

**MILLENNIUM & COPTHORNE HOTELS PLC**  
**FINAL RESULTS ANNOUNCEMENT**  
**Full year and fourth quarter results to 31 December 2015**

**Highlights for the full year 2015:**

	Full Year 2015	Full Year 2014	Change	
RevPAR	£71.98	£71.55	£0.43	0.6%
Revenue	£847m	£826m	£21m	2.5%
Profit before tax (Note 1)	£109m	£188m	£(79)m	(42.0)%
Basic earnings per share	19.9p	34.0p	(14.1)p	(41.5)%
Ordinary dividends	6.42p	13.59p	(7.17)p	(52.8)%

**Highlights for the 4th quarter 2015:**

	4th Quarter 2015	4th Quarter 2014	Change	
RevPAR	£73.64	£76.48	£(2.84)	(3.7)%
Revenue	£232m	£229m	£3m	1.3%
Profit before tax (Note 1)	£11m	£80m	£(69)m	(86.3)%
Basic earnings per share	1.4p	13.7p	(12.3)p	(89.8)%

Note 1: If net revaluation gains and impairment losses are excluded, profit before tax for FY 2015 is £152m (2014: £161m). Similarly for Q4 2015, profit before tax is £54m (2014: £53m).

- Group RevPAR for 2015 increased by 0.6% to £71.98 (2014: £71.55). In constant currency, RevPAR decreased by 1.3%. For the fourth quarter of 2015, RevPAR in constant currency fell by 4.1%.
- The main contributor to the reduction of 1.3% in RevPAR was the performance of the Group's Asian hotels, where RevPAR fell by 9.0% across Singapore and Rest of Asia combined. London and New York also saw RevPAR declines during 2015, due mainly to the impact of refurbishments at Millennium Bailey's Hotel London and ONE UN New York respectively.
- Revenue for 2015 increased by 2.5% to £847m (2014: £826m) reflecting contributions from hotel acquisitions and the opening of Millennium Mitsui Garden Hotel Tokyo in December 2014, together with favourable foreign exchange movements.
- As previously announced, the Group has recognised a net charge of £43m against pre-tax profits in 2015. This net charge includes £76m of impairment losses relating primarily to four of the Group's properties located in New York, Rest of Europe and Rest of Asia; offset by net revaluation gains of £33m on its investment properties.
- Profit before tax for the year fell by 42.0% to £109m (2014: £188m). Excluding revaluation gains and impairment losses, pre-tax profit decreased by 5.6% to £152m (2014: £161m).
- In the first 31 days of trading in 2016 Group RevPAR decreased by 5.9%, with Europe down by 10.1%, the US down by 10.9% and Asia down by 3.6%. RevPAR for Australasia increased by 20.7%.
- The Board recommend a final ordinary dividend of 4.34p per share, giving a total ordinary dividend for the year of 6.42p per share.

Mr Kwek Leng Beng, Chairman commented:

"In 2015, global hospitality markets were impacted by falling commodity prices, mounting concern with regard to terrorism, health advisory travel alerts and uncertainty regarding growth of the Chinese market. These external factors, which negatively affected the year's performance, are expected to continue in the current year.

Although the short term trading outlook is uncertain, the Group has a long term perspective. Management considers that asset ownership is key to creating long term value in a changing hospitality industry landscape. The Group will therefore continue to focus on its strategy of ownership and management of hospitality real estate assets. In 2016, management will work on optimising returns on the Group's assets by undertaking refurbishment projects, whilst remaining vigilant with regard to controlling costs."

## Enquiries

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## **BUSINESS REVIEW**

Hospitality markets in 2015 reflected the impact of economic and political uncertainty on many parts of the world, including a number of destinations served by our hotels. In addition the global hotel landscape is changing significantly, with consolidation of some of the largest companies in the sector. These are significant forces for change in the hospitality industry and the Group is focused on making the correct strategic choices in order to grow earnings and optimise returns on assets in a rapidly changing competitive environment.

Like-for-like<sup>1</sup> revenue and pre-tax profit for the Group decreased by 0.4% and 4.4% respectively. Most of the reduction in revenue came from the Group's Asian hotels, which were affected by reduced visitor numbers and spending, and with increasing supply of new room inventory.

*Note 1: Like-for-like comparisons exclude the impact of acquisitions, closures and sales of the remaining three Glyndebourne condominium units in 2014, and they are stated in constant currency terms.*

### **Hotel operations**

Revenue per available room (RevPAR) increased by 0.6% to £71.98 in 2015, but decreased by 1.3% in constant currency. This was due to the continuing deterioration of trading conditions in the Group's Asian hotels, where RevPAR declined by 9.0%. Trading was weaker than last year in London and New York especially in the second half of the year. Like-for-like RevPAR for the year fell by 3.7%.

Hotel revenue rose by 2.0% to £765m (2014: £750m) reflecting contributions from recent hotel acquisitions and favourable foreign currency movements.

Hotel gross operating margin was lower at 34.1% (2014: 36.0%).

The Group is addressing shortfalls in hotel trading through a number of revenue initiatives, including an enhanced digital marketing platform, increased focus on the Chinese outbound market and identifying further upselling opportunities across the estate.

### **Acquisitions**

On 18 August 2015, the Group completed the acquisition of a long leasehold interest in Hard Days Night Hotel in Liverpool for £13.8m. The Beatles-inspired hotel, which contains 110 rooms and suites, is located within the popular Cavern Quarter of the city.

CDL Hospitality Trusts ("CDLHT") which is consolidated within the Group's accounts under IFRS 10 and in which the Group owns a 36% stake, acquired the Hilton Cambridge City Centre (previously known as Cambridge City Hotel) for £61.5m on 1 October 2015. The property is a 198-room newly-refurbished upper upscale hotel located in the heart of Cambridge city centre. This acquisition marks CDLHT's first investment in Europe.

### **Developments**

In December 2014, Urban Environmental Improvement approval was granted for the Group's land in Seoul, South Korea, to be used for lodging facilities. A more detailed submission to the Construction Deliberation Commission ("CDC") was lodged in September 2015 for the construction of a 306-room hotel and a 209-unit serviced apartment complex. The response from CDC is still pending. In December 2015, construction companies were invited to tender for the main building contract. The tender closed in January 2016 and the project team is currently reviewing submissions in preparation for the award once necessary permits from the authority are obtained. The development cost is estimated to be KRW157b (£90m) for the construction of the two buildings and external works. It will take about two years to complete from the expected commencement date in the middle of 2016.

The proposed development of the 35,717m<sup>2</sup> mixed-use freehold landsite at Sunnyvale in California is progressing and will include a 263-room hotel and a 250-unit residential apartment block in the initial phase. A subsequent phase is expected to include a retail component. This is a mixed use development project located in the heart of the Silicon Valley. The preliminary budget is estimated at US\$300m (£200m). The Group expects to break ground on the site in the middle of 2016, with completion scheduled for late 2017.

Management continues to explore options in relation to the freehold site occupied by the Millennium Hotel St Louis, which was closed in January 2014.

## Hotel refurbishments

During 2015, the Group completed refurbishment of all guest rooms at Millennium Bailey's Hotel London, Millennium Hotel Buffalo and the remaining rooms at Millennium Seoul Hilton. All guest rooms at these hotels had returned to inventory at the start of 2016. The total cost of these refurbishments was £16m. In New Zealand, renovation of 40 guestrooms at Copthorne Hotel & Resort Queenstown Lakefront was completed in November 2015. Work on the main lobby of the Grand Hyatt Taipei was substantially completed in January 2016, with a retail corner and two small food and beverage ("F&B") outlets planned for completion later this year.

The Group will commence refurbishment of two of its key London hotels in 2016. The cost of refurbishment of Millennium Hotel London Mayfair and Millennium Hotel London Knightsbridge is estimated at £80m and £50m respectively. It is anticipated that both projects will require removal of rooms from inventory in stages but the hotels will not need to be fully closed during the refurbishment period. The hotels are expected to fully re-open in late 2017 or 2018.

