



CDL HOSPITALITY TRUSTS

**CDL HOSPITALITY TRUSTS
UNAUDITED FINANCIAL STATEMENTS ANNOUNCEMENT OF CDL HOSPITALITY TRUSTS,
H-REIT AND ITS SUBSIDIARIES AND HBT AND ITS SUBSIDIARIES FOR THE FIRST
QUARTER ENDED 31 MARCH 2017**

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CDL HOSPITALITY TRUSTS

A stapled group comprising:

CDL HOSPITALITY REAL ESTATE INVESTMENT TRUST AND ITS SUBSIDIARIES

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

CDL HOSPITALITY BUSINESS TRUST AND ITS SUBSIDIARIES

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

CDL HOSPITALITY TRUSTS

UNAUDITED FINANCIAL STATEMENTS ANNOUNCEMENT OF CDL HOSPITALITY TRUSTS, H-REIT AND ITS SUBSIDIARIES AND HBT AND ITS SUBSIDIARIES FOR THE FIRST QUARTER ENDED 31 MARCH 2017

INTRODUCTION

CDL Hospitality Trusts ("CDLHT") is a stapled group comprising CDL Hospitality Real Estate Investment Trust ("**H-REIT**"), a real estate investment trust, and CDL Hospitality Business Trust ("**HBT**"), a business trust. CDL Hospitality Trusts was listed on the Singapore Exchange Securities Trading Limited ("**SGX**") on 19 July 2006.

The H-REIT Units and HBT Units are stapled together under the terms of a stapling deed dated 12 June 2006 entered into between M&C REIT Management Limited (the "**H-REIT Manager**"), DBS Trustee Limited (the "**H-REIT Trustee**") and M&C Business Trust Management Limited (the "**HBT Trustee-Manager**") and cannot be traded separately.

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

As of 31 March 2017, CDLHT owns 15 hotels and two resorts comprising a total of 4,912 rooms as well as a retail mall. The properties under CDLHT's portfolio are:

- (i) six hotels in the gateway city of Singapore comprising Orchard Hotel, Grand Copthorne Waterfront Hotel, M Hotel, Copthorne King's Hotel, Novotel Singapore Clarke Quay and Studio M Hotel (collectively, the "**Singapore Hotels**"), as well as a retail mall adjoining Orchard Hotel (Claymore Connect);
- (ii) five hotels in Brisbane and Perth, Australia, comprising Novotel Brisbane, Mercure Brisbane, Ibis Brisbane, Mercure Perth and Ibis Perth (collectively, the "**Australia Hotels**");
- (iii) two hotels in Japan's gateway city of Tokyo, comprising Hotel MyStays Asakusabashi and Hotel MyStays Kamata, (collectively, the "**Japan Hotels**");
- (iv) one hotel in New Zealand's gateway city of Auckland, namely Grand Millennium Auckland (formerly known as Rendezvous Hotel Auckland) (the "**New Zealand Hotel**");
- (v) one hotel in Cambridge, United Kingdom, namely Hilton Cambridge City Centre (the "**UK Hotel**"); and
- (vi) two resorts in Maldives comprising Angsana Velavaru and Jumeirah Dhevanafushi, (collectively, the "**Maldives Resorts**").

In December 2013, the HBT Trustee-Manager activated HBT. As at 31 March 2017, it owns Hilton Cambridge City Centre and is the master lessee of the Japan Hotels and Jumeirah Dhevanafushi, both of which are owned by the H-REIT group. It will continue its functions as a master lessee of last resort and may undertake certain hospitality and hospitality-related development projects, acquisitions and investments which may not be suitable or deemed suitable for H-REIT.

CDLHT's distribution policy is to distribute at least 90.0% of its taxable income and of its tax exempt income (if any), with the actual level of distribution to be determined at the H-REIT Manager's and HBT Trustee-Manager's discretion. CDLHT makes distributions to stapled securityholders 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.

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CDL HOSPITALITY BUSINESS TRUST AND ITS SUBSIDIARIES ("HBT Group")**

**UNAUDITED FINANCIAL STATEMENTS ANNOUNCEMENT OF CDL HOSPITALITY TRUSTS,
H-REIT AND ITS SUBSIDIARIES AND HBT AND ITS SUBSIDIARIES FOR THE FIRST QUARTER ENDED
31 MARCH 2017**

SUMMARY OF CDL HOSPITALITY TRUSTS' RESULTS

	1 Jan 2017 to 31 Mar 2017 ("1Q 2017") S\$'000	1 Jan 2016 to 31 Mar 2016 ("1Q 2016") S\$'000	Increase/ (Decrease) %
Gross revenue	46,411	44,664	3.9
Net property income	35,872	33,710	6.4
Total return for the period	17,624	20,937	(15.8)
Income available for distribution to Stapled Securityholders (before retention)	26,826	24,380	10.0
Less:			
Income retained for working capital	(2,683)	(2,438)	10.0
Total distribution to Stapled Securityholders (after retention)	24,143	21,942	10.0
Total distribution per Stapled Security (before retention) (cents)			
For the period	2.69	2.46	9.3
Total distribution per Stapled Security (after retention) (cents)			
For the period	2.42	2.22	9.0

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

	Foot-note	H-REIT Group			HBT Group			CDL Hospitality Trusts		
		1Q 2017	1Q 2016	Increase/ (Decrease)	1Q 2017	1Q 2016	Increase/ (Decrease)	1Q 2017	1Q 2016	Increase/ (Decrease)
		S\$'000	S\$'000	%	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Gross revenue										
Gross rental revenue		37,754	35,759	5.6	-	-	-	34,668	32,528	6.6
Room revenue		-	-	-	8,960	9,250	(3.1)	8,960	9,250	(3.1)
Food & beverage revenue		-	-	-	1,706	1,785	(4.4)	1,706	1,785	(4.4)
Other income		-	-	-	1,077	1,101	(2.2)	1,077	1,101	(2.2)
	(a)	37,754	35,759	5.6	11,743	12,136	(3.2)	46,411	44,664	3.9
Property expenses	(j)									
Operation and maintenance		-	-	-	(2,332)	(2,303)	1.3	(2,332)	(2,303)	1.3
Employee benefits expenses		-	-	-	(2,172)	(2,162)	0.5	(2,172)	(2,162)	0.5
Rental expenses	(b)	-	-	-	(3,169)	(3,441)	(7.9)	(83)	(86)	(3.5)
Property tax	(c)	(2,063)	(2,505)	(17.6)	(270)	(295)	(8.5)	(2,333)	(2,801)	(16.7)
Other property expenses	(d)	(1,155)	(1,100)	5.0	(2,464)	(2,502)	(1.5)	(3,619)	(3,602)	0.5
		(3,218)	(3,605)	(10.7)	(10,407)	(10,703)	(2.8)	(10,539)	(10,954)	(3.8)
Net property income		34,536	32,154	7.4	1,336	1,433	(6.8)	35,872	33,710	6.4
H-REIT Manager's base fees		(1,477)	(1,461)	1.1	-	-	-	(1,477)	(1,461)	1.1
H-REIT Manager's performance fees		(1,727)	(1,608)	7.4	-	-	-	(1,727)	(1,608)	7.4
H-REIT Trustee's fees		(67)	(67)	-	-	-	-	(67)	(67)	-
HBT Trustee-Manager's management fees		-	-	-	(35)	(64)	(45.3)	(35)	(64)	(45.3)
HBT Trustee-Manager's trustee fees		-	-	-	(31)	(34)	(8.8)	(31)	(34)	(8.8)
Valuation fees		(49)	(50)	(2.0)	(7)	(8)	(12.5)	(56)	(58)	(3.4)
Depreciation and amortisation	(e)	(486)	(401)	21.2	(883)	(991)	(10.9)	(2,143)	(2,228)	(3.8)
Other trust expenses	(f)	(486)	(352)	38.1	(181)	332	N.M	(636)	(20)	N.M
Finance income		903	591	52.8	23	-	N.M	302	75	N.M
Finance costs		(11,300)	(6,241)	81.1	(601)	(607)	(1.0)	(11,277)	(6,332)	78.1
Net finance costs	(g)	(10,397)	(5,650)	84.0	(578)	(607)	(4.8)	(10,975)	(6,257)	75.4
Net income/(loss) before tax		19,847	22,565	(12.0)	(379)	61	N.M	18,725	21,913	(14.5)
Income tax expense	(h)	(1,047)	(873)	19.9	(54)	(103)	(47.6)	(1,101)	(976)	12.8
Total return/(Net loss)	(i)	18,800	21,692	(13.3)	(433)	(42)	N.M	17,624	20,937	(15.8)

