



CDL HOSPITALITY TRUSTS
ANNUAL REPORT 2013



CDL HOSPITALITY TRUSTS



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CDL HOSPITALITY TRUSTS



CDL Hospitality Trusts ("**CDLHT**") is one of Asia's leading hospitality trusts with assets of S\$2.3 billion. It owns 14 hotels in Singapore, Australia, New Zealand and Maldives, as well as a shopping centre in Singapore.

The substantial value of its assets are sited in central locations within Singapore.

Aside from its Maldives resorts, all other hotels are well located within key gateway cities.

The properties comprise a total of 4,455 rooms and are operated by master lessees and hotel managers, which include subsidiaries of Millennium & Copthorne Hotels plc, Accor S.A., Rendezvous Hotels International Private Limited, Banyan Tree Holdings Limited and Jumeirah International LLC.

CDLHT is a stapled group comprising CDL Hospitality Real Estate Investment Trust ("**H-REIT**"), the first hotel real estate investment trust in Singapore, and CDL Hospitality Business Trust ("**HBT**"), a business trust. CDLHT was listed on the Main Board of Singapore Exchange Securities Trading Limited ("**SGX-ST**") on 19 July 2006 ("**Listing Date**") and has a market capitalisation of approximately S\$1.6 billion as at 31 December 2013.

OVERVIEW OF CDL HOSPITALITY TRUSTS



ABOUT CDLHT

CDLHT, a stapled group comprising H-REIT and HBT, was established with the principal investment strategy of investing in a portfolio of hospitality and/or hospitality related real estate assets.

CDLHT has an asset size of S\$2.3 billion as at 31 December 2013 with a total of 4,455 hotel rooms in the Asia Pacific, comprising six hotels and a retail mall in Singapore, five hotels in Australia, one hotel in New Zealand and two resorts in Maldives.

The properties in Singapore comprise Orchard Hotel, Grand Copthorne Waterfront Hotel, M Hotel, Copthorne King's Hotel, Studio M Hotel and Novotel Singapore Clarke Quay (collectively, the "**Singapore Hotels**") with an aggregate of 2,716 rooms) as well as Claymore Link (previously Orchard Hotel Shopping Arcade), a retail arcade adjoining Orchard Hotel. The hotel properties in Australia comprise Novotel Brisbane, Mercure Brisbane, Ibis Brisbane, Mercure Perth and Ibis Perth (collectively, the "**Australia Hotels**" with an aggregate of 1,139 rooms). The hotel property in New Zealand, Rendezvous Grand Hotel Auckland, adds 452 rooms to CDLHT's portfolio.

In 2013, CDLHT successfully completed two acquisitions in Maldives. On 31 January 2013, it acquired the 113-villa Angsana Velavaru for a purchase consideration of US\$71.0 million⁽¹⁾ (approximately S\$86.8 million)⁽²⁾. On 31 December 2013, CDLHT completed its second acquisition, the 35-villa Jumeirah Dhevanafushi, for a purchase consideration of US\$59.6 million⁽³⁾ (approximately S\$75.6 million)⁽⁴⁾, further strengthening its presence in Maldives.

CDLHT's portfolio of quality hotel/resort and hotel-related assets in Singapore, Australia, New Zealand and Maldives are largely marketed as "superior" and/or 5-star hotels/resorts. The substantial value of its assets are sited in central locations within Singapore. Aside from its Maldives resorts, all other hotels are well located within key gateway cities.

All the properties, with the exception of Claymore Link and Jumeirah Dhevanafushi, have been leased to external master lessees on long-term leases by H-REIT. Claymore Link is leased directly to retail tenants by H-REIT and Jumeirah Dhevanafushi is leased to HBT by H-REIT and managed by a hotel management company.

H-REIT'S STRATEGY

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, with emphasis in the Asia Pacific region. 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, which primary purpose is to hold or own real estate and real estate-related assets which are used for hospitality and hospitality-related purposes.

Generally, investments will be made where such investments are considered to be value-enhancing, yield-accretive or have potential for capital appreciation, and feasible in the light of regulatory, commercial, political and other relevant considerations.

The H-REIT Manager's objectives are to maximise 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 would be value-enhancing, yield-accretive or have potential for capital appreciation. 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:

(1) The total acquisition cost (including transaction expenses) was approximately US\$72.4 million.

(2) Based on exchange rate of US\$1 = S\$1.2224 as at 27 December 2012.

(3) The total acquisition cost (including transaction expenses) was US\$60.8 million.

(4) Based on an exchange rate of US\$1 = S\$1.2673 as at 31 December 2013.



Verandah Room, Grand Copthorne Waterfront

- 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 capitalisation of approximately £1.9 billion as at 3 March 2014. H-REIT will be able to leverage on M&C's experience, market reach and network of contacts in the global hotel and hospitality sector for its acquisitions. In addition, H-REIT can seek partnership and co-operation opportunities with M&C as it expands globally.
- Opportunities arising from divestment of assets by hospitality service providers who are increasingly looking to free up capital for business expansion and investment funds that have a finite period to dispose acquired assets.
- Opportunities arising from divestment of assets by owners under financial stress.
- Opportunities to acquire under-performing assets with turnaround potential by implementing 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 Appendix 6 of the Code on Collective Investment Schemes, as applicable to property funds (the "**Property Funds Appendix**").

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 Appendix;
- minimise 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 actively engages its master lessees, leveraging on H-REIT's economies of scale and its relationship with M&C, which has extensive experience in the hospitality industry, to maximise the operating performance and cash flow of the assets. In addition, it seeks to optimise space utilisation through implementation of various asset enhancement initiatives.

HBT'S STRATEGY

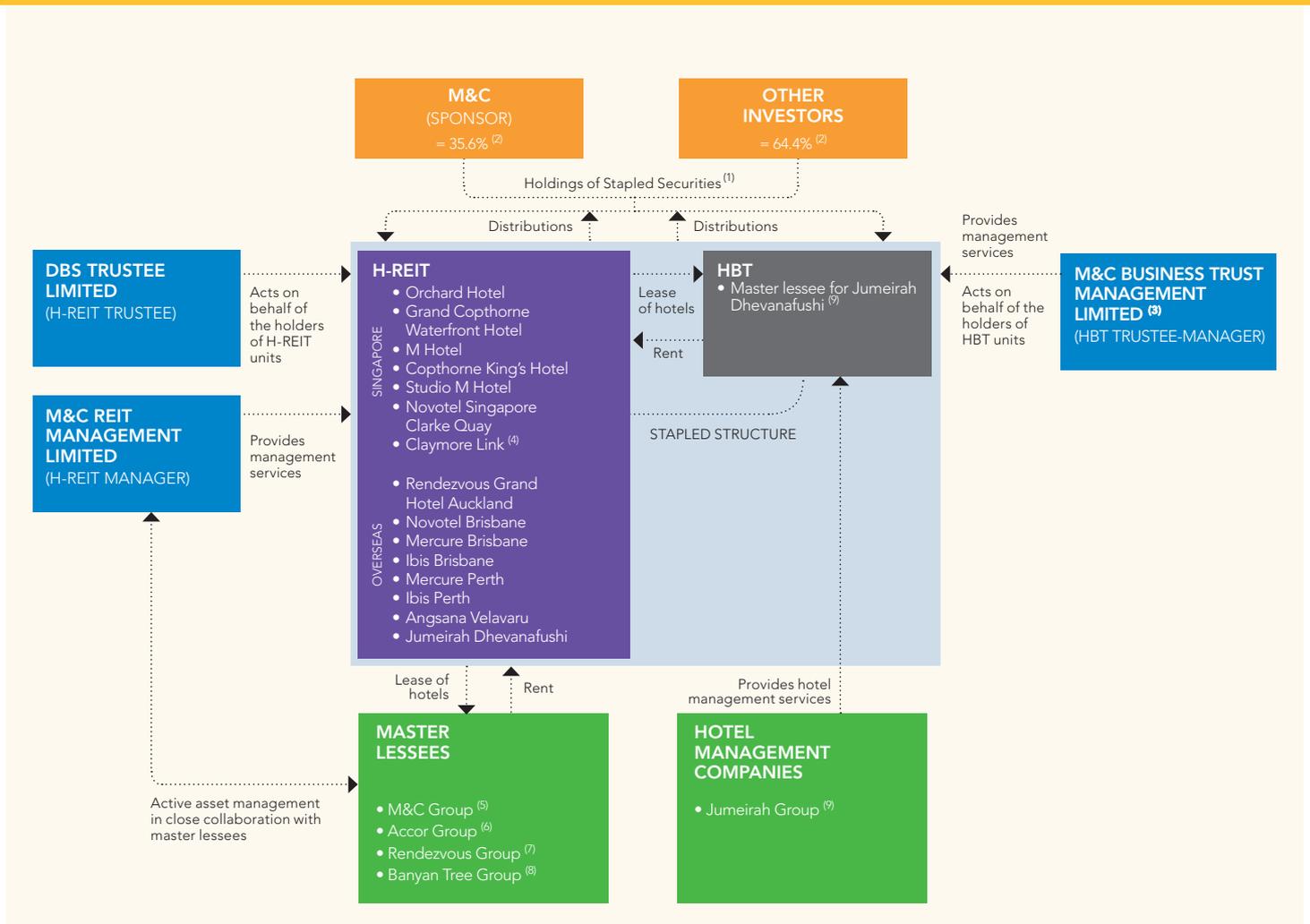
M&C Business Trust Management Limited, as trustee-manager of HBT (the "**HBT Trustee-Manager**") activated HBT when its indirect wholly-owned subsidiary, CDL HBT Oceanic Maldives Pvt Ltd (the "**HBT Lessee**"), became the master lessee for Jumeirah Dhevanafushi under a lease agreement entered into with the indirect wholly-owned subsidiary of H-REIT, CDLHT Oceanic Maldives Pvt Ltd, on 31 December 2013. The HBT Lessee then engaged Jumeirah Management Services (Maldives) Private Limited to manage the resort.

Potential further activity of HBT is likely to arise when 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 term. The intention is for HBT to appoint professional hotel managers to manage these hotels.
- 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 these hotels and will appoint professional hotel managers to manage these hotels.
- It undertakes certain hospitality and hospitality-related development projects, acquisitions and investments, which may not be suitable for H-REIT.

STAPLED STRUCTURE

CDLHT is a stapled group comprising H-REIT, a real estate investment trust, and HBT, a business trust. CDLHT currently owns seven properties in Singapore, five properties in Australia, one property in New Zealand, and two properties in Maldives.



- (1) CDLHT comprises stapled units of H-REIT and HBT (“**Stapled Securities**”) with each Stapled Security consisting of a unit in H-REIT and a unit in HBT.
- (2) Holdings of Stapled Securities as at 3 March 2014.
- (3) The HBT’s Trustee-Manager provides management services to HBT and acts on behalf of the holders of the HBT units. Distributions (if any) to be made by HBT will be determined at the sole discretion of the HBT Trustee-Manager’s Board.
- (4) For simplicity, the diagram does not include the relationships in relation to Claymore Link (previously Orchard Hotel Shopping Arcade). The H-REIT Manager manages Claymore Link directly, hence the various tenants of the retail units at Claymore Link make rental payments directly to H-REIT under the terms of their respective leases.
- (5) The master lessees and hotel management companies for Orchard Hotel, Grand Copthorne Waterfront Hotel, M Hotel, Copthorne King’s Hotel (collectively, the “**IPO Hotels**”) and Studio M Hotel are subsidiaries of M&C (“**M&C Group**”). For more details, refer to pages 28-37 of the Annual Report.
- (6) The master lessees and hotel management companies for Novotel Singapore Clarke Quay, Novotel Brisbane, Mercure Brisbane, Ibis Brisbane, Mercure Perth and Ibis Perth are subsidiaries of Accor S.A. (“**Accor Group**”). For more details, refer to pages 38-39 and 42-45 of the Annual Report.
- (7) The master lessee and hotel management company for Rendezvous Grand Hotel Auckland is a subsidiary of Rendezvous Hotels International Private Limited (“**Rendezvous Group**”). For more details, refer to pages 46-47 of the Annual Report.
- (8) The master lessee and hotel management company for Angsana Velavaru is a subsidiary of Banyan Tree Holdings Limited (“**Banyan Tree Group**”). For more details, refer to pages 48-49 of the Annual Report.
- (9) The master lessee for Jumeirah Dhevanafushi is a subsidiary of HBT and the hotel management company is a subsidiary of Jumeirah International LLC (“**Jumeirah Group**”). For more details, refer to pages 50-51 of the Annual Report.

GLOBAL REACH OF SPONSOR, M&C

CDLHT stands to benefit from the Sponsor's financial strength, experience, market reach and network of contacts in the global hotel and hospitality industry. The Sponsor owns and/or operates a portfolio of over 100 hotels with more than 30,000 rooms worldwide.



NORTH AMERICA

Anchorage
Boston
Boulder
Buffalo
Chicago
Cincinnati
Durham
Los Angeles
Minneapolis
Nashville
New York
Scottsdale

EUROPE

France
Paris
Germany
Hannover
United Kingdom
Aberdeen
Birmingham
Cardiff
Dudley
Gatwick
Glasgow
London
Manchester
Newcastle
Plymouth
Reading
Sheffield
Slough-Windsor

MIDDLE EAST

United Arab Emirates (UAE)
Abu Dhabi
Dubai
Sharjah
Qatar
Doha
Kuwait
Al Jahra
Iraq
Baranah
Sulaimania
Oman
Muscat
Mussanah
Jordan
Amman

CHINA & TAIWAN

China
Beijing
Chengdu
Fuqing
Hangzhou
Qingdao
Shanghai
Wuxi
Xiamen
Taiwan
Taichung

ASIA

Indonesia
Jakarta
Singapore
Malaysia
Cameron Highlands
Kuala Lumpur
Penang
Thailand
Bangkok
Phuket
Philippines
Manila

NEW ZEALAND

Auckland
Bay of Islands
Christchurch
Dunedin
Greymouth
Hamilton
Hokianga
New Plymouth
Pahia
Palmerston North
Queenstown
Rotorua
Taupo
Te Anau
Wairarapa
Wanganui
Wellington
Whangarei



On behalf of the Board of Directors of the H-REIT Manager and the HBT Trustee-Manager, I am pleased to present our financial results for the financial year ended 2013 ("FY 2013").

STEADY REVENUE SUPPORTED BY ACQUISITION

Our portfolio continued to grow in the course of the year, culminating in a total asset value of S\$2.3 billion. This was boosted by acquisitions in Maldives.

CDLHT's gross revenue held steady for the year, achieving a respectable S\$148.8 million in FY 2013, comparable to S\$149.5 million recorded in FY 2012. Our core portfolio location, Singapore, experienced an influx of new hotels rooms and an overall easing of higher yielding corporate demand. This led to a reduced rental contribution from Singapore Hotels. There was also lower fixed rent contribution from its Australia Hotels due to the fall in the Australian dollar.

Lifting the portfolio was our first Maldives acquisition, Angsana Velavaru, which contributed positively to our revenue. Acquired on 31 January 2013, Angsana Velavaru gave rise to a revenue recognition of S\$10.0 million. Supported by robust tourist arrivals growth of 17.4% in 2013, Angsana Velavaru performed well, registering a year-on-year Revenue per Available Room ("RevPAR") growth of 22.3%.⁽¹⁾

The net property income for FY 2013 registered S\$137.4 million. Correspondingly, income available for distribution (before deducting income retained for working capital) for the period was S\$118.6 million. Income to be distributed per Stapled Security (after deducting income retained for working capital) was 10.97 cents in FY 2013, compared to 11.32 cents in FY 2012.

SECOND MALDIVES RESORT ADDED TO THE PORTFOLIO

In December 2013, CDLHT completed the acquisition of a second resort, Jumeirah Dhevanafushi, strengthening its foothold in the buoyant Maldives hospitality sector, renowned for the "one-island-one-resort" concept and experience, and for being one of the highest RevPAR markets in the world.⁽²⁾ This acquisition allows CDLHT to further capitalise on the trend of more affluent Asians travelling abroad and on the strong demand for premium resort experiences in Maldives generally.

Opened in November 2011, Jumeirah Dhevanafushi focuses on personalised luxury of the highest standard, offering guests extremely spacious villas ranging from 200 to 300 square metres, which are amongst the largest in Maldives. The upmarket resort's 19 beachfront villas and 16 over-water villas each comes with its own private pool, with two additional beachfront villas expected to be completed in 2014.

Expected to augment CDLHT's long-term income stream, the addition of Jumeirah Dhevanafushi has grown CDLHT's portfolio to 14 hotels with a total of 4,455 rooms.

ASSET OPTIMISATION

During the course of the year, CDLHT completed several asset enhancement initiatives to optimise its assets for future growth: 93 Club rooms were refurbished at Grand Copthorne Waterfront Hotel and the Grand Ballroom (on level six) at Novotel Singapore Clarke Quay was also renovated in 2013.

Orchard Hotel Shopping Arcade ("OHSA") was closed for asset enhancement works in December 2013.⁽³⁾ The asset enhancement exercise is expected to be completed end-2014 and along with a fresh new look, the mall has been rebranded as Claymore Link and repositioned

(1) The year-on-year comparison assumes that H-REIT, through its wholly-owned subsidiary, owns Angsana Velavaru, for the eleven months ended 31 December 2012.

(2) Asia Pacific Hotel Review, Volume 13, Issue AP12 dated 21 January 2014, STR Global.

(3) Three tenants still occupy The Galleria, which is not part of the asset enhancement exercise.



"Our portfolio continued to grow in the course of the year, culminating in a total asset value of S\$2.3 billion. This was boosted by acquisitions in Maldives."

as a family-friendly mall with enhanced retail offerings. With supermarket retailing chain Cold Storage serving as anchor tenant, the mall will cater well to the growing captive residential population and complement the vibrant retail activity along the Orchard Road shopping belt. This undertaking will significantly raise its profile and leasing appeal, enabling us to realise its full potential and further unlock value for the property.

SINGAPORE TOURISM OUTLOOK FOR 2014

According to the Singapore Tourism Board ("STB"), international visitor arrivals grew 6.9% year-on-year to 15.5 million for 2013, and STB has forecast visitor arrivals to grow to between 16.3 to 16.8 million (a year-on-year growth of 5% to 8%).⁽⁴⁾ Supporting the growth in tourism infrastructure is an estimated increase of 2,900 new hotel rooms in 2014.⁽⁵⁾

The tourism sector contributes 4 per cent to Singapore's gross domestic product⁽⁶⁾, and a key pillar of Singapore's tourism growth is the meetings, incentives, conventions and exhibitions ("MICE") industry. While Singapore's hospitality industry remains competitive due to the new hotel rooms supply, demand is expected to be supported by more large-scale corporate and sporting events slated to be held in Singapore this year as compared to 2013.

A host of quality events complemented by world-class attractions and facilities, such as Gardens by the Bay, Marine Life Park, Marina Bay Cruise Centre Singapore and the Giant Panda Forest, will enable business travellers to complement their leisure activities with their business activities. CDLHT is poised to be a beneficiary of Singapore's increasing attractiveness as a destination of choice, particularly for the MICE market. We continue to be optimistic about the longer term potential of the hospitality industry in Singapore.

STRATEGIC DIRECTION

The Boards believe that the strength of CDLHT's balance sheet and financial discipline places it in good stead to capitalise on expansion opportunities.

The balance sheet was improved with a net revaluation surplus of S\$36.6 million arising from the increase in valuation of CDLHT's investment properties as at 31 December 2013. Gearing was approximately 29.7% as at 31 December 2013, providing CDLHT with ample debt headroom for potential acquisitions. CDLHT will continue to actively seek yield-accretive acquisition opportunities in the hospitality sector in the next 12 months.

APPRECIATION

On behalf of the Boards, I would like to thank Mr Richard Anthony Johnson, who stepped down as Director of the Boards for his invaluable contribution the past seven years, as we extend a warm welcome to Mr Ronald Seah Lim Siang, who joined the Boards in October 2013. I would also like to express my heartfelt gratitude to the management, partners, staff and the H-REIT Trustee for their immeasurable contribution and continued dedication to CDLHT.

Finally, we want to thank our Security Holders for their steadfast support during the year. I look forward to seeing you at our annual general meetings on 25 April 2014.

Wong Hong Ren

Chairman

(4) Ministry of Trade and Industry Singapore, "Speech by Mr S Iswaran, Second Minister for Trade and Industry, during the Committee of Supply Debate under Head V", 6 March 2014.

(5) Horwath HTL report issued in January 2014.

(6) TODAY, "STB to study labour crunch among travel agents", 20 January 2014.

FINANCIAL HIGHLIGHTS



STATEMENT OF TOTAL RETURN

	FY 2013 S\$'000	FY 2012 S\$'000	Variance
Gross revenue	148,782	149,535	-0.5%
Net property income	137,389	139,293	-1.4%
Net income before fair valuation	106,401	109,548	-2.9%
Income available for distribution	118,554 ⁽¹⁾	121,658	-2.6%
Income to be distributed	106,699 ⁽²⁾	109,492	-2.6%

BALANCE SHEET

Prudent capital management has resulted in a healthy balance sheet for CDLHT. As at 31 December 2013, CDLHT's exposure to derivatives represents a negligible percentage of its net asset and market capitalisation. ⁽³⁾

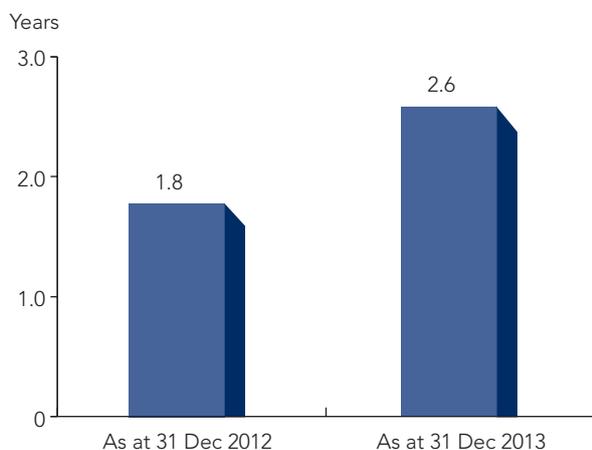
	As at 31 Dec 2013 S\$'000	As at 31 Dec 2012 S\$'000	Variance
Investment properties	2,161,693 ^{(4) (5)}	2,044,925	+5.7%
Non-current assets	2,238,846 ⁽⁶⁾	2,045,001	+9.5%
Total assets	2,323,068	2,133,958	+8.9%
Borrowings	690,093 ⁽⁷⁾	531,778 ⁽⁷⁾	+29.8%
Net assets	1,595,382	1,564,293	+2.0%
Net asset value per unit	S\$1.63	S\$1.61	+1.2%

- (1) The income available for distribution of CDLHT represents the aggregate of income available for distribution by H-REIT and HBT. The income available for distribution of CDLHT for FY 2013 was contributed solely by H-REIT as HBT was activated only at the end of the year.
- (2) The total income available for distribution for FY 2013 was S\$118,554,000, out of which S\$106,699,000 or 90.0% was distributed to Security Holders. The remaining undistributed income of S\$11,855,000, comprising solely of tax exempt income was retained for working capital needs.
- (3) The fair value of the derivatives as at 31 December 2013 is disclosed under Note 12 on page 116 of the Annual Report.
- (4) The investment properties were valued as at 31 December 2013. The net change in fair valuation of S\$36,556,000 has been recognised in the Statement of Total Return. The fair value changes have no impact on the taxable income or income available for distribution to Security Holders. Included in investment properties as at 31 December 2013 is a net translation loss of S\$23,536,000 on its overseas properties.
- (5) All properties, excluding Jumeirah Dhevanafushi, were valued as at 31 December 2013 and are accounted for as Investment Properties.
- (6) Jumeirah Dhevanafushi is accounted for at cost as Property, Plant and Equipment and Prepaid Land Lease in CDLHT's consolidated financial statements as at 31 December 2013.
- (7) The borrowings presented do not include the unamortisation transaction costs.

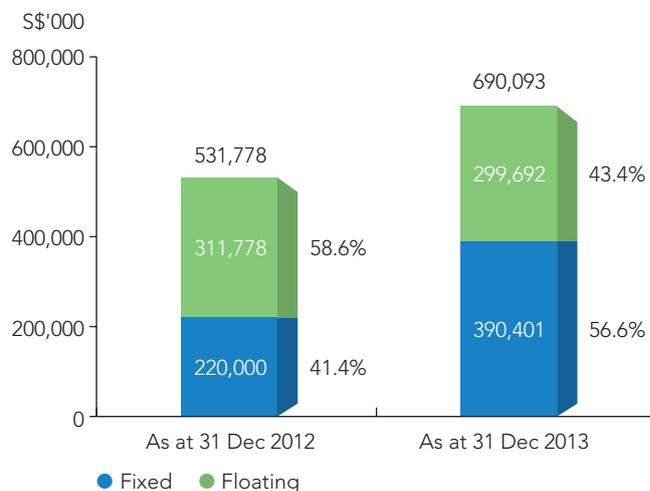
KEY FINANCIAL RATIOS

CDLHT has maintained a healthy gearing ratio of 29.7%. Strong operating cash flow has resulted in a high debt service coverage ratio ⁽⁸⁾ of 8.8 times.

WEIGHTED AVERAGE DEBT MATURITY

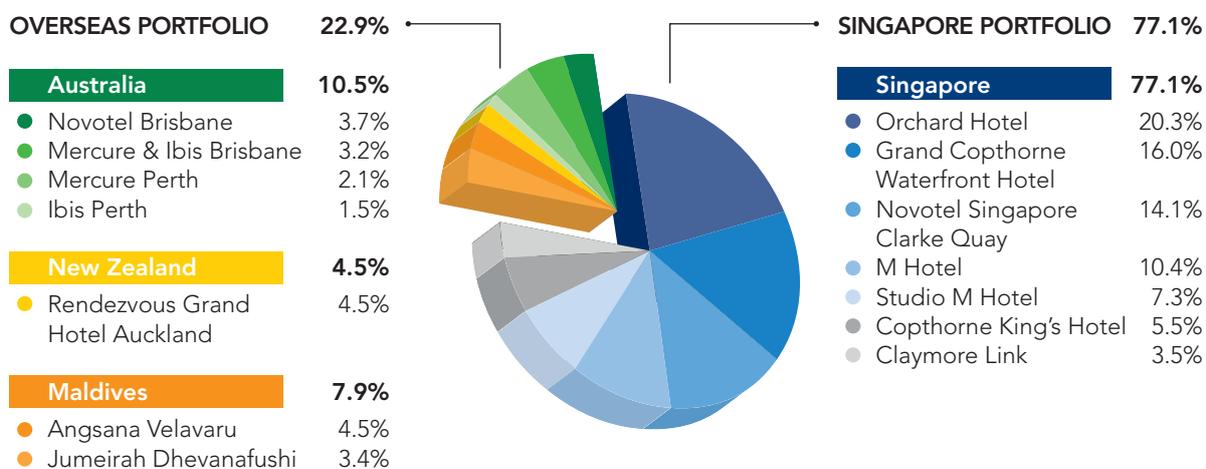


FIXED VERSUS FLOATING RATE PROFILE



BREAKDOWN OF H-REIT GROUP PROPERTIES BY VALUATION ⁽⁹⁾

As at 31 December 2013



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

(9) All properties, excluding Jumeirah Dhevanafushi, were valued as at 31 December 2013 and are accounted for as Investment Properties. Jumeirah Dhevanafushi, which was acquired in December 2013, was valued as at 29 November 2013, and is accounted for at cost as Property, Plant and Equipment and Prepaid Land Lease in CDLHT's consolidated financial statements as at 31 December 2013.

PORTFOLIO SUMMARY OF CDL HOSPITALITY TRUSTS



KEY PROPERTY DETAILS

Summary details of CDLHT's properties are as follows:

	No. of Rooms	Title	Remaining Term of Land Lease	Date of Acquisition	Purchase Price in millions	Valuation in millions ⁽¹⁾	Vendor
Singapore							
Orchard Hotel	656	75-year leasehold interest commencing 19 July 2006	68 years	19 Jul 2006	S\$330.1	S\$455.5	City Hotels Pte. Ltd.
Grand Copthorne Waterfront Hotel	574			19 Jul 2006	S\$234.1	S\$358.0	City Developments Limited
M Hotel	413			19 Jul 2006	S\$161.5	S\$233.0	Harbour View Hotel Pte. Ltd.
Copthorne King's Hotel	310	99-year leasehold interest commencing 1 February 1968	53 years	19 Jul 2006	S\$86.1	S\$123.0	Republic Hotels & Resorts Limited
Studio M Hotel	360	99-year leasehold interest commencing 26 February 2007	92 years	3 May 2011	S\$154.0	S\$163.0	Republic Iconic Hotel Pte. Ltd.
Novotel Singapore Clarke Quay	403	97 years and 30 days leasehold interest commencing 2 April 1980	63 years	7 Jun 2007	S\$201.0	S\$315.0	Lehman Brothers Real Estate Partners II L.P. and affiliated partnerships
Claymore Link (previously Orchard Hotel Shopping Arcade)	N.A.	75-year leasehold interest commencing 19 July 2006	68 years	19 Jul 2006	S\$34.5	S\$78.0	City Hotels Pte. Ltd.
New Zealand							
Rendezvous Grand Hotel Auckland	452	Freehold	–	19 Dec 2006	NZ\$113.0	NZ\$97.2	Abacus Funds Management Limited as trustee of Abacus NZ Holdings Trust
Australia							
Novotel Brisbane	296	Strata Volumetric Freehold	–	18 Feb 2010	A\$63.5	A\$73.0	Tourism Asset Holdings Limited
Mercure Brisbane	194	Freehold	–	18 Feb 2010	A\$53.7	A\$64.0	
Ibis Brisbane	218	Freehold	–	18 Feb 2010			
Mercure Perth	239	Strata Freehold	–	18 Feb 2010	A\$36.2	A\$41.0	
Ibis Perth	192	Freehold	–	18 Feb 2010	A\$21.6	A\$29.0	
Maldives							
Angsana Velavaru	113	50-year leasehold interest commencing 26 August 1997	34 years	31 Jan 2013	US\$71.0	US\$80.0	Maldives Bay Pvt Ltd
Jumeirah Dhevanafushi	35	50-year leasehold interest commencing 15 June 2006	42 years	31 Dec 2013	US\$59.6	US\$61.0	Xanadu Holdings Pvt Ltd

(1) All the properties were valued as at 31 December 2013, with the exception of Jumeirah Dhevanafushi, which was valued as at 29 November 2013.

RENTAL INCOME BY PROPERTY AND COUNTRY

	FY 2013 S\$'000	FY 2012 S\$'000	Variance
Singapore	110,618	120,740	-8.4%
Orchard Hotel	25,461	27,704	-8.1%
Grand Copthorne Waterfront Hotel	23,620	24,986	-5.5%
M Hotel	15,604	16,695	-6.5%
Copthorne King's Hotel	8,911	10,225	-12.9%
Studio M Hotel	9,273	10,862	-14.6%
Novotel Singapore Clarke Quay	22,876	24,880	-8.1%
Claymore Link ⁽²⁾	4,873	5,388	-9.6%
New Zealand	9,723	9,363	3.8%
Rendezvous Grand Hotel Auckland	9,723	9,363	3.8%
Australia	18,480	19,432	-4.9%
Novotel Brisbane	6,678	7,022	-4.9%
Mercure Brisbane	3,291	3,460	-4.9%
Ibis Brisbane	2,194	2,307	-4.9%
Mercure Perth	3,814	4,011	-4.9%
Ibis Perth	2,503	2,632	-4.9%
Maldives	9,961	-	N.M.
Angsana Velavaru ⁽³⁾	9,961	-	N.M.

N.M. denotes not meaningful

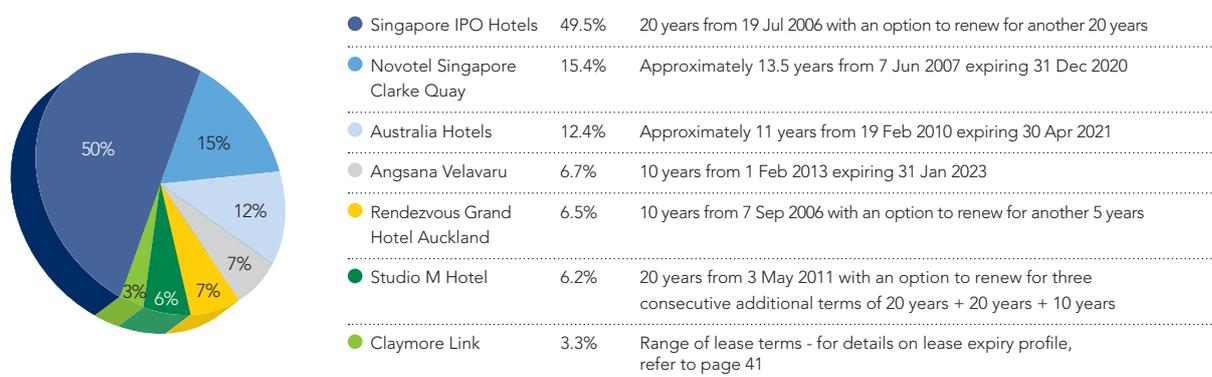
TOP 10 TENANTS BY RENTAL INCOME FOR FY 2013

	S\$' 000	
Republic Hotels & Resorts Limited	32,531	21.9%
City Hotels Pte. Ltd.	25,461	17.1%
AAPC Clarke Quay Hotel Pte. Ltd.	22,876	15.4%
AAPC Properties Pty Ltd.	18,480	12.4%
Harbour View Hotel Pte. Ltd.	15,604	10.5%
Maldives Bay Pvt Ltd	9,961	6.7%
Rendezvous Hotels (NZ) Limited	9,723	6.5%
Republic Iconic Hotel Pte. Ltd.	9,273	6.2%
Gourmets United Pte. Ltd.	698	0.5%
TAB SG Pte. Ltd.	562	0.4%

Tenant Classification ● Hotels ● F&B ● Entertainment

OPERATING/TENANCY LEASE EXPIRY PROFILE AND TENANT MIX BY RENTAL INCOME FOR FY 2013

96.7% of CDLHT's rental income for FY 2013 comes from the hotel properties and the remaining 3.3% is from Claymore Link, the only retail property owned by CDLHT.



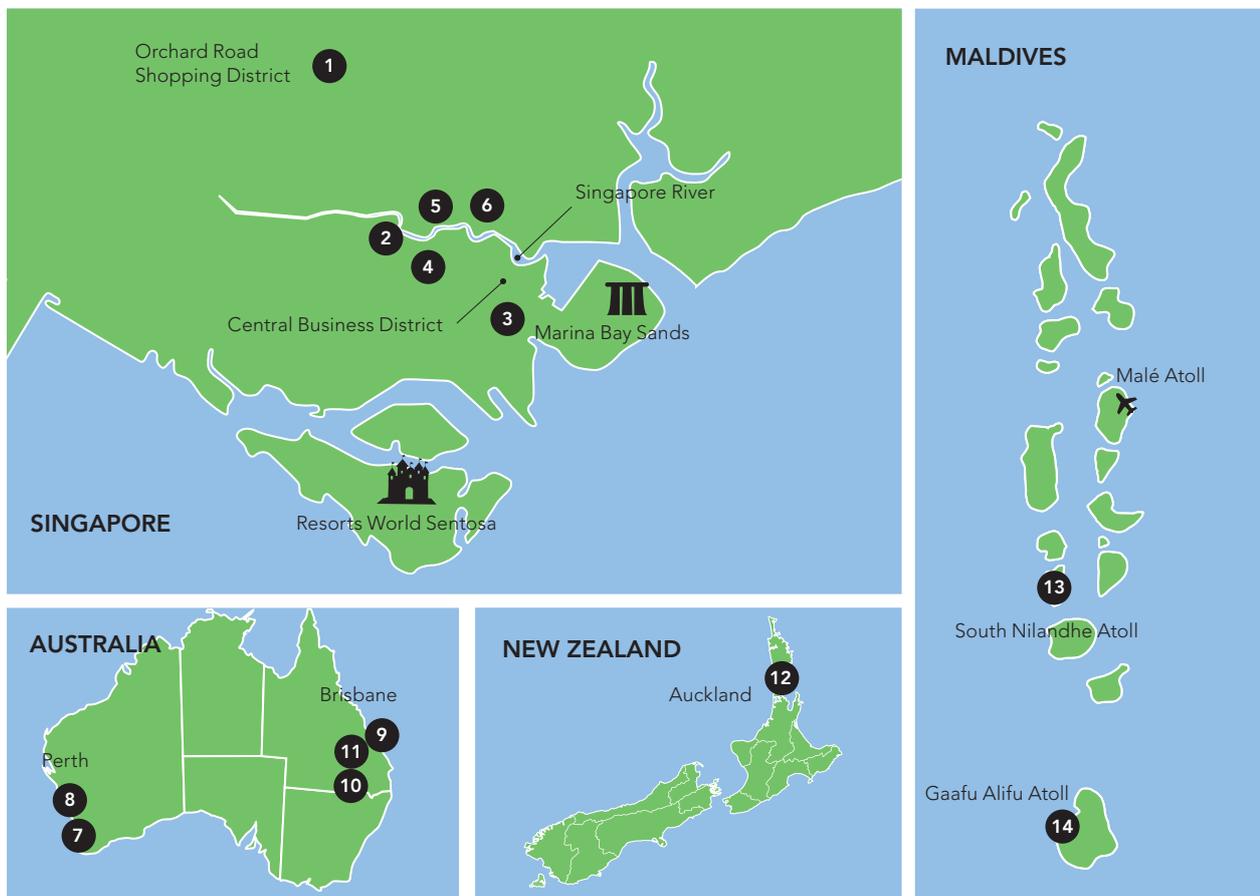
(2) Revenue for Claymore Link (previously Orchard Hotel Shopping Arcade) declined in FY 2013 as more tenants progressively moved out of the mall in December 2013 to make way for asset enhancement works.

(3) No prior period comparatives are presented as the Angsana Velavaru was acquired on 31 January 2013.

