General Announcement::Announcement by Subsidiary Company, Millennium & Copthorne Hotels plc

Issuer & Securities

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For Immediate Release **17 February 2017**

MILLENNIUM & COPTHORNE HOTELS PLC
FINAL RESULTS ANNOUNCEMENT
Full year and fourth quarter results to 31 December 2016

Highlights for the full year 2016:

		Reported Currency			Constant Currency		
	Full year 2016	Full year 2015	Change		Full year 2015	Change	
RevPAR	**£76.71**	£71.98	£4.73	6.6%	£78.49	£(1.78)	(2.3)%
Revenue - total	**£926m**	£847m	£79m	9.3%	£926m	-	-
Revenue - hotel	**£814m**	£765m	£49m	6.4%	£833m	£(19)m	(2.3)%
Profit before tax *(Note 1)*	**£108m**	£109m	£(1)m	(0.9)%	£124m	£(16)m	(12.9)%
Basic EPS *(Note 2)*	**24.0p**	19.9p	4.1p	20.6%			
Ordinary dividends	**7.74p**	6.42p	1.32p	20.6%			

Highlights for the 4th quarter 2016:

		Reported Currency			Constant Currency		
	Q4 2016	Q4 2015	Change		Q4 2015	Change	
RevPAR	**£84.79**	£73.64	£11.15	15.1%	£84.80	£(0.01)	-
Revenue - total	**£261m**	£232m	£29m	12.5%	£268m	£(7)m	(2.6)%
Revenue - hotel	**£233m**	£206m	£27m	13.1%	£236m	£(3)m	(1.3)%
Profit before tax *(Note 1)*	**£6m**	£11m	£(5)m	(45.5)%	£20m	£(14)m	(70.0)%
Basic EPS *(Note 2)*	**5.8p**	1.4p	4.4p	314.3%			

Note 1: If net revaluation deficit and impairment losses are excluded, reported pre-tax profit for FY 2016 is £152m (2015: £152m). Similarly for Q4 2016, reported pre-tax profit is £46m (2015: £54m).

Note 2: Basic EPS are stated after non-controlling interests. In 2016, non-controlling interests absorbed a higher proportion of net revaluation deficit on investment properties as these relate to the REIT.

- Group RevPAR for 2016 increased by 6.6% to £76.71 (2015: £71.98). In constant currency, RevPAR fell by 2.3%. For the fourth quarter of 2016, RevPAR in constant currency fell marginally.

- Total revenue in reported currency for 2016 grew by £79m or 9.3% to £926m (2015: £847m). In constant currency, revenue was flat indicating that exchange translation contributed £79m to total reported revenue. The fall in the value of sterling against major currencies during the year following the 23 June 2016 referendum had a significant impact on Group's results.

- Hotel revenue in constant currency declined by 2.3% to £814m in 2016 as a result of lower contributions from the Group's hotels in New York and Singapore.

- The Group recognised £44m (2015: £43m) of net revaluation deficit and impairment losses of which £27m relates to properties held by CDL Hospitality Trusts and the balance primarily to several Group properties located in New York and Rest of Europe.

- Reported profit before tax for the year decreased slightly by 0.9% to £108m (2015: £109m). In constant currency, pre-tax profit dropped by 12.9% or £16m.

- The Board recommends a final ordinary dividend of 5.66p per share, giving a total ordinary dividend for the year of 7.74p per share.

Mr Kwek Leng Beng, Chairman commented:

"Our trading performance in 2016 declined with Group RevPAR in constant currency falling in each quarter of the year. Pressure on revenue and profit was intense in all of our key gateway cities. In London, leisure business in the first quarter was impacted by the November 2015 Paris terror attacks and in the second half of the year trading was affected by reduced corporate business. New York results were affected by significant under-performance at Millennium Broadway as well as the refurbishment of ONE UN's east tower, which is now complete. In Singapore there was an overall increase in visitor numbers but a reduction in the average length of visitor stay. Our rate strategy was not suited to Singapore market conditions. This resulted in less corporate business, compounding the effect of the recent increase in available hotel rooms and further reducing average room rates and occupancy. However, New Zealand performed very well.

In constant currency Group pre-tax profit dropped by 12.9%. The significant depreciation in Sterling resulted in reported profit before tax (both before and after net revaluation deficit and impairment losses) remaining flat.

The Group is taking steps to increase revenue and profit across the estate, particularly in New York and Singapore. This includes an ongoing restructuring of our sales function and strategy, and continuing improvement of our e-commerce capability. We have also announced separately today the appointment of Mr Tan Kian Seng as interim Chief Executive Officer and other Board changes."

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BUSINESS REVIEW

During 2016, the global hospitality industry was affected by the increased supply of rooms in major cities, concern over terrorist attacks in Europe and increased competition from non-traditional lodging options. This was against a backdrop of considerable political change and volatility in many parts of the world.

In constant currency, total revenue was flat compared to last year. Hotel revenue fell by £19m and this was offset by higher revenue from the property division of £16m and increase in REIT revenue of £3m. Pre-tax profit for the Group decreased by 12.9%. Most of this reduction came from hotels in gateway cities, where average room rates are under continuing pressure as a result of significant growth in the number of available hotel rooms.

Property revenue increased by 60.0% to £56m (2015: £35m), mainly because of increased land sales in New Zealand and a higher contribution from Millennium Mitsui Garden Hotel Tokyo.

The Group's share of profit from joint ventures and associates increased by £9m to £26m (2015: £17m). The increase was principally due to a gain recognised by First Sponsor Group Limited ("FSGL") on the dilution of its interest in a project based in Dongguan, China.

Hotel operations

Hotel revenue increased by 6.4% to £814m (2015: £765m) mainly because of favourable foreign exchange movements. In constant currency, hotel revenue fell by £19m or 2.3% due to weaker performance in London, New York and Singapore.

Revenue per available room (RevPAR) increased by 6.6% to £76.71 in 2016, but decreased by 2.3% in constant currency. Both like-for-like[1] RevPAR and hotel revenue for the year fell by 1.9%.

Hotel gross operating margin was lower at 31.6% (2015: 34.1%).

Note 1: Like-for-like comparisons exclude the impact of acquisitions, closures and refurbishments, and they are stated in constant currency terms.