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

**UNAUDITED FINANCIAL STATEMENTS ANNOUNCEMENT OF CDL HOSPITALITY TRUSTS,
H-REIT AND ITS SUBSIDIARIES AND HBT AND ITS SUBSIDIARIES FOR THE FIRST QUARTER ENDED
31 MARCH 2017**

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

	HBT Group		
	1Q 2017 S\$'000	1Q 2016 S\$'000	Increase/ (Decrease) %
Net loss for the period	(433)	(42)	N.M
Other comprehensive income			
Items that will not be reclassified to profit or loss:			
Revaluation surplus on property, plant and equipment	3,512	-	N.M
Related tax	(597)	-	N.M
	2,915	-	N.M
Items that are or may be reclassified subsequently to profit or loss:			
Foreign currency translation differences - foreign operations	237	227	4.4
	237	227	4.4
Other comprehensive income for the period, net of tax	3,152	227	N.M

Footnotes

- (a) Gross revenue comprises rental income and hotel revenue from CDLHT's properties. Please refer to Section 8 (i), page 20 to 22 of the Announcement.
- (b) The rental expense of HBT Group relates to rent accrued to H-REIT's indirect wholly-owned subsidiaries (Jumeirah Dhevanafushi and Japan Hotels) and land lease payable to Cambridge City Council by the UK Hotel. For further details, refer to Section 8 (ii) Footnote (a)(ii), (c) and (d) on page 22 of the Announcement.
- (c) The Q1 2016 property tax expenses included additional property tax of the prior years following finalisation of the tax assessment for the Singapore properties.
- (d) Other property expenses comprise mainly utilities, insurance and other direct operating expenses of the Claymore Connect, Japan and UK Hotels and Jumeriah Dhevanafushi. Also included in other property expenses is an impairment loss of \$51K made in 1Q 2017 (1Q 2016: Nil).
- (e) The depreciation and amortisation expenses for the group mainly relate to property, plant and equipment of the Japan and UK Hotels and Jumeirah Dhevanafushi. The lower depreciation expenses in 1Q 2017 is mainly attributed to the depreciation of British pound (“GBP”) against Singapore dollar (“SGD”).
- (f) Other trust expenses in CDLHT in 1Q 2016 included a write-back of accruals for expenses no longer required and a reversal of an accrual for transaction costs of £246,000 (S\$495,000) relating to the UK acquisition (following the finalisation of such transaction costs), which did not recur in 1Q 2017. Correspondingly, the other trust expenses were higher in 1Q 2017.

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(g) Net finance costs comprise the following:

	H-REIT Group			HBT Group		
	1Q 2017 S\$'000	1Q 2016 S\$'000	Increase/ (Decrease) %	1Q 2017 S\$'000	1Q 2016 S\$'000	Increase/ (Decrease) %
Interest income received/receivable from banks	83	75	10.7	-	-	-
Interest income received/receivable from HBT Group ⁽ⁱ⁾	587	516	13.8	-	-	-
Fair value gain on derivatives ⁽ⁱⁱ⁾	233	-	N.M	-	-	-
Exchange gain ⁽ⁱⁱⁱ⁾	-	-	-	23	-	N.M
Finance income	903	591	52.8	23	-	N.M
Exchange loss ⁽ⁱⁱⁱ⁾	(5,444)	(294)	N.M	-	(91)	N.M
Interest paid/payable to banks ^(iv)	(5,494)	(5,629)	(2.4)	-	-	-
Interest paid/payable to H-REIT Group ⁽ⁱ⁾	-	-	-	(587)	(516)	13.8
Fair value loss on derivatives ⁽ⁱⁱ⁾	-	-	-	(14)	-	N.M
Amortisation of transaction costs capitalised ^(v)	(309)	(267)	15.7	-	-	-
Financial expense arising from remeasuring non-current rental deposits at amortised cost	(53)	(51)	3.9	-	-	-
Finance costs	(11,300)	(6,241)	81.1	(601)	(607)	(1.0)
Net finance costs	(10,397)	(5,650)	84.0	(578)	(607)	(4.8)

	CDL Hospitality Trusts		
	1Q 2017 S\$'000	1Q 2016 S\$'000	Increase/ (Decrease) %
Interest income received/receivable from banks	83	75	10.7
Fair value gain on derivatives ⁽ⁱⁱ⁾	219	-	N.M
Finance income	302	75	N.M
Exchange loss ⁽ⁱⁱⁱ⁾	(5,421)	(385)	N.M
Interest paid/payable to banks ^(iv)	(5,494)	(5,629)	(2.4)
Amortisation of transaction costs capitalised ^(v)	(309)	(267)	15.7
Financial expense arising from remeasuring non-current rental deposits at amortised cost	(53)	(51)	3.9
Finance costs	(11,277)	(6,332)	78.1
Net finance costs	(10,975)	(6,257)	75.4

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- (i) The intra-group interest income/expenses between H-REIT Group and HBT Group arose from a loan extended by H-REIT to HBT to finance the acquisition of the UK Hotel.
- (ii) Fair value gain/loss on derivatives relates to the re-measurement of foreign exchange forward contracts to partially hedge H-REIT's and HBT's income from overseas.
- (iii) The higher exchange loss in 1Q 2017 mainly arose from the repayment of the New Zealand dollar (“NZD”) denominated intercompany loan that contributed to a S\$6.5 million exchange loss. This was offset by gains from the United States dollar (“USD”) denominated bank loans as a result of the depreciation of USD against SGD. There was also a revaluation gain from receivables and cash balances in Australian dollar (“AUD”) and Japanese yen (“JPY”) due to appreciation of these two currencies against SGD. In comparison, there was a depreciation of the AUD and NZD currencies against SGD in 1Q 2016 and hence an exchange loss. These exchange differences (other than those which are revenue in nature) do not have an impact on the distributable income of CDLHT.
- (iv) The interest paid/payable to banks for 1Q 2017 was lower mainly due to an overall lower cost of borrowing attributable to the floating rate loans.
- (v) The amortisation costs in 1Q 2017 relate to the amortisation of transaction costs arising from the group's borrowings.
- (h) *This relates to current and deferred tax in respect of overseas properties.*

	H-REIT Group		HBT Group		CDL Hospitality Trusts	
	1Q 2017 S\$'000	1Q 2016 S\$'000	1Q 2017 S\$'000	1Q 2016 S\$'000	1Q 2017 S\$'000	1Q 2016 S\$'000
Corporate income tax	(954)	(416)	(32)	(14)	(986)	(429)
Deferred tax	(93)	(455)	26	-	(67)	(455)
Withholding tax	-	-	(48)	(52)	(48)	(52)
Overprovision in respect of prior year tax	-	(2)	-	(37)	-	(40)
	(1,047)	(873)	(54)	(103)	(1,101)	(976)

- (i) *Total return of CDL Hospitality Trusts is contributed by:*

	CDL Hospitality Trusts	
	1Q 2017 S\$'000	1Q 2016 S\$'000
H-REIT	28,357	20,310
Other H-REIT group entities (including consolidation adjustments)	(9,557)	1,382
HBT	409	397
Other HBT group entities (including consolidation adjustments)	(842)	(439)
CDL Hospitality Trusts' consolidation adjustments	(743)	(713)
	17,624	20,937

- (j) The breakdown of property expenses has been revised in the current period to present the significant components included in this caption so as to provide users with a more meaningful analysis of such expenses. Accordingly, certain comparatives have been reclassified to conform with the current period's presentation.

