


Miscellaneous	
* Asterisks denote mandatory information	
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Announcement is submitted with respect to *	CITY DEVELOPMENTS LIMITED
Announcement is submitted by *	Enid Ling Peek Fong
Designation *	Company Secretary
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>> Announcement Details	
The details of the announcement start here ...	
Announcement Title *	Announcement by Subsidiary Company, Millennium & Copthorne Hotels plc on Third Quarter and Nine Months Results to 30 September 2007
Description	We attach herewith the third quarter and nine months results announcement for the period ended 30 September 2007 issued by Millennium & Copthorne Hotels plc on 7 November 2007.
Attachments:	 MCRResults.pdf Total size = 847K (2048K size limit recommended)

**MILLENNIUM & COPTHORNE HOTELS PLC**  
**THIRD QUARTER AND NINE MONTHS RESULTS TO 30 SEPTEMBER 2007**

7 November 2007

Millennium & Copthorne Hotels plc today announces its third quarter and nine months results to 30 September 2007. The Group has a portfolio of 111 hotels located in the Americas, Europe, Middle-East, Asia and New Zealand.

**Third quarter highlights**

- Revenue up 6.0% to £160.6m<sup>1</sup>
- Hotel operating profit up 27.5% to £34.8m<sup>1</sup>
- Headline operating profit up 17.1% to £34.3m (2006: £29.3m)<sup>2</sup>
- Headline profit before tax up 24.1% to £28.8m (2006: £23.2m)<sup>2</sup>
- Headline earnings per share up 48.8% to 6.4p (2006: 4.3p)<sup>3</sup>
- Group RevPAR up by 9.6%<sup>1</sup>

**Nine months highlights**

- Revenue up 7.9% to £483.0m<sup>1</sup>
- Hotel operating profit up 24.6% to £93.7m<sup>1</sup>
- Headline operating profit up 20.5% to £98.0m (2006: £81.3m)<sup>2</sup>
- Headline profit before tax up 39.5% to £82.3m (2006: £59.0m)<sup>2</sup>
- Headline earnings per share up 57.3% to 19.5p (2006: 12.4p)<sup>3</sup>
- Group RevPAR up by 9.1%<sup>1</sup>

<sup>1</sup> At constant rates of exchange (September 2007 exchange rates)

<sup>2</sup> Adjusted to exclude other operating income

<sup>3</sup> Adjusted to exclude other operating income (net of tax) and effect of change in UK tax legislation to remove claw back on hotel tax allowances

**Commenting today, Mr Kwek Leng Beng, Chairman said:**

"Our strong performance in the first half has continued into the third quarter through our strategy of actively maximizing yield management. Revenue growth has largely been driven by our hotels in London, New York and Asia and management has successfully generated strong profit contribution across the portfolio. The fourth quarter has begun well with RevPAR up by 10.5% in the first 4 weeks of October. The Group's balance sheet and cash flows remain strong, placing us in a position to take advantage of any opportunities that arise.

Drawing on his long association with the Group since the IPO in 1996 and his experience as Executive Director since 2001, the Interim CEO Wong Hong Ren is conducting a comprehensive review of the Group's management structures and systems. The search for the CEO will be exhaustive so that the right candidate when appointed will have the opportunity to implement the recommendations arising from this review. In this way the new CEO will be well placed to move the Company forward to the next stage quickly and effectively. In the meantime the Company remains on course to meet its projected targets for the next quarter."

**Enquiries:**

Wong Hong Ren, Interim Group Chief Executive  
Robin Lee, Senior Vice President Finance  
Alan Chapman, Group Financial Reporting Manager  
Millennium & Copthorne Hotels plc