YEAR IN REVIEW



ASSETS UNDER MANAGEMENT Location of CDLHT's Properties



- 1 Orchard Hotel and Claymore Link
- 2 Grand Copthorne Waterfront Hotel
- 3 M Hotel
- 4 Copthorne King's Hotel
- 5 Studio M Hotel
- 6 Novotel Singapore Clarke Quay
- 7 Mercure Perth

- 8 Ibis Perth
- 9 Novotel Brisbane
- 10 Mercure Brisbane
- 11 Ibis Brisbane
- 12 Rendezvous Grand Hotel Auckland
- 13 Angsana Velavaru
- 14 Jumeirah Dhevanafushi

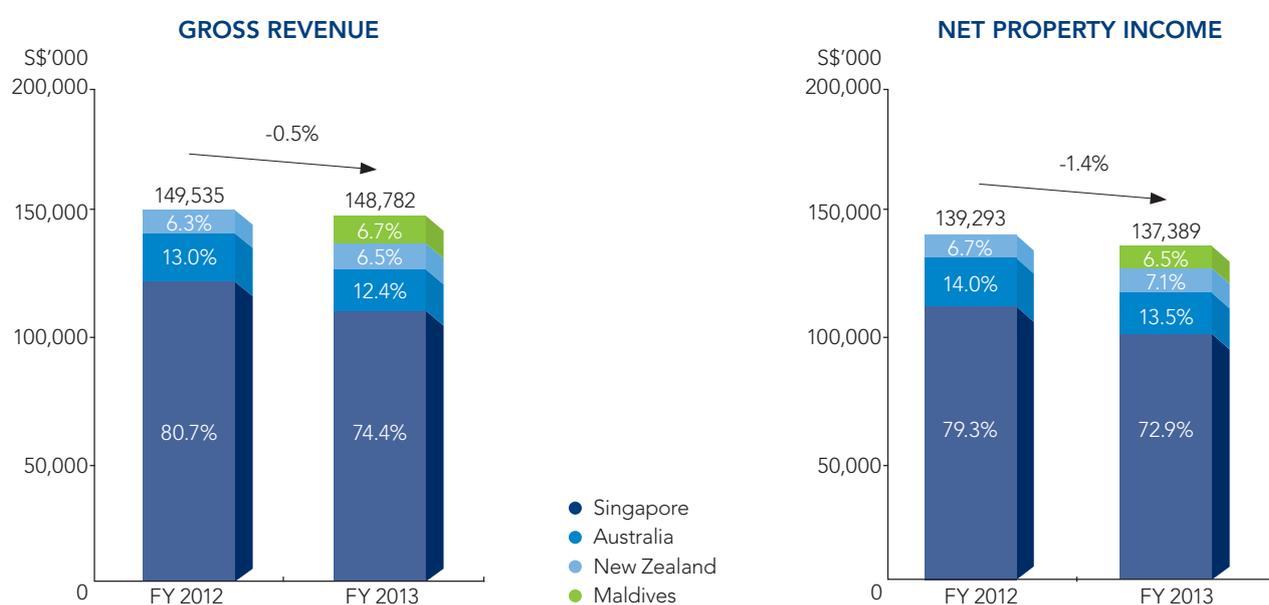
REVIEW OF FINANCIAL PERFORMANCE

CDLHT achieved gross revenue of S\$148.8 million for the year ended 31 December 2013, a marginal 0.5% decrease compared to the previous year. This was in spite of an overall weaker performance of its portfolio of Singapore Hotels; lower fixed rent contribution from the Australia Hotels due to the weakened Australian dollar; and reduced contribution from Orchard Hotel Shopping Arcade (since rebranded as Claymore Link) as the mall was closed for asset enhancement works in December 2013. Buoyed by the strong contribution from its Maldives resort, Angsana Velavaru, there was a revenue recognition of S\$10.0 million for the year, which included an 11-month variable rent of S\$3.0 million.

The net property income in FY 2013 was down 1.4% year-on-year to S\$137.4 million, mainly due to higher property tax and insurance expenses following the acquisition of Angsana Velavaru in January 2013.

The income available for distribution (before deducting income retained for working capital) decreased 2.6% over the same period last year to record S\$118.6 million for FY 2013. The income distributed per Stapled Security in FY 2013 was 10.97 Singapore cents versus 11.32 cents in FY 2012.

The Group revalued its investment properties as at 31 December 2013 and recorded a net change in fair valuation of S\$36.6 million.



HOTELS PERFORMANCE FOR FY 2013

Singapore

For the full year of 2013, visitor arrivals to Singapore recorded a 6.9% year-on-year growth to 15.5 million. An overall easing of higher yielding corporate demand coupled with an influx of new hotel rooms of approximately 3,000 that came on-stream during the year saw CDLHT's Singapore Hotels facing more competition in the market. As a result, RevPAR fell by 6.8% to S\$191 for the year. Nonetheless, the Singapore Hotels continued to register healthy occupancy levels of 87.4%.

CDLHT's Singapore Hotels Performance	FY 2013	FY 2012	Variance
Average Occupancy Rate	87.4%	88.7%	-1.3pp
Average Daily Rate	S\$218	S\$231	-5.6%
RevPAR	S\$191	S\$205	-6.8%

Overseas

CDLHT's Australia Hotels in Brisbane and Perth experienced weaker performance in the year due to the slower pace of the Australian economy and lower activity levels in its mining sector, but the effect was mitigated by the defensive structure which provides CDLHT with a high proportion of fixed rent. Contribution from the Australia Hotels was down 4.9% year-on-year to S\$18.5 million in FY 2013, attributable to the weakening of the Australian Dollar.

In Maldives, CDLHT continued to benefit from strong visitor arrivals, which grew 17.4% for the full year of 2013. Its first Maldives asset, Angsana Velavaru, performed well, registering year-on-year RevPAR growth of 22.3% for the 11 months ended 31 December 2013. ⁽¹⁾

(1) For the purpose of year-on-year comparison, this assumes that CDLHT owns Angsana Velavaru for the 11 months ended 31 December 2012.



Aerial view, Angsana Velavaru
Acquired in January 2013

GROWTH FROM ACQUISITIONS

Delivering Growth

On 31 December 2013, CDLHT acquired Jumeirah Dhevanafushi for a purchase consideration of US\$59.6 million (approximately S\$75.6 million)⁽²⁾. This is CDLHT's second resort in Maldives following that of Angsana Velavaru⁽³⁾, which was completed earlier in the year on 31 January 2013, thereby strengthening CDLHT's presence in the attractive and premium Maldives market.

Valued at US\$61.0 million, the resort's 35 luxurious villas are amongst the largest in Maldives, with villa sizes ranging from 200 to 300 square metres ("**sq m**"), each complete with its own private pool. Occupying the main island of Meradhoo are the extremely spacious 19 beachfront villas, and located some 800 metres away are the resort's 16 over-water villas, which boast high 6.3-metre ceilings that showcase all-round pristine views of the environment, offering complete privacy and ample space to guests.

The transaction is a unique opportunity for CDLHT to further participate in the buoyant hospitality sector of the exclusive Maldives market, which RevPAR is one of the highest in the world (refer to table below). In line with management's strategy, this acquisition allows CDLHT to capitalise on the trend of rising affluence of Asian travellers and the growing demand for premium resort experiences. For the full year of 2013, Jumeirah Dhevanafushi achieved a healthy RevPAR of about US\$800.

RevPAR (US\$) of Top 3 Markets Globally⁽⁴⁾

Market	2013	2012	Variance
Maldives	486	413	17.6%
Paris	258	246	5.1%
New York	219	210	4.1%

Upon completion of the acquisition, CDLHT activated HBT to serve as master lessee to H-REIT, which owns the resort. Subsidiaries of the Jumeirah Group continue to operate the resort under a hotel management agreement and a few ancillary agreements (under the "Jumeirah" brand name) entered into with the HBT Lessee.

(2) Based on an exchange rate of US\$1=S\$1.2673 as at 31 December 2013.

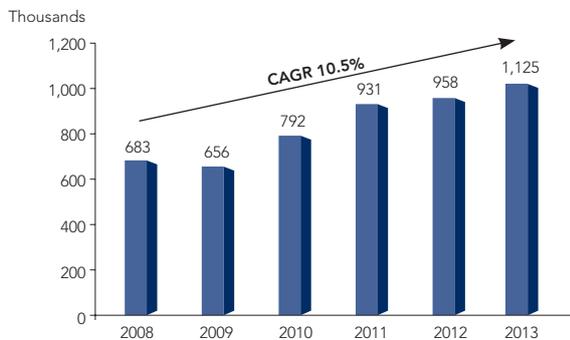
(3) A detailed write-up of the Angsana Velavaru acquisition can be found on pages 16-17 of the CDLHT Annual Report 2012.

(4) Asia Pacific Hotel Review, Volume 13, Issue AP12 dated 21 January 2014, STR Global.



Aerial view, Jumeirah Dhevanafushi
Acquired in December 2013

FULL YEAR VISITOR ARRIVALS 2008 - 2013 ⁽⁵⁾



TOP VISITOR ARRIVALS BY NATIONALITY ⁽⁵⁾

No.	Nationality	Arrivals Full Year 2013	2013 YOY % Change	% Share Full Year 2013
1	China	331,719	44.5%	29.5%
2	Germany	93,598	-4.8%	8.3%
3	United Kingdom	85,869	-6.4%	7.6%
4	Russia	76,479	15.2%	6.8%
5	Italy	57,854	-7.8%	5.1%
6	Others	479,683	17.2%	42.7%
Total		1,125,202	17.4%	100.0%

Property Well-Poised to Further Benefit from the Buoyant Hospitality Sector in Maldives ⁽⁵⁾

Demand for top-tier resort experiences is supported by the trend of more affluent Asians travelling abroad, anchored by the growth of Chinese outbound travel. China has been the largest visitor source market for Maldives since 2010, when Chinese visitors nearly doubled in that year. It is also the first Asian country to gain the top position, with its market share increasing from a mere 2.9% in 2005 to 15.0% in 2010 and 29.5% for 2013. Jumeirah Dhevanafushi has benefitted from the increase in Chinese visitorship which is likely to continue being a key driver of the resort's performance.

Visitor arrivals to Maldives grew at a compound annual growth rate of 10.5% between 2008 to 2013. In 2013, visitor arrival growth was a strong 17.4%, and visitor numbers are estimated to reach 1.3 million by end-2014. This puts the resort in good stead to further benefit from the overall growth of visitors to Maldives, widely regarded as a premium aspirational holiday destination.

Further growth in visitor arrivals will also be supported by increased flight connectivity and potential airport capacity expansion, together with the eventual economic recovery of traditionally strong European markets.

Upside Opportunity for Potential Expansions and Enhancements

The allowable built-up area for tourist facilities as a percentage of the total land area in Maldives is 30% and Jumeirah Dhevanafushi's current utilisation is approximately 17%. This presents asset enhancement and expansion opportunities, including the development of additional villas. The upside that the resort can benefit from includes two additional beachfront villas of which the shell has been completed, potential fitting-out of an existing partially completed structure by CDLHT and the conversion of unutilised spaces into income-generating facilities.

(5) Figures based on data from Statistics Section, Ministry of Tourism, Arts and Culture, Republic of Maldives and CBRE Pte. Ltd.

NURTURING FOR GROWTH

The H-REIT Manager and HBT Trustee-Manager are continuously working with master lessees and hotel managers to enhance the quality of the assets of CDLHT under management with a view to increase value and returns to Security Holders.

In December 2013, CDLHT embarked on a major asset enhancement initiative ("**AEI**") for Orchard Hotel Shopping Arcade, the retail mall adjoining Orchard Hotel, Singapore. Along with the overhaul of the mall's facade and existing amenities, it was also rebranded as Claymore Link and strategically repositioned as a family-friendly mall. With the increasing number of residential developments in Orchard Road, the revamped Claymore Link is well-poised to fill a gap in family-oriented malls, particularly on the fringes of Orchard Road. In line with the strategic re-positioning of the mall, the tenant mix post-asset enhancement will comprise more outlets that cater to the spectrum of demands of families, which will differentiate Claymore Link from other high-fashion malls in Orchard Road. The refurbished mall is anchored by supermarket retailer Cold Storage and other planned offerings include hair and beauty salons, health and fitness services as well as an enrichment centre. Upon completion of the AEI, Claymore Link will boast an increased net lettable area ("**NLA**") of approximately 10,000 sq ft. Incremental rental income of Claymore Link is expected to be more than S\$2.0 million on an annualised basis. This would translate into an estimated gross return on investment ("**ROI**") of more than 8.0%.

At Novotel Singapore Clarke Quay, the Grand Ballroom (and adjoining foyer) was fully renovated to enhance its competitiveness in the conference and wedding markets. At Grand Copthorne Waterfront Hotel, 93 Club rooms were refurbished to provide greater comfort to guests.

For its overseas portfolio, Mercure Brisbane completed full rooms refurbishment whereas Ibis Brisbane underwent lobby renovations in the year.

These AEIs are expected to enhance CDLHT's product offerings as well as the long-term revenue-generating ability of its properties.



Main entrance (left) and Facade (right) of Claymore Link
Artist's impressions, subject to change.





Renovated Room, Mercure Brisbane



Renovated Lobby, Ibis Brisbane

HEALTHY CAPITAL STRUCTURE AND RISK MANAGEMENT

As at 31 December 2013, CDLHT's total borrowings was \$690.1 million, with a gearing ratio of 29.7%, well within the 60.0% gearing limit allowed by the Monetary Authority of Singapore for property trusts in Singapore with a credit rating. CDLHT is rated BBB- on the Fitch Issuer Default Rating and has an interest cover of 8.8 times for FY 2013.

To optimise risk-adjusted returns to Stapled Security holders, CDLHT endeavours to balance an appropriate mix of debt and equity in financing acquisitions and adopts proactive interest rate management strategies by maintaining a higher percentage of fixed rate borrowings and through the use of interest rate swaps, where appropriate. As at 31 December 2013, 56.6% (2012: 41.4%) of its borrowings are on fixed interest rates. To manage its interest rate exposure, an interest rate swap contract was entered into during the financial year to fix the borrowing costs on its A\$93.2 million Australian dollar unsecured floating rate term loan.

In terms of available lines of credit, the H-REIT Group has in place a \$1.0 billion multi-currency medium term note programme, of which \$726.4 million remains unissued and another \$60.0 million undrawn from its multi-currency unsecured revolving credit facility as at 31 December 2013. CDLHT also has in place a \$300.0 million uncommitted multi-currency unsecured bridge loan facility, of which only \$76.1 million (US\$60.0 million) has been drawn down to fund the Jumeirah Dhevanafushi in Maldives, which was acquired in December 2013.

With a strengthened financial platform, underpinned by its relatively low gearing ratio, unsecured assets and diversified access to funding sources, CDLHT is well equipped with the financial capacity for future acquisitions.

STAPLED SECURITY PRICE STATISTICS

CDLHT closed at a price of S\$1.64 per Stapled Security as at 31 December 2013. Since IPO, the Stapled Security's price of CDLHT has appreciated by 97.6%. In the year 2013, the Stapled Security's price declined 12.8% from S\$1.88, the closing price as at 31 December 2012.

SUMMARY OF STAPLED SECURITY PRICE STATISTICS

IPO as at 19 July 2006	S\$0.830
Closing Price as at 31 December 2012	S\$1.880
Closing Price as at 31 December 2013	S\$1.640
Highest price in FY 2013	S\$2.120
Lowest price in FY 2013	S\$1.505
Weighted Average Price in FY 2013	S\$1.836
Trading Volume in FY 2013 (Number of Stapled Securities)	486.8 million

MARKET REVIEW

Market Review of Singapore Hotel Property Sector
as of 1 March 2014



SINGAPORE TOURISM MARKET

In 2013, international visitor arrivals to Singapore recorded 15,495,000, achieving a 6.9% growth rate over 2012 according to the Singapore Tourism Board ("**STB**"). This is in line with forecasts set in 2013, which targeted 14.8 to 15.5 million arrivals. Tourism receipts were recorded at SGD 23.5 billion in 2013, meeting STB's forecast of SGD 23.5 - 24.5 billion for 2013. Whilst visitor arrival growth remains robust, the pace of growth has slowed from the double-digit year-on-year growth of 20.2% and 13.2% achieved in 2010 and 2011 respectively, and the 10.1% registered in 2012.

Based on the latest statistics of geographical source markets from the STB, as at YTD September 2013, Indonesia continues to be Singapore's top source market, with visitor arrivals registering a year-on-year increase of 9.5%. Mainland China has shown tremendous growth over the past few years, recording a 26.1% year-on-year increase over the same period. Other major source markets to Singapore by market share comprise mainly of Asia Pacific countries including Malaysia (7.7%), Australia (7.1%), India (6.0%) and Japan (5.3%). All key source markets have shown healthy year-on-year growth as at YTD September 2013. In particular, Japan and Australia recorded strong growth rates of 12.1% and 10.6% respectively.

Corporate demand in Singapore is likely to remain strong in the short to medium term as Singapore is one of the key economic hubs in Asia Pacific with its prudent economic policies that continue to attract foreign firms and investors. According to a second quarter 2013 report issued by STB, the Business Travel and Meetings, Incentives, Conventions and Exhibitions ("**BTMICE**") segment recorded a 5% year-on-year growth in the second quarter indicating that corporate visitation has shown steady growth in the first half of 2013.

Singapore is the only Asian city to be ranked in the top ten convention cities in the world in 2012, according to the latest global rankings by International Congress and Convention Association ("**ICCA**"), reflecting its position as a well-established MICE destination in Asia. The outlook for MICE in 2014 looks positive with major events lined up including the Singapore Airshow 2014, Women's Tennis Association ("**WTA**") Championships and CommunicAsia 2014. Suntec Singapore International Convention and Exhibition Centre has also confirmed a strong pipeline of events including several trade shows that are new to Singapore, following its opening after a SGD 184 million overhaul in 2013.

EXISTING SUPPLY

At the beginning of 2013, Singapore's accommodation market comprised a total of 51,622 gazetted and non-gazetted rooms according to the STB. In total, we estimate that 3,248 rooms have entered the market in 2013 representing growth of 6.3% over existing stock at the beginning of 2013. Preliminary estimates from the STB show an increase of 3,340 rooms in 2013, relatively in line with our estimates.

Major hotel openings in 2013 in the city centre include the 367-room Parkroyal on Pickering, the 386-room Carlton City Hotel at Tanjong Pagar, the 220-room Holiday Inn Express Orchard Road and the 305-room The Westin Singapore at Asia Square. Additionally, new supply opened outside the core city centre including the 384-room Ramada Singapore at Balestier and the 308-room BIG Hotel at Bencoolen.

FUTURE SUPPLY

Excluding the proposed Government Land Sales sites for hotels, we estimate 9,400 rooms are expected to enter Singapore's hotel market between January 2014 and December 2018, representing a Compound Annual Growth Rate ("**CAGR**") of 3.2%. Assuming all the proposed projects materialize, Singapore's hotel room inventory will reach 64,362 rooms by December 2018. Most of the new hotels opening in the next few years are positioned in the midscale and upscale markets.

In 2014, an estimated 2,572 rooms are planned to open in the market with the most notable entries being the 134-room Sofitel So Singapore, the 442-room Holiday Inn Express Clarke Quay and the 502-room Traders Orchard Gateway. In 2015, approximately 3,334 rooms with major midscale and upscale hotels opening such as the South Beach Hotel by City Developments Limited, the SOHO Oasia Hotel, the Park Hotel Farrer Park and the Park Hotel Alexandra.

HOTEL MARKET PERFORMANCE

According to the STB, 2013 marketwide occupancy and Average Daily Rate ("**ADR**") of gazetted hotels in Singapore experienced a marginal decline over the same period last year. Although overall room nights occupied grew over the same period last year, occupancy levels remained relatively flat exhibiting a decline of 0.2 percentage points to register 86.0% in 2013. ADR experienced a decline of 1.4% y-o-y. As a result, marketwide RevPAR decreased by 1.6%.



In 2014, we forecast hotel transaction volumes in Asia to reach USD 4.0 billion. Due to Singapore's sound tourism fundamentals and status as a priority for operators and investors, we expect buyer interest to remain strong.

In 2013, according to STR Global, upscale hotel occupancies grew by 0.6 percentage points to 83.7% and ADR declined by 0.6% to register SGD 277. RevPAR, as a result, has remained relatively stable year-on-year despite the increases in overall room supply.

HOTEL MARKET OUTLOOK

The Singapore government remains committed to supporting the local tourism and hospitality industry to achieve its 2015 goal of 17 million visitor arrivals, SGD30 billion in tourist receipts and the creation of an additional 100,000 jobs in the service sector. The Ministry of Trade and Industry ("**MTI**") expects the next phase of tourism growth to come through increasing visitor spend, alongside growth in visitor numbers. In line with this, Singapore is targeting higher yielding tourists through various initiatives. This includes financial grants such as the SGD 5 million Kickstart Fund which supports companies and businesses in developing innovative events and concepts that have the potential to attract tourists and enhance Singapore's position as a leisure destination.

Regional markets such as Indonesia and Malaysia are likely to remain the key source markets to Singapore, given their close proximity and well-established low cost carrier routes to and from Singapore. Mainland China is also expected to remain a significant source market to Singapore in view of the increasing flight capacities between Singapore and Mainland China which includes low cost carriers.

The opening of the new cruise terminal, Marina Bay Cruise Centre Singapore ("**MBCCS**"), in October 2012 has doubled Singapore's berth capacity and the cruise terminal can now accommodate 6,800 cruise passengers at any one time. According to STB, inbound cruise passengers to Singapore registered a CAGR of 6.5% from 2003 to 2012. Cruise passenger arrivals were recorded at 913,000 in 2012 and are expected to reach 1.5 million by 2016. Enhancements to Singapore Changi Airport, including the development of Terminal 4 (2017), the development of an iconic mixed-use complex at Changi Airport (2018) as well as improvements in the public transportation system with the addition of a new Mass Rapid Transit ("**MRT**") line will also improve the ease of accessibility for visitors to and from Singapore and within the country.

Moving into 2014, the Singapore market is expected to experience another year of consolidation with limited growth after the substantial increases in occupancy and average daily rates registered since the global financial crisis. Although new supply continues to enter the market in 2014, the overall market is likely to benefit from improved economic performance and a stronger calendar year for major events and conventions.

HOTEL PROPERTY MARKET OUTLOOK

Whereas in 2012, the Singapore market experienced limited transaction activity due to a dearth of available stock on the market and evident gaps between buyer and seller expectations, by contrast 2013 has proven to be a remarkable year for hotel transactions in Singapore. Major sales included the Gallery Hotel Singapore, Ibis Singapore Novena, Park Hotel Clarke Quay, Park Regis Singapore, Rendezvous Hotel Singapore, The Sentosa Singapore, The Westin Singapore and the Grand Park Orchard hotel with the adjoining Knightsbridge retail, representing the largest single asset transaction in Singapore's history. Such transactions reflect the strong demand for hotel assets in Singapore, with prices reaching new levels and yields compressing considerably.

There appears to be no shortage of capital and new sources are emerging; primarily private equity and real estate investment funds from the Middle East, U.S and Europe as well as Mainland China with a renewed focus on Asia. As a result, hotel transaction volume in regional Asia grew from USD 2.4 billion in 2012 to USD 7.5 billion in 2013.

Corporates, high net-worth investors and hotel operators have each accounted for the majority of sales activity in recent years with Real Estate Investment Trusts (REITs) taking an increasing share in 2013. Buyers are targeting markets which represent value or where stronger growth in fundamentals is forecast. In 2014, we forecast hotel transaction volumes in Asia to reach USD 4.0 billion. Due to Singapore's sound tourism fundamentals and status as a priority for operators and investors, we expect buyer interest to remain strong. However, growth in investment volumes is expected to be restrained primarily due to the availability of stock. In this light, strong pricing may be expected for those assets that do come to the market.

BOARD OF DIRECTORS



WONG HONG REN, 62

Mr Wong Hong Ren was appointed a Director of the H-REIT Manager and 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 an Executive Director and the Chief Executive Officer of M&C. He is also the Executive Chairman of Grand Plaza Hotel Corporation and the non-executive Chairman of Millennium & Copthorne Hotels New Zealand Limited and CDL Investments New Zealand Limited.

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.

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

VINCENT YEO WEE ENG, 45

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 the HBT-Trustee Manager. He also sits on the Risk Management Committees of the H-REIT Manager and the HBT Trustee-Manager.

Mr Yeo is responsible for working within the H-REIT Manager Board and the HBT Trustee-Manager Board to determine the overall business, investment and operational strategies for H-REIT and HBT. He also works with other members of the H-REIT Manager's management team and the master lessees of H-REIT's hotel properties to ensure that the business, investment and operational strategies of H-REIT are carried out as planned. In addition, Mr Yeo is responsible for the overall management and planning of the strategic direction of H-REIT and HBT. This includes overseeing the acquisition of hospitality and hospitality-related assets and asset and property management strategies for H-REIT, as well as the activities of HBT, which acts as a master lessee of any of H-REIT's hotel property or when it undertakes certain hospitality and hospitality-related development projects which may not be suitable for H-REIT.

Prior to his appointment as the Chief Executive Officer of the H-REIT Manager, he was the President of Millennium & Copthorne International Limited ("MCIL") – Asia Pacific from 2003 to July 2006, responsible for overseeing the hotel operations in Asia Pacific and the corporate office in Singapore. He was previously its Chief Operating Officer from 2001 to 2003. Mr Yeo served as Chief Executive Officer of City e-Solutions Limited until November 2008 and as an Executive Director until April 2009. He is also a non-executive Director of CDL Investments New Zealand Limited and Millennium & Copthorne Hotels New Zealand Limited.

Between 1998 and 2000, he was an Executive Director of M&C based in London overseeing global sales and marketing. Between 1993 and 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.



Executive Club Lounge, Orchard Hotel

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).

JENNY LIM YIN NEE, 60

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 Audit Committees of the H-REIT Manager and the HBT Trustee-Manager, a member of the Risk Management Committees of the H-REIT Manager and the HBT Trustee-Manager, and the Lead Independent Director of the H-REIT Manager and the HBT Trustee-Manager.

Ms Lim retired as a partner of one of the top four accounting firms 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 a member of the firm's International Tax Committee. She remained as an Advisor to the firm until 31 January 2004.

Ms Lim started her career in audit and subsequently, specialised in taxation. Her experience included corporate reorganisations, mergers and acquisitions and international tax planning assignments.

Ms Lim is a retired fellow member of the Association of Chartered Certified Accountants, United Kingdom. She was previously an adjunct professor with the Singapore Management University. Presently, Ms Lim is the President of Viriya Community Services, a charitable organisation, and a board member of Raffles Institution.

JIMMY CHAN CHUN MING, 56

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

Mr Chan is currently a Director of Maxsen International Limited. He has over twenty years of experience in the financial and hospitality industries in Asia Pacific and has held senior positions with HSBC NF China Real Estate Fund, Areal Bank Group, Starwood Hotels & Resorts Worldwide Inc., City e-Solutions Limited, Société Générale Group and The Chase Manhattan Bank, N.A., being involved in various corporate finance, capital market, syndication, advisory and investment 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 from 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 organised by the Kellogg Graduate School of Management, Northwestern University, United States of America.



Executive Boardroom, Novotel Singapore Clarke Quay

DANIEL MARIE GHISLAIN DESBAILLETS, 64

Mr Daniel Marie Ghislain Desbaillets was appointed an independent non-executive Director of the H-REIT Manager and the HBT Trustee-Manager on 2 September 2010.

An international hotelier with more than 35 years of experience, especially within the Asia Pacific region, he has helmed senior positions in Intercontinental Hotel Group, Fullerton Hotels and Resorts and TCC Hotel Group. He also served as Special Advisor to MCIL in 2003, and was subsequently appointed Chief Operating Officer, Asia Pacific, MCIL, where he was responsible for hotel operations and the development of new properties in the region.

Mr Desbaillets currently runs a food and beverage business under Salad Stop Pte Ltd, which operate 15 restaurant-and-bar concept outlets throughout Singapore.

RONALD SEAH LIM SIANG, 66

Mr Ronald Seah Lim Siang was appointed an independent non-executive Director of the H-REIT Manager and the HBT Trustee-Manager on 21 October 2013. He is also the Chairman of the Risk Management Committees of the H-REIT Manager and the HBT Trustee-Manager and a member of the Audit Committees of the H-REIT Manager and the HBT Trustee-Manager.

Over a 25-year period between 1980 and 2005, Mr Seah had held various senior positions within the AIG Group in Singapore, initially as AIA Singapore's Vice-President and Chief Investment Officer managing the investment portfolio of AIA Singapore and later as AIG Global Investment Corporation (Singapore) Ltd's Vice-President of Direct Investments. Between 2001 and 2005, Mr Seah was also the Chairman of the Board of AIG Global Investment Corporation (Singapore) Ltd. From 1978 to 1980, Mr Seah managed the investment portfolio of Post Office Savings Bank as Deputy Head of the Investment and Credit Department. Prior to that, he worked at Singapore Nomura Merchant Bank as an Assistant Manager with responsibilities covering the sale of bonds and securities and offshore (ACU) loan administration for the bank. Between 2002 and 2003, Mr Seah served on the panel of experts of the Commercial Affairs Department of Singapore.

Mr Seah also sits on the board of directors of other listed companies, namely, Yanlord Land Group Limited, Global Investments Limited, PGG Wrightson Limited and Telechoice International Limited.

Mr Seah graduated with a Bachelor of Arts and Social Sciences (Second Class Upper in Economics) from the then University of Singapore in 1975.

MANAGEMENT REPORTING STRUCTURE

As at 1 March 2014



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

WONG HONG REN
Chairman and Non-Executive Director

JIMMY CHAN CHUN MING ⁽²⁾
Non-Executive Independent Director

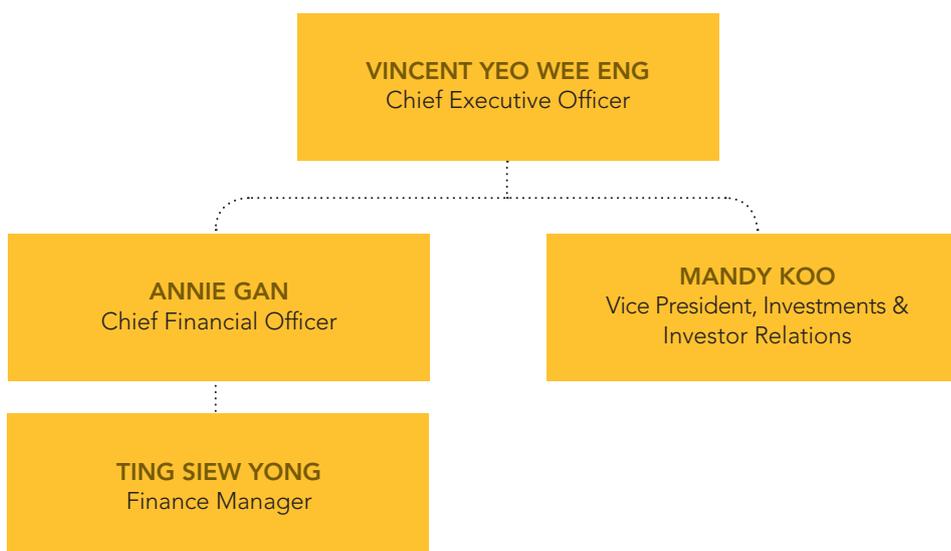
VINCENT YEO WEE ENG ⁽¹⁾
Chief Executive Officer and Executive Director

DANIEL MARIE GHISLAIN DESBAILLETS
Non-Executive Independent Director

JENNY LIM YIN NEE ^{(1) (2)}
Lead Independent Director and Chairman of the Audit Committees

RONALD SEAH LIM SIANG ^{(1) (2)}
Non-Executive Independent Director and Chairman of the Risk Management Committees

MANAGEMENT TEAM OF THE H-REIT MANAGER AND HBT TRUSTEE-MANAGER



(1) Member of the Risk Management Committees of the H-REIT Manager and the HBT Trustee-Manager.

(2) Member of the Audit Committees of the H-REIT Manager and the HBT Trustee-Manager.

MANAGEMENT TEAM

M&C Reit Management Limited and
M&C Business Trust Management Limited



VINCENT YEO WEE ENG

Chief Executive Officer

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

ANNIE GAN

Chief Financial Officer

Ms Annie Gan is responsible for the financial management and accounting functions of H-REIT and HBT including statutory reporting and compliance, corporate finance, treasury, taxation and corporate governance.

Prior to joining the H-REIT Manager and the HBT Trustee-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. 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 varied experience in financial management, treasury, taxation and corporate advisory as well as in-depth knowledge of the hospitality, property development and property investment industries.

Ms Gan was also previously with PricewaterhouseCoopers, Singapore as 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 Singapore Chartered Accountants and a Fellow of Certified Public Accountants of Australia and holds a Bachelor of Commerce from The Australian National University.



MANDY KOO

Vice President, Investments & Investor Relations

Ms Mandy Koo is responsible for sourcing, conducting financial analysis, due diligence and execution of potential acquisitions. Ms Koo is also responsible for maintaining relations with the investment and research community, as well as providing support in corporate finance activities.

Ms Koo was previously with Standard Chartered Bank where she worked in the Corporate Advisory & Finance team that was responsible for the execution of merger and acquisition and equity corporate finance deals in Southeast Asia. Prior to her investment banking stint, she was with YTL Pacific Star REIT Management Limited, primarily involved in investments and asset management. Before this, Ms Koo was with the H-REIT Manager where her core responsibilities were investments and investor relations. She started her career in Singapore Exchange Limited where she was with the issuer regulation function.

Ms Koo holds both the Chartered Financial Analyst and Chartered Alternative Investment Analyst designations. She graduated Summa Cum Laude from Singapore Management University with a Bachelor of Business Management (Major in Finance) and a Bachelor of Accountancy.

TING SIEW YONG

Manager, Finance

Ms Ting Siew Yong is responsible for the financial management and accounting functions of H-REIT and HBT including assisting the Chief Financial Officer in statutory reporting, compliance, corporate finance, treasury and taxation.

Ms Ting has numerous years of experience in management, accounting and finance functions in various industries. Prior to joining the H-REIT Manager and the HBT Trustee-Manager, Ms Ting was the Group Financial Controller of the public-listed company, Top Global Limited, overseeing the Group's finance function. She was also previously with Deloitte & Touche LLP, Singapore as Senior Audit Manager.

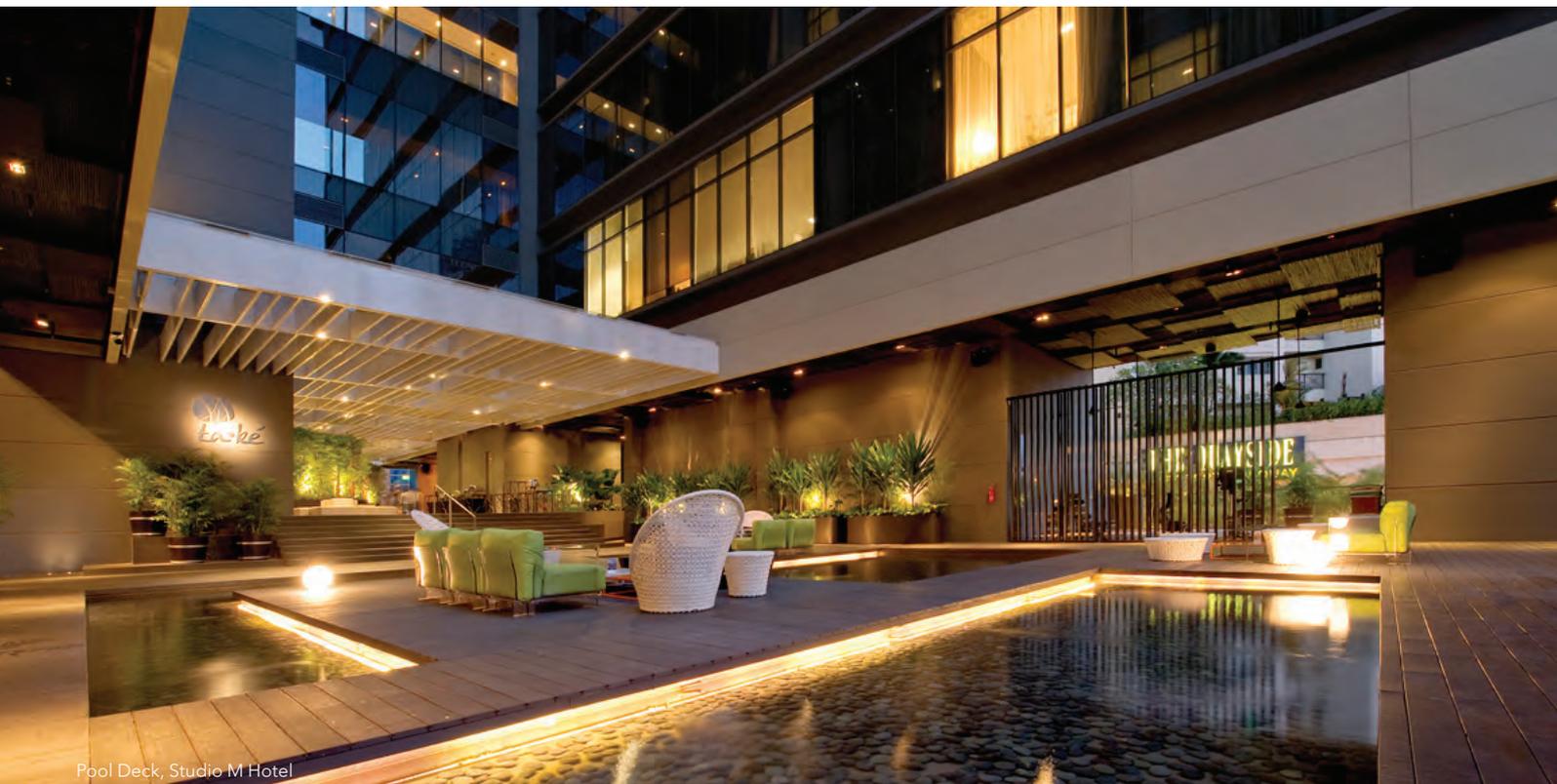
Ms Ting is a Certified Public Accountant of the Institute of Singapore Chartered Accountants and Certified Practising Accountant of Certified Public Accountants of Australia. She graduated from Queensland University of Technology, Australia with Bachelor of Business (Accountancy).



