

13 June 2006

**Millennium & Copthorne Hotels plc
('M&C' or 'the Company')**

**LODGEMENT OF PRELIMINARY PROSPECTUS RELATING TO CDL
HOSPITALITY TRUSTS**

1. Introduction

Further to the announcement on 26 May 2006 that the Singapore Exchange Securities Trading Limited ('SGX-ST') granted a conditional eligibility-to-list letter for the admission of all of the Stapled Securities (as defined hereunder) in CDL Hospitality Trusts (previously known as CDL Hospitality REIT Group) to the Official List of the Main Board of the SGX-ST, the Board of Directors of M&C is pleased to announce that CDL Hospitality Trusts has successfully lodged the preliminary prospectus ('Preliminary Prospectus') relating to its proposed initial public offering ('IPO') on 13 June 2006. The Preliminary Prospectus is now available on the Monetary Authority of Singapore ('MAS') website (see <http://masnet.mas.gov.sg/opera/sdrprosp.nsf>).

CDL Hospitality Trusts will be a stapled group (the '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.

The Stapled Group's business activities will focus on real estate primarily used for hospitality and/or hospitality-related purposes, whether wholly or partially, and real estate related assets in relation to the foregoing.

This proposed IPO is subject to, among other things, regulatory approval from the SGX-ST and the MAS. Accordingly, shareholders and other investors should note that the proposed IPO is dependent on a number of factors and subject to a number of conditions, which may or may not be satisfied. The Board of Directors of M&C has not made a final decision on whether or not to proceed, and if so when to proceed, with the proposed IPO. Thus, there can be no assurance that the proposed IPO will proceed.

2. The Stapled Group

The Stapled Group will comprise H-REIT and HBT. The units in H-REIT and units in HBT will be stapled together (the 'Stapled Securities') under the terms of a stapling deed entered into on 12 June 2006 between M&C REIT Management Limited (an indirect wholly owned subsidiary of the Company and acting as the manager of H-REIT) ('H-REIT Manager'), DBS Trustee Limited (an independent professional trust company registered under the Trust Companies Act, Chapter 336 of Singapore and acting as trustee of H-REIT) ('H-REIT Trustee') and M&C Business Trust Management

Limited (an indirect wholly owned subsidiary of the Company and acting as the trustee-manager of HBT) ('HBT Trustee-Manager'). As the units in H-REIT and the units in HBT will comprise the Stapled Securities, these units cannot be traded separately.

H-REIT will be established with the principal 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. These real estate assets may exist as part of larger mixed-use developments where such developments may also include entertainment, leisure and /or gaming related facilities.

HBT will be dormant at the proposed listing date and may become active going forward under certain circumstances which are set out more fully in the Preliminary Prospectus.

3. H-REIT's Initial Asset Portfolio

H-REIT's initial asset portfolio will comprise four Singapore hotels, namely Orchard Hotel Singapore ('Orchard Hotel'), Grand Copthorne Waterfront Hotel Singapore ('Grand Copthorne Waterfront Hotel'), M Hotel Singapore ('M Hotel') and Copthorne King's Hotel Singapore ('Copthorne King's Hotel') (collectively known as the 'Hotels' and each a 'Hotel'), and Orchard Hotel Shopping Arcade, a shopping arcade annexed to Orchard Hotel (the Hotels and Orchard Hotel Shopping Arcade collectively known as the 'Properties').

City Developments Limited ('CDL'), the Company's intermediate holding company, and certain wholly owned subsidiaries of the Company, namely, Republic Hotels & Resorts Limited ('RHRL'), Harbour View Hotel Pte. Ltd. ('HVHPL') and City Hotels Pte. Ltd. ('CHPL'), (collectively known as the 'Vendors') have on 12 June 2006 entered into various conditional property sale and purchase agreements ('Property Sale and Purchase Agreements') with H-REIT Trustee, acting on behalf of H-REIT, pursuant to which H-REIT will respectively acquire a 75-year leasehold interest in Grand Copthorne Waterfront Hotel from CDL and the following from the respective wholly owned subsidiaries of the Company:-

- (a) 75-year leasehold interest in Orchard Hotel and Orchard Hotel Shopping Arcade from CHPL;
- (b) 75-year leasehold interest in M Hotel from HVHPL; and
- (c) the remaining approximately 61 year term of a 99-year leasehold interest in Copthorne King's Hotel from RHRL.

Completion under the Property Sale and Purchase Agreements is conditional upon the permission of the SGX-ST to the listing and trading of the Stapled Securities on the

SGX-ST being obtained by a date falling on or before the expiry of 90 days from the date of such agreements. Further details of the Properties are set out in the Preliminary Prospectus.