Developments

The Group received building permit approval for the Yangdong development project in Seoul on 25 January 2017. Additional required certification processes are underway and are expected to complete by the middle of this year before construction work starts. The main contract tender process is planned to complete at the same time.

Having received final planning approval in December 2016 for a 263-room hotel and a 250-unit residential apartment block on the Group's 35,717m^2 mixed use freehold landsite at Sunnyvale, California, the Group is reviewing the project cost and specification. The Group may modify certain aspects of the development, which is anticipated to take about 18 months to complete after commencement.

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

The Group is continuing to review the scope and cost of refurbishment at Millennium Hotel London Mayfair. Work on the hotel is now planned to commence later this year. To minimise the impact on London occupancy, there will be a gap of at least 12 months before Millennium Hotel London Knightsbridge undertakes smaller scale refurbishment work.

Refurbishment of guest rooms in the east tower of ONE UN New York was completed in early September 2016 and the tower was re-opened in time for the UN General Assembly. The Group spent US$32m (£24m) on this project in 2016.

Work on the main lobby and food and beverage outlets at the main entrance level of the Grand Copthorne Waterfront Hotel Singapore was substantially completed in May 2016 with the affected outlets re-opening for business shortly afterwards. The remaining work on the refurbishment of function rooms at level two started in September 2016 and completed in December 2016.

Soft refurbishment of all guestrooms at M Hotel Singapore, from level 12 to level 28 is complete, with the last phase completed in December 2016.

Soft refurbishment of guestrooms at Grand Millennium Kuala Lumpur, from level 9 to level 19, was completed at the beginning of the 4th quarter of 2016, with the last phase at level 9 and level 10 returned to inventory in mid-October. The remaining guestrooms to be refurbished are at level 7 and level 8, work on which will take place in the middle of this year during the lower season.

Copthorne Hotel Auckland Harbourcity is scheduled to re-open on completion of work in the second quarter of 2017. The hotel was closed in July 2015 for a refurbishment programme estimated to cost NZ$40m (£22m) and will be rebranded MSocial Hotel Auckland.

Acquisition

In February 2017 a subsidiary of the Group acquired the tenant's interest in the lease on the penthouse floor of the Novotel New York Times Square for a gross purchase price of US$6m. The lease has a term ending in 2080. The Group acquired the hotel, subject to the penthouse lease, in June 2014.

Disposals

The Group has in place a number of contractual arrangements with the developer of Birmingham's Paradise Circus redevelopment scheme. Pursuant to this scheme, under an agreed process, the developer has a right to acquire the existing site of the Copthorne Hotel Birmingham and the Group has both an option to sell the existing site to the developer and an option to acquire an alternative site in the redevelopment area for the construction of a new hotel. The Group continues to consider these options in discussion with the developer.

As previously reported, in September 2015 the Group received notice of an application from Network Rail Infrastructure Limited ("Network Rail") for an order to temporarily close and possess the Millennium Hotel Glasgow, and to permanently take a portion of the hotel, in connection with the redevelopment of Glasgow's Queen Street Station. The Group objected to various components of the application and a public inquiry was held in May and June 2016. This resulted in the removal of the power to temporarily close and possess the main part of the hotel. In February 2017, the Scottish Ministers stated their intention to approve the draft order, including the power to permanently take a portion of the hotel, subject to some modifications. Following the taking of the land, the Group will be entitled to compensation, which will either be negotiated or settled at the Lands Tribunal. The Group is currently considering its options, such as appealing the decision, whilst maintaining a commercial dialogue with Network Rail.

On 31 December 2016, the Group sold its 51% equity interest in Millennium & Copthorne Middle East Holdings Limited ("MCMEHL") to the other existing shareholder. MCMEHL, supported by the Group, will continue to trade under the same name with rights to operate and manage the existing portfolio and to develop future business under the Group's brand names, in the Middle East, Africa and Indian regions.

Other Group operations

Joint ventures and associates contributed £26m to profit in 2016 (2015: £17m). The Group has an effective interest of 36% in FSGL, which is listed on the Singapore Exchange and reports its results independently.

Board changes

As previously announced, Aloysius Lee, Group Chief Executive Officer, will leave the Group at the end of February 2017. A search for his successor is underway. In the meantime, as separately announced today, Mr Tan Kian Seng, Group Chief of Staff, will with effect from 1 March 2017 be appointed as interim Chief Executive Officer, currently a non-Board position.

Also announced today, Nicholas George, together with (as previously announced) Alexander Waugh, intends not to stand for re-election at the Company's Annual General Meeting on 5 May 2017 and will retire from the Board at that time. Mr George presently serves as Senior Independent Director and Mr Waugh presently chairs the Company's Remuneration Committee. In addition, Mr Howard Wu will join the Board today to further deepen the Board's information technology, data security and e-commerce experience. A further update will be provided in due course.

Dividends

The Board recommends a final ordinary dividend of 5.66p per share (2015: 4.34p) 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 (2015: 2.08p), the total ordinary dividend for 2016 is 7.74p per share (2015: 6.42p) 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 2017, the final dividend will be paid on 12 May 2017 to shareholders on the register on 17 March 2017.

Current trading

In the first 31 days of trading in 2017 Group RevPAR increased by 4.5%. London, which had a very poor comparative quarter in 2016, was up by 19.5%. New York was up by 8.9% and Australasia was up by 12.3%. RevPAR for Singapore fell by 5.2%.

HOTEL OPERATIONS

For comparability, the following performance review is based on calculations in constant currency whereby 31 December 2015 hotel revenue, RevPAR and average room rates have been translated at average exchange rates for the year ended 31 December 2016.

In constant currency, Group RevPAR for the year ended 31 December 2016 decreased by 2.3% to £76.71. This was due mainly to continuing challenging conditions in the Group's gateway cities and the disruption from refurbishment works. Like-for-like Group RevPAR for FY2016 fell by 1.9%.

During Q4 2016, RevPAR improved for New York, London and Australasia. RevPAR for Singapore fell by 11.7% to £82.03 (2015: £92.91). Group RevPAR was flat at £84.79 compared to last year.