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

CDL Hospitality Trusts		
	1Q 2017 S\$'000	1Q 2016 S\$'000
Total return of H-REIT	28,357	20,310
Total comprehensive income of HBT	409	397
Add/(Less): Non tax deductible/(tax chargeable) items:		
- Amortisation of transaction costs	272	232
- Fair value gain on financial derivatives	(233)	-
- Financial expense arising from remeasuring non-current rental deposits at amortised cost	53	51
- Exchange (gain)/loss	(4,815)	700
- H-REIT Manager's fees paid/payable in Stapled Securities	2,563	2,455
- H-REIT Trustee's fees	67	67
- HBT Trustee-Manager's management fees paid/payable in Stapled Securities	28	51
- HBT Trustee-Manager's trustee fees	31	34
- Other items	94	83
Income available for distribution to Stapled Securityholders (before retention)	26,826	24,380
Less :		
Income retained for working capital	(2,683)	(2,438)
Total distribution to Stapled Securityholders (after retention)	24,143	21,942
Comprising :		
- Taxable income	17,986	17,309
- Tax exempt income	6,157	4,633
	24,143	21,942

(i) The distribution of CDL Hospitality Trusts represents the aggregate of distributions by H-REIT and HBT.

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1 (b)(i) Statements of Financial Position together with a comparative statement at the end of the immediately preceding financial year

	Footnote	H-REIT Group		HBT Group ^(a)		CDL Hospitality Trusts	
		31 Mar 2017 S\$'000	31 Dec 2016 S\$'000	31 Mar 2017 S\$'000	31 Dec 2016 S\$'000	31 Mar 2017 S\$'000	31 Dec 2016 S\$'000
ASSETS							
Non-current assets							
Property, plant and equipment	(b)	82,838	71,947	107,262	107,432	252,001	244,361
Investment properties	(c)	2,243,908	2,246,808	-	-	2,174,826	2,175,008
Prepaid land lease		-	-	-	-	6,450	6,817
Other receivables	(d)	114,804	117,831	-	-	149	-
		2,441,550	2,436,586	107,262	107,432	2,433,426	2,426,186
Current assets							
Inventories		-	-	1,001	1,053	1,001	1,053
Trade and other receivables		19,940	26,530	5,750	5,820	18,221	25,704
Financial derivative assets	(e)	121	105	13	66	134	171
Cash and cash equivalents		47,016	67,927	10,660	14,301	57,677	82,228
		67,077	94,562	17,424	21,240	77,033	109,156
Total assets		2,508,627	2,531,148	124,686	128,672	2,510,459	2,535,342
LIABILITIES							
Non-current liabilities							
Loans and borrowings	(f)	920,439	928,849	-	-	920,439	928,849
Rental deposits	(g)	8,832	8,981	-	-	8,832	8,981
Other payables	(d)	-	-	114,655	117,831	-	-
Deferred tax liabilities	(h)	10,987	8,902	6,606	6,213	17,593	15,115
		940,258	946,732	121,261	124,044	946,864	952,945
Current liabilities							
Trade and other payables	(i)	29,147	28,116	10,983	11,964	32,661	33,433
Financial derivative liabilities	(e)	66	284	14	52	80	336
Provision for taxation		2,382	1,551	669	656	3,051	2,207
		31,595	29,951	11,666	12,672	35,792	35,976
Total liabilities		971,853	976,683	132,927	136,716	982,656	988,921
Net assets/(liabilities)		1,536,774	1,554,465	(8,241)	(8,044)	1,527,803	1,546,421
Represented by:							
Unitholders' funds		1,536,774	1,554,465	(8,241)	(8,044)	1,527,803	1,546,421

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Footnotes

- (a) *The Statement of Financial Position of HBT Group comprises the resort operations of Jumeirah Dhevanafushi, the Japan Hotels and the UK Hotel (acquired on 1 October 2015).*
- (b) *The property, plant and equipment at H-REIT Group and HBT Group comprise the Japan Hotels and the UK Hotel respectively.*

The property, plant and equipment at CDLHT comprise the Japan Hotels, Jumeirah Dhevanafushi and the UK Hotel. For Jumeirah Dhevanafushi, the property is leased by H-REIT's indirect wholly-owned subsidiary to HBT's indirect wholly-owned subsidiary. For the Japan Hotels, there is a master lease arrangement between a trust bank in Japan (in its capacity as the trust bank holding the legal title to the Japan Hotels) and HBT's indirect wholly-owned subsidiary. Under FRS 40, these properties are considered property held for use as owner-occupied properties. Accordingly, these properties are classified as property, plant and equipment instead of investment property in CDLHT's financial statements.

With effect from 1 January 2017, CDLHT changed its accounting policy with respect to the subsequent measurement of land and buildings included as part of property, plant and equipment from the cost model to the revaluation model. Please refer to Section 5 on page 18 to the Announcement for details.

The increase in property, plant and equipment at CDLHT is mainly due to a revaluation gain on land and buildings of S\$13.2 million arising from its Japan and UK Hotels, following the remeasurement to revaluation model and additions of S\$0.5 million. This was offset by a net translation loss of S\$4.0 million, and depreciation expense of S\$2.1 million for the period.

- (c) *The decrease in investment properties at H-REIT Group was mainly attributed to a net translation loss of S\$2.7 million, partially offset by additional capital expenditure of about S\$2.6 million incurred during the period.*
- (d) *The intra-group loan between H-REIT and HBT is classified as non-current other receivables/payables at H-REIT Group and HBT Group respectively. The intra-group loan arose as H-REIT extended a loan to HBT to finance the acquisition of the UK Hotel. The loan interest which is payable every 3 months, is correspondingly classified as current other receivables/payables at H-REIT Group and HBT Group respectively.*

Also included in other receivables is S\$149K security deposit paid in relation to the rental of Waterfront Plaza that was reclassified from current to non-current asset on renewal of the lease agreement.

- (e) *Movement in financial derivatives arose from fair value changes upon re-measurement of foreign exchange forward contracts.*
- (f) *Loans and borrowings of the H-REIT Group of S\$920.4 million (as at 31 December 2016: S\$928.8 million), which are measured at amortised cost, comprise S\$120.0 million notes issued pursuant to the Medium Term Note Programme, JPY 3.1 billion (S\$38.5 million) TMK bond and S\$762.0 million bank borrowings, as explained under Section 1(b)(ii) on pages 10 to 11 of the Announcement.*
- (g) *Rental deposits relate to rental deposits collected from the Master Lessees and tenants at Claymore Connect, stated at amortised cost.*
- (h) *The deferred tax liabilities relate to the Australia, UK and Japan properties. The increase in liability is mainly due to the additional deferred liability recognised for the UK and Japan properties following the recognition of revaluation gain on land and buildings, as explained under Section 1(b)(i) footnote (b). Please refer to Section 5 on page 18 to the Announcement for details.*
- (i) *Trade and other payables for the H-REIT Group relates mainly to payables for operational and trust expenses.*

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

		H-REIT Group and CDL Hospitality Trusts	
		31 Mar 2017 S\$'000	31 Dec 2016 S\$'000
Amount repayable after one year			
Secured TMK bond		38,967	38,254
Unsecured medium term notes		120,000	120,000
Unsecured borrowings		764,958	774,373
Total borrowings^(a)		923,925	932,627

^(a) The borrowings are presented before the deduction of unamortised transaction costs.