Except for the Orchard Hotel Shopping Arcade, H-REIT will enter into a 20-year fixed term lease with each of RHRL, HVHPL and CHPL acting as lessees for the Hotels, with an option to renew for another term of 20 years at each lessee's option. The Grand Copthorne Waterfront Hotel will be leased by H-REIT to RHRL whilst the other 3 Hotels will be leased to their respective vendors. The lessees will each pay H-REIT rental comprising the sum of a fixed revenue (consisting of a fixed rent and a fixed service charge element) and a variable rent, which will allow H-REIT to earn passive rental income. The fixed revenue component acts as a rental floor, and is based on the level of proforma rental from the Hotels derived from their revenue and gross operating profit in the financial year ended 31 December 2003, which was the worst year for the travel industry in Singapore with the SARS epidemic, bird flu and the Iraq War all occurring in that year. The computation of the fixed revenue is based on the sum of 20% of the Hotels' revenue and 20% of the Hotels' gross operating profit for the financial year ended 31 December 2003, which is approximately S\$26.4 million. The variable rent component is computed based on the sum of 20% of the Hotels' revenue and 20% of the Hotels' gross operating profit for the prevailing financial year, less the fixed revenue.

As for Orchard Hotel Shopping Arcade, H-REIT will take over the existing leases therein and continue to lease the retail units out to various tenants directly and derive rental income therefrom.

The appraised values of the Properties as at 28 February 2006 was approximately S\$846.3 million (approximately £288.2 million(1)), based on a valuation of the Properties undertaken by CB Richard Ellis (Pte) Ltd ('CBRE'), the independent valuer appointed by the H-REIT Manager. This was not significantly different from the appraised values of the Properties as at the same date carried out by Knight Frank Pte Ltd ('Knight Frank'), the independent valuer appointed by the H-REIT Trustee. The individual appraised values of the Properties are as follows:

Property	Appraised Value by CBRE (as at 28 February 2006)	Appraised Value by Knight Frank (as at 28 February 2006)
Orchard Hotel	S\$330.1 million	S\$330.0 million
Grand Copthorne Waterfront Hotel	S\$234.1 million	S\$233.9 million
M Hotel	S\$161.5 million	S\$161.7 million
Copthorne King's Hotel	S\$86.1 million	S\$85.5 million
Orchard Hotel Shopping Arcade	S\$34.5 million	S\$35.2 million
Total	S\$846.3 million	S\$846.3 million

The revenue and profit before tax generated by the Properties and attributable to the Company for the financial year ended 31 December 2005 ('FY2005') were as follows:

Property	FY 2005 Revenue	FY2005 Profit Before Tax
Orchard Hotel	S\$55.1 million	S\$19.1 million
Grand Copthorne Waterfront Hotel (2)	S\$1.7 million	S\$1.7 million
M Hotel	S\$30.9 million	S\$10.7 million
Copthorne King's Hotel	S\$19.3 million	S\$2.8 million
Orchard Hotel Shopping Arcade	S\$3.4 million	S\$2.0 million
Total(3)	S\$110.4 million	S\$36.3 million

Notes:

(1) Exchange rate used: S\$1 = £0.3405, as of 9 June 2006

(2) As this property is owned by CDL, the revenue and profit before tax of Grand Copthorne Waterfront Hotel attributable to the Company only relates to hotel management fees.

(3) The profit before tax attributable to the Properties owned by the Company's subsidiaries (Orchard Hotel, M Hotel, Copthorne King's Hotel and Orchard Hotel Shopping Arcade) is an aggregate amount of S\$34.6 million.

The net carrying value of the Properties owned by the Company's subsidiaries as at 31 December 2005 were as follows:-

Property	Net carrying value
Orchard Hotel and Orchard Hotel Shopping Arcade	£116.7 million (S\$334.4 million)
M Hotel	£50.3 million (S\$144.1 million)
Copthorne King's Hotel	£25.3 million (S\$72.5 million)

Note: S\$ equivalent is translated using exchange rate : S\$1 = £0.3490, as of 31 December 2005

The aggregate sale price for the Properties is approximately S\$846.3 million ('Sale Price'), following the CBRE valuation. The key terms and conditions of the Property Sale and Purchase Agreements are set out more fully in the Preliminary Prospectus. The Sale Price will be satisfied entirely in cash through 1) the proposed IPO proceeds of the Stapled Group; 2) the Company's cash subscription of approximately 39.1% of the Stapled Group through an indirect wholly owned subsidiary; and 3) through borrowings by H-REIT.