+44 (0) 20 7872 2444

Ben Foster  
Financial Dynamics

+44 (0) 20 7831 3113

FINANCIAL AND OPERATING HIGHLIGHTS

	Third quarter ended 30 September		Nine months ended 30 September	
	2007 £m	2006 £m	2007 £m	2006 £m
<b>Financial information</b>				
Revenue	160.6	156.1	483.0	468.8
Operating profit	41.0	38.4	103.4	88.0
Profit before tax	37.8	33.3	93.0	69.4
Profit for the period	28.9	27.0	87.3	54.9
Basic earnings per share (pence)	9.4p	8.9p	27.4p	17.1p
<b>Performance reporting</b>				
Hotel operating profit	34.8	28.0	93.7	78.2
Headline operating profit	34.3	29.3	98.0	81.3
Headline profit before tax	28.8	23.2	82.3	59.0
Headline earnings per share (pence)	6.4p	4.3p	19.5p	12.4p
Net debt			247.6	296.4
Gearing (%)			18.6%	24.0%
<b>Operational</b>				
RevPAR growth at constant rates of exchange*	9.6%	9.8%	9.1%	8.3%
Occupancy movement	(0.6%)	2.1%	(0.3%)	1.8%
Average room rate growth at constant rates of exchange*	10.4%	7.5%	9.4%	6.4%
Hotel revenue growth at constant rates of exchange*	7.5%	7.4%	9.4%	4.6%
Hotel operating profit growth at constant rates of exchange*	27.5%	11.9%	24.6%	10.3%

\* At constant rates of exchange (September 2007 exchange rates)

**Third quarter overview**

For the third quarter to 30 September 2007, the Group recorded a pre tax profit of £37.8m (2006: £33.3m). Hotel operating profit increased by £6.8m to £34.8m (2006: £28.0m). Headline profit before tax increased by £5.6m to £28.8m (2006: £23.2m). Basic earnings per share increased by 5.6% to 9.4p (2006: 8.9p). Headline earnings per share increased by 48.8% to 6.4p (2006: 4.3p).

**SUMMARY OF NINE MONTHS PERFORMANCE**

For the nine months to 30 September 2007, the Group recorded a pre tax profit of £93.0m (2006: £69.4m). Hotel operating profit increased by £15.5m to £93.7m (2006: £78.2m). Headline profit before tax increased by £23.3m to £82.3m (2006: £59.0m)

Group RevPAR increased by 9.1% to £51.88 at constant rates of exchange. Average room rates grew by 9.4% to £69.83 while occupancy fell by 0.2 percentage point to 74.3%. At constant rates of exchange, total hotel revenues increased by £40.4m and hotel operating profit by £18.8m to £93.7m.

CDL Hospitality Trust's (CDLHT), the REIT in which the Group holds a 38.53% stake, has continued its success and contributed £4.6m to the Group's share of operating profit before other income of joint ventures and associates. In addition, the Group recorded £7.3m for the period being its share of the revaluation surplus on CDLHT's investment properties.

Other operating income of the Group of £3.4m (2006: £10.4m) comprises (i) a £2.0m dilution gain arising on the investment in CDLHT following the Group's subscription to a rights issues of shares at discount together and non-participation in a S\$32.8m (£10.6m) private placement issue, the effect of which marginally diluted the Group's interest in CDLHT which at 30 September 2007 was 38.53%, (ii) a profit of £0.4m on the disposal of stapled securities in CDLHT and, (iii) following protracted negotiations, the release of a £1.0m property tax provision in the US set aside on the acquisition of Regal hotels in 1999.

On 27 September 2007, the Group announced that its subsidiary company Millennium & Copthorne Hotels New Zealand Limited ('MCHNZ') had entered into a strategic cooperation agreement to invest in a joint venture with a Chinese property developer Guangdong Idea valley Group Co., Ltd. MCHNZ to contribute approximately US\$32.5m (£16.1m).

## **Taxation**

Excluding the tax relating to joint ventures and associates, the Group has recorded a tax expense of £5.7m (2006: £14.5m). This reduced tax expense is primarily attributable to the deferred tax impact of a change in UK tax legislation in respect of the removal of claw back on hotel tax allowances, resulting in an estimated attributed £12.8m tax credit, and also includes a £4.8m credit in respect of the impact of reduced tax rates applied to brought forward net deferred tax liabilities.

Excluding the impact of the tax credit adjustments arising from changes in tax legislation and tax rates, the underlying income tax expense for the period is calculated by applying an estimated average annual effective tax rate, in this case of 30.0%, to profit before tax for the period excluding the Group's share of joint ventures and associates profits.

A tax charge of £0.9m (2006: £0.8m) relating to joint ventures and associates is included in the reported profit before tax.

## **Earnings per share**

Growth in profit before tax combined with a reduced tax expense of £5.7m resulted in basic earnings per share increasing by 60.2% to 27.4p (2006: 17.1p). Headline earnings per share increased by 57.3% to 19.5p (2006: 12.4p). The reduced tax expense is primarily attributable to a change in UK tax legislation in respect of the removal of claw back on hotel tax allowances.

