Dr Tan Cheng Bock

Jimmy Chan Chun Ming

TRUSTEE OF H-REIT

DBS Trustee Limited

6 Shenton Way
#14-01 DBS Building Tower 1
Singapore 068809
Telephone: +65 6878 1717
Facsimile: +65 6878 3977

AUDITORS

KPMG

Certified Public Accountants
16 Raffles Quay
#22-00 Hong Leong Building
Singapore 048581
Telephone: +65 6213 3388
Facsimile: +65 6225 4142
(Partner-in-charge: Lo Mun Wai,
appointment commenced from the audit of
the financial statements for the period ended
31 December 2006)

UNIT REGISTRAR

M & C Services Private Limited

138 Robinson Road
#17-01 The Corporate Office
Singapore 068906
Telephone: +65 6227 6660
Facsimile: +65 6225 1452

LEGAL ADVISER

Allen & Gledhill

One Marina Boulevard
#28-00
Singapore 018989
Telephone: +65 6890 7188
Facsimile: +65 6327 3800

COMPANY SECRETARIES OF THE MANAGER
OF H-REIT AND THE TRUSTEE-MANAGER OF HBT

Enid Ling Peek Fong

Boey Mui Tiang

CORPORATE GOVERNANCE

M&C REIT Management Limited as manager of H-REIT ("H-REIT Manager") has general powers of management over the assets of H-REIT. The H-REIT Manager's main responsibility is to manage H-REIT's assets and liabilities for the benefit of the holders of H-REIT Units.

The H-REIT Manager is responsible for formulating the business plans in relation to H-REIT's properties. The H-REIT Manager will work closely with the Master Lessees to implement H-REIT's strategies. In addition, the H-REIT Manager will set the strategic direction of H-REIT and give recommendations to DBS Trustee Limited, as trustee of the H-REIT (the "H-REIT Trustee"), on the acquisition, divestment or enhancement of assets of H-REIT in accordance with its stated investment strategy.

Other roles and responsibilities of the H-REIT Manager include:

- Managing Orchard Hotel Shopping Arcade with a view to maintaining the physical condition of the property for the benefit of the tenants and the shoppers/patrons alike, including engaging City Developments Limited to provide leasing services in respect of the vacant shop spaces in the property with a view to maintaining its high occupancy levels.
- Using its best endeavours to carry on and conduct its business in a proper and efficient manner and to ensure that H-REIT is carried on and conducted in a proper and efficient manner and to conduct all transactions with or for H-REIT at arm's length and on normal commercial terms.
- Ensuring that H-REIT complies with the applicable provisions of the Securities and Futures Act, Chapter 289 of Singapore and all other relevant legislation, the Listing Manual, the Code on Collective Investment Schemes (including the Property Funds Guidelines) issued by MAS, the H-REIT Trust Deed, the tax ruling issued by the Inland Revenue of Singapore on the taxation of H-REIT and the holders of the Stapled Securities and all relevant contracts.

H-REIT, constituted as a trust, is externally managed by the H-REIT Manager and accordingly, has no personnel of its own. The H-REIT Manager appoints experienced and well-qualified management to run its day-to-day operations. The H-REIT Manager, not H-REIT, remunerate all Directors and employees of the H-REIT Manager.

The H-REIT Manager is committed to maintaining good corporate governance in accordance with the principles and guidelines set out in the Code of Corporate Governance released by the Council on Corporate Disclosure and Governance in 2005 ("CCDG Code") as its benchmark, as and where relevant.

As HBT was dormant during the year ended 31 December 2007, the HBT Trustee-Manager was similarly dormant for this period. Accordingly, no compensation was paid to the directors of the HBT Trustee-Manager and no executive officers were employed by the HBT Trustee-Manager in relation to this period.

The following describes the H-REIT Manager's corporate governance policies and practices which include, *inter alia*, specific references to the principles and guidelines as set out in the CCDG Code.

BOARD MATTERS

CCDG Code Principle 1: The Board's conduct of affairs

The H-REIT Manager Board is responsible for the overall corporate governance of the H-REIT Manager, including establishing goals for management and monitoring the achievement of these goals. The H-REIT Manager is also responsible for the strategic business direction and risk management of H-REIT. All H-REIT Manager Board members participate in matters relating to corporate governance, business operations and risks, financial performance and the nomination and review of performance of Directors. The H-REIT Manager Board has established a framework for the management of the H-REIT Manager and H-REIT, including a system of internal controls and a business risk management process. The H-REIT Manager Board consists of seven members, four of whom are independent⁽¹⁾ directors.

The H-REIT Manager Board meets quarterly or more often if necessary and will review the financial performance of H-REIT against a previously approved budget. The H-REIT Manager Board also reviews the business risks of H-REIT, examine liability management and will act upon any comments from both the internal and external auditors of H-REIT. In assessing business risk, the H-REIT Manager Board will consider the economic environment and risks relevant to the property industry. It will review management reports and feasibility studies on individual development projects prior to approving major transactions. The management will meet regularly to review the operations of the H-REIT Manager and H-REIT and discuss any disclosure issues.

⁽¹⁾ The independence of the directors in this context refers to their independence from management and business relationships with the H-REIT Manager.

The H-REIT Manager Board has established an Audit Committee to assist it in discharging its responsibilities.

The H-REIT Manager Board has also adopted an internal guide wherein key matters are specifically reserved for approval by the H-REIT Manager Board, such as decisions on material acquisition and disposal of assets or undertakings of the H-REIT, setting of strategic decisions or policies or financial objectives which are, or may be significant, in terms of future profitability of performance of H-REIT and decisions to commence, discontinue or modify significantly any business activity or to enter or withdraw from a particular market sector.

Directors' Attendance at Board and Audit Committee Meetings in 2007

	Board	Audit Committee
	No. of Meetings Held: 5	No. of Meetings Held: 5
	No. of Meetings Attended	No. of Meetings Attended
Wong Hong Ren	5	N.A.
Vincent Yeo Wee Eng	5	N.A.
Dr Tan Cheng Bock	5	5
Jenny Lim Yin Nee	5	5
Jimmy Chan Chun Ming	3	3
Richard A. Johnson	3	N.A.
Lim How Teck	5	N.A.

Each new Director is provided with a manual containing information on Directors' duties and responsibilities, Board and the H-REIT Manager's policies including the Internal Guide on Corporate Governance which also cover the Internal Code of Business and Ethical Conduct, Internal Code on Securities Trading and a schedule of matters which require Board approval. Directors are also provided regular updates and briefings from time to time by professional advisers, auditors, management and the Company Secretaries of new laws, rules, regulations, listing requirements, governance practices, changes in accounting standards and business and risk management issues applicable or relevant to the performance of their duties and obligations as Directors.

CCDG Code Principle 2: Board Composition and Guidance

The composition of the H-REIT Manager Board is determined using the following principles:

- The Chairman of the H-REIT Manager Board should be a non-executive director of the H-REIT Manager;
- The H-REIT Manager Board should comprise directors with a broad range of commercial experience including expertise in funds management and the property industry; and
- While H-REIT Units remain stapled to HBT Units, in order to avoid any conflict between H-REIT and HBT, each of the directors of the H-REIT Manager Board will also be a director of the HBT Trustee-Manager Board, and *vice versa*. Accordingly, in order for the HBT Trustee-Manager Board to comply with the requirement under Regulation 12 of the Business Trust Regulations 2005 for at least a majority of the directors of the board of the trustee-manager of a business trust to comprise directors who are independent from management and business relationships with the trustee-manager, at least a majority of the directors of both the H-REIT Manager Board and the HBT Trustee-Manager Board will comprise such independent directors.

CCDG Code Principle 3: Chairman and Chief Executive Officer

The roles of the Chairman and Chief Executive Officer are separate. The Chairman, Mr Wong Hong Ren, is a non-executive director while the Chief Executive Officer, Mr Vincent Yeo, is an executive director. This ensures an appropriate balance of power, increased accountability and greater capacity of the H-REIT Manager Board for independent decision making.

The Chairman, amongst other responsibilities, leads the H-REIT Manager Board to ensure its effectiveness on all aspects of its role and sets its agenda, and encourages constructive relations between the H-REIT Manager Board and management. The Chief Executive Officer of the H-REIT Manager is responsible for working with the H-REIT Manager Board to determine the overall business, investment and operational strategies for H-REIT. The Chief Executive Officer will also work with the other members of the H-REIT Manager's management team and the Master Lessees to ensure that the business, investment and operational strategies of H-REIT are carried out as planned. In addition, the Chief Executive Officer is responsible for the overall management and planning of the strategic direction of H-REIT, including overseeing the acquisition of hospitality and hospitality-related assets and asset and property management strategies for H-REIT.

CCDG Code Principle 4: Board Membership

The composition is reviewed regularly to ensure that the H-REIT Manager Board has the appropriate mix of expertise and experience and to further ensure that at least a majority of the H-REIT Manager Board comprises independent directors.

The H-REIT Manager Board has in place a formal and transparent procedure for the appointment of new Directors. In reviewing and recommending the appointment of new Directors, the H-REIT Manager Board takes into consideration the current Board size and its mix, and consider factors concerning the new Directors, such as their professional qualifications, working experience and expertise.

CCDG Code Principle 5: Board Performance

The H-REIT Manager Board has a process to assess the effectiveness of the Board as a whole, through the use of performance criteria, and the contribution of each individual Director to the effectiveness of the Board.

CCDG Code Principle 6: Access to Information

Prior to each meeting, the respective members of the H-REIT Manager Board and the H-REIT Manager Audit Committee are provided with the meeting agenda and the relevant papers submitted by the management, containing complete, adequate and timely information to enable full deliberation on the issues to be considered at the respective meetings. Management staff and the H-REIT Manager's auditors, who can provide additional insight into the matters for discussion, are also invited from time to time to attend such meetings. The company secretaries attend all Board meetings and ensure that all Board procedures are followed. The company secretaries, together with other management staff of the H-REIT Manager, also ensure that the H-REIT Manager and H-REIT comply with all applicable statutory and regulatory rules.

On an on-going basis, the Directors of the H-REIT Manager have separate and independent access to the H-REIT Manager's management and the company secretaries. The Directors, whether as a group or individually, are entitled to take independent professional advice at the expense of the H-REIT Manager, in furtherance of their duties and in the event that circumstances warrant the same.

REMUNERATION MATTERS

CCDG Code Principle 7: Procedures for developing Remuneration Policies

CCDG Code Principle 8: Level and Mix of Remuneration

CCDG Code Principle 9: Disclosure on Remuneration

All Directors and employees of the H-REIT Manager are remunerated by the H-REIT Manager, and not H-REIT.

ACCOUNTABILITY AND AUDIT

CCDG Code Principle 10: Accountability

The H-REIT Manager Board is responsible for providing a balanced and understandable assessment of H-REIT's performance, position and prospects to regulators, if required, and the management is responsible for providing the members of the Board with management accounts which present a balance and understandable assessment of the H-REIT's performance, position and prospects on a monthly basis.

CCDG Code Principle 11: Audit Committee

The Audit Committee is appointed by the H-REIT Manager Board from among the H-REIT Manager Directors and is composed of three non-executive members, a majority of whom (including the Chairman of the Audit Committee) are required to be directors independent from management and business relations with the H-REIT Manager.

The members of the Audit Committee ("AC") are:

Ms Jenny Lim Yin Nee (Chairman)
Dr Tan Cheng Bock
Mr Jimmy Chan Chun Ming

The H-REIT Manager Board is of the view that the AC has sufficient financial management expertise and experience amongst its members to discharge the functions of the AC.

The principal responsibility of the AC is to assist the H-REIT Manager Board in maintaining a high standard of corporate governance, particularly by providing an independent review of the effectiveness of the H-REIT's material internal controls, including financial, operational, compliance and risk management controls at least once annually. Other duties within its written terms of reference include:

- reviewing the financial statements and the internal audit report;
- reviewing external audit reports to ensure that where deficiencies in internal controls have been identified, appropriate and prompt remedial action is taken by the management;
- reviewing activities of the internal auditors on factors such as independence, adequate resources and appropriate standing to perform an effective role;
- monitoring the procedures in place to ensure compliance with applicable legislation, the Listing Manual and the Property Funds Guidelines;
- monitoring and evaluating the effectiveness of the H-REIT Manager's internal controls;
- reviewing the quality and reliability of information prepared for inclusion in financial reports;
- nominating external auditors and reviewing the adequacy of external audit in respect of cost, scope and performance;
- reviewing the independence and objectivity of the external auditors and where the auditors also supply a substantial volume of non-audit services to H-REIT, the AC should keep the nature and extent of such services under review, seeking to balance the maintenance of objectivity and value for money; and
- monitoring the procedures established to regulate Related Party Transactions, including reviewing any Related Party Transactions entered into from time to time and ensuring compliance with the relevant provisions of the Listing Manual and the Property Funds Guidelines.

The AC is authorized by the H-REIT Manager Board to investigate any matters it deems appropriate within its written terms of reference and has full access to and co-operation of management. The AC may invite any Director, executive officer or employee of the H-REIT Manager to attend its meetings and is also authorized to seek external professional advice to enable it to discharge its functions.

The AC met with the external auditors separately without the presence of management once during the year. Having reviewed the nature and extent of the non-audit services provided to the H-REIT group by the external auditors for year ended 31 December 2007, the AC is of the opinion that the provision of such non-audit services would not affect the independence and objectivity of the external auditors.

As HBT was dormant during the year ended 31 December 2007, the audit committee of the HBT Trustee-Manager was similarly dormant during this period.

CCDG Code Principle 12: Internal Controls

The management provides all Directors, on a quarterly basis, with accounts and reports on the H-REIT's financial performance and commentary on the competitive conditions within the industry in which the H-REIT operates, which are reviewed by the H-REIT Manager Board at each Board meeting prior to release of the announcements on quarterly and full-year results of the H-REIT. Monthly reports covering the H-REIT's financial performance are also provided by the management to the Chairman and Chief Executive Officer. Apart from the periodic updates provided by the management, the H-REIT Manager Board may at any time seek further information from, and discussion with, the management on the H-REIT's operations and performance.

The H-REIT Manager Board recognizes that they have overall responsibility to ensure accurate financial reporting for the H-REIT and for the H-REIT's system of internal controls. The H-REIT Manager Board confirms that, with the assistance of the AC, it reviews the effectiveness of the H-REIT's material internal controls system, which is monitored through a programme of external and internal audits, and is satisfied with the adequacy of such internal controls system.

While no system can provide absolute assurance against material loss or financial misstatement, the H-REIT's internal financial controls are designed to provide reasonable assurance that assets are safeguarded, that proper accounting records are maintained, and that financial information used within the business and for publication is reliable. In designing these controls, the H-REIT Manager Board had regard to the risks to which the business is exposed, the likelihood of such risks occurring and the costs of protecting against them.

CCDG Code Principle 13: Internal Audit

Internal Audit plays an important role in monitoring an effective system of internal controls. To enable the effectiveness of the internal audit function, the internal auditors of the H-REIT report to the Chairman of the AC and administratively to the Chief Executive Officer of the H-REIT Manager. The internal auditors have been directed to meet or exceed the standards set by nationally or internationally recognized professional bodies including the Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors. The AC reviews the activities of the internal auditors on a quarterly basis and is satisfied that the internal audit function is independent of the activities which it audits; is adequately resourced; and has appropriate standing within the Group to perform its role effectively.