Piano Bar, Grand Copthorne Waterfront

PROPERTIES

As at 31 December 2013, CDLHT owns seven assets in Singapore, five assets in Australia, one asset in New Zealand and two assets in Maldives. All the properties, with the exception of Claymore Link and Jumeirah Dhevanafushi, have been leased to external master lessees on long-term leases by H-REIT. Claymore Link is leased directly to retail tenants by H-REIT and Jumeirah Dhevanafushi is leased to HBT by H-REIT and managed by a hotel management company.



Pool Deck, Studio M Hotel



Signature Club Deluxe Room, Orchard Hotel

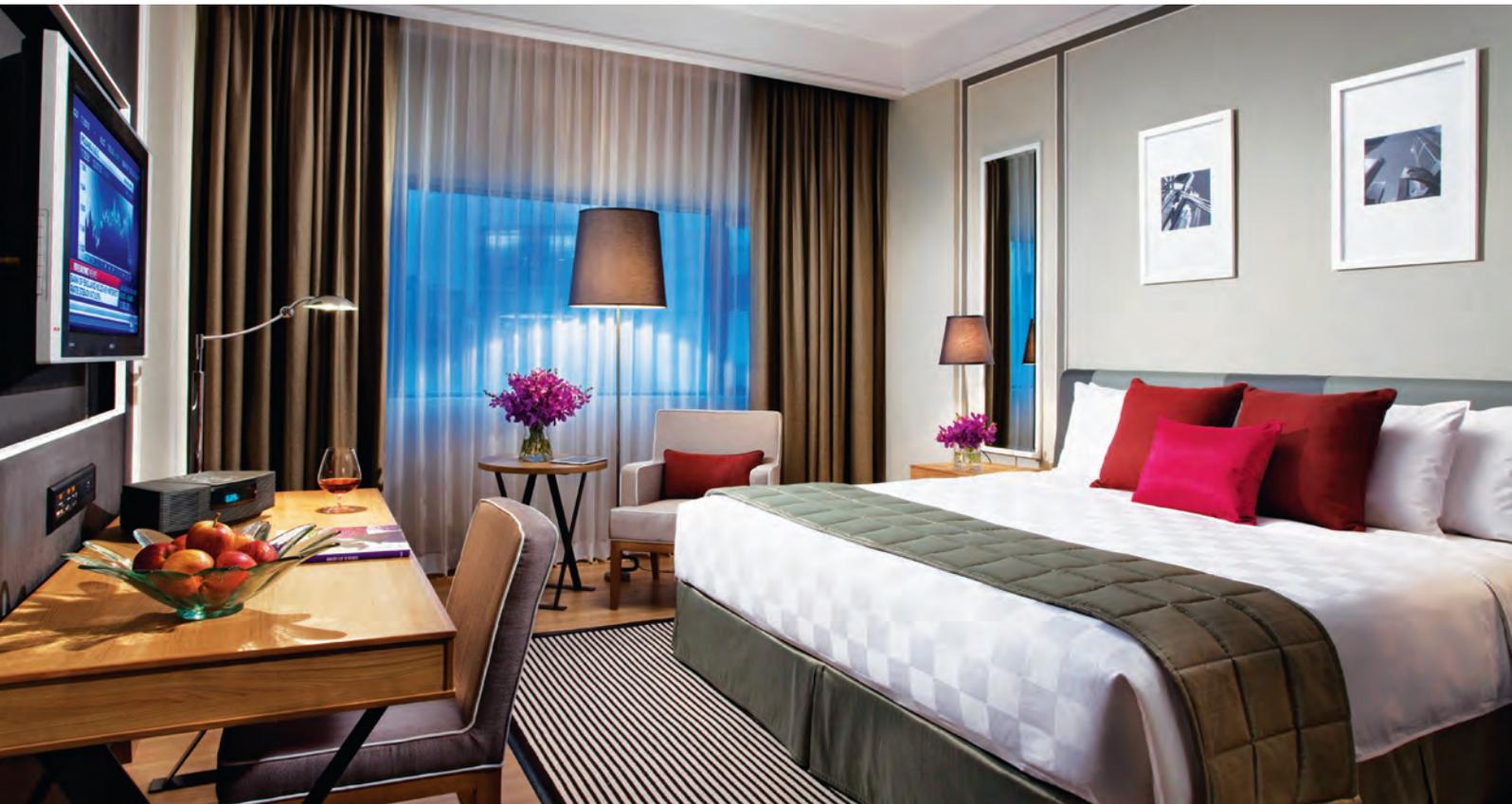


Banquet Suite, M Hotel

ORCHARD HOTEL, SINGAPORE

442 Orchard Road, Singapore 238879

Offering cosmopolitan elegance in the heart of Orchard Road, Singapore's premier retail district, and Cantonese fine dining at its award-winning Hua Ting Restaurant.



PROPERTY DETAILS

Number of guest rooms:	656
Number of food & beverage outlets:	Five outlets comprising Orchard Café, Hua Ting Restaurant, Noodles, Intermezzo Bar and Poolside Snack Bar
Banquet/Conference/Meeting facilities:	A 1,245 sq m pillarless Orchard Grand Ballroom and 343 sq m of pre-function space with a maximum capacity of 1,500 guests theatre-style, and convertible into three separate smaller ballrooms A Conference Centre with one boardroom and five multi-function rooms equipped with state-of-the-art facilities
Car park facilities:	454 car park lots The car park facilities are shared with Claymore Link (previously Orchard Hotel Shopping Arcade)
Land area:	8,588.0 sq m (including Claymore Link)
Gross floor area:	49,940.9 sq m (including Claymore Link)
Title:	75-year leasehold interest commencing from 19 July 2006
Vendor:	City Hotels Pte. Ltd.
Purchase price at 19 July 2006:	S\$330.1 million
Valuation ⁽¹⁾ as at 31 December 2013:	S\$455.5 million

MASTER LEASE DETAILS

Master lessee:	City Hotels Pte. Ltd., a subsidiary of M&C
Term of lease with master lessee:	20 years from 19 July 2006 with an option to renew for another 20 years
Minimum rental income:	S\$10.3 million comprising a fixed rent of S\$5.9 million and a service charge of S\$4.4 million per annum

KEY FINANCIALS

Rental income from the property for FY 2013:	S\$25.5 million
Net property income from the property for FY 2013:	S\$23.2 million

Orchard Hotel has 656 rooms to suit business and leisure needs, offering cosmopolitan elegance and comfort in the heart of Orchard Road, Singapore's premier shopping and tourist belt. The hotel is located at the junction of Orange Grove Road and Orchard Road. It is within 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 block with four basement levels known as Claymore Wing. Facilities and amenities available to the guests include a half-Olympic sized pool with sun deck, seminar and banquet facilities featuring a pillarless ballroom which can house up to 1,500 guests (theatre-style seating), fitness club and business centre. Adjoining the hotel is Claymore Link (previously known as Orchard Hotel Shopping Arcade), which is currently undergoing refurbishment and the new mall is expected to reopen end-2014.

Orchard Hotel is also known for its food & beverage offerings from local and international cuisine in its restaurants and cafes to Cantonese fine dining in Hua Ting Restaurant, which was listed in the 2014 "Singapore Best Restaurant Guide" by Singapore Tatler and given a Three Star Rating in the 2013 "Singapore's Top Restaurants" Guide by Wine & Dine. Orchard Café and Noodles have also both made it to the 2013 "Singapore's Top Restaurants" guide by Wine & Dine. Our Outside Catering arm – Orchard @ Your Place has also been awarded the Best Caterer in Epicurean Star Award Singapore 2013 by Restaurant Association of Singapore.

In 2013, Orchard Hotel garnered the following accolades: Agoda Gold Circle Award 2013, TripAdvisor Certificate of Excellence 2013, and the Singapore Green Hotel Award jointly awarded by Singapore Hotel Association (SHA), Public Utilities Board (PUB), Building & Construction Authority (BCA) and Singapore Tourism Board (STB). In addition, the hotel received the BCA Green Mark (Gold) certification for three years running (2011-2013).

(1) The property was valued by Jones Lang LaSalle Property Consultants Pte Ltd using a combination of the Capitalisation and Discounted Cash Flow approaches.

GRAND COPTHORNE WATERFRONT HOTEL, SINGAPORE

392 Havelock Road, Singapore 169663

One of Singapore's leading conference hotels along the historic Singapore River and in proximity to the Central Business District and the waterfront precincts of Robertson Quay and Clarke Quay.



PROPERTY DETAILS

Number of guest rooms:	550 rooms and La Residenza's 24 serviced suites
Number of food & beverage outlets:	Four outlets comprising Café Brio's, Pontini, The Piano Bar and The Pool Bar
Banquet/Conference/Meeting facilities:	34 versatile meeting rooms covering 6,039 sq m, including a six-metre high column-free ballroom of 853 sq m and seating up to 900 guests theatre-style
Others:	A fully equipped Business Centre, hair, beauty and wellness services and four units of fully furnished Serviced Offices offering a range of secretarial and business support services including on-site IT support, video conferencing facilities and high-speed internet connection
Car park facilities:	287 car park lots ⁽¹⁾
Land area:	10,860.2 sq m (including adjoining Waterfront Plaza) ⁽²⁾
Gross floor area:	51,726.0 sq m (including adjoining Waterfront Plaza) ⁽²⁾
Title:	75-year leasehold interest commencing from 19 July 2006
Vendor:	City Developments Limited
Purchase price at 19 July 2006:	S\$234.1 million
Valuation ⁽³⁾ as at 31 December 2013:	S\$358.0 million

MASTER LEASE DETAILS

Master lessee:	Republic Hotels & Resorts Limited, a subsidiary of M&C
Term of lease with master lessee:	20 years from 19 July 2006 with an option to renew for another 20 years
Minimum rental income:	S\$7.2 million comprising a fixed rent of S\$3.0 million and a service charge of S\$4.2 million per annum

KEY FINANCIALS

Rental income from the property for FY 2013:	S\$23.6 million
Net property income from the property for FY 2013:	S\$21.8 million

The 574-room premier deluxe conference hotel is situated on the banks of the historic Singapore River and close to the Central Business District, Clarke Quay, Robertson Quay, Boat Quay, Orchard Road and the Integrated Resorts. The hotel offers lifestyle comfort and business-enabling conveniences to facilitate travellers' executive accommodation and leisure needs, including La Residenza, comprising 24 serviced suites, which have high ceilings and come in studio, one or two bedroom units.

The adjoining refurbished Waterfront Conference Centre has 34 versatile meeting rooms that covers an area of 6,039 sq m, including a six-metre high column-free ballroom covering 853 sq m and seating up to 900 guests theatre-style. As one of the best designed conference venues in the region offering unparalleled cutting edge meeting facilities, it is a choice venue for many multi-national organisations.

Equipped with a full service business centre and four serviced offices, the hotel offers the full range of secretarial and business support services. A salon providing hair, beauty and wellness services satisfies the needs of the leisure guest. In terms of dining options, award-winning Pontini is a fine-dining restaurant that serves authentic Italian cuisine. Diners at Café Brio's can indulge in local favourites or international cuisines while dining indoor or alfresco.

Recent accolades garnered by the hotel include TripAdvisor Certificate of Excellence 2013, the SHA Singapore Green Hotel Award 2013, PUB Water Efficient Building Silver Award 2013, STB ASEAN Green Hotel Award 2012-2013 and BCA Green Mark (Gold) certification 2011-2013.

- (1) The basement level car park facility was not acquired by H-REIT from City Developments Limited ("CDL"). However, the hotel enjoys a right of easement to use the basement level car park facility.
- (2) H-REIT leases from CDL the second level of Waterfront Plaza which comprises the Waterfront Conference Centre which H-REIT in turn sub-lets to Republic Hotels & Resorts Limited ("RHRL"). Rental income received from RHRL is thereafter paid to CDL as rental expense.
- (3) The property was valued by Jones Lang LaSalle Property Consultants Pte Ltd using a combination of the Capitalisation and Discounted Cash Flow approaches.

M HOTEL, SINGAPORE

81 Anson Road, Singapore 079908

A premier award winning hotel strategically located in the heart of the financial district and a choice venue for discerning business travellers.



PROPERTY DETAILS

Number of guest rooms:	413
Number of food & beverage outlets:	Five outlets comprising Café 2000, The Buffet, Hokkaido Sushi Restaurant, J Bar and Tea Bar
Banquet/Conference/Meeting facilities:	A banquet suite with a maximum capacity of 350 guests theatre-style (with stage), and nine multi-function rooms equipped with state-of-the-art facilities
Others:	32 fully furnished designer office suites complete with a selection of modern business and IT facilities at level.8 Office Suites & Business Centre The Waterfloor features Haach Spa, an outdoor Swimming Pool and a 24-hour gymnasium for rejuvenation and recreation
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\$161.5 million
Valuation ⁽¹⁾ as at 31 December 2013:	S\$233.0 million

MASTER LEASE DETAILS

Master lessee:	Harbour View Hotel Pte. Ltd., a subsidiary of M&C
Term of lease with master lessee:	20 years from 19 July 2006 with an option to renew for another 20 years
Minimum rental income:	S\$6.1 million comprising a fixed rent of S\$3.9 million and a service charge of S\$2.2 million per annum

KEY FINANCIALS

Rental income from the property for FY 2013:	S\$15.6 million
Net property income from the property for FY 2013:	S\$14.2 million

M Hotel, one of Singapore's premier business hotels, is strategically located in the heart of the financial district and close to government offices, the Integrated Resorts, Chinatown and Marina Bay, home of the annual Formula One™ night racing circuit. It has 413 rooms designed to combine a home and office by offering a comfortable rest area and practical workstation complete with modern technological amenities.

The hotel's central location in the financial district, as well as its variety of meeting areas, well-equipped with the state-of-the-art audio and visual facilities, make it a favoured venue for corporate meetings and social events. Its level.8 Office Suites & Business Centre offers 32 fully furnished designer office suites with comprehensive secretarial support, modern meeting facilities and 24-hour security and services for all business needs.

The food & beverage outlets at M Hotel offer a generous variety ranging from the delectable all-day dining spread at Café 2000 and specialty Hotpot Buffet at The Buffet to fresh authentic Japanese delicacies at Hokkaido Sushi Restaurant. Tea Bar serves a wide selection of premium teas and freshly baked cakes and M Hotel's signature chicken pies. The stylish J Bar offers live entertainment and complements the dining options. For rejuvenation and recreation, the Waterfloor at M Hotel showcases Haach spa, an outdoor swimming pool and a 24-hour gymnasium.

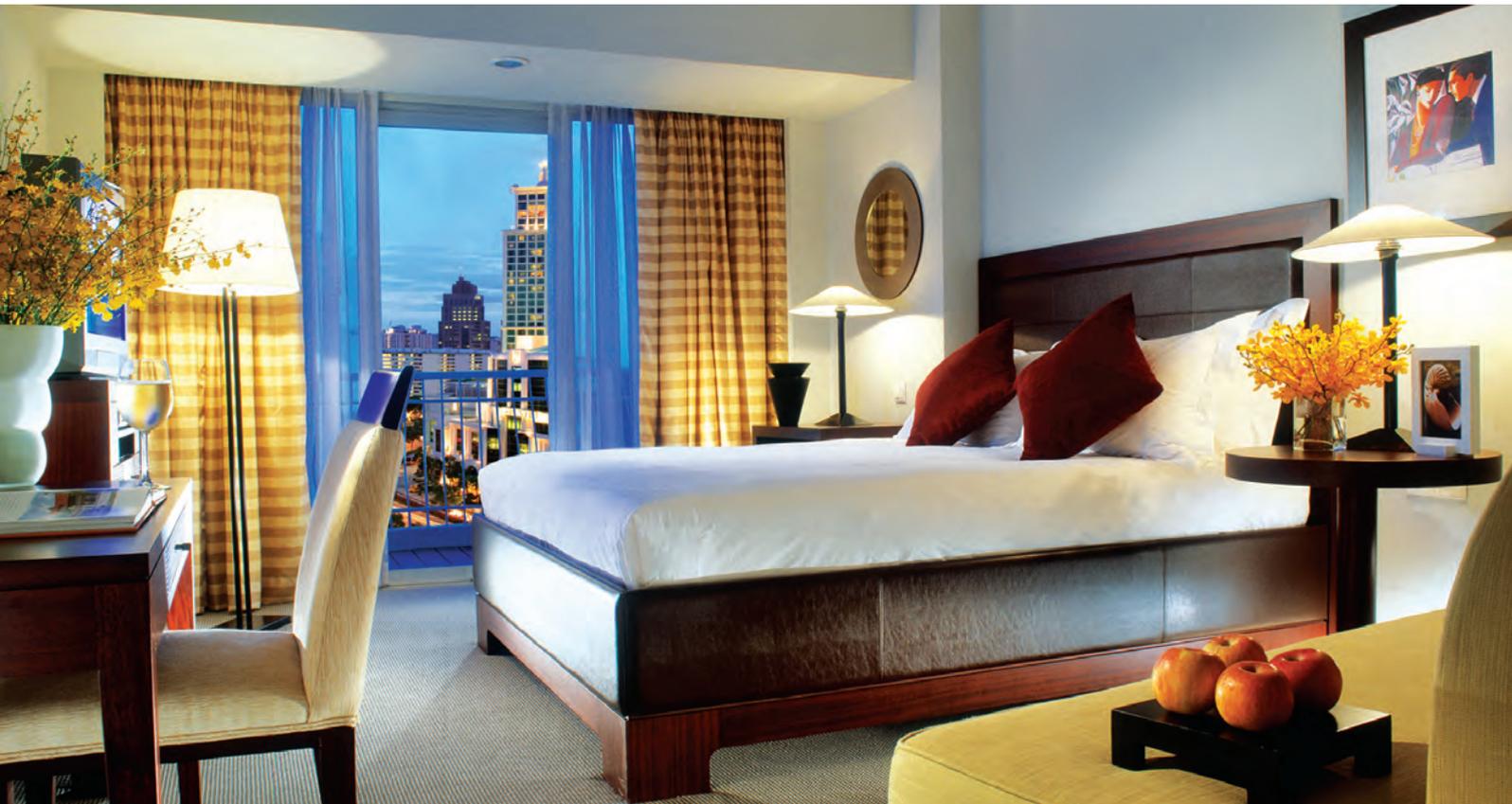
Over the years, M Hotel has been consistently recognised for excellence. The hotel was named the Best Deluxe Hotel by Hospitality Asia Platinum Awards 2009-2011 Singapore Series and one of the top five finalists for Asia's Best Business Hotel from 2009-2011. Other accolades include the BCA Green Mark Gold Awards 2011 and 2013, SHA Hotel Security Awards 2011 and 2013, and the Water Efficiency Building Silver Award 2013.

(1) The property was valued by Jones Lang LaSalle Property Consultants Pte Ltd using a combination of the Capitalisation and Discounted Cash Flow approaches.

COPTHORNE KING'S HOTEL, SINGAPORE

403 Havelock Road, Singapore 169632

A superior business hotel that is in proximity to the Central Business District.



PROPERTY DETAILS

Number of guest rooms:	310
Number of food & beverage outlets:	Four outlets comprising Tien Court Restaurant, Princess Terrace Cafe, Connections Lounge and Starscafé
Banquet/Conference/Meeting facilities:	Seven fully-equipped function rooms that can be easily configured to various meeting arrangements
Car park facilities:	77 car park lots
Land area:	5,636.9 sq m
Gross floor area:	17,598.3 sq m
Title:	99-year leasehold interest commencing from 1 February 1968
Vendor:	Republic Hotels & Resorts Limited
Purchase price at 19 July 2006:	S\$86.1 million
Valuation ⁽¹⁾ as at 31 December 2013:	S\$123.0 million

MASTER LEASE DETAILS

Master lessee:	Republic Hotels & Resorts Limited, a subsidiary of M&C
Term of lease with master lessee:	20 years from 19 July 2006 with an option to renew for another 20 years
Minimum rental income:	S\$2.8 million comprising a fixed rent of S\$0.6 million and a service charge of S\$2.2 million per annum

KEY FINANCIALS

Rental income from the property for FY 2013:	S\$8.9 million
Net property income from the property for FY 2013:	S\$7.4 million

The 310-room hotel is conveniently located minutes away from the Central Business District, Robertson Quay, Clarke Quay, Boat Quay, Orchard Road, Chinatown and the Integrated Resorts.

Copthorne King's Hotel's elegantly-appointed rooms and suites offer all the comforts of modern day amenities, replete with award-winning restaurants, seven fully equipped function rooms that can be configured to various meeting arrangements, complete with the latest audio-visual equipment and wireless broadband connectivity. Recreational facilities include a landscaped outdoor pool and jacuzzi, mini putting green, gymnasium, sauna and steam bath.

Its award-winning restaurants include Tien Court Restaurant which serves contemporary regional Chinese cuisine including Cantonese delicacies and Princess Terrace which is renowned in Singapore for serving the best authentic Penang cuisine. Both restaurants have been voted into Singapore Tatler's "Best Restaurants" list for seven years consecutively from 2007 to 2013. The hotel was also recognised from 2011 to 2013 for its performance in security and safety with the award of the Hotel Security Award by the Singapore Police Force, National Crime Prevention Council (NCPC) and the SHA, and the Fire Safety Excellence Award by the National Fire & Civil Emergency Preparedness Council in conjunction with Singapore Civil Defence. In addition, the hotel also received the BCA Green Mark (Gold) certification 2012-2013 for its sustainability efforts.

(1) The property was valued by Jones Lang LaSalle Property Consultants Pte Ltd using a combination of the Capitalisation and Discounted Cash Flow approaches.

STUDIO M HOTEL, SINGAPORE

3 Nanson Road, Singapore 238910

A contemporary design-oriented hotel that is in the Robertson Quay entertainment precinct and in proximity to the Central Business District.



PROPERTY DETAILS

Number of guest rooms:	360
Number of food & beverage outlets:	Two outlets
Others:	Recreational facilities incorporating a 25-metre lap pool, a jet pool, an open-air gymnasium and three cabanas
Car park facilities:	30 covered car park lots
Land area:	2,932.1 sq m
Gross floor area:	8,209.9 sq m
Title:	99-year leasehold interest commencing from 26 February 2007
Vendor:	Republic Iconic Hotel Pte. Ltd.
Purchase price at 3 May 2012:	S\$154.0 million
Valuation ⁽¹⁾ as at 31 December 2013:	S\$163.0 million

MASTER LEASE DETAILS

Master lessee:	Republic Iconic Hotel Pte. Ltd., a subsidiary of M&C
Term of lease with master lessee:	20 years from 3 May 2011 with: <ul style="list-style-type: none">(i) an option to extend the lease for a first additional term of 20 years commencing immediately after the expiry of the initial term;(ii) an option to extend the lease for a second additional term of 20 years commencing immediately after the expiry of the first additional term; and(iii) an option to extend the lease for a third additional term of 10 years commencing immediately after the expiry of the second additional term.
Minimum rental income:	For the nine years after the first year of the lease, a fixed rent of S\$5 million per annum. On the tenth anniversary date (the " Rent Revision Date ") of the commencement of the lease, the fixed rent amount will be revised to an amount equivalent to 50% of the average annual aggregate fixed rent and variable rent for the five fiscal years preceding the Rent Revision Date (the " Revised Fixed Rent "). This amount would thereon be the Revised Fixed Rent amount.

KEY FINANCIALS

Rental income from the property for FY 2013:	S\$9.3 million
Net property income from the property for FY 2013:	S\$8.6 million

Studio M Hotel is a unique and stylised hotel in Singapore that blends modern design with functionality. Designed by Italian style maestro and architect, Piero Lissoni, it is the first fully loft-inspired Singapore hotel that also occupies a prime location in the city, within easy reach of both the Central Business District and Orchard Road. The hotel offers a great business stay or leisure getaway in the iconic entertainment precinct of Robertson Quay. Studio M Hotel has 360 guest rooms and facilities include an open-air tropical deck, 25-metre lap pool, jet pool and open-air gymnasium.

The hotel has within the short time since commencement of business won the Asiaone's "People's Choice Awards 2010: Top 3 Boutique Hotels in Singapore" and TripAdvisor's "Travellers' Choice 2012: Top 20 Trendiest Hotels in Singapore" award. Other accolades include the Rakuten Travel Rising Star Award 2012 and Booking.com's Outstanding Hotel Partner Award 2012. For workplace safety and health, Studio M Hotel received the BizSAFE Level 3 Certification (2012).

(1) The property was valued by Jones Lang LaSalle Property Consultants Pte Ltd using a combination of the Capitalisation and Discounted Cash Flow approaches.

NOVOTEL SINGAPORE CLARKE QUAY

177A River Valley Road, Singapore 179031

Located in the heart of the Clarke Quay entertainment precinct and in proximity to the Central Business District and Marina Bay, Novotel Singapore Clarke Quay is a popular choice for business and leisure customers.



PROPERTY DETAILS

Number of guest rooms:	403
Number of food & beverage outlets:	Four outlets comprising The SQUARE Restaurant, Dragon Phoenix Restaurant, Moghul Mahal Restaurant and Le Bar Rouge
Banquet/Conference/Meeting facilities:	A pillarless ballroom with a maximum capacity of 600 guests, six multifunction rooms with spacious pre-function areas and an executive boardroom which can seat up to 20 guests and hosts the latest AV technology
Car park facilities:	745 car park lots ⁽¹⁾
Land area:	12,925.4 sq m
Gross floor area:	40,508.0 sq m
Title:	97 years and 30 days' leasehold interest commencing from 2 April 1980
Vendor:	Lehman Brothers Real Estate Partners II L. P. and affiliated partnerships
Purchase price at 7 June 2007:	S\$201.0 million
Valuation ⁽²⁾ as at 31 December 2013:	S\$315.0 million

MASTER LEASE DETAILS

Master lessee:	AAPC Clarke Quay Hotel Pte. Ltd., a subsidiary of Accor S.A.
Term of lease with master lessee:	Approximately 13.5 years from 7 June 2007 expiring 31 December 2020
Minimum rental income:	Minimum rent of S\$6.5 million per year guaranteed by master lessee / Accor S.A., subject to maximum rent reserve of S\$6.5 million for the lease term

KEY FINANCIALS

Rental income from the property for FY 2013:	S\$22.9 million
Net property income from the property for FY 2013:	S\$21.5 million

The 403-room hotel is situated within the vibrant and dynamic Clarke Quay area, one of Singapore's leading lifestyle and entertainment destinations. Novotel Singapore Clarke Quay is also close to the financial district and major cultural and tourists attractions such as Chinatown, the Esplanade and the Integrated Resorts. Its rooms provide a spacious and contemporary feel with versatile pivoting workstations developed with the travelling executive in mind, each with magnificent and unobstructed views of the meandering Singapore River, the spectacular city skyline or the lush greenery of Fort Canning Park.

Novotel Singapore Clarke Quay has continued its commitment to the environment with its Green Globe Certification and was awarded the Gold Planet 21 rating in 2013. For its green practices, the hotel received the Singapore Green Hotel Award 2011, the Green Globe (EarthCheck) Silver Award in 2012 and 2013, and the BCA Green Mark (Gold Plus) Certification in 2013. Other accolades include the Hotel Security Award 2012 and BizSAFE Level 3 Certification 2013 for workplace safety and health.

The 25-storey superior-class hotel sits on top of the 6-storey Liang Court Shopping Podium. Its proximity to Clarke Quay gives it an advantage playing host to gala dinners and weddings in its pillarless ballroom, which is capable of seating up to 600 guests. Novotel Singapore Clarke Quay is also well-equipped to host corporate meetings and social events in its six meeting/function rooms which have spacious pre-function areas.

In addition, the hotel has three restaurants offering an array of international cuisine. Whether it is dining at The SQUARE restaurant, or sipping a signature cocktail at Le Bar Rouge, Novotel Singapore Clarke Quay offers something to satisfy all tastes.

(1) Shared with Liang Court Shopping Centre and Somerset Liang Court Serviced Apartment (all space owned by the Management Corporation Strata Title Plan No. 3027).

(2) The property was valued by Jones Lang LaSalle Property Consultants Pte Ltd using a combination of the Capitalisation and Discounted Cash Flow approaches.

CLAYMORE LINK, SINGAPORE (PREVIOUSLY ORCHARD HOTEL SHOPPING ARCADE)

442 Orchard Road, Singapore 238879

Claymore Link is a four-storey retail podium block incorporated in Orchard Hotel's Claymore Wing, located at a prime spot at the junction of Claymore Road and the Orchard Road shopping and tourist belt. Repositioned as a family-friendly mall with enhanced retail offerings, asset enhancement works, excluding the Galleria, commenced in December 2013 and is expected to complete in 12 months.



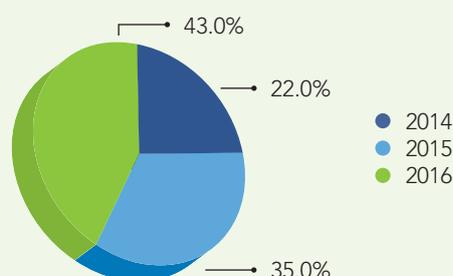
PROPERTY DETAILS

Net lettable area:	7,022.0 sq m
Car park facilities:	The car park facilities are shared with Orchard Hotel
Title:	75-year leasehold interest commencing from 19 July 2006
Vendor:	City Hotels Pte. Ltd.
Purchase price at 19 July 2006:	S\$34.5 million
Valuation ⁽¹⁾ as at 31 December 2013:	S\$78.0 million

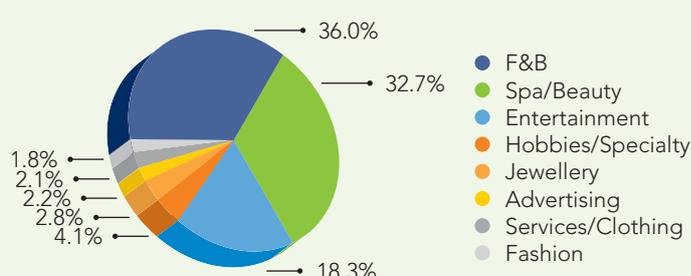
KEY FINANCIALS

Rental income ⁽²⁾ from the property for FY 2013:	S\$4.9 million
Net property income from the property for FY 2013:	S\$3.6 million
Total number of tenants as at 31 December 2013:	3 ⁽³⁾
Average occupancy rate ⁽²⁾ for FY 2013:	85.6%
Average rent ⁽²⁾ for FY 2013:	S\$7.43 per sq ft per month

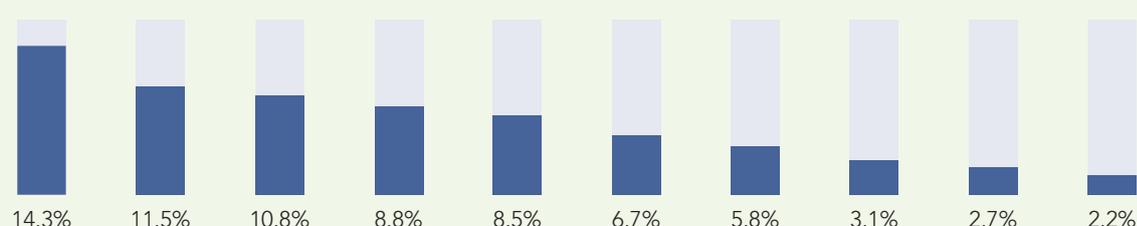
LEASE EXPIRY ANALYSIS BY PASSING RENTAL INCOME AS AT 31 DEC 2013 ⁽³⁾



TENANT MIX BY RENTAL INCOME FOR FY 2013



% CONTRIBUTION TO RENTAL INCOME OF TOP 10 TENANTS FOR FY 2013



Claymore Link is within short walking distance of Orchard MRT station, which is situated at the junction of Scotts Road, Paterson Road and Orchard Road. Its main entrance is along Claymore Road, with access to Orchard Hotel.

Currently undergoing an asset enhancement exercise, the S\$25.0 million redevelopment is expected to take about 12 months. Upon completion, the NLA will increase by approximately 10,000 sq ft. Incremental rental income of Claymore Link is expected to be more than S\$2.0 million on an annualised basis, translating into an estimated gross ROI of more than 8.0%.

The mall's new tagline "more for everyone" embodies CDLHT's vision to create a family-friendly mall with enhanced retail offerings that cater to the growing captive residential population and vibrant retail activity along the Orchard Road shopping belt. In keeping with the mall's new positioning, Claymore Link's new logo incorporates the iconic Tembusu tree, linking back to the area's rich local heritage; symbolizing shelter, family and community.

Claymore Link is well-poised to plug a gap in family-oriented malls, given the increasing number of residential developments in and along the fringes of Orchard Road. The tenant mix post-asset enhancement is expected to comprise more outlets that better cater to the spectrum of demands of families, which will differentiate Claymore Link from other high-fashion malls at Orchard Road.

(1) The property was valued by Jones Lang LaSalle Property Consultants Pte Ltd using a combination of the Direct Capitalisation Method and Discounted Cash Flow approaches.

(2) Revenue for Claymore Link declined in FY 2013 as tenants progressively moved out of the mall in 4Q 2013 to make way for the AEI, which commenced in December 2013.

(3) As at 31 December 2013, all tenants have moved out (except for three tenants occupying the Galleria, which is not part of the refurbishment).

NOVOTEL, MERCURE & IBIS BRISBANE, AUSTRALIA

Novotel Brisbane 200 Creek Street | Mercure Brisbane 85-87 North Quay | Ibis Brisbane 27-35 Turbot Street

A host of contemporary and functional hotels in central Brisbane, the capital city of Queensland.



Novotel Brisbane



Ibis Brisbane



Mercure Brisbane

PROPERTY DETAILS

Hotel	Novotel Brisbane	Mercure Brisbane ⁽¹⁾	Ibis Brisbane ⁽¹⁾
Number of guest rooms:	296	194	218
Number of food & beverage outlets:	Three outlets comprising Restaurant & Terrace, Plan B Café and Lobby Bar	One outlet comprising Quays Restaurant & Bar	Two outlets comprising iBar and iBistro
Banquet/Conference/ Meeting facilities:	11 versatile conference and function rooms for up to 350 delegates featuring pillarless ballroom, executive boardroom, conference cafe and a unique pool deck area	Three floors of function facilities and 11 conference rooms with ample pre-function areas with natural light for up to 900 delegates	One function room for up to 70 guests
Car park facilities:	70 car park lots		109 car park lots
Land area:	6,244 sq m		3,847 sq m
Gross floor area:	28,049 sq m		38,972 sq m
Title:	Strata Volumetric Freehold		Freehold
Vendor:	Tourism Asset Holdings Limited		Tourism Asset Holdings Limited
Purchase price at 18 February 2010:	A\$63.5 million		A\$53.7 million
Valuation ⁽²⁾ as at 31 December 2013:	A\$73.0 million		A\$64.0 million

MASTER LEASE DETAILS

Hotel	Novotel Brisbane	Mercure Brisbane ⁽¹⁾	Ibis Brisbane ⁽¹⁾
Master lessee:	AAPC Properties Pty Ltd, a subsidiary of Accor S.A.		
Term of lease with master lessee:	Approximately 11 years from 19 February 2010, expiring on 30 April 2021		
Minimum rental income:	A\$4.9 million		A\$4.1 million

FINANCIAL DETAILS

Rental income from the property for FY 2013:	S\$6.7 million ⁽³⁾ (A\$5.5 million)		S\$5.5 million (A\$4.5 million) ⁽³⁾
Net property income from the property for FY 2013:	S\$6.7 million ⁽³⁾ (A\$5.5 million)		S\$5.5 million (A\$4.5 million) ⁽³⁾

Novotel Brisbane offers 296 modern rooms and suites with comprehensive conference and leisure facilities in the heart of Brisbane. Located in the CBD, within walking distance to the Central Station, Queen Street Mall and the Riverside boardwalk, this hotel is one of Queensland's more popular and stylish hotels amongst multi-national corporate and government bodies. Its functional yet stylish features include conference facilities consisting of 11 separate venues for up to 350 delegates. The venues feature natural light and spacious pre-function areas.

The property also features a restaurant, a cafe, a bar, a large outdoor swimming pool and a gymnasium. For its green initiatives and environmental management, Novotel Brisbane was ISO 14001 certified in 2013.

Mercure and Ibis Brisbane are interconnected at the ground level and located adjacent to the government and legal precinct. The hotels are walking distance to the South Bank cultural centre including the Queensland Gallery of Modern Art, Queensland Performing Arts Centre, the Museum, Library, internationally acclaimed Brisbane Convention and Exhibition Centre and 16 hectares of cafes, restaurants, cycle paths, gardens, swimming lagoon and vibrant weekend markets.

Mercure Brisbane's 194 spacious and comfortable rooms offer spectacular views over the Brisbane River and the city. The hotel offers a restaurant and a bar, as well as three floors of function facilities and 11 conference rooms featuring ample pre-function areas and natural light. The hotel was awarded the Gold Planet 21 rating in 2013 for its sustainability efforts.

Ibis Brisbane features 218 spacious rooms with a restaurant, a bar and a function room. Environmental accolades received by the hotel during the year include the ISO 14001 environmental certification and the ISO 19001 quality certification, as well as the Gold Planet 21 rating.

(1) The Mercure Brisbane and the Ibis Brisbane hotels are interconnected at ground level and situated on one freehold title.

(2) The properties were valued by Jones Lang LaSalle Hotels (NSW) Pty Limited using the Discounted Cash Flow Approach.

(3) Based on the average exchange rate of A\$1.00 = S\$1.2103.