## **PERFORMANCE BY REGION**

### **UNITED STATES**

#### **New York**

The emphasis on driving rate remains in New York and has been very successful at the Millennium UN Plaza whose business performance has improved greatly. As a result, the improvements seen in the first half have continued. Average rates increased by 14.1% to £141.59 (2006: £124.08). The net result was a 13.6% increase in RevPAR to £121.63 (2006: £107.08). This was the highest of our six main geographic segments for the year to date. The resultant impact of this was to drive gross operating profit margins up 3.6 percentage points to 37.4% (2006: 33.8%).

#### **Regional US**

RevPAR increased by 7.0% to £34.64 (2006: £32.38). This was driven by a 7.5% increase in average room rates to £50.57 (2006: £47.06) offset by a 0.3 percentage points fall in occupancy to 68.5% (2006: 68.8%). The top five Millennium properties had RevPAR growth of between 12% and 18%, with three of these properties managing to increase occupancy in addition to rate.

### **EUROPE**

#### **London**

RevPAR increased by 10.6% to £80.77 (2006: £73.01) through a combination of strong demand and good management. Average rates improved by 13.6% to £94.69 (2006: £83.34 with an overall 2.3 percentage point fall in occupancy to 85.3%. The Millennium Gloucester, on the back of a 142 room refurbishment in the first four months of 2006, continues to produce the highest growth amongst our London properties.

#### **Rest of Europe**

RevPAR increased by 1.8% to £52.84 (2006: £51.91) driven by rate growth of 3.5% from £70.53 to £72.99 and occupancy levels which fell from 73.6% to 72.4%.

#### *Regional UK*

RevPAR increased 5.0% to £56.32 driven by a 0.7 percentage point increase in occupancy to 78.2% (2006: 77.5%) and a 4.0% increase in rate to £72.02 (2006: £69.22). The strongest growth remains in Glasgow & Aberdeen whilst our two Gatwick properties also grew RevPAR by more than 10%.

#### *France & Germany*

Our presence in these two countries remains limited to four hotels. RevPAR fell by 3.7% to £47.28. This year started with a weak set of results in our two German properties which has continued throughout the period. As a result, we have sold 10.8% fewer rooms which, when combined with a small fall in rate, has resulted in a RevPAR decrease of 12.0%. A new general manager at Hannover hotel has been appointed recently and we expect the business performance to improve in the medium term. Our two French properties showed a 4.2% increase in RevPAR.

### **ASIA**

RevPAR increased by 12.5% to £47.15 (2006: £41.90) driven by an 11.1% increase in average room rates to £61.80 (2006: £55.65) and 1.0 percentage point occupancy growth to 76.3%.

#### *Singapore*

The Grand Copthorne Waterfront is now included in the statistics for this region and strong growth continues in this buoyant market. On a like-for-like basis, RevPAR increased 29.0% to £51.80 (2006: £40.14) driven by a 4.8 percentage points increase in occupancy to 86.8% and a 21.9% growth in average room rates to £59.68 (2006: £48.95).

#### *Rest of Asia*

RevPAR figures in the rest of Asia have been impacted by the refurbishment of all functional areas and related closure of rooms at the Millennium Kuala Lumpur. RevPAR increased by 1.7% to £43.65 (2006: £42.93). On a like-for-like basis excluding the Millennium Kuala Lumpur, RevPAR increased by 6.8% to £47.84 (2006: £44.81). There was positive growth in the remaining property portfolio within Asia, with credible performances in Seoul, Jakarta, Manila and Penang. The Millennium Seoul Hilton now benefits from the addition of a state run Casino.

#### **AUSTRALASIA**

In New Zealand, where we operate under the Millennium, Copthorne and Kingsgate brands, RevPAR increased by 2.5%. Occupancy was flat at 68.2% (2006: 68.1%) and average rate increased by 2.4% to £41.66 (2006: £40.69). The Oriental Bay has been undergoing a major refurbishment and has now been re-branded as a Copthorne and operations at the Kingsgate Greenlane ceased when its lease expired in April 2007.

In Sydney, seven Zenith apartments have been sold during the first two quarters for a profit of £0.7m.

#### **REVIEW AND OUTLOOK**

Our strong performance in the first half has continued into the third quarter through our strategy of actively maximizing yield management. Revenue growth has largely been driven by our hotels in London, New York and Asia and management has successfully generated strong profit contribution across the portfolio. The fourth quarter has begun well with RevPAR up by 10.5% in the first 4 weeks of October. The Group's balance sheet and cash flows remain strong, placing us in a position to take advantage of any opportunities that arise.

