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Miscellaneous

* Asterisks denote mandatory information

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Announcement is submitted with respect to *	CITY DEVELOPMENTS LIMITED
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>> Announcement Details

The details of the announcement start here ...

Announcement Title * Announcement by Subsidiary Company, Millennium & Copthorne Hotels plc on Interim Management Statement for Third Quarter and Nine Months Results to 30 September 2010

Description Please see the attached announcement released by Millennium & Copthorne Hotels plc on 4 November 2010.

Attachments

 [IMSQ32010Final.pdf](#)
 Total size = **156K**
 (2048K size limit recommended)

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MILLENNIUM & COPTHORNE HOTELS PLC

INTERIM MANAGEMENT STATEMENT

Third quarter and nine months results to 30 September 2010

HIGHLIGHTS

Third Quarter:

£ millions (unless otherwise stated)	Third Quarter 2010	Third Quarter 2009	Reported Currency Change %	Constant Currency Change %
RevPAR	£63.43	£54.50	16.4%	12.9%
Revenue – total	185.9	160.4	15.9%	11.7%
Revenue – hotels	183.3	158.7	15.5%	11.5%
Headline operating profit	38.2	25.6	49.2%	40.4%
Profit before tax	41.7	21.9	90.4%	76.7%
Headline profit before tax	35.1	22.1	58.8%	48.7%
Headline earnings per share	8.8p	5.5p	60.0%	

- RevPAR (in constant currency terms) increased in all regions. Singapore 29.0%, London 14.2%, Rest of Europe 10.6%, New York 8.8%, Regional US 10.0%, Rest of Asia 4.6% and New Zealand 6.2%.
- Profit before tax increased to £41.7m (2009: £21.9m).
- Dilution of interest in CDLHT to 34.8% from 39.0% gave rise to a £7.2m pre-tax profit.

Nine Months:

£ millions (unless otherwise stated)	Nine Months 2010	Nine Months 2009	Reported Currency Change %	Constant Currency Change %
RevPAR	£59.65	£52.73	13.1%	10.7%
Revenue – total	536.4	476.0	12.7%	9.8%
Revenue – hotels	528.6	471.2	12.2%	9.3%
Headline operating profit	98.4	64.0	53.8%	45.3%
Profit before tax	91.9	52.4	75.4%	63.9%
Headline profit before tax	89.9	53.7	67.4%	56.7%
Headline earnings per share	21.2p	13.2p	60.6%	

- RevPAR (in constant currency terms) increased in all regions. Singapore 31.9%, London 6.1%, Rest of Europe 3.0%, New York 11.8%, Regional US 3.4%, Rest of Asia 9.2% and New Zealand 5.9%.
- Basic earnings per share up 57.6%.
- Strong cash flows from operating activities of £88.8m (2009: £53.6m) excluding £19.7m (2009: £nil) of capitalised development fees to redevelop the Copthorne Orchid Singapore into condominiums.
- Conversion rate was 54.7% (66.6% at hotel GOP level), reflecting strict cost discipline in improved trading environment.

Commenting today Mr Kwek Leng Beng, Chairman said:

'The Group delivered a good performance in the third quarter with RevPAR gains in every geographical segment of our operations feeding through to increased profits.

'Management took advantage of a busier hospitality market in our key cities by deploying effective yield enhancement strategies. Together with the Company's strict cost discipline, this has enabled us to make good progress in restoring revenues and profitability for the nine-month period towards levels we saw before the start of the financial crisis.

'While forward visibility remains limited, our good performance has continued in the month of October.'

Enquiries

Millennium & Copthorne Hotels plc

Adrian Bushnell, Company Secretary
Beng Lan Low, Senior Vice President Finance
Peter Krijgsman, Financial Communications

Tel: +44 (0) 20 7872 2444

Analyst briefing

There will be a conference call for investors and analysts hosted by Adrian Bushnell, Company Secretary at 8:30 am (UK time) on 4 November 2010. For dial in details contact Julianna Li on +44 (0) 20 7872 2444

CHAIRMAN'S STATEMENT

Group trading performance was strong in the third quarter of 2010. This was a result of our revitalised hotel management teams seizing the yield enhancement opportunities offered by better market conditions whilst maintaining strict cost control.

For the nine months to 30 September 2010, Group RevPAR rose 10.7% compared to the same period last year in constant currency terms. Occupancy grew by 3.7 percentage points to 71.5% (2009: 67.8%), while rate increased by 5.0% to £83.43 (2009: £79.49). The increase in RevPAR was led by high growth rates in Singapore (31.9%), New York (11.8%) and Rest of Asia (9.2%).

RevPAR increased across all regions in the third quarter, driven by a combination of higher occupancy (up 2.5 percentage points) and higher room rate (up 9.1%). Across the Group, the rate of RevPAR growth slowed slightly to 12.9% in the third quarter compared to 14.7% in the second quarter. This was primarily due to stronger comparatives for the Asian and New York regions in the third quarter of 2009. In a robust hospitality market, London has overcome the aircrew issues that marked the early part of this year to deliver RevPAR growth of 14.2% for the quarter.

Financial Performance

Headline operating profit for the nine months to 30 September 2010 increased by 53.8% to £98.4m (2009: £64.0m), with the Group's continuing focus on strict cost discipline enhancing the gains coming through from an improved trading environment. The conversion rate was 54.7% (66.6% at hotel GOP level). Headline profit before tax increased by 67.4% to £89.9m (2009: £53.7m). The smaller increase in headline earnings per share - up 60.6% to 21.2p (2009: 13.2p) - reflects the impact of a higher effective tax rate.

Financial Position

The Group's financial position remains strong and provides the Group with the necessary flexibility to invest in its assets. Over the nine months the Group reduced net debt by £54.0m to £148.5m at 30 September 2010 (31 December 2009: £202.5m). Gearing at the end of the third quarter was 8.0% (31 December 2009: 11.6%). At 30 September 2010 the Group had cash reserves of £182.7m and total undrawn committed bank facilities of £208.5m available. Most of the facilities are unsecured with encumbered assets representing 6.8% of our fixed assets and investment properties.

CDL Hospitality Trusts REIT

On 1 July 2010, CDLHT announced the issue of 116,960,000 new stapled securities, priced at S\$1.71 each, pursuant to a private placement, and raising net proceeds of S\$196.7m (S\$200.0m gross) and diluting the Group's interest in CDLHT to 34.77% from its pre-issuance interest of 39.03%. The transaction resulted in a non-cash accounting gain for the Group of S\$15.0m (£7.2m – see note a) because the Group's share of proceeds were greater than its share of net tangible assets diluted by the issue.

(a) Based on an exchange rate of S\$2.0865 : £1 as at 30 June 2010.

Asset Management

The Group's asset management strategy is focused on enhancing the performance of each of the Group's individual property assets and assessing which asset management options will deliver best value for our shareholders. Management focus is concentrated on the 20% or so of properties in the Group's portfolio that generate 80% or more of Group earnings, with a view to developing a structured and phased investment programme to enhance returns on certain under-invested, prime-location assets in the portfolio. The Group is now engaged in drawing up detailed refurbishment/capex plans for four properties: the Millennium Mayfair, The Millennium Seoul Hilton, The Grand Hyatt Taipei and the Millennium UN Plaza. In each case the Group is establishing optimal timing of refurbishment work to minimise revenue impact and capex costs. The locations of these properties are such that Group expects each to attract a higher proportion of premium rate customers following refurbishment.

The Group announced on 15 September, 2010 that it had entered into an agreement to sell a parcel of land adjacent to the Grand Millennium Kuala Lumpur for a consideration of RM210 million (£42.6m – see note (b)). The sale, which achieved a very good price in current market conditions, is contingent on the Malaysian authorities' approval of changes to the land title on such terms and conditions that are acceptable to the company. The purchasers have paid CDL Hotels (Malaysia) Sdn. Bhd. a deposit amounting to 10% of the consideration price and have agreed to pay certain amounts on specified future dates with the remainder payable on completion, which is expected to occur before the end of the second quarter of 2012. The Group's carrying value of the land is RM42.8m (£8.7m – see note (b)). Based on this value, the sale is expected to result in a pre-tax profit on completion of RM164.1m (£33.3m – see note (b)) after transaction costs. Until completion our interest in the land will be held on the balance sheet at book value.

(b) Based on an exchange rate of RM4.932 : £1 as at 31 August 2010.

The Group announced on 16 June 2010 that it had signed a collective sales agreement ("CSA") with other unit-holders in Tanglin Shopping Centre, a shopping-cum-office development situated within the Orchard prime tourist district in Singapore, in which the Group has a 34% interest in the total strata area. As noted at the interim stage, the CSA requires agreement of 80% of unit-holders for the sale process to proceed. Details regarding the proportion of signatories should be released shortly by the sales committee.

Development

In line with our distinctive twin strategy to maximise asset value as well as hotel trading profits, the Group formally commenced redevelopment of the Copthorne Orchid Singapore. The pre-marketing phase for the 150-condominium Glyndebourne residential complex, which will be constructed on the site of the hotel, began last week, with options granted on 75% of all units as at 1 November at an average price of approximately S\$2,100 per square foot. Construction will be completed no later than 2015. The hotel will close during the first quarter of 2011.