MERCURE & IBIS PERTH, AUSTRALIA

Mercure Perth 10 Irwin Street | Ibis Perth 334 Murray Street

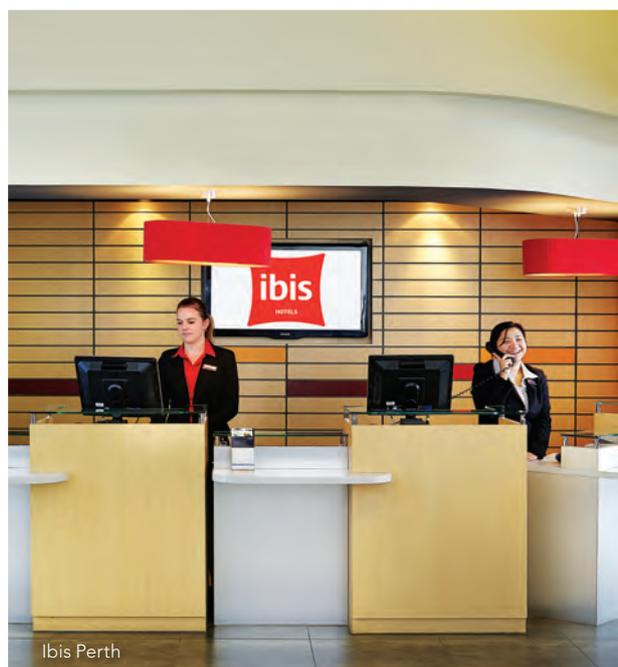
Strategically located in the heart of Perth, the gateway to Western Australia, the hotels are minutes away from the Central Business District, as well as the major shopping and entertainment precinct.



Ibis Perth



Mercure Perth



Ibis Perth

PROPERTY DETAILS

Hotel	Mercure Perth	Ibis Perth
Number of guest rooms:	239	192
Number of food & beverage outlets:	Three outlets comprising Tonic Bar, Restaurant Ten and Hydrant Bar and Café	Two outlets comprising the Rubix Bar and iBistro Restaurant
Banquet/Conference/ Meeting facilities:	Dedicated conference floor on Level 1 providing facilities for up to 350 delegates with six function rooms, heated rooftop swimming pool, spa, sauna and gym	Three function rooms for up to 200 guests
Car park facilities:	32 car park lots	13 car park lots
Land area:	757 sq m	1,480 sq m
Gross floor area:	22,419 sq m	9,650 sq m
Title:	Strata Freehold	Freehold
Vendor:	Tourism Asset Holdings Limited	Tourism Asset Holdings Limited
Purchase price at 18 February 2010:	A\$36.2 million	A\$21.6 million
Valuation ⁽¹⁾ as at 31 December 2013:	A\$41.0 million	A\$29.0 million

MASTER LEASE DETAILS

Hotel	Mercure Perth	Ibis Perth
Master lessee:	AAPC Properties Pty Ltd, a subsidiary of Accor S.A.	
H-REIT's term of lease with master lessee:	Approximately 11 years from 19 February 2010, expiring on 30 April 2021	
Minimum rental income:	A\$2.8 million	A\$1.9 million

KEY FINANCIALS

Rental income from the property for FY 2013:	S\$3.8 million ⁽²⁾ (A\$3.1 million)	S\$2.5 million ⁽²⁾ (A\$2.1 million)
Net property income from the property for FY 2013:	S\$3.8 million ⁽²⁾ (A\$3.1 million)	S\$2.5 million ⁽²⁾ (A\$2.1 million)

Mercure Perth and Ibis Perth are both strategically located in the heart of Perth city, just a short stroll from the Swan River, Perth Mint and Supreme Court Gardens, amongst many of Perth's attractions.

Mercure Perth features 239 well-appointed rooms, along with several dining options, a bar, a heated rooftop swimming pool, spa, sauna and gym. Business guests are well catered for at this hotel with a number of modern meeting rooms available, accommodating up to 350 delegates.

Ibis Perth, Winner of the 2010 & 2013 AHA awards for best mid range accommodation and winner of the WA Tourism Gold Standard Accommodation Award for 2011 & 2013, features 192 newly refurbished rooms, just 300 metres from the Murray and Hay Street shopping malls. Ibis Perth also offers a restaurant, a bar, three meeting rooms catering for up to 200 guests, indoor parking and a self-service business centre, making it an ideal location for intimate corporate and personal functions.

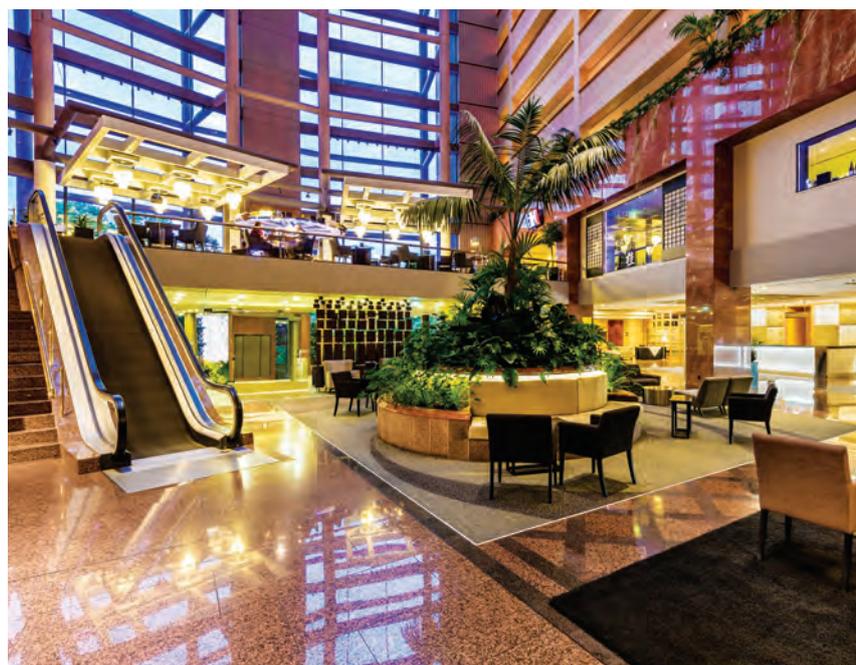
(1) The properties were valued by Jones Lang LaSalle Hotels (NSW) Pty Limited using the Discounted Cash Flow Approach.

(2) Based on the average exchange rate of A\$1.00 = S\$1.2103.

RENDEZVOUS GRAND HOTEL AUCKLAND, NEW ZEALAND

71 - 87, Mayoral Drive, Auckland

Overlooking the Auckland Central Business District, Rendezvous Grand Hotel Auckland is New Zealand's largest deluxe hotel located within walking distance to Auckland's convention and retail precincts.



PROPERTY DETAILS

Number of guest rooms:	452
Number of food & beverage outlets:	Three outlets comprising Straits Cafe, Katsura Japanese Restaurant and the Atrium Lounge
Banquet/Conference/Meeting facilities:	16 function rooms comprising over 4,336 sq m of meeting space offering a variety of flexible multifunction rooms that can be used for intimate board meetings through to large gala dinners, exhibitions or cocktail functions for up to 1,000 delegates
Car park facilities:	258 car park lots
Land area:	5,910.0 sq m
Title:	Freehold
Vendor:	Abacus Funds Management Limited as trustee of Abacus NZ Holdings Trust
Purchase price at 19 December 2006:	NZ\$113.0 million
Valuation ⁽¹⁾ as at 31 December 2013:	NZ\$97.2 million

MASTER LEASE DETAILS

Master lessee:	Rendezvous Hotels (NZ) Limited, a subsidiary of Rendezvous Hotels International Private Limited
Term of lease with master lessee:	10 years commencing from 7 September 2006 and the master lessee has an option to renew for another 5 years
Minimum rental income:	Base rent of approximately NZ\$9.5 million in FY 2013 which further escalates at a rate of 2.75% per annum

KEY FINANCIALS

Rental income from the property for FY 2013:	\$S\$9.7 million ⁽²⁾ (NZ\$9.5 million)
Net property income from the property for FY 2013:	\$S\$9.7 million ⁽²⁾ (NZ\$9.5 million)

The 452-room Rendezvous Grand Hotel Auckland is a prime 12-storey atrium-styled Qualmark Rate 4.5-star hotel located in New Zealand's main gateway city. It is situated in the heart of Auckland, only 600 metres south of the Sky City entertainment complex, and 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, 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 approximately 4,336 sq m of meeting space that can accommodate up to 1,000 delegates. It also provides a full-serviced business centre which offers additional boardrooms.

The hotel offers varied dining options from an extensive buffet breakfast, and a la carte dinner menu in Straits Cafe to Japanese cuisine in Katsura, room service and light lunch and dinner options in Atrium Lounge.

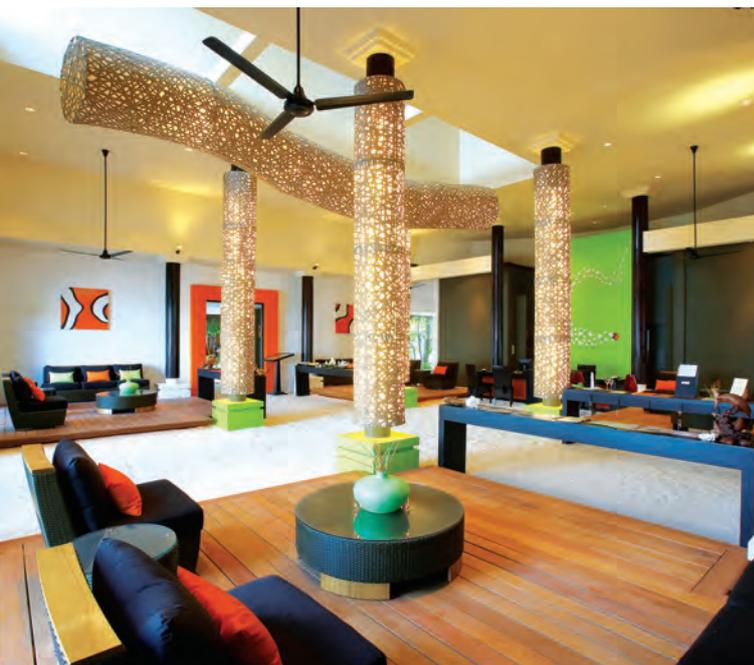
Rendezvous Grand Hotel Auckland has retained its Bronze benchmarked accreditation with EarthCheck. EarthCheck complies with the Intergovernmental Panel for Climate Change (IPCC) Guidelines for National Greenhouse Gas Inventories, the World Business Council for Sustainable Development (WBCSD) Greenhouse Gas Protocol, and the International Organisation for Standardisation (ISO) 14064 range of standards for greenhouse gas accounting. The hotel also holds the Qualmark Ranking 4 Star Plus 2012-2013 and TripAdvisor Certificate of Excellence 2012-2013.

- (1) The property was valued by Colliers International New Zealand Limited using the Initial Year Capitalisation, Discounted Cash Flow and Sales Comparison approaches.
- (2) Based on the average exchange rate of NZ\$1.00 = \$S\$1.0239.

ANGSANA VELAVARU, MALDIVES

Velavaru Island, South Nilandhe Atoll, Republic of Maldives

Located in a picturesque lagoon in Maldives, Angsana Velavaru offers two distinct experiences with its beachfront villas and its standalone water villas.



PROPERTY DETAILS

Number of guest rooms:	79 Beach Front Villas 34 Water Villas
Number of food & beverage outlets:	Four outlets comprising Kaani Restaurant, Funa Restaurant, Azzuro and Kuredhi Bar Castaway Island dining and a cooking school
Other facilities:	Angsana Spa & Gallery Extensive recreational activities Marine Conservation Lab Kids Club Beach Pavillion
Land area:	67,717 sq m
Title:	50-year leasehold interest commencing from 26 August 1997
Vendor:	Maldives Bay Pvt Ltd
Purchase price at 31 January 2013:	US\$71.0 million
Valuation ⁽¹⁾ as at 31 December 2013:	US\$80.0 million

MASTER LEASE DETAILS

Master lessee:	Maldives Bay Pvt Ltd, a subsidiary of Banyan Tree Holdings Limited
Term of lease with master lessee:	10 years from 1 February 2013
Minimum rental income:	Minimum rent of US\$6.0 million per year guaranteed by master lessee / Banyan Tree Holdings Limited, subject to maximum rent reserve of US\$6.0 million for the lease term

KEY FINANCIALS

Rental income from the property for FY 2013:	S\$10.0 million (US\$8.0 million) ⁽²⁾
Net property income from the property for FY 2013:	S\$9.0 million (US\$7.2 million) ⁽²⁾

Maldives is a nation of coral islands scattered across the Indian Ocean, consisting 26 natural atolls with over 1,100 islands. Maldives' tropical climate, white beaches, rich marine environment and "one-island-one-resort" concept, have firmly established the island paradise as a top-tier destination for luxury tourism.

The property is located at the southern edge of Maldives archipelago in the South Nilandhe Atoll. It occupies the island of Velavaru, one of the more intimate lagoons in Maldives. The Angsana Velavaru resort is a 40-minute scenic seaplane ride from Male International Airport. It comprises 79 beachfront villas and 34 water villas, providing guests the opportunity to enjoy two distinct experiences at one resort.

Angsana Velavaru is the first resort to introduce the concept of standalone water villas, which are exclusively positioned at the edge of the reef about one kilometre away from the main island. Facilities within the resort include three restaurants, one bar, a private picnic island, an award winning spa, a cooking school, a lifestyle gallery, a marine conservation lab and a kids' club. Winner of Agoda.com's Gold Circle Awards 2012 and its spa the recipient of World Luxury Spa Awards' Best Luxury Beauty Spa 2013, the design style of the resort blends a tropical lifestyle, the Maldivian experience and the comforts of modern living.

(1) The property was valued by CBRE Pte. Ltd. using a combination of the Capitalisation Analysis, Discounted Cash Flow Analysis and Direct Comparison Method.

(2) Based on the average exchange rate of US\$1 = S\$1.2515.

JUMEIRAH DHEVANAFUSHI, MALDIVES

Meradhoo Island, Gaafu Alifu Atoll, Republic of Maldives

Tucked away at the southern edge of Maldives archipelago, Jumeirah Dhevanafushi is a premier destination that focuses on personalised luxury of the highest standard. Its spacious beachfront and over-water villas are among the largest in Maldives.



PROPERTY DETAILS

Number of guest rooms:	19 Beachfront Villas 16 Over-Water Villas
Number of food & beverage outlets:	Four outlets comprising an all day dining restaurant, pan-Asian cuisine restaurant in an over-water setting, casual BBQ beach dining venue and a cocktail bar
Other facilities:	PADI 5 Star Dive & Water Sports Centres Talise SPA Over-water fitness and yoga studios Two infinity edge pools 24-hour Butler Services Library and resort shop
Land area:	53,576 sq m
Title:	50-year leasehold interest commencing from 15 June 2006
Vendor:	Xanadu Holdings Pvt Ltd
Purchase price at 31 December 2013:	US\$59.6 million
Valuation ⁽¹⁾ as at 29 November 2013:	US\$61.0 million

HOTEL MANAGEMENT AGREEMENT DETAILS

Operator:	Jumeirah Management Services (Maldives) Private Limited
Term of Hotel Management Agreement:	1 November 2011 to 31 October 2046

Maldives is a nation of coral islands scattered across the Indian Ocean, consisting 26 natural atolls with over 1,100 islands. Maldives' tropical climate, white beaches, rich marine environment and ease of accessibility from Europe, the Middle East and Asia have firmly established the island paradise as a top-tier destination for luxury tourism.

Jumeirah Dhevanafushi is located at the southern edge of Maldives archipelago in the Gaafu Alifu Atoll occupying the exclusive Meradhoo Island and its surrounding crystal clear lagoon. The resort is accessible via a 55-minute domestic flight from Malé International Airport to Kaadedhdhoo Airport, followed by a 15-minute speedboat journey.

Opened in November 2011, the 35-villa Jumeirah Dhevanafushi features 16 over-water villas and 19 beachfront villas each with its own private pool, with two additional beachfront villas expected to be completed in 2014. The resort competes at the top end of Maldives luxury market and its extremely spacious villas are among the largest in Maldives, with one- to two-bedroom options ranging from approximately 200 to 300 sq m. The luxurious beachfront villas occupy the main island of Meradhoo and located some 800 metres away are the over-water villas, which boast high 6.3-metre ceilings and full length floor-to-ceiling windows that provide panoramic views of the Indian Ocean from the bedroom, bathroom and living room.

Jumeirah Dhevanafushi offers a wide range of dining, leisure and spa options within the property including four food and beverage outlets, a spa, an over-water gym, a yoga platform, two infinity edge pools, a dive centre and water sports centre, a library and a resort shop.

Since its opening, the resort has received numerous accolades, including Conde Nast Traveller's Hot List: World's Most Exciting New Hotels Winner 2012, Hot List: Best New Hotel Amenities for 3x2 Metre Beds Winner 2012, Hot List: World's Most Amazing Swimming Pools 2013 and TripAdvisor Certificate of Excellence Winner 2013. Its spa was also named Best Luxury Emerging Spa (Indian Ocean) Continent Winner 2013 by World Luxury Spa Awards.

(1) The property was valued by CBRE Pte. Ltd. using a combination of the Capitalisation Analysis, Discounted Cash Flow Analysis and Direct Comparison Method.

CORPORATE GOVERNANCE

M&C REIT Management Limited, as manager of H-REIT (the “**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 H-REIT (the “**H-REIT Trustee**”), on the acquisition, divestment or enhancement of H-REIT’s assets in accordance with its stated investment strategy.

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

- Managing, enhancing and maintaining Claymore Link (previously Orchard Hotel Shopping Arcade) with a view to achieving high occupancy levels at a good yield.
- Using its best endeavours to ensure that the business of 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 relevant applicable laws and regulations, including the applicable provisions of the Securities and Futures Act, Chapter 289 of Singapore, the Listing Rules issued by Singapore Exchange Securities Trading Limited (“**Listing Manual**”), the Code on Collective Investment Schemes (including the Property Funds Appendix), the conditions set out in the Capital Markets Services Licence for REIT Management issued by the Monetary Authority of Singapore (“**MAS**”), the H-REIT Trust Deed, the tax rulings issued by the Inland Revenue Authority 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, remunerates all Directors and employees of the H-REIT Manager.

The H-REIT Manager holds a Capital Markets Services (“**CMS**”) Licence issued by MAS to conduct real estate investment trust management activities as required under the licensing regime for real estate investment trust managers. In addition, employees of the H-REIT Manager who are engaged in investment management, asset management, financing, marketing and investor relations functions are holders of CMS representative licences.

CDL Hospitality Business Trust (“**HBT**”), which was dormant until 31 December 2013, was activated by M&C Business Trust Management Limited, as the trustee-manager of HBT (the “**HBT Trustee-Manager**”) to be the master lessee of Jumeirah Dhevanafushi, a property which was acquired by a wholly-owned subsidiary of H-REIT and thereafter leased to a wholly-owned subsidiary HBT. In addition to its function as a master lessee, HBT may also undertake certain hospitality and hospitality-related development projects, acquisitions and investments which may not be suitable for H-REIT.

This report sets out the corporate governance practices of the H-REIT Manager and where relevant, the HBT Trustee-Manager, with specific reference to the principles and guidelines of the Code of Corporate Governance 2012 (“**2012 Code**”). Where the H-REIT Manager’s practices differ from the recommendations under the 2012 Code, the H-REIT Manager’s position in respect of the same is also set out in this report.

Following the activation of HBT, the HBT Trustee-Manager is in the process of adopting a similar set of corporate governance practices as the H-REIT Manager.

The H-REIT Manager and the HBT Trustee-Manager are committed to maintaining good corporate governance and business integrity in all its business activities.

CORPORATE GOVERNANCE

BOARD MATTERS

Principle 1: The Board's conduct of affairs

Primary Functions of the H-REIT Manager Board and the HBT Trustee-Manager Board

Both the H-REIT Manager Board and the HBT Trustee-Manager Board are responsible for the overall corporate governance of the H-REIT Manager and the HBT Trustee-Manager respectively, including establishing goals for management and monitoring the achievement of these goals. The H-REIT Manager and the HBT Trustee-Manager are also responsible for the strategic business direction and risk management of H-REIT and HBT, and to ensure that necessary financial and human resources are in place for the H-REIT Manager and the HBT Trustee-Manager to meet their objectives. All H-REIT Manager Board members and HBT Trustee-Manager Board members will 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 meets quarterly or more often if necessary and reviews the financial performance of H-REIT against a previously approved budget. The H-REIT Manager Board also reviews the business risks of H-REIT, examines liability management and acts upon any comments from both the internal and external auditors of H-REIT. In assessing business risks, the H-REIT Manager Board will consider the economic environment and risks relevant to the property industry. It will also review management reports and feasibility studies on individual projects prior to approving major transactions.

Independent Judgement

All the Directors of the H-REIT Manager and the HBT Trustee-Manager are required to exercise objective decision-making in the interests of H-REIT and HBT. The H-REIT Manager Directors and the HBT Trustee-Manager Directors who are in any way, directly or indirectly, interested in a transaction or proposed transaction will declare the nature of their interests in accordance with the provisions of the Companies Act, Chapter 50, and also voluntarily abstain from deliberation on the same.

Delegation by the H-REIT Manager Board and the HBT Trustee-Manager Board

The primary functions of the H-REIT Manager Board and the HBT Trustee-Manager Board are either carried out directly by the H-REIT Manager Board and the HBT Trustee-Manager Board or through committees established by the H-REIT Manager Board and the HBT Trustee-Manager Board, namely, the Audit Committee ("AC") and the Risk Management Committee ("RMC"), all collectively referred to hereafter as the "Committees". Clear written terms of reference for each of the Committees set out the authority and duties of the Committees. All terms of reference for the Committees are approved by the H-REIT Manager Board and the HBT Trustee-Manager Board respectively and reviewed periodically to ensure their continued relevance. The composition of each Committee can be found under the corporate directory section in this Annual Report 2013 ("Annual Report").

The delegation of authority by the H-REIT Manager Board and the HBT Trustee-Manager Board to the respective Committees enables the H-REIT Manager Board and the HBT Trustee-Manager Board to achieve operational efficiency by empowering these Committees to decide on matters within their respective written terms of reference and/or limits of delegated authority and yet without abdicating its responsibility. Please refer to the section on Principle 11 and Principle 12 in this report for further information on the activities of the AC and RMC.

CORPORATE GOVERNANCE

Board Processes of the H-REIT Manager and the HBT Trustee-Manager

Board and AC meetings of the H-REIT Manager are held regularly, no less than four times a year and one RMC Meeting of the H-REIT Manager was held in 2013. A meeting of the independent Directors ("IDs") of the H-REIT Manager, chaired by the lead independent Director ("Lead ID") was also held in 2013. The proposed meetings for the Board and Committees of the H-REIT Manager for each new calendar year are set out in a schedule of meetings and notified to all H-REIT Board members before the start of each calendar year with a view to facilitate attendance by Board Members. Additional meetings are convened as and when circumstances warrant. Records of all such meetings including discussions on key deliberations and decisions taken are maintained by the Company Secretary. The H-REIT Manager's Articles of Association allow for the meetings of its Board and the Committees to be held via teleconferencing. The H-REIT Manager Board and Committees may also make decisions by way of circulating resolutions.

The attendance of the H-REIT Manager Directors at meetings of the Board and Committees of the H-REIT Manager, as well as the frequency of such meetings during 2013, is disclosed below. Notwithstanding such disclosure, the H-REIT Manager Board is also of the view that the contribution of each Director should not be focused only on his/her attendance at meetings of the Board and/or the Committees. A Director's contribution may also extend beyond the confines of the formal environment of such meetings, through the sharing of views, advice, experience and strategic networking relationships which would further the interests of H-REIT.

Directors' Attendance at Board and Committee Meetings of the H-REIT Manager in 2013

	Board	AC	RMC
No. of Meetings Held in 2013	6	4	1
Name of Directors	Number of meetings attended in 2013		
Wong Hong Ren	6	N.A.	N.A.
Vincent Yeo Wee Eng	6	N.A.	1
Jenny Lim Yin Nee	6	4	1
Jimmy Chan Chun Ming	6	4	N.A.
Richard Anthony Johnson #	4	3	1
Daniel Marie Ghislain Desbaillets	6	N.A.	N.A.
Ronald Seah Lim Siang ##	2	1	N.A.

Mr Richard Anthony Johnson, who resigned as a Director on 21 October 2013, had attended 4 Board Meetings, 3 AC Meetings and 1 RMC Meeting held prior to his resignation.

Mr Ronald Seah Lim Siang, who was appointed a Director on 21 October 2013, had attended 2 Board Meetings and 1 AC Meeting held after his appointment.

In November 2013, all the Directors had also attended the Board Meeting of the HBT Trustee-Manager which was convened in connection with the activation of HBT. Similar to the H-REIT Manager, the Board, AC and RMC meetings of the HBT Trustee-Manager will be held regularly in 2014.

H-REIT Manager Board Approval

The H-REIT Manager Board has in place an internal guide wherein certain 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 H-REIT, setting of strategic decisions or policies or financial objectives which are, or may be significant, in terms of future profitability or 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, corporate or financial restructuring, decisions over new borrowings or significant amendments to the terms and conditions of existing borrowings other than in the ordinary course of business, adoption of corporate governance policies and any other matters which require the H-REIT Manager Board approval as prescribed under the relevant legislations and regulations as well as the provisions of the H-REIT Trust Deed. The Management of the H-REIT Manager is fully apprised of such matters.

CORPORATE GOVERNANCE

H-REIT Manager Board Orientation and Training

Every newly appointed Director of the H-REIT Manager receives a formal letter, setting out his general duties and obligations as a Director pursuant to the relevant legislations and regulations. The new Director will also receive an induction pack containing information and documents relating to the role and responsibilities of a director, the principal businesses of H-REIT and its subsidiaries (collectively, the “**H-REIT Group**”), the H-REIT Manager’s Board processes and corporate governance practices, relevant policies and procedures, as well as a board meeting calendar for the year with a brief of the routine agenda for each meeting.

The H-REIT Manager also conducts an induction programme for newly appointed Directors and for existing Directors pursuant to their appointments to any of the Committees, which seeks to familiarise Directors with CDL Hospitality Trusts’ business, the H-REIT Manager’s board processes, internal controls and governance practices. The induction programme includes meetings with various key executives of the Management to allow the new Directors to be acquainted with the Management team and to facilitate their independent access in future to the Management team. The programme also includes briefings by the Management team on key areas of the H-REIT Manager’s operations and by the chairmen of the relevant Committees to which the Director is newly appointed to on the roles and responsibilities of the Committees. Mr Ronald Seah, who was appointed in October 2013, had been briefed by the Chief Executive Officer and Chief Financial Officer with regard to the business and operations of H-REIT and the H-REIT Manager, including an overview of the organisational structure. Mr Seah, who was appointed a member of the AC, was also briefed by the chairman of the AC on the scope and responsibilities of the AC.

For a first time Director who has no prior experience as a director of a listed company, in addition to the induction as detailed above, he or she will be encouraged to also attend the Listed Company Director (“**LCD**”) Programme conducted by the Singapore Institute of Directors (“**SID**”) in order to acquire relevant knowledge of what is expected of a listed company director. Completion of the LCD Programme, which focuses on comprehensive training of company directors on compliance, regulatory and corporate governance matters, should provide the first time Director with a broad understanding of the roles and responsibilities of a director of a listed company under the requirements of the Companies Act, Chapter 50, the Listing Manual of SGX-ST and the 2012 Code. The Company Secretary will co-ordinate with such Director to endeavor to complete the LCD Programme within one year from his or her date of appointment subject to SID’s training schedule and the Director’s availability.

The Directors are provided with regular updates and/or briefings from time to time by professional advisers, auditors, Management and the Company Secretary in areas such as directors’ duties and responsibilities, corporate governance practices, relevant legislations and regulations, risk management issues, changes in financial reporting standards and tax laws and practices. The Directors are regularly kept informed by the Company Secretary of the availability of appropriate courses, conferences and seminars such as those conducted by SID and the Directors are encouraged to attend such training at the H-REIT Manager’s expense. In 2013, the Directors were briefed on the risk-based capital adequacy requirements for holders of CMS licence. In addition, three other in-house seminars were conducted by invited speakers on topics relating to (i) highlights of the Singapore Budget 2013, (ii) obligations under the Personal Data Protection Act, and (iii) changes to financial reporting standards and tax landscape. The AC members also received updates on changes to accounting standards and issues which have an impact on H-REIT’s financial statements from the External Auditors at AC meetings. In addition to the training courses/programmes, Directors are also at liberty to approach Management should they require any further information or clarification concerning the H-REIT Manager’s operations.

CORPORATE GOVERNANCE

Principle 2: Board Composition and Guidance

Board Independence

The Boards of the H-REIT Manager Board and the HBT Trustee-Manager currently consist of six members each. All members of the Boards, except for the Chief Executive Officer, are non-executive Directors (“**NEDs**”). Of the five NEDs, four of them, being more than half of the Boards, are independent⁽¹⁾ directors, thus providing for a strong and independent element on the Boards capable of exercising objective judgement on corporate affairs of the H-REIT Group and the HBT Group. No individual or small group of individuals dominates the Boards’ decision-making. For purposes of determination of independence, the NEDs also provided declarations regarding their independences.

The independent NEDs are Ms Jenny Lim, Mr Jimmy Chan, Mr Daniel Desbaillets and Mr Ronald Seah.

The independence of the Board members is assessed in accordance with Guideline 2.3 of the 2012 Code and the Business Trusts Regulations 2005.

H-REIT Manager / HBT Trustee-Manager Board Composition and Size

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

- The Chairman of the H-REIT Manager Board and the HBT Trustee-Manager Board should be a non-executive Director of the H-REIT Manager and the HBT Trustee-Manager;
- The H-REIT Manager Board and the HBT Trustee-Manager Board should comprise Directors with a broad range of commercial experience including expertise in funds management and the hospitality and real estate industries; and
- While H-REIT Units remain stapled to HBT Units, in order to avoid any conflict between H-REIT and HBT and to act in the best interest of CDL Hospitality Trusts (a stapled group comprising the H-REIT Group and the HBT Group) (the “**Stapled Group**”), 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.

The H-REIT Manager Board has also considered the core competencies of the Board based on the skills and experience of each Director, and is of the view that the Board has the critical skills and expertise needed in the strategic direction and planning of the business of H-REIT.

Taking into account the scope and nature of the operations of the H-REIT Group, the H-REIT Manager Board is satisfied that the current composition mix and size of the Board provide for sufficient diversity and allows for effective decision-making.

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

CORPORATE GOVERNANCE

NEDs' Participation

NEDs of the H-REIT Manager and the HBT Trustee-Manager are encouraged to participate actively in Board meetings in the development of H-REIT's and HBT's strategic direction and plans, in the review and monitoring of Management's performance through periodic reports from the Management, and have unrestricted access to the Management. They also sit on various Committees established by the Boards of the H-REIT Manager and the HBT Trustee-Manager to provide constructive input and the necessary review and monitoring of performance of H-REIT, HBT and the Management. A meeting of the independent NEDs of the H-REIT Manager chaired by the Lead ID was held in January 2014 without the presence of Management.

Principle 3: Chairman and Chief Executive Officer of the H-REIT Manager Board and HBT Trustee-Manager Board

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 and the HBT Trustee-Manager Board for independent decision-making. The Chairman is not related to the Chief Executive Officer.

The Chairman bears primary responsibility for the workings of the H-REIT Manager Board and the HBT Trustee-Manager Board, by ensuring effectiveness on all aspects of its role including setting agenda for the H-REIT Manager Board meetings and the HBT Trustee-Manager Board meetings with input from Management, ensuring that sufficient time is allocated for discussion of agenda items at Board meetings, promoting an open environment within the Board room for constructive debate, encouraging the NEDs to speak freely and contribute effectively, and exercising control over the quality, quantity and timeliness of information flow between the H-REIT Manager / HBT Trustee-Manager Board and Management. At annual general meetings and other general meetings of the holders of stapled securities of CDL Hospitality Trusts (the "**Stapled Securities Holders**"), he plays a pivotal role in fostering constructive dialogue between Stapled Securities Holders, the Boards of the H-REIT Manager and the HBT Trustee-Manager and Management.

The Chief Executive Officer of the H-REIT Manager and the HBT Trustee-Manager is responsible for working with the H-REIT Manager Board and the HBT Trustee-Manager Board to determine the overall business, investment and operational strategies for H-REIT and HBT. 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 the Stapled Group, including overseeing the acquisition of hospitality and hospitality-related assets and the asset and property management strategies for H-REIT as well as the activities of HBT which has been activated.

Lead Independent Director

Ms Jenny Lim, the Lead ID of the H-REIT Manager, serves as an intermediary between the independent NEDs and the Chairman. Following the activation of HBT on 31 December 2013, Ms Lim was also appointed the Lead ID of the HBT Trustee-Manager Board on 26 February 2014. The role of each of the H-REIT Manager Board's Lead ID and the HBT Trustee-Manager Board's Lead ID is set out under the written terms of reference of the Lead ID which has been approved by the Board of the H-REIT Manager and the Board of the HBT Trustee-Manager. Under the chairmanship of the Lead ID of the H-REIT Manager Board, a meeting of the independent NEDs of the H-REIT Manager was convened in January 2014 without the presence of Management or the Chairman.

CORPORATE GOVERNANCE

Principle 4: Board Membership

The composition of the H-REIT Manager Board is reviewed annually 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 each of the H-REIT Manager Boards comprises independent Directors.

Criteria and Process for Nomination and Selection of New Directors of the H-REIT Manager

The Board of the H-REIT Manager has formalised guidelines for Board and Board Committee appointments which include taking into consideration (a) the current Board and Board Committee size, composition mix and core competencies, (b) the candidate's independence, in the case of the appointment of an independent NED; (c) the composition requirements for the Board and Committees (if the candidate is proposed to be appointed to any of the Committees); (d) the candidate's age, gender, track record, experience and capabilities and such other relevant factors as may be determined by the H-REIT Manager Board which would contribute to the H-REIT Manager Board's collective skills; and (e) any competing time commitments if the candidate has multiple board representations and/or other principal commitments.

H-REIT Manager and HBT Trustee-Manager Directors' Time Commitments

It is recommended under the 2012 Code that the Boards of the H-REIT Manager and HBT Trustee-Manager consider providing guidance on the maximum number of listed company board representations which each Director of the H-REIT Manager and HBT Trustee-Manager may hold in order to address competing time commitments faced by directors serving on multiple boards. However, after due consideration, the Boards are of the view that the assessment of each individual Director should not be restricted to the number of their respective board representations but should include contributions by the Directors at Board and Committee Meetings. The Boards do not wish to omit from consideration suitable individuals who, despite the demands on their time, have the capacity to participate and contribute as members of the Boards.

Key Information on Directors

Please refer to the "Board of Directors" section in the Annual Report for key information on the H-REIT Manager Directors and the HBT Trustee-Manager Directors. Currently, no alternate Directors have been appointed in respect of any of the H-REIT Manager Directors and the HBT Trustee-Manager Directors.

Board Development

The Directors are provided with updates and/or briefings to assist them to properly discharge their duties. The briefings are conducted either internally with invited speakers, or externally, at the Company's expense. A separate programme is established for new Directors, details of which together with details of the internal briefing and updates provided to the Directors in 2013 are set out in the paragraph above under the subject heading "H-REIT Manager Board Orientation and Training".

The Board is kept apprised twice yearly on a list of training programmes attended by the Directors during the year.

Principle 5: Board Performance

The H-REIT Manager Board has in place a formal process to assess the effectiveness of the Board as a whole, the various Board Committees and the contribution by each Director to the effectiveness of the Board and the Board Committees, where applicable. No external facilitator has been used. The Board's performance was assessed through feedback from individual Directors on areas relating to the Board's competencies and effectiveness. Following the activation of HBT on 31 December 2013, the HBT Trustee-Manager Board will be putting in place similar processes to assess the effectiveness of the HBT Trustee-Manager Board for the financial year ending 31 December 2014.

CORPORATE GOVERNANCE

Principle 6: Access to Information

Complete, Adequate and Timely Information and Access to Management

Prior to each meeting, members of the H-REIT Manager Board and the Committees 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. The Management, the H-REIT Manager's auditors and professional advisers, who can provide additional insight into the matters for discussion, are also invited from time to time to attend such meetings. The H-REIT Manager Directors have separate and independent access to Management.

Draft agendas for the H-REIT Manager Board and Committee meetings are circulated to the Chairman of the H-REIT Manager Board and the chairmen of the H-REIT Manager Committees, in advance, for them to review and suggest items for the agenda. The H-REIT Manager Board and Committees are also furnished routine reports, where applicable, from the Management. Each of the chairmen of the AC and RMC provides an annual report of the respective Committees' activities during the year under review to the Board. The minutes of meetings of the Committees are circulated to all Board members.

Company Secretary

The Company Secretaries, whose appointment and removal are subject to the approval of the H-REIT Manager Board and the HBT Trustee-Manager Board, attend all Board and Committee meetings and ensure that all Board procedures are followed. The Company Secretaries, together with Management of the H-REIT Manager and the HBT Trustee-Manager, also ensure that the H-REIT Manager, H-REIT, the HBT Trustee-Manager and HBT comply with all applicable statutory and regulatory rules. Together with the Management, the Company Secretaries also assist the Board Chairman, the Board and Committees of the H-REIT Manager and the HBT Trustee-Manager on corporate governance matters and assist to implement and strengthen corporate governance practices and processes, including facilitating orientation for newly appointed Directors of the H-REIT Manager and appointments to the H-REIT Manager Committees, and continuing training and development for the Directors of the H-REIT Manager.

On an on-going basis, the Directors of the H-REIT Manager and the HBT Trustee-Manager have separate and independent access to the Company Secretaries, whose duties and responsibilities are clearly defined.

Independent Professional Advice

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. The H-REIT Manager has in place internal guidelines allowing for the Directors to seek independent professional advice.

REMUNERATION MATTERS

Principle 7: Procedures for developing Remuneration Policies

Principle 8: Level and Mix of Remuneration

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.

CORPORATE GOVERNANCE

ACCOUNTABILITY AND AUDIT

Principle 10: Accountability

Accountability of the Board and Management of the H-REIT Manager and the HBT Trustee-Manager

The H-REIT Manager Board and the HBT Trustee-Manager Board provide the Stapled Securities Holders with quarterly and full year financial results of the H-REIT Group and the Stapled Group. Unaudited results of the H-REIT Group and the Stapled Group for the first, second and third quarter are released to holders of Stapled Securities of CDL Hospitality Trusts within 45 days of the end of each quarter whilst unaudited full year results of the H-REIT Group and the Stapled Group are released within 60 days from the financial year end. In presenting the full year and quarterly results of the H-REIT Group and the Stapled Group, the H-REIT Manager Board aims to provide the Stapled Securities Holders with a balanced and understandable assessment of the performance and financial position of the H-REIT Group and the Stapled Group, with a commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which it operates.