Details of borrowings

The facilities and borrowings of the H-REIT Group and CDL Hospitality Trusts are set out below:

Facilities		H-REIT Group and CDL Hospitality Trusts		
		31 Mar 2017		
Currency	Type	Facility amount S\$'000	Drawn down S\$'000	Undrawn S\$'000
JPY	TMK bond (¥3.1 billion)	38,967	38,967	-
JPY	5-year term loan (¥3.27 billion)	41,104	41,104	-
SGD	Medium term notes	1,000,000	120,000	880,000
SGD	Bridge loan (uncommitted)	300,000	-	300,000
SGD	3 to 3.25-year revolving credit (committed)	250,000	159,794	90,206
SGD	5-year term loan	153,600	153,600	-
USD	5-year term loan (US\$140.0 million)	195,524	195,524	-
AUD	5-year term loan (A\$93.2 million)	99,705	99,705	-
GBP	5-year term loan (£66.5 million)	115,231	115,231	-
		2,194,131	923,925	1,270,206

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The TMK bond included in H-REIT Group relates to 5-year Japanese yen denominated bond of JPY3.1 billion (S\$39.0 million) issued by H-REIT's indirectly owned subsidiary, CDLHT Hanei Tokutei Mokutei Kaisha. CDLHT's interest in Japan Hotels is held via a Tokutei Mokutei Kaisha (“TMK”) structure, and such TMK structure is required to issue bond to partially fund the acquisition of Japan assets.

The bondholders have a statutory preferred right, under Article 128 of the Japan Asset Liquidation Law, to receive payment of all obligations under the bond prior to other creditors out of the assets of the TMK. Such right shall be junior to the priority of the general statutory lien under the Japan Civil Code. While the assets of TMK are subject to a statutory preferred right, it is not considered a mortgage under Japan laws.

Unsecured medium term notes

H-REIT's wholly-owned subsidiary, CDLHT MTN Pte. Ltd. (the “Issuer”) has in place a S\$1.0 billion Multi-currency Medium Term Note Programme (the “Programme”), out of which medium term notes are issued.

Unsecured bridge loan

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

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

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1 (c) Consolidated Statements of Cash Flows

	Foot-note	H-REIT Group		HBT Group		CDL Hospitality Trusts	
		1Q 2017	1Q 2016	1Q 2017	1Q 2016	1Q 2017	1Q 2016
		S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Operating activities							
Net income/(loss) before tax		19,847	22,565	(379)	61	18,725	21,913
Adjustments for:							
H-REIT Manager's/HBT Trustee-Manager's fee paid/payable in Stapled Securities	(a)	2,563	2,455	28	51	2,591	2,506
Depreciation of property, plant and equipment		486	401	883	991	2,075	2,159
Amortisation of prepaid land lease		-	-	-	-	68	69
Impairment loss on trade receivables		51	-	15	81	66	81
Net finance costs		10,397	5,650	578	607	10,975	6,257
Operating income/(loss) before working capital changes		33,344	31,071	1,125	1,791	34,500	32,985
Changes in working capital:							
Inventories		-	-	13	60	13	60
Trade and other receivables		5,322	(1,739)	(121)	(1,596)	6,135	(2,447)
Trade and other payables		1,317	4,981	(671)	395	(318)	4,364
Cash generated from/(used in) operating activities		39,983	34,313	346	650	40,330	34,962
Income tax paid		(42)	(93)	(48)	(72)	(90)	(165)
Net cash generated from/(used in) operating activities		39,941	34,220	298	578	40,240	34,797
Investing activities							
Capital expenditure on investment properties		(2,476)	(7,373)	-	-	(2,359)	(7,052)
Addition of property, plant and equipment and prepaid land lease		(216)	(396)	(180)	(64)	(514)	(780)
Disposal of property, plant and equipment and prepaid land lease		-	-	-	367	-	367
Interest received		570	86	-	-	80	86
Cash generated from/(used in) investing activities		(2,122)	(7,683)	(180)	303	(2,793)	(7,379)
Financing activities							
Proceeds from bank loans		-	8,257	-	-	-	8,257
Repayment of bank loans		(1,579)	-	-	-	(1,579)	-
Payment of transaction costs related to bank loans		(8)	(88)	-	-	(8)	(88)
Finance costs paid		(4,902)	(5,186)	(490)	-	(4,902)	(5,186)
Distribution to holders of Stapled Securities		(52,150)	(53,118)	(2,944)	-	(55,094)	(53,118)
Movement in restricted cash		468	271	-	-	468	271
Cash generated from/(used in) financing activities		(58,171)	(49,864)	(3,434)	-	(61,115)	(49,864)
Net increase/(decrease) in cash and cash equivalents		(20,352)	(23,327)	(3,316)	881	(23,668)	(22,446)
Cash and cash equivalents at beginning of the period		66,471	60,896	14,301	9,701	80,772	70,597
Effect of exchange rate changes on cash and cash equivalents		(114)	(59)	(325)	(651)	(439)	(709)
Cash and cash equivalents at end of the period	(b)	46,005	37,510	10,660	9,931	56,665	47,442

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- (a) 1,847,874 (1Q 2016: 1,922,812) Stapled Securities amounting to S\$2.6 million (1Q 2016: S\$2.5 million) will be issued to the H-REIT Manager and HBT Trustee-Manager as satisfaction of asset management fees payable in units in respect of the quarter.
- (b) Cash and cash equivalents for H-REIT Group and CDL Hospitality Trusts as at 31 March 2017 are as follows:

	H-REIT Group S\$'000	CDL Hospitality Trusts S\$'000
Cash and cash equivalents in the Statement of Financial Position	47,016	57,677
Restricted cash ^(a)	(1,011)	(1,011)
Cash and cash equivalents in the Statement of Cash Flows	46,005	56,666

^(a) Relates to cash reserved by a trust bank in Japan.