In the US, refurbishment of the East Tower of ONE UN New York, with an approved budget of US\$38m (£24m) commenced at the end of 2015 with all guest rooms scheduled to return to inventory by July 2016. Work on guest rooms at Millennium Hotel Durham is scheduled to commence in March 2016 with work completing in September 2016. Refurbishment of public spaces at both hotels will be completed later. The Millennium Biltmore Hotel Los Angeles refurbishment is in progress and is scheduled to complete by the middle of 2017.

Work on the overhaul of the lobby and F&B outlets of the Grand Copthorne Waterfront in Singapore commenced in December 2015 and is targeted for completion in Q3 2016.

In July 2015, Copthorne Hotel Auckland Harbour City in New Zealand was closed for extensive refurbishment, including replacement of building services, guestrooms and public areas. The work, to cost over NZ\$40m (£18m), is expected to be completed in early 2017. Internal demolition and other works are currently underway and are on schedule.

## Asset disposals

As previously announced, the Group entered into an agreement with the developer of Birmingham's Paradise Circus redevelopment scheme in March 2014. That agreement grants the Group a number of options, including an option to sell the existing site and an option to acquire an alternate site in the redevelopment area for the construction of a new hotel. Discussions with the developer are ongoing.

In September 2015, the Group received notice of an application made by Network Rail Infrastructure Limited ("Network Rail") for an order under the Transport and Works (Scotland) Act 2007 to temporarily close and possess the Millennium Hotel Glasgow, and permanently take a portion of the hotel, in connection with the redevelopment of the Queen Street Station in Glasgow. M&C has objected to the application, together with other affected parties, and continues to pursue an alternative solution with Network Rail. The inquiry currently is scheduled to be held in May 2016.

## Other Group operations

Joint ventures and associates contributed £17m to profit in 2015 (2014: £10m).

First Sponsor Group Limited ("First Sponsor") was listed on the Singapore Exchange on 22 July 2014. The Group has an effective interest of 36% in First Sponsor, which now reports its results publicly. At 31 December 2015, the Group managed one property owned by First Sponsor – the 196-room M Hotel Chengdu.

## Management changes

The Group made several key appointments during the second half of last year to strengthen its senior executive talent pool including key positions in regional management and marketing function.

## Dividends

The Board recommends a final ordinary dividend of 4.34p per share (2014: 11.51p) taking into account the Group's current cash position and future capital expenditure requirements. Together with the interim ordinary dividend of 2.08p per share (2014: 2.08p), the total ordinary dividend for 2015 is 6.42p per share (2014: 13.59p) representing a cover of approximately 3 times which is in line with the Group's dividend policy.

Subject to approval by shareholders at the Annual General Meeting to be held on 5 May 2016, the final dividend will be paid on 13 May 2016 to shareholders on the register on 18 March 2016.

*This announcement contains certain statements that are or may be forward-looking with respect to the financial condition, results or operations and business of Millennium & Copthorne Hotels plc. By their nature forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. There are a number of factors that could cause actual results and developments to differ materially from those expressed or implied by such forward-looking statements. Undue reliance should not be placed on forward looking statements which speak only as of the date of this document. The Group accepts no obligation to publicly revise or update these forward-looking statements or adjust them to future events or developments, whether as a result of new information, future events or otherwise, except to the extent legally required.*

## HOTEL OPERATIONS

For comparability, the following performance review is based on calculations in constant currency whereby 31 December 2014 hotel revenue, RevPAR and average room rates have been translated at average exchange rates for the year ended 31 December 2015.

In constant currency, Group RevPAR for the year ended 31 December 2015 decreased by 1.3% to £71.98 (2014: £72.90). This was due mainly to continuing challenging conditions in Asia as compared to last year coupled with weak trading in other major cities. Like-for-like Group RevPAR for FY2015 fell by 3.7%.

During Q4 2015, RevPAR in key cities such as New York, London and Singapore all fell as compared to the previous quarter. Group RevPAR was lower by 4.1% to £73.64 (Q4 2014: £76.75).

Full Year 2015	RevPAR			Occupancy			Average Room Rate		
	FY 2015 £	#FY 2014 £	Change %	FY 2015 %	FY 2014 %	Change %pts	FY 2015 £	#FY 2014 £	Change %
New York	142.92	151.73	(5.8)	82.1	86.7	(4.6)	173.99	174.95	(0.5)
Regional US	48.92	47.46	3.1	58.2	60.2	(2.0)	84.00	78.79	6.6
<b>Total US</b>	<b>79.89</b>	<b>79.94</b>	<b>(0.1)</b>	<b>66.1</b>	<b>68.5</b>	<b>(2.4)</b>	<b>120.84</b>	<b>116.73</b>	<b>3.5</b>
London	108.68	112.47	(3.4)	80.2	85.7	(5.5)	135.51	131.23	3.3
Rest of Europe	51.56	46.16	11.7	72.7	69.1	3.6	70.96	66.82	6.2
<b>Total Europe</b>	<b>80.92</b>	<b>79.16</b>	<b>2.2</b>	<b>76.5</b>	<b>77.4</b>	<b>(0.9)</b>	<b>105.72</b>	<b>102.33</b>	<b>3.3</b>
Singapore	79.85	86.34	(7.5)	87.1	88.3	(1.2)	91.67	97.79	(6.3)
Rest of Asia	54.35	59.95	(9.3)	64.5	71.2	(6.7)	84.31	84.23	0.1
<b>Total Asia</b>	<b>64.23</b>	<b>70.59</b>	<b>(9.0)</b>	<b>73.2</b>	<b>78.1</b>	<b>(4.9)</b>	<b>87.70</b>	<b>90.41</b>	<b>(3.0)</b>
<b>Australasia</b>	<b>43.33</b>	<b>38.49</b>	<b>12.6</b>	<b>77.1</b>	<b>73.7</b>	<b>3.4</b>	<b>56.18</b>	<b>52.21</b>	<b>7.6</b>
<b>Total Group</b>	<b>71.98</b>	<b>72.90</b>	<b>(1.3)</b>	<b>71.8</b>	<b>74.2</b>	<b>(2.4)</b>	<b>100.19</b>	<b>98.31</b>	<b>1.9</b>

Q4 2015	RevPAR			Occupancy			Average Room Rate		
	Q4 2015 £	#Q4 2014 £	Change %	Q4 2015 %	Q4 2014 %	Change %pts	Q4 2015 £	#Q4 2014 £	Change %
New York	156.24	175.62	(11.0)	81.6	89.2	(7.6)	191.40	196.91	(2.8)
Regional US	42.82	42.67	0.4	49.4	53.5	(4.1)	86.76	79.79	8.7
<b>Total US</b>	<b>80.19</b>	<b>87.08</b>	<b>(7.9)</b>	<b>60.0</b>	<b>65.4</b>	<b>(5.4)</b>	<b>133.67</b>	<b>133.12</b>	<b>0.4</b>
London	111.62	117.45	(5.0)	79.1	86.9	(7.8)	141.07	135.13	4.4
Rest of Europe	50.71	47.11	7.6	68.1	66.0	2.1	74.45	71.38	4.3
<b>Total Europe</b>	<b>81.56</b>	<b>81.95</b>	<b>(0.5)</b>	<b>73.7</b>	<b>76.4</b>	<b>(2.7)</b>	<b>110.67</b>	<b>107.33</b>	<b>3.1</b>
Singapore	77.62	84.04	(7.6)	85.9	89.5	(3.6)	90.40	93.89	(3.7)
Rest of Asia	60.11	63.04	(4.6)	71.3	73.9	(2.6)	84.26	85.33	(1.3)
<b>Total Asia</b>	<b>66.89</b>	<b>71.22</b>	<b>(6.1)</b>	<b>77.0</b>	<b>80.0</b>	<b>(3.0)</b>	<b>86.91</b>	<b>89.06</b>	<b>(2.4)</b>
<b>Australasia</b>	<b>48.02</b>	<b>42.76</b>	<b>12.3</b>	<b>84.2</b>	<b>81.1</b>	<b>3.1</b>	<b>57.71</b>	<b>52.75</b>	<b>9.4</b>
<b>Total Group</b>	<b>73.64</b>	<b>76.75</b>	<b>(4.1)</b>	<b>70.7</b>	<b>74.1</b>	<b>(3.4)</b>	<b>104.13</b>	<b>103.59</b>	<b>0.5</b>

# In constant currency whereby 31 December 2014 RevPAR and average room rates have been translated at average exchange rates for the year ended 31 December 2015.