As announced at the interim stage, the Board has approved a plan to commence construction of a 110-room hotel at Chennai in India, reactivating the joint venture established in 2007. Development plans had been suspended in early 2009 as a result of the rapid deterioration in the global economy at that time.

The Group has signed four management contracts this year in the Middle East. The new hotels - in Jordan, Oman, Qatar and the United Arab Emirates - will offer 1,034 rooms on completion between 2010 and 2012. The Group's worldwide pipeline has 29 hotels offering 8,481 rooms.

First Sponsor Capital Limited

As previously reported, the Group has a 39.8% effective interest in First Sponsor Capital Limited ("FSCCL"), a vehicle which principally undertakes property development and investment projects in China. Despite the misappropriation of assets by a joint venture partner as reported in April and in previous management statements, the Board considers that the Group's participation in FSCCL continues to be value-enhancing for shareholders.

FSCCL's assets in Chengdu, Sichuan Province remain secure and development of its Cityspring project is on track. Since June 2010, 4 out of 6 residential blocks have been launched with 369 sale and purchase agreements and 82 option agreements signed as at 25 October 2010. This represents a sale rate of 93% out of the total 484 units launched. Revenue and profit recognition for this project is expected by end of 2011.

There is no change with regard to the Board's view on the need for provisioning.

Management

The Group continues its search for a new Chief Executive Officer, following Richard Hartman's decision to retire as CEO. The Board's Nominations Committee is considering a range of candidates for the role and will announce Mr. Hartman's successor in due course. Mr Hartman will remain on the Board of the Company after the appointment of a new CEO and has agreed to remain CEO until his successor takes up the post.

Looking forward

Our results for the first nine months of 2010 are encouraging and demonstrate the strength and stability of our business. The restructuring which we undertook in the wake of the financial crisis has rejuvenated key parts of our management team and this will continue to benefit the Group's performance.

In the month of October, Group RevPAR increased by 12.0% with Singapore increasing by 27.6%, London by 14.6% and New York by 0.9%.

We will continue to be mindful of macro-economic uncertainty in the months ahead, and exercise rigorous analytical discipline with regard to investment plans whilst maintaining our tight rein on costs.

Kwek Leng Beng

CHAIRMAN

4 November 2010

Financial and Operating Highlights

	Third Quarter 2010 £m	Third Quarter 2009 £m	Nine Months 2010 £m	Nine Months 2009 £m	Full Year 2009 £m
Revenue	185.9	160.4	536.4	476.0	654.0
Operating profit	42.8	24.1	94.8	58.4	89.2
Headline operating profit ¹	38.2	25.6	98.4	64.0	98.0
Profit before tax	41.7	21.9	91.9	52.4	81.9
Adjustments for:					
Other operating income of the Group ²	(7.2)	-	(7.2)	-	-
Other operating expense of the Group ³	-	-	1.5	-	0.2
Share of other operating income of joint ventures and associates ⁴	-	-	-	-	(0.6)
Share of other operating expense of joint ventures and associates ⁵	0.7	-	4.6	-	-
Share of interest, tax and non-controlling interests of joint ventures and associates - other operating income ⁴	-	-	-	-	0.5
Share of interest, tax and non-controlling interests of joint ventures and associates - other operating expense ⁵	(0.2)	-	(1.3)	-	-
Impairment ⁶	0.1	0.2	0.4	1.3	2.2
Headline profit before tax ¹	35.1	22.1	89.9	53.7	84.2
Headline profit after tax ¹	28.8	18.2	65.3	43.7	67.0
Profit for the period	29.2	18.9	63.6	43.9	74.6
Basic earnings per share (pence)	8.8p	5.7p	20.8p	13.2p	22.9p
Headline earnings per share (pence) ¹	8.8p	5.5p	21.2p	13.2p	20.3p
Net debt	148.5	234.5	148.5	234.5	202.5
Gearing (%)	8.0%	13.5%	8.0%	13.5%	11.6%

Notes

¹ The Group believes that headline operating profit, headline profit before tax, headline profit after tax and headline earnings per share provide useful and necessary information on underlying trends to shareholders, the investment community and are used by the Group for internal performance analysis. Reconciliation of these measures to the closest equivalent GAAP measures are shown in notes 3, 9 and 10 to these financial statements.

² Other operating income of the Group for both the third quarter and nine months ended 30 September 2010 of £7.2m represents a non-cash accounting gain on dilution of interest in CDLHT to 34.77% following a CDLHT private placement issue (pre-issuance interest of 39.03%). The placement (on 1 July 2010) was made at a small discount to the share price which at that time traded at a premium CDLHT's net tangible assets. This resulted in the Group's share of private placement proceeds being greater than its share of net tangible assets diluted by the issue, giving rise to a gain.

³ Other operating expense of the Group for the nine months ended 30 September 2010 of £1.5m represents a provision for redundancy costs associated with the closure of the Orchid Hotel in Singapore during the first quarter of 2011. Other operating expense of the Group for the year ended 31 December 2009 represents a loss of £0.2m on fair value adjustment to the Tanglin Shopping Centre, an investment property of the Group.

⁴ Other operating income of joint ventures and associates for the year ended 31 December 2009 primarily represents the Group's share of fair value adjustments of investment properties of First Sponsor Capital Limited of £0.6m net of £0.5m related interest, tax and non-controlling interests.

⁵ Other operating expense of joint ventures and associates for the third quarter represents the Group's share of assets write-off and legal costs associated with the recovery of assets in First Sponsor Capital Limited of £0.7m net of £0.2m related tax and non-controlling interests. For the nine months ended 30 September 2010, this represents the Group's share of provision against assets write-off and legal costs in First Sponsor Capital Limited of £4.6m net of £1.3m related tax and non-controlling interests.

⁶ Impairment for the third quarter represents additional interest expense in the Group's 50% joint venture in Bangkok being fully written down and for the nine months to 30 September 2010 represents additional interest expense and loan written off. Impairment for the year ended 31 December 2009 represents additional funding in the Group's 50% joint venture in Bangkok being fully written down by £1.3m and a £0.9m impairment of a piece of land in India.

Financial Performance – Third quarter overview

For the third quarter to 30 September 2010, profit before tax increased by 90.4% to £41.7m (2009: £21.9m). Headline profit before tax, the Group's measure of underlying profit before tax, increased by 58.8% from £22.1m to £35.1m. Headline operating profit increased by 49.2% to £38.2m (2009: £25.6m).

Financial Performance – Nine months' overview

Headline operating profit increased by 53.8% to £98.4m (2009: £64.0m). Headline profit before tax rose by 67.4% to £89.9m (2009: £53.7m). The bigger increase in headline profit before tax was due to reduced net finance cost arising from lower interest rates and lower net debt. The smaller increase in headline earnings per share - up 60.6% to 21.2p (2009: 13.2p) - reflects the impact of a higher effective tax rate.

The 53.8% rise in headline operating profit was a result of continuing economic recovery since the second half of 2009, improved trading performance of the Group and tight cost control. In constant currency terms, as shown in the table below, the operating profit variance of £26.1m represents a 54.7% conversion rate, while at hotel level the GOP conversion rate is 66.6%. This conversion rate illustrates the ongoing impact on Group profitability of strong cost management and various restructuring exercises over the last eighteen months. The difference between operating profit conversion and hotel GOP conversion can largely be attributed to the variable rentals charged on the four Singapore hotels owned by CDLHT. These are determined by both the revenue and profit streams of the properties.

Currency movements increased reported currency profit in the third quarter and over the nine months.

	Reported Currency				Constant Currency			
	2010 £m	2009 £m	Variance £m	Change %	2010 £m	2009 £m	Variance £m	Change %
Revenue	536.4	476.0	60.4	12.7%	536.4	488.7	47.7	9.8%
Expenses	(456.2)	(425.1)	(31.1)	7.3%	(456.2)	(434.6)	(21.6)	5.0%
Operating profit (excluding impairment)	80.2	50.9	29.3	57.6%	80.2	54.1	26.1	48.2%
Share of joint ventures and associates	18.2	13.1	5.1	38.9%	18.2	13.6	4.6	33.8%
Headline operating profit	98.4	64.0	34.4	53.8%	98.4	67.7	30.7	45.3%

Taxation

For the nine months to 30 September 2010, the Group recorded a tax expense of £28.3m (2009: £8.5m) excluding tax relating to joint ventures and associates. A tax charge of £1.5m (2009: £1.7m) relating to joint ventures and associates is included in the reported profit before tax.

Income tax expense for the relevant period is the expected income tax payable on taxable income for the period, calculated at the estimated average annual effective income tax rate.

The estimated annual effective rate applied to profit before income tax, excluding the Group's share of profits from joint ventures and associates, is 34.3% (2009: 19.4%). The higher effective rate is due primarily to the impact of a change in tax legislation in New Zealand, which has removed depreciation allowances, resulting in an increased deferred tax liability. The increase is partly offset by the impact of reduced tax rates applied to brought forward net deferred tax liabilities in Taiwan, New Zealand and the UK.