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1 (d)(i) Statement of Movements in Stapled Securityholders’ funds for the period from 1 January 2017 to 31 March 2017

	H-REIT Group						HBT Group						CDL Hospitality Trusts
	Units in Issue S\$'000	Issue Expenses S\$'000	Foreign Currency Translation Reserve S\$'000	Revaluation Reserve S\$'000	Accumulated Profits S\$'000	Total S\$'000	Units in Issue S\$'000	Issue Expenses S\$'000	Foreign Currency Translation Reserve S\$'000	Revaluation Reserve S\$'000	Accumulated Profits/ (Losses) S\$'000	Total S\$'000	Total S\$'000
Balance as at 1 January 2017	1,166,980	(23,921)	(16,740)	-	428,146	1,554,465	850	(121)	2,216	-	(10,989)	(8,044)	1,546,421
Operations													
Increase/(decrease) in net assets resulting from operations	-	-	-	-	18,800	18,800	-	-	-	-	(433)	(433)	17,624
Movements in revaluation reserve	-	-	-	7,935	-	7,935	-	-	-	2,915	-	2,915	10,850
Movements in foreign currency translation reserve													
- Translation differences relating to financial statements of foreign subsidiaries	-	-	(5,227)	-	-	(5,227)	-	-	237	-	-	237	(4,977)
- Exchange differences on hedge of net investment in a foreign operation	-	-	3,563	-	-	3,563	-	-	-	-	-	-	3,563
- Exchange differences on monetary items forming part of net investment in a foreign operation	-	-	326	-	-	326	-	-	-	-	-	-	326
- Transfer of exchange differences to statement of total return upon repayment of intercompany loan which formed part of net investment in a foreign operation	-	-	6,499	-	-	6,499	-	-	-	-	-	-	6,499
Increase in foreign currency translation reserve	-	-	5,161	-	-	5,161	-	-	237	-	-	237	5,411
Stapled securityholders’ transactions													
- Stapled Securities to be issued as payment of H-REIT Manager's management fees	(a) 2,563	-	-	-	-	2,563	-	-	-	-	-	-	2,563
- Stapled Securities to be issued as payment of HBT Trustee-Manager's management fees	(b) -	-	-	-	-	-	28	-	-	-	-	28	28
- Distribution to Stapled Securityholders	(c) (3,375)	-	-	-	(48,775)	(52,150)	-	-	-	-	(2,944)	(2,944)	(55,094)
Increase/(decrease) in net assets resulting from stapled securityholders’ transactions	(812)	-	-	-	(48,775)	(49,587)	28	-	-	-	(2,944)	(2,916)	(52,503)
Balance as at 31 March 2017	1,166,168	(23,921)	(11,579)	7,935	398,171	1,536,774	878	(121)	2,453	2,915	(14,366)	(8,241)	1,527,803

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1 (d)(ii) Statement of Movements in Stapled Securityholders’ funds for the period from 1 January 2016 to 31 March 2016

	H-REIT Group					HBT Group					CDL Hospitality Trusts
	Units in Issue S\$'000	Issue Expenses S\$'000	Foreign Currency Translation Reserve S\$'000	Accumulated Profits S\$'000	Total S\$'000	Units in Issue S\$'000	Issue Expenses S\$'000	Foreign Currency Translation Reserve S\$'000	Accumulated Profits/ (Losses) S\$'000	Total S\$'000	Total S\$'000
Balance as at 1 January 2016	1,158,930	(23,921)	(32,952)	472,616	1,574,673	500	(121)	27	(1,715)	(1,309)	1,573,364
Operations											
Increase/(decrease) in net assets resulting from operations	-	-	-	21,692	21,692	-	-	-	(42)	(42)	20,937
Movements in foreign currency translation reserve											
- Translation differences relating to financial statements of foreign subsidiaries	-	-	(4,365)	-	(4,365)	-	-	227	-	227	(4,116)
- Exchange differences on hedge of net investment in a foreign operation	-	-	4,088	-	4,088	-	-	-	-	-	4,088
- Exchange differences on monetary items forming part of net investment in a foreign operation	-	-	(4,847)	-	(4,847)	-	-	-	-	-	(4,847)
Increase/(decrease) in foreign currency translation reserve	-	-	(5,124)	-	(5,124)	-	-	227	-	227	(4,875)
Stapled securityholders’ transactions											
- Stapled Securities to be issued as payment of H-REIT Manager’s management fees (a)	2,455	-	-	-	2,455	-	-	-	-	-	2,455
- Stapled Securities to be issued as payment of HBT Trustee-Manager’s management fees	-	-	-	-	-	51	-	-	-	51	51
- Distribution to Stapled Securityholders (d)	(1,088)	-	-	(52,030)	(53,118)	-	-	-	-	-	(53,118)
Increase/(decrease) in net assets resulting from stapled securityholders’ transactions	1,367	-	-	(52,030)	(50,663)	51	-	-	-	51	(50,612)
Balance as at 31 March 2016	1,160,297	(23,921)	(38,076)	442,278	1,540,578	551	(121)	254	(1,757)	(1,073)	1,538,814

Footnote

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Footnotes

- (a) *These represent the Stapled Securities to be issued as partial satisfaction of the portion of the management fee (comprising base fee and performance fee) incurred for the respective quarters. The Stapled Securities for the base fee will be issued within 30 days from the end of the quarter while the Stapled Securities for the performance fee will be issued on an annual basis, within 30 days from the date of the issuance of the audited financial statements of the Group.*
- (b) *These represent the Stapled Securities to be issued as partial satisfaction of the portion of the management fee incurred for the respective quarters. The Stapled Securities are issued within 30 days from the date of issuance of the financial statements of the Group.*
- (c) *Distribution to Stapled Securityholders in respect of the period from 1 July 2016 to 31 December 2016, which includes a capital distribution of S\$3,375,000.*
- (d) *Distribution to Stapled Securityholders in respect of the period from 1 July 2015 to 31 December 2015, which includes a capital distribution of S\$1,088,000.*

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1 (e) Details of any changes in the stapled securities

	CDL Hospitality Trusts	
	1Q 2017	1Q 2016
Issued stapled securities at beginning of the period	991,771,059	987,136,888
Issue of new stapled securities:		
- as payment of H-REIT Manager's management fees	925,435	2,017,102
Issued stapled securities at end of the period	992,696,494	989,153,990
Stapled securities to be issued:		
- as payment of H-REIT Manager's and HBT Trustee-Manager's management fees (a)	6,017,398	1,922,812
Total issued and issuable stapled securities at end of the period	998,713,892	991,076,802

Footnote

- (a) *These represent the Stapled Securities to be issued as partial satisfaction of the management fee incurred for the respective quarters. Included in the balance to be issued for management fee is 1.0 million Stapled Securities, which will be issued on an annual basis, within 30 days from the date of the issuance of the audited financial statements of the Group.*

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

The figures have not been audited but have been extracted from the financial information for the quarter ended 31 March 2017 which has been reviewed by our auditors in accordance with Singapore Standard on Review Engagements SSRE 2410 “Review of Interim Financial Information Prepared by the Independent Auditor of the Entity”.

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

Please see the attached review report.

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

The accounting policies and methods of computation adopted are consistent with those applied in the audited financial statements for the year ended 31 December 2016 except as explained in section 5 below.

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

On 1 January 2017, the H-REIT Group, the HBT Group and CDLHT (collectively, the “**Group**”) changed their accounting policy with respect to the subsequent measurement of freehold land, leasehold land and buildings included as part of property, plant and equipment from the cost model to the revaluation model. Under the revaluation model, any surplus arising on revaluation is recognised in other comprehensive income or the statement of unitholders’ funds (as the case may be). Any deficit in revaluation arising on revaluation is recognised in profit or loss or the statement of total return (as the case may be) except to the extent that it reverses a previous revaluation on the same asset.

The subsequent measurement of the above asset classes using the revaluation model aligns the policy for such assets with that for properties classified as investment properties, assists users to better understand the risks associated with these assets and provides users with information on the net asset value of the Group that incorporates the latest valuations of their properties classified as property, plant and equipment. This change in accounting policy has been applied prospectively in accordance with FRS 16 *Property, plant and equipment* and FRS 8 *Accounting policies, changes in estimates and errors*.

The effects of this change in accounting policy are set out below:-

H-REIT Group

A revaluation surplus and deferred tax liabilities of S\$9.7 million and S\$1.8 million respectively, have been recognised in unitholders’ funds.

HBT Group

A revaluation surplus and deferred tax liabilities of S\$3.5 million and S\$0.6 million respectively, have been recognised in other comprehensive income.