### US

RevPAR for the US region during 2015 decreased by 0.1% to £79.89 with growth in the newly refurbished regional US hotels being offset by slower performance in the New York hotels. New York RevPAR fell by 5.8% as a result of a 4.6 percentage point fall in occupancy and a 0.5% fall in average room rate driven by an increase in the city's hotel room inventory and the weak euro leading to reduced number of European travellers to the city. Excluding Novotel New York Times Square which was acquired in June 2014, New York RevPAR fell 6.6% and the total US region was down 2.6%.

RevPAR for the Regional US increased by 3.1% to £48.92 (2014: £47.46) reflecting contributions from Millennium Harvest House Boulder, Millennium Knickerbocker Hotel Chicago and The McCormick Scottsdale which were recently refurbished.

For Q4 2015, US RevPAR fell by 7.9% mainly because of an 11.0% fall in New York RevPAR. This was due mainly to ONE UN New York closing surrounding rooms during the renovation.

## **Europe**

Europe RevPAR for 2015 increased by 2.2% driven by acquisitions. Like-for-like RevPAR, excluding the acquisitions of The Chelsea Harbour Hotel, Hard Days Night Hotel, Liverpool and Grand Hotel Palace Rome and the expiry of the lease on Copthorne Hotel Hannover, fell 1.8%.

London RevPAR for 2015 fell by 3.4%. Excluding The Chelsea Harbour Hotel which was acquired in March 2014, London RevPAR fell 3.5%. Lower RevPAR at Millennium Bailey's Hotel London was the largest factor in the decline due to the refurbishment of guestrooms which started at the end of 2014 and was completed in the fourth quarter of 2015. In Q4 2015, London's RevPAR fell by 5.0%.

Most of the Group's European hotels outside London performed better than last year with RevPAR up 11.7%, boosted by recent acquisitions. The main exception was Copthorne Hotel Aberdeen which was affected by the significant fall in energy prices and the consequential impact on the hotel's oil and gas customer activity. On a like-for-like basis, RevPAR grew by 2.2%.

On a like-for-like basis, Europe RevPAR for Q4 2015 fell by 0.5% or 4.4%. The terror attacks in Paris resulted in a 7.4% point occupancy drop in our Paris hotels compared to the same period last year.

## **Asia**

Asia RevPAR for 2015 fell by 9.0% to £64.23 (2014: £70.59) contributed by lower room rate and occupancy.

In Singapore, RevPAR is 7.5% lower for 2015 as a result of reduced consumer spending and lower corporate travel demand against a backdrop of a regional economic slowdown. Those factors, combined with increased price competition from new and refurbished hotels in the market and a relatively strong Singapore dollar relative to key source markets in Asia, the Singapore hotels have seen a reduction in both occupancy and rate compared to last year.

In Rest of Asia, RevPAR fell by 9.3% in 2015, mainly driven by a decrease of 6.7 percentage points in occupancy. The weakening Chinese currency and increased room inventory in the Xinyi District have dampened demand at Grand Hyatt Taipei. South Korea also suffered from the impact of the Middle East Respiratory Syndrome outbreak earlier this year.

For Q4 2015, Singapore RevPAR fell 7.6% and Rest of Asia fell 4.6%.

## **Australasia**

Australasia RevPAR grew 12.6% in 2015 driven by an increase in overseas visitors. Millennium Hotel Queenstown and Copthorne Hotel Rotorua continued to make gains after completion of their refurbishment projects. The performance of these hotels and Copthorne Hotel, Oriental Bay Wellington reflected the fact that New Zealand remains a popular destination for Chinese, United States and European visitors.

Copthorne Hotel Auckland Harbour City which has been closed for a refurbishment program is expected to be reopened in the first quarter of 2017. The hotel will be extensively refurbished and its operations will be appropriately repositioned to reflect the new look and the investment which will be made to the property.

For Q4 2015, Australasia RevPAR increased 12.3% to £48.02 (Q4 2014: £42.76).

## FINANCIAL PERFORMANCE

### Financial performance – full year overview

For the full year to 31 December 2015, total revenue increased by 2.5% to £847m (2014: £826m). This increase was attributable to the three hotels acquired in 2014, the opening of the Millennium Mitsui Garden Tokyo last December and favourable foreign currency movements. Like-for-like<sup>1</sup> revenue decreased by 0.4%.

Profit before tax fell by 42.0% to £109m (2014: £188m). The fall in profit was mainly due to £43m net charge relating to impairment losses of £76m offset by net revaluation gains of £33m. They relate primarily to two of the Group's Asian properties and two recently acquired hotels.

With regard to the two Asian properties, the market has deteriorated over the past year and the outlook in the short to medium term is uncertain and challenging. The region's current weak financial and economic position has affected visitor numbers and spending, and together with the supply of new room inventory, these factors continue to have an adverse impact on the performance of the region. Valuation of one of the impaired hotels was also negatively affected after loss of rental income following its failure to secure a new tenant. In relation to the two recently acquired hotels, room rates achieved were lower than expected.

The impairment losses are a result of M&C's annual impairment testing whereby the carrying amount of M&C's assets is compared against the estimated recoverable amount, which is the greater of the fair value less costs to sell and value in use. In assessing the value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to each asset.

After removing the effects of the impairment losses and revaluation gains, the Group's profit before tax decreased by 5.6% to £152m (2014: £161m). Most of the reduction in profit relates to the Group's Asian hotels, where the RevPAR declined by 9.0%. Like-for-like<sup>1</sup> pre-tax profit fell by 4.4%.

Basic earnings per share decreased by 41.5% to 19.9p (2014: 34.0p).

*Note 1: Like-for-like comparisons exclude the impact of acquisitions, closures and sales of the remaining three Glyndebourne condominium units in 2014, and they are stated in constant currency terms.*

### Financial performance – fourth quarter 2015

Revenue for the fourth quarter increased by 1.3% to £232m (Q4 2014: £229m). Profit before tax excluding impairment loss and revaluation gain increased by 1.9% to £54m (Q4 2014: £53m) principally due higher property profit and lower central costs.

Like-for-like<sup>1</sup> revenue and pre-tax profit increased by 0.6% and 4.0% respectively.

### Foreign exchange translation

The Company publishes its Group financial statements in sterling. However, the majority of the Company's subsidiaries, joint ventures and associates report their revenue, costs, assets and liabilities in currencies other than sterling. The Company translates the revenue, costs, assets and liabilities of those subsidiaries, joint ventures and associates into sterling and this translation of other currencies into sterling could materially affect the amount of these items in the Group's financial statements, even if their values have not changed in their original currencies.

The table set out in Note 2 to the financial statements sets out the sterling exchange rates of the other principal currencies in the Group. Sterling strengthened appreciably compared to the Singapore dollar but weakened against the US dollars during the year, the impact of which is reflected in the translation reserve on page 9.