Drawing on his long association with the Group since the IPO in 1996 and his experience as Executive Director since 2001, the Interim CEO Wong Hong Ren is conducting a comprehensive review of the Group's management structures and systems. The search for the CEO will be exhaustive so that the right candidate when appointed will have the opportunity to implement the recommendations arising from this review. In this way the new CEO will be well placed to move the Company forward to the next stage quickly and effectively. In the meantime the Company remains on course to meet its projected targets for the next quarter.

**Kwek Leng Beng**  
Chairman  
6 November 2007

**Consolidated income statement (unaudited)  
for the nine months ended 30 September 2007**

	Notes	Nine months ended 30 September 2007 £m	Nine months ended 30 September 2006 £m	Year ended 31 December 2006 £m
Revenue	2	483.0	468.8	646.3
Cost of sales		(201.1)	(204.7)	(277.4)
<b>Gross profit</b>		<b>281.9</b>	264.1	368.9
Administrative expenses		(197.2)	(191.2)	(261.5)
Other operating income	3	3.4	10.4	21.6
		<b>88.1</b>	83.3	129.0
Share of profit of joint ventures and associates		15.3	4.7	25.2
Analysed between share of:				
<b>Operating profit before other income</b>		<b>13.3</b>	8.4	13.8
Other operating income		7.3	-	17.7
Interest, tax and minority interests	4	(5.3)	(3.7)	(6.3)
<b>Operating profit</b>		<b>103.4</b>	88.0	154.2
Analysed between:				
<b>Headline operating profit</b>	2	<b>98.0</b>	81.3	124.7
Other operating income - Group	3	3.4	10.4	21.6
Other operating income - Share of joint ventures and associates		7.3	-	17.7
Impairment		-	-	(3.5)
Share of interest, tax and minority interests of joint ventures and associates		(5.3)	(3.7)	(6.3)
Finance income		7.0	4.0	5.8
Finance expense		(17.4)	(22.6)	(29.8)
<b>Profit before tax</b>		<b>93.0</b>	69.4	130.2
Income tax expense	5	(5.7)	(14.5)	(22.1)
<b>Profit for the period</b>		<b>87.3</b>	54.9	108.1
Attributable to:				
Equity holders of the parent		80.5	49.6	100.1
Minority interests		6.8	5.3	8.0
		<b>87.3</b>	54.9	108.1
Basic earnings per share (pence)	6	27.4	17.1	34.5
Diluted earnings per share (pence)	6	27.3	17.1	34.4

The financial results above all derive from continuing activities.

**Consolidated statement of recognised income and expense (unaudited)  
for the nine months ended 30 September 2007**

	<b>Nine months ended 30 September 2007 £m</b>	Nine months ended 30 September 2006 £m	Year ended 31 December 2006 £m
Foreign exchange translation differences	(8.3)	(63.8)	(84.2)
Share of associates other reserve movements	-	-	(2.3)
Actuarial losses arising in respect of defined benefit pension schemes	(2.3)	-	(1.4)
Taxation credit arising on defined benefit pension schemes	0.7	-	0.4
Taxation credit arising in respect of previously revalued property	2.4	-	2.2
<b>Income and expense recognised directly in equity</b>	<b>(7.5)</b>	<b>(63.8)</b>	<b>(85.3)</b>
Profit for the period	87.3	54.9	108.1
<b>Total recognised income and expense for the period</b>	<b>79.8</b>	<b>(8.9)</b>	<b>22.8</b>
Attributable to:			
Equity holders of the parent	68.9	(3.5)	25.1
Minority interests	10.9	(5.4)	(2.3)
<b>Total recognised income and expense for the period</b>	<b>79.8</b>	<b>(8.9)</b>	<b>22.8</b>