Full year 2016	RevPAR			Occupancy			Average Room Rate		
	FY 2016 £	#FY 2015 £	Change %	**FY 2016 %**	FY 2015 %	Change %pts	**FY 2016 £**	#FY 2015 £	Change %
New York	**145.64**	161.57	(9.9)	**77.9**	82.1	(4.2)	**186.85**	196.69	(5.0)
Regional US	**57.49**	55.30	4.0	**58.6**	58.2	0.4	**98.12**	94.96	3.3
Total US	**86.52**	90.31	(4.2)	**65.0**	66.1	(1.1)	**133.18**	136.60	(2.5)
London	**107.18**	108.68	(1.4)	**81.9**	80.2	1.7	**130.83**	135.51	(3.5)
Rest of Europe	**52.61**	53.47	(1.6)	**72.2**	72.7	(0.5)	**72.86**	73.58	(1.0)
Total Europe	**80.24**	81.84	(2.0)	**77.1**	76.5	0.6	**104.04**	106.93	(2.7)
Singapore	**80.21**	89.26	(10.1)	**84.2**	87.1	(2.9)	**95.22**	102.48	(7.1)
Rest of Asia	**60.63**	59.52	1.9	**65.4**	64.5	0.9	**92.66**	92.32	0.4
Total Asia	**68.21**	71.03	(4.0)	**72.7**	73.2	(0.5)	**93.81**	97.00	(3.3)
Australasia	**58.40**	48.32	20.9	**81.3**	77.1	4.2	**71.84**	62.64	14.7
Total Group	**76.71**	78.49	(2.3)	**71.8**	71.8	-	**106.78**	109.26	(2.3)

Q4 2016	RevPAR			Occupancy			Average Room Rate		
	Q4 2016 £	#Q4 2015 £	Change %	**Q4 2016 %**	Q4 2015 %	Change %pts	**Q4 2016 £**	#Q4 2015 £	Change %
New York	**191.24**	187.15	2.2	**87.2**	81.6	5.6	**219.35**	229.28	(4.3)
Regional US	**53.58**	52.29	2.5	**51.1**	49.4	1.7	**104.87**	105.93	(1.0)
Total US	**98.90**	96.72	2.3	**63.0**	60.0	3.0	**157.06**	161.23	(2.6)
London	**112.82**	111.62	1.1	**84.3**	79.1	5.2	**133.84**	141.07	(5.1)
Rest of Europe	**52.42**	53.6	(2.2)	**70.3**	68.1	2.2	**74.54**	78.69	(5.3)
Total Europe	**83.00**	82.98	-	**77.4**	73.7	3.7	**107.25**	112.61	(4.8)
Singapore	**82.03**	92.91	(11.7)	**82.4**	85.9	(3.5)	**99.50**	108.21	(8.0)
Rest of Asia	**68.81**	70.85	(2.9)	**69.3**	71.3	(2.0)	**99.30**	99.31	-
Total Asia	**73.93**	79.38	(6.9)	**74.4**	77.0	(2.6)	**99.38**	103.15	(3.7)
Australasia	**73.87**	59.82	23.5	**85.7**	84.2	1.5	**86.15**	71.02	21.3
Total Group	**84.79**	84.80	-	**72.3**	70.7	1.6	**117.20**	119.90	(2.3)

\# *In constant currency whereby 31 December 2015 RevPAR and average room rates have been translated at average exchange rates for the year ended 31 December 2016.*

<u>US</u>

RevPAR for the US region during 2016 decreased by 4.2% to £86.52 with growth in the newly refurbished regional US hotels being offset by slower performance in the New York properties. New York RevPAR fell by 9.9% as a result of a 4.2% point fall in occupancy and a 5.0% fall in average room rate. This was driven by an increase in the city's hotel room inventory, the impact from the refurbishment of the east tower of ONE UN New York and the conversion to theatre space of food & beverage and conference areas at Millennium Broadway Hotel New York. Excluding the impact of refurbishment at ONE UN New York, US and New York RevPAR fell by 1.3% and 5.7% respectively.

RevPAR for the regional US estate increased by 4.0% to £57.49 reflecting improved revenue performance at the recently refurbished hotels.

For Q4 2016, US RevPAR increased by 2.3% mainly because of a 3.0% point increase in occupancy. Fourth quarter performance was similar to the second and third quarters of 2016, with RevPAR improvements at some Regional US properties helping to offset New York RevPAR declines. The regional US improvement partially reflected the on-going benefit of refurbishment of some regional US hotels.

Europe

Europe RevPAR for 2016 decreased by 2.0%. Lower average room rate of 2.7% was partially offset by an increase in occupancy rate of 0.6% points. Slower performance in Europe was consistent through the year, with RevPAR falling in each quarter except for Q4 2016. This was a result of the continuing impact of terror attacks in Paris and Brussels during the first half of the year, which prompted tour cancellations by a significant number of Asian travel accounts. The UK's referendum on EU membership caused a spike in London leisure sector visitors taking advantage of the weak pound during the third quarter. However this was offset by a noticeable slowdown in corporate travel bookings.

London RevPAR for 2016 fell by 1.4%. All six London hotels registered RevPAR declines with the exception of The Bailey's Hotel London where the comparative year was adversely affected by its refurbishment in 2015. Excluding The Bailey's Hotel London, RevPAR for London dropped by 5.0%.

RevPAR for the rest of Europe fell by 1.6%. Copthorne Hotel Aberdeen had a double digit RevPAR decrease reflecting the fall in energy prices and the consequential impact on room bookings from the oil and gas sector.

Europe RevPAR for Q4 2016 was flat.

Asia

Asia RevPAR for 2016 fell by 4.0% to £68.21 contributed by lower room rate and occupancy. Throughout the year, Asian hotel performance was marked by RevPAR improvements at Group hotels located outside Singapore. Overall performance for the Rest of Asia was helped by completion of the refurbishment of Millennium Seoul Hilton, where visitor numbers also recovered following the successful containment of the Middle East Respiratory Syndrome outbreak in 2015.

Singapore RevPAR performance, on the other hand, fell for each quarter of the year, with increased competition and a decline in the Group's corporate business. In 2016, RevPAR decreased by 10.1% with all five Singapore hotels showing RevPAR declines. Weak demand from the corporate sector and new room supply continued to have a significant impact on hotel performance, with average room rate falling by 7.1% and occupancy down by 2.9% points.

In Rest of Asia, RevPAR grew by 1.9% attributable to newly refurbished guest rooms at Millennium Seoul Hilton and Grand Hyatt Taipei.