## Financial Position and Resources

	2015 £m	2014 £m	Change £m
Property, plant and equipment and lease premium prepayment	2,858	2,851	7
Investment properties	506	479	27
Investment in joint ventures and associates	255	235	20
Other financial assets	-	5	(5)
<b>Non-current assets</b>	<b>3,619</b>	<b>3,570</b>	<b>49</b>
Current assets excluding cash	163	182	(19)
Provisions and other liabilities excluding borrowings	(255)	(271)	16
Net debt	(605)	(525)	(80)
Deferred tax liabilities	(210)	(221)	11
<b>Net assets</b>	<b>2,712</b>	<b>2,735</b>	<b>(23)</b>
Equity attributable to equity holders of the parent	2,276	2,263	13
Non-controlling interests	436	472	(36)
<b>Total equity</b>	<b>2,712</b>	<b>2,735</b>	<b>(23)</b>

### Non-current assets

The Group states land and buildings at depreciated deemed cost, being their UK GAAP carrying value, including revaluations as at 1 January 2004, together with additions thereafter less subsequent depreciation or provision for impairment. External professional open market valuations took place at the end of 2015 for all investment properties and those property assets identified as having impairment risks.

Non-current assets increased slightly by 1.4% compared to last year, principally due to the acquisitions of Hard Days Night Hotel in Liverpool and Hilton Cambridge City Centre for a total cost of £75m, net revaluation gains of investment properties of £33m (2014: £27m); and offset by impairment of property, plant and equipment of £76m (2014: £nil).

### Financial position

Group interest cover ratio for the year ended 31 December 2015 (excluding share of results of joint ventures and associates, and other operating income and expense) is 8 times (2014: 10 times).

At 31 December 2015, the Group had £238m cash and £406m of undrawn and committed facilities available comprising revolving credit facilities which provide the Group with financial flexibility. Most of the facilities are unsecured with unencumbered assets representing 92% of fixed assets and investment properties. At 31 December 2015, total borrowing amounted to £843m of which £67m was drawn under £83m of secured bank facilities.

At 31 December 2015, the Group had net debt of £605m (Dec 2014: net debt £525m). Excluding CDLHT, the net debt was £201m (Dec 2014: net debt £185m).

### Future funding

Of the Group's total facilities of £1,297m, £351m matures within 12 months. Excluding CDLHT, the Group's total facilities was £730m of which £168m matures within the next 12 months. Plans for refinancing the facilities are underway.

### Treasury risk management

Group treasury matters are governed by policies and procedures approved by the Board of Directors. The treasury committee monitors and reviews treasury matters on a regular basis. A written summary of major treasury activity is presented to the Board on a regular basis.

**Consolidated income statement  
for the year ended 31 December 2015**

	Notes	<b>Fourth Quarter 2015 Unaudited £m</b>	Fourth Quarter 2014 Unaudited £m	<b>Full Year 2015 £m</b>	Full Year 2014 £m
Revenue	3	<b>232</b>	229	<b>847</b>	826
Cost of sales		<b>(93)</b>	(86)	<b>(350)</b>	(333)
<b>Gross Profit</b>		<b>139</b>	143	<b>497</b>	493
Administrative expenses		<b>(86)</b>	(89)	<b>(342)</b>	(325)
Other operating income	4	<b>41</b>	29	<b>41</b>	29
Other operating expense	4	<b>(84)</b>	(2)	<b>(84)</b>	(2)
<b>Operating profit</b>		<b>10</b>	81	<b>112</b>	195
Share of profit of joint ventures and associates		<b>8</b>	5	<b>17</b>	10
Finance income		-	3	<b>5</b>	7
Finance expense		<b>(7)</b>	(9)	<b>(25)</b>	(24)
<b>Net finance expense</b>	3	<b>(7)</b>	(6)	<b>(20)</b>	(17)
<b>Profit before tax</b>	3	<b>11</b>	80	<b>109</b>	188
Income tax expense	5	<b>5</b>	(18)	<b>(12)</b>	(37)
<b>Profit for the year</b>		<b>16</b>	62	<b>97</b>	151
<b>Attributable to:</b>					
Equity holders of the parent		<b>5</b>	44	<b>65</b>	110
Non-controlling interests		<b>11</b>	18	<b>32</b>	41
		<b>16</b>	62	<b>97</b>	151
Basic earnings per share (pence)	6	<b>1.4p</b>	13.7p	<b>19.9p</b>	34.0p
Diluted earnings per share (pence)	6	<b>1.4p</b>	13.7p	<b>19.8p</b>	33.9p

The financial results above derive from continuing activities.



**Consolidated statement of comprehensive income  
for the year ended 31 December 2015**

	Full Year 2015 £m	Full Year 2014 £m
<b>Profit for the year</b>	<b>97</b>	<b>151</b>
<b>Other comprehensive income/(expense):</b>		
<b>Items that are not reclassified subsequently to income statement:</b>		
Remeasurement of defined benefit plan actuarial net gains/(losses)	(2)	3
	(2)	3
<b>Items that may be reclassified subsequently to income statement:</b>		
Foreign currency translation differences - foreign operations	(19)	47
Foreign currency translation differences - equity accounted investees	4	7
Net loss on hedge of net investments in foreign operations	(9)	(17)
	(24)	37
<b>Other comprehensive income/(expense) for the year, net of tax</b>	<b>(26)</b>	<b>40</b>
<b>Total comprehensive income for the year</b>	<b>71</b>	<b>191</b>
Total comprehensive income attributable to:		
Equity holders of the parent	49	162
Non-controlling interests	22	29
<b>Total comprehensive income for the year</b>	<b>71</b>	<b>191</b>

**Consolidated statement of financial position  
as at 31 December 2015**

	As at 31 December 2015 £m	As at 31 December 2014 £m
<b>Non-current assets</b>		
Property, plant and equipment	2,764	2,753
Lease premium prepayment	94	98
Investment properties	506	479
Investment in joint ventures and associates	255	235
Other financial assets	-	5
	<b>3,619</b>	<b>3,570</b>
<b>Current assets</b>		
Inventories	4	4
Development properties	81	72
Lease premium prepayment	2	2
Trade and other receivables	76	104
Cash and cash equivalents	238	392
	<b>401</b>	<b>574</b>
<b>Total assets</b>	<b>4,020</b>	<b>4,144</b>
<b>Non-current liabilities</b>		
Interest-bearing loans, bonds and borrowings	(665)	(518)
Employee benefits	(13)	(15)
Provisions	(8)	(7)
Other non-current liabilities	(12)	(11)
Deferred tax liabilities	(210)	(221)
	<b>(908)</b>	<b>(772)</b>
<b>Current liabilities</b>		
Interest-bearing loans, bonds and borrowings	(178)	(399)
Trade and other payables	(187)	(197)
Provisions	(2)	(6)
Income taxes payable	(33)	(35)
	<b>(400)</b>	<b>(637)</b>
<b>Total liabilities</b>	<b>(1,308)</b>	<b>(1,409)</b>
<b>Net assets</b>	<b>2,712</b>	<b>2,735</b>
<b>Equity</b>		
Issued share capital	97	97
Share premium	843	843
Translation reserve	196	210
Treasury share reserve	(4)	(4)
Retained earnings	1,144	1,117
<b>Total equity attributable to equity holders of the parent</b>	<b>2,276</b>	<b>2,263</b>
Non-controlling interests	436	472
<b>Total equity</b>	<b>2,712</b>	<b>2,735</b>