COMMUNICATION WITH SHAREHOLDERS

CCDG Code Principle 14: Communication with Stapled Securities holders

CCDG Code Principle 15: Greater Stapled Securities holder Participation

The H-REIT Manager announces its quarterly and full-year results within the mandatory period. Material and price-sensitive information is publicly released via SGXNET on a timely basis. All holders of the stapled securities will receive the annual report of CDL Hospitality Trusts. Holders of the stapled securities of CDL Hospitality Trusts and investors can access information on CDL Hospitality Trusts at its website at www.cdlht.com which provides, *inter alia*, corporate announcements, press releases and the latest financial results as disclosed by CDL Hospitality Trusts on SGXNET. From time to time, the H-REIT Manager's senior management may consider holding briefings with analysts and the media to coincide with the release of CDL Hospitality Trusts' quarterly and full-year results.

Holders of the stapled securities may communicate their views and ask the H-REIT Manager Board and the management questions regarding matters affecting H-REIT. The chairman of the AC and the external auditors would endeavour as far as reasonably practicable to be present at the general meetings to address, and assist the H-REIT Manager Board in addressing, queries raised by the holders of stapled securities.

In accordance with the Articles of Association of the H-REIT Manager, holders of stapled securities may appoint one or two proxies to attend and vote at the general meetings in their absence. CPF investors of the stapled securities may attend the general meetings as observers provided they have submitted their requests to do so with their agent banks within a specified time frame.

RISK MANAGEMENT

The H-REIT Manager Board has established an internal control system to ensure that all Related Party Transactions will be undertaken on normal commercial terms and will not be prejudicial to the interests of H-REIT and the holders of H-REIT units.

BUSINESS AND ETHICAL CONDUCT

The H-REIT Manager has an Internal Code of Business and Ethical Conduct crystallizing the H-REIT's business principles and practices with respect to matters which may have ethical implications. The Code provides a communicable and understandable framework for employees of the H-REIT Manager to observe the H-REIT's principles such as honesty, integrity, responsibility and accountability at all levels of the organisation and in the conduct of H-REIT's business in their relationships with customers, suppliers and amongst employees of the H-REIT Manager. Employees have a right to raise concerns about any real or apparent breaches of any of these principles directly with senior management or with the AC Chairman.

DEALINGS IN SECURITIES

The H-REIT Manager has adopted an internal code on securities trading which provides guidance and internal regulation with regard to dealings in the stapled securities of CDL Hospitality Trusts by the Directors and officers of the H-REIT Manager and the directors of HBT Trustee-Manager. The Directors and employees of the H-REIT Manager and the Directors of the HBT Trustee-Manager have been directed to refrain from dealing in the stapled securities on a short-term consideration. These guidelines prohibit dealing in the stapled securities of CDL Hospitality Trusts while in possession of unpublished material price-sensitive information in relation to such securities and during the "closed period", which is defined as two weeks before the date of announcement of results for each of the first three quarters of the H-REIT Manager's and the HBT Trustee-Manager's financial year and one month before the date of announcement of the full-year financial results.

STATEMENT OF POLICIES AND PRACTICES

As HBT has been dormant, the HBT Trustee-Manager has not prepared a statement of policies and practices in relation to the management and governance of HBT (as described in section 87(1) of the Business Trusts Act, Chapter 31A of Singapore), but will do so upon HBT becoming active.

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REPORT OF THE TRUSTEE-MANAGER OF CDL HOSPITALITY BUSINESS TRUST

The directors of M&C Business Trust Management Limited, the Trustee-Manager of CDL Hospitality Business Trust ("HBT"), are pleased to submit this report to the unitholders together with the audited financial statements for the financial year ended 31 December 2007.

The directors of the Trustee-Manager in office at the date of this report are as follows:

Wong Hong Ren	(Chairman)
Vincent Yeo Wee Eng	(Chief Executive Officer)
Dr Tan Cheng Bock	
Jenny Lim Yin Nee	
Jimmy Chan Chun Ming	
Richard Anthony Johnson	(Appointed on 3 January 2007)
Lim How Teck	(Appointed on 3 January 2007)

According to the register kept by the Trustee-Manager for the purposes of Section 76 of the Singapore Business Trusts Act, particulars of interests of directors who held office at the end of the financial year (including those held by their spouses and infant children) in units in HBT are as follows:

	Holdings at beginning of the year	Holdings at end of the year
Wong Hong Ren	100,000	115,000
Vincent Yeo Wee Eng	100,000	115,000

Except as disclosed in this report, no director who held office at the end of the financial year had interests in units of HBT either at the date of constitution, or date of appointment, if later, or at the end of the financial year.

Neither at the end of, nor at any time during the financial year, was the Trustee-Manager a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Trustee-Manager to acquire benefits by means of the acquisition of units in or debentures of HBT.

During the financial year, there were:

- (i) no options granted by the Trustee-Manager to any person to take up unissued units in HBT; and
- (ii) no units issued by virtue of any exercise of option to take up unissued units of HBT.

As at the end of the financial year, there were no unissued units of HBT under option.

REPORT OF THE TRUSTEE-MANAGER OF CDL HOSPITALITY BUSINESS TRUST

The auditors, KPMG, have indicated their willingness to accept re-appointment.

In our opinion:

- (a) the financial statements of HBT set out on pages 57 to 106 are drawn up so as to give a true and fair view of the state of affairs of HBT as at 31 December 2007 and of the results, changes in unitholders' funds and cash flows of HBT for the year ended on that date in accordance with the provisions of the Singapore Business Trusts Act and Singapore Financial Reporting Standards; and
- (b) at the date of this statement, there are reasonable grounds to believe that HBT will be able to pay its debts as and when they fall due.

With respect to the income statement of HBT for the year ended 31 December 2007:

- fees or charges paid or payable out of the trust property to the Trustee-Manager are in accordance with HBT's trust deed dated 12 June 2006;
- interested person transactions are not detrimental to the interests of all the unitholders as a whole based on the circumstances at the time of the transaction; and
- the Board is not aware of any violation of duties of the Trustee-Manager which would have a materially adverse effect on the business of HBT or on the interests of all the unitholders as a whole.

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

For and on behalf of the Board of Directors of the Trustee-Manager,
M&C Business Trust Management Limited

Wong Hong Ren
Director

Vincent Yeo Wee Eng
Director

Singapore
26 February 2008

STATEMENT BY THE CHIEF EXECUTIVE OFFICER OF THE TRUSTEE-MANAGER

In accordance with Section 86 of the Singapore Business Trusts Act, I certify that I am not aware of any violation of duties of the Trustee-Manager which would have a materially adverse effect on the business of HBT or on the interests of all the unitholders of HBT as a whole.

Vincent Yeo Wee Eng

Chief Executive Officer

Singapore

26 February 2008

REPORT OF THE TRUSTEE OF CDL HOSPITALITY REAL ESTATE INVESTMENT TRUST

DBS Trustee Limited (the “H-REIT Trustee”) is under a duty to take into custody and hold the assets of CDL Hospitality Real Estate Investment Trust (“H-REIT”) held by it or through its subsidiaries (collectively, the “H-REIT Group”) in trust for the holders of units in H-REIT. In accordance with the Securities and Futures Act, Chapter 289 of Singapore, its subsidiary legislation and the Code on Collective Investment Schemes and the Listing Manual (collectively referred to as the “laws and regulations”), the H-REIT Trustee shall monitor the activities of M&C REIT Management Limited (the “H-REIT Manager”) for compliance with the limitations imposed on the investment and borrowing powers as set out in the trust deed dated 8 June 2006 as amended by the First Supplemental Deed dated 11 January 2007 (collectively, the “H-REIT Trust Deed”) between the H-REIT Manager and the H-REIT Trustee in each annual accounting year; and report thereon to unitholders in an annual report which shall contain the matters prescribed by the laws and regulations as well as the recommendations of Statement of Recommended Accounting Practice 7 “Reporting Framework for Unit Trusts” issued by the Institute of the Certified Public Accountants of Singapore and the provisions of the H-REIT Trust Deed.

To the best knowledge of the H-REIT Trustee, the H-REIT Manager has, in all material respects, managed the H-REIT Group during the year covered by these financial statements set out on pages 57 to 106, comprising the H-REIT Group’s Balance Sheet, Statement of Total Return, Statement of Movements in Unitholders’ Funds, Distribution Statement, Portfolio Statement, Cash Flow Statement and Notes to the Financial Statements, in accordance with the limitations imposed on the investment and borrowing powers set out in the H-REIT Trust Deed, laws and regulations and otherwise in accordance with the provisions of the H-REIT Trust Deed.

For and on behalf of the H-REIT Trustee,
DBS Trustee Limited

Jean Wang Mei Wah
Director

Singapore
26 February 2008

REPORT OF THE MANAGER OF CDL HOSPITALITY REAL ESTATE INVESTMENT TRUST

In the opinion of the directors of M&C REIT Management Limited (the “H-REIT Manager”), the Manager of CDL Hospitality Real Estate Investment Trust (“H-REIT”), the accompanying consolidated financial statements of H-REIT and its subsidiaries (collectively, the “H-REIT Group”) and CDL Hospitality Trusts (the “Stapled Group”, comprising the H-REIT Group and CDL Hospitality Business Trust (“HBT”)) set out on pages 57 to 106 comprising their Balance Sheets, Statements of Total Return, Statements of Movements in Unitholders’ Funds, Distribution Statements, Portfolio Statements, Cash Flow Statements and Notes to the Financial Statements are drawn up so as to present fairly, in all material respects, the financial positions of the H-REIT Group and the Stapled Group as at 31 December 2007, and the total return, movements in unitholders’ funds, distributable income and cash flows of the H-REIT Group and the Stapled Group for the year ended 31 December 2007, in accordance with the recommendations of Statement of Recommended Accounting Practice 7 “Reporting Framework for Unit Trusts” issued by the Institute of Certified Public Accountants of Singapore and the provisions of H-REIT’s trust deed between DBS Trustee Limited (the “H-REIT Trustee”) and the H-REIT Manager dated 8 June 2006 as amended by the First Supplemental Deed dated 11 January 2007 and the stapling deed of CDL Hospitality Trusts between the H-REIT Trustee, the H-REIT Manager and M&C Business Trust Management Limited (the Trustee-Manager of HBT) dated 12 June 2006. At the date of this statement, there are reasonable grounds to believe that the H-REIT Group and the Stapled Group will be able to meet their respective financial obligations as and when they materialise.

For and on behalf of the H-REIT Manager,
M&C REIT Management Limited

Vincent Yeo Wee Eng
Director

Singapore
26 February 2008

INDEPENDENT AUDITORS' REPORT

Unitholders

CDL Hospitality Business Trust

CDL Hospitality Real Estate Investment Trust

We have audited:

- (i) the financial statements of CDL Hospitality Business Trust ("HBT") (constituted in the Republic of Singapore pursuant to a trust deed dated 12 June 2006) for the financial year ended 31 December 2007;
- (ii) the consolidated financial statements of CDL Hospitality Real Estate Investment Trust (constituted in the Republic of Singapore pursuant to a trust deed dated 8 June 2006 as amended by the First Supplemental Deed dated 11 January 2007 (collectively, the "H-REIT Trust Deed")) and its subsidiaries (the "H-REIT Group") for the financial year ended 31 December 2007; and
- (iii) the consolidated financial statements of CDL Hospitality Trusts (constituted in the Republic of Singapore pursuant to a stapling deed dated 12 June 2006 (the "Stapling Deed")) for the financial year ended 31 December 2007,

as set out on pages 57 to 106. CDL Hospitality Trusts, which comprises HBT and the H-REIT Group, is hereinafter referred to as the "Stapled Group".

The accompanying financial statements comprise the balance sheets of HBT, the H-REIT Group and the Stapled Group as at 31 December 2007; the income statement of HBT, statements of total return of the H-REIT Group and the Stapled Group, statements of movements in unitholders' funds of HBT, the H-REIT Group and the Stapled Group, distribution statements of the H-REIT Group and the Stapled Group and cash flow statements of HBT, the H-REIT Group and the Stapled Group, all for the year ended 31 December 2007; portfolio statements of the H-REIT Group and the Stapled Group as at 31 December 2007; and a summary of significant accounting policies and other explanatory notes, as set out on pages 57 to 106.

HBT Trustee-Manager's and H-REIT Manager's respective responsibilities for the financial statements

M&C Business Trust Management Limited, the Trustee-Manager of HBT (the "HBT Trustee-Manager"), is responsible for the preparation and fair presentation of the financial statements of HBT in accordance with the provisions of the Singapore Business Trusts Act (the Act) and Singapore Financial Reporting Standards. M&C REIT Management Limited, the Manager of H-REIT (the "H-REIT Manager"), is responsible for the preparation and fair presentation of the consolidated financial statements of the H-REIT Group and the Stapled Group in accordance with Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" issued by the Institute of Certified Public Accountants of Singapore. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

INDEPENDENT AUDITORS' REPORT

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the HBT Trustee-Manager and the H-REIT Manager, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion:

- (a) the financial statements of HBT are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards to give a true and fair view of the state of affairs of HBT as at 31 December 2007 and of the results, movements in unitholders' funds and cash flows of HBT for the year then ended;
- (b) the accounting and other records required by the Act to be kept by HBT have been properly kept in accordance with the provisions of the Act; and
- (c) the financial statements of the H-REIT Group and the Stapled Group present fairly, in all material respects, the consolidated financial positions of the H-REIT Group and the Stapled Group as at 31 December 2007 and the consolidated total return, movements in unitholders' funds and cash flows of the H-REIT Group and the Stapled Group for the year ended 31 December 2007 in accordance with the recommendations of Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" issued by the Institute of Certified Public Accountants of Singapore and the provisions of the H-REIT Trust Deed and the Stapling Deed.

KPMG

Certified Public Accountants

Singapore

26 February 2008

BALANCE SHEETS

As at 31 December 2007

		HBT		H-REIT Group		Stapled Group	
	Note	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Non-current assets							
Investment properties	3	-	-	1,628,809	1,101,908	1,628,809	1,101,908
Subsidiaries	4	-	-	-	-	-	-
Rental deposits		-	-	76	76	76	76
		-	-	1,628,885	1,101,984	1,628,885	1,101,984
Current assets							
Trade and other receivables	5	-	-	14,750	6,952	14,750	6,831
Cash and cash equivalents	6	388	506	13,273	8,677	13,661	9,183
		388	506	28,023	15,629	28,411	16,014
Total assets		388	506	1,656,908	1,117,613	1,657,296	1,117,998
Equity							
Units in issue of HBT	7	500	500	-	-	500	500
Issue expenses of HBT		(121)	(121)	-	-	(121)	(121)
Total equity		379	379	-	-	379	379
Non-current liabilities							
Financial liabilities	8	-	-	259,648	271,421	259,648	271,421
Rental deposits		-	-	4,219	4,069	4,219	4,069
Net assets attributable to holders of H-REIT units		-	-	1,325,476	720,054	1,325,476	720,054
		-	-	1,589,343	995,544	1,589,343	995,544
Current liabilities							
Trade and other payables	9	9	127	17,030	6,900	17,039	6,906
Financial liabilities	8	-	-	31,735	115,169	31,735	115,169
Provision for taxation		-	-	18,800	-	18,800	-
		9	127	67,565	122,069	67,574	122,075
Total liabilities		9	127	1,656,908	1,117,613	1,656,917	1,117,619
Total liabilities and equity		388	506	1,656,908	1,117,613	1,657,296	1,117,998
Unitholders' funds							
<i>Represented by:</i>							
Net assets attributable to holders of H-REIT units		-	-	1,325,476	720,054	1,325,476	720,054
Equity of HBT		379	379	-	-	379	379
		379	379	1,325,476	720,054	1,325,855	720,433
Units/Stapled Securities in issue ('000)	7	823,272	699,612	823,272	699,612	823,272	699,612
Net asset value per unit/ Stapled Security (\$)	10	0.0005	0.0005	1.61	1.03	1.61	1.03

The accompanying notes form an integral part of these financial statements.