For Q4 2016, Singapore RevPAR fell 11.7% and Rest of Asia fell 2.9%.

Australasia

The Group's New Zealand estate was a consistently strong performer through the year in RevPAR terms, with strong increases in room rate and occupancy for each quarter of the year, driven by increasing international visitor arrivals. Australasia RevPAR grew by 20.9% in 2016 driven by the growth in New Zealand international tourism. Average room rate and occupancy increased by 14.7% and 4.2% points respectively. High demand was experienced in the Auckland, Rotorua and Queenstown areas with spill-over to destinations such as Te Anau and Greymouth.

Copthorne Hotel & Resort Queenstown Lakefront continued to perform well in its first full year of trading following its refurbishment in November 2015.

As previously announced, the Group assumed the lease of Rendezvous Grand Hotel Auckland with effect from 7 September 2016. The hotel, the largest in New Zealand with a total of 452 guestrooms, is owned by the REIT and is the Group's first Grand Millennium hotel in New Zealand.

For Q4 2016, Australasia RevPAR increased by 23.5% to £73.87 with average room rate increasing by 21.3% and occupancy up by 1.5% points.

FINANCIAL PERFORMANCE

	FY 2016 £m	Reported Currency			Constant Currency		
		FY 2015 £m	Change £m	Change %	FY 2015 £m	Change £m	Change %
Hotel	**814**	765	49	6.4	833	(19)	(2.3)
Property	**56**	35	21	60.0	40	16	40.0
REIT	**56**	47	9	19.1	53	3	5.7
Total Revenue	**926**	847	79	9.3	926	-	-

	Q4 2016 £m	Reported Currency			Constant Currency		
		Q4 2015 £m	Change £m	Change %	Q4 2015 £m	Change £m	Change %
Hotel	**233**	206	27	13.1	236	(3)	(1.3)
Property	**14**	12	2	16.7	15	(1)	(6.7)
REIT	**14**	14	-	-	17	(3)	(17.6)
Total Revenue	**261**	232	29	12.5	268	(7)	(2.6)

Financial performance – full year overview

For the full year to 31 December 2016, total revenue increased by 9.3% to £926m (2015: £847m) mainly due to favourable foreign currency movements as a result of the weak pound against major currencies and higher property revenue. The Group's reported revenue benefitted from a positive foreign exchange impact of £79m during the year. Total revenue in constant currency was flat compared to last year.

On a constant currency basis, hotel revenue fell by 2.3% to £814m principally due to poor trading by the Group's hotels in New York and Singapore. During the year, ONE UN New York remained in a loss position due to refurbishment of the east tower. Performance by the Group's hotels in Singapore continued to be weak with decreases in both room rates and occupancy.

Reported profit before tax fell slightly by 0.9% to £108m (2015: £109m). During the year, a total of £44m (2015: £43m) of net revaluation deficit and impairment losses were charged to the income statement. They relate primarily to properties held by the REIT of £27m (2015: net revaluation gain £3m) and several hotels in New York and Rest of Europe.

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 reported profit before tax remained flat at £152m (2015: £152m).

Basic earnings per share increased by 20.6% to 24.0p (2015: 19.9p).

Financial performance – fourth quarter 2016

Revenue for the fourth quarter increased by 12.5% to £261m (Q4 2015: £232m). Profit before tax excluding impairment loss and revaluation gain decreased by 14.8% to £46m (Q4 2015: £54m) principally lower hotel profit and higher central costs.

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 weakened compared to other major currencies during the financial year, the impact of which is reflected in the translation reserve on page 10.

Financial Position and Resources

	2016	2015	Change
	£m	£m	£m
Property, plant and equipment and lease premium prepayment	**3,345**	2,858	487
Investment properties	**534**	506	28
Investment in joint ventures and associates	**320**	255	65
Non-current assets	**4,199**	3,619	580
Current assets excluding cash	**195**	163	32
Provisions and other liabilities excluding borrowings	**(297)**	(255)	(42)
Net debt	**(707)**	(605)	(102)
Deferred tax liabilities	**(220)**	(210)	(10)
Net assets	**3,170**	2,712	458
Equity attributable to equity holders of the parent	**2,668**	2,276	392
Non-controlling interests	**502**	436	66
Total equity	**3,170**	2,712	458

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 2016 for all investment properties and those property assets identified as having impairment risks.

Non-current assets increased by 16.0% compared to last year, principally due to the additions to property, plant and equipment as a result of hotel refurbishment of £100m (2015: £85m), exchange gains of £574m (2015: £nil) offset by net revaluation deficit & impairment loss of £40m (2015: £43m).

Financial position

Group interest cover ratio for the year ended 31 December 2016 (excluding share of results of joint ventures and associates, and other operating income and expense) is 6 times (2015: 8 times).

At 31 December 2016, the Group had £337m cash and £546m 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 86% of fixed assets and investment properties. At 31 December 2016, total borrowing amounted to £1,044m of which £72m was drawn under £94m of secured bank facilities.

At 31 December 2016, the Group had net debt of £707m (Dec 2015: net debt £605m). Excluding CDL Hospitality Trusts ("CDLHT"), the net debt was £232m (Dec 2015: net debt £201m).

Future funding

Of the Group's total facilities of £1,641m, £434m matures within 12 months. Excluding CDLHT, the Group's total facilities was £899m of which £266m matures within the next 12 months. Plans for refinancing of 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 2016

	Notes	**Unaudited Fourth Quarter 2016 £m**	Unaudited Fourth Quarter 2015 £m	**Full Year 2016 £m**	Full Year 2015 £m
Revenue	3	**261**	232	**926**	847
Cost of sales		**(112)**	(93)	**(395)**	(350)
Gross Profit		**149**	139	**531**	497
Administrative expenses		**(108)**	(86)	**(382)**	(342)
Other operating income	4	**11**	41	**13**	41
Other operating expense	4	**(51)**	(84)	**(55)**	(84)
Operating profit		**1**	10	**107**	112
Share of profit of joint ventures and associates		**17**	8	**26**	17
Finance income		**-**	-	**7**	5
Finance expense		**(12)**	(7)	**(32)**	(25)
Net finance expense	3	**(12)**	(7)	**(25)**	(20)
Profit before tax	3	**6**	11	**108**	109
Income tax expense	5	**5**	5	**(10)**	(12)
Profit for the year		**11**	16	**98**	97
Attributable to:					
Equity holders of the parent		**19**	5	**78**	65
Non-controlling interests		**(8)**	11	**20**	32
		11	16	**98**	97
Basic earnings per share (pence)	6	**5.8p**	1.4p	**24.0p**	19.9p
Diluted earnings per share (pence)	6	**5.8p**	1.4p	**24.0p**	19.8p

The financial results above derive from continuing activities.