**Consolidated balance sheet (unaudited)  
as at 30 September 2007**

	Notes	As at 30 September 2007 £m	As at 30 September 2006 £m	As at 31 December 2006 £m
<b>Non-current assets</b>				
Property, plant and equipment		1,609.0	1,649.1	1,612.4
Lease premium prepayment		73.6	74.5	74.6
Investment properties		48.7	45.0	49.6
Investments in joint ventures and associates		181.0	97.5	115.5
Loans due from joint ventures and associates		5.1	25.6	26.5
Other financial assets		4.7	2.5	3.2
		<b>1,922.1</b>	<b>1,894.2</b>	<b>1,881.8</b>
<b>Current assets</b>				
Inventories		4.4	4.3	4.6
Development properties		72.5	63.8	68.6
Lease premium prepayment		1.2	1.5	1.3
Trade and other receivables		66.4	66.2	57.8
Other financial assets		6.3	5.5	7.2
Cash and cash equivalents		169.7	134.6	162.3
		<b>320.5</b>	<b>275.9</b>	<b>301.8</b>
<b>Total assets</b>		<b>2,242.6</b>	<b>2,170.1</b>	<b>2,183.6</b>
<b>Non-current liabilities</b>				
Interest-bearing loans, bonds and borrowings		(266.8)	(368.6)	(283.1)
Employee benefits		(16.4)	(16.0)	(15.0)
Provisions		(1.1)	(1.4)	(1.3)
Other non-current liabilities		(6.4)	(6.9)	(6.8)
Deferred tax liabilities		(209.3)	(228.3)	(224.6)
		<b>(500.0)</b>	<b>(621.2)</b>	<b>(530.8)</b>
<b>Current liabilities</b>				
Interest-bearing loans, bonds and borrowings		(150.5)	(62.4)	(139.6)
Trade and other payables		(110.0)	(115.9)	(102.6)
Provisions		(0.4)	(0.4)	(0.4)
Income taxes payable		(20.4)	(14.5)	(18.1)
		<b>(281.3)</b>	<b>(193.2)</b>	<b>(260.7)</b>
<b>Total liabilities</b>		<b>(781.3)</b>	<b>(814.4)</b>	<b>(791.5)</b>
<b>Net assets</b>		<b>1,461.3</b>	<b>1,355.7</b>	<b>1,392.1</b>
<b>Equity</b>				
Total equity attributable to equity holders of the parent		1,329.6	1,235.8	1,269.1
Minority interests		131.7	119.9	123.0
<b>Total equity</b>	8	<b>1,461.3</b>	<b>1,355.7</b>	<b>1,392.1</b>



**Consolidated statement of cash flows (unaudited)  
for the nine months ended 30 September 2007**

	Nine months ended 30 September 2007 £m	Nine months ended 30 September 2006 £m	Year ended 31 December 2006 £m
<b>Cash flows from operating activities</b>			
Profit for the period	87.3	54.9	108.1
<i>Adjustments for:</i>			
Depreciation and amortisation	21.4	26.6	34.5
Share of profit of joint ventures and associates	(15.3)	(4.7)	(25.2)
Impairment losses for property, plant and equipment	-	-	3.5
Profit on sale of property, plant and equipment	-	(10.4)	(11.2)
Release of property tax provision	(1.0)	-	-
Gain on dilution of investment in associates	(2.0)	-	-
Profit on sale of stapled securities in associates	(0.4)	-	-
Revaluation of investment properties	-	-	(4.9)
Employee stock options	0.6	0.5	0.6
Finance income	(7.0)	(4.0)	(5.8)
Finance expense	17.4	22.6	29.8
Income tax expense	5.7	14.5	22.1
<b>Operating profit before changes in working capital and provisions</b>	<b>106.7</b>	<b>100.0</b>	<b>151.5</b>
Increase in inventories, trade and other receivables	(9.8)	(21.9)	(5.1)
(Increase)/decrease in development properties	(5.3)	3.5	(2.5)
Increase in trade and other payables	7.0	13.5	0.9
Increase/(decrease) in provisions and employee benefits	1.2	(0.2)	(0.3)
<b>Cash generated from operations</b>	<b>99.8</b>	<b>94.9</b>	<b>144.5</b>
Interest paid	(15.5)	(24.6)	(28.9)
Interest received	6.3	9.2	7.8
Income taxes paid	(11.4)	(13.9)	(16.3)
<b>Net cash from operating activities</b>	<b>79.2</b>	<b>65.6</b>	<b>107.1</b>
<b>Cash flows from investing activities</b>			
Proceeds from sale of property, plant and equipment and investment properties	0.1	210.8	210.8
Investment in financial assets	(2.7)	(1.4)	(3.1)
Proceeds from disposal of joint venture	-	4.1	4.0
Proceeds from the sale of stapled securities in associates	1.3	-	-
Dividends received from associates	6.6	-	-
Increase in investment in joint ventures and associates	(34.9)	(78.0)	(81.3)
Acquisition of property, plant and equipment	(36.9)	(29.8)	(34.6)
<b>Net cash flow (used in)/from investing activities</b>	<b>(66.5)</b>	<b>105.7</b>	<b>95.8</b>
<b>Balance carried forward</b>	<b>12.7</b>	<b>171.3</b>	<b>202.9</b>