Earnings per share

Basic earnings per share was 20.8p (2009: 13.2p) and headline earnings per share increased to 21.2p (2009:13.2p). The table below reconciles basic earnings per share to headline earnings per share.

	Nine Months 2010 pence	Nine Months 2009 pence	Full Year 2009 pence
Reported basic earnings per share	20.8	13.2	22.9
Other operating income – Group	(2.4)	-	-
Other operating expense - Group	0.5	-	0.1
Impairment (net of tax and non-controlling interest)	-	0.4	0.6
Share of joint ventures and associates other operating expense	1.1	-	-
Change in tax rates on opening deferred taxes	(1.7)	(0.4)	(3.3)
Changes in tax legislation	2.9	-	-
Headline earnings per share	21.2	13.2	20.3

PERFORMANCE BY REGION

For comparability, the following regional review is based on calculations in constant currency whereby 30 September 2009 average room rate, RevPAR, revenue and headline operating profit have been translated at 2010 average exchange rates.

New York

All of the New York hotels delivered a stronger performance over the nine months to 30 September 2010 as a result of effective yield management that took advantage of improving market conditions. RevPAR increased by 11.8% to £122.64 (2009: £109.66) with a drive for higher occupancy in the first quarter switching to a focus on increasing room rate in the following two periods. Occupancy grew by 4.1 percentage points to 85.5% (2009: 81.4%), while rate increased by 6.5% to £143.44 (2009: £134.72). The Millennium Broadway and The Millenium Hilton delivered particularly strong performance.

The focus on rate growth continued in the third quarter, resulting in a 12.1% increase in rate to £154.11 (2009: £137.43). This more than offset a 2.7 percentage point fall in occupancy to 87.1% (2009: 89.8%). RevPAR growth for the quarter was more uniform across the three hotels, with The UN Millennium Plaza slightly stronger. The rate of RevPAR growth slowed in the third quarter compared to the second quarter from 16.6% to 8.8% over the same periods last year, because of stronger comparatives in the third quarter of 2009.

Regional US

Regional US RevPAR grew by 3.4% to £37.92 (2009: £36.66) over the nine months. This is the first time this year that the region has shown period-on-period RevPAR growth. The gains were driven by improved rate, up 2.5% at £65.26 (2009: £63.65) supplemented by a small increase in occupancy, up 0.5 percentage points to 58.1% (2009: 57.6%).

Performance in the region picked up substantially in the third quarter with a 10.0% increase in RevPAR to £44.14 (2009: £40.12). Rate increased by 8.8% over the quarter to £68.22 (2009: £62.68), while occupancy rose by 0.7 percentage points to 64.7% (2009: 64.0%). There was a pleasing performance from some of the Group's gateway city hotels outside New York, notably Boston and Los Angeles.

London

As in New York, all of the London hotels recorded RevPAR increases in the first nine months of the year. RevPAR grew by 6.1% to £87.39 (2009: £82.38), primarily as a result of higher room rates. Average rate was £104.53, up 7.7% on the same period in 2009 (£97.03). Occupancy fell by 1.3 percentage points to 83.6% (2009: 84.9%).

Third quarter RevPAR grew by 14.2% to £99.76 (2009: £87.36). This was a result of higher rate - up 8.8% at £109.63 (2009: £100.76) - and increased occupancy, up 4.3 percentage points to 91.0% (2009: 86.7%). The London result was strong because of buoyant market conditions together with the reduced proportion of aircrew business in some hotels, as discussed in earlier management statements.

Rest of Europe

Over the nine month period RevPAR grew by 3.0% in the rest of Europe region to £50.57 (2009: £49.08). During the third quarter, RevPAR increased by 10.6% to £51.42 (2009: £46.48).

Regional UK

Regional UK performance weakened over the nine months with RevPAR falling by 2.2% to £44.74 (2009: £45.74). The reduction was due to average room rate decreasing by 5.1% to £60.95 (2009: £64.24), offset by a 2.2 percentage point increase in occupancy to 73.4% (2009: 71.2%). Pressure on rate was most acute in hotels at Aberdeen, Gatwick, Manchester and Plymouth.

RevPAR declined by 0.8% in the third quarter to £46.90 (2009: £47.30). Rate fell by 3.7% to £59.67 (2009: £61.99) offset by a 2.3 percentage point increase in occupancy to 78.6% (2009: 76.3%).

France & Germany

RevPAR in France and Germany increased by 9.9% to £59.86 (2009: £54.47), with all four hotels contributing to growth. Occupancy rose by 3.9 percentage points to 63.5% (2009: 59.6%) while rate increased by 3.1% increase to £94.26 (2009: £91.40).

RevPAR growth was more pronounced in the third quarter, increasing 29.5% to £58.56 (2009: £45.22). Occupancy increased by 6.3 percentage points to 62.4% (2009: 56.1%) while rate grew 16.4% to £93.84 (2009: £80.60). Hannover was the biggest contributor with RevPAR growth of 93.8%. The cyclical nature of trade fairs, such as the week-long Internationale Automobil-Anstellung trade fair in September, has a significant impact on this hotel's performance.

Singapore

Singapore continued to be the Group's strongest performing region, with RevPAR growing 31.9% to £80.11 (2009: £60.72) over the nine months to 30 September. Occupancy increased by 11.3 percentage points to 86.1% (2009: 74.8%) while rate grew by 14.6% to £93.04 (2009: £81.17). The continuing growth in the number of visitors has offset an increase in supply of hotel rooms, including the new integrated resorts. This has driven strong RevPAR growth in all of the Group's Singapore hotels.

The newly constructed, 360-room loft-style Studio M hotel in Singapore, which officially opened on 17 June 2010, continued to trade above expectations in the third quarter. The hotel has been cash positive since the official opening date.

RevPAR growth in the third quarter was 29.0% with a 5.2 percentage point increase in occupancy to 88.4% (2009: 83.2%) and a 21.5% increase in rate to £93.94 (2009: £77.34). This was a slower rate of growth compared to the first half of the year, because of the stronger comparative quarter in 2009 as well as the impact of Studio M, which targets a lower average rate than the other Singapore hotels. With Studio M removed from the statistics, third quarter Singapore RevPAR growth was 31.8%.

Rest of Asia

In the Rest of Asia region, comprising hotels in Taiwan, Indonesia, Malaysia, Philippines and South Korea, RevPAR grew by 9.2% to £54.88 (2009: £50.26). Growth was driven by a 5.2 percentage point increase in occupancy to 72.7% (2009: 67.5%), complemented by a 1.4% increase in rate to £75.49 (2009: £74.46).

Third quarter RevPAR grew by 4.6% to £52.21 (2009: £49.91) with occupancy rising by 1.5 percentage points to 71.2% (2009: 69.7%) and rate increasing by 2.4% to £73.33 (2009: £71.60).

Australasia

New Zealand RevPAR rose by 5.9% to £33.36 (2009: £31.50). There was increased demand in the region with occupancy up 4.6 percentage points to 65.5% (2009: 60.9%). This improvement was offset by rate falling 1.5% to £50.93 (2009: £51.72). The rate decline affected most of the region's hotels. Across the three brands, Copthorne and Millennium showed growth while Kingsgate experienced a small decline.

In the third quarter, a 3.5 percentage point increase in occupancy to 60.4% (2009: 56.9%) drove the 6.2% increase in RevPAR to £29.63 (2009: £27.91). Room rates stood still in the region over the three months ending 30 September.

As announced early last month, the Copthorne Hotel Christchurch Durham Street, a leased hotel, has been closed as a result of damage sustained in the Canterbury earthquake. Repairs have commenced and the hotel is expected to open in early 2011. The hotel has insurance cover for business interruption and material damage and an initial progress payment has been received from the insurers.

**Consolidated income statement (unaudited)
for the nine months ended 30 September 2010**

	Notes	Third Quarter 2010 £m	Third Quarter 2009 £m	Nine Months 2010 £m	Nine Months 2009 £m	Full Year 2009 £m
Revenue		185.9	160.4	536.4	476.0	654.0
Cost of sales		(74.2)	(68.4)	(221.0)	(206.7)	(279.0)
Gross profit		111.7	92.0	315.4	269.3	375.0
Administrative expenses		(78.8)	(70.9)	(235.6)	(219.7)	(299.8)
Other operating income		7.2	-	7.2	-	-
Other operating expense		-	-	(1.5)	-	(0.2)
		40.1	21.1	85.5	49.6	75.0
Share of profit of joint ventures and associates		2.7	3.0	9.3	8.8	14.2
Analysed between:						
Operating profit before other income, expense and impairment		5.2	4.3	18.2	13.1	20.6
Other operating income		-	-	-	-	0.6
Other operating expense		(0.7)	-	(4.6)	-	-
Interest, tax and non-controlling interests		(1.8)	(1.3)	(4.3)	(4.3)	(7.0)
Operating profit		42.8	24.1	94.8	58.4	89.2
Analysed between:						
Headline operating profit	3	38.2	25.6	98.4	64.0	98.0
Other operating income - Group	5	7.2	-	7.2	-	-
Other operating expense - Group	6	-	-	(1.5)	-	(0.2)
Impairment	4					
- Associates, joint ventures investments and loans		(0.1)	(0.2)	(0.4)	(1.3)	(1.3)
- Hotels and land		-	-	-	-	(0.9)
Share of joint ventures and associates						
- Other operating income		-	-	-	-	0.6
- Other operating expense		(0.7)	-	(4.6)	-	-
Share of interest, tax and non-controlling interests of joint ventures and associates	7	(1.8)	(1.3)	(4.3)	(4.3)	(7.0)
Finance income		0.6	-	4.8	2.4	3.0
Finance expense		(1.7)	(2.2)	(7.7)	(8.4)	(10.3)
Net finance expense		(1.1)	(2.2)	(2.9)	(6.0)	(7.3)
Profit before tax		41.7	21.9	91.9	52.4	81.9
Income tax expense	8	(12.5)	(3.0)	(28.3)	(8.5)	(7.3)
Profit for the period		29.2	18.9	63.6	43.9	74.6
Attributable to:						
Equity holders of the parent		27.5	17.5	64.7	40.4	70.1
Non-controlling interests		1.7	1.4	(1.1)	3.5	4.5
		29.2	18.9	63.6	43.9	74.6
Basic earnings per share (pence)	9	8.8p	5.7p	20.8p	13.2p	22.9p
Diluted earnings per share (pence)	9	8.8p	5.7p	20.7p	13.2p	22.9p