Consolidated statement of comprehensive income
for the year ended 31 December 2016

	Full Year 2016 £m	Full Year 2015 £m
Profit for the year	**98**	97
Other comprehensive expense:		
Items that are not reclassified subsequently to income statement:		
Remeasurement of defined benefit plan actuarial net losses	**(8)**	(2)
	(8)	(2)
Items that may be reclassified subsequently to income statement:		
Foreign currency translation differences - foreign operations	**422**	(19)
Foreign currency translation differences - equity accounted investees	**41**	4
Net loss on hedge of net investments in foreign operations	**(33)**	(9)
	430	(24)
Other comprehensive income/(expense) for the year, net of tax	**422**	(26)
Total comprehensive income for the year	**520**	71
Total comprehensive income attributable to:		
Equity holders of the parent	**411**	49
Non-controlling interests	**109**	22
Total comprehensive income for the year	**520**	71

Consolidated statement of financial position
as at 31 December 2016

	As at 31 December 2016 £m	As at 31 December 2015 £m
Non-current assets		
Property, plant and equipment	**3,238**	2,764
Lease premium prepayment	**107**	94
Investment properties	**534**	506
Investment in joint ventures and associates	**320**	255
	4,199	3,619
Current assets		
Inventories	**5**	4
Development properties	**93**	81
Lease premium prepayment	**2**	2
Trade and other receivables	**95**	76
Cash and cash equivalents	**337**	238
	532	401
Total assets	**4,731**	4,020
Non-current liabilities		
Interest-bearing loans, bonds and borrowings	**(951)**	(665)
Employee benefits	**(23)**	(13)
Provisions	**(10)**	(8)
Other non-current liabilities	**(14)**	(12)
Deferred tax liabilities	**(220)**	(210)
	(1,218)	(908)
Current liabilities		
Interest-bearing loans, bonds and borrowings	**(93)**	(178)
Trade and other payables	**(214)**	(187)
Provisions	**(1)**	(2)
Income taxes payable	**(35)**	(33)
	(343)	(400)
Total liabilities	**(1,561)**	(1,308)
Net assets	**3,170**	2,712
Equity		
Issued share capital	**97**	97
Share premium	**843**	843
Translation reserve	**537**	196
Treasury share reserve	**(4)**	(4)
Retained earnings	**1,195**	1,144
Total equity attributable to equity holders of the parent	**2,668**	2,276
Non-controlling interests	**502**	436
Total equity	**3,170**	2,712

Consolidated statement of changes in equity
for the year ended 31 December 2016

	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
Balance at 1 January 2016	97	843	196	(4)	1,144	2,276	436	2,712
Profit	-	-	-	-	78	78	20	98
Other comprehensive income	-	-	341	-	(8)	333	89	422
Total comprehensive income	-	-	341	-	70	411	109	520
Transactions with owners, recorded directly in equity								
Contributions by and distributions to owners								
Dividends - equity holders	-	-	-	-	(21)	(21)	-	(21)
Dividends - non-controlling interests	-	-	-	-	-	-	(35)	(35)
Changes in ownership interests								
Change in interests in subsidiaries without loss of control	-	-	-	-	2	2	(4)	(2)
Return of capital to non-controlling interests	-	-	-	-	-	-	(4)	(4)
Total transactions with owners	-	-	-	-	(19)	(19)	(43)	(62)
Balance at 31 December 2016	**97**	**843**	**537**	**(4)**	**1,195**	**2,668**	**502**	**3,170**

Balance at 1 January 2015	**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**
Transactions with owners, recorded directly in equity								
Contributions by and distributions to owners								
Dividends - equity holders	**-**	**-**	**-**	**-**	**(44)**	**(44)**	**-**	**(44)**
Dividends - non-controlling interests	**-**	**-**	**-**	**-**	**-**	**-**	**(35)**	**(35)**
Share-based payment transactions (net of tax)	**-**	**-**	**-**	**-**	**2**	**2**	**-**	**2**
Changes in ownership interests								
Change of interests in subsidiaries without loss of control	**-**	**-**	**-**	**-**	**6**	**6**	**(23)**	**(17)**
Total transactions with owners	**-**	**-**	**-**	**-**	**(36)**	**(36)**	**(58)**	**(94)**
Balance at 31 December 2015	**97**	**843**	**196**	**(4)**	**1,144**	**2,276**	**436**	**2,712**

Consolidated statement of cash flows
for the year ended 31 December 2016

	2016 £m	2015 £m
Cash flows from operating activities		
Profit for the year	**98**	97
Adjustments for:		
Depreciation and amortisation	**73**	61
Share of profit of joint ventures and associates	**(26)**	(17)
Other operating income	**(13)**	(41)
Other operating expense	**55**	84
Equity settled share-based transactions	**-**	2
Finance income	**(7)**	(5)
Finance expense	**32**	25
Income tax expense	**10**	12
Operating profit before changes in working capital and provisions	**222**	218
Movement in inventories, trade and other receivables	**(20)**	28
Movement in development properties	**4**	(14)
Movement in trade and other payables	**15**	(4)
Movement in provisions and employee benefits	**(1)**	(8)
Cash generated from operations	**220**	220
Interest paid	**(21)**	(20)
Interest received	**4**	4
Income tax paid	**(33)**	(27)
Net cash generated from operating activities	**170**	177
Cash flows from investing activities		
Dividends received from joint ventures and associates	**2**	1
Proceeds from insurance claim	**2**	-
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	**(100)**	(85)
Net cash used in investing activities	**(96)**	(141)
Cash flows from financing activities		
Repayment of borrowings	**(339)**	(724)
Drawdown of borrowings	**377**	646
Dividends paid to non-controlling interests	**(35)**	(35)
Return of capital to non-controlling interests	**(4)**	-
Acquisition of non-controlling interests	**(2)**	(17)
Dividends paid to equity holders of the parent	**(21)**	(44)
Net cash generated used in financing activities	**(24)**	(174)
Net increase/(decrease) in cash and cash equivalents	**50**	(138)
Cash and cash equivalents at beginning of the year	**238**	388
Effect of exchange rate fluctuations on cash held	**49**	(12)
Cash and cash equivalents at end of the year	**337**	238
Reconciliation of cash and cash equivalents		
Cash and cash equivalents shown in the consolidated statement of financial position	**337**	238
Bank overdrafts included in borrowings	**-**	-
Cash and cash equivalents for consolidated statement of cash flows	**337**	238

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 2016 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 2016 and 2015. 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 2015 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 2015 are available from the Company’s website at:

https://www.millenniumhotels.com/en/investors/annual-report-archive/

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 2016 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 2015.