INCOME STATEMENT OF HBT

STATEMENTS OF TOTAL RETURN OF THE H-REIT GROUP AND THE STAPLED GROUP

		HBT		H-REIT Group		Stapled Group	
		Year ended	Period from	Year ended	Period from	Year ended	Period from
		31/12/2007	12/6/2006 to 31/12/2006	31/12/2007	8/6/2006 to 31/12/2006	31/12/2007	12/6/2006 to 31/12/2006
	Note	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Gross revenue	11	-	-	90,654	28,189	90,654	28,189
Property expenses	12	-	-	(4,837)	(2,300)	(4,837)	(2,300)
Net property income		-	-	85,817	25,889	85,817	25,889
H-REIT Manager's fees	13	-	-	(7,554)	(3,512)	(7,554)	(3,512)
H-REIT Trustee's fee		-	-	(179)	(65)	(179)	(65)
Other charges	14	(7)	(6)	(2,126)	(840)	(2,133)	(846)
Finance income		7	6	717	6,626	724	6,632
Finance expense		-	-	(16,647)	(5,172)	(16,647)	(5,172)
Net finance income / (expense)	15	7	6	(15,930)	1,454	(15,923)	1,460
Net income before revaluation		-	-	60,028	22,926	60,028	22,926
Net surplus on revaluation of investment properties		-	-	296,758	132,861	296,758	132,861
Net income	16	-	-	356,786	155,787	356,786	155,787
Income tax expense	17	-	-	-	-	-	-
Total return for the year / period		-	-	356,786	155,787	356,786	155,787
Earnings per Stapled Security (cents)	18						
Basic						47.17	22.30
Diluted						47.17	22.30

No separate statement of recognised gains and losses for HBT has been prepared as its results for the year would be the only component of this statement.

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF MOVEMENTS IN UNITHOLDERS' FUNDS

Period from 12 June 2006 (date of constitution) to 31 December 2006 for HBT and the Stapled Group

Period from 8 June 2006 (date of constitution) to 31 December 2006 for the H-REIT Group

	← Equity of HBT →				← Net Assets Attributable to Holders of H-REIT units →				Stapled Group		
	Units in	Issue	Accumulated	Total	Units in	Issue	Foreign currency translation reserve	Hedging reserve	Accumulated profits	Total	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At beginning of the period	-	-	-	-	-	-	-	-	-	-	-
Operations											
Increase in net assets attributable to unitholders resulting from operations	-	-	-	-	-	-	-	-	155,787	155,787	155,787
Hedging transaction	-	-	-	-	-	-	-	(942)	-	(942)	(942)
Translation differences relating to financial statements of foreign subsidiaries	-	-	-	-	-	-	(4)	-	-	(4)	(4)
Total recognised income and expense	-	-	-	-	-	-	(4)	(942)	155,787	154,841	154,841
Balance carried forward	-	-	-	-	-	-	(4)	(942)	155,787	154,841	154,841

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF MOVEMENTS IN UNITHOLDERS' FUNDS

Period from 12 June 2006 (date of constitution) to 31 December 2006 for HBT and the Stapled Group

Period from 8 June 2006 (date of constitution) to 31 December 2006 for the H-REIT Group

	← Equity of HBT →				← Net Assets Attributable to Holders of H-REIT units →						Stapled Group
	Units in issue \$'000	Issue expenses \$'000	Accumulated losses \$'000	Total \$'000	Units in issue \$'000	Issue expenses \$'000	Foreign currency translation reserve \$'000	Hedging reserve \$'000	Accumulated profits \$'000	Total \$'000	Total \$'000
Balance brought forward	-	-	-	-	-	-	(4)	(942)	155,787	154,841	154,841
Unitholders' transactions											
Issue of units/ Stapled Securities	500	-	-	500	578,840	-	-	-	-	578,840	579,340
Issue expenses (Note 19)	-	(121)	-	(121)	-	(16,677)	-	-	-	(16,677)	(16,798)
Units/Stapled Securities issued and to be issued as payment of :											
- H-REIT Manager's management fees	-	-	-	-	1,849	-	-	-	-	1,849	1,849
- H-REIT Manager's acquisition fee	-	-	-	-	1,201	-	-	-	-	1,201	1,201
Increase in net assets attributable to unitholders resulting from unitholders' transactions	500	(121)	-	379	581,890	(16,677)	-	-	-	565,213	565,592
At end of the period	500	(121)	-	379	581,890	(16,677)	(4)	(942)	155,787	720,054	720,433

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF MOVEMENTS IN UNITHOLDERS' FUNDS

Year ended 31 December 2007

	← Equity of HBT →				← Net Assets Attributable to Holders of H-REIT units →				→ Stapled Group		
	Units in	Issue	Accumulated		Units in	Issue	Foreign currency translation	Hedging	Accumulated		
	issue	expenses	losses	Total	issue	expenses	reserve	reserve	profits	Total	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At 1 January 2007	500	(121)	-	379	581,890	(16,677)	(4)	(942)	155,787	720,054	720,433
Operations											
Increase in net assets attributable to unitholders resulting from operations	-	-	-	-	-	-	-	-	356,786	356,786	356,786
Hedging transaction	-	-	-	-	-	-	-	10	-	10	10
Translation differences relating to financial statements of foreign subsidiaries	-	-	-	-	-	-	(5)	-	-	(5)	(5)
Total recognised income and expense	-	-	-	-	-	-	(5)	10	356,786	356,791	356,791
Balance carried forward	500	(121)	-	379	581,890	(16,677)	(9)	(932)	512,573	1,076,845	1,077,224

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF MOVEMENTS IN UNITHOLDERS' FUNDS

Year ended 31 December 2007

	← Equity of HBT →				← Net Assets Attributable to Holders of H-REIT units →				→ Stapled Group		
	Units in	Issue	Accumulated		Units in	Issue	Foreign currency translation	Hedging	Accumulated		
	issue	expenses	losses	Total	issue	expenses	reserve	reserve	profits	Total	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance brought forward	500	(121)	-	379	581,890	(16,677)	(9)	(932)	512,573	1,076,845	1,077,224
Unitholders' transactions											
Issue of units / Stapled Securities	-	-	-	-	295,309	-	-	-	-	295,309	295,309
Issue expenses (Note 19)	-	-	-	-	-	(4,009)	-	-	-	(4,009)	(4,009)
Units/Stapled Securities issued and to be issued as payment of :											
- H-REIT Manager's management fees	-	-	-	-	6,044	-	-	-	-	6,044	6,044
- H-REIT Manager's acquisition fee	-	-	-	-	2,198	-	-	-	-	2,198	2,198
- Distributions to holders of Stapled Securities	-	-	-	-	-	-	-	-	(50,911)	(50,911)	(50,911)
Increase in net assets attributable to unitholders resulting from unitholders' transactions	-	-	-	-	303,551	(4,009)	-	-	(50,911)	248,631	248,631
At 31 December 2007	500	(121)	-	379	885,441	(20,686)	(9)	(932)	461,662	1,325,476	1,325,855

The foreign currency translation reserve comprises foreign exchange differences arising from the translation of the financial statements of a foreign operation whose functional currency is different from the functional currency of H-REIT.

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments relating to hedged transactions that have not yet occurred.

The accompanying notes form an integral part of these financial statements.

DISTRIBUTION STATEMENTS

Year ended 31 December 2007

	H-REIT Group and Stapled Group	
	2007	2006*
	\$'000	\$'000
Income available for distribution to holders of Stapled Securities at the beginning of the year/period	20,304	-
Net income of H-REIT (Note 16)	356,956	155,886
Net tax adjustments (Note A)	(288,232)	(135,582)
	<u>68,724</u>	<u>20,304</u>
Income available for distribution to holders of Stapled Securities	89,028	20,304
Distribution to holders of Stapled Securities :		
Distribution of 2.89 cents per Stapled Security for the period from 12/6/2006 to 31/12/2006	(20,240)	-
Distribution of 4.37 cents per Stapled Security for the period from 1/1/2007 to 18/7/2007	(30,671)	-
	<u>(50,911)</u>	<u>-</u>
Income available for distribution to holders of Stapled Securities at end of the year/period	<u>38,117</u>	<u>20,304</u>

The accompanying notes form an integral part of these financial statements.

DISTRIBUTION STATEMENTS

Year ended 31 December 2007

	H-REIT Group and Stapled Group	
	2007 \$'000	2006* \$'000
Note A - Net tax adjustments comprise :		
Non-tax deductible / (chargeable) items :		
- Net surplus on revaluation of investment properties	(296,246)	(132,861)
- Amortisation of transaction costs	227	103
- Financial income arising from the initial recognition of non-current rental deposits at fair value	-	(4,273)
- Financial expense arising from remeasuring non-current rental deposits at amortised cost	150	67
- Foreign exchange loss / (gain)	195	(1,149)
- Gain on remeasurement of financial derivative	-	(850)
- H-REIT Manager's fees paid / payable in Stapled Securities		
- Management fees	6,044	1,849
- Acquisition fee	-	1,201
- Impairment loss on subsidiary under liquidation	749	-
- Other items	649	331
Net tax adjustments	<u>(288,232)</u>	<u>(135,582)</u>

* Period from 8 June 2006 (date of constitution) to 31 December 2006 for the H-REIT Group and period from 12 June 2006 (date of constitution) to 31 December 2006 for the Stapled Group.

Distributions of the Stapled Group represents the aggregate of distributions by H-REIT and HBT. The distribution of the Stapled Group for the year is contributed solely by H-REIT as HBT was dormant during the year.

The accompanying notes form an integral part of these financial statements.

PORTFOLIO STATEMENTS

As at 31 December 2007

The H-REIT Group

Description of Property	Tenure of Land	Term of Lease	Remaining Term of Lease	Location	Existing use	Carrying value at		Percentage of	
						31/12/2007 \$'000	31/12/2006 \$'000	Total Net Assets at 31/12/2007 %	31/12/2006 %
Investment properties									
Singapore									
Orchard Hotel	Freehold	75 years	74 years	442 Orchard Road	Hotel	458,000	384,900	34.6	53.5
Orchard Hotel Shopping Arcade	Freehold	75 years	74 years	442 Orchard Road	Retail	40,300	35,100	3.0	4.9
Grand Copthorne Waterfront Hotel	Freehold	75 years	74 years	392 Havelock Road	Hotel	334,000	267,200	25.3	37.1
M Hotel	Freehold	75 years	74 years	81 Anson Road	Hotel	253,000	191,000	19.1	26.5
Copthorne King's Hotel	Leasehold	99 years from 1 February 1968	59 years	403 Havelock Road	Hotel	141,000	101,000	10.6	14.0
Novotel Clarke Quay	Leasehold	97 years and 30 days from 2 April 1980	69 years	177A River Valley Road	Hotel	275,000	-	20.7	-
New Zealand									
Rendezvous Hotel Auckland	Freehold	-	-	71-87 Mayoral Drive, Auckland	Hotel	127,509	122,708	9.6	17.0
Investment properties, at valuation						1,628,809	1,101,908	122.9	153.0
Other assets and liabilities (net)						(303,333)	(381,854)	(22.9)	(53.0)
Net assets attributable to holders of H-REIT units						1,325,476	720,054	100.0	100.0

The accompanying notes form an integral part of these financial statements.

PORTFOLIO STATEMENTS

As at 31 December 2007

The Stapled Group

Description of Property	Tenure of Land	Term of Lease	Remaining Term of Lease	Location	Existing use	Carrying value at		Percentage of Total Net Assets at	
						31/12/2007 \$'000	31/12/2006 \$'000	31/12/2007 %	31/12/2006 %
Investment properties									
Singapore									
Orchard Hotel	Freehold	75 years	74 years	442 Orchard Road	Hotel	458,000	384,900	34.6	53.5
Orchard Hotel Shopping Arcade	Freehold	75 years	74 years	442 Orchard Road	Retail	40,300	35,100	3.0	4.9
Grand Copthorne Waterfront Hotel	Freehold	75 years	74 years	392 Havelock Road	Hotel	334,000	267,200	25.2	37.1
M Hotel	Freehold	75 years	74 years	81 Anson Road	Hotel	253,000	191,000	19.1	26.5
Copthorne King's Hotel	Leasehold	99 years from 1 February 1968	59 years	403 Havelock Road	Hotel	141,000	101,000	10.6	14.0
Novotel Clarke Quay	Leasehold	97 years and 30 days from 2 April 1980	69 years	177A River Valley Road	Hotel	275,000	-	20.7	-
New Zealand									
Rendezvous Hotel Auckland	Freehold	-	-	71-87 Mayoral Drive, Auckland	Hotel	127,509	122,708	9.6	17.0
Investment properties, at valuation						1,628,809	1,101,908	122.8	153.0
Other assets and liabilities (net)						(302,954)	(381,475)	(22.8)	(53.0)
Unitholders' funds						1,325,855	720,433	100.0	100.0

The accompanying notes form an integral part of these financial statements.

PORTFOLIO STATEMENTS

As at 31 December 2007

The carrying amounts of the investment properties as at 31 December 2007 were based on independent valuations undertaken by CB Richard Ellis (Pte) Ltd on 31 December 2007. The independent valuers have appropriate professional qualifications and recent experience in the location and category of the properties being valued. The valuations were based on the capitalization of income approach, discounted cash flow analysis and direct comparison method. The valuations adopted were \$458,000,000 (2006: \$384,900,000), \$40,300,000 (2006: \$35,100,000), \$334,000,000 (2006: \$267,200,000), \$253,000,000 (2006: \$191,000,000), \$141,000,000 (2006: \$101,000,000), \$275,000,000 (2006: \$Nil) and \$127,509,000 (NZ\$114,000,000) (2006: \$Nil) for Orchard Hotel, Orchard Hotel Shopping Arcade, Grand Copthorne Waterfront Hotel, M Hotel, Copthorne King's Hotel, Novotel Clarke Quay and Rendezvous Hotel Auckland, respectively. The increase in valuation has been recognised in the Statement of Total Return.

Investment properties are leased to external customers. The leases for Orchard Hotel, Grand Copthorne Waterfront Hotel, M Hotel and Copthorne King's Hotel contain an initial term of 20 years from 19 July 2006 with an option to renew for a further 20 years. The leases for Orchard Hotel Shopping Arcade generally contain an initial term of one to three years. Subsequent renewals are renegotiated with the lessees. The lease for Rendezvous Hotel Auckland contains an initial term of 10 years from 7 September 2006 with an option to renew for a further 5 years. The lease for Novotel Clarke Quay contains a term of approximately 13.5 years from 7 June 2007.

The accompanying notes form an integral part of these financial statements.