The financial results above all derive from continuing activities.

**Consolidated statement of comprehensive income (unaudited)
for nine months ended 30 September 2010**

	Nine Months 2010 £m	Nine Months 2009 £m	Full Year 2009 £m
Profit for the period	63.6	43.9	74.6
Other comprehensive income:			
Foreign exchange translation differences on net investment in foreign operations	55.5	(20.6)	(43.7)
Defined benefit plan actuarial losses	(1.5)	(5.7)	(6.5)
Defined benefit plan actuarial losses – related tax credit	0.4	1.6	1.5
Share of associate's other reserve movements	-	-	0.3
Net movement on cash flow hedges	(0.8)	-	-
Income tax relating to share based incentive schemes	-	-	1.5
Other comprehensive income/(expense) for the period, net of tax	53.6	(24.7)	(46.9)
Total comprehensive income for the period	117.2	19.2	27.7
Total comprehensive income attributable to:			
Equity holders of the parent	116.0	8.4	17.1
Non-controlling interests	1.2	10.8	10.6
Total comprehensive income for the period	117.2	19.2	27.7

**Consolidated statement of financial position (unaudited)
as at 30 September 2010**

	Note	As at 30 September 2010 £m	As at 30 September 2009 £m	As at 31 December 2009 £m
Non-current assets				
Property, plant and equipment		2,014.5	1,991.2	1,975.9
Lease premium prepayment		94.4	94.1	93.6
Investment properties		87.2	84.5	83.3
Investments in joint ventures and associates		350.0	321.9	326.4
Other financial assets		6.7	6.3	6.4
		2,552.8	2,498.0	2,485.6
Current assets				
Inventories		3.9	4.0	4.2
Development properties		96.6	73.1	72.3
Lease premium prepayment		1.4	1.4	1.4
Trade and other receivables		70.9	68.2	56.1
Cash and cash equivalents	10	182.7	126.5	135.5
		355.5	273.2	269.5
Total assets		2,908.3	2,771.2	2,755.1
Non-current liabilities				
Interest-bearing loans, bonds and borrowings		(230.4)	(280.0)	(233.0)
Employee benefits		(20.0)	(18.2)	(18.1)
Provisions		(0.5)	(0.7)	(0.6)
Other non-current liabilities		(118.1)	(112.8)	(112.2)
Deferred tax liabilities		(239.9)	(232.3)	(230.6)
		(608.9)	(644.0)	(594.5)
Current liabilities				
Interest-bearing loans, bonds and borrowings		(100.8)	(81.0)	(105.0)
Trade and other payables		(148.6)	(129.7)	(122.0)
Other current financial liabilities		(1.2)	-	-
Provisions		(1.8)	(0.2)	(0.2)
Income taxes payable		(29.8)	(26.3)	(29.7)
		(282.2)	(237.2)	(256.9)
Total liabilities		(891.1)	(881.2)	(851.4)
Net assets		2,017.2	1,890.0	1,903.7
Equity				
Issued share capital		93.6	92.4	92.9
Share premium		845.0	846.7	845.6
Translation reserve		239.0	207.7	185.8
Retained earnings		689.3	591.4	628.0
Cash hedge reserve		(0.8)	-	-
Total equity attributable to equity holders of the parent		1,866.1	1,738.2	1,752.3
Non-controlling interests		151.1	151.8	151.4
Total equity		2,017.2	1,890.0	1,903.7

**Consolidated statement of cash flows (unaudited)
for the nine months ended 30 September 2010**

	Nine Months 2010 £m	Nine Months 2009 £m	Full Year 2009 £m
Cash flows from operating activities			
Profit for the period	63.6	43.9	74.6
<i>Adjustments for:</i>			
Depreciation and amortisation	24.0	24.3	32.1
Share of profit of joint ventures and associates	(9.3)	(8.8)	(14.2)
Impairment	0.4	1.3	2.2
Other operating income	(7.2)	-	-
Other operating expense	1.5	-	0.2
Loss on sale of property, plant and equipment	-	-	0.4
Equity settled share-based transactions	1.8	1.5	1.6
Finance income	(4.8)	(2.4)	(3.0)
Finance expense	7.7	8.4	10.3
Income tax expense	28.3	8.5	7.3
Operating profit before changes in working capital and provisions	106.0	76.7	111.5
(Increase)/decrease in inventories, trade and other receivables	(12.9)	(4.9)	3.8
Increase in development properties	(19.0)	(1.8)	(2.7)
Increase/(decrease) in trade and other payables	17.1	8.9	(0.1)
Decrease in provisions and employee benefits	-	-	(1.3)
Cash generated from operations	91.2	78.9	111.2
Interest paid	(4.4)	(8.3)	(10.3)
Interest received	1.4	1.6	2.3
Income taxes paid	(19.1)	(18.6)	(19.8)
Net cash generated from operating activities	69.1	53.6	83.4
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		-	0.1
Dividends received from associates	14.9	12.5	12.5
Increase in loan to joint venture	-	(2.3)	(2.3)
Increase in investment in joint ventures and associates	(6.3)	(2.1)	(2.9)
Acquisition of property, plant and equipment, and lease premium prepayment	(12.8)	(13.2)	(17.5)
Net cash used in investing activities	(4.2)	(5.1)	(10.1)
Cash flows from financing activities			
Proceeds from the issue of share capital	0.1	0.1	0.1
Repayment of borrowings	(82.3)	(119.3)	(170.0)
Drawdown of borrowings	65.4	1.0	36.2
Loan agreement fees	(0.9)	(1.0)	-
Dividends paid to non-controlling interests	(1.5)	(2.4)	(2.6)
Dividends paid to equity holders of the parent	(3.0)	(2.9)	(4.0)
Net cash used in financing activities	(22.2)	(124.5)	(140.3)
Net increase/(decrease) in cash and cash equivalents	42.7	(76.0)	(67.0)
Cash and cash equivalents at beginning of the year	134.9	209.3	209.3
Effect of exchange rate fluctuations on cash held	4.7	(7.2)	(7.4)
Cash and cash equivalents at end of the period	182.3	126.1	134.9
Reconciliation of cash and cash equivalents			
Cash and cash equivalents shown in the consolidated statement of financial position	182.7	126.5	135.5
Overdraft bank accounts included in borrowings	(0.4)	(0.4)	(0.6)
Cash and cash equivalents for cash flow statement purposes	182.3	126.1	134.9