CDLHT

A revaluation surplus and deferred tax liabilities of S\$13.2 million and S\$2.4 million respectively, have been recognised in unitholders’ funds.

The additional annual depreciation arising from the adoption of the revaluation model is not material for the Group.

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

EPS

Basic EPS

Weighted average number of Stapled Securities

Basic EPS^(a) (cents)

Diluted EPS

Weighted average number of Stapled Securities

Diluted EPS^(b) (cents)

CDL Hospitality Trusts	
1Q 2017	1Q 2016
996,875,602	989,175,120
1.77	2.12
998,713,892	991,076,802
1.76	2.12

DPS

Number of Stapled Securities entitled to distribution:

- in issue

- issuable

DPS for the period based on the total number of Stapled Securities entitled to the distribution (cents)

- Taxable income

- Tax exempt income

CDL Hospitality Trusts	
1Q 2017	1Q 2016
992,696,494	989,153,990
5,032,214	1,922,812
997,728,708	991,076,802
1.80	1.75
0.62	0.47
2.42	2.22

Footnotes

- (a) Basic EPS has been calculated using total return for the period and the weighted average number of Stapled Securities issued and issuable during the period.
- (b) Diluted EPS has been calculated using the weighted average number of Stapled Securities issued and issuable during the period and taking into consideration the numbers of Stapled Securities to be issued as payment for performance fee.

7 Net asset value (“NAV”)/net tangible asset (“NTA”) per stapled security based on issued and issuable stapled securities at the end of the period

Net asset value/net tangible asset (S\$'000)

Number of Stapled Securities issued and to be issued at end of the period

Net asset value/net tangible asset per Stapled Security (S\$)

CDL Hospitality Trusts	
31 Mar 2017	31 Dec 2016
1,527,803	1,546,421
998,713,892	996,866,018
1.5298	1.5513

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8 Review of the performance for the quarter ended 31 March 2017

8 (i) Breakdown of Total Gross Revenue by Geography

Footnote	H-REIT Group			HBT Group			CDL Hospitality Trusts		
	1Q 2017 S\$'000	1Q 2016 S\$'000	Increase/ (Decrease) %	1Q 2017 S\$'000	1Q 2016 S\$'000	Increase/ (Decrease) %	1Q 2017 S\$'000	1Q 2016 S\$'000	Increase/ (Decrease) %
<u>Master leases</u>									
<i>Singapore</i>									
- Hotels	21,807	22,304	(2.2)	-	-	-	21,807	22,304	(2.2)
- Claymore Connect	1,660	1,421	16.8	-	-	-	1,660	1,421	16.8
<i>Maldives</i>	2,126	2,104	1.0	-	-	-	2,126	2,104	1.0
<i>Australia</i>	3,653	3,848	(5.1)	-	-	-	3,653	3,848	(5.1)
<i>New Zealand</i>	5,422	2,851	90.2	-	-	-	5,422	2,851	90.2
	34,668	32,528	6.6	-	-	-	34,668	32,528	6.6
<u>Management contracts</u>									
<i>Maldives</i>	1,678	1,683	(0.3)	5,132	5,392	(4.8)	5,132	5,392	(4.8)
<i>Japan</i>	1,408	1,548	(9.0)	2,360	2,464	(4.2)	2,360	2,464	(4.2)
<i>United Kingdom</i>	-	-	-	4,251	4,280	(0.7)	4,251	4,280	(0.7)
	3,086	3,231	(4.5)	11,743	12,136	(3.2)	11,743	12,136	(3.2)
Total	37,754	35,759	5.6	11,743	12,136	(3.2)	46,411	44,664	3.9

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

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8 (ii) Breakdown of Net Property Income by Geography

	Footnote	H-REIT Group			HBT Group			CDL Hospitality Trusts		
		1Q 2017	1Q 2016	Increase/ (Decrease)	1Q 2017	1Q 2016	Increase/ (Decrease)	1Q 2017	1Q 2016	Increase/ (Decrease)
		S\$'000	S\$'000	%	S\$'000	S\$'000	%	S\$'000	S\$'000	%
<i>Singapore</i>										
- Hotels		19,921	19,839	0.4	-	-	-	19,921	19,839	0.4
- Claymore Connect		967	740	30.7	-	-	-	967	740	30.7
<i>Maldives</i>	(a)	3,247	3,406	(4.7)	113	133	(15.0)	3,360	3,662	(8.2)
<i>Australia</i>		3,653	3,848	(5.1)	-	-	-	3,653	3,848	(5.1)
<i>New Zealand</i>	(b)	5,422	2,851	90.2	-	-	-	5,422	2,851	90.2
<i>Japan</i>	(c)	1,326	1,470	(9.8)	(52)	(4)	N.M	1,274	1,466	(13.1)
<i>United Kingdom</i>	(d)	-	-	-	1,275	1,304	(2.2)	1,275	1,304	(2.2)
Total		34,536	32,154	7.4	1,336	1,433	(6.8)	35,872	33,710	6.4

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Footnotes

(a) *The Maldives resorts includes a Master Lease and Management Contract as follows:*

(i) Master Lease

There is a master lease agreement between H-REIT's indirect wholly-owned subsidiary, Sanctuary Sands Maldives Private Limited (the “Lessor”) and Maldives Bay Pvt Ltd (the “Lessee”), a subsidiary of Banyan Tree Holdings Limited. The gross revenue for the reporting period comprises a minimum rent of US\$500,000 per month (based on a current minimum rent of US\$6.0 million per annum).

There is a minimum rent top-up cap of US\$6.0 million and there shall be no further minimum rent top-ups payable by Lessee to Lessor after the cumulative top-ups reach US\$6.0 million. In FY 2016, the Lessee paid the Lessor a top-up amount of S\$1.0 million to make up for the shortfall in rent below the minimum rent of US\$6.0 million. No minimum rent top-up was paid by the Lessee for 1Q 2017.

(ii) Management Contract

There is a lease agreement between H-REIT's indirectly wholly-owned subsidiary and CDL HBT Oceanic Maldives Private Limited, HBT's indirect wholly-owned subsidiary. The hotel operator for this resort is Jumeirah Management Services (Maldives) Private Limited.

For H-REIT Group, the gross revenue for 1Q 2017 includes S\$1.7 million (US\$1.2 million) rental income from HBT Group (based on 80% of the gross operating profit of Jumeirah Dhevanafushi, not exceeding US\$6.0 million per annum or US\$1.2 million per quarter).

For HBT Group, the gross revenue for the reporting period comprises the entire revenue derived from the resort operations of Jumeirah Dhevanafushi.

(b) *The New Zealand Hotel was rebranded as Grand Millennium Auckland on 7 September 2016, following the expiry of the existing lease with Rendezvous Hotels (NZ) Limited. Under this lease, H-REIT will receive rent equivalent to the net operating profit of the hotel, subject to a minimum base rent of NZ\$6.0 million per annum.*

(c) *The Japan Hotels with HBT refers to master lease arrangement between a trust bank in Japan (in its capacity as the trust bank holding the legal title to the Japan Hotels) and CDLHT.*

For H-REIT Group, the gross revenue for 1Q 2017 includes S\$1.4 million (JPY112.6 million) net rental income received from HBT Group (based on the gross operating profit of the Japan Hotels). The income from Japan Hotels will only be available for distribution in the 2nd quarter once the financial results for the fiscal period ended 31 March 2017 are audited and the income ascertained. The fiscal period for the Japan Hotels is set at 6-month intervals, from 1 October to 31 March and 1 April to 30 September. This will allow the income from the Japan Hotels to be distributed twice a year, subject to completion of the audit for the relevant period.