**Consolidated statement of changes in equity  
for the year ended 31 December 2015**

	Share capital £m	Share premium £m	Translation reserve £m	Treasury share reserve £m	Retained earnings £m	Total excluding non- controlling interests £m	Non- controlling interests £m	Total equity £m
<b>Balance at 1 January 2014</b>	97	843	160	(2)	1,078	2,176	503	2,679
Profit	-	-	-	-	110	110	41	151
Other comprehensive income/(expense)	-	-	50	-	2	52	(12)	40
Total comprehensive income	-	-	50	-	112	162	29	191
<b>Transactions with owners, recorded directly in equity</b>								
<b>Contributions by and distributions to owners</b>								
Dividends - equity holders	-	-	-	-	(73)	(73)	-	(73)
Dividends - non-controlling interests	-	-	-	-	-	-	(35)	(35)
Purchase of own shares	-	-	-	(2)	-	(2)	-	(2)
Contribution by non-controlling interests	-	-	-	-	-	-	3	3
<b>Changes in ownership interests</b>								
Distribution to minority interests	-	-	-	-	-	-	(28)	(28)
<b>Total transactions with owners</b>	-	-	-	(2)	(73)	(75)	(60)	(135)
<b>Balance at 31 December 2014</b>	97	843	210	(4)	1,117	2,263	472	2,735
<b>Balance at 1 January 2015</b>	97	843	210	(4)	1,117	2,263	472	2,735
Profit	-	-	-	-	65	65	32	97
Other comprehensive expense	-	-	(14)	-	(2)	(16)	(10)	(26)
Total comprehensive income/(expense)	-	-	(14)	-	63	49	22	71
<b>Transactions with owners, recorded directly in equity</b>								
<b>Contributions by and distributions to owners</b>								
Dividends - equity holders	-	-	-	-	(44)	(44)	-	(44)
Dividends - non-controlling interests	-	-	-	-	-	-	(35)	(35)
Share-based payment transactions (net of tax)	-	-	-	-	2	2	-	2
<b>Changes in ownership interests</b>								
Change of interests in subsidiaries without loss of control	-	-	-	-	6	6	(23)	(17)
<b>Total transactions with owners</b>	-	-	-	-	(36)	(36)	(58)	(94)
<b>Balance at 31 December 2015</b>	97	843	196	(4)	1,144	2,276	436	2,712

**Consolidated statement of cash flows  
for the year ended 31 December 2015**

	2015 £m	2014 £m
<b>Cash flows from operating activities</b>		
Profit for the year	97	151
<i>Adjustments for:</i>		
Depreciation and amortisation	61	52
Share of profit of joint ventures and associates	(17)	(10)
Other operating income	(41)	(30)
Other operating expense	84	3
Equity settled share-based transactions	2	-
Finance income	(5)	(7)
Finance expense	25	24
Income tax expense	12	37
<b>Operating profit before changes in working capital and provisions</b>	<b>218</b>	<b>220</b>
Movement in inventories, trade and other receivables	28	76
Movement in development properties	(14)	(1)
Movement in trade and other payables	(4)	35
Movement in provisions and employee benefits	(8)	-
<b>Cash generated from operations</b>	<b>220</b>	<b>330</b>
Interest paid	(20)	(17)
Interest received	4	5
Income tax paid	(27)	(37)
<b>Net cash generated from operating activities</b>	<b>177</b>	<b>281</b>
<b>Cash flows from investing activities</b>		
Dividends received from joint ventures and associates	1	-
Increase in investment in associate	-	(44)
Return of capital from associate	-	3
Proceeds from sale of investment	4	-
Acquisition of subsidiary, net of cash acquired	(61)	-
Acquisition of property, plant and equipment, lease premium prepayment and investment properties	(85)	(429)
<b>Net cash used in investing activities</b>	<b>(141)</b>	<b>(470)</b>
<b>Cash flows from financing activities</b>		
Repayment of borrowings	(724)	(49)
Drawdown of borrowings	646	377
Payment of transaction costs related to borrowings	-	(1)
Dividends paid to non-controlling interests	(35)	(35)
Purchase of own shares	-	(2)
Capital contribution from non-controlling interests	-	3
Acquisition of non-controlling interests	(17)	-
Dividends paid to equity holders of the parent	(44)	(73)
<b>Net cash generated from / (used in) financing activities</b>	<b>(174)</b>	<b>220</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(138)</b>	<b>31</b>
Cash and cash equivalents at beginning of the period	388	351
Effect of exchange rate fluctuations on cash held	(12)	6
<b>Cash and cash equivalents at end of the year</b>	<b>238</b>	<b>388</b>
<b>Reconciliation of cash and cash equivalents</b>		
Cash and cash equivalents shown in the consolidated statement of financial position	238	392
Bank overdrafts included in borrowings	-	(4)
<b>Cash and cash equivalents for consolidated statement of cash flows</b>	<b>238</b>	<b>388</b>

## Notes to the consolidated financial statements

### 1. General information

#### Basis of preparation

The consolidated financial statements in this results announcement for Millennium & Copthorne Hotels plc (“M&C” or “the Company”) as at and for the year ended 31 December 2015 comprise the Company and its subsidiaries (together referred to as “the Group”) and the Group’s interests in joint ventures and associates.

These primary statements and selected notes comprise the audited consolidated financial results of the Group for the years ended 31 December 2015 and 2014. This information set out in this results announcement does not comprise statutory accounts within the meaning of Section 435 of the Companies Act 2006 but represents extracts from them. These extracts do not provide as full an understanding of the financial performance and position, or financial and investing activities, of the Group as the complete Annual Report.

The comparative figures for the financial year ended 31 December 2014 are not the Company’s statutory accounts for that financial year. Those accounts have been reported on by the Company’s auditor and delivered to the Registrar of Companies. The report of the auditor was (i) unqualified, (ii) did not include a reference to any matter to which the auditor drew attention by way of emphasis without qualifying their report, and (iii) did not contain a statement under section 498 (2) or (3) of the Companies Act 2006. The consolidated financial statements of the Group as at and for the financial year ended 31 December 2014 are available from the Company’s website at:

<http://www.millenniumhotels.com/corporate/investors/annual-reports-archive.html>

The consolidated financial statements of the Group were prepared in accordance with International Financial Reporting Standards (“IFRS”) as adopted by the EU. The consolidated financial statements for the year ended 31 December 2015 were prepared by applying the accounting policies and presentation that were used in the preparation of the Group’s published consolidated financial statements for the year ended 31 December 2014.

The financial statements were approved by the Board of Directors on 18 February 2016.

The financial statements were prepared on a going concern basis, supported by the Directors’ assessment of the Group’s current and forecast financial position, and forecast trading for at least the next 12 months from the date they were approved; and are presented in the Company’s functional currency of sterling, rounded to the nearest million.

## Notes to the consolidated financial statements

### 2. Foreign currency translation

The Company publishes its Group financial statements in sterling. However, the majority of the Company's subsidiaries, joint ventures and associates report their revenue, costs, assets and liabilities in currencies other than sterling. The Company translates the revenue, costs, assets and liabilities of those subsidiaries, joint ventures and associates into sterling, and this translation of other currencies into sterling could materially affect the amount of these items in the Group's financial statements, even if their values have not changed in their original currencies. The following table sets out the sterling exchange rates of the other principal currencies of the Group.

Currency (=£)	As at 31 December		Average for 12 months January-December		Average for 3 months October-December	
	2015	2014	2015	2014	2015	2014
US dollar	<b>1.490</b>	1.556	<b>1.532</b>	1.645	<b>1.512</b>	1.582
Singapore dollar	<b>2.103</b>	2.059	<b>2.101</b>	2.087	<b>2.125</b>	2.054
New Taiwan dollar	<b>48.923</b>	49.419	<b>48.623</b>	49.938	<b>49.521</b>	49.134
New Zealand dollar	<b>2.167</b>	2.001	<b>2.176</b>	1.990	<b>2.252</b>	2.012
Malaysian ringgit	<b>6.403</b>	5.442	<b>5.934</b>	5.391	<b>6.361</b>	5.329
Korean won	<b>1,742.09</b>	1,708.55	<b>1,730.23</b>	1,727.98	<b>1,750.25</b>	1,708.78
Chinese renminbi	<b>9.668</b>	9.684	<b>9.640</b>	10.138	<b>9.698</b>	9.750
Euro	<b>1.358</b>	1.278	<b>1.375</b>	1.240	<b>1.396</b>	1.266
Japanese yen	<b>179.411</b>	187.334	<b>185.88</b>	173.950	<b>188.035</b>	179.751

### 3. Operating segment information

Disclosure of segmental information is principally presented in respect of the Group's geographical segments.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items principally comprise: interest-bearing loans, borrowings, cash and cash equivalents, net finance expense, taxation balances and corporate expenses.