For the financial year under review, the Chief Executive Officer and the Chief Financial Officer provided assurance to the AC on the integrity of the quarterly unaudited financial statements of the H-REIT Group and the Stapled Group and the Board in turn provided a negative assurance confirmation to the Stapled Securities Holders of CDL Hospitality Trusts in respect of the unaudited financial statements for the first, second and third quarter in accordance with the regulatory requirements.

The Management provides monthly reports covering H-REIT Group's financial performance to all Directors, including the Chief Executive Officer.

Apart from the periodic updates provided by the Management, any member of the H-REIT Manager Board may at any time seek further information from and discuss H-REIT's operations and performance with the Management.

Principle 11: Risk Management and Internal Controls

The H-REIT Manager Board and the HBT Trustee-Manager Board recognise that they have overall responsibility to ensure proper financial reporting for the H-REIT Group, the HBT Group and the Stapled Group and effectiveness of H-REIT's and HBT's system of internal controls, including financial, operational, compliance and information technology controls and risk management policies and systems. As HBT was activated on 31 December 2013, the risk management and internal controls of HBT will be disclosed from the financial year ending 31 December 2014.

Risk Management

The H-REIT Manager Board has established a RMC which comprises three members, the majority of whom are independent, including the chairman of the RMC and another member who is the chairman of the AC.

The objective of the RMC is to assist the H-REIT Manager Board in the discharge of its duties to maintain an effective control environment that reflects both the established risk appetite and the business objectives.

The RMC reports to the Board at least once a year on the nature and extent of the functions performed by it and makes recommendations to the Board on any matters within its scope of duties as it may think fit. The RMC's other duties within its written terms of reference include:

- providing oversight of the risk management framework designed, established and implemented by the Management for the identification, assessment, management and monitoring of risks, and with the objective of embedding risk management into existing management processes;
- reviewing the overall risk appetite and tolerance as determined using the risk limits and/or parameters established by the Management and approved by the RMC, which limits and/or parameters are to be reviewed from time to time;

CORPORATE GOVERNANCE

- keeping under review the key strategic risks (and gaps) identified by the Management and discuss with Management the risk acceptance and/or risk mitigation strategies taken in respect of such risks;
- reviewing H-REIT's risk profile periodically and assist the Board in the review of H-REIT's risk strategy and key risk policies;
- ensuring that Management puts in place procedures for accurate and timely monitoring of large exposures and critical risks so that H-REIT is capable of responding to current and prospective changes within H-REIT's business and industry and the macroeconomic and financial environment;
- reviewing reports on material breaches of risk limits and the adequacy of the proposed actions taken to rectify such breaches; and
- reviewing, assessing and reporting to the Board annually on the adequacy and effectiveness of the established risk management framework, especially to address H-REIT's financial, operational, compliance and information technology risks (which review may be carried out internally or with the assistance of competent third parties).

For the financial year under review, the RMC conducted an assessment of its effectiveness based on a self-assessment checklist ("**RMC Self-Assessment Checklist**"). The RMC Self-Assessment Checklist covered *inter alia*, the responsibilities of the RMC under its terms of reference.

Based on the self-assessment, the RMC agreed that continuing development and improvement of the RMC's effectiveness is an ongoing process and that the RMC has fulfilled its responsibilities and discharged its duties as set out in its terms of reference.

To enable the RMC to discharge its responsibilities satisfactorily, it is authorised by the Board to (i) seek any information that it requires from any officer or employee of the H-REIT Manager, all of whom the RMC will be granted full access to and who will be directed to co-operate with; (ii) exercise full discretion in its invitation to any other Director, Management, representatives from the H-REIT Manager's or H-REIT's risk, compliance and/or internal audit functions (as may be applicable), representatives from the external auditors, specific risk owners or any officer or employee of the H-REIT Manager and its subsidiaries or any external professional advisers to attend its meetings; and (iii) engage any firm of accountants, lawyers or other professionals as the RMC sees fit to provide independent counsel and advice or to assist in any review of matters within the RMC's Terms of Reference as the RMC deems appropriate, at the H-REIT Manager's or H-REIT's expense.

Internal Controls

Having regard to the risks to which the business is exposed, the likelihood of such risks occurring and the costs of mitigating such risks, H-REIT's internal controls structure has been designed and put in place by Management to provide reasonable assurance against material financial misstatements or loss, for the safeguarding of assets, for the maintenance of proper accounting records, for the provision of financial and other information with integrity, reliability and relevance, and in compliance with applicable laws and regulations. However, no internal controls system can provide absolute assurance in view of inherent limitations of any internal controls system against the occurrence of human and system errors, poor judgement in decision-making, losses, fraud or other irregularities.

H-REIT's internal controls structure includes:

- an external audit programme;
- an internal audit programme;
- a risk management framework established for the identification, assessment, measurement and monitoring of its key risks;
- the establishment and review from time to time of policies and procedures which govern and allow for the monitoring of financial, operational, compliance and information technology controls; and
- a whistle blowing programme.

CORPORATE GOVERNANCE

The Board has received assurance from the Management on the H-REIT Group's financial records and the effectiveness and adequacy of H-REIT's risk management and internal controls structure. The Board also receives a separate quarterly representation on the financial information and controls, that nothing has come to Management's attention which may render the financial statements to be false or misleading in any material respect.

Based on the internal controls framework established, the independent annual review conducted by KPMG Services Pte. Ltd. of H-REIT's governance and internal controls framework and the assurance from Management, the H-REIT Manager Board confirms, with the assistance of the AC and the RMC, that it has reviewed the adequacy and effectiveness of H-REIT's risk management system and internal controls that address H-REIT's financial, operational, compliance and information technology controls and concurs with the opinion of the AC and the RMC that the risk management system and system of internal controls in place as at 31 December 2013 is adequate and effective to address in all material respects the financial, operational, compliance and information technology risks within the current scope of H-REIT's business operations.

Principle 12: Audit Committee

Composition of the AC

The AC comprises three NEDs, all of whom (including the chairman of the Audit Committee) are independent.

The chairman of the AC and all the remaining members of the AC have audit, accounting or finance background and experience. 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 within its written terms of reference approved and adopted by the H-REIT Manager Board.

Powers and Duties of the AC

The AC is authorised by the H-REIT Manager Board and the HBT Trustee-Manager Board to investigate any matters it deems appropriate within its written terms of reference and has direct and unrestricted access to the external auditors and the internal auditors. It may invite any Director, Management, officer or employee of the H-REIT Manager and/or the HBT Trustee-Manager to attend its meetings. It is also authorised to engage any firm of accountants, lawyers or other professionals as it sees fit to provide independent counsel and advice to assist in the review or investigation on such matters within its terms of reference as it deems appropriate at the expense of the H-REIT Manager and the HBT Trustee-Manager.

The principal responsibility of the AC is to assist the H-REIT Manager Board and the HBT Trustee-Manager Board in maintaining a high standard of corporate governance, particularly by providing an independent review of the effectiveness of H-REIT's and HBT's financial reporting process (including reviewing the accounting policies and practices of the H-REIT Group, the HBT Group and the Stapled Group on a consolidated basis) and key internal controls, including financial, operational, compliance and information technology controls. Other duties within its written terms of reference include:

- to review significant financial reporting issues and judgement to ensure that the financial statements are drawn up to give a true and fair view of the state of affairs of the H-REIT Group and the Stapled Group before their submission to the H-REIT Manager Board for approval or made public;
- to review and report to the H-REIT Manager Board annually on the adequacy and effectiveness of H-REIT's internal controls, including financial, operational, compliance and information technology controls;
- to coordinate with the RMC to monitor in particular the identification, evaluation, management and monitoring of the risks related to financial reporting;
- to review reports from the Management, external auditors and internal auditors on H-REIT's systems for internal controls, including financial, operational, compliance and information technology controls and review reports issued by any external professional adviser who may be engaged to carry out an independent review of H-REIT's internal controls framework;

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- to review activities of the internal auditors on factors such as independence, adequate resources and appropriate standing to perform an effective role;
- to review a summary of the internal audit reports and review Management's responses to the internal audit findings and recommendations;
- to review and make recommendations to the H-REIT Manager Board for approval by the Stapled Securities Holders on the nomination for the appointment, re-appointment and removal of external auditors, and to approve the remuneration and terms of engagement of the external auditors;
- to review, on an annual basis, the scope and results of the external audit;
- to assess, on an annual basis, the independence and objectivity of the external auditors, and also to review on a periodic basis the nature and extent of any non-audit services provided by the external auditors to H-REIT;
- to review the H-REIT Manager's whistle-blowing policy and arrangements put in place for raising concerns about possible improprieties in matters of financial reporting or any other matters, ensure that these arrangements allow for the concerns to be independently investigated and that communication channels through which such concerns may be raised are disclosed within the corporate website of CDL Hospitality Trusts; and
- to monitor the procedures established to regulate Related Party Transactions and/or Interested Party Transactions, including reviewing any Related Party Transactions and/or Interested Party Transactions entered into from time to time and ensuring compliance with the relevant provisions of the Listing Manual and the Property Funds Appendix.

The H-REIT Manager AC has established an internal control system to ensure that all Related Party Transactions and/or Interested 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.

The H-REIT Manager AC held four meetings during the year and carried out its duties as set out within its terms of reference. The Company Secretary maintains records of all AC meetings including records of discussions on key deliberations and decisions taken. The AC meets with the external auditors separately without the presence of Management annually.

In performing its duties, the H-REIT Manager AC also took guidance from the Guidebook for Audit Committees in Singapore issued by the Audit Committee Guidance Committee in October 2008 ("**ACGC Guidebook**"). For the financial year under review, the chairman of the AC, Ms Jenny Lim, together with Mr Jimmy Chan and former AC member, Mr Richard Johnson conducted a self-assessment of its effectiveness in the discharge of its duties and responsibilities. The assessment was facilitated through the use of a self-assessment checklist ("**AC Self-Assessment Checklist**") adapted from the self-assessment checklist for audit committees set out in the ACGC Guidebook.

The AC Self-Assessment Checklist covered *inter alia*, the responsibilities of the AC under its terms of reference.

Based on the self-assessment, the H-REIT Manager AC agreed that it has fulfilled its responsibilities and discharged its duties as set out in its terms of reference.

External Auditors

The chairman of the AC, Ms Jenny Lim, together with Mr Jimmy Chan and former AC member, Mr Richard Johnson, had evaluated the performance of the external auditors for FY 2013. The AC also reviewed the responses furnished by KPMG LLP, based on the sample questionnaire set out in the "Guidance to Audit Committees on Evaluation of Quality of Work Performed by External Auditors" issued by The Accounting and Corporate Regulatory Authority ("**ACRA**") and Singapore Exchange Limited on 15 July 2010.

CORPORATE GOVERNANCE

Taking cognizance that the external auditors should be free from any business or other relationships with the H-REIT Group and the Stapled Group that could materially interfere with their ability to act with integrity and objectivity, the AC undertook a review of the independence of KPMG LLP (“KPMG”) and gave careful consideration to the H-REIT Group’s and the Stapled Group’s relationships with them during 2013. In determining the independence of KPMG, the AC reviewed all aspects of their relationships with them including the processes, policies and safeguards adopted by the H-REIT Group and the Stapled Group and KPMG relating to audit independence. The AC also considered the nature of the provision of the non-audit services in 2013 and the corresponding fees and is of the opinion that such non-audit fees did not impair or threaten the audit independence. Based on the review, the AC is of the opinion that KPMG is, and is perceived to be, independent for the purpose of the H-REIT Group’s and the Stapled Group’s statutory audit.

For details of the fees paid and/or payable by the H-REIT Group and the Stapled Group in respect of audit and non-audit services for FY 2013, please refer to note 19 of the Notes to the Financial Statements.

In reviewing the nomination of KPMG for re-appointment for the financial year ending 31 December 2014, the AC had considered the following:

- (i) the adequacy and experience of the supervisory and professional staff of KPMG assigned to the audit of the H-REIT Group and the Stapled Group;
- (ii) the audit engagement partner assigned to the audit;
- (iii) KPMG’s past experience in auditing clients in the REIT sector; and
- (iv) the size and complexity of the audit exercise for the H-REIT Group and the Stapled Group.

KPMG have confirmed that they are registered with ACRA in accordance with Rule 712(2) of the Listing Manual. The Stapled Group is thus in compliance with Rules 712 and 715 (read with Rule 716) of the Listing Manual in relation to the appointment of its auditors.

On the basis of the above, the AC has recommended to the Board the nomination of KPMG for re-appointment as external auditors of the H-REIT Group and the Stapled Group at the 2014 Annual General Meetings (“**2014 AGMs**”).

Whistle Blowing Policy

The H-REIT Manager and the HBT Trustee-Manager has in place a whistle blowing procedure where staff of the H-REIT Manager and the HBT Trustee-Manager and other persons can raise in confidence, whether anonymously or otherwise, concerns on possible improprieties relating to accounting, financial reporting, internal controls and auditing matters, without fear of reprisals in any form. The AC has the responsibility of overseeing this policy which is administered with the assistance of Management. Under these procedures, arrangements are in place for independent investigation of such matters raised and for appropriate follow up action to be taken.

The H-REIT Manager and the HBT Trustee-Manager are committed to maintaining procedures for the confidential and anonymous submission of reports and the anonymity of whistle-blowers concerned will be maintained where so requested by the whistle-blowers who lodged the report. Investigations into such reports will be handled on a confidential basis to the extent permissible or deemed appropriate under the circumstances, and involve persons who need to be involved in order to properly carry out the investigation and will, on a best efforts basis, be carried out in a timely manner.

In order to facilitate and encourage the reporting of such matters, the whistleblowing policy, including the dedicated whistle blowing email address at acchairman@cdlht.com and postal correspondence channel were made available on CDL Hospitality Trusts’ website in 2013.

As HBT was dormant until its activation on 31 December 2013, the audit committee of the HBT Trustee-Manager was similarly dormant for FY 2013.

CORPORATE GOVERNANCE

Principle 13: Internal Audit

Internal Audit ("IA") plays an important role in monitoring an effective system of internal controls. The IA function of the Singapore hotels' operations is performed by the internal audit team of Millennium & Copthorne International Limited, a related corporation. A summary of the internal auditors' reports are extended to the AC, the Chief Executive Officer and the Chief Financial Officer of the H-REIT Manager. The internal auditors have been directed to meet or exceed the standards set by internationally recognised professional bodies including the International Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors.

The AC reviews the IA plan. Processes are in place such that material control weaknesses raised in the IA reports are dealt with in a timely manner, with outstanding exceptions or recommendations being closely monitored and reported back to the AC on a quarterly basis.

The AC reviews the activities of the internal auditors on a quarterly basis and is satisfied that the IA function is independent of the activities which it audits; is adequately resourced; and has appropriate standing within the H-REIT Manager to perform its role and responsibilities effectively.

COMMUNICATION WITH SHAREHOLDERS

Principle 14: Rights of Stapled Securities Holders

Being committed to good corporate practices, the H-REIT Manager and the HBT Trustee-Manager treat all Stapled Securities Holders fairly and equitably. To facilitate the exercise of Stapled Securities Holders' rights, the H-REIT Manager and the HBT Trustee-Manager ensure that all material information relating to the Stapled Group and its financial performance is disclosed in an accurate and timely manner via SGXNET.

All Stapled Securities Holders are entitled to attend and vote at general meetings in person or by proxy. The rules including the voting procedures are set out in the notice of general meetings. In accordance with the H-REIT Trust Deed, Stapled Securities Holders may appoint one or 2 proxies to attend and vote at general meetings in their absence. The proxy forms must be deposited with the H-REIT Manager and HBT Trustee-Manager not less than forty-eight (48) hours before the time set for the general meetings.

As it is logistically challenging to allow corporations providing nominee or custodial services to appoint more than 2 proxies, the H-REIT Manager and the HBT Trustee-Manager have decided not to implement the same for the time being.

Principle 15: Communication with Stapled Securities Holders

The H-REIT Manager and the HBT Trustee-Manager ensure that Stapled Securities Holders are notified of all material information in an accurate and timely manner. The H-REIT Manager and the HBT Trustee-Manager notify their investors in advance of the date of release of the financial results of the H-REIT Group and the Stapled Group via SGXNET. The quarterly and full year financial results of the H-REIT Group and the Stapled Group are announced within the mandatory period. The financial statements of the H-REIT Group and the Stapled Group and other presentation materials presented at general meetings, including material and price-sensitive information, are disseminated and publicly released via SGXNET on a timely basis. All Stapled Securities Holders of CDL Hospitality Trusts receive the annual report of CDL Hospitality Trusts and the Notice of AGM of Stapled Securities Holders, which notice is also advertised in the press and released via SGXNET. Stapled Securities Holders and investors can access information on CDL Hospitality Trusts at its website at www.cdllht.com which provides, *inter alia*, corporate announcements, press releases and the latest financial results as disclosed by CDL Hospitality Trusts on SGXNET.

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From time to time, the Management of the H-REIT Manager holds briefings with analysts and the media to coincide with the release of CDL Hospitality Trusts' quarterly and full year financial results. Media presentation slides are also released on SGXNET and made available on the CDL Hospitality Trusts' website. In addition, the Management takes an active role in investor relations, meeting local and foreign fund managers regularly as well as participating in roadshows and conferences both locally and overseas.

H-REIT's current distribution policy is to distribute at least 90.0% of its taxable income and its tax exempt income (if any), with the actual level of distribution to be determined at the H-REIT Manager's discretion. H-REIT makes distributions to unitholders on a semi-annual basis, with the amount calculated as at 30 June and 31 December each year for the six-month period ending on each of the said dates. Distributions, when paid, will be in Singapore Dollars.

HBT's determination to distribute and the quantum of distributions will be made by the HBT Trustee-Manager Board at its sole discretion.

Principle 16: Conduct of General Meetings of Stapled Securities Holders

At general meetings, Stapled Securities Holders are given the opportunity to communicate their views and encouraged to ask the H-REIT Manager Board and the HBT Trustee-Manager Board and the Management questions regarding matters affecting H-REIT. The chairmen of the AC and RMC and the external auditors were present at the last AGMs, and would, together with the Lead ID, endeavour to be present at the 2014 AGMs to assist the H-REIT Manager Board and the HBT Trustee-Manager Board in addressing queries raised by the Stapled Securities Holders.

All Stapled Securities Holders are allowed to vote in person or by proxy. As the authentication of a Stapled Securities Holder's identity information and other related integrity issues still remain a concern, the H-REIT Manager has decided, for the time being, not to implement voting in absentia by mail or electronic means.

Separate resolutions on each substantial issue are put to vote at the general meetings. Detailed information on each item in the agenda of the general meetings is in the explanatory notes to the Notice of the general meetings. The H-REIT Manager also maintains minutes of the general meetings, which includes the key comments and queries raised by Stapled Securities Holders and the responses from the H-REIT Manager Board, Management, and/or the external auditors.

In support of greater transparency and to allow for a more efficient voting system, the H-REIT Manager and the HBT Trustee-Manager will introduce electronic poll voting instead of voting by show of hands at the 2014 AGMs. The Chairman will be exercising his rights under the Trust Deeds constituting H-REIT and HBT for all resolutions proposed at the 2014 AGMs and at any adjournment thereof to be put to vote by way of poll. With electronic poll voting, Stapled Securities Holders present in person or represented by proxy at the meeting will be entitled to vote on a "one-stapled security, one-vote" basis. The voting results of all votes cast in respect of each resolution will also be instantaneously displayed at the meeting and announced via SGXNET after the 2014 AGMs.

CORPORATE GOVERNANCE

Corporate Values and Conduct of Business

The H-REIT Manager Board and Management are committed to conducting business with integrity and consistent with the highest standards of business ethics, and in compliance with all applicable laws and regulatory requirements. The H-REIT Manager has adopted an internal code of business and ethical conduct which sets out the H-REIT Manager'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 Manager's principles such as honesty, integrity, responsibility and accountability at all levels of the organisation and in the conduct of the H-REIT Manager's business in their relationships with suppliers and amongst employees of the H-REIT Manager, including situations where there are potential conflicts of interests.

Internal Code on Dealings in Securities

The H-REIT Manager and the HBT Trustee-Manager have in place an internal code on securities trading which sets out the implications of insider trading and provides guidance and internal regulation with regard to dealings in the stapled securities of CDL Hospitality Trusts by the Directors and officers of both the H-REIT Manager and the HBT Trustee-Manager. These guidelines prohibit dealing in the stapled securities of CDL Hospitality Trusts (a) on short-term considerations, (b) while in possession of unpublished material price-sensitive information in relation to such stapled securities, and (c) during the "closed period", which is defined as two weeks before the date of announcement of results for each of the first, second and third quarter of H-REIT's and HBT's financial year and one month before the date of announcement of the full-year financial results, and ending on the date of the announcement of the relevant results. The Directors and employees of the H-REIT Manager are notified of the commencement of each "closed period" relating to dealing in the stapled securities of CDL Hospitality Trusts.

STATEMENT OF POLICIES AND PRACTICES OF HBT

HBT was dormant until 31 December 2013, when it was activated to act as master lessee of Jumeirah Dhevanafushi under a lease agreement entered into between an indirect wholly-owned subsidiary of HBT (as lessee) with an indirect wholly-owned subsidiary of H-REIT (as lessor). Save for the corporate governance practices disclosed above, the HBT Trustee-Manager did not prepare 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) in respect of FY 2013, but will do so going forward from the financial year ending 31 December 2014 as HBT was only activated on 31 December 2013.

SUSTAINABILITY REPORTING

CDLHT and Sustainability

CDLHT recognises that, in addition to the financial performance of its investment portfolio, continued efforts in sustainability would support its reputation in the hospitality industry and enhance further its relations with various stakeholders. As such, CDLHT will continue to monitor its sustainability efforts to achieve an optimum balance and enhance Security Holders' interests. To add value to stakeholders, including the environment in which its hotels operate and the parties which CDLHT work with, CDLHT espouses a balanced approach to sustainability with its objectives, available resources and operating framework in mind.

Sustainability at CDLHT's Hotels

CDLHT leases its hotel properties to lessees, which operate the respective hotels or maintain management agreements with hotel operators. It works with professional hotel operators and lessees and accordingly adopts a co-operative rather than prescriptive approach to sustainability in its hotels as it depends largely on the external hotel operators and lessees to drive hotel revenue and at the same time steer hotel operations in a sustainable manner.

CDLHT is aware and appreciative of the efforts made by its hotel operators in the realm of sustainability. Its hotels proactively take steps to reduce water and energy consumption, minimise waste and carbon emissions and to adopt internationally-recognised best practices in environmental management. In particular, quite a number of its hotels have enhanced chiller energy efficiency and/or installed LED lighting in areas of the hotels in recent years.

On its part, CDLHT supports such ongoing sustainability efforts through its management of capital expenditure, particularly where there are cost-savings benefits, such as through the reduction of energy consumption.

Awards and Achievements

As a result of the efforts of its environmentally-conscious lessees and hotel operators, H-REIT's hotel properties have been awarded several noteworthy sustainability accolades in the recent years, including the following:

Environmental:

ASEAN Green Hotel Award	: Grand Copthorne Waterfront Hotel (2012-2013) M Hotel (2011-2012)
ASEAN Energy Award	: Copthorne King's Hotel (2013, Winner for Retrofitted category)
Green Globe ⁽¹⁾ , now known as EarthCheck	: Novotel Brisbane (2011-2012, Silver) Novotel Singapore Clarke Quay (2011, Standard), (2012-2013, Silver) Rendezvous Grand Hotel Auckland (2012-2013, Bronze)
ISO 9001 ⁽²⁾	: Ibis Perth (2013)

(1) The Green Globe Certification Standard is a structured assessment of the sustainability performance of travel and tourism businesses. It comprises 337 compliance indicators applied to 41 individual sustainability criteria and is based on a number of international standards and agreements. A third-party independent auditor is appointed to work with clients on-site. The international standard ISO 19011 provides guidance on the management of audit programs, the conduct of internal and external management systems as well as the competence and evaluation of auditors.

(2) ISO 9001 certification functions as an assessment and indicator of a quality management system within an organisation across all industry sectors. An ISO 9001 certified organisation would have implemented quality management system requirements for all areas of the business including facilities, people, training, services and equipment.

SUSTAINABILITY REPORTING

Environmental (cont'd):

ISO 14001 certification ⁽³⁾	: Ibis Perth (2013) Novotel Brisbane (2013) Mercure/Ibis Brisbane (2012-2013)
Australia Water Corporation Water Efficiency Award	: Ibis Perth (2012, Silver)
BCA Green Mark ⁽⁴⁾	: Grand Copthorne Waterfront Hotel (2011-2013, Gold) M Hotel (2011-2013, Gold) Orchard Hotel (2011-2013, Gold) Copthorne King's Hotel (2012-2013, Gold) Novotel Singapore Clarke Quay (2013, Gold Plus)
Singapore Green Hotel Award	: Grand Copthorne Waterfront Hotel (2012-2013) Orchard Hotel (2011) M Hotel (2011) Novotel Singapore Clarke Quay (2011)
PUB Water Efficiency Building Award	: Grand Copthorne Waterfront Hotel (2013 Silver) M Hotel (2013, Silver)
SPRING Singapore Service Class Certificate for business excellence in service standards	: Grand Copthorne Waterfront Hotel (2012)

Hotel Safety and Security:

Hotel Security Award	: Novotel Singapore Clarke Quay (2012) Copthorne King's Hotel (2011) Grand Copthorne Waterfront Hotel (2011) M Hotel (2011)
Hotel Security Excellence Award	: M Hotel (2012, 2013) Grand Copthorne Waterfront Hotel (2012, 2013) Orchard Hotel (2011)
SHA Vigilance Ward - Special Award	: M Hotel (2012)
Workplace Safety & Health BizSAFE certification	: Studio M Hotel (2012, Level 3 certified)
Fire Safety Award	: Orchard Hotel (2011)
Fire Safety Excellence Award	: Copthorne King's Hotel (2011) Grand Copthorne Waterfront Hotel (2011) M Hotel (2011)

(3) ISO 14001 sets out the criteria for an environmental management system. It does not state requirements for environmental performance, but maps out a framework that a company or organization can follow to set up an effective environmental management system. It can be used by any organization that wants to improve resource efficiency, reduce waste and drive down costs. Using ISO 14001 can provide assurance to company management and employees as well as external stakeholders that environmental impact is being measured and improved. ISO 14001 can also be integrated with other management functions and assists companies in meeting their environmental and economic goals.

(4) The Green Mark Scheme was launched in January 2005 by the Building and Construction Authority of Singapore to steer the construction industry in Singapore in the direction of environment-friendly buildings. It is essentially a benchmarking scheme that incorporates global recognised best practices in environmental design and performance.

SUSTAINABILITY REPORTING

Chillers

At Novotel Singapore Clarke Quay, the chiller plant retrofit project that commenced in April 2012 to replace the existing two chillers with two new, highly efficient 550RT variable speed screw chillers, convert the primary-secondary flow system to primary only flow system and upgrade pumps and cooling towers was completed and handed over in January 2013. The improved chiller plant now operates at an improved efficiency level.

At Novotel Brisbane, plans have been laid for the replacement of the low load chiller in 2014, providing greater energy efficiency and the ability to run longer, rather than using the large chiller. The old cooling tower will also be replaced with higher efficiency new towers.

At the Grand Copthorne Waterfront Hotel, a contract to improve building load and chiller plant efficiency was awarded in September 2013 and is expected to be completed in 2014, with expected energy savings to follow.

Monthly servicing, annual overhauling and optimisation of the chiller has been in practice at M Hotel, enabling it to maintain its BCA Green Mark Gold Award in 2013.

At the Jumeirah Dhevanafushi, the main kitchen and main store chillers are monitored by hourly temperature loggings and staff are instructed to ensure that the chiller and freezer doors are properly closed at all times. Chiller shelves are maintained and other efforts are made to ensure that chillers and freezers are not overused. These procedures minimise the cold air seeping out and consuming unnecessary energy.

LED Lights

Novotel Singapore Clarke Quay intends to move to lower energy consuming (wattage) light bulbs to assist in reducing the hotel's energy costs. The new LED light bulbs will also last a lot longer with a warranty of three years. Implementation of the project is likely to take place in 2014.

At the Mercure Brisbane, under the Guest Room refurbishment program, the hotel has incorporated the use of LED down lights in the entry thresholds, bathrooms and desk lamps of each room.

At the Grand Copthorne Waterfront Hotel, a contract to replace lights on Level 4 with LED lighting was awarded in November 2013 and is expected to be completed in 2014, heralding expected energy savings and a longer lifespan than traditional lighting.

There has been replacement of selected lamps with LED lighting at the Rendezvous Grand Hotel Auckland in its guest rooms, and replacement of lights in the corridors are anticipated.

Since 2012, M Hotel has replaced its high voltage halogen bulbs with low voltage LED bulbs in its 413 guestrooms and public areas, in compliance with its BCA Green Mark Gold award certification process.

At the Jumeirah Dhevanafushi, the resort now purchases only LED light bulbs. 70% of its installed bulbs presently are LED or energy-saving bulbs. The resort expects to save on energy costs once all bulbs have been converted in due course to LED bulbs.

Other Aspects of Sustainability

CDLHT also values the criticality of corporate governance and risk management in the sustainability framework. These aspects are observed at CDLHT and are detailed in the corporate governance section of the Annual Report.

CDLHT observes and acts in compliance with its governing documents and the applicable laws and regulations of Singapore in relation to its corporate governance and business activities. CDLHT also expects its employees and officers to conduct themselves ethically. Anti-competitive practices and bribery, fraud and other forms of corruption are not condoned. With this in mind, employees and officers are selected not only for their experience and skills but also with an emphasis on core value requirements.

FINANCIAL STATEMENTS

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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") and its subsidiaries (collectively, the "HBT Group"), are pleased to submit this report to the unitholders together with the audited financial statements for the financial year ended 31 December 2013.

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)
Jenny Lim Yin Nee
Jimmy Chan Chun Ming
Daniel Marie Ghislain Desbaillets
Ronald Seah Lim Siang (appointed on 21 October 2013)

According to the register kept by the Trustee-Manager for the purposes of Section 76 of the Business Trusts Act, Chapter 31A of Singapore (the "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	115,000	115,000
Vincent Yeo Wee Eng	115,000	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 beginning of the financial year, 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, no director has received or become entitled to receive a benefit by reason of a contract made by HBT or a related corporation with the director, or with a firm of which he is a member or with a company in which he has a substantial financial interest, except as disclosed in the financial statements.

There were no changes in any of the abovementioned interests in HBT between the end of the financial year and 21 January 2014.

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 options.

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

REPORT OF THE TRUSTEE-MANAGER OF CDL HOSPITALITY BUSINESS TRUST

In our opinion:

- (a) the consolidated financial statements of HBT Group set out on pages 79 to 143 are drawn up so as to give a true and fair view of the state of affairs of HBT Group as at 31 December 2013 and of the results, changes in unitholders' funds and cash flows of HBT Group for the year ended on that date in accordance with the provisions of the 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 Group for the year ended 31 December 2013:

- 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
11 March 2014

STATEMENT BY THE CHIEF EXECUTIVE OFFICER OF THE TRUSTEE-MANAGER

In accordance with Section 86 of the 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
11 March 2014

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, the Second Supplemental Deed dated 26 March 2010 and the Third Supplemental Deed dated 20 July 2010 (collectively, the "H-REIT Trust Deed") between the H-REIT Manager and the H-REIT Trustee in each annual accounting period; 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 Singapore Chartered Accountants 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 period covered by these financial statements set out on pages 79 to 143, comprising the H-REIT Group's Statement of Financial Position, Statement of Total Return, Statement of Movements in Unitholders' Funds, Distribution Statement, Portfolio Statement, Statement of Cash Flows 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**

Soh Ee Fong
Director

Singapore
11 March 2014

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 HBT Group) set out on pages 79 to 143, comprising their Statements of Financial Position, Statements of Total Return, Statements of Movements in Unitholders' Funds, Distribution Statements, Portfolio Statements, Statements of Cash Flows 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 2013, the total return, movements in unitholders' funds, distributable income and cash flows of the H-REIT Group and the Stapled Group for the year then ended, in accordance with the recommendations of Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" issued by the Institute of Singapore Chartered Accountants 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, the Second Supplemental Deed dated 26 March 2010 and the Third Supplemental Deed dated 20 July 2010 (collectively, the "H-REIT Trust Deed") 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
11 March 2014

INDEPENDENT AUDITORS' REPORT

Unitholders

CDL Hospitality Business Trust

CDL Hospitality Real Estate Investment Trust

Report on the financial statements

We have audited:

- (i) the consolidated financial statements of CDL Hospitality Business Trust (constituted in the Republic of Singapore pursuant to a trust deed dated 12 June 2006) and its subsidiaries (the "HBT Group") for the financial year ended 31 December 2013;
- (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, the Second Supplemental Deed dated 26 March 2010 and the Third Supplemental Deed dated 20 July 2010 (collectively, the "H-REIT Trust Deed")) and its subsidiaries (the "H-REIT Group") for the financial year ended 31 December 2013; 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 2013,

as set out on pages 79 to 143. CDL Hospitality Trusts, which comprises the HBT Group and the H-REIT Group, is hereinafter referred to as the "Stapled Group".

The accompanying financial statements comprise the statements of financial position of the HBT Group, the H-REIT Group and the Stapled Group as at 31 December 2013; the statement of comprehensive income of the HBT Group, statements of total return of the H-REIT Group and the Stapled Group, statements of movements in unitholders' funds of the HBT Group, the H-REIT Group and the Stapled Group, distribution statements of the H-REIT Group and the Stapled Group and statements of cash flows of the HBT Group, the H-REIT Group and the Stapled Group, all for the year ended 31 December 2013; portfolio statements of the H-REIT Group and the Stapled Group as at 31 December 2013; and a summary of significant accounting policies and other explanatory information, as set out on pages 79 to 143.

HBT Trustee-Manager's 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 of the consolidated financial statements of the HBT Group that gives a true and fair view in accordance with the provisions of the Business Trusts Act, Chapter 31A of Singapore (the "Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets that are part of the trust property of the registered business trust are safeguarded against loss from unauthorised use or disposition; and transactions by the Trustee-Manager entered into on behalf of or purported to be entered into on behalf of the registered business trust are properly authorised and that they are recorded as necessary to permit the preparation of true and fair accounts and to maintain accountability of assets.

H-REIT Manager's responsibilities for the financial statements

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 the recommendations of Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" issued by the Institute of Singapore Chartered Accountants, and for such internal control as the Manager of the Trust determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

INDEPENDENT AUDITORS' REPORT

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.

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 of the financial statements that give a true and fair view 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 the HBT Group 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 the HBT Group as at 31 December 2013 and the results, movements in unitholders' funds and cash flows of the HBT Group for the year then ended; and
- (b) 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 2013 and the consolidated total return, movements in unitholders' funds, distributable income and cash flows of the H-REIT Group and of the Stapled Group for the year then ended in accordance with the recommendations of Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" issued by the Institute of Singapore Chartered Accountants and the provisions of the H-REIT Trust Deed and the Stapling Deed.