CASH FLOW STATEMENTS

Year ended 31 December 2007

	HBT		H-REIT Group		Stapled Group	
	Year ended 31/12/2007 \$'000	Period from 12/6/2006 to 31/12/2006 \$'000	Year ended 31/12/2007 \$'000	Period from 8/6/2006 to 31/12/2006 \$'000	Year ended 31/12/2007 \$'000	Period from 12/6/2006 to 31/12/2006 \$'000
Operating activities						
Net income	-	-	356,786	155,787	356,786	155,787
Adjustments for:						
Allowance for doubtful receivables	-	-	(13)	17	(13)	17
H-REIT Manager's fees paid/payable in Stapled Securities:						
- management fees	-	-	6,044	1,849	6,044	1,849
- acquisition fee	-	-	-	1,201	-	1,201
Net finance (income) / expense	(7)	(6)	15,930	(1,454)	15,923	(1,460)
Net surplus on revaluation of investment properties	-	-	(296,758)	(132,861)	(296,758)	(132,861)
Operating (loss) / income before working capital changes	(7)	(6)	81,989	24,539	81,982	24,533
Changes in working capital:						
Trade and other receivables	-	-	(8,018)	(6,890)	(8,018)	(6,890)
Trade and other payables	3	6	5,269	11,231	5,272	11,237
Cash flows from operating activities	(4)	-	79,240	28,880	79,236	28,880
Investing activities						
Capital expenditure on investment properties	-	-	(1,328)	-	(1,328)	-
Interest received	7	6	767	277	774	283
Net cash outflow on purchase of investment properties (Note A)	-	-	(198,348)	(965,467)	(198,348)	(965,467)
Cash flows from investing activities	7	6	(198,909)	(965,190)	(198,902)	(965,184)
Balance carried forward	3	6	(119,669)	(936,310)	(119,666)	(936,304)

The accompanying notes form an integral part of these financial statements.

CASH FLOW STATEMENTS

Year ended 31 December 2007

	HBT		H-REIT Group		Stapled Group	
	Year ended 31/12/2007 \$'000	Period from 12/6/2006 to 31/12/2006 \$'000	Year ended 31/12/2007 \$'000	Period from 8/6/2006 to 31/12/2006 \$'000	Year ended 31/12/2007 \$'000	Period from 12/6/2006 to 31/12/2006 \$'000
Balance brought forward	3	6	(119,669)	(936,310)	(119,666)	(936,304)
Financing activities						
Repayment of advances by HBT/advances made by the H-REIT Group to HBT	(121)	121	121	(121)	-	-
Distribution to holders of Stapled Securities	-	-	(50,911)	-	(50,911)	-
Proceeds from issue of Stapled Securities	-	500	295,309	578,840	295,309	579,340
Payment of issue expenses	-	(121)	(4,009)	(16,677)	(4,009)	(16,798)
Proceeds from interest-bearing loans	-	-	249,911	390,116	249,911	390,116
Repayment of interest-bearing loans	-	-	(349,758)	(4,000)	(349,758)	(4,000)
Finance costs paid	-	-	(16,398)	(3,171)	(16,398)	(3,171)
Cash flows from financing activities	(121)	500	124,265	944,987	124,144	945,487
Net (decrease) / increase in cash and cash equivalents	(118)	506	4,596	8,677	4,478	9,183
Cash and cash equivalents at beginning of the year/period	506	-	8,677	-	9,183	-
Cash and cash equivalents at end of the year/period (Note 6)	388	506	13,273	8,677	13,661	9,183

The accompanying notes form an integral part of these financial statements.

CASH FLOW STATEMENTS

Year ended 31 December 2007

Note:

(A) Net Cash Outflow on Purchase of Investment Properties

On 7 June 2007, the H-REIT Group acquired all the ordinary shares in the capital of Singapore Hotel Investment Holdings Company and its subsidiary, Singapore Hotel Investment Company Pte Ltd ("SHICPL") (collectively, the "SHIHC Group"), for \$204,766,000 in cash for the purpose of acquiring Novotel Clarke Quay. Subsequent to the acquisition of the SHIHC Group, Novotel Clarke Quay was transferred to H-REIT Trustee.

As at the balance sheet date, SHICPL is under members' voluntary liquidation.

The cash outflow on the purchase of investment properties (including acquisition charges) is set out below:

	H-REIT Group		Stapled Group	
	Year ended	Period	Year ended	Period
	31/12/2007	from	31/12/2007	from
	\$'000	8/6/2006	\$'000	12/6/2006
		to 31/12/2006		to 31/12/2006
		\$'000		\$'000
Investment properties (including acquisition charges)	223,002	966,905	223,002	966,905
Trade and other receivables	1,808	-	1,808	-
Inventories	358	-	358	-
Trade and other payables	(3,608)	(884)	(3,608)	(884)
Cash and cash equivalents	5,208	884	5,208	884
Provision for taxation	(18,800)	-	(18,800)	-
Net identifiable assets and liabilities acquired	207,968	966,905	207,968	966,905
Purchase consideration (including acquisition charges)	207,968	966,905	207,968	966,905
Less:				
Cash acquired	(5,208)	(884)	(5,208)	(884)
Balance of purchase consideration				
and acquisition charges to be paid	(2,214)	(554)	(2,214)	(554)
Acquisition fee satisfied in Stapled Securities	(2,198)	-	(2,198)	-
Net cash outflow	198,348	965,467	198,348	965,467

The accompanying notes form an integral part of these financial statements.

CASH FLOW STATEMENTS

Year ended 31 December 2007

Significant Non-Cash Transactions

H-REIT Group and Stapled Group

There were the following significant non-cash transactions during the year/period:

Year ended 31 December 2007

A total of 2,641,144 Stapled Securities were issued or will be issued to the H-REIT Manager at various unit prices as satisfaction of management fees payable to the H-REIT Manager in Stapled Securities, amounting to \$6,044,000 in respect of the financial year ended 31 December 2007.

917,556 Stapled Securities were issued at \$2.1906 per Stapled Security as part payment of the acquisition fee payable to the H-REIT Manager for the acquisition of Novotel Clarke Quay. An additional 85,821 Stapled Securities will be issued to the H-REIT Manager at \$2.1906 per Stapled Security if the potential tax liability of \$18,800,000 on the acquisition of Novotel Clarke Quay materialises. The total acquisition fee paid/payable to the H-REIT Manager for the acquisition of Novotel Clarke Quay was \$2,198,000.

Period ended 31 December 2006

A total of 1,473,782 Stapled Securities were issued or would be issued to the H-REIT Manager at various unit prices as satisfaction of management fees payable to the H-REIT Manager in Stapled Securities, amounting to \$1,849,000 in respect of the financial period ended 31 December 2006.

In addition, 850,819 Stapled Securities amounting to \$1,201,000 were issued at \$1.411 per Stapled Security as satisfaction of the acquisition fee payable to the H-REIT Manager in respect of the acquisition of the Rendezvous Hotel Auckland.

The accompanying notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the HBT Trustee-Manager, the H-REIT Manager and the H-REIT Trustee on 26 February 2008.

1. General

CDL Hospitality Trusts is a stapled group comprising CDL Hospitality Real Estate Investment Trust ("H-REIT") and its subsidiaries (the "H-REIT Group") and CDL Hospitality Business Trust ("HBT") (collectively, the "Stapled Group"). H-REIT is a Singapore-domiciled unit trust constituted pursuant to the trust deed dated 8 June 2006 as amended by the First Supplemental Deed dated 11 January 2007 (collectively, the "H-REIT Trust Deed") between M&C REIT Management Limited (the "H-REIT Manager") and DBS Trustee Limited (the "H-REIT Trustee"). The H-REIT Trust Deed is governed by the laws of the Republic of Singapore. The H-REIT Trustee is under a duty to take into custody and hold the assets of H-REIT held by it or through its subsidiaries in trust for the holders of units in H-REIT. HBT is a business trust constituted by a trust deed dated 12 June 2006 ("HBT Trust Deed") and is managed by M&C Business Trust Management Limited (the "HBT Trustee-Manager"). The securities in each of H-REIT and HBT are stapled together under the terms of a stapling deed dated 12 June 2006 entered into between the H-REIT Manager, the H-REIT Trustee and the HBT Trustee-Manager (the "Stapling Deed") and cannot be traded separately. Each stapled security in CDL Hospitality Trusts (the "Stapled Security") comprises a unit in H-REIT (the "H-REIT Unit") and a unit in HBT (the "HBT Unit").

CDL Hospitality Trusts was formally admitted to the Official List of the Singapore Exchange Securities Trading Limited ("SGX-ST") on 19 July 2006 and was included under the Central Provident Fund ("CPF") Investment Scheme on the same day.

The principal activity of H-REIT and its subsidiaries is to invest in income producing real estate and real estate related assets, which are used or substantially used for hospitality and hospitality related purposes, with the primary objective of achieving an attractive level of return from rental income and for long-term capital growth.

As at the balance sheet date, HBT is dormant.

The consolidated financial statements of the H-REIT Group relate to H-REIT and its subsidiaries. The consolidated financial statements of the Stapled Group relate to HBT and the H-REIT Group.

Several service agreements are in place in relation to management of HBT and H-REIT and its property operations. The fee structures of these services are as follows:

(i) *HBT Trustee-Manager's fees*

Pursuant to the HBT Trust Deed, the HBT Trustee-Manager is entitled to the following:

- a trustee fee of not exceeding 0.1% per annum of the value of HBT's Deposited Property (as defined in the HBT Trust Deed), subject to a minimum fee of \$10,000 per month, if the value of HBT's Deposited Property is at least \$50 million. The trustee fee is payable in arrears on a monthly basis in the form of cash.
- a management fee of 10% of HBT's profit before interest and tax in the relevant financial year (calculated before accounting for the management fee in that financial year).

The management fee is payable in the form of cash or Stapled Securities as the HBT Trustee-Manager may elect, and in such proportion and for such period as may be determined by the HBT Trustee-Manager.

Any portion of the management fee payable in the form of Stapled Securities is payable quarterly in arrears and any portion of the management fee payable in cash is payable monthly in arrears.

NOTES TO THE FINANCIAL STATEMENTS

1. General (cont'd)

(i) HBT Trustee-Manager's fees (cont'd)

- an acquisition fee not exceeding 0.1% of the acquisition price of any authorised investment acquired directly or indirectly by HBT (pro-rated if applicable to the proportion of HBT's interest in the authorised investment acquired). The acquisition fee is payable in the form of cash and/or Stapled Securities as the HBT Trustee-Manager may elect, and in such proportion as may be determined by the HBT Trustee-Manager.

No trustee fee or management fee is payable while HBT remains dormant.

(ii) H-REIT Manager's fees

Pursuant to the H-REIT Trust Deed, the H-REIT Manager's management fees comprise a base fee of 0.25% per annum of the value of H-REIT's Deposited Property (as defined in the H-REIT Trust Deed) and a performance fee of 5.0% per annum of H-REIT's net property income (as defined in the H-REIT Trust Deed).

For a period of five years commencing from the listing of the Stapled Securities on the SGX-ST, 80% of the management fees payable to the H-REIT Manager will be paid in the form of Stapled Securities or (in the event that unstapling of the H-REIT units and HBT units has taken place) H-REIT units issued at the market price (as defined in the H-REIT Trust Deed) prevailing at the date the management fees accrue and 20% of the management fees will be paid in the form of cash.

Any increase in the maximum permitted rate or any change in the structure of the H-REIT Manager's management fees must be approved by an extraordinary resolution at a meeting of holders of the H-REIT units duly convened and held in accordance with the provisions of the H-REIT Trust Deed.

The portion of the management fees payable in the form of Stapled Securities is paid on a quarterly basis, in arrears. The portion of the management fees payable in the form of cash is paid on a monthly basis, in arrears.

The H-REIT Manager is also entitled to receive an acquisition fee of 1% of the acquisition price and a divestment fee of 0.5% of the sale price on all future acquisitions or disposals of properties.

(iii) H-REIT Trustee's fee

Pursuant to the H-REIT Trust Deed, the H-REIT Trustee's fee shall not exceed 0.1% per annum of the value of H-REIT's Deposited Property (subject to a minimum of \$10,000 per month) or such higher percentage as may be fixed by an extraordinary resolution of a meeting of holders of the H-REIT units. In addition, H-REIT will pay the H-REIT Trustee a one-time inception fee of \$15,000. The H-REIT Trustee's fee is payable out of H-REIT's Deposited Property on a monthly basis, in arrears. The H-REIT Trustee is also entitled to reimbursement of expenses incurred in the performance of its duties under the H-REIT Trust Deed.

Based on the current agreement between the H-REIT Manager and the H-REIT Trustee, the H-REIT Trustee's fee is charged on a scaled basis of up to 0.02% per annum of the value of H-REIT's Deposited Property (subject to a minimum of \$10,000 per month).

NOTES TO THE FINANCIAL STATEMENTS

2. Summary of significant accounting policies

2.1 Basis of preparation

The financial statements of HBT are prepared in accordance with Singapore Financial Reporting Standards (FRS).

The financial statements of the H-REIT Group and the Stapled Group are prepared in accordance with the Statement of Recommended Accounting Practice ("RAP") 7 "Reporting Framework for Unit Trusts" issued by the Institute of Certified Public Accountants of Singapore, and the applicable requirements of the Code on Collective Investment Schemes (the "CIS Code") issued by the Monetary Authority of Singapore ("MAS") and the provisions of the H-REIT Trust Deed and the Stapling Deed. RAP 7 requires the accounting policies to generally comply with the recognition and measurement principles of Singapore Financial Reporting Standards.

The financial statements have been prepared on the historical cost basis, except for investment properties and certain financial assets and financial liabilities which are measured at fair value.

The financial statements are presented in Singapore dollars which is the functional currency of HBT and H-REIT. All financial information presented in Singapore dollars has been rounded to the nearest thousand, unless otherwise stated.

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods effected.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in the following notes:

- Note 3 – Valuation of investment properties
- Note 21 – Valuation of financial instruments

The accounting policies set out below have been applied by HBT, the H-REIT Group and the Stapled Group consistently to all periods presented in these financial statements.

2.2 Consolidation

Stapling

Where entities enter into a stapling arrangement, the stapling arrangement is accounted for as a business combination under the purchase method.

NOTES TO THE FINANCIAL STATEMENTS

2. Summary of significant accounting policies (cont'd)

Subsidiaries

Subsidiaries are entities controlled by the H-REIT Group. Control exists when the H-REIT Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights presently exercisable are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income or expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements of the H-REIT Group and the Stapled Group. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the H-REIT Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

2.3 *Foreign currencies*

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of the entities in the H-REIT Group and the Stapled Group at the exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date on which the fair value was determined.

Foreign currency differences arising on retranslation are recognised in the statement of total return.

Foreign operations

The assets and liabilities of foreign operations are translated to Singapore dollars at exchange rates prevailing at the reporting date. The income and expenses of foreign operations are translated to Singapore dollars at exchange rates prevailing at the dates of the transactions.

Foreign currency differences are recognised in the foreign currency translation reserve. When a foreign operation is disposed of, in part or in full, the relevant amount in the foreign currency translation reserve is transferred to the statement of total return.

2.4 *Investment properties*

Investment properties accounted for as non-current assets are stated at fair value. Valuation is determined in accordance with the H-REIT Trust Deed, which requires the investment properties to be valued by independent registered valuers in the following events:

- at least once a year in accordance with the Property Funds Guidelines of CIS Code issued by the MAS; and
- where the H-REIT Manager proposes to issue new units for subscription or to redeem existing units unless the investment properties have been valued not more than 6 months ago.