#### *Geographical segments*

The hotel and property operations are managed on a worldwide basis and operate in seven principal geographical areas as follows:

- New York
- Regional US
- London
- Rest of Europe (including the Middle East)
- Singapore
- Rest of Asia
- Australasia

The segments reported reflect the operating segment information included in the internal reports that the Chief Operating Decision Maker ("CODM"), which is the Board, regularly reviews.

The reportable segments are aligned with the structure of the Group's internal organisation which is based according to geographical region. Discrete financial information is reported to and is reviewed by the CODM on a geographical basis. Operating segments have Chief Operating Officers ("COOs") or equivalent who are directly accountable for the functioning of their segments and who maintain regular contact with the Chief Executive Officer and Chairman of the CODM to discuss the operational and financial performance. The CODM makes decisions about allocation of resources to the regions managed by the COOs.

The results of CDLHT have been incorporated within the existing geographical regions. In addition, CDLHT operations are reviewed separately by its board on a monthly basis.

## Notes to the consolidated financial statements

### 3. Operating segment information (continued)

#### Segment results

	Full Year 2015								
	New York £m	Regional US £m	London £m	Rest of Europe £m	Singapore £m	Rest of Asia £m	Australasia £m	Central Costs £m	Total Group £m
<b>Revenue</b>									
Hotel	138	118	124	75	122	148	40	-	765
Property operations	-	3	-	-	2	7	23	-	35
REIT	-	-	-	3	12	20	12	-	47
<b>Total revenue</b>	<b>138</b>	<b>121</b>	<b>124</b>	<b>78</b>	<b>136</b>	<b>175</b>	<b>75</b>	<b>-</b>	<b>847</b>
<b>Hotel gross operating profit</b>	<b>33</b>	<b>25</b>	<b>63</b>	<b>20</b>	<b>54</b>	<b>49</b>	<b>17</b>	<b>-</b>	<b>261</b>
Hotel fixed charges <sup>1</sup>	(27)	(18)	(20)	(10)	(3)	(33)	(6)	-	(117)
Hotel operating profit	6	7	43	10	51	16	11	-	144
Property operating profit/(loss)	-	(1)	-	-	1	6	11	-	17
REIT operating profit/(loss)	-	-	-	(1)	(3)	7	12	-	15
Central costs	-	-	-	-	-	-	-	(21)	(21)
Other operating income <sup>2</sup>	-	-	-	-	-	32	-	-	32
Other operating expense <sup>2</sup>	(23)	(1)	-	(15)	(1)	(37)	(1)	-	(78)
Other operating income - REIT <sup>2</sup>	-	-	-	-	1	-	8	-	9
Other operating expense - REIT <sup>2</sup>	-	-	-	-	-	(4)	(2)	-	(6)
<b>Operating profit/(loss)</b>	<b>(17)</b>	<b>5</b>	<b>43</b>	<b>(6)</b>	<b>49</b>	<b>20</b>	<b>39</b>	<b>(21)</b>	<b>112</b>
Share of joint ventures and associates profit	-	-	-	1	-	16	-	-	17
Add: Depreciation and amortisation	7	9	6	4	11	21	2	1	61
<b>EBITDA <sup>3</sup></b>	<b>(10)</b>	<b>14</b>	<b>49</b>	<b>(1)</b>	<b>60</b>	<b>57</b>	<b>41</b>	<b>(20)</b>	<b>190</b>
Less: Depreciation and amortisation									(61)
Net finance expense									(20)
<b>Profit before tax</b>									<b>109</b>

	Full Year 2014								
	New York £m	Regional US £m	London £m	Rest of Europe £m	Singapore £m	Rest of Asia £m	Australasia £m	Central Costs £m	Total Group £m
<b>Revenue</b>									
Hotel	123	106	125	71	131	152	42	-	750
Property operations	-	2	-	-	9	1	24	-	36
REIT	-	-	-	-	11	16	13	-	40
<b>Total revenue</b>	<b>123</b>	<b>108</b>	<b>125</b>	<b>71</b>	<b>151</b>	<b>169</b>	<b>79</b>	<b>-</b>	<b>826</b>
<b>Hotel gross operating profit</b>	<b>35</b>	<b>21</b>	<b>64</b>	<b>18</b>	<b>62</b>	<b>53</b>	<b>17</b>	<b>-</b>	<b>270</b>
Hotel fixed charges <sup>1</sup>	(22)	(16)	(19)	(11)	(2)	(28)	(4)	-	(102)
Hotel operating profit	13	5	45	7	60	25	13	-	168
Property operating profit/(loss)	-	(1)	-	-	8	-	8	-	15
REIT operating profit/(loss)	-	-	-	-	(3)	6	13	-	16
Central costs	-	-	-	-	-	-	-	(31)	(31)
Other operating income <sup>2</sup>	-	-	-	-	3	16	-	-	19
Other operating income - REIT <sup>2</sup>	-	-	-	-	5	1	2	-	8
<b>Operating profit/(loss)</b>	<b>13</b>	<b>4</b>	<b>45</b>	<b>7</b>	<b>73</b>	<b>48</b>	<b>36</b>	<b>(31)</b>	<b>195</b>
Share of joint ventures and associates profit	-	-	-	-	-	10	-	-	10
Add: Depreciation and amortisation	6	7	5	3	11	17	2	1	52
<b>EBITDA <sup>3</sup></b>	<b>19</b>	<b>11</b>	<b>50</b>	<b>10</b>	<b>84</b>	<b>75</b>	<b>38</b>	<b>(30)</b>	<b>257</b>
Less: Depreciation and amortisation									(52)
Net finance expense									(17)
<b>Profit before tax</b>									<b>188</b>

<sup>1</sup> Hotel fixed charges include depreciation, amortisation of lease premium prepayments, property rent, taxes and insurance, operating lease rentals and management fees.

<sup>2</sup> See Note 4 for details of other operating income and expense.

<sup>3</sup> EBITDA is earnings before interest, tax and, depreciation and amortisation.

## Notes to the consolidated financial statements

### 3. Operating segment information (continued)

#### Segmental assets and liabilities

At 31 December 2015	New York £m	Regional US £m	London £m	Rest of Europe £m	Singapore £m	Rest of Asia £m	Australasia £m	Total Group £m
Hotel operating assets	540	293	490	248	17	602	138	2,328
REIT operating assets	-	-	-	62	528	127	158	875
Hotel operating liabilities	(24)	(31)	(19)	(27)	(19)	(63)	(7)	(190)
REIT operating liabilities	-	-	-	(2)	(11)	(2)	(2)	(17)
Investment in joint ventures and associates	-	-	-	-	-	112	-	112
<b>Total hotel operating net assets</b>	<b>516</b>	<b>262</b>	<b>471</b>	<b>281</b>	<b>515</b>	<b>776</b>	<b>287</b>	<b>3,108</b>
Property operating assets	-	33	-	-	75	135	81	324
Property operating liabilities	-	(1)	-	-	(7)	(3)	(4)	(15)
Investment in joint ventures and associates	-	-	-	-	-	143	-	143
<b>Total property operating net assets</b>	<b>-</b>	<b>32</b>	<b>-</b>	<b>-</b>	<b>68</b>	<b>275</b>	<b>77</b>	<b>452</b>
Deferred tax liabilities								(210)
Income taxes payable								(33)
Net cash								(605)
<b>Net assets</b>								<b>2,712</b>