Report on other legal and regulatory requirements

In our opinion, the accounting and other records required by the Act to be kept by HBT Trustee-Manager on behalf of HBT and by those subsidiaries incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

KPMG LLP

*Public Accountants and
Chartered Accountants*

Singapore

11 March 2014

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2013

	Note	HBT Group		H-REIT Group		Stapled Group	
		2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
Non-current assets							
Property, plant and equipment	4	–	–	–	–	71,490	–
Investment properties	5	–	–	2,238,770	2,044,925	2,161,693	2,044,925
Subsidiaries	6	–	–	–	–	–	–
Prepaid land lease	7	–	–	–	–	5,587	–
Rental deposits		–	–	76	76	76	76
		–	–	2,238,846	2,045,001	2,238,846	2,045,001
Current assets							
Trade and other receivables	8	–	–	15,748	13,583	15,494	13,583
Cash and cash equivalents	9	605	380	68,123	74,994	68,728	75,374
		605	380	83,871	88,577	84,222	88,957
Total assets		605	380	2,322,717	2,133,578	2,323,068	2,133,958
Non-current liabilities							
Loans and borrowings	11	–	–	542,245	270,018	542,245	270,018
Rental deposits		–	–	6,826	6,645	6,826	6,645
Financial derivative liabilities	12	–	–	421	–	421	–
Deferred tax liabilities	13	–	–	9,851	8,096	9,851	8,096
		–	–	559,343	284,759	559,343	284,759
Current liabilities							
Loans and borrowings	11	–	–	145,983	259,773	145,983	259,773
Trade and other payables	14	257	1	22,329	25,130	22,332	25,131
Provision for taxation		–	–	28	2	28	2
		257	1	168,340	284,905	168,343	284,906
Total liabilities		257	1	727,683	569,664	727,686	569,665
Net assets		348	379	1,595,034	1,563,914	1,595,382	1,564,293
Represented by:							
Unitholders' funds							
Unitholders' funds of H-REIT Group		–	–	1,595,034	1,563,914	1,595,034	1,563,914
Unitholders' funds of HBT Group		348	379	–	–	348	379
		348	379	1,595,034	1,563,914	1,595,382	1,564,293
Units/Stapled Securities in issue ('000)							
	10	974,141	968,739	974,141	968,739	974,141	968,739
Net asset value per Unit/ Stapled Security (\$)							
	15	0.0004	0.0004	1.63	1.61	1.63	1.61

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

STATEMENT OF COMPREHENSIVE INCOME OF THE HBT GROUP STATEMENTS OF TOTAL RETURN OF THE H-REIT GROUP AND THE STAPLED GROUP

Year ended 31 December 2013

	Note	HBT Group		H-REIT Group		Stapled Group	
		2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
Gross revenue	16	–	–	148,782	149,535	148,782	149,535
Property expenses	17	–	–	(11,393)	(10,242)	(11,393)	(10,242)
Net property income		–	–	137,389	139,293	137,389	139,293
H-REIT Manager's base fees	18	–	–	(5,547)	(5,256)	(5,547)	(5,256)
H-REIT Manager's performance fee	18	–	–	(6,859)	(6,965)	(6,859)	(6,965)
H-REIT Trustee's fee		–	–	(256)	(246)	(256)	(246)
Valuation fees		–	–	(174)	(166)	(174)	(166)
Other charges	19	(31)	(2)	(1,483)	(1,402)	(1,514)	(1,404)
Finance income		–	1	419	671	419	672
Finance expense		–	–	(17,057)	(16,380)	(17,057)	(16,380)
Net finance income/ (expense)	20	–	1	(16,638)	(15,709)	(16,638)	(15,708)
Net (expense)/income before fair valuation		(31)	(1)	106,432	109,549	106,401	109,548
Net change in fair value of investment properties		–	–	36,556	14,982	36,556	14,982
Net (loss)/income	21	(31)	(1)	142,988	124,531	142,957	124,530
Tax expense	22	–	–	(2,685)	(2,363)	(2,685)	(2,363)
Total return for the year		(31)	(1)	140,303	122,168	140,272	122,167
Other comprehensive income for the year, net of income tax		–	–				
Total comprehensive income for the year		(31)	(1)				
Earnings per Stapled Security (cents)	23						
Basic						14.43	12.64
Diluted						14.43	12.64

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

STATEMENTS OF MOVEMENTS IN UNITHOLDERS' FUNDS

Year ended 31 December 2013

	- Unitholders' funds of HBT Group -			Unitholders' funds of H-REIT Group					Stapled Group	
	Units in issue	Accumulated profits	Total	Units in issue	Issue expenses	Foreign currency translation reserve	Hedging reserve	Accumulated profits	Total	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At 1 January 2013	379	-	379	1,127,879	(23,921)	(5,395)	-	465,351	1,563,914	1,564,293
Operations (Decrease)/Increase in net assets resulting from operations	-	(31)	(31)	-	-	-	-	140,303	140,303	140,272
Movements in foreign currency translation reserve:										
- Translation differences relating to financial statements of foreign operations	-	-	-	-	-	(6,333)	-	-	(6,333)	(6,333)
- Exchange differences on a monetary item forming part of net investment in a foreign operation	-	-	-	-	-	(14,257)	-	-	(14,257)	(14,257)
- Exchange differences arising from hedge of net investment in a foreign operation	-	-	-	-	-	9,040	-	-	9,040	9,040
Net income recognised directly in unitholders' funds	-	-	-	-	-	(11,550)	-	-	(11,550)	(11,550)
Total recognised income and expense	-	(31)	(31)	-	-	(11,550)	-	140,303	128,753	128,722
Movements in hedging reserve										
Effective portion of changes in fair value of cash flow hedge	-	-	-	-	-	-	(421)	-	(421)	(421)
Unitholders' transactions										
Units/Stapled Securities to be issued as payment of H-REIT Manager's fees	-	-	-	9,924	-	-	-	-	9,924	9,924
Distributions to holders of Stapled Securities	-	-	-	-	-	-	-	(107,136)	(107,136)	(107,136)
Net increase/ (decrease) in net assets resulting from unitholders' transactions	-	-	-	9,924	-	-	-	(107,136)	(97,212)	(97,212)
At 31 December 2013	379	(31)	348	1,137,803	(23,921)	(16,945)	(421)	498,518	1,595,034	1,595,382

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

STATEMENTS OF MOVEMENTS IN UNITHOLDERS' FUNDS

Year ended 31 December 2012

	Unitholders' funds of HBT			Unitholders' funds of H-REIT Group					Stapled Group
	Units in issue \$'000	Accumulated profits \$'000	Total \$'000	Units in issue \$'000	Issue expenses \$'000	Foreign currency translation reserve \$'000	Accumulated profits \$'000	Total \$'000	Total \$'000
At 1 January 2012	379	1	380	1,118,103	(23,921)	(325)	453,424	1,547,281	1,547,661
Operations									
(Decrease)/Increase in net assets resulting from operations	-	(1)	(1)	-	-	-	122,168	122,168	122,167
Movements in foreign currency translation reserve:									
- Translation differences relating to financial statements of foreign operations	-	-	-	-	-	(3,058)	-	(3,058)	(3,058)
- Exchange differences on a monetary item forming part of net investment in a foreign operation	-	-	-	-	-	(6,392)	-	(6,392)	(6,392)
- Exchange differences arising from hedge of net investment in a foreign operation	-	-	-	-	-	4,380	-	4,380	4,380
Net income recognised directly in unitholders' funds	-	-	-	-	-	(5,070)	-	(5,070)	(5,070)
Total recognised income and expense	-	(1)	(1)	-	-	(5,070)	122,168	117,098	117,097
Unitholders' transactions									
Units/Stapled Securities to be issued as payment of H-REIT Manager's fees	-	-	-	9,776	-	-	-	9,776	9,776
Distributions to holders of Stapled Securities	-	-	-	-	-	-	(110,241)	(110,241)	(110,241)
Net increase/(decrease) in net assets resulting from unitholders' transactions	-	-	-	9,776	-	-	(110,241)	(100,465)	(100,465)
At 31 December 2012	379	-	379	1,127,879	(23,921)	(5,395)	465,351	1,563,914	1,564,293

The foreign currency translation reserve comprises foreign exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from the functional currency of H-REIT, exchange differences on a monetary item which form part of the H-REIT Group's net investment in a foreign operation and exchange differences arising from hedge of net investment in a foreign operation.

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

DISTRIBUTION STATEMENTS

Year ended 31 December 2013

	H-REIT Group and Stapled Group	
	2013	2012
	\$'000	\$'000
Income available for distribution to holders of Stapled Securities at the beginning of the year	54,463	55,212
Net income of H-REIT (Note 21)	119,977	118,254
Net tax adjustments (Note A)	(1,423)	3,404
Income available for distribution for the current year	118,554	121,658
Income available for distribution to holders of Stapled Securities	173,017	176,870
Distribution to holders of Stapled Securities:		
Distribution of 5.62 cents per Stapled Security for the period from 1/7/2012 to 31/12/2012	(54,516)	–
Distribution of 5.41 cents per Stapled Security for the period from 1/1/2013 to 30/6/2013	(52,620)	–
Distribution of 5.71 cents per Stapled Security for the period from 1/7/2011 to 31/12/2011	–	(55,092)
Distribution of 5.70 cents per Stapled Security for the period from 1/1/2012 to 30/6/2012	–	(55,149)
	(107,136)	(110,241)
Income available for distribution to holders of Stapled Securities at end of the year	65,881	66,629
Amount retained for working capital	(11,855)	(12,166)
Income to be distributed to holders of Stapled Securities at the end of the year	54,026	54,463
Note A – Net tax adjustments comprise:		
Non-tax (chargeable)/deductible items:		
- Amortisation of transaction costs	741	782
- Financial expense arising from remeasuring non-current rental deposits at amortised cost	181	173
- Foreign exchange loss	4,307	2,584
- H-REIT Manager's fees paid/payable in Stapled Securities	9,924	9,776
- H-REIT Trustee's fee	256	246
- Net change in fair value of investment properties	(17,402)	(10,799)
- Other items	570	642
Net tax adjustments	(1,423)	3,404

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 (refer Note 1). Accordingly, only the income available for distribution of H-REIT has been presented.

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

PORTFOLIO STATEMENTS

As at 31 December 2013

H-REIT Group

Description of Property	Tenure of Land	Term of Lease	Remaining Term of Lease	Location	Existing use	Carrying value at 31/12/2013 \$'000	Carrying value at 31/12/2012 \$'000	Percentage of Total Net Assets at 31/12/2013 %	Percentage of Total Net Assets at 31/12/2012 %
Singapore									
Orchard Hotel	Freehold *	75 years	68 years	442 Orchard Road	Hotel	455,500	454,000	28.6	29.0
Claymore Link	Freehold *	75 years	68 years	442 Orchard Road	Retail	78,000	68,000	4.9	4.4
Grand Copthorne Waterfront Hotel	Freehold *	75 years	68 years	392 Havelock Road	Hotel	358,000	350,000	22.4	22.4
M Hotel	Freehold *	75 years	68 years	81 Anson Road	Hotel	233,000	232,000	14.6	14.8
Copthorne King's Hotel	Leasehold	99 years from 1 February 1968	53 years	403 Havelock Road	Hotel	123,000	124,400	7.7	8.0
Novotel Singapore Clarke Quay	Leasehold	97 years and 30 days from 2 April 1980	63 years	177A River Valley Road	Hotel	315,000	304,000	19.8	19.4
Studio M Hotel	Leasehold	99 years from 26 February 2007	92 years	3 Nanson Road	Hotel	163,000	163,000	10.2	10.4
Balance carried forward						1,725,500	1,695,400	108.2	108.4

* H-REIT's interest in the freehold land is restricted to the remaining term of each respective lease.

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

PORTFOLIO STATEMENTS

As at 31 December 2013

H-REIT Group

Description of Property	Tenure of Land	Term of Lease	Remaining Term of Lease	Location	Existing use	Carrying value at 31/12/2013 \$'000	Carrying value at 31/12/2012 \$'000	Percentage of Total Net Assets at 31/12/2013 %	Percentage of Total Net Assets at 31/12/2012 %
Balance brought forward						1,725,500	1,695,400	108.2	108.4
New Zealand									
Rendezvous Grand Hotel Auckland	Freehold	–	–	71 – 87 Mayoral Drive, Auckland	Hotel	100,816	88,317	6.3	5.7
Australia									
Mercure Brisbane and Ibis Brisbane	Freehold	–	–	85 – 87 North Quay, Brisbane and 27 – 35 Turbot Street, Brisbane	Hotel	72,346	78,616	4.5	5.0
Novotel Brisbane	Freehold	–	–	200 Creek Street, Brisbane	Hotel	82,519	91,296	5.2	5.8
Ibis Perth	Freehold	–	–	334 Murray Street, Perth	Hotel	32,782	35,504	2.1	2.3
Mercure Perth	Freehold	–	–	10 Irwin Street, Perth	Hotel	46,346	55,792	2.9	3.6
Maldives									
Angsana Velavaru	Leasehold	50 years from 26 August 1997	34 years	South Nilandhe Atoll	Resort	101,384	–	6.4	–
Jumeirah Dhevanafushi	Leasehold	50 years from 15 June 2006	42 years	Gaafu Alifu Atoll	Resort	77,077	–	4.8	–
Investment properties, at valuation						2,238,770	2,044,925	140.4	130.8
Other assets and liabilities (net)						(643,736)	(481,011)	(40.4)	(30.8)
Net assets of H-REIT Group						1,595,034	1,563,914	100.00	100.0

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

PORTFOLIO STATEMENTS

As at 31 December 2013

Stapled Group

Description of Property	Tenure of Land	Term of Lease	Remaining Term of Lease	Location	Existing use	Carrying value at 31/12/2013 \$'000	Carrying value at 31/12/2012 \$'000	Percentage of Total Net Assets at 31/12/2013 %	Percentage of Total Net Assets at 31/12/2012 %
Singapore									
Orchard Hotel	Freehold *	75 years	68 years	442 Orchard Road	Hotel	455,500	454,000	28.6	29.0
Claymore Link	Freehold *	75 years	68 years	442 Orchard Road	Retail	78,000	68,000	4.9	4.4
Grand Copthorne Waterfront Hotel	Freehold *	75 years	68 years	392 Havelock Road	Hotel	358,000	350,000	22.4	22.4
M Hotel	Freehold *	75 years	68 years	81 Anson Road	Hotel	233,000	232,000	14.6	14.8
Copthorne King's Hotel	Leasehold	99 years from 1 February 1968	53 years	403 Havelock Road	Hotel	123,000	124,400	7.7	8.0
Novotel Singapore Clarke Quay	Leasehold	97 years and 30 days from 2 April 1980	63 years	177A River Valley Road	Hotel	315,000	304,000	19.8	19.4
Studio M Hotel	Leasehold	99 years from 26 February 2007	92 years	3 Nanson Road	Hotel	163,000	163,000	10.2	10.4
Balance carried forward						1,725,500	1,695,400	108.2	108.4

* H-REIT's interest in the freehold land is restricted to the remaining term of each respective lease.

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

PORTFOLIO STATEMENTS

As at 31 December 2013

Stapled Group

Description of Property	Tenure of Land	Term of Lease	Remaining Term of Lease	Location	Existing use	Carrying value at 31/12/2013 \$'000	Carrying value at 31/12/2012 \$'000	Percentage of Total Net Assets at 31/12/2013 %	Percentage of Total Net Assets at 31/12/2012 %
Balance brought forward						1,725,500	1,695,400	108.2	108.4
New Zealand									
Rendezvous Grand Hotel Auckland	Freehold	–	–	71 – 87 Mayoral Drive, Auckland	Hotel	100,816	88,317	6.3	5.7
Australia									
Mercure Brisbane and Ibis Brisbane	Freehold	–	–	85 – 87 North Quay, Brisbane and 27 – 35 Turbot Street, Brisbane	Hotel	72,346	78,616	4.5	5.0
Novotel Brisbane	Freehold	–	–	200 Creek Street, Brisbane	Hotel	82,519	91,296	5.2	5.8
Ibis Perth	Freehold	–	–	334 Murray Street, Perth	Hotel	32,782	35,504	2.0	2.3
Mercure Perth	Freehold	–	–	10 Irwin Street, Perth	Hotel	46,346	55,792	2.9	3.6
Maldives									
Angsana Velavaru	Leasehold	50 years from 26 August 1997	34 years	South Nilandhe Atoll	Resort	101,384	–	6.4	–
Investment properties, at valuation						2,161,693	2,044,925	135.5	130.8
Other assets and liabilities (net)						(566,311)	(480,632)	(35.5)	(30.8)
Net assets of Stapled Group						1,595,382	1,564,293	100.0	100.0

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

PORTFOLIO STATEMENTS

As at 31 December 2013

On 31 January 2013, the H-REIT Group acquired Angsana Velavaru for a purchase consideration of US\$71.0 million (\$86.8 million). The total acquisition costs of US\$1.4 million (\$1.7 million) included an acquisition fee paid to the H-REIT Manager of US\$0.7 million (\$0.87 million) in cash.

On 31 December 2013, the H-REIT Group acquired another property in Maldives, Jumeirah Dhevanafushi for a purchase consideration of US\$59.6 million (\$75.6 million). The total acquisition costs of US\$1.2 million (\$1.5 million) included an acquisition fee paid to the H-REIT Manager of US\$0.6 million (\$0.8 million) in cash.

The carrying amounts of the investment properties located in Singapore, New Zealand, Australia and Maldives as at 31 December 2013 were based on independent valuations undertaken by Jones Lang LaSalle Property Consultants Pte. Ltd. for the Singapore properties, Jones Lang LaSalle Hotels (NSW) Pty Limited for the Australia properties, Colliers International New Zealand Limited for the New Zealand property and CBRE Pte. Ltd. for the Maldives properties as of 31 December 2013, except otherwise stated above. 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 capitalisation and discounted cash flow methods for the Singapore properties; the discounted cash flow approach for the Australia properties; and the capitalisation, comparison and discounted cash flows approach for New Zealand and Maldives properties.

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 capitalisation rate, discount rate and terminal yield.

The valuations adopted for the properties were as follows:

	Note	H-REIT Group		Stapled Group	
		2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
Properties					
Orchard Hotel		455,500	454,000	455,500	454,000
Grand Copthorne Waterfront Hotel		358,000	350,000	358,000	350,000
Novotel Singapore Clarke Quay		315,000	304,000	315,000	304,000
M Hotel		233,000	232,000	233,000	232,000
Studio M Hotel		163,000	163,000	163,000	163,000
Copthorne King's Hotel		123,000	124,400	123,000	124,400
Claymore Link	(ii)	78,000	68,000	78,000	68,000
Rendezvous Grand Hotel Auckland		100,816	88,317	100,816	88,317
Mercure Brisbane and Ibis Brisbane		72,346	78,616	72,346	78,616
Novotel Brisbane		82,519	91,296	82,519	91,296
Ibis Perth		32,782	35,504	32,782	35,504
Mercure Perth		46,346	55,792	46,346	55,792
Angsana Velavaru		101,384	–	101,384	–
Jumeirah Dhevanafushi (Note 5)	(iii)	77,077	–	–	–
		2,238,770	2,044,925	2,161,693	2,044,925

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

PORTFOLIO STATEMENTS

As at 31 December 2013

- (i) Investment properties are leased to external customers, except for Jumeirah Dhevanafushi. Jumeirah Dhevanafushi was leased to CDL HBT Oceanic Maldives Pte. Ltd., a subsidiary of HBT for a term of 10 years from 31 December 2013. 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 lease for Studio M Hotel contains an initial term of 20 years from 3 May 2011 with an option to renew up to a total term of 70 years. The leases for Claymore Link generally contain an initial term of one to three years. Subsequent renewals are renegotiated with the lessees. The lease for Rendezvous Grand 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 Singapore Clarke Quay contains a term of approximately 13.5 years from 7 June 2007. The leases for the Australia investment properties contain a term of approximately 11 years from 19 February 2010. The lease for Angsana Velavaru contains a term of 10 years from 1 February 2013.
- (ii) Claymore Link, which is undergoing asset enhancement works, is not transferred out of Investment Property as part of the mall is still operational. Hence, it would continue to be measured at fair value.
- (iii) Included in H-REIT Group's investment properties is a net change in fair value of \$36,556,000 as at 31 December 2013 (31 December 2012: net change in fair value of \$14,982,000) (Note 5). This change in fair value is recognised in H-REIT Group's Statement of Total Return for the year ended 31 December 2013 and has no impact on the income available for distribution to holders of Stapled Securities. There is no fair value gain recognised on Jumeirah Dhevanafushi in H-REIT Group's Statement of Total Return as at 31 December 2013 as the property was acquired close to the financial year end.

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

STATEMENTS OF CASH FLOWS

Year ended 31 December 2013

	HBT Group		H-REIT Group		Stapled Group	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
Cash flows from operating activities						
Net (loss)/income	(31)	(1)	142,988	124,531	142,957	124,530
Adjustments for:						
H-REIT Manager's fees paid/payable in Stapled Securities	–	–	9,924	9,776	9,924	9,776
Net finance (income)/expense	–	(1)	16,638	15,709	16,638	15,708
Net change in fair value of investment properties	–	–	(36,556)	(14,982)	(36,556)	(14,982)
Operating (loss)/income before working capital changes	(31)	(2)	132,994	135,034	132,963	135,032
Changes in working capital:						
Trade and other receivables	–	–	1,010	3,111	1,264	3,111
Trade and other payables	256	–	(3,177)	(1,914)	(3,175)	(1,914)
Cash generated from/(used in) operating activities	225	(2)	130,827	136,231	131,052	136,229
Tax paid	–	–	(26)	–	(26)	–
Net cash from/(used in) operating activities	225	(2)	130,801	136,231	131,026	136,229
Cash flows from investing activities						
Acquisition of property, plant and equipment and prepaid land lease	–	–	–	–	(77,077)	–
Acquisition of investment properties	–	–	(167,128)	–	(90,051)	–
Capital expenditure on investment properties	–	–	(14,090)	(6,148)	(14,090)	(6,148)
Interest received	–	1	455	659	455	660
Net cash from/(used in) investing activities	–	1	(180,763)	(5,489)	(180,763)	(5,488)
Balance carried forward	225	(1)	(49,962)	130,742	(49,737)	130,741

STATEMENTS OF CASH FLOWS

Year ended 31 December 2013

	HBT Group		H-REIT Group		Stapled Group	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
Balance brought forward	225	(1)	(49,962)	130,742	(49,737)	130,741
Cash flows from financing activities						
Distribution to holders of Stapled Securities	–	–	(107,136)	(110,241)	(107,136)	(110,241)
Finance expense paid	–	–	(16,353)	(14,190)	(16,353)	(14,190)
Payment of transaction costs related to borrowings	–	–	(776)	(1,429)	(776)	(1,429)
Proceeds from bank loans	–	–	458,334	118,178	458,334	118,178
Proceeds from issuance of notes	–	–	120,000	–	120,000	–
Repayment of bank loans	–	–	(150,978)	(118,178)	(150,978)	(118,178)
Repayment of notes	–	–	(260,000)	–	(260,000)	–
Net cash from/(used in) financing activities	–	–	43,091	(125,860)	43,091	(125,860)
Net increase/(decrease) in cash and cash equivalents	225	(1)	(6,871)	4,882	(6,646)	4,881
Cash and cash equivalents at beginning of the year	380	381	74,994	70,112	75,374	70,493
Cash and cash equivalents at end of the year (Note 9)	605	380	68,123	74,994	68,728	75,374

Significant Non-Cash Transactions

H-REIT Group and Stapled Group

A total of 5,726,864 (2012: 5,204,588) 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 \$9,924,000 (2012: \$9,776,000) in respect of the year ended 31 December 2013.

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 11 March 2014.

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") and its subsidiaries (the "HBT Group") (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, the Second Supplemental Deed dated 26 March 2010 and the Third Supplemental Deed dated 20 July 2010 (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 Singapore Exchange Securities Trading Limited ("SGX-ST") on 19 July 2006.

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.

In December 2013, the HBT Trustee-Manager activated the HBT (which was previously dormant). Following the acquisition of Jumeirah Dhevanafushi by H-REIT's indirect wholly-owned subsidiary, HBT, through its indirect wholly-owned subsidiary, CDL HBT Oceanic Maldives Pvt Ltd became the master lessee. No separate financial information for HBT has been presented in the unaudited financial statements for the year ended 31 December 2013 as the acquisition was only completed on 31 December 2013. In addition to its function as a master lessee, HBT may also undertake certain hospitality and hospitality-related development projects, acquisition and investments which may not be suitable for H-REIT.

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

NOTES TO THE FINANCIAL STATEMENTS

1 GENERAL (CONT'D)

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 \$50.0 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 increase in the maximum permitted rate or any change in the structure of the HBT Trustee-Manager's management fees must be approved by an extraordinary resolution at a meeting of the holders of the HBT units duly convened and held in accordance with the provisions of the HBT Trust Deed.

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.

- 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 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).

H-REIT Manager's fees shall be payable in the form of Stapled Securities and/or cash as the H-REIT Manager may elect, and in such proportion as may be determined by the H-REIT Manager on a year to year basis. Where the H-REIT manager's fees are payable 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, such Stapled Securities or H-REIT units shall be issued at the market price (as defined in the H-REIT Trust Deed) prevailing at the date the H-REIT manager's fees accrue. For the financial year ended 31 December 2013, the H-REIT manager's fees were satisfied in the form of 80% Stapled Securities and 20% cash.

Any increase in the maximum permitted rate or any change in the structure of the H-REIT Manager's 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.

NOTES TO THE FINANCIAL STATEMENTS

1 GENERAL (CONT'D)

(ii) *H-REIT Manager's fees (cont'd)*

The portion of the H-REIT manager's fees payable in the form of Stapled Securities is paid on a quarterly basis, in arrears. The portion of the H-REIT manager's 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. The acquisition fee is payable in the form of Stapled Securities and/or cash as the H-REIT Manager may elect, and such proportion as may be determined by the H-REIT Manager. In the event that the H-REIT Manager receives an acquisition fee in connection with a transaction with a related party, any such acquisition fee shall be paid in the form of Stapled Securities issued at the market price.

(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. 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).

2 BASIS OF PREPARATION

2.1 Statement of compliance

The financial statements of HBT Group 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 Singapore Chartered Accountants, 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.

2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis except as described below.

2.3 Functional and presentation currency

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.

NOTES TO THE FINANCIAL STATEMENTS

2 BASIS OF PREPARATION (CONT'D)

2.4 Use of estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting 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 estimates are revised and in any future periods effected.

Information about critical judgements in applying accounting policies and assumptions and estimation uncertainties that have the most significant effect on the amounts recognised in the financial statements are described in the following notes:

- Note 5 – Valuation of investment properties
- Note 25 – Valuation of financial instruments

2.5 Changes in accounting policies

RAP 7 (2012)

From 1 January 2013, the H-REIT Group and the Stapled Group have adopted the revised RAP 7 issued by the Institute of Singapore Chartered Accountants in June 2012.

The adoption of RAP 7 (2012) has resulted in additional disclosures in the financial statements of the H-REIT Group and the Stapled Group for the current and comparative years. These have been included in the statement of total return and notes to the financial statements.

The adoption of RAP 7 (2012) affects only the disclosures made in the financial statements. There is no financial effect on the financial position, total return or distributable income of the Stapled Group for the current and previous financial years. Accordingly, the adoption of RAP 7 (2012) has no impact on earnings and distributions per unit.

Fair value measurement

FRS113 establishes a single framework for measuring fair value and making disclosures about fair value measurements, when such measurements are required and permitted by other FRSs. In particular, it unifies the definition of fair value as the price of which an orderly transaction to sell an asset or to transfer a liability would take place between market participants and the measurement date. It also replaces and expands the disclosure requirements about fair value measurements in other FRSs, including FRS107 *Financial Instruments: Disclosures*.

From 1 January 2013, in accordance with the transitional provisions of FRS113, the HBT Group, the H-REIT Group and the Stapled Group has applied the new fair value measurement guidance prospectively, and has not provided any comparative information for new disclosures. Notwithstanding the above, the change has no significant impact on the measurement of the HBT Group, the H-REIT Group and the Stapled Group's assets and liabilities. The additional disclosure necessary as a result of the adoption of this Standard has been included in Note 5 and Note 25.

NOTES TO THE FINANCIAL STATEMENTS

3 SIGNIFICANT ACCOUNTING POLICIES

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

3.1 Consolidation

Stapling

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

Subsidiaries

Subsidiaries are entities controlled by the HBT Group and the H-REIT Group. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The accounting policies of subsidiaries have been changed when necessary to align them with the policies of the Group.

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 HBT Group, the H-REIT Group and the Stapled Group.

3.2 Foreign currencies

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of the entities in the HBT Group, 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. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

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. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on retranslation are recognised in the statement of total return, except for differences arising on the retranslation of a financial liability designated as a hedge of the H-REIT Group's and the Stapled Group's net investment in a foreign operation that is effective (see below), which are recognised in unitholders' funds directly.

NOTES TO THE FINANCIAL STATEMENTS

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.2 Foreign currency (cont'd)

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 directly in the foreign currency translation reserve in unitholders' funds. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the foreign currency translation reserve related to that foreign operation is reclassified to the statement of total return as part of the gain or loss on disposal. When only part of the interest in a subsidiary that includes a foreign operation is disposed of while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation. These are recognised directly in the foreign currency translation reserve in unitholders' funds.

Hedge of net investment in foreign operation

The H-REIT Group and the Stapled Group apply hedge accounting to foreign currency differences arising between the functional currency of the foreign operation and the H-REIT's functional currency (Singapore dollars), regardless of whether the net investment is held directly or through an intermediate parent.

Foreign currency differences arising on the retranslation of a financial liability designated as a hedge of a net investment in a foreign operation are recognised directly in foreign currency translation reserve in unitholders' funds to the extent that the hedge is effective. To the extent that the hedge is ineffective, such differences are recognised in the statement of total return. When the hedged net investment is disposed of, the relevant amount in the foreign currency translation reserve is transferred to the statement of total return as part of the profit or loss on disposal.

3.3 Property, plant and equipment

Recognition and measurement

Owner's occupied property is classified as property, plant and equipment. All items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gain or loss on disposal of an item of property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in the statement of total return.

NOTES TO THE FINANCIAL STATEMENTS

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.3 Property, plant and equipment (cont'd)

Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Stapled Group, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in the statement of total return as incurred.

Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

Depreciation is recognised as an expense in the statement of total return on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment, unless it is included in the carrying amount of another asset.

Depreciation is recognised from the date that the property, plant and equipment are installed and are ready for use.

The estimated useful lives for the current year is as follows:

- | | |
|----------------------------|----------------------------|
| • buildings | over remaining lease terms |
| • plant and machinery | 20 years |
| • furniture and fixtures | 10 years |
| • motor vehicles and boats | 4-7 years |
| • office equipment | 5-10 years |
| • computers | 5-10 years |

Capital work-in-progress are not depreciated as these assets are not yet available for use. Depreciation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted if appropriate.

3.4 Prepaid land lease

Prepaid land lease relates to upfront payments on long-term leasehold interests in land. These payments are stated at cost and are amortised on a straight-line basis over the respective period of the lease.

NOTES TO THE FINANCIAL STATEMENTS

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.5 Investment properties

Investment properties are measured at cost on initial recognition and subsequently at fair value with any changes therein recognised in the statement of total return. The cost of a purchased property comprises its purchase price and any directly attributable expenditure including transaction costs. Fair value 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 Appendix of CIS Code issued by 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.

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, the H-REIT Group 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.

When the use of a property changes such that it is reclassified as property, plant and equipment, its fair value at the date of reclassification becomes its cost for subsequent accounting.

3.6 Financial instruments

Non-derivative financial assets

Loans and receivables and deposits are initially recognised on the date that they are originated. All other financial assets are recognised initially on the trade date, which is the date that the Stapled Group becomes a party to the contractual provisions of the instrument.

The Stapled Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or they transfer the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Stapled Group is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Stapled Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Non-derivative financial assets are classified into loans and receivables category.

NOTES TO THE FINANCIAL STATEMENTS

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.6 Financial instruments (cont'd)

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprise trade and other receivables, cash and cash equivalents and rental deposits.

Cash and cash equivalents

Cash and cash equivalents comprise bank balances and fixed deposits.

Non-derivative financial liabilities

Debt securities issued and subordinated liabilities are initially recognised on the date that they are originated. All other financial liabilities are recognised initially on the trade date, which is the date that the Stapled Group becomes a party to the contractual provisions of the instrument.

A financial liability is derecognised when its contractual obligations are discharged, cancelled or expired.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Stapled Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Non-derivative financial liabilities are classified into the other financial liabilities category. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

Other financial liabilities comprise loans and borrowings, trade and other payables and rental deposits.

Derivative financial instruments, including hedge accounting

Derivative financial instruments are held to hedge 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.

NOTES TO THE FINANCIAL STATEMENTS

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.6 Financial instruments (cont'd)

Derivative financial instruments, including hedge accounting (cont'd)

On initial designation of the hedge, the relationship between the hedging instrument(s) and hedged item(s) is formally documented, including the risk management objectives and strategy in undertaking the hedge transaction, together with the methods that will be used to assess the effectiveness of the hedging relationship. An assessment is made, both at the inception of the hedge relationship as well as on an ongoing basis, whether the hedging instruments are expected to be "highly effective" in offsetting the changes in the fair value or cash flows of the respective hedged items during the period for which the hedge is designated, and whether the actual results of each hedge are within a range of 80% - 125%. For a cash flow hedge of a forecast transaction, the transaction should be highly probable to occur and should present an exposure to variations in cash flows that could ultimately affect reported net income.

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.

3.7 Impairment

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.

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.

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.

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

NOTES TO THE FINANCIAL STATEMENTS

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.7 Impairment (cont'd)

Financial assets (cont'd)

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.

Non-financial assets

The carrying amounts of the Stapled 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.

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. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

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.

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.

3.8 Unitholders' funds

Unitholders' funds of the Stapled Group comprise unitholders' funds of HBT Group and the H-REIT Group. Unitholders' funds are classified as equity.

Issue expenses relate to expenses incurred in connection with the issue of Stapled Securities. The expenses are deducted directly against the unitholders' funds.

3.9 Revenue

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. Variable rentals are recognised as income in the accounting period in which they are earned and the amount can be measured reliably. Contingent rentals are recognised as income in the accounting period on a receipt basis. No contingent rentals are recognised if there are uncertainties due to the possible return of amounts received.

NOTES TO THE FINANCIAL STATEMENTS

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.10 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 fees

H-REIT Manager's 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).

3.11 Finance income and finance expense

Finance income comprises interest income on funds invested, 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.

Foreign currency gains and losses are reported on a net basis.

3.12 Tax

Tax expense comprises current and deferred tax. Current tax and deferred tax are 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.

Deferred tax is recognised using the statement of financial position 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, and differences relating to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future.

NOTES TO THE FINANCIAL STATEMENTS

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.12 Tax (cont'd)

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.

In the ordinary course of business, there are many transactions and calculations for which the ultimate tax treatment is uncertain. Therefore, the Stapled Group recognises tax liabilities based on estimates of whether additional taxes and interest will be due. These tax liabilities are recognised when the Stapled Group believe that certain positions may not be fully sustained upon review by tax authorities, despite the Stapled Group's belief that its tax return positions are supportable. The Stapled Group believe that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of multifaceted judgements about future events. New information may become available that causes the Stapled Group to change its judgement regarding the adequacy of existing tax liabilities, such changes to tax liabilities will impact tax expense in the period that such a determination is made.

H-REIT received a tax ruling from the Inland Revenue Authority of Singapore ("IRAS") and 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, H-REIT 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 H-REIT. 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.

NOTES TO THE FINANCIAL STATEMENTS

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.12 Tax (cont'd)

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 H-REIT. Where the gains are capital gains, H-REIT will not be assessed to tax and may distribute the capital gains without tax being deducted at source.

3.13 Segment reporting

An operating segment is a component of the H-REIT Group and the Stapled Group that engages in business activities from which they may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the other components of the H-REIT Group and the Stapled Group. All operating segments' operating results are reviewed regularly by the board of directors of the H-REIT Manager ("BOD") to make decisions about resources to be allocated to the segment and assess its performance, and is a component for which discrete financial information is available.

Segment results that are reported to the BOD include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly finance income, finance expense and trust expenses.

Segment capital expenditure is the total cost incurred on investment properties during the year.

3.14 New standards, interpretations not yet adopted.

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2013, and have not been applied in preparing these financial statements. None of these are expected to have a significant effect on the financial statements of the Stapled Group.

NOTES TO THE FINANCIAL STATEMENTS

4 PROPERTY, PLANT AND EQUIPMENT

	Buildings \$'000	Capital work-in- progress \$'000	Plant and machinery \$'000	Furniture and fixtures \$'000	Motor vehicles and boats \$'000	Office equipment \$'000	Computers \$'000	Total \$'000
Stapled Group								
Cost								
At 1 January 2013	–	–	–	–	–	–	–	–
Additions	63,574	1,328	3,330	2,630	164	334	130	71,490
Translation differences	–	–	–	–	–	–	–	–
At 31 December 2013	63,574	1,328	3,330	2,630	164	334	130	71,490
Accumulated depreciation and impairment losses								
At 1 January 2013/ 31 December 2013 *	–	–	–	–	–	–	–	–
Carrying amounts								
At 31 December 2013	63,574	1,328	3,330	2,630	164	334	130	71,490

* Property, plant and equipment have not been depreciated as Jumeirah Dhevanafushi was acquired on 31 December 2013.

NOTES TO THE FINANCIAL STATEMENTS

5 INVESTMENT PROPERTIES

	Note	HBT Group		H-REIT Group		Stapled Group	
		2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
At 1 January		–	–	2,044,925	2,029,847	2,044,925	2,029,847
Acquisition	(i)	–	–	167,128	–	90,051	–
Capital expenditure capitalised		–	–	13,697	9,827	13,697	9,827
Translation differences		–	–	(23,536)	(9,731)	(23,536)	(9,731)
Fair value changes	(ii)	–	–	36,556	14,982	36,556	14,982
At 31 December		–	–	2,238,770	2,044,925	2,161,693	2,044,925

(i) These relate to the acquisitions of the Angsana Velavaru and Jumeirah Dhevanafushi in Maldives in January 2013 and December 2013 respectively, which are explained under the Portfolio Statements. Included in acquisitions costs are non-audit fees paid to auditors of the H-REIT Group of \$82,000. At H-REIT Group, Jumeirah Dhevanafushi, which is wholly-owned by H-REIT's subsidiary, CDLHT Oceanic Maldives Pvt Ltd is classified as an investment property. At the Stapled Group, Jumeirah Dhevanafushi is re-classified to property, plant and equipment in CDL Hospitality Trust's financial statement. This is because the property is leased to HBT and under FRS 40, property held for use as owner-occupied property is classified as property, plant and equipment (Note 4).

(ii) 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 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 capitalisation 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.

NOTES TO THE FINANCIAL STATEMENTS

6 SUBSIDIARIES

The HBT Group and the H-REIT Group have equity investments in subsidiaries.

Details of the significant subsidiaries are as follows:

Name of subsidiaries	Place of incorporation	Effective equity interest held by the HBT Group		Effective equity interest held by the H-REIT Group		Effective equity interest held by the Stapled Group	
		2013	2012	2013	2012	2013	2012
		%	%	%	%	%	%
Subsidiaries of H-REIT							
⁽¹⁾ CDLHT (BVI) One Ltd	British Virgin Islands	–	–	100	100	100	100
^{(1), (2)} CDLHT (BVI) Trust One	–	–	–	100	100	100	100
⁽⁵⁾ Sunshine Hotels Australia Pty Ltd	Australia	–	–	100	100	100	100
⁽³⁾ CDLHT MTN Pte.Ltd.	Singapore	–	–	100	100	100	100
⁽¹⁾ CDLHT Sunshine Limited	British Virgin Islands	–	–	100	100	100	100
⁽¹⁾ CDLHT Sunrise Limited	British Virgin Islands	–	–	100	100	100	100
⁽¹⁾ CDLHT Two Limited	British Virgin Islands	–	–	100	100	100	100
⁽¹⁾ CDLHT Sanctuary Limited	British Virgin Islands	–	–	100	100	100	100
⁽⁶⁾ CDLHT Oceanic Holdings Pte. Ltd.	Singapore	–	–	100	–	100	–
Subsidiaries of CDLHT Sunshine Limited							
⁽¹⁾ Sun One Investments Limited	British Virgin Islands	–	–	100	100	100	100
⁽¹⁾ Sun Two Investments Limited	British Virgin Islands	–	–	100	100	100	100
⁽¹⁾ Sun Three Investments Limited	British Virgin Islands	–	–	100	100	100	100
⁽¹⁾ Sun Four Investments Limited	British Virgin Islands	–	–	100	100	100	100
Subsidiary of Sun One Investments Limited							
^{(1), (4)} Sun Trust One	–	–	–	100	100	100	100
Subsidiary of Sun Two Investments Limited							
^{(1), (4)} Sun Trust Two	–	–	–	100	100	100	100
Subsidiary of Sun Three Investments Limited							
^{(1), (4)} Sun Trust Three	–	–	–	100	100	100	100
Subsidiary of Sun Four Investments Limited							
^{(1), (4)} Sun Trust Four	–	–	–	100	100	100	100

NOTES TO THE FINANCIAL STATEMENTS

6 SUBSIDIARIES (CONT'D)

Name of subsidiaries	Place of incorporation	Effective equity interest held by the HBT Group		Effective equity interest held by the H-REIT Group		Effective equity interest held by the Stapled Group	
		2013 %	2012 %	2013 %	2012 %	2013 %	2012 %
Subsidiary of CDLHT Sanctuary Limited							
⁽⁵⁾ Sanctuary Sands Maldives Private Limited	Maldives	–	–	100	100	100	100
Subsidiary of CDLHT Oceanic Holdings Pte. Ltd.							
⁽¹⁾ CDLHT Oceanic Ltd	British Virgin Islands	–	–	100	–	100	–
Subsidiary of CDLHT Oceanic Ltd							
⁽¹⁾ CDLHT Oceanic Two Ltd	British Virgin Islands	–	–	100	–	100	–
Subsidiary of CDLHT Oceanic Two Ltd							
⁽⁶⁾ CDLHT Oceanic Maldives Pvt Ltd	Maldives	–	–	100	–	100	–
Subsidiary of HBT							
⁽³⁾ CDL HBT Oceanic Holdings Pte. Ltd.	Singapore	100	–	–	–	100	–
Subsidiary of CDL HBT Oceanic Holdings Pte. Ltd.							
⁽¹⁾ CDL HBT Oceanic Ltd	British Virgin Islands	100	–	–	–	100	–
Subsidiary of CDL HBT Oceanic Ltd							
⁽¹⁾ CDL HBT Oceanic Two Ltd	British Virgin Islands	100	–	–	–	100	–
Subsidiary of CDL HBT Oceanic Two Ltd							
⁽⁶⁾ CDL HBT Oceanic Maldives Pvt Ltd	Maldives	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 incorporated on 23 November 2006.