**Consolidated statement of changes in equity (unaudited)
for the nine months ended 30 September 2010**

	Share capital £m	Share premium £m	Translation reserve £m	Cash flow hedge reserve £m	Retained earnings £m	Total excluding minority interests £m	Non-controlling interests £m	Total equity £m
Balance as at 1 January 2009	90.7	847.7	230.8	-	568.3	1,737.5	143.4	1,880.9
Reclassification	-	-	4.8	-	(4.8)	-	-	-
Balance as at 1 January 2009 (restated)	90.7	847.7	235.6	-	563.5	1,737.5	143.4	1,880.9
Total comprehensive income for the period	-	-	(27.9)	-	36.3	8.4	10.8	19.2
Transactions with owners, recorded directly in equity								
Contributions by and distributions to owners								
Dividends paid to equity holders	-	-	-	-	(19.0)	(19.0)	-	(19.0)
Issue of shares in lieu of dividends	1.7	(1.7)	-	-	9.7	9.7	-	9.7
Dividends paid – non controlling interests	-	-	-	-	-	-	(2.4)	(2.4)
Share-based payment transactions	-	-	-	-	1.5	1.5	-	1.5
Share options exercised	-	0.1	-	-	-	0.1	-	0.1
Total contributions by and distributions to owners	1.7	(1.6)	-	-	(7.8)	(7.7)	(2.4)	(10.1)
Total transactions with owners	1.7	(1.6)	-	-	(7.8)	(7.7)	(2.4)	(10.1)
Balance as at 30 September 2009	92.4	846.1	207.7	-	592.0	1,738.2	151.8	1,890.0
Total comprehensive income for the period	-	-	(21.9)	-	30.6	8.7	(0.2)	8.5
Transactions with owners, recorded directly in equity								
Contributions by and distributions to owners								
Issue of shares in lieu of dividends	0.5	(0.5)	-	-	5.3	5.3	-	5.3
Dividends paid – non controlling interests	-	-	-	-	-	-	(0.2)	(0.2)
Share-based payment transactions	-	-	-	-	0.1	0.1	-	0.1
Total contributions by and distributions to owners	0.5	(0.5)	-	-	5.4	5.4	(0.2)	5.2
Total transactions with owners	0.5	(0.5)	-	-	5.4	5.4	(0.2)	5.2
Balance as at 31 December 2009	92.9	845.6	185.8	-	628.0	1,752.3	151.4	1,903.7
Total comprehensive income for the period	-	-	53.2	(0.8)	63.6	116.0	1.2	117.2
Transactions with owners, recorded directly in equity								
Contributions by and distributions to owners								
Dividends paid to equity holders	-	-	-	-	(19.4)	(19.4)	-	(19.4)
Issue of shares in lieu of dividends	0.7	(0.7)	-	-	15.3	15.3	-	15.3
Dividends paid – non controlling interests	-	-	-	-	-	-	(1.5)	(1.5)
Share-based payment transactions	-	-	-	-	1.8	1.8	-	1.8
Share options exercised	-	0.1	-	-	-	0.1	-	0.1
Total contributions by and distributions to owners	0.7	(0.6)	-	-	(2.3)	(2.2)	(1.5)	(3.7)
Total transactions with owners	0.7	(0.6)	-	-	(2.3)	(2.2)	(1.5)	(3.7)
Balance as at 30 September 2010	93.6	845.0	239.0	(0.8)	689.3	1,866.1	151.1	2,017.2

Notes to the consolidated financial statements (unaudited)

1. General information

Basis of preparation

The consolidated financial statements in this interim management statement for Millennium & Copthorne Hotels plc ('the Company') as at and for the nine months ended 30 September 2010 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 unaudited interim consolidated financial results of the Group for the nine months ended 30 September 2010 and 2009, together with the audited results for the year ended 31 December 2009. This nine months interim management statement does not comprise statutory accounts within the meaning of Section 435 of the Companies Act 2006.

The comparative figures as at 31 December 2009 have been extracted from the Group's statutory Annual Report and Accounts for that financial year but do not constitute those accounts. Those accounts have been reported on by the auditors and delivered to the Registrar of Companies. The report of the auditors was (i) unqualified, (ii) did not include a reference to any matters to which the auditors 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 2009 are available from the Company's website www.millenniumhotels.co.uk.

The results have been prepared 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 2009.

The financial statements were approved by the Board of Directors on 3 November 2010.

The financial statements are presented in the Group's functional currency of sterling, rounded to the nearest hundred thousand.

Non-GAAP information

Headline operating profit, headline EBITDA, headline profit before tax, headline profit after tax and headline earnings per share.

Reconciliation of headline operating profit, headline EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) and headline profit before tax to the closest equivalent GAAP measure, profit before tax is provided in note 3 'Operating segment information'.

Reconciliation of headline profit after tax to the closest equivalent GAAP measure, profit after tax is provided in note 10 'Non-GAAP measures'.

Reconciliation of headline earnings per share to the closest equivalent GAAP measure, basic earnings per share is provided in note 8 'Earnings per share'.

Net debt and gearing percentage

An analysis of net debt and calculated gearing percentage is provided in note 10 'Non-GAAP measures'.

Like-for-like growth

The Group believes that like-for-like growth which is not intended to be a substitute for or superior to, reported growth, provides useful and necessary information to investors and interested parties for the following reasons:

- it provides additional information on the underlying growth of the business without the effect of factors unrelated to the operating performance of the business; and
- it is used by the Group for internal performance analysis.

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 financial statements, even if their value has not changed in their original currency. The following table sets out the sterling exchange rates of the other principal currencies of the Group.

Currency (=£)	As at 30 September		As at 31 December	Average for 9 months January - September		Average for 3 months July - September		Average for the year ended
	2010	2009	2009	2010	2009	2010	2009	2009
US dollar	1.583	1.583	1.596	1.543	1.530	1.568	1.602	1.553
Singapore dollar	2.093	2.241	2.245	2.134	2.250	2.120	2.310	2.257
New Taiwan dollar	49.189	51.211	51.081	48.954	51.485	49.747	53.086	51.654
New Zealand dollar	2.150	2.195	2.253	2.175	2.525	2.171	2.353	2.461
Malaysian ringgit	4.893	5.485	5.473	5.045	5.441	4.951	5.640	5.472
Korean won	1,804.31	1,874.90	1,847.74	1,795.12	1,989.30	1,834.12	1,978.69	1,969.72
Euro	1.178	1.079	1.110	1.163	1.115	1.193	1.125	1.114

Notes to the consolidated financial statements (unaudited)

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 and net finance expense, taxation balances and corporate expenses.

Geographical segments

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

- New York
- Regional US
- London
- Rest of Europe
- 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. Each operating segment has a Chief Operating Officer (COO) or equivalent who is directly accountable for the functioning of the segment and who maintains regular contact with the executive members of the CODM to discuss the operational and financial performance. The CODM makes decisions about allocation of resources to the regions managed by the COO.

	Third Quarter 2010								
	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
Revenue									
Hotel	25.8	32.1	25.5	22.5	35.7	30.7	11.0	-	183.3
Property operations	-	0.4	-	-	0.7	-	1.5	-	2.6
Total Revenue	25.8	32.5	25.5	22.5	36.4	30.7	12.5	-	185.9
Hotel Gross Operating Profit	7.6	7.4	14.3	6.4	19.4	11.1	3.6	-	69.8
Hotel fixed charges ¹	(4.2)	(4.8)	(3.3)	(4.4)	(10.8)	(3.8)	(2.0)	-	(33.3)
Hotel operating profit	3.4	2.6	11.0	2.0	8.6	7.3	1.6	-	36.5
Property operations operating profit/(loss)	-	(0.2)	-	-	0.5	-	0.6	-	0.9
Central costs	-	-	-	-	-	-	-	(4.4)	(4.4)
Share of joint ventures and associates operating profit	-	-	-	-	4.1	1.1	-	-	5.2
Headline operating profit/(loss)	3.4	2.4	11.0	2.0	13.2	8.4	2.2	(4.4)	38.2
Add back depreciation and amortisation	1.2	2.1	1.2	0.9	1.0	0.9	0.4	0.3	8.0
Headline EBITDA ²	4.6	4.5	12.2	2.9	14.2	9.3	2.6	(4.1)	46.2
Depreciation and amortisation									(8.0)
Share of interest, tax and non-controlling interests of joint ventures and associates									(2.0)
Net finance expense									(1.1)
Headline profit before tax									35.1
Other operating income – Group									7.2
Other operating expense of joint ventures and associates									(0.7)
Share of interest, tax and non-controlling interests of joint ventures and associates - other operating expense									0.2
Impairment – associates, joint ventures investments and loans									(0.1)
Profit before tax									41.7

¹ Hotel Fixed charges include depreciation, amortisation of lease premium prepayments, property rent, taxes and insurance, operating lease rentals and management fees

² Earnings before interest, tax, depreciation and amortisation

Notes to the consolidated financial statements (unaudited)

3. Operating segment information (continued)

	Third Quarter 2009								
	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
Revenue									
Hotel	23.7	29.1	22.4	21.5	25.3	27.2	9.5	-	158.7
Property operations	-	0.3	-	-	0.6	-	0.8	-	1.7
Total Revenue	23.7	29.4	22.4	21.5	25.9	27.2	10.3	-	160.4
Hotel Gross Operating Profit	6.8	5.9	12.0	5.4	12.7	9.6	3.3	-	55.7
Hotel fixed charges ¹	(5.5)	(5.3)	(3.0)	(5.2)	(7.1)	(3.7)	(0.6)	-	(30.4)
Hotel operating profit	1.3	0.6	9.0	0.2	5.6	5.9	2.7	-	25.3
Property operations operating profit/(loss)	-	(0.3)	-	-	0.4	0.1	0.2	-	0.4
Central costs	-	-	-	-	-	-	-	(4.4)	(4.4)
Share of joint ventures and associates operating profit	-	-	-	-	3.0	1.3	-	-	4.3
Headline operating profit/(loss)	1.3	0.3	9.0	0.2	9.0	7.3	2.9	(4.4)	25.6
Add back depreciation and amortisation	1.3	2.3	1.3	0.9	0.1	1.4	0.4	0.2	7.9
Headline EBITDA ²	2.6	2.6	10.3	1.1	9.1	8.7	3.3	(4.2)	33.5
Depreciation and amortisation									(7.9)
Share of interest, tax and non- controlling interests of joint ventures and associates									(1.3)
Operating profit									24.3
Net finance expense									(2.2)
Headline profit before tax									22.1
Impairment – Associates, joint ventures investments and loans									(0.2)
Profit before tax									21.9