Any increase or decrease on revaluation is credited or charged to the statement of total return as a net revaluation surplus or deficit in the value of the investment properties.

NOTES TO THE FINANCIAL STATEMENTS

2 Summary of significant accounting policies (cont'd)

2.4 Investment properties (cont'd)

When an investment property is disposed of, the resulting gain or loss recognised in the statement of total return is the difference between net disposal proceeds and the carrying amount of the property.

Investment properties are not depreciated. The properties are subject to continued maintenance and regularly revalued on the basis set out above. For taxation purposes, H-REIT may claim capital allowances on assets that qualify as plant and machinery under the income tax laws of the countries in which the investment properties are located.

2.5 Financial instruments

Non-derivative financial instruments

Non-derivative financial instruments comprise trade and other receivables, rental deposits, cash and cash equivalents, financial liabilities and trade and other payables.

Non-derivative financial instruments are recognised initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs. Subsequent to initial recognition, non-derivative financial instruments are measured at amortised cost using the effective interest method, less any impairment losses.

A financial instrument is recognised if the entity becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the entity's contractual rights to the cash flows from the financial assets expire or if the entity transfers the financial asset to another party without retaining control or transfers substantially all the risks and rewards of the asset. Regular way purchases and sales of financial assets are accounted for at trade date, i.e. the date that the entity commits itself to purchase or sell the asset. Financial liabilities are derecognised if the entity's obligations specified in the contract expire or are discharged or cancelled.

Cash and cash equivalents comprise cash balances and bank deposits.

Derivative financial instruments and hedging activities

The H-REIT Group holds derivative financial instruments to hedge its foreign currency and interest rate risk exposures. Embedded derivatives are separated from the host contract and accounted for separately if the economic characteristics and risks of the host contract and the embedded derivative are not closely related, a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative, and the combined instrument is not measured at fair value through the statement of total return.

Derivatives are recognised initially at fair value; attributable transaction costs are recognised in the statement of total return when incurred. Subsequent to initial recognition, derivatives are measured at fair value. The gain or loss on re-measurement to fair value is recognised immediately in the statement of total return. However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the item being hedged.

Cash flow hedges

Changes in the fair value of the derivative hedging instrument designated as a cash flow hedge are recognised directly in unitholders' funds to the extent that the hedge is effective. To the extent that the hedge is ineffective, changes in fair value are recognised in the statement of total return.

If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, hedge accounting is discontinued prospectively. The cumulative gain or loss previously recognised in unitholders' funds remains there until the forecast transaction occurs. When the hedged item is a non-financial asset, the amount recognised in unitholders' funds is transferred to the carrying amount of the asset when it is recognised. In other cases, the amount recognised in unitholders' funds is transferred to the statement of total return in the same period that the hedged item affects the total return.

NOTES TO THE FINANCIAL STATEMENTS

2 Summary of significant accounting policies (cont'd)

2.5 Financial instruments (cont'd)

Impairment of financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in the statement of total return.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost, the reversal is recognised in the statement of total return.

2.6 Impairment - non-financial assets

The carrying amounts of the H-REIT Group's assets, other than investment properties, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognised in the statement of total return.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had been recognised.

2.7 Unitholders' funds

Unitholders' funds of the Stapled Group comprise HBT's equity and net assets attributable to holders of H-REIT units.

Units in issue for HBT are classified as equity.

Units in issue for H-REIT are classified as a financial liability.

Net assets attributable to holders of H-REIT units represent the unitholders' residual interest in the H-REIT Group's net assets upon termination.

Issue expenses relate to expenses incurred in connection with the issue of Stapled Securities. The expenses are deducted directly against the net assets attributable to holders of H-REIT units (in the case of H-REIT) and equity (in the case of HBT).

NOTES TO THE FINANCIAL STATEMENTS

2 Summary of significant accounting policies (cont'd)

2.8 Revenue recognition

Rental income from operating leases

Rental income receivable under operating leases is recognised in the statement of total return on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income to be received. Contingent rentals are recognised as income in the accounting period in which they are earned.

2.9 Expenses

Property expenses

Property expenses consist of insurance, property tax and other property outgoings in relation to investment properties where such expenses are the responsibility of the H-REIT Group.

Property expenses are recognised on an accrual basis.

H-REIT Manager's management fees

H-REIT Manager's management fees are recognised on an accrual basis using the applicable formula, as described in Note 1(ii).

H-REIT Trustee's fee

The H-REIT Trustee's fee is recognised on an accrual basis using the applicable formula, as described in Note 1(iii).

2.10 Finance income and expense

Finance income comprises interest income on funds invested, gains on initial recognition of the non-current rental deposits, net foreign currency gains and gains on hedging instruments that are recognised in the statement of total return or income statement (as the case may be). Interest income is recognised as it accrues, using the effective interest method.

Finance expense comprises interest expense on borrowings, unwinding of the discount on non-current rental deposits, net foreign currency losses and losses on hedging instruments that are recognised in the statement of total return or income statement (as the case may be). All borrowing costs are recognised in the statement of total return or income statement (as the case may be) using the effective interest method.

2.11 Income tax expense

Income tax expense comprises current and deferred tax. Income tax is recognised in the statement of total return except to the extent that it relates to items directly related to unitholders' funds, in which case it is recognised in unitholders' funds.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

NOTES TO THE FINANCIAL STATEMENTS

2 Summary of significant accounting policies (cont'd)

2.11 Income tax expense (cont'd)

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the temporary differences arising from the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets and they relate to income taxes levied by the same tax authority on the same taxable entity.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the unused tax losses and credits and temporary differences can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

The Inland Revenue Authority of Singapore ("IRAS") has issued a tax ruling on the taxation of H-REIT for income earned and expenditure incurred after its listing on SGX-ST. Subject to meeting the terms and conditions of the tax ruling which includes a distribution of at least 90% of the taxable income of H-REIT, the H-REIT Trustee will not be taxed on the portion of taxable income of H-REIT that is distributed to holders of H-REIT units. Any portion of the taxable income that is not distributed to holders of H-REIT units will be taxed on the H-REIT Trustee. In the event that there are subsequent adjustments to the taxable income when the actual taxable income of H-REIT is finally agreed with the IRAS, such adjustments are taken up as an adjustment to the taxable income for the next distribution following the agreement with the IRAS.

Although H-REIT is not taxed on its taxable income distributed, the H-REIT Trustee and the H-REIT Manager are required to deduct income tax at the applicable corporate tax rate from distributions of such taxable income of H-REIT (i.e. which has not been taxed in the hands of the H-REIT Trustee) to certain holders of H-REIT units. The H-REIT Trustee and the H-REIT Manager will not deduct tax from distributions made out of H-REIT's taxable income to the extent that the beneficial holder of H-REIT units is:

- An individual (excluding a partnership in Singapore);
- A tax resident Singapore-incorporated company;
- A body of persons registered or constituted in Singapore (e.g. town council, statutory board, registered charity, registered co-operative society, registered trade union, management corporation, club or trade or industry association); and
- A Singapore branch of a foreign company which has presented a letter of approval from the IRAS granting waiver from tax deduction at source in respect of distributions from H-REIT.

The above tax transparency ruling does not apply to gains from sale of real properties. Such gains which are considered as trading gains are assessable to tax on the H-REIT Trustee. Where the gains are capital gains, the H-REIT Trustee will not be assessed to tax and may distribute the capital gains without tax being deducted at source.

2.12 Segment reporting

A segment is a distinguishable component of the H-REIT Group and the Stapled Group that is engaged either in providing products or services (business segment) or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

NOTES TO THE FINANCIAL STATEMENTS

3 Investment properties

	HBT		H-REIT Group		Stapled Group	
	2007	2006	2007	2006	2007	2006
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At beginning of the year/period	-	-	1,101,908	-	1,101,908	-
Acquisition of investment properties (including acquisition charges)	-	-	223,002	966,905	223,002	966,905
Capital expenditure capitalised	-	-	2,880	39	2,880	39
Translation difference	-	-	4,261	2,103	4,261	2,103
	-	-	1,332,051	969,047	1,332,051	969,047
Revaluation differences recognised in statement of total return	-	-	296,758	132,861	296,758	132,861
At 31 December	-	-	1,628,809	1,101,908	1,628,809	1,101,908

Orchard Hotel, Grand Copthorne Waterfront Hotel, M Hotel, Copthorne King's Hotel and Orchard Hotel Shopping Arcade (the "Mortgaged Properties"), with a total carrying value of \$1,226,300,000 (2006: \$979,200,000), have been mortgaged as security for credit facilities granted to H-REIT (Note 8).

The investment properties are stated at fair value based on valuations performed by independent professional valuers (see Portfolio Statements). The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

The valuations are prepared based on the capitalization approach, discounted cash flow analysis and direct comparison method to determine the fair value of the property. The specific risks inherent in each of the properties are taken into consideration in arriving at the property valuation. The valuation methods used in determining the fair value involve certain estimates including those relating to capitalization rate, discount rate and terminal yield. In relying on the valuation reports, the H-REIT Manager has exercised its judgement and is satisfied that the valuation methods and estimates used are reflective of the current market conditions.

Included in acquisition charges relating to acquisition of investment properties of the H-REIT Group and the Stapled Group are non-audit fees paid to the auditors of the H-REIT Group of \$161,000 (2006: \$40,000).

NOTES TO THE FINANCIAL STATEMENTS

4 Subsidiaries

H-REIT has equity investments in the subsidiaries below.

Details of the subsidiaries are as follows:

Name of subsidiaries	Place of incorporation	Effective equity interest held by the H-REIT Group		Effective equity interest held by the Stapled Group	
		2007 %	2006 %	2007 %	2006 %
(1) CDLHT (BVI) One Ltd	British Virgin Islands	100	100	100	100
(1), (2) CDLHT (BVI) Trust One	-	100	100	100	100
(1) Singapore Hotel Investment Holdings Company	Cayman Islands	100	-	100	-
Singapore Hotel Investment Company Pte Ltd (under liquidation)	Singapore	100	-	100	-

(1) Not required to be audited under the laws of the country of constitution.

(2) Constituted by CDLHT (BVI) One Ltd under a Trust Deed on 23 November 2006.

5 Trade and other receivables

	HBT		H-REIT Group		Stapled Group	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Trade receivables	-	-	4,921	936	4,921	936
Impairment losses	-	-	(4)	(17)	(4)	(17)
Net trade receivables	-	-	4,917	919	4,917	919
Other receivables	-	-	3,019	27	3,019	27
Prepayments	-	-	490	532	490	532
Amounts due from related parties:						
- related corporations of the H-REIT Manager (trade)	-	-	6,324	5,353	6,324	5,353
- HBT (non-trade)	-	-	-	121	-	-
	-	-	14,750	6,952	14,750	6,831

NOTES TO THE FINANCIAL STATEMENTS

5 Trade and other receivables (cont'd)

Trade receivables relating to the Mortgaged Properties of \$188,000 (2006: \$108,000) are charged or assigned by way of security for credit facilities granted to H-REIT (Note 8).

Amounts due from related corporations of the H-REIT Manager relating to the Mortgaged Properties of \$6,317,000 (2006: \$5,329,000) are charged or assigned by way of security for credit facilities granted to H-REIT (Note 8).

Outstanding balances with related parties are unsecured. The non-trade amounts due from related parties are interest-free and repayable on demand. There is no allowance for doubtful receivables arising from these outstanding balances.

Included in other receivables is an amount of \$3,015,000 relating to the estimated amount to be receivable on liquidation of a subsidiary.

Each of the H-REIT Group's investment properties, except Orchard Hotel Shopping Arcade, is leased to a single lessee. The contribution to trade and other receivables from these single lessees as at 31 December 2007 is \$9,445,000 (2006: \$5,329,000), of which \$3,128,000 (2006: \$Nil) is included in trade receivables and \$6,317,000 (2006: \$5,329,000) is included in amounts due from related corporations of the H-REIT Manager.

Concentration of credit risk relating to trade receivables of Orchard Hotel Shopping Arcade is limited due to the many varied tenants. The H-REIT Group's historical experience in the collection of accounts receivables falls within the recorded allowances. Due to these factors, the H-REIT Manager believes that no additional credit risk beyond amounts provided for collection losses is inherent in the H-REIT Group's trade receivables.

The ageing of trade receivables at the reporting date is:

H-REIT Group and Stapled Group	Gross	Impairment	Gross	Impairment
	2007	losses	2006	losses
	\$'000	\$'000	\$'000	\$'000
Past due 0 - 30 days	2,766	-	921	6
Past due 31 - 60 days	1,878	-	10	6
Past due 61 - 90 days	22	-	5	5
More than 90 days	255	4	-	-
	<u>4,921</u>	<u>4</u>	<u>936</u>	<u>17</u>

The change in impairment loss in respect of trade receivables during the year is as follows:

The H-REIT Group and Stapled Group

	2007	2006
	\$'000	\$'000
At 1 January	17	-
Impairment loss (reversed)/recognised	(13)	17
At 31 December	<u>4</u>	<u>17</u>

Based on historical default rates, the H-REIT Group and Stapled Group believes that no additional impairment allowance is necessary in respect of trade receivables as these receivables mainly arose from tenants that have a good track record with the H-REIT Group and Stapled Group.

NOTES TO THE FINANCIAL STATEMENTS

6 Cash and cash equivalents

	HBT		H-REIT Group		Stapled Group	
	2007	2006	2007	2006	2007	2006
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cash at bank	14	12	11,655	1,155	11,669	1,167
Fixed deposits with financial institutions	374	494	1,618	7,522	1,992	8,016
	388	506	13,273	8,677	13,661	9,183

The weighted average effective interest rates per annum relating to cash and cash equivalents at the balance sheet date are 1.75%, 1.05% and 1.07% (2006: 1.56%, 2.65% and 2.59%) for HBT, the H-REIT Group and the Stapled Group, respectively. Interest rates reprice at intervals of one month.

The cash and cash equivalents relating to the Mortgaged Properties of \$10,671,000 (2006: \$8,462,000) are charged or assigned by way of security for credit facilities granted to H-REIT (Note 8).

7 Units/Stapled Securities in issue

	HBT		H-REIT Group		Stapled Group	
	2007	2006	2007	2006	2007	2006
	'000	'000	'000	'000	'000	'000
Units/Stapled Securities in issue:						
At 1 January 2007/At date of constitution	699,612	-	699,612	-	699,612	-
Creation of units:						
- initial public offering	-	698,000	-	698,000	-	698,000
- equity fund raising	120,163	-	120,163	-	120,163	-
- H-REIT Manager's fees paid in Stapled Securities:						
- management fees	2,580	761	2,580	761	2,580	761
- acquisition fee	917	851	917	851	917	851
At 31 December	823,272	699,612	823,272	699,612	823,272	699,612
Units/Stapled Securities to be issued:						
H-REIT Manager's fees payable in Stapled Securities						
- management fees	774	713	774	713	774	713
- acquisition fee	86	-	86	-	86	-
Total issued and issuable units/Stapled Securities at 31 December	824,132	700,325	824,132	700,325	824,132	700,325

NOTES TO THE FINANCIAL STATEMENTS

7 Units/Stapled Securities in issue (cont'd)

During the year, the following Stapled Securities were issued:

- 107,162,795 Stapled Securities at \$2.45 per Stapled Security and 13,000,000 Stapled Securities at \$2.52 per Stapled Security were issued for cash under an equity fund raising exercise amounting to \$295,309,000;
- 2,580,105 Stapled Securities were issued at unit prices ranging from \$1.5218 to \$2.4405 per Stapled Security, amounting to \$5,302,000 as satisfaction of management fees paid in Stapled Securities; and
- 917,556 Stapled Securities were issued at \$2.1906 per Stapled Security as satisfaction of the acquisition fee paid to the H-REIT Manager for the purchase of Novotel Clarke Quay. An additional 85,821 Stapled Securities will be issued to the H-REIT Manager only if the potential tax liability arising from the acquisition of Novotel Clarke Quay materialises. The total acquisition fee paid/payable to the H-REIT Manager for the acquisition of Novotel Clarke Quay was \$2,198,000.