**Consolidated statement of cash flows (unaudited) (continued)  
for the nine months ended 30 September 2007**

	Nine months ended 30 September 2007 £m	Nine months ended 30 September 2006 £m	Year ended 31 December 2006 £m
<b>Balance brought forward</b>	<b>12.7</b>	<b>171.3</b>	<b>202.9</b>
<b>Cash flows from financing activities</b>			
Proceeds from the issue of share capital	1.4	1.8	2.2
Repayment of borrowings	(169.5)	(203.9)	(205.0)
Drawdown of borrowings	172.8	80.7	79.7
Payment of finance lease obligations	(2.1)	(2.0)	(2.0)
Loan arrangement fees	(0.1)	(0.6)	(0.6)
Dividends paid to minorities	(2.2)	(2.2)	(2.2)
Dividends paid to equity holders of the parent	(7.6)	(7.3)	(9.1)
<b>Net cash used in financing activities</b>	<b>(7.3)</b>	<b>(133.5)</b>	<b>(137.0)</b>
<b>Net increase in cash and cash equivalents</b>	<b>5.4</b>	<b>37.8</b>	<b>65.9</b>
Cash and cash equivalents at beginning of period	161.5	103.7	103.7
Effect of exchange rate fluctuations on cash held	2.4	(7.5)	(8.1)
<b>Cash and cash equivalents at end of the period</b>	<b>169.3</b>	<b>134.0</b>	<b>161.5</b>
<b>Reconciliation of cash and cash equivalents</b>			
Cash and cash equivalents shown in the balance sheet	169.7	134.6	162.3
Overdraft bank accounts included in borrowings	(0.4)	(0.6)	(0.8)
<b>Cash and cash equivalents for cash flow statement purposes</b>	<b>169.3</b>	<b>134.0</b>	<b>161.5</b>

## **Notes to the nine months results announcement (unaudited)**

### **1. General information**

#### **Basis of preparation**

The third quarter and nine months results for Millennium & Copthorne Hotels plc ('the Company') to 30 September 2007 comprise the Company and its subsidiaries (together referred to as 'the Group') and the Group's interests in jointly controlled and associate entities.

These results comprise primary statements and selected notes and represent the unaudited consolidated financial results of the Group for the nine months ended 30 September 2007 and 2006 together with the audited results for the year ended 31 December 2006. These nine month results do not comprise statutory accounts within the meaning of Section 240 of the Companies Act 1985.

The comparative figures for the financial year ended 31 December 2006 have been extracted from the Group's statutory accounts for that financial year but do not constitute those accounts. Those accounts have been reported on by the Company's auditors and (i) were 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 237(2) or (3) of the Companies Act 1985. The consolidated financial statements of the Group for the financial year ended 31 December 2006 are available from the Company's website [www.millenniumhotels.com](http://www.millenniumhotels.com).

The nine months results has been prepared applying the accounting policies and presentation that were applied in the preparation of the Group's published consolidated financial statements for the year ended 31 December 2006.

The nine months results were approved by the Board of Directors on 6 November 2007.

#### **Use of adjusted measures**

A number of measures quoted in this nine months results announcement are 'non-GAAP' measures. The directors believe these measures provide a more meaningful analysis of trading results of the Group and are consistent with the way financial performance is measured by management. These include hotel operating profit, headline operating profit, headline profit before tax, headline earnings per share, net debt and free cash flow. These measures are used for internal performance analysis and are useful in connection with discussion with the investment analyst community. They are not defined by Adopted IFRSs and therefore may not be directly comparable with other companies' adjusted performance measures. It is not intended to be a substitute for, or superior to Adopted IFRSs performance measures.

The adjustments made to reported profit before tax are:

- Fair value adjustments of investment property
- Business interruption insurance proceeds
- Gains/losses on disposal of property and investments
- Release of property tax provision set aside on the acquisition of Regal hotels in 1999
- Impairment
- Share of other operating income, impairment, interest, tax and minority interests of joint ventures and associates

## Notes to the nine months results announcement (unaudited)

### 2. Segmental analysis

The following segmental analysis is not intended to be a full statutory disclosure.