The financial statements were approved by the Board of Directors on 16 February 2017.

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.

	As at 31 December		Average for 12 months January-December		Average for 3 months October-December	
Currency (=£)	**2016**	2015	**2016**	2015	**2016**	2015
US dollar	**1.228**	1.490	**1.355**	1.532	**1.241**	1.512
Singapore dollar	**1.781**	2.103	**1.879**	2.101	**1.766**	2.125
New Taiwan dollar	**39.679**	48.923	**43.7000**	48.623	**39.496**	49.521
New Zealand dollar	**1.772**	2.167	**1.952**	2.176	**1.757**	2.252
Malaysian ringgit	**5.503**	6.403	**5.640**	5.934	**5.424**	6.361
Korean won	**1,486.48**	1,742.09	**1,576.43**	1,730.23	**1,457.14**	1,750.25
Chinese renminbi	**8.537**	9.668	**9.008**	9.640	**8.532**	9.698
Euro	**1.174**	1.358	**1.231**	1.375	**1.163**	1.396
Japanese yen	**144.311**	179.411	**147.961**	185.88	**135.462**	188.035

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 2016

	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	**136**	**136**	**121**	**76**	**127**	**163**	**55**	**-**	**814**
Property operations	**-**	**4**	**-**	**-**	**3**	**9**	**40**	**-**	**56**
REIT	**-**	**-**	**-**	**11**	**14**	**19**	**12**	**-**	**56**
Total revenue	**136**	**140**	**121**	**87**	**144**	**191**	**107**	**-**	**926**
Hotel gross operating profit	**21**	**28**	**60**	**15**	**52**	**55**	**25**	**-**	**256**
Hotel fixed charges [1]	**(30)**	**(23)**	**(21)**	**(7)**	**(5)**	**(37)**	**(4)**	**-**	**(127)**
Hotel operating profit	**(9)**	**5**	**39**	**8**	**47**	**18**	**21**	**-**	**129**
Property operating profit/(loss)	**-**	**(1)**	**-**	**-**	**2**	**8**	**21**	**-**	**30**
REIT operating profit/(loss)	**-**	**-**	**-**	**3**	**(5)**	**7**	**11**	**-**	**16**
Central costs	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(26)**	**(26)**
Other operating income [2]	**-**	**3**	**-**	**-**	**-**	**8**	**2**	**-**	**13**
Other operating expense [2]	**(15)**	**(2)**	**-**	**(5)**	**(4)**	**(2)**	**-**	**-**	**(28)**
Other operating expense - REIT [2]	**-**	**-**	**-**	**(4)**	**(10)**	**(13)**	**-**	**-**	**(27)**
Operating profit/(loss)	**(24)**	**5**	**39**	**2**	**30**	**26**	**55**	**(26)**	**107**
Share of joint ventures and associates profit	**-**	**-**	**-**	**3**	**-**	**23**	**-**	**-**	**26**
Add: Depreciation and amortisation	**8**	**12**	**6**	**6**	**12**	**25**	**2**	**2**	**73**
Add: Net revaluation deficit & impairment	**15**	**(1)**	**-**	**9**	**14**	**7**	**-**	**-**	**44**
EBITDA [3]	**(1)**	**16**	**45**	**20**	**56**	**81**	**57**	**(24)**	**250**
Less: Depreciation, amortisation, net revaluation deficit & impairment									**(117)**
Net finance expense									**(25)**
Profit before tax									**108**

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
Revenue									
Hotel	138	118	124	75	122	148	40	-	765
Property operations	-	3	-	-	2	7	23	-	35
REIT	-	-	-	3	12	20	12	-	47
Total revenue	138	121	124	78	136	175	75	-	847
Hotel gross operating profit	33	25	63	20	54	49	17	-	261
Hotel fixed charges [1]	(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 [2]	-	-	-	-	-	32	-	-	32
Other operating expense [2]	(23)	(1)	-	(15)	(1)	(37)	(1)	-	(78)
Other operating income - REIT [2]	-	-	-	-	1	-	8	-	9
Other operating expense - REIT [2]	-	-	-	-	-	(4)	(2)	-	(6)
Operating profit/(loss)	(17)	5	43	(6)	49	20	39	(21)	112
Share of joint ventures and associates profit	-	-	-	1	-	16	-	-	17
Add: Depreciation and amortisation	7	9	6	4	11	21	2	1	61
Add: Net revaluation deficit & impairment	23	1	-	15	-	9	(5)	-	43
EBITDA [3]	13	15	49	14	60	66	36	(20)	233
Less: Depreciation, amortisation, net revaluation deficit & impairment									(104)
Net finance expense									(20)
Profit before tax									109

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

[2] See Note 4 for details of other operating income and expense.