At 31 December 2014	New York £m	Regional US £m	London £m	Rest of Europe £m	Singapore £m	Rest of Asia £m	Australasia £m	Total Group £m
Hotel operating assets	542	279	502	242	18	654	147	2,384
REIT operating assets	-	-	-	-	539	128	162	829
Hotel operating liabilities	(34)	(22)	(34)	(19)	(21)	(59)	(8)	(197)
REIT operating liabilities	-	-	-	-	(15)	(3)	(2)	(20)
Investment in joint ventures and associates	-	-	-	-	-	96	-	96
<b>Total hotel operating net assets</b>	<b>508</b>	<b>257</b>	<b>468</b>	<b>223</b>	<b>521</b>	<b>816</b>	<b>299</b>	<b>3,092</b>
Property operating assets	-	31	-	-	97	102	74	304
Property operating liabilities	-	(1)	-	-	(8)	(6)	(4)	(19)
Investment in joint ventures and associates	-	-	-	-	-	139	-	139
<b>Total property operating net assets</b>	<b>-</b>	<b>30</b>	<b>-</b>	<b>-</b>	<b>89</b>	<b>235</b>	<b>70</b>	<b>424</b>
Deferred tax liabilities								(221)
Income taxes payable								(35)
Net cash								(525)
<b>Net assets</b>								<b>2,735</b>



## Notes to the consolidated financial statements

### 4. Other operating income and expense

	Notes	Full Year 2015 £m	Full Year 2014 £m
<b>Other operating income</b>			
Revaluation gain of investment properties	(a)		
- REIT properties		9	10
- Millennium Mitsui Garden Hotel Tokyo		32	16
- Tanglin Shopping Centre		-	3
		<b>41</b>	<b>29</b>
<b>Other operating expense</b>			
Revaluation deficit of investment properties	(a)		
- REIT properties		(6)	(2)
- Tanglin Shopping Centre		(1)	-
- Biltmore Court & Tower		(1)	-
Impairment of property, plant & equipment	(b)	(76)	-
		<b>(84)</b>	<b>(2)</b>

#### (a) Revaluation gain/deficit of investment properties

At the end of the financial year, in accordance with the Group's policy its investment properties were subject to external professional valuation on an open-market existing use basis. Based on these valuations, the revaluation gain or deficit was recorded as considered appropriate by the Directors.

#### (b) Impairment

The Directors undertook their annual review of the carrying value of hotels and property assets for indication of impairment and where appropriate, external valuations were also obtained. As a result of this review, the total impairment charge was £76m consisting of £23m in New York, £15m in Rest of Europe, £37m in Rest of Asia and £1m for NZ. No impairment charge was made in 2014.

### 5. Income tax expense

For the year ended 31 December 2015, the Group recorded a tax expense of £12m (2014: £37m) excluding the tax relating to joint ventures and associates, giving rise to an effective tax rate of 12.9% (2014: 20.7%). The effective tax rate has been affected by a number of factors which include the following items:

- Other income and expense of the Group; and
- Reduced tax rates applied to brought forward net deferred tax liabilities in the UK; and
- Tax adjustments in respect of previous years.

Excluding the impact of the items noted above, the Group's underlying effective tax rate is 18.4% (2014: 17.2%).

For the year ended 31 December 2015, a tax charge of £6m (2014: £6m) relating to joint ventures and associates is included in the profit before tax.

### 6. Earnings per share

Earnings per share are calculated using the following information:

	Fourth Quarter 2015 Unaudited	Fourth Quarter 2014 Unaudited	Full Year 2015	Full Year 2014
<b>(a) Basic</b>				
Profit for the year attributable to holders of the parent (£m)	5	44	65	110
Weighted average number of shares in issue (m)	325	324	325	324
<b>Basic earnings per share (pence)</b>	<b>1.4</b>	13.7	<b>19.9</b>	34.0
<b>(b) Diluted</b>				
Profit for the year attributable to holders of the parent (£m)	5	44	65	110
Weighted average number of shares in issue (m)	325	324	325	324
Potentially dilutive share options under the Group's share option schemes (m)	-	1	1	1
Weighted average number of shares in issue (diluted) (m)	325	325	326	325
<b>Diluted earnings per share (pence)</b>	<b>1.4</b>	13.7	<b>19.8</b>	33.9

## Notes to the consolidated financial statements

### 7. Related parties

#### *Identity of related parties*

Transactions between the Company and its subsidiaries have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below. All transactions with related parties were entered into in the normal course of business and at arm's length.

The Group has a related party relationship with its joint ventures, associates and with its Directors and executive officers.

#### *Transactions with ultimate holding company and other related companies*

The Group has a related party relationship with certain subsidiaries of Hong Leong Investment Holdings Pte. Ltd ("Hong Leong") which is the ultimate holding and controlling company of Millennium & Copthorne Hotels plc and holds 65% (2014: 61%) of the Company's shares via City Developments Limited ("CDL"), the intermediate holding company of the Company. During the year ended 31 December 2015, the Group had the following transactions with those subsidiaries.

The Group deposited certain surplus cash with Hong Leong Finance Limited, a subsidiary of Hong Leong, on normal commercial terms. As at 31 December 2015, £3m (2014: £30m) of cash was deposited with Hong Leong Finance Limited.

Fees paid/payable by the Group to CDL and its other subsidiaries were £2m (2014: £2m) which included rentals paid for the Grand Shanghai restaurant and Kings Centre; property management fees for Tanglin Shopping Centre; charges for car parking, leasing commission and professional services.

As at 31 December 2015, City e-Solutions Limited ("CES"), a fellow subsidiary of CDL held 1,152,031 (2014: 1,152,031) ordinary shares in the Company. CES through its subsidiaries provided consultancy, management and reservation services to M&C for the year ended 31 December 2015 for a total of £1m (2014: £1m).

#### *Transactions with joint venture*

City Hotels Pte. Ltd, a 100% subsidiary of the Group, provided a shareholder loan facility of 550m Thai Baht (£10m) to Fena Estate Company Limited ("Fena"), its 50% owned joint venture. At 31 December 2015 and 2014 all of this facility was fully drawn. The loan attracts interest of 4.5% (2014: 4.5%) per annum. This interest was rolled up into the carrying value of the loan. The total loan outstanding as at 31 December 2015, including rolled up interest, was 754m Thai Baht (£14m) (2014: 730m Thai Baht (£14m)).

The Group provided a further US\$2m (£1m) operator loan facility to Fena which was fully drawn down. This loan together with interest charged at 2.2% per annum was fully settled in 2015.

### 8. Financial commitments, contingencies and subsequent events

Capital commitments at 31 December 2015 which are contracted but not yet provided for in the financial statements amount to £44m (2014: £25m). There were no contingent liabilities or guarantees other than those arising in the ordinary course of business and on these no material losses are anticipated.

There are no events subsequent to the balance sheet date which require adjustments to or disclosure within these consolidated financial statements.