	Nine Months 2010								
	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
Revenue									
Hotel	71.8	87.7	67.3	67.8	101.5	97.1	35.4	-	528.6
Property operations	-	1.2	-	-	1.8	0.1	4.7	-	7.8
Total Revenue	71.8	88.9	67.3	67.8	103.3	97.2	40.1	-	536.4
Hotel Gross Operating Profit	17.4	15.4	36.2	17.4	55.0	37.6	13.1	-	192.1
Hotel fixed charges ¹	(14.2)	(14.8)	(9.6)	(13.8)	(30.3)	(11.8)	(6.1)	-	(100.6)
Hotel operating profit	3.2	0.6	26.6	3.6	24.7	25.8	7.0	-	91.5
Property operations operating profit/(loss)	-	(0.4)	-	-	1.2	-	1.7	-	2.5
Central costs	-	-	-	-	-	-	-	(13.8)	(13.8)
Share of joint ventures and associates operating profit	-	-	-	-	12.5	5.7	-	-	18.2
Headline operating profit/(loss)	3.2	0.2	26.6	3.6	38.4	31.5	8.7	(13.8)	98.4
Add back depreciation and amortisation	3.9	6.5	3.6	2.9	1.3	3.6	1.4	0.8	24.0
Headline EBITDA ²	7.1	6.7	30.2	6.5	39.7	35.1	10.1	(13.0)	122.4
Depreciation and amortisation									(24.0)
Share of interest, tax and non- controlling interests of joint ventures and associates									(5.6)
Net finance expense									(2.9)
Headline profit before tax									89.9
Other operating income - Group									7.2
Other operating expense - Group									(1.5)
Other operating expense of joint ventures and associates									(4.6)
Share of interest, tax and non- controlling interests of joint ventures and associates - other operating expense									1.3
Impairment – Associates, joint ventures investments and loans									(0.4)
Profit before tax									91.9

Notes to the consolidated financial statements (unaudited)

3. Operating segment information (continued)

	Nine Months 2009								
	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
Revenue									
Hotel	66.6	85.4	64.6	67.9	74.3	83.4	29.0	-	471.2
Property operations	-	1.2	-	-	1.8	0.1	1.7	-	4.8
Total Revenue	66.6	86.6	64.6	67.9	76.1	83.5	30.7	-	476.0
Hotel Gross Operating Profit	14.1	14.8	33.4	17.8	36.7	29.3	10.7	-	156.8
Hotel fixed charges ¹	(15.1)	(16.7)	(9.5)	(15.1)	(20.7)	(12.0)	(3.9)	-	(93.0)
Hotel operating profit/(loss)	(1.0)	(1.9)	23.9	2.7	16.0	17.3	6.8	-	63.8
Property operations operating profit/(loss)	-	(0.9)	-	-	1.3	-	0.3	-	0.7
Central costs	-	-	-	-	-	-	-	(13.6)	(13.6)
Share of joint ventures and associates operating profit	-	-	-	-	8.8	4.3	-	-	13.1
Headline operating profit/(loss)	(1.0)	(2.8)	23.9	2.7	26.1	21.6	7.1	(13.6)	64.0
Add back depreciation and amortisation	3.9	7.2	4.0	2.9	0.2	4.2	1.2	0.7	24.3
Headline EBITDA ²	2.9	4.4	27.9	5.6	26.3	25.8	8.3	(12.9)	88.3
Depreciation and amortisation									(24.3)
Share of interest, tax and non- controlling interests of joint ventures and associates									(4.3)
Operating profit									59.7
Net finance expense									(6.0)
Headline profit before tax									53.7
Impairment									(1.3)
Profit before tax									52.4

	Full Year 2009								
	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
Revenue									
Hotel	95.6	110.8	88.0	92.9	102.8	116.1	40.7	-	646.9
Property operations	-	1.5	-	-	2.3	0.1	3.2	-	7.1
Total Revenue	95.6	112.3	88.0	92.9	105.1	116.2	43.9	-	654.0
Hotel Gross Operating Profit	24.3	18.3	46.4	23.8	51.2	42.2	15.3	-	221.5
Hotel fixed charges ¹	(19.0)	(21.8)	(12.7)	(22.2)	(29.3)	(15.5)	(5.6)	-	(126.1)
Hotel operating profit	5.3	(3.5)	33.7	1.6	21.9	26.7	9.7	-	95.4
Property operations operating profit/(loss)	-	(1.2)	-	-	1.7	(0.1)	0.8	-	1.2
Central costs	-	-	-	-	-	-	-	(19.2)	(19.2)
Share of joint ventures and associates operating profit	-	-	-	-	12.6	8.0	-	-	20.6
Headline operating profit/(loss)	5.3	(4.7)	33.7	1.6	36.2	34.6	10.5	(19.2)	98.0
Add back depreciation and amortisation	5.2	9.4	5.2	3.9	0.3	5.3	1.7	1.1	32.1
Headline EBITDA ²	10.5	4.7	38.9	5.5	36.5	39.9	12.2	(18.1)	130.1
Depreciation and amortisation									(32.1)
Share of interest, tax and non- controlling interests of joint ventures and associates									(6.5)
Net finance expense									(7.3)
Headline profit before tax									84.2
Other operating expense - Group									(0.2)
Other operating income of joint ventures and associates									0.6
Share of interest, tax and non- controlling interests of joint ventures and associates - other operating income									(0.5)
Impairment - Joint ventures investments and loans Hotels									(1.3) (0.9)
Profit before tax									81.9

Notes to the consolidated financial statements (unaudited)

3. Operating segment information (continued)

Segmental assets and liabilities

As at 30 September 2010	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	343.9	296.2	441.7	216.6	259.0	504.6	149.3	2,211.3
Hotel operating liabilities	(11.8)	(28.8)	(27.2)	(27.5)	(143.9)	(42.8)	(6.7)	(288.7)
Investments in and loans to joint ventures and associates	-	-	-	-	214.8	135.2	-	350.0
Total hotel operating net assets	332.1	267.4	414.5	189.1	329.9	597.0	142.6	2,272.6
Property operating assets	-	33.2	-	-	53.9	9.1	68.2	164.4
Property operating liabilities	-	(0.2)	-	-	(0.7)	-	(0.7)	(1.6)
Total property operating net assets	-	33.0	-	-	53.2	9.1	67.5	162.8
Deferred tax liabilities								(239.9)
Income taxes payable								(29.8)
Net debt								(148.5)
Net assets								2,017.2

As at 30 September 2009	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	350.1	305.2	446.5	220.7	211.2	484.3	144.0	2,162.0
Hotel operating liabilities	(12.1)	(32.4)	(24.1)	(29.0)	(122.8)	(34.5)	(4.6)	(259.5)
Investments in and loans to joint ventures and associates	-	-	-	-	174.5	147.4	-	321.9
Total hotel operating net assets	338.0	272.8	422.4	191.7	262.9	597.2	139.4	2,224.4
Property operating assets	-	33.3	-	-	51.6	8.3	67.6	160.8
Property operating liabilities	-	(0.1)	-	-	(1.4)	-	(0.6)	(2.1)
Total property operating net assets	-	33.2	-	-	50.2	8.3	67.0	158.7
Deferred tax liabilities								(232.3)
Income taxes payable								(26.3)
Net debt								(234.5)
Net assets								1,890.0

As at 31 December 2009	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	346.9	295.8	443.5	216.6	210.5	480.1	140.6	2,134.0
Hotel operating liabilities	(9.8)	(29.5)	(22.8)	(25.5)	(125.0)	(33.1)	(5.1)	(250.8)
Investments in and loans to joint ventures and associates	-	-	-	-	194.8	131.6	-	326.4
Total hotel operating net assets	337.1	266.3	420.7	191.1	280.3	578.6	135.5	2,209.6
Property operating assets	-	33.0	-	-	50.8	8.1	67.3	159.2
Property operating liabilities	-	(0.1)	-	-	(1.3)	-	(0.9)	(2.3)
Total property operating net assets	-	32.9	-	-	49.5	8.1	66.4	156.9
Deferred tax liabilities								(230.6)
Income taxes payable								(29.7)
Net debt								(202.5)
Net assets								1,903.7

Notes to the consolidated financial statements (unaudited)

4. Impairment

	Notes	Third Quarter 2010 £m	Third Quarter 2009 £m	Nine Months 2010 £m	Nine Months 2009 £m	Full Year 2009 £m
Impairment						
- Joint venture loans	(a)	(0.1)	(0.2)	(0.4)	(1.3)	(1.3)
- Hotels	(b)	-	-	-	-	(0.9)
		(0.1)	(0.2)	(0.4)	(1.3)	(2.2)

(a) Joint ventures investments and loans

Impairment for 2010 and 2009 represents the full write-down of the interest in the Group's 50% Investment in Bangkok.

(b) Hotels

An impairment charge for 2009 of £0.9m was in relation to land in India.