In the previous financial period, 698,000,000 Stapled Securities were issued at an issue price of \$0.83 per Stapled Security for cash to partly finance the purchase consideration for the Mortgaged Properties. A total of 760,600 Stapled Securities were issued at \$1.00 per Stapled Security as satisfaction of management fee paid in Stapled Securities. In addition, 850,819 Stapled Securities amounting to \$1,201,000 were issued to the H-REIT Manager as satisfaction of the acquisition fee payable to the H-REIT Manager in respect of the acquisition of Rendezvous Hotel Auckland.

Each H-REIT unit is stapled together with a HBT unit under the terms of a stapling deed dated 12 June 2006 entered into between the H-REIT Manager, the H-REIT Trustee and the HBT Trustee-Manager and cannot be traded separately. Each Stapled Security represents an undivided interest in H-REIT and HBT.

A holder of the Stapled Security has no equitable or proprietary interest in the underlying assets of the Stapled Group and is not entitled to the transfer to it of any asset (or any part thereof) or of any real estate, any interest in any asset and real estate-related assets (or any part thereof) of the Stapled Group.

The liability of a holder of the Stapled Securities is limited to the amount paid or payable for the Stapled Securities.

Each HBT unit and H-REIT unit carry the same voting rights.

Capital management

The Board of the H-REIT Manager has a policy to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board monitors the yield, which is defined as net property income from the property divided by the latest valuation for the property, on the properties acquired. The Board also monitors the level of distributions made to holders of Stapled Securities.

The Board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position.

There were no changes in the Stapled Group's approach to capital management during the year.

H-REIT is subject to limits on total borrowings under the CIS Code issued by the MAS.

NOTES TO THE FINANCIAL STATEMENTS

8 Financial liabilities

	HBT		H-REIT Group		Stapled Group	
	2007	2006	2007	2006	2007	2006
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Non-current liabilities						
Secured bank loans	-	-	259,648	271,421	259,648	271,421
Current liabilities						
Unsecured bank loans	-	-	31,654	115,077	31,654	115,077
Financial derivatives	-	-	81	92	81	92
	-	-	31,735	115,169	31,735	115,169
	-	-	291,383	386,590	291,383	386,590
Total loans and borrowings	-	-	291,302	386,498	291,302	386,498
Total derivatives	-	-	81	92	81	92
Total financial liabilities	-	-	291,383	386,590	291,383	386,590

Term loan facility and revolving credit facility with DBS Bank Ltd. and the Royal Bank of Scotland plc

As at 31 December 2007, H-REIT has in place a total facility of \$290 million (2006: \$290 million) comprising a \$220 million (2006: \$220 million) term loan facility and a \$70 million (2006: \$70 million) revolving credit facility with DBS Bank Ltd. ("DBS") and the Royal Bank of Scotland plc ("RBS"), each for a term of three years (the "Facilities").

As at balance sheet date, the term loan facility is fully drawn down and \$40 million (2006: \$52 million) has been drawn down from the revolving credit facility.

Each loan made under the Facilities bears interest at the relevant Singapore dollar swap offer rate plus a margin of 0.24% per annum throughout the 3 years so long as H-REIT maintains a certain minimum interest coverage ratio.

The Facilities are secured on the following:

- A first legal mortgage on the Mortgaged Properties;
- Debenture over all present and future assets (including without limitation all furniture, fixtures, fittings, equipment and inventory) in the Mortgaged Properties which are owned or acquired by H-REIT but not including the operating bank accounts of the Mortgaged Properties;
- 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 Mortgaged Properties;
- An assignment of H-REIT's rights, title and interests in the lease agreement in respect of the Waterfront Conference Centre, which is leased by H-REIT and which is in turn, sub-leased;
- An assignment of insurance policies effected over the Mortgaged Properties (other than those with respect to public liability); and
- Assignment of the escrow accounts with the financial institutions granting the Facilities for the purposes of depositing all rental and sale proceeds in relation to the Mortgaged Properties.

NOTES TO THE FINANCIAL STATEMENTS

8 Financial liabilities (cont'd)

Bridge loan facility with DBS

As at 31 December 2007, H-REIT has in place a \$300 million (2006: \$130 million) multi-currency bridge loan facility with DBS. As at the balance sheet date, approximately \$32 million (NZ\$28 million) (2006: \$54 million) was drawn down under this facility.

Under the terms of facility agreement with DBS, H-REIT shall maintain a minimum EBITDA to annual interest expense ratio and ensure that H-REIT's unitholders' funds is not less than \$400 million.

Multi-currency term loan facility with Deutsche Bank Aktiengesellschaft

As at 31 December 2006, H-REIT had an outstanding term loan of approximately \$61 million (NZ\$57 million) with Deutsche Bank Aktiengesellschaft ("Deutsche Bank"). The term loan was fully repaid during the year.

Multi-currency revolving credit facility with Citibank

As at 31 December 2007, H-REIT has in place a \$250 million (2006: \$Nil) multi-currency revolving credit facility with Citibank, N.A., Singapore Branch ("Citibank"). The facility was not utilised at the balance sheet date.

Under the terms of the facility agreement with Citibank, H-REIT has undertaken that the H-REIT Group's Leverage Ratio (as defined in the facility agreement) shall not exceed the lower of (i) the maximum ratio of total borrowings and deferred payments (as construed in the Property Funds Guidelines) to deposited property (as specified in the Property Funds Guidelines) and (ii) a specified ratio in the facility agreement.

In addition, H-REIT shall maintain a minimum EBITDA (as defined in the facility agreement) to interest expense ratio.

Terms and debt repayment schedule

Terms and conditions of outstanding loans and borrowings are as follows:

			2007	
	Nominal interest rate %	Year of maturity	Face value \$'000	Carrying amount \$'000
The H-REIT Group and Stapled Group				
\$ floating rate loans	2.76 to 3.80	2009	260,000	259,648
NZ\$ floating rate loan	9.34	2008	31,654	31,654
			291,654	291,302
			2006	
	Nominal interest rate %	Year of maturity	Face value \$'000	Carrying amount \$'000
The H-REIT Group and Stapled Group				
\$ floating rate loans	3.73 to 4.00	2007 - 2009	326,000	325,421
NZ\$ floating rate loan	7.82	2007	61,077	61,077
			387,077	386,498

NOTES TO THE FINANCIAL STATEMENTS

8 Financial liabilities (cont'd)

Terms and debt repayment schedule (cont'd)

The following are the expected contractual undiscounted cash inflows/(outflows) of financial liabilities, including interest payments:

			Cash flows	
	Carrying amount \$'000	Contractual cash flows \$'000	within 1 year \$'000	within 1 to 5 years \$'000
The H-REIT Group				
2007				
Non-derivative financial liabilities				
Floating rate loans	291,302	(305,943)	(41,768)	(264,175)
Trade and other payables (excluding accrued operating expenses)	13,404	(13,404)	(13,404)	-
Derivative financial liabilities				
Interest rate swap used for hedging:				
- outflow	81	(81)	(81)	-
	<u>304,787</u>	<u>(319,428)</u>	<u>(55,253)</u>	<u>(264,175)</u>
2006				
Non-derivative financial liabilities				
Floating rate loans	386,498	(420,258)	(131,885)	(288,373)
Trade and other payables (excluding accrued operating expenses)	4,736	(4,736)	(4,736)	-
Derivative financial liabilities				
Interest rate swap used for hedging:				
- inflow	92	222	215	7
	<u>391,326</u>	<u>(424,772)</u>	<u>(136,406)</u>	<u>(288,366)</u>

NOTES TO THE FINANCIAL STATEMENTS

8 Financial liabilities (cont'd)

Terms and debt repayment schedule (cont'd)

			Cash flows	
	Carrying amount \$'000	Contractual cash flows \$'000	within 1 year \$'000	within 1 to 5 years \$'000
The Stapled Group				
2007				
Non-derivative financial liabilities				
Floating rate loans	291,302	(305,943)	(41,768)	(264,175)
Trade and other payables (excluding accrued operating expenses)	13,406	(13,406)	(13,406)	-
Derivative financial liabilities				
Interest rate swap used for hedging:				
- outflow	81	(81)	(81)	-
	304,789	(319,430)	(55,255)	(264,175)
2006				
Non-derivative financial liabilities				
Floating rate loans	386,498	(420,258)	(131,885)	(288,373)
Trade and other payables (excluding accrued operating expenses)	4,736	(4,736)	(4,736)	-
Derivative financial liabilities				
Interest rate swap used for hedging:				
- inflow	92	222	215	7
	391,326	(424,772)	(136,406)	(288,366)

NOTES TO THE FINANCIAL STATEMENTS

8 Financial liabilities (cont'd)

Terms and debt repayment schedule (cont'd)

The following table indicates the periods in which the cash flow associated with derivatives that are cash flow hedges are expected to impact the Statement of Total Return:

			Cash flows	
	Carrying amount \$'000	Contractual cash flows \$'000	within 1 year \$'000	within 1 to 5 years \$'000
The H-REIT Group and the Stapled Group				
2007				
Interest rate swap				
- liability	81	(81)	(81)	-
2006				
Interest rate swap				
- liability	92	222	215	7

9 Trade and other payables

	HBT		H-REIT Group		Stapled Group	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Trade payables	2	-	2,057	854	2,059	854
Other payables	-	-	7,380	-	7,380	-
Accrued operating expenses	7	6	3,626	2,164	3,633	2,170
Trade amounts due to related parties:						
- related corporations of the						
H-REIT Manager	-	-	510	309	510	309
- the H-REIT Manager	-	-	284	174	284	174
Non-trade amount due to the						
H-REIT Group	-	121	-	-	-	-
Rental deposits	-	-	1,003	886	1,003	886
Interest payable	-	-	2,170	2,513	2,170	2,513
	9	127	17,030	6,900	17,039	6,906

Other payables relate to the balance of the purchase consideration payable for the acquisition of Novotel Clarke Quay.

Outstanding balances with the related parties are unsecured. The non-trade amount owing by HBT to the H-REIT Group was interest-free and repayable on demand.

Accrued operating expenses of both the H-REIT Group and the Stapled Group included the following:

- amounts due to the H-REIT Trustee and H-REIT Manager of \$80,000 (2006: \$37,000) and \$161,000 (2006: \$95,000) respectively; and
- amounts due to related corporations of the H-REIT Manager of \$1,238,000 (2006: \$Nil).

NOTES TO THE FINANCIAL STATEMENTS

10 Net asset value per unit/Stapled Security

		HBT		H-REIT Group		Stapled Group	
		2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Net asset value per unit/Stapled Security is based on net assets		379	379	1,325,476	720,054	1,325,855	720,433
	Note	'000	'000	'000	'000	'000	'000
Total issued and issuable units/Stapled Securities at 31 December	7	824,132	700,325	824,132	700,325	824,132	700,325

11 Gross revenue

	HBT		H-REIT Group		Stapled Group	
	Year ended 31/12/2007 \$'000	Period from 12/6/2006 to 31/12/2006 \$'000	Year ended 31/12/2007 \$'000	Period from 8/6/2006 to 31/12/2006 \$'000	Year ended 31/12/2007 \$'000	Period from 12/6/2006 to 31/12/2006 \$'000
Fixed rent	-	-	40,326	13,957	40,326	13,957
Contingent rent	-	-	50,328	14,232	50,328	14,232
Rental income	-	-	90,654	28,189	90,654	28,189

Under the terms of lease agreements for the properties, the H-REIT Group is generally entitled to a fixed rent component and/or a variable rent component computed based on a certain percentage of the revenue and/or gross operating profit. The initial period of the leases ranges from 10 years to 20 years, with options for renewal for a period ranging from 5 years to 20 years.

12 Property expenses

	HBT		H-REIT Group		Stapled Group	
	Year ended 31/12/2007 \$'000	Period from 12/6/2006 to 31/12/2006 \$'000	Year ended 31/12/2007 \$'000	Period from 8/6/2006 to 31/12/2006 \$'000	Year ended 31/12/2007 \$'000	Period from 12/6/2006 to 31/12/2006 \$'000
Property tax	-	-	2,564	1,133	2,564	1,133
Insurance	-	-	984	574	984	574
Others	-	-	1,289	593	1,289	593
	-	-	4,837	2,300	4,837	2,300

Property expenses represent the direct operating expenses arising from rental of investment properties.

NOTES TO THE FINANCIAL STATEMENTS

13 H-REIT Manager's fees

Included in the H-REIT Manager's fees is an aggregate of 2,641,144 (2006: 1,473,782) Stapled Securities, amounting to approximately \$6,044,000 (2006: \$1,849,000), that have been or will be issued to the H-REIT Manager as satisfaction of the H-REIT Manager's management fees payable in Stapled Securities, at unit prices ranging from \$1.9742 to \$2.4405 (2006: \$1.000 to \$1.522) per Stapled Security.

In the previous financial period, 850,819 Stapled Securities issued at \$1.411 per Stapled Security, amounting to approximately \$1,201,000 were issued to the H-REIT Manager as satisfaction of the acquisition fee payable to the H-REIT Manager in respect of the acquisition of Rendezvous Hotel Auckland, New Zealand.