Revenue	Nine months ended 30 September 2007							Central costs £m	Total Group £m
	New York £m	Regional US £m	London £m	Rest of Europe £m	Asia £m	Australasia £m			
Hotel	74.5	84.6	66.6	70.4	141.2	32.6	-	469.9	
Property operations	-	1.3	-	-	1.1	10.7	-	13.1	
<b>Total</b>	<b>74.5</b>	<b>85.9</b>	<b>66.6</b>	<b>70.4</b>	<b>142.3</b>	<b>43.3</b>	<b>-</b>	<b>483.0</b>	
Hotel gross operating profit	27.9	21.1	33.2	21.4	58.8	13.3	-	175.7	
Hotel fixed charges*	(11.4)	(13.2)	(11.1)	(11.9)	(28.0)	(6.4)	-	(82.0)	
Hotel operating profit	16.5	7.9	22.1	9.5	30.8	6.9	-	93.7	
Property operations operating profit	-	(0.1)	-	-	0.5	4.4	-	4.8	
Central costs	-	-	-	-	-	-	(13.8)	(13.8)	
Share of joint ventures and associates operating profit	-	-	-	-	13.3	-	-	13.3	
<b>Headline operating profit</b>	<b>16.5</b>	<b>7.8</b>	<b>22.1</b>	<b>9.5</b>	<b>44.6</b>	<b>11.3</b>	<b>(13.8)</b>	<b>98.0</b>	
Other operating income - Group	-	-	-	-	2.4	-	1.0	3.4	
Other operating income - Share of joint ventures and associates	-	-	-	-	7.3	-	-	7.3	
Share of interest, tax and minority interests of joint ventures and associates	-	-	-	-	(5.3)	-	-	(5.3)	
<b>Operating profit</b>	<b>16.5</b>	<b>7.8</b>	<b>22.1</b>	<b>9.5</b>	<b>49.0</b>	<b>11.3</b>	<b>(12.8)</b>	<b>103.4</b>	
Net financing costs								(10.4)	
<b>Profit before tax</b>								<b>93.0</b>	

Revenue	Nine months ended 30 September 2006							Central costs £m	Total Group £m
	New York £m	Regional US £m	London £m	Rest of Europe £m	Asia £m	Australasia £m			
Hotel	73.0	88.9	60.8	70.8	124.9	32.7	-	451.1	
Property operations	-	1.9	-	-	1.0	14.8	-	17.7	
<b>Total</b>	<b>73.0</b>	<b>90.8</b>	<b>60.8</b>	<b>70.8</b>	<b>125.9</b>	<b>47.5</b>	<b>-</b>	<b>468.8</b>	
Hotel gross operating profit	24.7	21.4	28.2	21.0	46.6	13.4	-	155.3	
Hotel fixed charges*	(14.8)	(14.0)	(9.8)	(11.9)	(19.8)	(6.8)	-	(77.1)	
Hotel operating profit	9.9	7.4	18.4	9.1	26.8	6.6	-	78.2	
Property operations operating profit	-	0.3	-	-	0.6	4.9	-	5.8	
Central costs	-	-	-	-	-	-	(11.1)	(11.1)	
Share of joint ventures and associates operating profit	-	-	-	-	8.4	-	-	8.4	
<b>Headline operating profit</b>	<b>9.9</b>	<b>7.7</b>	<b>18.4</b>	<b>9.1</b>	<b>35.8</b>	<b>11.5</b>	<b>(11.1)</b>	<b>81.3</b>	
Other operating income - Group	-	-	-	-	10.4	-	-	10.4	
Share of interest, tax and minority interests of joint ventures and associates	-	-	-	-	(3.7)	-	-	(3.7)	
<b>Operating profit</b>	<b>9.9</b>	<b>7.7</b>	<b>18.4</b>	<b>9.1</b>	<b>42.5</b>	<b>11.5</b>	<b>(11.1)</b>	<b>88.0</b>	
Net financing costs								(18.6)	

Profit before tax

69.4

Notes to the nine months results announcement (unaudited)