[3] 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 2016	**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	**674**	**365**	**502**	**235**	**21**	**691**	**187**	**2,675**
REIT operating assets	**-**	**-**	**-**	**61**	**606**	**139**	**195**	**1,001**
Hotel operating liabilities	**(33)**	**(47)**	**(14)**	**(34)**	**(21)**	**(69)**	**(11)**	**(229)**
REIT operating liabilities	**-**	**-**	**-**	**(2)**	**(9)**	**(2)**	**(8)**	**(21)**
Investment in joint ventures and associates	**-**	**-**	**-**	**-**	**-**	**159**	**-**	**159**
Total hotel operating net assets	**641**	**318**	**488**	**260**	**597**	**918**	**363**	**3,585**
Property operating assets	**-**	**43**	**-**	**-**	**85**	**176**	**94**	**398**
Property operating liabilities	**-**	**(1)**	**-**	**-**	**(5)**	**(3)**	**(3)**	**(12)**
Investment in joint ventures and associates	**-**	**-**	**-**	**20**	**-**	**141**	**-**	**161**
Total property operating net assets	**-**	**42**	**-**	**20**	**80**	**314**	**91**	**547**
Deferred tax liabilities								**(220)**
Income taxes payable								**(35)**
Net cash								**(707)**
Net assets								**3,170**

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
Total hotel operating net assets	516	262	471	281	515	776	287	3,108
Property operating assets	-	33	-	-	75	135	81	324
Property operating liabilities	-	(1)	-	-	(7)	(3)	(4)	(15)
Investment in joint ventures and associates	-	-	-	-	-	143	-	143
Total property operating net assets	-	32	-	-	68	275	77	452
Deferred tax liabilities								(210)
Income taxes payable								(33)
Net cash								(605)
Net assets								2,712

Notes to the consolidated financial statements

4. Other operating income and expense

	Notes	Full Year 2016 £m	Full Year 2015 £m
Revaluation gain/(deficit) of investment properties	(a)		
- REIT properties (Note 1)		(27)	3
- Millennium Mitsui Garden Hotel Tokyo		8	32
- Biltmore Court & Tower		3	(1)
- Tanglin Shopping Centre		(4)	(1)
Impairment of property, plant & equipment	(b)	(24)	(76)
		(44)	(43)
Gain on insurance claim	(c)	2	-
		(42)	(43)

Note 1: Including impairment loss relating to a REIT property classified as property, plant & equipment of £4m (2015: £1m).

(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 for the year ended 31 December 2016 was £24m (2015: £76m) consisting of £15m in New York, £5m in Rest of Europe, £2m in Rest of Asia and £2m for Regional US. For 2015, a total impairment charge of £76m was recognised in relation to £23m in New York, £15m in Rest of Europe, £37m in Rest of Asia and £1m for New Zealand.

(c) Gain on insurance claim
In May 2016, a settlement was reached with the insurers in relation to Millennium Hotel Christchurch which was one of the hotels affected by the 2011 New Zealand earthquake. A gain of £2m in respect of material damage claim relating to fixtures, fittings and equipment was recognised by the Group in the first half of 2016. The lease for this property has expired and this 2016 settlement is the last insurance claim relating to the Christchurch earthquake damage.

5. Income tax expense

For the year ended 31 December 2016, the Group recorded a tax expense of £10m (2015: £12m) excluding the tax relating to joint ventures and associates, giving rise to an effective tax rate of 12.2% (2015: 12.9%). 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 15.4% (2015: 18.4%).

For the year ended 31 December 2016, a tax charge of £3m (2015: £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:

	Unaudited Fourth Quarter 2016	Unaudited Fourth Quarter 2015	**Full Year 2016**	Full Year 2015
(a) Basic				
Profit for the year attributable to holders of the parent (£m)	**19**	5	**78**	65
Weighted average number of shares in issue (m)	**325**	325	**325**	325
Basic earnings per share (pence)	**5.8**	1.4	**24.0**	19.9
(b) Diluted				
Profit for the year attributable to holders of the parent (£m)	**19**	5	**78**	65
Weighted average number of shares in issue (m)	**325**	325	**325**	325
Potentially dilutive share options under the Group's share option schemes (m)	**-**	-	**-**	1
Weighted average number of shares in issue (diluted) (m)	**325**	325	**325**	326
Diluted earnings per share (pence)	**5.8**	1.4	**24.0**	19.8

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 64.9% (2015: 65.3%) of the Company's shares via City Developments Limited ("CDL"), the intermediate holding company of the Company. During the year ended 31 December 2016, 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 2016, £4m (2015: £3m) of cash was deposited with Hong Leong Finance Limited.

Fees paid/payable by the Group to CDL and its other subsidiaries were £2m (2015: £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 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. In 2016, CES ceased to be a subsidiary of CDL.

Transactions with joint venture

City Hotels Pte. Ltd, a 100% subsidiary of the Group, provided a shareholder loan facility of 550m Thai Baht (£12m) to Fena Estate Company Limited ("Fena"), its 50% owned joint venture. At 31 December 2016 and 2015 all of this facility was fully drawn. The loan attracts interest of 4.5% (2015: 4.5%) per annum. This interest was rolled up into the carrying value of the loan. The total loan outstanding as at 31 December 2016, including rolled up interest, was 779m Thai Baht (£18m) (2015: 754m 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 2016 which are contracted but not yet provided for in the financial statements amount to £37m (2015: £44m). 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 except for those stated below:

In February 2017 a subsidiary of the Group acquired the tenant's interest in the lease on the penthouse floor of the Novotel New York Times Square for a gross purchase price of US$6m. The lease has a term ending in 2080. The Group acquired the hotel, subject to the penthouse lease, in June 2014.

APPENDIX 1: KEY OPERATING STATISTICS
for the year ended 31 December 2016

Owned or leased hotels*	**Year ended 2016 Reported currency**	Year ended 2015 Constant currency	Year ended 2015 Reported currency
Occupancy (%)			
New York	**77.9**		82.1
Regional US	**58.6**		58.2
Total US	**65.0**		66.1
London	**81.9**		80.2
Rest of Europe	**72.2**		72.7
Total Europe	**77.1**		76.5
Singapore	**84.2**		87.1
Rest of Asia	**65.4**		64.5
Total Asia	**72.7**		73.2
Australasia	**81.3**		77.1
Total Group	**71.8**		71.8
Average Room Rate (£)			
New York	**186.85**	196.69	173.99
Regional US	**98.12**	94.96	84.00
Total US	**133.18**	136.60	120.84
London	**130.83**	135.51	135.51
Rest of Europe	**72.86**	73.58	70.96
Total Europe	**104.04**	106.93	105.72
Singapore	**95.22**	102.48	91.67
Rest of Asia	**92.66**	92.32	84.31
Total Asia	**93.81**	97.00	87.70
Australasia	**71.84**	62.64	56.18
Total Group	**106.78**	109.26	100.19
RevPAR (£)			
New York	**145.64**	161.57	142.92
Regional US	**57.49**	55.30	48.92
Total US	**86.52**	90.31	79.89
London	**107.18**	108.68	108.68
Rest of Europe	**52.61**	53.47	51.56
Total Europe	**80.24**	81.84	80.92
Singapore	**80.21**	89.26	79.85
Rest of Asia	**60.63**	59.52	54.35
Total Asia	**68.21**	71.03	64.23
Australasia	**58.40**	48.32	43.33
Total Group	**76.71**	78.49	71.98
Gross Operating Profit Margin (%)			
New York	**15.9**		23.9
Regional US	**20.9**		21.2
Total US	**18.4**		22.7
London	**49.8**		50.8
Rest of Europe	**19.1**		26.7
Total Europe	**37.8**		41.7
Singapore	**40.8**		44.3
Rest of Asia	**34.0**		33.1
Total Asia	**37.0**		38.1
Australasia	**46.5**		42.5
Total Group	**31.6**		34.1

For comparability, the 31 December 2015 Average Room Rate and RevPAR have been translated at average exchange rates for the period ended 31 December 2016.