14 Other charges

Included in other charges are the following items:

	HBT		H-REIT Group		Stapled Group	
	Year ended	Period from	Year ended	Period from	Year ended	Period from
	31/12/2007	12/6/2006 to	31/12/2007	8/6/2006 to	31/12/2007	12/6/2006 to
	\$'000	31/12/2006	\$'000	31/12/2006	\$'000	31/12/2006
		\$'000		\$'000		\$'000
Audit fees	5	5	193	96	198	101
Non-audit fees paid to:						
- auditors of the H-REIT Group	1	1	96	81	97	82
- other auditors	-	-	-	48	-	48

NOTES TO THE FINANCIAL STATEMENTS

15 Finance income and expense

	HBT		H-REIT Group		Stapled Group	
	Year ended	Period from	Year ended	Period from	Year ended	Period from
	31/12/2007	12/6/2006 to	31/12/2007	8/6/2006 to	31/12/2007	12/6/2006 to
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Exchange gain	-	-	-	1,173	-	1,173
Financial income arising from initial recognition of non-current rental deposits at fair value	-	-	-	4,273	-	4,273
Gain on remeasurement of financial derivative	-	-	-	850	-	850
Interest income received/receivable from banks	7	6	717	330	724	336
Finance income	7	6	717	6,626	724	6,632
Exchange loss	-	-	(217)	-	(217)	-
Amortisation of transaction costs capitalised	-	-	(227)	(103)	(227)	(103)
Financial expense arising from remeasuring non-current rental deposits at amortised cost	-	-	(150)	(67)	(150)	(67)
Interest paid/payable to banks	-	-	(16,053)	(5,002)	(16,053)	(5,002)
Finance expense	-	-	(16,647)	(5,172)	(16,647)	(5,172)
Net finance income/(expense)	7	6	(15,930)	1,454	(15,923)	1,460

16 Net income

	H-REIT Group		Stapled Group	
	Year ended	Period from	Year ended	Period from
	31/12/2007	8/6/2006 to	31/12/2007	12/6/2006 to
	\$'000	\$'000	\$'000	\$'000
Comprises net income of:				
- H-REIT	356,956	155,886	356,956	155,886
- Other H-REIT Group entities	(170)	(99)	(170)	(99)
	356,786	155,787	356,786	155,787

NOTES TO THE FINANCIAL STATEMENTS

17 Income tax expense

Reconciliation of effective tax rate

	HBT		H-REIT Group		Stapled Group	
	Year ended	Period from	Year ended	Period from	Year ended	Period from
	31/12/2007	12/6/2006 to	31/12/2007	8/6/2006 to	31/12/2007	12/6/2006 to
	\$'000	31/12/2006	\$'000	31/12/2006	\$'000	31/12/2006
		\$'000		\$'000		\$'000
Net income	-	-	356,786	155,787	356,786	155,787
Tax calculated using Singapore tax rate of 18% (2006: 20%)	-	-	64,221	31,157	64,221	31,157
Tax-exempt income	-	-	(916)	(23)	(916)	(23)
Income not subject to tax	-	-	(53,416)	(27,807)	(53,416)	(27,807)
Non-tax deductible items	-	-	1,442	710	1,442	710
Tax transparency	-	-	(11,331)	(4,037)	(11,331)	(4,037)
	-	-	-	-	-	-

18 Earnings per Stapled Security

Basic earnings per Stapled Security is based on:

	Stapled Group	
	Year ended	Period from
	31/12/2007	12/6/2006 to
	\$'000	31/12/2006
		\$'000
Total return for the year/period	356,786	155,787
	Number of Stapled Securities	
	'000	'000
Weighted average number of Stapled Securities:		
- outstanding during the period	756,388	698,488
- to be issued as payment of H-REIT Manager's acquisition fee payable in Stapled Securities	45	-
- to be issued as payment of H-REIT Manager's management fees payable in Stapled Securities	2	4
	756,435	698,492

Diluted earnings per Stapled Security is the same as the basic earnings per Stapled Security as there are no dilutive instruments in issue during the year/period.

NOTES TO THE FINANCIAL STATEMENTS

19 Issue expenses

Issue expenses comprise professional, advisory and underwriting fees and other costs related to the issue of Stapled Securities.

Included in issue expenses are non-audit fees paid to auditors of the H-REIT Group amounting to \$68,000 (2006: \$Nil).

In the previous financial period, issue expenses of the H-REIT Group and the Stapled Group included the following:

- non-audit fees paid to the auditors of the H-REIT Group amounting to \$495,000 mainly for acting as independent reporting accountants and tax consultants in connection with the initial public offering of Stapled Securities; and
- management and consultancy fee paid to a related corporation of the H-REIT Manager amounting to \$2,117,000 in connection with the initial public offering of Stapled Securities.

20 Related parties

For the purposes of these financial statements, parties are considered to be related to HBT or H-REIT if HBT or H-REIT has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the HBT or H-REIT and the party are subject to common significant influence. Related parties may be individuals or other entities.

The H-REIT Manager and the master lessees of the Mortgaged Hotels are indirect wholly-owned subsidiaries of a substantial holder of the Stapled Securities in the Stapled Group.

In the normal course of the operations of H-REIT, the H-REIT Manager's management fees and H-REIT Trustee's fee have been paid or are payable to the H-REIT Manager and H-REIT Trustee respectively.

During the financial year, other than the transactions disclosed elsewhere in the financial statements, there were the following related party transactions:

	HBT		H-REIT Group		Stapled Group	
	Year ended	Period from	Year ended	Period from	Year ended	Period from
	31/12/2007	12/6/2006 to	31/12/2007	8/6/2006 to	31/12/2007	12/6/2006 to
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Commission paid/payable to a related corporation of the H-REIT Manager	-	-	47	19	47	19
Provision of accounting services by a related corporation of the H-REIT Manager	-	-	54	28	54	28
Rental expense paid/payable to a related corporation of the H-REIT Manager	-	-	453	205	453	205
Rental income received/receivable from related corporations of the H-REIT Manager	-	-	67,443	26,401	67,443	26,401

During the year, 28,190 (2006: 28,190) square feet of the lettable area of Orchard Hotel Shopping Arcade is occupied by the master lessee of Orchard Hotel, which is a related corporation of the H-REIT Manager, for no charge.

NOTES TO THE FINANCIAL STATEMENTS

21 Financial risk management

Risk management is integral to the whole business of the Stapled Group. The Stapled Group has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. The HBT Trustee-Manager and the H-REIT Manager continually monitors the Stapled Group's risk management process to ensure that an appropriate balance between risk and control is achieved. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Stapled Group's activities.

The Audit Committee oversee how management monitors compliance with the Stapled Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Stapled Group.

Credit risk

Credit risk is the potential financial loss resulting from the failure of a lessee to settle its financial and contractual obligations to the Stapled Group, as and when they fall due.

The H-REIT Manager monitors the balances of its lessees on an ongoing basis. Credit evaluations are performed by the H-REIT Manager before lease agreements are entered into with customers. Rental deposits are received, where appropriate, to reduce credit risk.

The Stapled Group establishes an allowance for impairment, based on a specific loss component that relates to individually significant exposures, that represents its estimate of incurred losses in respect of trade and other receivables.

The allowance account in respect of trade and other receivables is used to record impairment losses unless the Stapled Group is satisfied that no recovery of the amount owing is possible. At that point, the financial asset is considered irrecoverable and the amount charged to the allowance account is written off against the carrying amount of the impaired financial asset.

Cash and fixed deposits are placed with financial institutions which are regulated. Investments and transactions involving derivative financial instruments are allowed only with counterparties who have sound credit ratings.

Liquidity risk

The H-REIT Manager monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate to finance the H-REIT Group's operations and to mitigate the effects of fluctuations in cash flows. In addition, the H-REIT Manager also monitors and observes the CIS Code issued by the MAS concerning limits on total borrowings.

In addition, the H-REIT Group maintains the following lines of credit:

- A \$220 million secured term loan facility and a \$70 million revolving credit facility with DBS and RBS for a 3-year term at the relevant swap offer rate plus a margin of 0.24% per annum. At the balance sheet date, \$30 million of the facilities is unutilised;
- A \$300 million multi-currency unsecured bridging loan facility with DBS. The facility can be drawn down in multiple tranches and each tranche is to be repaid within a maximum period of one year from each draw down date. At the balance sheet date, \$268 million of the facility is unutilised; and
- A \$250 million multi-currency unsecured revolving credit facility with Citibank. At the balance sheet date, the facility is unutilised.

NOTES TO THE FINANCIAL STATEMENTS

21 Financial risk management (cont'd)

Interest rate risk

The H-REIT Group's exposure to changes in interest rates relate primarily to interest-earning financial assets and interest-bearing financial liabilities. The H-REIT Manager's strategy to manage the risk of potential interest rate volatility may be through the use of interest rate hedging instruments and/or fixed rate borrowings. The H-REIT Manager will regularly evaluate the feasibility of putting in place the appropriate level of interest rate hedges, after taking into account the prevailing market conditions.

Derivative financial instruments are used to manage exposures to interest rate risks arising from financing and investment activities. Derivative financial instruments are not used for trading purposes. However, derivatives that do not qualify for hedge accounting are accounted for as trading instruments.

As at 31 December 2007, the H-REIT Trustee has entered into an interest rate swap with a notional contract amount of \$260 million which matures in 1.5 years from July 2006 to manage its floating rate exposures. The interest rate swap is classified as a cash flow hedge.

The fair value of the interest rate swap as at 31 December 2007 is a liability of \$81,000 (2006: \$92,000).

Sensitivity analysis

For the interest rate swap accounted for as a cash flow hedge and the floating rate loans, a change of 100 basis points (bp) in interest rate at the reporting date would increase/(decrease) total return and unitholders' funds by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	H-REIT Group and Stapled Group			
	Total return		Unitholders' funds	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
	\$'000	\$'000	\$'000	\$'000
2007				
Variable rate loans	(2,917)	2,917	-	-
Interest rate swap	2,600	(2,600)	86	(113)
	(317)	317	86	(113)
2006				
Variable rate loans	(3,871)	3,871	-	-
Interest rate swap	2,600	(2,600)	104	(108)
	(1,271)	1,271	104	(108)

NOTES TO THE FINANCIAL STATEMENTS

21 Financial risk management (cont'd)

Foreign currency risk

The H-REIT Manager's investment strategy includes 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 order to manage the currency risk involved in investing in assets outside of Singapore, the H-REIT Manager may adopt currency risk management strategies that may include the use of foreign currency denominated borrowings to match the currency of the asset investment as a natural currency hedge.

The Stapled Group is exposed to foreign currency risk on rental income and borrowings that are denominated in a currency other than Singapore dollars. The currency giving rise to this risk is New Zealand dollars.

The H-REIT Group's and the Stapled Group's exposure to foreign currency is as follow:

	New Zealand dollar	
	2007	2006
	\$'000	\$'000
Cash and cash equivalents	101	215
Financial liabilities	(31,654)	(61,077)
	<u>(31,553)</u>	<u>(60,862)</u>

Sensitivity analysis

A 10% strengthening of the Singapore dollar against the following currency at the reporting date would increase/(decrease) total return and unitholders' funds by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

	H-REIT Group and Stapled Group	
	Total return	Unitholders' funds
	\$'000	\$'000
2007		
New Zealand dollar	<u>3,155</u>	<u>-</u>
2006		
New Zealand dollar	<u>6,086</u>	<u>-</u>

A 10% weakening of the Singapore dollar against the above currency would have had the equal but opposite effect on the above currency to the amounts shown above, on the basis that all other variables remain constant.

Business risk

With the exception of Orchard Hotel Shopping Arcade, each of the properties is leased by H-REIT to a related party or third party ("lessees"). In return, H-REIT is paid a rent by the lessees comprising either a fixed rent component and/or a variable rent component. The latter is pegged to the underlying performance of the properties. As a result, a variation in the underlying performance of the hotels may have an impact on the revenue of H-REIT and consequently, the distributable income of H-REIT.

NOTES TO THE FINANCIAL STATEMENTS

21 Financial risk management (cont'd)

Business risk (cont'd)

Sensitivity analysis

A change of 10% in rental income, attributable to the contingent rent component of the rental income, at the reporting date would increase/(decrease) total return and unitholders' funds by the amounts shown below. For the purposes of this analysis, property expenses are assumed to remain unchanged.

	H-REIT Group and Stapled Group			
	Total return		Unitholders' funds	
	10% increase \$'000	10% decrease \$'000	10% increase \$'000	10% decrease \$'000
2007				
Gross revenue	4,773	(4,773)	-	-
2006				
Gross revenue	1,348	(1,348)	-	-

Estimation of fair values

The following summarises the significant methods and assumptions used in estimating the fair values of financial instruments of the H-REIT Group and Stapled Group.

Derivatives

The fair value of interest rate swaps is based on broker quotes. These quotes are tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for a similar instrument at the measurement date.

Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

Other financial assets and liabilities

The notional amounts of financial assets and liabilities with a maturity of less than one year (including trade and other receivables, cash and cash equivalents and trade and other payables) approximate their fair values because of the short period to maturity. All other financial assets and liabilities are discounted to determine their fair values.

Interest rates used in determining fair values

The interest rate used to discount cash flows, where applicable, is based on the following rate:

	2007 %	2006 %
Rental deposits	2.76	3.79

NOTES TO THE FINANCIAL STATEMENTS

21 Financial risk management (cont'd)

Interest rates used in determining fair values (cont'd)

The aggregate net fair values of recognised financial assets and liabilities which are not carried at fair value in the balance sheet at 31 December are represented in the following table:

	2007		2006	
	Carrying amount \$'000	Fair value \$'000	Carrying amount \$'000	Fair value \$'000
H-REIT Group				
Financial assets				
Rental deposits	76	69	76	63
Financial liabilities				
Rental deposits	(4,219)	(5,014)	(4,069)	(3,959)
Total	(4,143)	(4,945)	(3,993)	(3,896)
Unrecognised (loss)/gain		(802)		97
Stapled Group				
Financial assets				
Rental deposits	76	69	76	63
Financial liabilities				
Rental deposits	(4,219)	(5,014)	(4,069)	(3,959)
Total	(4,143)	(4,945)	(3,993)	(3,896)
Unrecognised (loss)/gain		(802)		97

22 Segment reporting

Segment information is presented in respect of the geographical segments of the H-REIT Group and the Stapled Group. The primary format – geographical segment – is based on the H-REIT Group's management and internal reporting structure.

No segment information is presented for HBT as it is dormant.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly interest-bearing loans and the related expenses, tax liabilities and trust assets, liabilities and expenses.

Segment capital expenditure is the total cost incurred during the period to acquire segment assets that are expected to be used for more than one year.

Business segments

Business segment reporting has not been prepared as all the properties (except for Orchard Hotel Shopping Arcade) are being leased and operated as hotels and the contribution from the leases of Orchard Hotel Shopping Arcade to the H-REIT Group and the Stapled Group's results and net assets is insignificant.

NOTES TO THE FINANCIAL STATEMENTS

22 Segment reporting (cont'd)

Geographical segments

The properties of the H-REIT Group and the Stapled Group are located in Singapore and New Zealand.

In presenting information on the basis of geographical segments, segment revenue and assets of the H-REIT Group and the Stapled Group are based on the geographical location of the investment properties.