**APPENDIX 1: KEY OPERATING STATISTICS**  
for the year ended 31 December 2015

	Year ended 2015 Reported currency	Year ended 2014 Constant currency	Year ended 2014 Reported currency
<b>Owned or leased hotels*</b>			
<b>Occupancy (%)</b>			
New York	82.1		86.7
Regional US	58.2		60.2
Total US	66.1		68.5
London	80.2		85.7
Rest of Europe	72.7		69.1
Total Europe	76.5		77.4
Singapore	87.1		88.3
Rest of Asia	64.5		71.2
Total Asia	73.2		78.1
Australasia	77.1		73.7
<b>Total Group</b>	<b>71.8</b>		<b>74.2</b>
<b>Average Room Rate (£)</b>			
New York	173.99	174.95	162.93
Regional US	84.00	78.79	73.37
Total US	120.84	116.73	108.70
London	135.51	131.23	131.23
Rest of Europe	70.96	66.82	69.16
Total Europe	105.72	102.33	103.38
Singapore	91.67	97.79	98.40
Rest of Asia	84.31	84.23	83.78
Total Asia	87.70	90.41	90.45
Australasia	56.18	52.21	57.09
<b>Total Group</b>	<b>100.19</b>	<b>98.31</b>	<b>96.49</b>
<b>RevPAR (£)</b>			
New York	142.92	151.73	141.30
Regional US	48.92	47.46	44.19
Total US	79.89	79.94	74.44
London	108.68	112.47	112.47
Rest of Europe	51.56	46.16	47.78
Total Europe	80.92	79.16	79.97
Singapore	79.85	86.34	86.88
Rest of Asia	54.35	59.95	59.64
Total Asia	64.23	70.59	70.62
Australasia	43.33	38.49	42.10
<b>Total Group</b>	<b>71.98</b>	<b>72.90</b>	<b>71.55</b>
<b>Gross Operating Profit Margin (%)</b>			
New York	23.9		28.0
Regional US	21.2		20.1
Total US	22.7		24.3
London	50.8		50.9
Rest of Europe	26.7		24.9
Total Europe	41.7		41.5
Singapore	44.3		47.4
Rest of Asia	33.1		35.1
Total Asia	38.1		40.8
Australasia	42.5		41.4
<b>Total Group</b>	<b>34.1</b>		<b>36.0</b>

For comparability, the 31 December 2014 Average Room Rate and RevPAR have been translated at average exchange rates for the period ended 31 December 2015.

\* excluding managed, franchised and investment hotels.

**APPENDIX 2: KEY OPERATING STATISTICS**  
for the quarter ended 31 December 2015

<b>Owned or leased hotels*</b>	<b>Fourth Quarter 2015 Reported Currency</b>	Fourth Quarter 2014 Constant currency	Fourth Quarter 2014 Reported currency
<b>Occupancy (%)</b>			
New York	<b>81.6</b>		89.2
Regional US	<b>49.4</b>		53.5
<b>Total US</b>	<b>60.0</b>		<b>65.4</b>
London	<b>79.1</b>		86.9
Rest of Europe	<b>68.1</b>		66.0
<b>Total Europe</b>	<b>73.7</b>		<b>76.4</b>
Singapore	<b>85.9</b>		89.5
Rest of Asia	<b>71.3</b>		73.9
<b>Total Asia</b>	<b>77.0</b>		<b>80.0</b>
Australasia	<b>84.2</b>		81.1
<b>Total Group</b>	<b>70.7</b>		<b>74.1</b>
<b>Average Room Rate (£)</b>			
New York	<b>191.40</b>	196.91	186.40
Regional US	<b>86.76</b>	79.79	76.30
<b>Total US</b>	<b>133.67</b>	133.12	126.44
London	<b>141.07</b>	135.13	135.13
Rest of Europe	<b>74.45</b>	71.38	73.82
<b>Total Europe</b>	<b>110.67</b>	107.33	108.39
Singapore	<b>90.40</b>	93.89	97.01
Rest of Asia	<b>84.26</b>	85.33	87.20
<b>Total Asia</b>	<b>86.91</b>	89.06	91.48
Australasia	<b>57.71</b>	52.75	58.68
<b>Total Group</b>	<b>104.13</b>	103.59	103.21
<b>RevPAR (£)</b>			
New York	<b>156.24</b>	175.62	166.25
Regional US	<b>42.82</b>	42.67	40.81
<b>Total US</b>	<b>80.19</b>	87.08	82.71
London	<b>111.62</b>	117.45	117.45
Rest of Europe	<b>50.71</b>	47.11	48.72
<b>Total Europe</b>	<b>81.56</b>	81.95	82.76
Singapore	<b>77.62</b>	84.04	86.83
Rest of Asia	<b>60.11</b>	63.04	64.42
<b>Total Asia</b>	<b>66.89</b>	71.22	73.15
Australasia	<b>48.02</b>	42.76	47.57
<b>Total Group</b>	<b>73.64</b>	76.75	76.48
<b>Gross Operating Profit Margin (%)</b>			
New York	<b>29.0</b>		34.3
Regional US	<b>18.3</b>		18.6
<b>Total US</b>	<b>24.5</b>		<b>28.0</b>
London	<b>50.8</b>		49.4
Rest of Europe	<b>27.4</b>		26.4
<b>Total Europe</b>	<b>41.3</b>		<b>40.9</b>
Singapore	<b>44.4</b>		46.3
Rest of Asia	<b>41.1</b>		42.3
<b>Total Asia</b>	<b>42.5</b>		<b>44.0</b>
Australasia	<b>45.7</b>		45.3
<b>Total Group</b>	<b>36.6</b>		<b>38.3</b>

For comparability, the 31 December 2014 Average Room Rate and RevPAR have been translated at average exchange rates for the period ended 31 December 2015.

\* excluding managed, franchised and investment hotels.

**APPENDIX 3: HOTEL ROOM COUNT AND PIPELINE**  
as at 31 December 2015

Hotel and room count	Hotels			Rooms		
	31 December 2015	31 December 2014	Change	31 December 2015	31 December 2014	Change
<b>Analysed by region:</b>						
New York	4	4	-	2,238	2,238	-
Regional US	15	15	-	4,463	4,463	-
London	8	8	-	2,651	2,651	-
Rest of Europe	18	16	2	2,867	2,560	307
Middle East	22	17	5	6,450	5,123	1,327
Singapore	6	6	-	2,716	2,716	-
Rest of Asia	26	26	-	9,430	9,431	(1)
Australasia	27	28	(1)	3,903	4,185	(282)
<b>Total</b>	<b>126</b>	<b>120</b>	<b>6</b>	<b>34,718</b>	<b>33,367</b>	<b>1,351</b>

<b>Analysed by ownership type:</b>						
Owned or Leased	65	64	1	18,984	19,044	(60)
Managed	37	31	6	10,212	8,780	1,432
Franchised	8	10	(2)	1,206	1,427	(221)
Investment	16	15	1	4,316	4,116	200
<b>Total</b>	<b>126</b>	<b>120</b>	<b>6</b>	<b>34,718</b>	<b>33,367</b>	<b>1,351</b>

<b>Analysed by brand:</b>						
Grand Millennium	8	8	-	3,277	3,273	4
Millennium	48	43	5	15,657	14,336	1,321
Copthorne	34	33	1	6,804	6,895	(91)
Kingsgate	9	11	(2)	933	1,126	(193)
Other M&C	9	8	1	2,431	2,321	110
Third Party	18	17	1	5,616	5,416	200
<b>Total</b>	<b>126</b>	<b>120</b>	<b>6</b>	<b>34,718</b>	<b>33,367</b>	<b>1,351</b>

Pipeline	Hotels			Rooms		
	31 December 2015	31 December 2014	Change	31 December 2015	31 December 2014	Change
<b>Analysed by region:</b>						
Middle East	16	15	1	4,663	4,300	363
Asia	3	3	-	1,674	1,676	(2)
Regional US	1	-	1	263	-	263
<b>Total</b>	<b>20</b>	<b>18</b>	<b>2</b>	<b>6,600</b>	<b>5,976</b>	<b>624</b>
<b>Analysed by ownership type:</b>						
Managed	18	17	1	5,830	5,469	361
Owned	2	1	1	770	507	263
<b>Total</b>	<b>20</b>	<b>18</b>	<b>2</b>	<b>6,600</b>	<b>5,976</b>	<b>624</b>
<b>Analysed by brand:</b>						
Grand Millennium	2	2	-	887	887	-
Millennium	10	12	(2)	3,140	3,490	(350)
Copthorne	2	1	1	307	164	143
Kingsgate	2	-	2	559	-	559
Other M&C	4	3	1	1,707	1,435	272
<b>Total</b>	<b>20</b>	<b>18</b>	<b>2</b>	<b>6,600</b>	<b>5,976</b>	<b>624</b>

The Group's worldwide pipeline comprises 20 hotels offering 6,600 rooms, which are mainly management contracts.