4. Proposed IPO

DBS Bank Ltd ('DBS') and The Hongkong and Shanghai Banking Corporation Ltd ('HSBC') have been appointed Joint Financial Advisers, Joint Global Coordinators ('JGCs') and Joint Bookrunners for the proposed IPO, subject to a definitive underwriting agreement to be executed in due course.

The Stapled Group intends to undertake a proposed IPO of approximately 425 million Stapled Securities. Based on an indicative IPO price range of S\$0.83 to S\$0.90 per Stapled Security (the 'Proposed Offering Price Range'), the Stapled Group is expected to raise gross proceeds of approximately S\$352.8 million to S\$382.5 million. The actual issue price of the IPO will be determined following a bookbuilding process to be carried out by the JGCs. The Proposed Offering Price Range translates into an indicative yield of approximately 6.16% to 6.37% for the annualised 6 months ending 31 December 2006 ('Forecast Period 2006')(1) and 6.45% to 6.69% for the 12 months ending 31 December 2007 ('Projection Year 2007')(2). The offer structure and size of the Stapled Group as well as the indicative Proposed Offering Price Range, as described above, are indicative only at this juncture and will be finalised at a later date closer to the launch of the Stapled Group. The indicative terms and the structure of the proposed IPO are set out more fully in the Preliminary Prospectus.

Upon the admission of the Stapled Group to the Official List of SGX-ST (the 'Listing'), all the Stapled Securities will be traded through the book-entry (scripless) settlement system of the SGX-ST. The Stapled Securities are expected to commence trading no later than July 2006.

5. The Company's Interest

To demonstrate its commitment to the Stapled Group, the Company, through an indirect wholly owned subsidiary, namely Hospitality Holdings Pte. Ltd., has on 12 June 2006 entered into a conditional agreement for the subscription of 273 million Stapled Securities (which represents approximately 39.1% interest in the Stapled Group) at IPO. The subscription monies for the 273 million Stapled Securities will be funded via bank borrowings procured by the Company.

M&C, in respect of its effective interest, and Hospitality Holdings Pte. Ltd. in respect of its direct interest, in and to the 39.1% interest in the Stapled Group to be acquired at the IPO have entered into a lock-up agreement with the JGCs pursuant to which each of them has undertaken that it will not, inter alia, directly or indirectly, offer, sell or contract to sell or otherwise dispose of any of any such Stapled Securities for a period of 180 days from the date of the listing of the Stapled Securities.

The proceeds from the disposal of the Orchard Hotel, M Hotel, Copthorne King's Hotel and Orchard Hotel Shopping Arcade by the Company's subsidiaries will be used for working capital purposes, including the repayment of bank borrowings

within the M&C group.

Notes:

(1). Based on the forecast for the Forecast Period 2006, together with the accompanying assumptions, in the preliminary prospectus dated 13 June 2006.

(2). Based on the projection for the Projection Year 2007, together with the accompanying assumptions, in the preliminary prospectus dated 13 June 2006.

6. Financial Effect of the Proposed IPO

The sale of the Properties is subject to amongst other things, the listing of and commencement of trading of the Stapled Securities.

The net attributable gain on disposal by the Company to H-REIT of Orchard Hotel, M Hotel, Copthorne King's Hotel and Orchard Hotel Shopping Arcade (being properties owned by certain of the Company's wholly owned subsidiaries) will only be crystallised upon the completion of the IPO. The Company expects to record the financial effects of the proposed IPO in its financial results for the third quarter ending 30 September 2006.

As set out in the Preliminary Prospectus, assuming that the proposed IPO was completed on 30 June 2006, the Company will earn approximately £0.79 (1) million in management fees from H-REIT for the 6 months ending 31 December 2006 through H-REIT Manager of which 80% will be paid in Stapled Securities and the remaining 20% in cash. From the Company's 39.1% interest in the Stapled Group, based on the indicative Proposed Offering Price Range of S\$0.83 to S\$0.90 per Stapled Security, the Company will be entitled to distribution income of approximately £2.47 (1) million and £2.58 (1) million respectively for the 6 months ending 31 December 2006.

Note:

(1). Exchange rate used: S\$1 = £0.3405, as of 9 June 2006

7. Rationale for the Sale of Properties

The flotation of the Stapled Group will:

- a) unlock shareholders' value in the Singapore hotel assets owned by the Company through its indirect wholly owned subsidiaries; and
- b) enable the Company to pursue the twin strategies of revenue growth through increased fee-based income and increased investment exposure to hospitality and/or hospitality related real estate.