5. Other operating income

	Third Quarter 2010 £m	Third Quarter 2009 £m	Nine Months 2010 £m	Nine Months 2009 £m	Full Year 2009 £m
Gain on dilution on interest in an associate	7.2	-	7.2	-	-

On 1 July 2010, CDLHT announced the issue of 116,960,000 new stapled securities, priced at S\$1.71 each, pursuant to a private placement, and raising net proceeds of S\$196.7m (S\$200.0m gross). Proceeds were applied to pay down debt. The Group's interest in CDLHT fell to 34.77% from its pre-issuance interest of 39.03%, which resulted in a gain of S\$15.0m (£7.2m). The gain arises from the Group's share of proceeds being greater than its share of net tangible assets diluted by the issue.

6. Other operating expense

	Third Quarter 2010 £m	Third Quarter 2009 £m	Nine Months 2010 £m	Nine Months 2009 £m	Full Year 2009 £m
Redundancy costs associated with the closure of the Orchid Hotel in Singapore in March 2011	-	-	(1.5)	-	-
Fair value adjustment on investment properties	-	-	-	-	(0.2)
	-	-	(1.5)	-	(0.2)

7. Share of joint ventures and associates interest, tax and non-controlling interests

	Third Quarter 2010 £m	Third Quarter 2009 £m	Nine Months 2010 £m	Nine Months 2009 £m	Full Year 2009 £m
Interest	(1.3)	(0.6)	(2.5)	(2.0)	(2.8)
Tax	(0.4)	(0.5)	(1.5)	(1.7)	(2.3)
Non-controlling interests	(0.1)	(0.2)	(0.3)	(0.6)	(1.9)
	(1.8)	(1.3)	(4.3)	(4.3)	(7.0)

Notes to the consolidated financial statements (unaudited)

8. Income tax expense

The Group recorded a £28.3m total income tax expense for the nine months ended 30 September 2010 (nine months ended 30 September 2009: £8.5m), excluding the tax relating to joint ventures and associates. This comprises a UK tax charge of £4.5m and an overseas tax charge of £23.8m (nine months ended 30 September 2009: a UK tax charge of £4.6m and an overseas tax charge of £3.9m).

A tax charge of £1.5m (2009: £1.7m) relating to joint ventures and associates is included in the reported profit before tax.

Income tax expense for the relevant period is the expected income tax payable on the taxable income for the period, calculated at the estimated average annual effective income tax rate applied to the pre-tax income of the period.

The estimated annual effective rate applied to profit before income tax excluding the Group's share of joint ventures and associates profits is 34.3% (2009: 19.4%). The higher effective rate is due primarily to the impact of a change in tax legislation in New Zealand, which has removed the ability to depreciate buildings for tax purposes, resulting in an increased deferred tax liability. This is partly offset by the impact of reduced tax rates applied to brought forward net deferred tax liabilities in Taiwan, New Zealand and the UK.

Income tax recognised directly in equity

	Nine Months 2010 £m	Nine Months 2009 £m	Full Year 2009 £m
Taxation credit arising on defined benefit pension schemes	0.4	1.6	1.5
Taxation expense arising on share-based incentive schemes	-	-	1.5

	Nine Months 2010 £m	Nine Months 2009 £m	Full Year 2009 £m
Current tax			
Corporation tax charge for the period	21.4	13.6	23.0
Adjustment in respect of prior years	(2.7)	0.1	(3.1)
Total current tax expense	18.7	13.7	19.9
Deferred tax			
Origination and reversal of timing differences	0.6	1.8	3.4
Reduction in tax rate	(5.1)	(1.5)	(9.9)
Benefits/(utilisation) of tax losses recognised	1.8	(2.4)	(3.1)
Changes in tax legislation	8.8	-	-
Over provision in respect of prior years	3.5	(3.1)	(3.0)
Total deferred tax charge/(credit)	9.6	(5.2)	(12.6)
Total income tax charge in the income statement	28.3	8.5	7.3
UK	4.5	4.6	7.8
Overseas	23.8	3.9	(0.5)
Total income tax charge in the income statement	28.3	8.5	7.3

Income tax reconciliation

Profit before income tax in income statement	91.9	52.4	81.9
Less share of profits of joint ventures and associates	(9.3)	(8.8)	(14.2)
	82.6	43.6	67.7
Income tax on ordinary activities at the standard rate of UK tax of 28.0% (2009: 28.0%)	23.1	12.2	19.0
Tax exempt income	(0.7)	(1.2)	(1.6)
Non deductible expenses	3.1	2.6	5.1
Current year losses for which no deferred tax asset was recognised	0.2	0.3	0.8
Unrecognised deferred tax assets relating to impairment	0.7	0.3	1.3
Recognition of previously unrecognised tax losses	(0.3)	-	(1.0)
Other effect of tax rates in foreign jurisdictions	(2.3)	(1.2)	(0.3)
Effect of change in tax rates on opening deferred taxes	(5.1)	(1.5)	(9.9)
Changes in tax legislation	8.8	-	-
Other adjustments to tax charge in respect of prior years	0.8	(3.0)	(6.1)
Total income tax charge in the income statement	28.3	8.5	7.3

Notes to the consolidated financial statements (unaudited)

9. Earnings per share

Earnings per share are calculated using the following information:

	Third Quarter 2010	Third Quarter 2009	Nine Months 2010	Nine Months 2009	Full Year 2009
(a) Basic					
Profit for the period attributable to holders of the parent (£m)	27.5	17.5	64.7	40.4	70.1
Weighted average number of shares in issue (m)	312.1	307.9	311.3	305.0	306.1
Basic earnings per share (pence)	8.8p	5.7p	20.8p	13.2p	22.9p
(b) Diluted					
Profit for the period attributable to holders of the parent (£m)	27.5	17.5	64.7	40.4	70.1
Weighted average number of shares in issue (m)	312.1	307.9	311.3	305.0	306.1
Potentially dilutive share options under Group's share option schemes (m)	1.4	1.0	1.2	0.3	0.6
Weighted average number of shares in issue (diluted) (m)	313.5	308.9	312.5	305.3	306.7
Diluted earnings per share (pence)	8.8p	5.7p	20.7p	13.2p	22.9p
(c) Headline earnings per share (pence)					
Profit for the period attributable to holders of the parent (£m)	27.5	17.5	64.7	40.4	70.1
Adjustments for:					
- Other operating income – Group	(7.2)	-	(7.2)	-	-
- Other operating expense – Group	-	-	1.5	-	0.2
- Impairment (net of tax) (£m)	0.4	0.2	0.1	1.3	1.8
- Share of other operating expenses/income of joint ventures and associates (net of tax and non-controlling interests) (£m)	0.5	-	3.3	-	(0.1)
- Change in tax rates on opening deferred tax (£m)	(2.6)	(0.9)	(5.1)	(1.5)	(9.9)
- Changes in tax legislation	8.8	-	8.8	-	-
Adjusted profit for the period attributable to holders of the parent (£m)	27.4	16.8	66.1	40.2	62.1
Weighted average number of shares in issue (m)	312.1	307.9	311.3	305.0	306.1
Headline earnings per share (pence)	8.8p	5.5p	21.2p	13.2p	20.3p
(d) Diluted headline earnings per share					
Adjusted profit for the period attributable to holders of the parent (£m)	27.4	16.8	66.1	40.2	62.1
Weighted average number of shares in issue (diluted) (m)	313.5	308.9	312.5	305.3	306.7
Diluted headline earnings per share (pence)	8.7p	5.4p	21.1p	13.2p	20.2p

Notes to the consolidated financial statements (unaudited)

10. Non-GAAP measures

Headline operating profit, headline EBITDA and headline profit before tax

Reconciliation of headline operating profit, headline EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) and headline profit before tax to the closest equivalent GAAP measure, profit before tax is provided in note 3 'Operating segment information'.

Headline profit after tax

Reconciliation of profit before tax to headline profit after tax is shown below.

	Note	Third Quarter 2010 £m	Third Quarter 2009 £m	Nine Months 2010 £m	Nine Months 2009 £m	Full Year 2009 £m
Profit after tax		29.2	18.9	63.6	43.9	74.6
Other operating income - Group	4	(7.2)	-	(7.2)	-	-
Other operating expense - Group	5	-	-	1.5	-	0.2
Share of other operating income of joint ventures and associates		-	-	-	-	(0.6)
Share of other operating expense of joint ventures and associates		0.7	-	4.6	-	-
Share of interest, tax and non-controlling interests of joint ventures and associates - other operating income		-	-	-	-	0.5
Share of interest, tax and non-controlling interests of joint ventures and associates - other operating expense		(0.2)	-	(1.3)	-	-
Impairment	4	0.1	0.2	0.4	1.3	2.2
Change in tax rates on opening deferred tax	8	(2.6)	(0.9)	(5.1)	(1.5)	(9.9)
Changes in tax legislation	8	8.8	-	8.8	-	-
Headline profit after tax		28.8	18.2	65.3	43.7	67.0

Net debt

In presenting and discussing the Group's indebtedness and liquidity position, net debt is calculated. Net debt is not defined under IFRS. The Group believes that it is both useful and necessary to communicate net debt to investors and other interested parties, for the following reasons:

- net debt allows the Company and external parties to evaluate the Group's overall indebtedness and liquidity position;
- net debt facilitates comparability of indebtedness and liquidity with other companies, although the Group's measure of net debt may not be directly comparable to similarly titled measures used by other companies; and
- it is used in discussions with the investment analyst community.