** excluding managed, franchised and investment hotels.*

APPENDIX 2: KEY OPERATING STATISTICS
for the quarter ended 31 December 2016

Owned or leased hotels*	**Fourth Quarter 2016 Reported Currency**	Fourth Quarter 2015 Constant currency	Fourth Quarter 2015 Reported currency
Occupancy (%)			
New York	**87.2**		81.6
Regional US	**51.1**		49.4
Total US	**63.0**		60.0
London	**84.3**		79.1
Rest of Europe	**70.3**		68.1
Total Europe	**77.4**		73.7
Singapore	**82.4**		85.9
Rest of Asia	**69.3**		71.3
Total Asia	**74.4**		77.0
Australasia	**85.7**		84.2
Total Group	**72.3**		70.7
Average Room Rate (£)			
New York	**219.35**	229.28	191.40
Regional US	**104.87**	105.93	86.76
Total US	**157.06**	161.23	133.67
London	**133.84**	141.07	141.07
Rest of Europe	**74.54**	78.69	74.45
Total Europe	**107.25**	112.61	110.67
Singapore	**99.50**	108.21	90.40
Rest of Asia	**99.30**	99.31	84.26
Total Asia	**99.38**	103.15	86.91
Australasia	**86.15**	71.02	57.71
Total Group	**117.20**	119.90	104.13
RevPAR (£)			
New York	**191.24**	187.15	156.24
Regional US	**53.58**	52.29	42.82
Total US	**98.90**	96.72	80.19
London	**112.82**	111.62	111.62
Rest of Europe	**52.42**	53.60	50.71
Total Europe	**83.00**	82.98	81.56
Singapore	**82.03**	92.91	77.62
Rest of Asia	**68.81**	70.85	60.11
Total Asia	**73.93**	79.38	66.89
Australasia	**73.87**	59.82	48.02
Total Group	**84.79**	84.80	73.64
Gross Operating Profit Margin (%)			
New York	**24.2**		29.0
Regional US	**15.7**		18.3
Total US	**20.6**		24.5
London	**47.7**		50.8
Rest of Europe	**8.4**		27.4
Total Europe	**32.4**		41.3
Singapore	**40.2**		44.4
Rest of Asia	**36.8**		41.1
Total Asia	**38.2**		42.5
Australasia	**52.5**		45.7
Total Group	**32.2**		36.6

For comparability, the 31 December 2015 Average Room Rate and RevPAR have been translated at average exchange rates for the period ended 31 December 2016.

** excluding managed, franchised and investment hotels.*

APPENDIX 3: HOTEL ROOM COUNT AND PIPELINE
as at 31 December 2016

Hotel and room count	Hotels **31 December 2016**	Hotels 31 December 2015	Hotels Change	Rooms **31 December 2016**	Rooms 31 December 2015	Rooms Change
Analysed by region:						
New York	**4**	4	-	**2,238**	2,238	-
Regional US	**15**	15	-	**4,559**	4,463	96
London	**8**	8	-	**2,651**	2,651	-
Rest of Europe	**19**	18	1	**3,081**	2,867	214
Middle East	**26**	22	4	**7,805**	6,450	1,355
Singapore	**7**	6	1	**3,011**	2,716	295
Rest of Asia	**27**	26	1	**10,036**	9,430	606
Australasia	**25**	27	(2)	**3,641**	3,903	(262)
Total	**131**	126	5	**37,022**	34,718	2,304
Analysed by ownership type:						
Owned or Leased	**66**	65	1	**19,534**	18,984	550
Managed	**42**	37	5	**11,924**	10,212	1,712
Franchised	**7**	8	(1)	**1,091**	1,206	(115)
Investment	**16**	16	-	**4,473**	4,316	157
Total	**131**	126	5	**37,022**	34,718	2,304
Analysed by brand:						
Grand Millennium	**9**	8	1	**3,732**	3,277	455
Millennium	**49**	48	1	**15,960**	15,657	303
Copthorne	**35**	34	1	**6,944**	6,804	140
Kingsgate	**7**	9	(2)	**671**	933	(262)
Other M&C	**12**	9	3	**3,617**	2,431	1,186
Third Party	**19**	18	1	**6,098**	5,616	482
Total	**131**	126	5	**37,022**	34,718	2,304

Pipeline	Hotels **31 December 2016**	Hotels 31 December 2015	Hotels Change	Rooms **31 December 2016**	Rooms 31 December 2015	Rooms Change
Analysed by region:						
Middle East	**17**	16	1	**5,465**	4,663	802
Asia	**4**	3	1	**1,608**	1,674	(66)
Regional US	**1**	1	-	**263**	263	-
Rest of Europe	**1**	-	1	**153**	-	153
Total	**23**	20	3	**7,489**	6,600	889
Analysed by ownership type:						
Managed	**21**	18	3	**6,684**	5,830	854
Owned	**2**	2	-	**805**	770	35
Total	**23**	20	3	**7,489**	6,600	889
Analysed by brand:						
Grand Millennium	**2**	2	-	**847**	887	(40)
Millennium	**11**	10	1	**3,079**	3,140	(61)
Copthorne	**2**	2	-	**666**	307	359
Kingsgate	**2**	2	-	**559**	559	-
Other M&C	**6**	4	2	**2,338**	1,707	631
Total	**23**	20	3	**7,489**	6,600	889

The Group’s worldwide pipeline comprises 23 hotels offering 7,489 rooms, which are mainly management contracts.