(d) *The UK Hotel was acquired on 1 October 2015 and is owned and operated by HBT's indirectly wholly-owned subsidiary. The gross revenue for the reporting period comprises the entire revenue derived from the hotel operations of the UK Hotel.*

The net property income is derived after deducting the operating expenses, property tax and insurance expenses of the UK Hotel.

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8 (iii) Review of the Performance

First Quarter ended 31 March 2017

CDLHT's gross revenue for 1Q 2017 was S\$46.4 million, S\$1.7 million or 3.9% higher than the corresponding period last year. The underlying performance of the portfolio improved primarily due to higher incremental contribution of S\$2.6 million from its New Zealand Hotel, which benefitted from Auckland's flourishing tourism scene and the change from a largely fixed rent structure to a lease structure with more significant variable rent component. The improved performance was further augmented by a S\$0.2 million incremental contribution from its retail mall, Claymore Connect. The occurrence of one less operating day arising from the leap year in 2016 compromised overall income growth comparisons for 2017.

These improvements were however dampened by lower revenue from its Singapore and Japan properties and Jumeirah Dhevanafushi, which contributed to a collective yoy decline of S\$0.9 million. In addition to the absence of variable income from the Australia Hotels, contributions from its UK Hotel were lower in SGD terms, due to the weakened British pound (“GBP”).

Despite the absence of the biennial Singapore Airshow event, which attracted over 48,000 visitors¹ to Singapore last year, RevPAR of the Singapore Hotels dipped by only 0.8% yoy. Demand was hampered by subdued corporate activity while price competition continued to prevail due to new supply of hotel inventory.

In the Maldives, both properties collectively posted a 8.8% decline in RevPAR due to pricing pressures amid aggressive promotions offered by the resorts to secure market share of the declining tourist arrivals from China, a key source market, amidst an increase in resort supply. In the first two months of 2017, Chinese arrivals to the Maldives dropped 4.6% yoy². The strength of the US currency also rendered the resorts more expensive as compared to other destinations.

The natural resource sector in Australia continued to be subdued. Coupled with increases in new supply of hotel inventory in Perth and Brisbane, trading performance remained challenging. The decline in income in 1Q 2017 was largely due to a decline in variable rent applicable for 2016. Overall, any weakness in the performance of the Australia Hotels is mitigated by the defensive lease structure which provides CDLHT with largely fixed rent.

International arrivals to Auckland continued to reach record levels in 1Q 2017 as new air services arrangements³ and increased direct flight frequencies boosted tourism growth. On the back of the city's robust tourism performance, Grand Millennium Auckland reported a 27.6% increase in RevPAR yoy. Its contribution was also bolstered by the strengthening of the New Zealand dollar (“NZD”) against SGD.

Tourism arrivals to Japan increased by 13.6% over the first three months of the year⁴. However the price sensitivity of the market coupled with a strong yen translated to a pullback in overall average rates. Whilst occupancy remains strong, RevPAR declined by 7.2% yoy for the Group's hotels due to lower room rates.

Hilton Cambridge City Centre enjoyed a robust RevPar growth of 17.9% yoy. However, the gross revenue contribution in Singapore dollars (“SGD”) was diluted by the weak GBP.

In aggregate, CDLHT's net property income⁵ increased by S\$2.2 million or 6.4% to S\$35.9 million for 1Q 2017.

The group's net finance costs for 1Q 2017 was higher than the corresponding period last year, primarily due to an increase in foreign exchange losses of S\$5.0 million yoy. This was largely attributed to foreign exchange loss arising from the repayment of the NZD denominated intercompany loan, which does not impact the distributable income of CDLHT.

¹ Singapore Air Show, Key 2016 Show Statistics

² Maldives Ministry of Tourism, “Tourist arrivals by nationality, January – February 2017”

³ NZ Herald, “Package for Chinese tourism welcomed by industry group”, 27 March 2017

⁴ Japan National Tourism Organisation

⁵ Net property income is derived after deducting the operating expenses of Jumeirah Dhevanafushi, the Japan Hotels, Hilton Cambridge City Centre as well as the property tax and insurance expenses of the portfolio.

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Overall, total distribution to Stapled Security holders (after retention for working capital) for 1Q 2017⁶, increased 10.0% year-on-year (“yoy”) to S\$24.1 million. Accordingly, DPS for 1Q 2017 was 2.42 cents, 9.0% higher than 1Q 2016.

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

	1Q 2017	1Q 2016	Increase/(Decline)
Average Occupancy Rate	88.4%	83.9%	4.5pp
Average Daily Rate	S\$180	S\$191	(5.9)%
RevPAR	S\$159	S\$161	(0.8)%

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

No forecast has been disclosed.

⁶ This excludes distribution from the Japan Hotels which occurs twice yearly, at six months intervals (contribution from 1 October to 31 March will be distributed in 2Q and that of 1 April to 30 September in 4Q).

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10 Commentary on the competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months

Singapore Tourism Board (“STB”) has forecast 16.4 million to 16.7 million visitor arrivals in 2017, representing 0% to 2% yoy growth¹, which implies a slowdown from the 7.7% yoy visitor arrivals growth observed in 2016. In the first two months of 2017, visitor arrivals increased 3.4% yoy to 2.8 million while total visitor days grew 2.1% yoy². The growth in visitor arrivals was mainly due to an increase in Chinese arrivals, Singapore’s top source market.

Looking ahead, Singapore’s growth in 2017 is expected to remain modest amidst geopolitical risks and economic uncertainty, as well as moderating growth in China³. The hospitality sector in Singapore is expected to continue experiencing competitive trading conditions with the net supply for Singapore hotel inventory estimated to increase by 3,767⁴ rooms in 2017, representing approximately 5.9% of existing room stock. For the first 24 days of April 2017, RevPAR for Singapore Hotels decreased by 8.7% as compared to the same period last year.

To boost growth in the tourism industry, the Singapore government together with other ASEAN leaders launched the Visit ASEAN@50 Golden Celebration tourism campaign, with an aim to increase international arrivals to the region by 10% to 121 million⁵. STB continues to position Singapore as a leading MICE destination, where Singapore has recently signed a partnership to be the designated Southeast Asia host for the International Champions Cup for the next four years, which will feature world renowned football clubs such as Bayern Munich, Chelsea and Inter Milan⁶ in this year’s tournament. A S\$34 million joint investment was also recently announced by STB, Singapore Airlines and Changi Airport Group to strengthen Singapore’s destination appeal and woo business and MICE visitors⁷.

In Australia, the outlook for the natural resource sector remains subdued over the short to medium term. Coupled with the increase in new hotel rooms supply in Perth and Brisbane, the trading performance of the hospitality sector will likely remain challenging. However, any weakness in the performance of the Australia Hotels is mitigated by the defensive lease structure which provides CDLHT with largely fixed rent.

In New Zealand, the tourism sector continues to enjoy robust growth, reflected by the 11.8% yoy growth in visitor arrivals for 2016 to a record high of 3.5 million. In the first two months of 2017, visitor arrivals increased 6.2% yoy to 0.8 million⁸. The increase in new international air services, a strong events calendar and the safe haven appeal of New Zealand are likely to support the growth momentum of the hospitality market in the medium term. Grand Millennium Auckland’s variable lease structure allows CDLHT to benefit strongly from the buoyant Auckland hospitality market. In addition, increase in supply of new hotel rooms in Auckland remains limited in the near term.