Analysis of net debt and calculated gearing percentage is provided below. Gearing is defined as net debt as a percentage of total equity attributable to equity holders of the parent.

	As at 30 September 2010 £m	As at 30 September 2009 £m	As at 31 December 2009 £m
Cash and cash equivalents (as per cash flow statement)	182.3	126.1	134.9
Bank overdrafts (included as part of borrowings)	0.4	0.4	0.6
Cash and cash equivalents (as per the consolidated statement of financial position)	182.7	126.5	135.5
Interest-bearing loans, bonds and borrowings - Non-current	(230.4)	(280.0)	(233.0)
- Current	(100.8)	(81.0)	(105.0)
Net debt	(148.5)	(234.5)	(202.5)
Gearing (%)	8.0%	13.5%	11.6%

An analysis of movements in net debt is presented below:

	As at 30 September 2010 £m	As at 30 September 2009 £m	As at 31 December 2009 £m
Net increase/(decrease) in cash, cash equivalents and bank overdrafts per consolidated cash flow statement	42.7	(76.0)	(67.0)
Decrease in debt and lease financing	17.8	119.3	133.8
Movement in net debt	60.5	43.3	66.8
Translation adjustments	(6.5)	7.3	15.8
Net debt at beginning of period	(202.5)	(285.1)	(285.1)
Net debt at end of period	(148.5)	(234.5)	(202.5)

APPENDIX 1: KEY OPERATING STATISTICS (UNAUDITED)
for the nine months ended 30 September 2010

	Nine Months 2010 Reported Currency	Nine Months 2009 Constant currency	Nine Months 2009 Reported currency	Full Year 2009 Reported currency
Occupancy %				
New York	85.5		81.4	82.7
Regional US	58.1		57.6	55.8
Total US	64.7		63.3	62.2
London	83.6		84.9	84.2
Rest of Europe	69.6		66.7	66.9
Total Europe	75.8		74.8	74.6
Singapore	86.1		74.8	78.0
Rest of Asia	72.7		67.5	69.5
Total Asia	78.7		70.6	73.2
Australasia	65.5		60.9	62.4
Total Group	71.5		67.8	68.3
Average Room Rate (£)				
New York	143.44	134.72	135.87	143.43
Regional US	65.26	63.65	64.19	63.15
Total US	90.23	85.56	86.29	88.73
London	104.53	97.03	97.03	99.11
Rest of Europe	72.66	73.58	74.93	74.33
Total Europe	88.21	85.35	86.02	86.71
Singapore	93.04	81.17	77.00	75.43
Rest of Asia	75.49	74.46	69.26	69.34
Total Asia	84.17	77.53	72.80	72.14
Australasia	50.93	51.72	44.55	45.80
Total Group	83.43	79.49	77.78	78.51
RevPAR (£)				
New York	122.64	109.66	110.60	118.62
Regional US	37.92	36.66	36.97	35.24
Total US	58.38	54.16	54.62	55.19
London	87.39	82.38	82.38	83.45
Rest of Europe	50.57	49.08	49.98	49.73
Total Europe	66.86	63.84	64.34	64.69
Singapore	80.11	60.72	57.60	58.84
Rest of Asia	54.88	50.26	46.75	48.19
Total Asia	66.24	54.74	51.40	52.81
Australasia	33.36	31.50	27.13	28.58
Total Group	59.65	53.89	52.73	53.62
Gross Operating Profit Margin (%)				
New York	24.2		21.2	25.4
Regional US	17.6		17.4	16.5
Total US	20.6		19.1	20.6
London	53.8		51.7	52.7
Rest of Europe	25.7		26.2	25.6
Total Europe	39.7		38.6	38.8
Singapore	54.2		49.4	49.8
Rest of Asia	38.7		35.1	36.3
Total Asia	46.6		41.9	42.7
Australasia	37.0		36.9	37.6
Total Group	36.3		33.3	34.2

For comparability the 30 September 2009 Average Room Rate and RevPAR have been translated at 30 September 2010 exchange rates.

APPENDIX 2: KEY OPERATING STATISTICS (UNAUDITED)
for the third quarter ended 30 September 2010

	Third Quarter 2010 Reported currency	Third Quarter 2009 Constant currency	Third Quarter 2009 Reported currency
Occupancy %			
New York	87.1		89.8
Regional US	64.7		64.0
Total US	70.2		70.2
London	91.0		86.7
Rest of Europe	72.4		68.5
Total Europe	80.6		76.6
Singapore	88.4		83.2
Rest of Asia	71.2		69.7
Total Asia	79.2		75.5
Australasia	60.4		56.9
Total Group	74.1		71.6
Average Room Rate (£)			
New York	154.11	137.43	135.01
Regional US	68.22	62.68	61.48
Total US	94.29	85.69	84.12
London	109.63	100.76	100.76
Rest of Europe	71.02	67.86	69.55
Total Europe	90.30	84.34	85.18
Singapore	93.94	77.34	71.15
Rest of Asia	73.33	71.60	66.16
Total Asia	84.05	74.33	68.53
Australasia	49.05	49.05	45.42
Total Group	85.60	78.48	76.12
RevPAR (£)			
New York	134.23	123.41	121.24
Regional US	44.14	40.12	39.35
Total US	66.19	60.15	59.05
London	99.76	87.36	87.36
Rest of Europe	51.42	46.48	47.64
Total Europe	72.78	64.60	65.25
Singapore	83.04	64.35	59.20
Rest of Asia	52.21	49.91	46.11
Total Asia	66.57	56.12	51.74
Australasia	29.63	27.91	25.84
Total Group	63.43	56.19	54.50
Gross Operating Profit Margin (%)			
New York	29.5		28.7
Regional US	23.1		20.3
Total US	25.9		24.1
London	56.1		53.6
Rest of Europe	28.4		25.1
Total Europe	43.1		39.6
Singapore	54.5		50.2
Rest of Asia	36.2		35.3
Total Asia	46.0		42.5
Australasia	32.7		34.7
Total Group	38.1		35.1

For comparability the 30 September 2009 Average Room Rate and RevPAR have been translated at 30 September 2010 exchange rates.

APPENDIX 3: HOTEL ROOM COUNT AND PIPELINE (UNAUDITED)
for the nine months ended 30 September 2010

Hotel and room count	Hotels			Rooms		
	30 September 2010	31 December 2009	30 September 2009	30 September 2010	31 December 2009	30 September 2009
Analysed by region:						
New York	3	3	3	1,746	1,746	1,746
Regional US	16	16	16	5,551	5,727	5,727
London	7	7	7	2,487	2,487	2,487
Rest of Europe	18	18	18	3,229	3,231	3,231
Middle East	8	8	8	2,407	2,416	2,416
Singapore	6	5	5	2,750	2,390	2,390
Rest of Asia	17	17	16	7,570	7,594	7,196
Australasia	30	30	30	3,533	3,533	3,533
Total	105	104	103	29,273	29,124	28,726
Analysed by ownership type:						
Owned and leased	67	66	66	20,470	20,288	20,288
Managed	19	19	18	4,519	4,526	4,183
Franchised	13	13	13	1,883	1,883	1,883
Investment	6	6	6	2,401	2,427	2,372
Total	105	104	103	29,273	29,124	28,726
Analysed by brand:						
Grand Millennium	4	4	4	1,648	1,657	1,657
Millennium	40	40	40	14,160	14,158	14,228
Copthorne	35	35	35	7,126	7,128	7,128
Kingsgate	14	14	14	1,425	1,425	1,425
Other M&C	5	4	3	1,882	1,522	1,109
Third party	7	7	7	3,032	3,234	3,179
Total	105	104	103	29,273	29,124	28,726

Pipeline	Hotels			Rooms		
	30 September 2010	31 December 2009	30 September 2009	30 September 2010	31 December 2009	30 September 2009
Analysed by region:						
Regional US	1	1	1	250	250	250
Rest of Europe	2	3	3	399	639	639
Middle East	24	20	20	7,468	6,743	6,743
Singapore	-	1	1	-	365	365
Rest of Asia	2	2	2	364	364	463
Total	29	27	27	8,481	8,361	8,460
Analysed by ownership type:						
Owned or leased	2	3	3	370	735	735
Managed	27	24	24	8,111	7,626	7,725
Total	29	27	27	8,481	8,361	8,460
Analysed by brand:						
Grand Millennium	2	2	2	1,423	1,423	1,423
Millennium	16	13	13	4,341	3,700	3,799
Copthorne	2	3	3	184	480	480
Kingsgate	4	3	3	892	752	752
Other M&C	5	6	6	1,641	2,006	2,006
Total	29	27	27	8,481	8,361	8,460

The Group has signed four management contracts this year in the Middle East. The new hotels - in Jordan, Oman, Qatar and the United Arab Emirates - will offer 1,034 rooms on completion between 2010 and 2012. The Group's worldwide pipeline has 29 hotels offering 8,481 rooms.