⁽³⁾ Audited by KPMG LLP.

⁽⁴⁾ Constituted by Sunshine Hotels Australia Pty Ltd under a Trust Deed on 26 January 2010.

⁽⁵⁾ Audited by other member firms of KPMG International.

⁽⁶⁾ Auditors have not been appointed as at 31 December 2013.

NOTES TO THE FINANCIAL STATEMENTS

7 PREPAID LAND LEASE

	Stapled Group \$'000
Cost	
At 1 January 2013	–
Additions	5,587
Translation differences	–
At 31 December 2013	5,587
Accumulated amortisation	
At 1 January 2013/31 December 2013 *	–
Carrying amount	
At 31 December 2013	5,587

* Prepaid land lease has not been amortised to the statement of total return as it was only acquired on 31 December 2013.

8 TRADE AND OTHER RECEIVABLES

	HBT Group		H-REIT Group		Stapled Group	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
Trade receivables from:						
- related corporations of the H-REIT Manager	–	–	6,381	7,530	6,381	7,530
- third parties	–	–	7,012	5,011	7,012	5,011
	–	–	13,393	12,541	13,393	12,541
Impairment losses	–	–	(224)	(367)	(224)	(367)
Net trade receivables	–	–	13,169	12,174	13,169	12,174
Related corporations (non-trade)	–	–	254	–	–	–
Other receivables	–	–	1,387	1,243	1,387	1,243
	–	–	14,810	13,417	14,556	13,417
Prepayments	–	–	637	166	637	166
Deferred capital expenditure	–	–	301	–	301	–
	–	–	15,748	13,583	15,494	13,583

H-REIT Group's investment properties, except Claymore Link, are leased to nine (2012: seven) master lessees. The contribution to trade and other receivables from these master lessees as at 31 December 2013 is \$12,494,000 (2012: \$11,562,000), of which \$6,166,000 (2012: \$4,049,000) is from third parties and \$6,328,000 (2012: \$7,513,000) is from related corporations of the H-REIT Manager.

NOTES TO THE FINANCIAL STATEMENTS

8 TRADE AND OTHER RECEIVABLES (CONT'D)

Outstanding balances with related parties are unsecured. There is no impairment loss arising from these outstanding balances.

Concentration of credit risk relating to trade receivables of Claymore Link 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 impairment losses. Due to these factors, the H-REIT Manager believes that no additional credit risk beyond amounts provided for collection losses is inherent in the trade receivables of the H-REIT Group and the Stapled Group.

The ageing of trade receivables at the reporting date is:

	Gross 2013 \$'000	Impairment losses 2013 \$'000	Gross 2012 \$'000	Impairment losses 2012 \$'000
H-REIT Group and Stapled Group				
Not past due	10,306	–	10,930	–
Past due 31 – 60 days	2,417	–	1,085	–
Past due 61 – 90 days	13	–	16	–
More than 90 days	657	224	510	367
	13,393	224	12,541	367

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

H-REIT Group and Stapled Group

	2013 \$'000	2012 \$'000
At 1 January	367	382
Impairment loss reversed	(143)	(15)
At 31 December	224	367

Based on historical default rates, the H-REIT Group and the Stapled Group believe that no additional impairment losses 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 the Stapled Group and there are sufficient security deposits as collateral.

NOTES TO THE FINANCIAL STATEMENTS

9 CASH AND CASH EQUIVALENTS

	HBT Group		H-REIT Group		Stapled Group	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
Cash at bank	266	14	22,854	14,331	23,120	14,345
Fixed deposits with financial institutions	339	366	45,269	60,663	45,608	61,029
	605	380	68,123	74,994	68,728	75,374

10 UNITS/STAPLED SECURITIES IN ISSUE

	HBT Group		H-REIT Group		Stapled Group	
	2013 '000	2012 '000	2013 '000	2012 '000	2013 '000	2012 '000
Units/Stapled Securities in issue:						
At 1 January	968,739	963,254	968,739	963,254	968,739	963,254
Creation of Units/Stapled Securities:						
- H-REIT Manager's fee paid in Stapled Securities	5,402	5,485	5,402	5,485	5,402	5,485
At 31 December	974,141	968,739	974,141	968,739	974,141	968,739
Issued and issuable Units/ Stapled Securities:						
Units/Stapled Securities in issue	974,141	968,739	974,141	968,739	974,141	968,739
H-REIT Manager's fees payable in Stapled Securities:						
- management fee	1,628	1,304	1,628	1,304	1,628	1,304
Units/Stapled Securities to be issued	1,628	1,304	1,628	1,304	1,628	1,304
	975,769	970,043	975,769	970,043	975,769	970,043

NOTES TO THE FINANCIAL STATEMENTS

10 UNITS/STAPLED SECURITIES IN ISSUE (CONT'D)

During the year, the following Stapled Securities were issued:

- 5,402,605 (2012: 5,484,935) Stapled Securities were issued at unit prices ranging from \$1.6285 to \$2.0561 (2012: \$1.5507 to \$1.9854) per Stapled Security, amounting to \$9,821,211 (2012: \$9,749,902) as satisfaction of management fees paid in Stapled Securities.

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.

H-REIT is subject to the aggregate leverage limit as defined in the Property Fund Appendix of the CIS Code issued by the MAS. The CIS Code stipulates that the total borrowings and deferred payments (together the "Aggregate Leverage") of a property fund should not exceed 35.0% of its Deposited Property except that the Aggregate Leverage of a property fund may exceed 35.0% of its Deposited Property (up to a maximum of 60.0%) if a credit rating of the property fund from Fitch Inc., Moody's or Standard and Poor's is obtained and disclosed to the public. The property fund should continue to maintain and disclose a credit rating so long as its Aggregate Leverage exceeds 35.0% of its Deposited Property.

For this financial year, H-REIT has a credit rating of BBB- from Fitch Inc. The Aggregate Leverage of H-REIT as at 31 December 2013 was 29.7% (2012: 24.9%) of H-REIT's Deposited Property. This complied with the aggregate leverage limit as described above.

There were no substantial changes in the H-REIT Group's and the Stapled Group's approach to capital management during the year.

NOTES TO THE FINANCIAL STATEMENTS

11 LOANS AND BORROWINGS

	Note	HBT Group		H-REIT Group		Stapled Group	
		2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
At amortised cost:							
Non-current liabilities							
Unsecured bank loans	(i)	–	–	338,972	116,713	338,972	116,713
Unsecured medium term notes	(ii)	–	–	203,273	153,305	203,273	153,305
		–	–	542,245	270,018	542,245	270,018
Current liabilities							
Unsecured bank loans	(iii)	–	–	76,092	–	76,092	–
Unsecured medium term notes	(ii)	–	–	69,891	259,773	69,891	259,773
		–	–	145,983	259,773	145,983	259,773
		–	–	688,228	529,791	688,228	529,791

(i) Unsecured bank loans, after one year

- (a) H-REIT has in place a \$100.0 million (2012: \$100.0 million) committed bilateral multi-currency revolving credit facility each from two banks (collectively \$200.0 million) for a 3-year term (the "RCF Facility").

During the financial year, H-REIT utilised \$140.0 million of the RCF facility to partially re-finance the medium term notes which matured in August 2013.

As at reporting date, \$60.0 million of the RCF Facility remain unutilised.

- (b) H-REIT has in place a \$105.4 million (A\$93.2 million) (2012: \$118.2 million (A\$93.2 million)) term loan facility (the "TL1 Facility") for a 3-year term.

As at reporting date, there was no unutilised balance as the TL1 Facility was fully drawn down to fund the loan relating to Australia hotels.

- (c) During the financial year, H-REIT secured a fresh \$95.0 million (US\$75.0 million) fixed rate term loan facility (the "TL2 Facility") for a 5 year-term.

As at reporting date, the TL2 Facility was fully drawn down to re-finance the Bridge Loan Facility utilised to fund the acquisition of Angsana Velavaru.

NOTES TO THE FINANCIAL STATEMENTS

11 LOANS AND BORROWINGS (CONT'D)

(ii) *Unsecured medium term notes*

H-REIT's wholly-owned subsidiary, CDLHT MTN Pte. Ltd. (the "Issuer") has in place a \$1.0 billion Multi-currency Medium Term Note Programme (the "Programme"). As at reporting date, \$273.6 million medium term notes have been issued. These comprise:

- (a) \$153.6 million medium term notes comprising \$70.0 million 3-year fixed rate note and \$83.6 million 5-year floating rate note, which is re-priced every six months. These medium term notes were issued in August 2011.
- (b) \$120.0 million 5-year fixed rate medium term notes was issued in June 2013. Proceeds from the notes issuance were utilised to partially redeem the outgoing \$260.0 million medium term notes, which expired in August 2013.
- (c) In 2013, the issuer fully redeemed \$260.0 million medium term notes, which expired in August 2013. This was repaid through a combination of proceeds from the medium term notes issued in June 2013 (Note (b) above) and drawings from the RCF Facility (Note 11 (i)(a)).

The notes and coupons of all services of the MTN Programme shall at all times rank pari passu without any preference or priority among themselves, and pari passu with all other present and future unsecured obligations (other than subordinated obligations and priorities created by law) of the Issuer.

(iii) *Unsecured bank loans, within one year*

H-REIT has in place an uncommitted \$300.0 million (2012: \$300.0 million) multi-currency unsecured bridge loan facility with a bank (the "Bridge Loan Facility").

The Bridge Loan Facility can be drawn in multiple tranches and is to be repaid within a maximum period of one year from each drawn down date or one year from the first drawn down date (where the amount is drawn in multiple tranches).

In December 2013, \$76.1 million (US\$60.0 million) was drawn down to fund the acquisition of Jumeirah Dhevanafushi.

As at reporting date, approximately \$223.9 million of the Bridge Loan Facility remains unutilised as at reporting date.

NOTES TO THE FINANCIAL STATEMENTS

11 LOANS AND BORROWINGS (CONT'D)

Terms and debt repayment schedule

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

	Currency	Nominal interest rate %	Year of maturity	Face value \$'000	Carrying amount \$'000
H-REIT Group and Stapled Group					
2013					
Fixed rate medium term notes	SGD	1.700 to 2.500	2014 - 2018	190,000	189,673
Floating rate medium term note	SGD	1.3164	2016	83,600	83,491
Variable rate bank loan	SGD	1.333 to 1.640	2015	140,000	139,557
Variable rate bank loan	AUD	4.64	2015	105,353	104,835
Variable rate bank loan	USD	0.810 to 0.819	2014	76,092	76,092
Fixed rate bank loan	USD	2.800	2018	95,048	94,580
				<u>690,093</u>	<u>688,228</u>
2012					
Fixed rate medium term notes	SGD	1.700 to 2.355	2013 - 2014	220,000	219,725
Floating rate medium term note	SGD	1.536	2016	83,600	83,452
Variable rate medium term notes	SGD	1.255 to 1.537	2013	110,000	109,901
Variable rate bank loan	AUD	5.110	2015	118,178	116,713
				<u>531,778</u>	<u>529,791</u>

12 FINANCIAL DERIVATIVE LIABILITIES

	HBT Group		H-REIT Group		Stapled Group	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
Interest rate swap used for hedging	-	-	421	-	421	-
	<u>-</u>	<u>-</u>	<u>421</u>	<u>-</u>	<u>421</u>	<u>-</u>

The H-REIT Group and Stapled Group use interest rate swap to manage their exposures to interest rate movements on the floating rate interest-bearing bank loans by swapping the interest expense of a bank loan from floating rate to fixed rate.

NOTES TO THE FINANCIAL STATEMENTS

13 DEFERRED TAX LIABILITIES

Deferred tax liabilities are attributable to the following:

	HBT Group		H-REIT Group		Stapled Group	
	2013	2012	2013	2012	2013	2012
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Property, plant and equipment	–	–	13,677	11,716	13,677	11,716
Tax losses	–	–	(3,826)	(3,620)	(3,826)	(3,620)
	–	–	9,851	8,096	9,851	8,096

Movement in temporary differences during the year:

	Recognised in			Recognised in			Balance as at 31/12/2013
	Balance as at 1/1/2012	Statement of Total Return	Exchange differences	Balance as at 31/12/2012	Statement of Total Return	Exchange differences	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
H-REIT Group and Stapled Group							
Deferred tax assets							
Tax losses carried forward	(2,768)	(970)	118	(3,620)	(640)	434	(3,826)
Deferred tax liabilities							
Investment properties	8,769	3,311	(364)	11,716	3,270	(1,309)	13,677
	6,001	2,341	(246)	8,096	2,630	(875)	9,851

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items:

	HBT Group		H-REIT Group		Stapled Group	
	2013	2012	2013	2012	2013	2012
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Tax losses	–	–	13,611	15,452	13,611	15,452

Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the H-REIT Group and the Stapled Group can utilise the benefits therefrom.

NOTES TO THE FINANCIAL STATEMENTS

14 TRADE AND OTHER PAYABLES

	HBT Group		H-REIT Group		Stapled Group	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
Trade payables relating to:						
- related corporations of the H-REIT Manager	–	–	159	89	159	89
- the H-REIT Manager	–	–	748	658	748	658
- third parties	–	–	4,112	5,073	4,112	5,073
Other payables relating to:						
- the H-REIT Manager	–	–	33	33	33	33
- third parties	–	–	8,702	8,190	8,702	8,190
- a related corporation	254	–	–	–	–	–
Accrued operating expenses	3	1	5,182	6,634	5,185	6,635
Rental deposits	–	–	1,412	1,520	1,412	1,520
Interest payable	–	–	1,981	2,933	1,981	2,933
	257	1	22,329	25,130	22,332	25,131

Outstanding balances with the related corporations are unsecured, interest-free and repayable on demand.

Other payables mainly relate to the remaining purchase consideration payable for the acquisition of a subsidiary in prior years of \$7,374,000 (2012: \$7,374,000).

Included in accrued operating expenses of both the H-REIT Group and the Stapled Group are the following:

- amounts due to the H-REIT Trustee and H-REIT Manager of \$86,000 (2012: \$62,000) and \$227,000 (2012: \$201,000) respectively; and
- amounts due to related corporations of the H-REIT Manager of \$1,224,000 (2012: \$1,163,000).

15 NET ASSET VALUE PER UNIT/STAPLED SECURITY

	Note	HBT Group		H-REIT Group		Stapled Group	
		2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
Net asset value per Unit/Stapled Security is based on net assets		348	379	1,595,034	1,563,914	1,595,382	1,564,293
Total issued and issuable Units/Stapled Securities at 31 December	10	975,769	970,043	975,769	970,043	975,769	970,043

NOTES TO THE FINANCIAL STATEMENTS

16 GROSS REVENUE

	HBT Group		H-REIT Group		Stapled Group	
	2013	2012	2013	2012	2013	2012
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Fixed rent	–	–	70,204	65,284	70,204	65,284
Variable rent	–	–	78,578	84,251	78,578	84,251
Rental income	–	–	148,782	149,535	148,782	149,535

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 or without options for renewal for a period ranging from 5 years to 50 years.

17 PROPERTY EXPENSES

	HBT Group		H-REIT Group		Stapled Group	
	2013	2012	2013	2012	2013	2012
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Property tax	–	–	8,414	7,594	8,414	7,594
Insurance	–	–	1,244	989	1,244	989
Rental expense	–	–	755	755	755	755
Others	–	–	980	904	980	904
	–	–	11,393	10,242	11,393	10,242

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

18 H-REIT MANAGER'S FEES

Included in the H-REIT Manager's fees is an aggregate of 5,726,864 (2012: 5,204,588) Stapled Securities, amounting to approximately \$9,924,000 (2012: \$9,776,000), that have been or will be issued to the H-REIT Manager as satisfaction of the H-REIT Manager's fees payable in Stapled Securities, at unit prices ranging from \$1.5886 to \$2.0561 (2012: \$1.7627 to \$1.9854) per Stapled Security.

19 OTHER CHARGES

Included in other charges are the following items:

	HBT Group		H-REIT Group		Stapled Group	
	2013	2012	2013	2012	2013	2012
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Audit fees	–	–	283	278	283	278
Non-audit fees paid to:						
- auditors of the H-REIT Group	2	1	105	95	107	96
- other auditors	–	–	188	294	188	294

NOTES TO THE FINANCIAL STATEMENTS

20 FINANCE INCOME AND FINANCE EXPENSE

	HBT Group		H-REIT Group		Stapled Group	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
Interest income received/ receivable from banks	-	1	419	671	419	672
Finance income	-	1	419	671	419	672
Exchange loss	-	-	(596)	(935)	(596)	(935)
Amortisation of transaction costs capitalised	-	-	(741)	(782)	(741)	(782)
Financial expense arising from remeasuring non- current rental deposits at amortised cost	-	-	(181)	(173)	(181)	(173)
Interest paid/payable to banks	-	-	(15,539)	(14,490)	(15,539)	(14,490)
Finance expense	-	-	(17,057)	(16,380)	(17,057)	(16,380)
Net finance income/ (expense)	-	1	(16,638)	(15,709)	(16,638)	(15,708)

The amortisation for 2013 and 2012 relate to the amortisation of transaction costs arising from the medium term notes issuance, revolving credit facility and term loan facilities.

21 NET (LOSS)/INCOME

	HBT Group		H-REIT Group		Stapled Group	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
Comprises net income of:						
- H-REIT	-	-	119,977	118,254	119,977	118,254
- Other H-REIT Group entities (including consolidation adjustments)	-	-	23,011	6,277	23,011	6,277
- HBT Group	(31)	(1)	-	-	(31)	(1)
	(31)	(1)	142,988	124,531	142,957	124,530

NOTES TO THE FINANCIAL STATEMENTS

22 TAX EXPENSE

	HBT Group		H-REIT Group		Stapled Group	
	2013	2012	2013	2012	2013	2012
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Income tax expense						
Current tax	–	–	51	–	51	–
	–	–	51	–	51	–
Deferred tax expense						
Origination and reversal of temporary differences	–	–	2,630	2,341	2,630	2,341
Others	–	–	4	22	4	22
	–	–	2,634	2,363	2,634	2,363
Tax expense	–	–	2,685	2,363	2,685	2,363
Reconciliation of effective tax rate						
Net (loss)/income	(31)	(1)	142,988	124,531	142,957	124,530
Tax calculated using Singapore tax rate of 17%	–	–	24,308	21,170	24,303	21,170
Effect of tax in a foreign jurisdiction	–	–	2,374	514	2,374	514
Non-tax deductible items	–	–	2,582	2,974	2,587	2,974
Non-taxable item	–	–	(5,887)	(1,297)	(5,887)	(1,297)
Utilisation of previously unrecognised tax losses	–	–	(538)	(316)	(538)	(316)
Tax exempt income	–	–	(4,892)	(3,579)	(4,892)	(3,579)
Tax transparency (Note 3.12)	–	–	(15,262)	(17,103)	(15,262)	(17,103)
	–	–	2,685	2,363	2,685	2,363

NOTES TO THE FINANCIAL STATEMENTS

23 EARNINGS PER STAPLED SECURITY

Basic earnings per Stapled Security is based on:

	Stapled Group	
	2013	2012
	\$'000	\$'000
Total return for the year	140,272	122,167
	Number of Stapled Securities	
	'000	'000
Weighted average number of Stapled Securities:		
- outstanding during the year	972,044	966,857
- to be issued as payment of H-REIT Manager's fees payable in Stapled Securities	4	4
	972,048	966,861

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.

24 OPERATING SEGMENTS

The H-REIT Group and the Stapled Group have four reportable segments, as described below. The reporting segments operate in four countries and are managed separately because of the differences in operating and regulatory environment. For each of the reporting segments, the BOD of the H-REIT Manager reviews internal management reports on a monthly basis. The following summary describes the operations in each of the reportable segment:

- Singapore hotels – the 6 Singapore investment properties (except for Claymore Link) that are being leased and operated as hotels
- New Zealand hotel – the New Zealand investment property that is being leased and operated as a hotel
- Australia hotels – the 5 Australia investment properties that are being leased and operated as hotels
- Maldives resorts – the 2 Maldives investment properties that are being leased and operated as resorts

Other operations include Claymore Link which is being leased to individual tenants and operated as retail space. Claymore Link does not meet any of the quantitative thresholds for determining reportable segments in 2013 or 2012.

No segment information is presented for HBT as it was previously dormant and was only activated as a master leasee on 31 December 2013.

NOTES TO THE FINANCIAL STATEMENTS

24 OPERATING SEGMENTS (CONT'D)

Information regarding the results of each reportable segment is included below. Performance is measured based on segment net property income, as included in the internal management reports that are reviewed by the BOD of the H-REIT Manager. Segment net property income is used to measure performance as management believes that such information is the most relevant in evaluating the results of its segments relative to other entities that operate within the same industry.

Information about reportable segments

	Singapore Hotels \$'000	New Zealand Hotel \$'000	Australia Hotels \$'000	Maldives Resorts \$'000	Others \$'000	Total \$'000
2013						
H-REIT Group						
Gross revenue – external	105,745	9,723	18,480	9,961	4,873	148,782
Reportable segment net property income	96,553	9,723	18,480	8,995	3,638	137,389
Unallocated items:						
- H-REIT Manager's base fees						(5,547)
- H-REIT Manager's performance fees						(6,859)
- H-REIT Trustee's fees						(256)
- Valuation fees						(174)
- Other charges						(1,483)
- Finance income						419
- Finance expense						(17,057)
Net income before fair valuation						106,432
Net change in fair value of investment properties	9,400	9,420	1,210	8,524	8,002	36,556
Net income						142,988
Reportable segment assets						
Capital expenditure on investment properties	10,700	–	–	999	1,998	13,697
Non-current assets [^]	1,647,500	100,816	233,993	178,461	78,000	2,238,770

[^] Excluding rental deposits

NOTES TO THE FINANCIAL STATEMENTS

24 OPERATING SEGMENTS (CONT'D)

Information about reportable segments (cont'd)

	Singapore Hotels \$'000	New Zealand Hotel \$'000	Australia Hotels \$'000	Others \$'000	Total \$'000
2012					
H-REIT Group					
Gross revenue – external	115,352	9,363	19,432	5,388	149,535
Reportable segment net property income	106,251	9,363	19,432	4,247	139,293
Unallocated items:					
- H-REIT Manager's base fees					(5,256)
- H-REIT Manager's performance fees					(6,965)
- H-REIT Trustee's fees					(246)
- Valuation fees					(166)
- Other charges					(1,402)
- Finance income					671
- Finance expense					(16,380)
Net income before fair valuation					109,549
Net change in fair value of investment properties	(2,401)	(2,026)	6,209	13,200	14,982
Net income					<u>124,531</u>
Reportable segment assets					
Capital expenditure on investment properties	9,827	–	–	–	9,827
Non-current assets [^]	1,627,400	88,317	261,208	68,000	2,044,925

[^] Excluding rental deposits

NOTES TO THE FINANCIAL STATEMENTS

24 OPERATING SEGMENTS (CONT'D)

Information about reportable segments (cont'd)

	Singapore Hotels \$'000	New Zealand Hotel \$'000	Australia Hotels \$'000	Maldives Resorts \$'000	Others \$'000	Total \$'000
2013						
Stapled Group						
Gross revenue – external	105,745	9,723	18,480	9,961	4,873	148,782
Reportable segment net property income	96,553	9,723	18,480	8,995	3,638	137,389
Unallocated items:						
- H-REIT Manager's base fees						(5,547)
- H-REIT Manager's performance fees						(6,859)
- H-REIT Trustee's fees						(256)
- Valuation fees						(174)
- Other charges						(1,514)
- Finance income						419
- Finance expense						(17,057)
Net income before fair valuation						106,401
Net change in fair value of investment properties	9,400	9,420	1,210	8,524	8,002	36,556
Net income						<u>142,957</u>
Reportable segment assets						
Capital expenditure on investment properties	10,700	–	–	999	1,998	13,697
Non-current assets [^]	1,647,500	100,816	233,993	178,461	78,000	2,238,770

[^] Excluding rental deposits

NOTES TO THE FINANCIAL STATEMENTS

24 OPERATING SEGMENTS (CONT'D)

Information about reportable segments (cont'd)

	Singapore Hotels \$'000	New Zealand Hotel \$'000	Australia Hotels \$'000	Others \$'000	Total \$'000
2012					
Stapled Group					
Gross revenue – external	115,352	9,363	19,432	5,388	149,535
Reportable segment net property income	106,251	9,363	19,432	4,247	139,293
Unallocated items:					
- H-REIT Manager's base fees					(5,256)
- H-REIT Manager's performance fees					(6,965)
- H-REIT Trustee's fees					(246)
- Valuation fees					(166)
- Other charges					(1,404)
- Finance income					672
- Finance expense					(16,380)
Net income before fair valuation					109,548
Net change in fair value of investment properties	(2,401)	(2,026)	6,209	13,200	14,982
Net income					<u>124,530</u>
Reportable segment assets					
Capital expenditure on investment properties	9,827	–	–	–	9,827
Non-current assets [^]	1,627,400	88,317	261,208	68,000	2,044,925

[^] Excluding rental deposits

Major customers

H-REIT Group's investment properties, except Claymore Link, are leased to nine (2012: seven) master lessees. The contribution of these master lessees to the gross revenue of the H-REIT Group and the Stapled Group was \$143,909,000 (2012: \$144,147,000). Such revenue is attributable to the Singapore hotels segment, New Zealand hotel segment, Australia hotels segment and Maldives resorts segment.

NOTES TO THE FINANCIAL STATEMENTS

25 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 monitor 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 of the H-REIT Manager assists the H-REIT Manager's Board in reviewing the effectiveness of the Stapled Group's material internal controls, including those relating to financial, operational and compliance.

In addition, the Risk Management Committee of the H-REIT Manager also assists the H-REIT Manager's Board in discharging its duties with respect to maintaining an effective control environment that reflects both the established risk appetite and the business objectives of the Stapled Group. The Risk Management Committee oversees 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.

Credit evaluations are performed by the H-REIT Manager before lease agreements are entered into with tenants. Rental deposits are received, where appropriate, to reduce credit risk. In addition, the H-REIT Manager monitors the balances due from its lessees and tenants on an ongoing basis.

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.

At 31 December 2013 and 31 December 2012, except as described in Note 8 to the financial statements, there was no significant concentration of credit risk. The maximum exposure to credit risk is represented by the carrying value of each financial asset on the statement of financial position.

NOTES TO THE FINANCIAL STATEMENTS

25 FINANCIAL RISK MANAGEMENT (CONT'D)

Liquidity risk

Liquidity risk is the risk that the H-REIT Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. 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. 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 \$100.0 million (2012: \$100.0 million) committed bilateral multi-currency unsecured revolving credit facility each from two banks (collectively \$200.0 million) for a 3-year term. At the reporting date, \$140.0 million (2012: \$77.4 million) has been drawn down under this facility;
- A \$300.0 million (2012: \$300.0 million) uncommitted multi-currency unsecured bridge loan facility with a bank. At the reporting date, \$76.1 million (US\$60.0 million) (2012: nil) has been drawn down under this facility;
- A \$1.0 billion Multi-Currency Medium Term Note Programme. At the reporting date, \$726.4 million (2012: \$586.4 million) of the Programme remains unissued;
- A \$105.4 million (A\$93.2 million) (2012: \$118.2 million (A\$93.2 million)) unsecured term loan facility for a 3-year term. At the reporting date, this facility was fully drawn down; and
- A \$95.0 million (US\$75.0 million) unsecured term loan facility for a 5-year term. At the reporting date, this facility was fully drawn down.

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

	Carrying amount	Contractual cash flows	Cash flows		
	\$'000	\$'000	Within 1 year	Within 1 to 5 years	More than 5 years
	\$'000	\$'000	\$'000	\$'000	\$'000
HBT Group					
2013					
Non-derivative financial liabilities					
Trade and other payables	257	(257)	(257)	–	–
	257	(257)	(257)	–	–

NOTES TO THE FINANCIAL STATEMENTS

25 FINANCIAL RISK MANAGEMENT (CONT'D)

Liquidity risk (cont'd)

	Carrying amount \$'000	Contractual cash flows \$'000	Cash flows		
			Within 1 year \$'000	Within 1 to 5 years \$'000	More than 5 years \$'000
H-REIT Group					
2013					
Non-derivative financial liabilities					
Fixed rate medium term notes	189,673	(204,137)	(73,714)	(130,423)	–
Floating rate medium term note	83,491	(86,988)	(1,296)	(85,692)	–
Variable rate bank loans	320,484	(329,351)	(80,197)	(249,154)	–
Fixed rate bank loan	94,580	(108,376)	(2,756)	(105,620)	–
Trade and other payables *	20,917	(20,917)	(20,917)	–	–
Rental deposits	8,238	(11,287)	(1,412)	(75)	(9,800)
	717,383	(761,056)	(180,292)	(570,964)	(9,800)
Derivative financial instrument					
Interest rate swap	421	(193)	(438)	245	–
	421	(193)	(438)	245	–
2012					
Non-derivative financial liabilities					
Fixed rate medium term notes	219,725	(224,156)	(153,426)	(70,730)	–
Floating rate medium term note	83,452	(88,242)	(1,284)	(86,958)	–
Variable rate medium term notes	109,901	(110,963)	(110,963)	–	–
Variable rate bank loans	116,713	(136,245)	(6,039)	(130,206)	–
Trade and other payables *	23,610	(23,610)	(23,610)	–	–
Rental deposits	8,165	(11,395)	(1,520)	(75)	(9,800)
	561,566	(594,611)	(296,842)	(287,969)	(9,800)
Stapled Group					
2013					
Non-derivative financial liabilities					
Fixed rate medium term notes	189,673	(204,137)	(73,714)	(130,423)	–
Floating rate medium term note	83,491	(86,988)	(1,296)	(85,692)	–
Variable rate bank loans	320,484	(329,351)	(80,197)	(249,154)	–
Fixed rate bank loan	94,580	(108,376)	(2,756)	(105,620)	–
Trade and other payables *	20,920	(20,920)	(20,920)	–	–
Rental deposits	8,238	(11,287)	(1,412)	(75)	(9,800)
	717,386	(761,059)	(180,295)	(570,964)	(9,800)
Derivative financial instrument					
Interest rate swap	421	(193)	(438)	245	–
	421	(193)	(438)	245	–

* Excluding rental deposits

NOTES TO THE FINANCIAL STATEMENTS

25 FINANCIAL RISK MANAGEMENT (CONT'D)

Liquidity risk (cont'd)

	Carrying amount \$'000	Contractual cash flows \$'000	Cash flows		
			Within 1 year \$'000	Within 1 to 5 years \$'000	More than 5 years \$'000
Stapled Group					
2012					
Non-derivative financial liabilities					
Fixed rate medium term notes	219,725	(224,156)	(153,426)	(70,730)	–
Floating rate medium term note	83,452	(88,242)	(1,284)	(86,958)	–
Variable rate medium term notes	109,901	(110,963)	(110,963)	–	–
Variable rate bank loans	116,713	(136,245)	(6,039)	(130,206)	–
Trade and other payables *	23,611	(23,611)	(23,611)	–	–
Rental deposits	8,165	(11,395)	(1,520)	(75)	(9,800)
	<u>561,567</u>	<u>(594,612)</u>	<u>(296,843)</u>	<u>(287,969)</u>	<u>(9,800)</u>

* Excluding rental deposits

The maturity analyses show the contractual undiscounted cashflows of the HBT Group's, the H-REIT Group's and the Stapled Group's financial liabilities on the basis of their earliest possible contractual maturity. Derivative financial instrument held is normally not closed out prior to contractual maturity. The disclosure shows net cashflows for derivative that is net cash settled.

Derivative financial instrument is designated as cash flow hedge. The table above reflects the periods in which the cash flows associated with cash flow hedge are expected to occur and impact the total return.

Market risk

Market risk is the risk that changes in market prices, such as interest rates and foreign exchange rates, will affect the H-REIT Group's and the Stapled Group's total return. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

NOTES TO THE FINANCIAL STATEMENTS

25 FINANCIAL RISK MANAGEMENT (CONT'D)

Interest rate risk

The H-REIT Group's and the Stapled Group's exposure to changes in interest rates relate primarily to interest-earning financial assets and interest-bearing financial liabilities. At the reporting date, the interest rate profile of the interest-bearing financial instruments was:

	H-REIT Group		Stapled Group	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
Fixed rate instruments				
Financial assets	55,468	68,089	55,807	68,455
Financial liabilities	(285,048)	(220,000)	(285,048)	(220,000)
Interest rate swap	(105,353)	–	(105,353)	–
	(334,933)	(151,911)	(334,594)	(151,545)
Variable rate instruments				
Financial liabilities	(405,045)	(311,778)	(405,045)	(311,778)
Interest rate swap	105,353	–	105,353	–
	(299,692)	(311,778)	(299,692)	(311,778)

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.

Fair value sensitivity analysis for fixed rate instruments

The H-REIT Group and the Stapled Group do not account for any fixed rate financial assets and liabilities at fair value through profit or loss. The H-REIT Group and Stapled Group do not designate interest rate swap as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rates at the reporting date would not affect total return.

NOTES TO THE FINANCIAL STATEMENTS

25 FINANCIAL RISK MANAGEMENT (CONT'D)

Interest rate risk (cont'd)

Cashflow sensitivity analysis for variable rate instruments

A change of 100 basis points (bp) in interest rate at the reporting date would increase/(decrease) total return and unitholders' funds (before any tax effects) by the amounts shown below. There is no impact on unitholders' funds. This analysis assumes that all other variables, remain constant.

	H-REIT Group and Stapled Group			
	Total return		Unitholders' funds	
	100 bp increase \$'000	100 bp decrease \$'000	100 bp increase \$'000	100 bp decrease \$'000
2013				
Variable rate instruments				
Loans and borrowings	(4,050)	4,050	–	–
Interest rate swap	1,054	(1,054)	231	(268)
Cashflow sensitivity (net)	(2,996)	2,996	231	(268)
2012				
Variable rate instruments				
Loans and borrowings	(3,118)	3,118	–	–
Cashflow sensitivity (net)	(3,118)	3,118	–	–

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.

NOTES TO THE FINANCIAL STATEMENTS

25 FINANCIAL RISK MANAGEMENT (CONT'D)

Foreign currency risk (cont'd)

The exposure of the HBT Group, the H-REIT Group and the Stapled Group to foreign currencies is as follows based on notional amounts:

	Australian dollar		New Zealand dollar		United States dollar	
	2013	2012	2013	2012	2013	2012
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
HBT Group						
Cash and cash equivalents	–	–	–	–	253	–
	–	–	–	–	253	–

	Australian dollar		New Zealand dollar		United States dollar	
	2013	2012	2013	2012	2013	2012
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
H-REIT Group						
Trade and other receivables	959	2	962	1,812	2,042	–
Cash and cash equivalents	7,890	12,565	2,543	5,203	7,772	–
Trade and other payables	(71)	(777)	(203)	(375)	(758)	–
Bank loans	(105,353)	(118,178)	–	–	(171,140)	–
	(96,575)	(106,388)	3,302	6,640	(162,084)	–

	Australian dollar		New Zealand dollar		United States dollar	
	2013	2012	2013	2012	2013	2012
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Stapled Group						
Trade and other receivables	959	2	962	1,812	2,042	–
Cash and cash equivalents	7,890	12,565	2,543	5,203	8,025	–
Trade and other payables	(71)	(777)	(203)	(375)	(758)	–
Bank loans	(105,353)	(118,178)	–	–	(171,140)	–
	(96,575)	(106,388)	3,302	6,640	(161,831)	–

Sensitivity analysis

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

NOTES TO THE FINANCIAL STATEMENTS

25 FINANCIAL RISK MANAGEMENT (CONT'D)

Foreign currency risk (cont'd)

	HBT Group		H-REIT Group		Stapled Group	
	Total return \$'000	Unitholders' funds \$'000	Total return \$'000	Unitholders' funds \$'000	Total return \$'000	Unitholders' funds \$'000
2013						
Australian dollar	–	–	(878)	10,535	(878)	10,535
New Zealand dollar	–	–	(330)	–	(330)	–
United States dollar	(25)	–	(906)	17,114	(931)	17,114
2012						
Australian dollar	–	–	(1,179)	11,818	(1,179)	11,818
New Zealand dollar	–	–	(664)	–	(664)	–

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

Business risk

With the exception of Claymore Link, each of the properties is leased by H-REIT to a single 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.

Sensitivity analysis

A change of 10% in rental income, attributable to the variable rent component of the rental income, at the reporting date would increase/(decrease) total return (before any tax effects) by the amounts shown below. There is no impact on unitholders' funds. For the purposes of this analysis, property expenses are assumed to remain unchanged.