In Japan, visitor arrivals increased 13.6% to 6.5 million for the first three months of 2017⁹. The continued strength of the JPY may weigh on the performance of Japan Hotels. The long-term outlook for the hospitality sector in Japan is positive with the government’s growth target of 40.0 million foreign visitors by 2020¹⁰, in conjunction with the 2020 Tokyo Olympics. This is also supported by the Japanese government’s approval of the integrated resorts. In addition, the Japanese government continues to introduce favourable initiatives such as a recent announcement to further relax visa requirements for Chinese tourists from May 2017, in particular, issuance of multiple-entry visas to applicants who are currently only eligible for single-entry visas¹¹.

The near term outlook for the Maldives hospitality market continues to be challenging, given the relative strength of the USD against currencies of some of the top source markets, which has the effect of eroding the spending power of guests from these markets as rates are priced in US dollars, as well as increase in new rooms supply. The slowdown in luxury spending and moderating growth in China, may also continue to affect the performance of the Maldives Resorts.

In United Kingdom, international arrivals are expected to grow by 4.0% in 2017¹². However, the economic uncertainty with the commencement of the formal EU exit negotiations from March 2017 may affect corporate demand, although this may be partially mitigated by stronger international and domestic leisure travel given the relatively weaker GBP. Emerging new rooms supply in 2017 may also have an impact on performance.

CDLHT will continue to pursue suitable acquisitions to diversify and augment our income streams.

¹ STB, “Singapore Achieves Record Tourism Sector Performance in 2016”, 14 February 2017

² STB

³ Ministry of Trade and Industry Singapore, “MTI Maintains 2017 GDP Growth Forecast at “1.0 to 3.0 Per Cent””, 17 February 2017

⁴ Based on Horwath data (January 2017) and CDLHT research

⁵ Channel NewsAsia, “ASEAN can work together to increase tourism numbers, says PM Lee”, 18 January 2017

⁶ Channel NewsAsia, “Singapore to host International Champions Cup for next 4 years”, 16 March 2017

⁷ STB, “\$34m three-year tripartite partnership to strengthen Singapore’s destination appeal and drive visitor traffic”, 17 April 2017

⁸ Tourism – Statistics New Zealand

⁹ Japan National Tourism Organization

¹⁰ Nikkei Asian Review, “Japan prepares for mass influx of tourists”, 11 January 2017

¹¹ Ministry of Foreign Affairs of Japan, “Relaxation of Visa Requirements for Chinese Citizens”, 21 April 2017

¹² TTG, “2017 could be ‘record year’ for inbound tourism”, 30 December 2016

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11 Distributions

11 (a) Current financial period

Any distributions declared for the current financial period?

No

11 (b) Corresponding period of the preceding financial period

Any distributions declared for the corresponding period of the immediately preceding financial period?

No

11 (c) Book closure date

Not applicable.

11 (d) Date payable

Not applicable.

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

Not applicable.

13 General mandate relating to Interested Person Transactions

CDL Hospitality Trusts has not obtained a general mandate from stapled securityholders for Interested Person Transactions.

14 Confirmation pursuant To Rule 705(5) of the Listing Manual

We, on behalf of the directors of M&C REIT Management Limited (as Manager of CDL Hospitality Real Estate Investment Trust) (“**H-REIT Manager**”) and M&C Business Trust Management Limited (as Trustee-Manager of CDL Hospitality Business Trust) (“**HBT Trustee-Manager**”), hereby confirm that, to the best of our knowledge, nothing has come to the attention of the board of directors of H-REIT Manager and HBT Trustee-Manager which may render the unaudited financial results of CDL Hospitality Trusts for the quarter ended 31 March 2017 to be false or misleading in any material respect.

15 Confirmation pursuant to Rule 720(1) of the Listing Manual

We, on behalf of the directors of the H-REIT Manager and the HBT Trustee-Manager, hereby confirm that the undertakings from all its directors and executive officers in the format set out in Appendix 7.7 in accordance with Rule 720(1) of the Listing Manual, were procured.

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On behalf of the Board of Directors

WONG HONG REN
Chairman

VINCENT YEO WEE ENG
Chief Executive Officer

26 April 2017

IMPORTANT NOTICE

This announcement may contain forward-looking statements that involve risks and uncertainties. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions. Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate trends, cost of capital and capital availability, competition from other companies, shifts in customer demands, customers and partners, changes in operating expenses (including employee wages, benefits and training costs, governmental and public policy changes and the continued availability of financing in the amounts and the terms necessary to support future business. Investors are cautioned not to place undue reliance on these forward-looking statements, which are based on the current view of the REIT Manager and the Trustee-Manager (together with the REIT Manager, the “Managers”) on future events.

The value of the stapled securities in CDLHT (the “Stapled Securities”) and the income derived from them, may fall or rise. Stapled Securities are not obligations of, deposits in, or guaranteed by, the Managers or any of its affiliates. An investment in Stapled Securities is subject to investment risks, including the possible loss of the principal amount invested. Investors have no right to request that the Managers redeem or purchase their Stapled Securities while the Stapled Securities are listed. It is intended that holders of Stapled Securities may only deal in their Stapled Securities through trading on the Singapore Exchange Securities Trading Limited (“SGX-ST”). Listing of the Stapled Securities on the SGX-ST does not guarantee a liquid market for the Stapled Securities.

The past performance of CDLHT is not necessarily indicative of the future performance of CDLHT.

Any discrepancies in the tables included in this announcement between the listed amounts and total thereof are due to rounding.

By Order of the Board

Enid Ling Peek Fong
Company Secretary
M&C REIT Management Limited
(Company Registration No. 200607091Z)
(as Manager of CDL Hospitality Real Estate Investment Trust)

26 April 2017

By Order of the Board

Enid Ling Peek Fong
Company Secretary
M&C Business Trust Management Limited
(Company Registration No. 200607118H)
(as Trustee-Manager of CDL Hospitality Business Trust)

26 April 2017



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

26 April 2017

Dear Sirs

CDL Hospitality Trusts

Report on review of interim financial information

Introduction

We have reviewed the accompanying interim financial information (the "Interim Financial Information") of CDL Hospitality Trusts ("CDLHT") for the three-month period ended 31 March 2017. CDLHT comprises CDL Hospitality Real Estate Investment Trust and its subsidiaries and CDL Hospitality Business Trust and its subsidiaries. The Interim Financial Information consists of the following:

- Statement of financial position of CDLHT as at 31 March 2017;
- Portfolio statement of CDLHT as at 31 March 2017;
- Statement of total return of CDLHT for the three-month period ended 31 March 2017;
- Statement of movements in unitholders' funds of CDLHT for the three-month period ended 31 March 2017;
- Statement of cash flows of CDLHT for the three-month period ended 31 March 2017; and
- Certain explanatory notes to the above Interim Financial Information.

The management of M&C REIT Management Limited (the "Manager" of H-REIT) is responsible for the preparation and presentation of this Interim Financial Information in accordance with the provisions of Statement of Recommended Accounting Practice ("RAP") 7 *Reporting Framework for Unit Trusts* relevant to interim financial information, issued by the Institute of Singapore Chartered Accountants ("ISCA"). Our responsibility is to express a conclusion on this Interim Financial Information based on our review.



Scope of review

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

Conclusion

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

Restriction on use

Our report is provided in accordance with the terms of our engagement. Our work was undertaken so that we might report to you on the Interim Financial Information for the purpose of assisting CDLHT to meet the requirements of paragraph 3 of Appendix 7.2 of the Singapore Exchange Limited Listing Manual and for no other purpose. Our report is included in CDLHT's announcement of its financial statements for the information of the holders of its Stapled Securities. We do not assume responsibility to parties other than CDLHT for our work, for our report, or for the conclusions we have reached in our report.

KPMG WP

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
26 April 2017