The H-REIT Manager and HBT Trustee-Manager are wholly owned subsidiaries of the

Company and will receive management fees for providing certain management services to H-REIT and HBT, respectively. Further, the H-REIT Manager and HBT Trustee-Manager will also earn acquisition fees and divestment fees for successful acquisitions and disposal of properties, respectively, on behalf of H-REIT and HBT, respectively.

With the flotation of the Stapled Group, the Company will have a specialised vehicle publicly listed on an internationally recognised stock exchange for the purpose of acquiring and funding future hotel acquisitions through inter-alia, a listed real estate investment trust structure. H-REIT will be an asset-owning vehicle focused on delivering stable and growing distributions and making yield-accretive acquisitions of properties used for hospitality and/or hospitality-related purposes initially in Singapore, and eventually globally. As a real estate investment trust, H-REIT should also be a more capital-efficient asset-owning vehicle.

Enquiries:

Millennium & Copthorne Hotels plc

Tony Potter, Group Chief Executive Officer +44 (0) 20 7872 2444

Robin Lee, Senior Vice President Finance +44 (0) 20 7872 2444

Financial Dynamics

Ben Foster/Charlie Watenphul +44 (0) 20 7831 3113

IMPORTANT NOTICE

The information contained in this Announcement does not constitute an offer or invitation to sell or the solicitation of an offer or invitation to purchase or subscribe for stapled securities ('Stapled Securities') in CDL Hospitality Trusts (the 'Stapled Group') in Singapore or any other jurisdiction nor should it or any part of it form the basis of, or be relied upon in any connection with, any contract or commitment whatsoever. The information in this Announcement is qualified in its entirety by, and is subject to, the more detailed information to be set out in the final prospectus ('Prospectus') to be registered by the Monetary Authority of Singapore (the 'Authority'). The information presented in this Announcement is subject to change. After registration of the prospectus by the Authority, copies of the Prospectus relating to the proposed initial public offering may be obtained, subject to availability, from DBS Bank Ltd and The Hongkong and Shanghai Banking Corporation Ltd (collectively known as the 'Underwriters') and, where applicable, from members of the Association of Banks in Singapore, members of the Singapore Exchange Securities Trading Limited ('SGX-ST') and merchant banks in Singapore. Anyone wishing to purchase the Stapled Securities should read the Prospectus before deciding whether to purchase the Stapled Securities and will need to make an application in the manner set out in the Prospectus. Any decision to purchase the Stapled Securities should be made solely on the basis of information contained in the Prospectus and no reliance should be placed on any information other than that contained in the Prospectus.

The value of the Stapled Securities and the income derived from them may fall as well as rise. Stapled Securities are not obligations or, deposits in, or guaranteed by, M&C REIT Management Limited ('H-REIT Manager'), DBS Trustee Limited ('H-REIT Trustee'), M&C Business Trust Management Limited ('HBT Trustee-Manager'), the Underwriters, Millennium & Copthorne Hotels plc (the 'Company') or any of their respective affiliates. An investment in the Stapled Securities will be subject to investment risks, including without limitation, risks relating to the properties constituting the initial asset portfolio of the Stapled Group, risks relating to the Stapled Group's operations and risks relating to investing in real estate and including the possible loss of the principal amount invested. Investors will have no right to request that the H-REIT Manager and HBT Trustee-Manager redeem or purchase the 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 SGX-ST. Listing of the Stapled Securities on the SGX-ST does not guarantee a liquid market for the Stapled Securities.

This Announcement should not be distributed to persons with addresses in the United States of America or in any other country where such distribution may lead to a breach of any applicable law and/or regulation. The Stapled Securities will not be registered under the U.S. Securities Act of 1933, as amended (the 'Securities Act') or under the relevant securities laws of any state or other jurisdiction of the United States. Accordingly, the Stapled Securities may not (unless an exemption under the Securities Act or other relevant securities laws is available) be offered, sold, taken up, or delivered, directly or indirectly, in, into or from the United States or any other jurisdiction where this would constitute a violation of the relevant laws of, or require registration thereof in, such a jurisdiction or to, or for the account or benefit of, any U.S. persons (as defined in Regulation S under the Securities Act).

This Announcement may contain forward-looking statements that involve risks and uncertainties. Any 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. Under no circumstances should the inclusion of such information herein be regarded as a representation, warranty or prediction with respect to the accuracy of the underlying assumptions by the H-REIT Manager, the H-REIT Trustee, the HBT Trustee-Manager, the Underwriters, the Company or any of their respective affiliates or any other person or that these results will be achieved or are likely to be achieved. Potential investors are cautioned not to place undue reliance on these forward-looking statements, which are based on the Company's current view of future events.

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