	H-REIT Group and Stapled Group	
	10% increase \$'000	10% decrease \$'000
2013		
Gross revenue	7,224	(7,224)
2012		
Gross revenue	7,824	(7,824)

NOTES TO THE FINANCIAL STATEMENTS

25 FINANCIAL RISK MANAGEMENT (CONT'D)

Fair values

Accounting classifications and fair values

The fair values of financial assets and liabilities, together with the carrying amounts shown in the statement of financial position, are as follows:

	Note	Loans and receivables \$'000	Fair value – hedging instruments \$'000	Other financial liabilities \$'000	Total carrying amount \$'000	Fair value \$'000
HBT Group						
2013						
Cash and cash equivalents	9	605	–	–	605	605
Trade and other payables	14	–	–	(257)	(257)	(257)
		605	–	(257)	348	348
2012						
Cash and cash equivalents	9	380	–	–	380	380
Trade and other payables	14	–	–	(1)	(1)	(1)
		380	–	(1)	379	379
H-REIT Group						
2013						
Trade and other receivables ^	8	14,810	–	–	14,810	14,810
Cash and cash equivalents	9	68,123	–	–	68,123	68,123
Rental deposits		76	–	–	76	72
		83,009	–	–	83,009	83,005
Unsecured bank loans	11	–	–	(415,064)	(415,064)	(415,064)
Unsecured medium term notes	11	–	–	(273,164)	(273,164)	(273,668)
Financial derivatives liabilities	12	–	(421)	–	(421)	(421)
Trade and other payables	14	–	–	(22,329)	(22,329)	(22,329)
Rental deposits		–	–	(6,826)	(6,826)	(7,728)
		–	(421)	(717,383)	(717,804)	(719,210)
2012						
Trade and other receivables ^	8	13,417	–	–	13,417	13,417
Cash and cash equivalents	9	74,994	–	–	74,994	74,994
Rental deposits		76	–	–	76	71
		88,487	–	–	88,487	88,482
Unsecured bank loans	11	–	–	(116,713)	(116,713)	(116,713)
Unsecured medium term notes	11	–	–	(413,078)	(413,078)	(412,053)
Trade and other payables	14	–	–	(25,130)	(25,130)	(25,130)
Rental deposits		–	–	(6,645)	(6,645)	(7,643)
		–	–	(561,566)	(561,566)	(561,539)

^ Excluding prepayments and deferred capital expenditure

NOTES TO THE FINANCIAL STATEMENTS

25 FINANCIAL RISK MANAGEMENT (CONT'D)

Fair values (cont'd)

Accounting classifications and fair values (cont'd)

Stapled Group	Note	Loans and receivables \$'000	Fair value – hedging instruments \$'000	Other financial liabilities \$'000	Total carrying amount \$'000	Fair value \$'000
2013						
Trade and other receivables ^	8	14,556	–	–	14,556	14,566
Cash and cash equivalents	9	68,728	–	–	68,728	68,728
Rental deposits		76	–	–	76	72
		<u>83,360</u>	<u>–</u>	<u>–</u>	<u>83,360</u>	<u>83,366</u>
Unsecured bank loans	11	–	–	(415,064)	(415,064)	(415,064)
Unsecured medium term notes	11	–	–	(273,164)	(273,164)	(273,668)
Financial derivatives liabilities	12	–	(421)	–	(421)	(421)
Trade and other payables	14	–	–	(22,332)	(22,332)	(22,332)
Rental deposits		–	–	(6,826)	(6,826)	(7,728)
		<u>–</u>	<u>(421)</u>	<u>(717,386)</u>	<u>(717,807)</u>	<u>(719,213)</u>
2012						
Trade and other receivables ^	8	13,417	–	–	13,417	13,417
Cash and cash equivalents	9	75,374	–	–	75,374	75,374
Rental deposits		76	–	–	76	71
		<u>88,867</u>	<u>–</u>	<u>–</u>	<u>88,867</u>	<u>88,862</u>
Unsecured bank loans	11	–	–	(116,713)	(116,713)	(116,713)
Unsecured medium term notes	11	–	–	(413,078)	(413,078)	(412,053)
Trade and other payables	14	–	–	(25,131)	(25,131)	(25,131)
Rental deposits		–	–	(6,645)	(6,645)	(7,643)
		<u>–</u>	<u>–</u>	<u>(561,567)</u>	<u>(561,567)</u>	<u>(561,540)</u>

^ Excluding prepayments and deferred capital expenditure

Interest rates used in determining fair values

The interest rate used to discount estimated cash flows is set out below:

	2013 %	2012 %
Fixed rate medium term notes	2.50	1.71
Rental deposits	1.87	1.82

NOTES TO THE FINANCIAL STATEMENTS

26 DETERMINATION OF FAIR VALUES

A number of the Stapled Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

(i) Investment properties

The fair values of investment properties (Level 3 fair values) are based on independent valuations undertaken. Further information is set out in note 5.

(ii) Trade and other receivables

The fair values of trade and other receivables are estimated at the present value of future cash flows, discounted at the market rate of interest at the measurement date. Short-term receivables and with no stated interest rate are measured at the original invoice amount if the effect of discounting is immaterial. Fair value is determined at initial recognition and for disclosure purposes, at each annual reporting date.

(iii) Other financial assets

Notional amounts of other financial assets (including cash and cash equivalents and rental deposits) whose carrying amounts measured on the amortised cost basis, where applicable, approximate their fair values due to short term in nature or where the effect of discounting is immaterial. Fair value is determined at initial recognition and for disclosure purposes, at each annual reporting date.

(iv) Derivatives

The fair values of interest rate swaps (Level 2 fair values) are based on banks' 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. Fair values reflect the credit risk of the instrument and include adjustments to take into account the credit risk of the Stapled Group and counterparty when appropriate.

(v) Other non-derivative financial liabilities

Other non-derivative financial liabilities (including loans and borrowings, trade and other payables and rental deposits) are measured at fair value at initial recognition and for disclosure purposes, at each annual reporting date. The fair values of non-derivative financial liabilities with a maturity of less than one year are assumed to approximate their carrying values because of the short period to maturity. The fair values of other non-derivative financial liabilities are calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the measurement date.

NOTES TO THE FINANCIAL STATEMENTS

26 DETERMINATION OF FAIR VALUES (CONT'D)

Estimation of fair values

Valuation processes applied by the Stapled Group

The Stapled Group has an established control framework with respect to the measurement of fair values. This framework includes a team that reports directly to the Chief Financial Officer, and has overall responsibility for all significant fair value measurements, including Level 3 fair values.

The team regularly reviews significant unobservable inputs and valuation adjustments included in the fair value measurements. If third party information, such as broker quotes or pricing services, is used to measure fair value, then the finance team assesses the documents that evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of FRS, including the level in the fair value hierarchy the resulting fair value estimate should be classified.

Fair value hierarchy

The different levels have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that Stapled Group can access at the measurement date;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3: unobservable inputs for the assets or liability.

Financial assets and financial liabilities carried at fair value

	Note	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
H-REIT Group and Stapled Group					
2013					
Financial derivative liabilities	12	–	421	–	421
2012					
Financial derivative liabilities	12	–	–	–	–

NOTES TO THE FINANCIAL STATEMENTS

26 DETERMINATION OF FAIR VALUES (CONT'D)

Financial assets and financial liabilities not carried at fair value but for which fair values are disclosed *

	Note	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
HBT Group, H-REIT Group and Stapled Group					
2013					
Loans and borrowings	11	–	688,228	–	688,228
Rental deposits		–	–	6,826	6,826
2012					
Loans and borrowings	11	–	529,791	–	529,791
Rental deposits		–	–	6,645	6,645

* Excludes financial assets and financial liabilities who carrying amounts measured on the amortised cost basis approximate their fair values due to their short-term nature and where the effect of discounting is immaterial.

Non-financial assets carried at fair value

	Note	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
H-REIT Group					
2013					
Investment properties	5	–	–	2,238,770	2,238,770
Stapled Group					
2013					
Investment properties	5	–	–	2,161,693	2,161,693

For a reconciliation of investment properties from the beginning balances to the ending balances for fair value measurements in Level 3 of the fair value hierarchy, refer note 5.

The following table shows the key unobservable inputs used in the valuation models as at 31 December 2013:

Type	Valuation techniques	Unobservable input	Range
Investment properties	Discounted cash flow approach	Discount rate	7.50% to 15.00%
		Terminal yield	5.00% to 11.25%
	Capitalisation approach	Capitalisation rate	5.50% to 8.25%
	Market comparable approach	Value per room	\$207,669 to \$887,100

NOTES TO THE FINANCIAL STATEMENTS

26 DETERMINATION OF FAIR VALUES (CONT'D)

Valuation process applied by the Stapled Group

The fair value of investment properties is determined by external, independent property valuers, having the appropriate recognised professional qualifications and recent experience in the location and category of property being valued. The valuation company provides the fair value of the Stapled Group's investment properties annually.

The significant unobservable inputs used in the fair value measurement of investment properties are discount rate, terminal yield, capitalisation rate and value per room. Significant increases in value per room would result in a significantly higher fair value measurement. Conversely, significant increases in capitalisation rate, discount rate, and terminal yield in isolation would result in a significantly lower fair value measurement.

Key unobservable inputs

Key unobservable inputs correspond to:

- Discount rate, based on the risk-free rate for 5-year and 10-year bonds issued by the government in the relevant market, adjusted for a risk premium to reflect the increased risk of investing in the asset class.
- Terminal yield reflects the uncertainty, functional/economic obsolescence and the risk associated with the investment properties.
- Capitalisation rate correspond to a rate of return on investment properties based on the expected income that the property will generate.
- Value per room is based on the available comparable sale transactions and adjustments made for differences in location, size, tenure, age, and other factors.

NOTES TO THE FINANCIAL STATEMENTS

27 COMMITMENTS

	HBT Group		H-REIT Group		Stapled Group	
	2013	2012	2013	2012	2013	2012
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
(a) Capital expenditure contracted but not provided for	–	–	8,111	6,170	8,111	6,170

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

	HBT Group		H-REIT Group		Stapled Group	
	2013	2012	2013	2012	2013	2012
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Within 1 year	–	–	66,635	61,912	66,635	61,912
After 1 year but within 5 years	–	–	237,807	225,641	237,807	225,641
After 5 years	–	–	328,087	350,186	328,087	350,186
	–	–	632,529	637,739	632,529	637,739

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 Group		H-REIT Group		Stapled Group	
	2013	2012	2013	2012	2013	2012
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Within 1 year	–	–	755	755	755	755
After 1 year but within 5 years	–	–	1,170	1,925	1,170	1,925
	–	–	1,925	2,680	1,925	2,680

NOTES TO THE FINANCIAL STATEMENTS

27 COMMITMENTS (CONT'D)

- (d) Under the terms of the lease agreement for Novotel Singapore Clarke Quay and Angsana Velavaru, the H-REIT Group and the Stapled Group is required to incur expenditure equivalent to 3% of the annual gross revenue and preceeding month's gross revenue of the hotels respectively to maintain and improve the hotel's furniture and fixtures, equipment and its environment. As at the reporting date, the H-REIT Group and the Stapled Group is committed to incur capital expenditure of \$140,000 (2012: \$140,000) under the terms of the lease agreement.
- (e) H-REIT's subsidiary, CDLHT Oceanic Maldives Pvt Ltd holds a leasehold interest in Meradhoo in Gaafu Alifu Atoll until the expiry of its land lease on 14 June 2056. The lease extension fee in respect of the last 15 years of the tenure will only become payable to the Ministry of Tourism, Arts and Culture in 15 instalments of US\$100,000 per year from 14 June 2041.

28 RELATED PARTY TRANSACTIONS

The H-REIT Manager and the master lessees of Orchard Hotel, Grand Copthorne Waterfront Hotel, M Hotel, Copthorne King's Hotel and Studio M Hotel 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 fee 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 Group		H-REIT Group		Stapled Group	
	2013	2012	2013	2012	2013	2012
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Transaction value						
Shared service expenses paid/payable to a related corporation of the H-REIT Manager	–	–	133	133	133	133
Provision of accounting services by a related corporation of the H-REIT Manager	–	–	96	96	96	96
Rental expense paid/payable to a related corporation of the H-REIT Manager	–	–	755	755	755	755
Rental income received/receivable from related corporations of the H-REIT Manager	–	–	82,868	90,472	82,868	90,472
Cleaning fees paid/payable to a related corporation of the H-REIT Manager	–	–	185	143	185	143
Provision of internal audit services by a related corporation of the H-REIT manager	–	–	39	–	39	–
Provision of corporate secretarial services by a related corporation of the H-REIT Manager	–	–	85	6	85	6

NOTES TO THE FINANCIAL STATEMENTS

28 RELATED PARTY TRANSACTIONS (CONT'D)

	HBT Group		H-REIT Group		Stapled Group	
	2013	2012	2013	2012	2013	2012
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance outstanding						
Shared service expenses paid/payable to a related corporation of the H-REIT Manager	–	–	32	22	32	22
Provision of accounting services by a related corporation of the H-REIT Manager	–	–	26	18	26	18
Rental income received/receivable from related corporations of the H-REIT Manager	–	–	5,913	7,008	5,913	7,008
Cleaning fees paid/payable to a related corporation of the H-REIT Manager	–	–	36	25	36	25
Provision of internal audit services by a related corporation of the H-REIT manager	–	–	39	–	39	–
Provision of corporate secretarial services by a related corporation of the H-REIT Manager	–	–	119	34	119	34

In previous financial year 22,023 square feet of the lettable area of Claymore Link was occupied by the master leasee of Orchard Hotel, which is a related corporation of the H-REIT Manager, for no charge. As at 31 December 2013, there was no such lettable area as the property is undergoing asset enhancement works.

29 FINANCIAL RATIOS

	H-REIT Group		Stapled Group	
	2013	2012	2013	2012
	%	%	%	%
Expenses to weighted average net assets ¹				
- including performance component of H-REIT Manager's fees	0.92	0.91	0.92	0.91
- excluding performance component of H-REIT Manager's fees	0.47	0.46	0.47	0.46
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.

STATISTICS OF STAPLED SECURITIES HOLDINGS

as at 3 March 2014

SUMMARY INFORMATION OF 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.

Issued and Fully Paid Stapled Securities: 975,769,298 Stapled Securities

Size of Stapled Securities Holdings	No. of Stapled Securities Holders	%	No. of Stapled Securities	%
1 – 999	30	0.38	4,052	0.00
1,000 – 10,000	5,883	74.59	28,242,681	2.89
10,001 – 1,000,000	1,951	24.74	83,197,604	8.53
1,000,001 and above	23	0.29	864,324,961	88.58
	7,887	100.00	975,769,298	100.00

Twenty Largest Stapled Securities Holders

No.	Name	No. of Stapled Securities Held	%*
1	Hospitality Holdings Pte. Ltd.	313,950,000	32.17
2	Citibank Nominees Singapore Pte Ltd	156,055,136	15.99
3	HSBC (Singapore) Nominees Pte Ltd	97,318,048	9.97
4	DBSN Services Pte Ltd	78,332,632	8.03
5	DBS Nominees Pte Ltd	50,469,087	5.17
6	BNP Paribas Securities Services	43,627,353	4.47
7	M&C REIT Management Limited	33,590,293	3.44
8	Raffles Nominees (Pte) Ltd	26,785,101	2.75
9	United Overseas Bank Nominees Pte Ltd	23,300,620	2.39
10	Bank of Singapore Nominees Pte Ltd	9,006,953	0.92
11	Guan Hong Plantation Private Limited	5,750,000	0.59
12	DB Nominees (Singapore) Pte Ltd	5,668,181	0.58
13	Millennium Securities Pte Ltd	4,000,000	0.41
14	BNP Paribas Nominees Singapore Pte Ltd	3,560,000	0.37
15	Meren Pte Ltd	2,500,000	0.26
16	OCBC Securities Private Ltd	1,568,650	0.16
17	DBS Vickers Securities (Singapore) Pte Ltd	1,537,000	0.16
18	Phillip Securities Pte Ltd	1,406,900	0.15
19	NTUC Fairprice Co-operative Ltd	1,307,000	0.13
20	Sin Teck Guan Machinery Pte Ltd	1,292,000	0.13
		861,024,954	88.24

* The percentage of Stapled Securities is based on the total number of issued Stapled Securities as at 3 March 2014.

Subscription of Stapled Securities in CDL Hospitality Trusts

As at 31 December 2013, 974,141,258 Stapled Securities were issued. On 28 January 2014, 1,628,040 Stapled Securities were issued to the H-REIT Manager as payment of 80.0 per cent of management fees for the period from 1 October 2013 to 31 December 2013.

STATISTICS OF STAPLED SECURITIES HOLDINGS

as at 3 March 2014

Stapled Securities Holdings of the Directors of the H-REIT Manager and HBT Trustee-Manager

As shown in the Register of Directors' Stapled Securities Holdings as at 21 January 2014

Name of Director	Holdings
Wong Hong Ren	115,000
Vincent Yeo Wee Eng	115,000
Jenny Lim Yin Nee	NIL
Jimmy Chan Chun Ming	NIL
Daniel Marie Ghislain Desbaillets	NIL
Ronald Seah Lim Siang	NIL

Substantial Stapled Securities Holders

as at 3 March 2014

Name	Direct Interest	Deemed Interest	Total Holdings	%*
Hospitality Holdings Pte. Ltd.	313,950,000	–	313,950,000	32.175
ATOS Holding AG	–	313,950,000 ⁽¹⁾	313,950,000	32.175
Millennium & Copthorne Hotels plc	–	347,540,293 ⁽²⁾	347,540,293	35.617
City Developments Limited	–	347,540,293 ⁽²⁾	347,540,293	35.617
Hong Leong Investment Holdings Pte. Ltd.	–	351,540,293 ⁽³⁾	351,540,293	36.027
Davos Investment Holdings Private Limited	–	351,540,293 ⁽³⁾	351,540,293	36.027
Kwek Holdings Pte Ltd	–	351,540,293 ⁽³⁾	351,540,293	36.027

* The percentage of Stapled Securities is based on the total number of issued Stapled Securities as at 3 March 2014

Notes:

- (1) ATOS Holding AG is deemed under Section 7 of the Companies Act, Chapter 50, to have an interest in the 313,950,000 Stapled Securities held by a company in which it is entitled to exercise or control the exercise of not less than 20% of the votes attached to the Stapled Securities thereof.
- (2) 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 347,540,293 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 Stapled Securities thereof.
- (3) Hong Leong Investment Holdings Pte. Ltd., Davos Investment Holdings Private Limited and Kwek Holdings Pte Ltd are deemed under Section 7 of the Companies Act, Chapter 50, to have an interest in the 351,540,293 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 Stapled Securities thereof.

Free Float

Based on information made available to the H-REIT Manager and the HBT Trustee-Manager as at 3 March 2014, not less than 63% of the Stapled Securities in CDL Hospitality Trusts is held by the public and accordingly, Rule 723 of the Listing Manual of Singapore Exchange Securities Trading Limited has been complied with.

RELATED PARTY TRANSACTIONS*

Related Party Transactions pursuant to the Listing Manual of Singapore Exchange Securities Trading Limited and Property Funds Appendix respectively are listed below:

Name of Related Parties	Aggregate value of all Related Party Transactions for the financial year under review (excluding transactions less than \$100,000)
Republic Hotels & Resorts Limited	
- Rental income in relation to Copthorne King's Hotel and Grand Copthorne Waterfront Hotel	\$31,775,431
- Rental income in relation to Waterfront Conference Centre ⁽¹⁾	\$755,244
City Hotels Pte. Ltd.	\$25,460,060
- Rental income in relation to Orchard Hotel	
- Shared services ⁽²⁾ expense in relation to Claymore Link	\$132,546
Harbour View Hotel Pte. Ltd.	
- Rental income in relation to M Hotel	\$15,604,175
City Developments Limited	
- Rental expense in relation to Waterfront Conference Centre ⁽¹⁾	\$755,244
Republic Iconic Hotel Pte. Ltd.	
- Rental income in relation to Studio M Hotel	\$9,273,478
CBM Pte. Ltd.	
- Cleaning services in relation to Claymore Link	\$184,819

Notes:

- (1) This relates to a lease agreement with City Developments Limited ("CDL") for the lease of the second level of Waterfront Plaza which comprises the Waterfront Conference Centre which H-REIT has sub-let to Republic Hotels & Resorts Limited ("RHRL"). Rental income received from RHRL is thereafter paid to CDL as rental expense.
- (2) This relates to a shared services agreement with City Hotels Pte. Ltd. which provides for shared services relating to the inspection of electrical installations, pest control, waste disposal and manpower resources for managing Claymore Link (previously Orchard Hotel Shopping Arcade).

Except as disclosed above, there were no additional related party transactions (excluding transactions of less than \$100,000 each and/or transactions collectively described as Exempted Agreements*) entered into during the financial year under review.

* As defined in the Prospectus of CDLHT dated 10 July 2006.

NOTICE OF ANNUAL GENERAL MEETINGS

NOTICE IS HEREBY GIVEN that the Annual General Meetings ("**Annual General Meetings**") of the security holders of CDL Hospitality Real Estate Investment Trust ("**H-REIT**") and CDL Hospitality Business Trust ("**HBT**") will be held at Galleria Ballroom, Level 3, Grand Copthorne Waterfront Hotel, 392 Havelock Road, Singapore 169663 on Friday, 25 April 2014 at 10.00 a.m. to transact the following business:

(A) AS ORDINARY BUSINESS

1. To receive and adopt the Report of M&C Business Trust Management Limited, as trustee-manager of HBT (the "**HBT Trustee-Manager**"), the Statement by the Chief Executive Officer of the HBT Trustee-Manager, the Report of DBS Trustee Limited, as trustee of H-REIT (the "**H-REIT Trustee**"), the Report of M&C REIT Management Limited, as manager of H-REIT (the "**H-REIT Manager**") and the Audited Financial Statements of HBT, H-REIT and CDL Hospitality Trusts for the year ended 31 December 2013 and the Auditors' Report thereon. (Ordinary Resolution 1)
2. To re-appoint Messrs KPMG LLP as the Independent Auditors of H-REIT and HBT and to hold office until the conclusion of the next Annual General Meetings of H-REIT and HBT, and to authorise the H-REIT Manager and the HBT Trustee-Manager to fix their remuneration. (Ordinary Resolution 2)

(B) AS SPECIAL BUSINESS

To consider and, if thought fit, to pass with or without any modifications, the following resolution as Ordinary Resolution:

3. That authority be and is hereby given to the H-REIT Manager and the HBT Trustee-Manager, to (Ordinary Resolution 3)
 - (a)
 - (i) issue new units in H-REIT ("**H-REIT Units**") and new units in HBT ("**HBT Units**", together with H-REIT Units, the "**Stapled Securities**") whether by way of rights, bonus or otherwise; and/or
 - (ii) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require Stapled Securities to be issued, including but not limited to the creation and issue of (as well as adjustments to) securities, warrants, debentures or other instruments convertible into Stapled Securities, at any time and upon such terms and conditions and for such purposes and to such persons as the H-REIT Manager and the HBT Trustee-Manager may in their absolute discretion deem fit; and
 - (b) issue Stapled Securities in pursuance of any Instrument made or granted by the H-REIT Manager and the HBT Trustee-Manager while this Resolution was in force (notwithstanding that the authority conferred by this Resolution may have ceased to be in force),

NOTICE OF ANNUAL GENERAL MEETINGS

provided that:

- (1) the aggregate number of Stapled Securities to be issued pursuant to this Resolution (including Stapled Securities to be issued in pursuance of Instruments made or granted pursuant to this Resolution), shall not exceed fifty per cent (50%) of the total number of issued Stapled Securities (excluding treasury H-REIT Units and treasury HBT Units, if any) (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of Stapled Securities to be issued other than on a *pro rata* basis to Security Holders shall not exceed twenty per cent (20%) of the total number of issued Stapled Securities (excluding treasury H-REIT Units and treasury HBT Units, if any) (as calculated in accordance with sub-paragraph (2) below);
- (2) subject to such manner of calculation as may be prescribed by Singapore Exchange Securities Trading Limited ("**SGX-ST**") for the purpose of determining the aggregate number of Stapled Securities that may be issued under sub-paragraph (1) above, the total number of issued Stapled Securities (excluding treasury H-REIT Units and treasury HBT Units, if any) shall be based on the number of issued Stapled Securities (excluding treasury H-REIT Units and treasury HBT Units, if any) at the time this Resolution is passed, after adjusting for:
 - (a) any new Stapled Security arising from the conversion or exercise of any Instruments which are outstanding at the time this Resolution is passed; and
 - (b) any subsequent bonus issue, consolidation or subdivision of Stapled Securities;
- (3) in exercising the authority conferred by this Resolution, the H-REIT Manager and the HBT Trustee-Manager shall comply with the provisions of the Listing Manual of SGX-ST for the time being in force (unless such compliance has been waived by SGX-ST), the Business Trusts Act, Chapter 31A of Singapore for the time being in force, the trust deed constituting H-REIT (as amended) (the "**H-REIT Trust Deed**") for the time being in force (unless otherwise exempted or waived by the Monetary Authority of Singapore) and the trust deed constituting HBT (the "**HBT Trust Deed**") for the time being in force (unless otherwise exempted or waived by the Monetary Authority of Singapore);
- (4) (unless revoked or varied by the Security Holders in a general meeting) the authority conferred by this Resolution shall continue in force until (i) the conclusion of the next Annual General Meetings of H-REIT and HBT or (ii) the date by which the next Annual General Meetings of H-REIT and HBT are required by law to be held, whichever is earlier;
- (5) where the terms of the issue of the Instruments provide for adjustment to the number of Instruments or Stapled Securities into which the Instruments may be converted, in the event of rights, bonus or other capitalisation issues or any other events, the H-REIT Manager and the HBT Trustee-Manager are authorised to issue additional Instruments or Stapled Securities pursuant to such adjustment notwithstanding that the authority conferred by this Resolution may have ceased to be in force at the time the Instruments are issued; and

NOTICE OF ANNUAL GENERAL MEETINGS

- (6) the H-REIT Manager, the H-REIT Trustee and the HBT Trustee-Manager be and are hereby severally authorised to complete and do all such acts and things (including executing all such documents as may be required) as the H-REIT Manager, the H-REIT Trustee or, as the case may be, the HBT Trustee-Manager may consider expedient or necessary or in the interest of H-REIT and HBT to give effect to the authority conferred by this Resolution.

(Please see Explanatory Notes)

(C) AS OTHER BUSINESS

4. To transact such other business as may be transacted at an Annual General Meeting.

BY ORDER OF THE BOARD
M&C REIT Management Limited
(as manager of CDL Hospitality Real Estate
Investment Trust)

Vincent Yeo Wee Eng
Chief Executive Officer and Executive Director

Enid Ling Peek Fong
Company Secretary

Singapore
28 March 2014

BY ORDER OF THE BOARD
M&C Business Trust Management Limited
(as trustee-manager of CDL Hospitality
Business Trust)

Vincent Yeo Wee Eng
Chief Executive Officer and Executive Director

Enid Ling Peek Fong
Company Secretary

Important Notice:

1. A Security Holder entitled to attend and vote at the Annual General Meetings is entitled to appoint not more than two proxies to attend and vote in his stead. A proxy need not be a Security Holder.
2. The instrument appointing a proxy must be deposited at the registered office of the H-REIT Manager and the HBT Trustee-Manager at 36 Robinson Road, #04-01 City House, Singapore 068877 not less than 48 hours before the time appointed for holding the Annual General Meetings.
3. Completion and return of the instrument appointing a proxy shall not preclude a Security Holder from attending and voting at the Annual General Meetings. Any appointment of a proxy or proxies shall be deemed to be revoked if a Security Holder attends the Annual General Meetings in person, and in such event, the H-REIT Manager and the HBT Trustee-Manager reserve the right to refuse to admit any person or persons appointed under this instrument of proxy, to the Annual General Meetings.
4. The Chairman of the Annual General Meetings will be exercising his rights under Paragraph 13 of Schedule 1 to the H-REIT Trust Deed and Paragraph 4.4.1 of the Schedule to the HBT Trust Deed for all resolutions at the Annual General Meetings and at any adjournment thereof to be put to the vote by way of poll. Accordingly, each resolution at the Annual General Meetings will be voted on by way of a poll.
5. To allow for a more efficient voting system, polling will be done by way of an electronic poll voting system. With poll voting, Security Holders present in person or represented by proxy at the Annual General Meetings will be entitled to vote on a 'one-Stamped Security, one-vote' basis. The detailed procedures for the electronic poll voting will be explained at the Annual General Meetings.

NOTICE OF ANNUAL GENERAL MEETINGS

Explanatory notes:

1. Ordinary Resolution 3

The Ordinary Resolution 3 above, if passed, will empower the H-REIT Manager and the HBT Trustee-Manager from the date of these Annual General Meetings until the date of the next Annual General Meetings of H-REIT and HBT, to issue Stapled Securities and to make or grant instruments (such as securities, warrants or debentures) convertible into Stapled Securities and issue Stapled Securities pursuant to such instruments, up to a number not exceeding 50% of the total number of issued Stapled Securities (excluding treasury H-REIT Units and treasury HBT Units, if any) of which up to 20% of the total number of issued Stapled Securities (excluding treasury H-REIT Units and treasury HBT Units, if any) may be issued other than on a *pro rata* basis to Security Holders.

The Ordinary Resolution 3 above, if passed, will also empower the H-REIT Manager and the HBT Trustee-Manager from the date of these Annual General Meetings until the date of the next Annual General Meetings of H-REIT and HBT, to issue Stapled Securities as either full or partial payment of fees which the H-REIT Manager and the HBT Trustee-Manager are entitled to receive for their own accounts pursuant to the H-REIT Trust Deed and the HBT Trust Deed respectively.

For determining the aggregate number of Stapled Securities that may be issued, the percentage of issued Stapled Securities will be calculated based on the issued Stapled Securities at the time the Ordinary Resolution 3 above is passed, after adjusting for new Stapled Securities arising from the conversion or exercise of any Instruments which are outstanding at the time this Resolution is passed and any subsequent bonus issue, consolidation or subdivision of Stapled Securities.

Fund raising by issuance of new Stapled Securities may be required in instances of property acquisitions or debt repayments. In any event, if the approval of Security Holders is required under the Listing Manual of SGX-ST and the Trust Deed or any applicable laws and regulations in such instances, the H-REIT Manager and the HBT Trustee-Manager will then obtain the approval of Security Holders accordingly.

CDL HOSPITALITY TRUSTS

A stapled group comprising:

CDL HOSPITALITY REAL ESTATE INVESTMENT TRUST

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

CDL HOSPITALITY BUSINESS TRUST

(a business trust constituted on 12 June 2006 under the laws of the Republic of Singapore)

**PROXY FORM
ANNUAL GENERAL MEETINGS**I/We _____ (Name(s)), and NRIC/Passport/Company Registration No. _____
of _____ (Address)

being a holder/s of units in CDL Hospitality Real Estate Investment Trust and CDL Hospitality Business Trust (collectively, "Stapled Securities"), hereby appoint:

Name	Address	NRIC / Passport Number	Proportion of Stapled Securities Holdings	
			Number of Stapled Securities	%

and/or (delete as appropriate)

Name	Address	NRIC / Passport Number	Proportion of Stapled Securities Holdings	
			Number of Stapled Securities	%

as my/our proxy/proxies to attend and to vote for me/us on my/our behalf at the Annual General Meetings to be held at Galleria Ballroom, Level 3, Grand Copthorne Waterfront Hotel, 392 Havelock Road, Singapore 169663 on Friday, 25 April 2014 at 10.00 a.m. and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the resolutions to be proposed at the Annual General Meetings as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting at his/their discretion, as he/they will on any other matter arising at the Annual General Meetings.

No.	Ordinary Resolution	No. of votes For*	No. of votes Against*
	ORDINARY BUSINESS		
1.	Adoption of the HBT Trustee-Manager's Report, the Statement by the Chief Executive Officer of the HBT Trustee-Manager, the H-REIT Trustee's Report, the H-REIT Manager's Report and the Audited Financial Statements of HBT, H-REIT and CDL Hospitality Trusts for the year ended 31 December 2013 and the Auditors' Report thereon.		
2.	Re-appointment of Independent Auditors and authorisation of the H-REIT Manager and the HBT Trustee-Manager to fix the Independent Auditors' remuneration.		
	SPECIAL BUSINESS		
3.	Authority to issue Stapled Securities and to make or grant convertible instruments.		
	OTHER BUSINESS		
4.	Transaction of such other business as may be transacted at an Annual General Meeting.		

* If you wish to exercise all your votes "For" or "Against", please tick (✓) within the box provided. Alternatively, please indicate the number of votes as appropriate.

Dated this _____ day of _____ 2014

Total number of Stapled Securities held

Signature(s) of Security Holder(s) or Common Seal of Corporate Security Holder(s)

IMPORTANT: PLEASE READ THE NOTES TO PROXY FORM OVERLEAF

Notes To Proxy Form

1. A Security Holder entitled to attend and vote at the Annual General Meetings is entitled to appoint one or two proxies to attend and vote in his stead.
2. Where a Security Holder appoints more than one proxy, the appointments shall be invalid unless he specifies the proportion of his holding (expressed as a percentage of the whole) to be represented by each proxy.
3. A proxy need not be a Security Holder.
4. A Security Holder should insert the total number of Stapled Securities held. If the Security Holder has Stapled Securities entered against his name in the Depository Register maintained by The Central Depository (Pte) Limited ("CDP"), he should insert that number of Stapled Securities. If no number is inserted, this form of proxy will be deemed to relate to all the Stapled Securities held by the Security Holder.
5. The instrument appointing a proxy or proxies (the "Proxy Form") must be deposited at the registered office of the H-REIT Manager and the HBT Trustee-Manager at 36 Robinson Road, #04-01 City House, Singapore 068877, not less than 48 hours before the time set for the Annual General Meetings.
6. The Proxy Form must be signed by the appointor or of his attorney duly authorised in writing. Where the Proxy Form is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or a duly authorised officer.
7. Where a Proxy Form is signed on behalf of the appointor by an attorney, the power of attorney or a duly certified copy thereof must (failing previous registration with the H-REIT Manager and the HBT Trustee-Manager) be lodged with the Proxy Form; failing which the Proxy Form may be treated as invalid.
8. The H-REIT Manager and the HBT Trustee-Manager shall be entitled to reject a Proxy Form which is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the Proxy Form. In addition, in the case of Stapled Securities entered in the Depository Register, the H-REIT Manager and the HBT Trustee-Manager may reject a Proxy Form if the Security Holder, being the appointor, is not shown to have Stapled Securities entered against his name in the Depository Register as at 48 hours before the time appointed for holding the Annual General Meetings, as certified by CDP to the H-REIT Manager and the HBT Trustee-Manager.
9. All Security Holders will be bound by the outcome of the Annual General Meetings regardless of whether they have attended or voted at the Annual General Meetings.

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Affix
Stamp Here

The Company Secretary
M&C REIT Management Limited
and M&C Business Trust Management Limited
(as manager of CDL Hospitality Real Estate Investment Trust
and trustee-manager of CDL Hospitality Business Trust respectively)

36 Robinson Road
#04-01 City House
Singapore 068877

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CORPORATE DIRECTORY

CDL HOSPITALITY TRUSTS

A Stapled Group comprising H-REIT, a real estate investment trust, and HBT, a business trust.

MANAGER OF H-REIT

M&C REIT Management Limited
(Co. Reg. No. 200607091Z)

Registered Address:

36 Robinson Road
#04-01 City House
Singapore 068877
Telephone : (65) 6877 8228
Facsimile : (65) 6225 4959

Office Address:

390 Havelock Road
#02-05 King's Centre
Singapore 169662
Telephone : (65) 6664 8888
Facsimile : (65) 6732 2868
Email : enquiries@cdlht.com
Website : www.cdlht.com

TRUSTEE-MANAGER OF HBT

**M&C Business Trust
Management Limited**
(Co. Reg. No. 200607118H)

Registered Address:

36 Robinson Road
#04-01 City House
Singapore 068877
Telephone : (65) 6877 8228
Facsimile : (65) 6225 4959

Office Address:

390 Havelock Road
#02-05 King's Centre
Singapore 169662
Telephone : (65) 6664 8888
Facsimile : (65) 6732 2868
Email : enquiries@cdlht.com
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
Executive Director

Jenny Lim Yin Nee

Lead Independent Director

Jimmy Chan Chun Ming

Independent Non-Executive Director

Daniel Marie Ghislain Desbaillets

Independent Non-Executive Director

Ronald Seah Lim Siang

Independent Non-Executive Director

AUDIT COMMITTEE OF THE MANAGER OF H-REIT AND THE TRUSTEE-MANAGER OF HBT

Jenny Lim Yin Nee (Chairman)
Jimmy Chan Chun Ming
Ronald Seah Lim Siang

RISK MANAGEMENT COMMITTEE OF THE MANAGER OF H-REIT AND THE TRUSTEE-MANAGER OF HBT

Ronald Seah Lim Siang (Chairman)
Jenny Lim Yin Nee
Vincent Yeo Wee Eng

TRUSTEE OF H-REIT

DBS Trustee Limited

12 Marina Boulevard
Level 44 DBS Asia Central @
Marina Bay Financial Centre Tower 3
Singapore 018982
Telephone : (65) 6878 8888
Facsimile : (65) 6878 3977

AUDITORS

KPMG LLP

Public Accountants and
Chartered Accountants
16 Raffles Quay
#22-00 Hong Leong Building
Singapore 048581
Telephone : (65) 6213 3388
Facsimile : (65) 6225 4142
(Partner-in-charge: Alex Koh,
appointment commenced from the
audit of the financial statements for
the year ended 31 December 2011)

UNIT REGISTRAR

M & C Services Private Limited

112 Robinson Road #05-01
Singapore 068902
Telephone : (65) 6227 6660
Facsimile : (65) 6225 1452

LEGAL ADVISER

Allen & Gledhill LLP

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
Leong Hui Min



CDL HOSPITALITY TRUSTS

M&C REIT Management Limited
(As Manager of CDL Hospitality Real Estate Investment Trust)

and

M&C Business Trust Management Limited
(As Trustee-Manager of CDL Hospitality Business Trust)