	Singapore 2007 \$'000	New Zealand 2007 \$'000	Total 2007 \$'000
H-REIT Group			
Gross revenue	80,773	9,881	90,654
Segment net property income	75,936	9,881	85,817
Finance income			717
Finance expense			(16,647)
Unallocated expenses			(9,859)
Net income before revaluation			60,028
Net surplus on revaluation of investment properties	296,246	512	296,758
Net income			356,786
Income tax expense			-
Total return for the year			356,786

	Singapore 2007 \$'000	New Zealand 2007 \$'000	Total 2007 \$'000
H-REIT Group			
Assets and liabilities			
Segment assets	1,514,518	129,117	1,643,635
Unallocated assets:			
- cash and cash equivalents			13,273
Total assets			1,656,908
Segment liabilities	7,750	363	8,113
Unallocated liabilities:			
- trade and other payables			13,136
- financial liabilities			291,383
- provision for taxation			18,800
Total liabilities (excluding net assets attributable to holders of H-REIT units)			331,432

Other segmental information

Allowance for doubtful receivables	4	-	4
Capital expenditure on investment properties	225,854	28	225,882

NOTES TO THE FINANCIAL STATEMENTS

22 Segment reporting (cont'd)

Geographical segments (cont'd)

	Singapore Period ended 31/12/2006 \$'000	New Zealand Period ended 31/12/2006 \$'000	Total Period ended 31/12/2006 \$'000
H-REIT Group			
Gross revenue	27,929	260	28,189
Segment net property income	25,629	260	25,889
Finance income			6,626
Finance expense			(5,172)
Unallocated expenses			(4,417)
Net income before revaluation			22,926
Net surplus on revaluation of investment properties	132,861	-	132,861
Net income			155,787
Income tax expense			-
Total return for the period			155,787

	Singapore Period ended 31/12/2006 \$'000	New Zealand Period ended 31/12/2006 \$'000	Total Period ended 31/12/2006 \$'000
H-REIT Group			
Assets and liabilities			
Segment assets	985,417	123,519	1,108,936
Unallocated assets:			
- cash and cash equivalents			8,677
Total assets			1,117,613
Segment liabilities	4,955	-	4,955
Unallocated liabilities:			
- trade and other payables			6,014
- financial liabilities			386,590
Total liabilities (excluding net assets attributable to holders of H-REIT units)			397,559
Other segmental information			
Allowance for doubtful receivables	17	-	17
Capital expenditure on investment properties	846,339	120,605	966,944

NOTES TO THE FINANCIAL STATEMENTS

22 Segment reporting (cont'd)

Geographical segments (cont'd)

	Singapore 2007 \$'000	New Zealand 2007 \$'000	Total 2007 \$'000
Stapled Group			
Gross revenue	80,773	9,881	90,654
Segment net property income	75,936	9,881	85,817
Finance income			724
Finance expense			(16,647)
Unallocated expenses			(9,866)
Net income before revaluation			60,028
Net surplus on revaluation of investment properties	296,246	512	296,758
Net income			356,786
Income tax expense			-
Total return for the year			356,786

	Singapore 2007 \$'000	New Zealand 2007 \$'000	Total 2007 \$'000
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Stapled Group

Assets and liabilities

Segment assets	1,514,519	129,116	1,643,635
Unallocated assets:			
- cash and cash equivalents			13,661
Total assets			1,657,296
Segment liabilities	7,750	363	8,113
Unallocated liabilities:			
- trade and other payables			13,145
- financial liabilities			291,383
- provision for taxation			18,800
Total liabilities (excluding net assets attributable to holders of H-REIT units)			331,441

Other segmental information

Allowance for doubtful receivables	4	-	4
Capital expenditure on investment properties	225,854	28	225,882

NOTES TO THE FINANCIAL STATEMENTS

22 Segment reporting (cont'd)

Geographical segments (cont'd)

	Singapore Period ended 31/12/2006 \$'000	New Zealand Period ended 31/12/2006 \$'000	Total Period ended 31/12/2006 \$'000
Stapled Group			
Gross revenue	27,929	260	28,189
Segment net property income	25,629	260	25,889
Finance income			6,632
Finance expense			(5,172)
Unallocated expenses			(4,423)
Net income before revaluation			22,926
Net surplus on revaluation of investment properties	132,861	-	132,861
Net income			155,787
Income tax expense			-
Total return for the period			155,787

	Singapore Period ended 31/12/2006 \$'000	New Zealand Period ended 31/12/2006 \$'000	Total Period ended 31/12/2006 \$'000
Stapled Group			
Assets and liabilities			
Segment assets	985,296	123,519	1,108,815
Unallocated assets:			
- cash and cash equivalents			9,183
Total assets			1,117,998
Segment liabilities	4,955	-	4,955
Unallocated liabilities:			
- trade and other payables			6,020
- financial liabilities			386,590
Total liabilities (excluding net assets attributable to holders of H-REIT units)			397,565
Other segmental information			
Allowance for doubtful receivables	17	-	17
Capital expenditure on investment properties	846,339	120,605	966,944

NOTES TO THE FINANCIAL STATEMENTS

23 Commitments

	HBT		H-REIT Group		Stapled Group	
	2007	2006	2007	2006	2007	2006
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
(a) Capital expenditure contracted but not provided for	-	-	3,672	1,328	3,672	1,328

- (b) The H-REIT Group and the Stapled Group leases out its investment properties. Non-cancellable operating lease rentals are receivable as follows:

	HBT		H-REIT Group		Stapled Group	
	2007	2006	2007	2006	2007	2006
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Within 1 year	-	-	39,684	38,135	39,684	38,135
After 1 year but within 5 years	-	-	148,350	144,552	148,350	144,552
After 5 years	-	-	397,838	431,485	397,838	431,485
	-	-	585,872	614,172	585,872	614,172

The above operating lease receivables are based on the fixed component of the rent receivable under the lease agreements, adjusted for increases in rent where such increases have been provided for under the lease agreements.

- (c) The H-REIT Group and the Stapled Group have entered into an operating lease for a conference centre with a related party. The lease runs for an initial period of 5 years, with an option to renew the lease on expiry of the initial period. The H-REIT Group's and the Stapled Group's commitments for future minimum lease payments under the non-cancellable operating lease are as follows:

	HBT		H-REIT Group		Stapled Group	
	2007	2006	2007	2006	2007	2006
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Within 1 year	-	-	453	453	453	453
After 1 year but within 5 years	-	-	1,155	1,608	1,155	1,608
	-	-	1,608	2,061	1,608	2,061

- (d) Under the terms of the lease agreement for Novotel Clarke Quay, the H-REIT Group is required to incur expenditure equivalent to 3% of the annual gross revenue of the hotel to maintain and improve the hotel's furniture and fixtures, equipment and its environment. As at the balance sheet date, the H-REIT Group and the Stapled Group is committed to incur capital expenditure of \$336,000 (2006: \$Nil) under the terms of the lease agreement.

NOTES TO THE FINANCIAL STATEMENTS

24 Subsequent event

Subsequent to the expiry of a \$260 million interest rate swap on 13 January 2008, the H-REIT Trustee had entered into two consecutive interest rate swaps of notional amount of \$220 million each.

25 Comparative information

The comparative information relates to the period from 8 June 2006 (date of constitution) to 31 December 2006 for the H-REIT Group and from 12 June 2006 (date of constitution) to 31 December 2006 for HBT and the Stapled Group. Accordingly, the income statement of HBT, statements of total return of the H-REIT Group and the Stapled Group, the cash flow statements and movements in unitholders' funds of HBT, the H-REIT Group and the Stapled Group, and the related notes are not comparable to those for the current year.

Change in method of computation

With the adoption of FRS 40 *Investment Property* with effect from 1 January 2007, earnings per Stapled Security is computed based on net income. Prior to this, earnings per Stapled Security was computed based on net income before revaluation. Comparative earnings per Stapled Security has been restated to be consistent with current year's presentation.

26 Financial ratios

	H-REIT Group		Stapled Group	
	2007	2006	2007	2006
	%	%	%	%
Expenses to weighted average net assets ⁽¹⁾				
- including performance component of H-REIT Manager's management fees	1.08	1.17	1.08	1.17
- excluding performance component of H-REIT Manager's management fees	0.61	0.70	0.61	0.70
Portfolio turnover rate ⁽²⁾	-	-	-	-

⁽¹⁾ The annualised ratios are computed in accordance with the guidelines of the Investment Management Association of Singapore. The expenses used in the computation relate to expenses of the H-REIT Group and the Stapled Group, excluding property expenses, interest expense and income tax expense of each entity, where applicable.

⁽²⁾ The annualised ratio is computed based on the lesser of purchases or sales of underlying investment properties of the H-REIT Group and the Stapled Group expressed as a percentage of daily average net asset value.

NOTES TO THE FINANCIAL STATEMENTS

27 New accounting standards and interpretations not yet adopted

The Stapled Group has not applied the following accounting standards (including its consequential amendments) and interpretations that have been issued as of the balance sheet date but are not yet effective:

- FRS 23 *Borrowing Costs*
- FRS 108 *Operating Segments*
- INT FRS 111 *FRS 102 Group and Treasury Share Transactions*
- INT FRS 112 *Service Concession Arrangements*

FRS 108 will become effective for financial statements for the year ending 31 December 2009. FRS 108, which replaces FRS 14 *Segment Reporting*, requires identification and reporting of operating segments based on internal reports that are regularly reviewed by the H-REIT Manager and the HBT Trustee-Manager in order to allocate resources to the segment and to assess its performance.

The initial application of these standards (and its consequential amendments) and interpretations is not expected to have any material impact on the Stapled Group's financial statements. The Stapled Group has not considered the impact of accounting standards issued after the balance sheet date.

STATISTICS OF STAPLED SECURITIES HOLDINGS

As at 26 February 2008

Issued and Fully Paid Stapled Securities: 824,046,096 Stapled Securities

A Stapled Security means a security comprising one unit of H-REIT and one unit of HBT stapled together under the terms of the Stapling Deed dated 12 June 2006.

Each holder of the Stapled Securities has one vote per Stapled Security.

Size of Stapled Securities Holdings	No. of Stapled Securities Holders	%	No. of Stapled Securities	%
1 - 999	12	0.32	1,639	0.00
1,000 - 10,000	3,095	83.06	12,577,853	1.53
10,001 - 1,000,000	600	16.11	26,149,939	3.17
1,000,001 and above	19	0.51	785,316,665	95.30
TOTAL	3,726	100.00	824,046,096	100.00

Twenty Largest Stapled Securities Holders

No.	Name	No. of Stapled Securities Held	%
1	HOSPITALITY HOLDINGS PTE. LTD.	313,950,000	38.10
2	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	78,582,000	9.54
3	SIONG LIM PRIVATE LIMITED	75,663,000	9.18
4	CITIBANK NOMINEES SINGAPORE PTE LTD	72,090,670	8.75
5	HSBC (SINGAPORE) NOMINEES PTE LTD	63,046,987	7.65
6	DBS NOMINEES PTE LTD	62,785,476	7.62
7	UNITED OVERSEAS BANK NOMINEES PTE LTD	41,023,049	4.98
8	RAFFLES NOMINEES PTE LTD	25,649,459	3.11
9	DBSN SERVICES PTE LTD	21,132,239	2.56
10	DB NOMINEES (SINGAPORE) PTE LTD	6,083,000	0.74
11	GUAN HONG PLANTATION PRIVATE LIMITED	5,750,000	0.70
12	KWEK LENG BENG	5,750,000	0.70
13	M&C REIT MANAGEMENT LIMITED	3,739,091	0.45
14	ROYAL BANK OF CANADA (ASIA) LTD	3,162,000	0.38
15	MERRILL LYNCH (SINGAPORE) PTE LTD	1,734,694	0.21
16	BNP PARIBAS NOMINEES SINGAPORE PTE LTD	1,618,000	0.20
17	NTUC FAIRPRICE CO-OPERATIVE LTD	1,307,000	0.16
18	KWEK LENG JOO	1,150,000	0.14
19	G K GOH STRATEGIC HOLDINGS PTE LTD	1,100,000	0.13
20	ALPHA SECURITIES PTE LTD	850,000	0.10
	TOTAL	786,166,665	95.40

H-REIT MANAGER'S DIRECTORS' AND HBT TRUSTEE-MANAGER'S DIRECTORS' STAPLED SECURITIES HOLDINGS

As shown in the Register of Directors' Stapled Securities Holdings as at 21 January 2008

Name of Director	Holdings
Wong Hong Ren	115,000
Yeo Wee Eng Vincent	115,000
Dr Tan Cheng Bock	NIL
Lim Yin Nee Jenny	NIL
Chan Chun Ming Jimmy	NIL
Richard Anthony Johnson	NIL
Lim How Teck	NIL

SUBSTANTIAL STAPLED SECURITIES HOLDERS

As shown in the Register of Substantial Stapled Securities Holders as at 26 February 2008

Name	Direct Interest	Deemed Interest	Total Holdings	%
Hospitality Holdings Pte. Ltd.	313,950,000	-	313,950,000	38.098
ATOS Holding AG	-	317,689,091 ⁽¹⁾	317,689,091	38.552
Millennium & Copthorne (Austrian Holdings) Limited	-	317,689,091 ⁽¹⁾	317,689,091	38.552
Millennium & Copthorne Hotels plc	-	317,689,091 ⁽¹⁾	317,689,091	38.552
City Developments Limited	-	317,689,091 ⁽¹⁾	317,689,091	38.552
Hong Leong Investment Holdings Pte. Ltd.	-	326,314,091 ⁽²⁾	326,314,091	39.599
Kwek Holdings Pte Ltd	-	326,314,091 ⁽²⁾	326,314,091	39.599
Davos Investment Holdings Private Limited	-	326,314,091 ⁽²⁾	326,314,091	39.599
Siong Lim Private Limited	67,000,000 ⁽⁴⁾	-	67,000,000	8.131
Kambau Pte. Ltd.	-	67,000,000 ^{(3) (4)}	67,000,000	8.131
Tan Chin Tuan Ltd	-	67,000,000 ^{(3) (4)}	67,000,000	8.131
Istithmar Hotels FZE	67,500,000 ⁽⁵⁾	-	67,500,000	8.191

Notes

- (1) ATOS Holding AG, Millennium & Copthorne (Austrian Holdings) Limited, Millennium & Copthorne Hotels plc and City Developments Limited are deemed under Section 7 of the Companies Act, Chapter 50, to have an interest in the 317,689,091 Stapled Securities held by companies in which they are entitled to exercise or control the exercise of not less than 20% of the votes attached to the voting shares thereof.
- (2) Hong Leong Investment Holdings Pte. Ltd., Kwek Holdings Pte Ltd and Davos Investment Holdings Private Limited are deemed under Section 7 of the Companies Act, Chapter 50, to have an interest in the 326,314,091 Stapled Securities held by companies in which they are entitled to exercise or control the exercise of not less than 20% of the votes attached to the voting shares thereof.
- (3) Kambau Pte. Ltd. and Tan Chin Tuan Ltd are deemed under Section 7 of the Companies Act, Chapter 50, to have an interest in the 67,000,000 Stapled Securities held by Siong Lim Private Limited.
- (4) The direct interest of Siong Lim Private Limited and the deemed interest of Kambau Pte. Ltd. and Tan Chin Tuan Ltd respectively are based on the last notification to the H-REIT Manager and the HBT Trustee-Manager on 21 July 2006.
- (5) The direct interest of Istithmar Hotels FZE is based on the last notification to the H-REIT Manager and the HBT Trustee-Manager on 11 November 2006.

FREE FLOAT

Based on information made available to the H-REIT Manager and HBT Trustee-Manager as at 26 February 2008, no less than 60% of the Stapled Securities in CDL Hospitality Trusts is held by the public and accordingly, Rule 723 of the Listing Manual of the Singapore Exchange Securities Trading Limited has been complied with.

RELATED PARTY TRANSACTIONS

The transactions entered into during the financial year with an “interested party” which fall under the Listing Manual of the SGX-ST, Property Fund Guidelines and Business Trusts Act respectively are as follows:

Name of Related Party	Aggregate value of all related party transactions entered during the financial period under review (excluding transactions of less than \$100,000 each) S\$'000
Republic Hotels & Resorts Limited	4,560
Harbour View Hotel Pte. Ltd.	216
Total:	4,776

Save as disclosed above, there were no additional related party transactions (excluding transactions of less than \$100,000 each and transactions collectively described as “Exempted Agreements” defined in the Prospectus of CDLHT dated 10 July 2006) entered into during the financial year under review.

Please also see related party transactions in Note 20 to the Financial Statements.

Subscription of CDLHT Units

During the financial year ended 31 December 2007, an aggregate of 123,660,456 Units were issued and subscribed for. As at 31 December 2007, 823,271,875 Units were in issue.