2. Segmental analysis (continued)

	Year ended 31 December 2006							Central costs £m	Total Group £m
	New York £m	Regional US £m	London £m	Rest of Europe £m	Asia £m	Australasia £m			
<b>Revenue</b>									
Hotel	103.1	117.0	84.2	96.8	175.1	44.9	-	621.1	
Property operations	-	2.3	-	-	1.4	21.5	-	25.2	
<b>Total</b>	<b>103.1</b>	<b>119.3</b>	<b>84.2</b>	<b>96.8</b>	<b>176.5</b>	<b>66.4</b>	<b>-</b>	<b>646.3</b>	
Hotel gross operating profit	38.9	27.7	40.1	28.9	69.4	18.8	-	223.8	
Hotel fixed charges*	(16.3)	(18.5)	(13.8)	(16.6)	(29.8)	(8.5)	-	(103.5)	
Hotel operating profit	22.6	9.2	26.3	12.3	39.6	10.3	-	120.3	
Property operations operating profit	-	0.2	-	-	0.6	8.0	-	8.8	
Central costs	-	-	-	-	-	-	(18.2)	(18.2)	
Share of joint ventures and associates operating profit	-	-	-	-	13.8	-	-	13.8	
<b>Headline operating profit</b>	<b>22.6</b>	<b>9.4</b>	<b>26.3</b>	<b>12.3</b>	<b>54.0</b>	<b>18.3</b>	<b>(18.2)</b>	<b>124.7</b>	
Other operating income - Group	5.5	3.1	-	-	13.0	-	-	21.6	
Other operating income - Share of associates and joint ventures	-	-	-	-	17.7	-	-	17.7	
Impairment	-	(0.6)	-	(2.9)	-	-	-	(3.5)	
Share of interest, tax and minority interests of joint ventures and associates	-	-	-	-	(6.3)	-	-	(6.3)	
<b>Operating profit</b>	<b>28.1</b>	<b>11.9</b>	<b>26.3</b>	<b>9.4</b>	<b>78.4</b>	<b>18.3</b>	<b>(18.2)</b>	<b>154.2</b>	
Net financing costs								(24.0)	
<b>Profit before tax</b>								<b>130.2</b>	

\* 'Hotel fixed charges' include depreciation, amortisation of lease prepayments, property rent, taxes and insurance, operating lease rentals and management fees

Notes to the nine months results announcement (unaudited)

2. Segmental analysis (continued)

Segmental assets and liabilities

Nine months – 30 September 2007	New York	Regional	London	Rest of	Asia	Australasia	Total
	2007	US	2007	Europe	2007	2007	Group
	£m	£m	£m	£m	£m	£m	£m
Hotel operating assets	275.8	238.0	450.3	217.2	479.8	101.7	1,762.8
Hotel operating liabilities	(66.1)	(62.0)	(53.0)	(37.1)	(130.2)	(14.0)	(362.4)
Investments in joint ventures and associates	-	-	-	-	181.0	-	181.0
Loans to joint ventures	-	-	-	-	5.1	-	5.1
<b>Total hotel operating net assets</b>	<b>209.7</b>	<b>176.0</b>	<b>397.3</b>	<b>180.1</b>	<b>535.7</b>	<b>87.7</b>	<b>1,586.5</b>
Property operating assets	-	43.1	-	-	33.8	47.2	124.1
Property operating liabilities	-	(0.1)	-	-	(0.5)	(1.1)	(1.7)
<b>Total property operating net assets</b>	<b>-</b>	<b>43.0</b>	<b>-</b>	<b>-</b>	<b>33.3</b>	<b>46.1</b>	<b>122.4</b>
Net debt							(247.6)
<b>Net assets</b>							<b>1,461.3</b>
Nine months – 30 September 2006	New York	Regional	London	Rest of	Asia	Australasia	Total
	2006	US	2006	Europe	2006	2006	Group
	£m	£m	£m	£m	£m	£m	£m
Hotel operating assets	297.3	268.3	453.3	229.2	462.5	90.6	1,801.2
Hotel operating liabilities	(72.6)	(56.1)	(65.9)	(44.3)	(129.3)	(12.2)	(380.4)
Investments in joint ventures and associates	-	-	-	-	97.5	-	97.5
Loans to joint ventures	-	-	-	-	25.6	-	25.6
<b>Total hotel operating net assets</b>	<b>224.7</b>	<b>212.2</b>	<b>387.4</b>	<b>184.9</b>	<b>456.3</b>	<b>78.4</b>	<b>1,543.9</b>
Property operating assets	-	39.8	-	-	27.6	43.8	111.2
Property operating liabilities	-	(0.3)	-	-	(0.5)	(2.2)	(3.0)
<b>Total property operating net assets</b>	<b>-</b>	<b>39.5</b>	<b>-</b>	<b>-</b>	<b>27.1</b>	<b>41.6</b>	<b>108.2</b>
Net debt							(296.4)
<b>Net assets</b>							<b>1,355.7</b>
Year – 31 December 2006	New York	Regional	London	Rest of	Asia	Australasia	Total
	2006	US	2006	Europe	2006	2006	Group
	£m	£m	£m	£m	£m	£m	£m
Hotel operating assets	292.3	235.9	452.0	216.1	468.8	97.4	1,762.5
Hotel operating liabilities	(60.1)	(64.7)	(67.0)	(36.1)	(126.8)	(11.6)	(366.3)
Investments in joint ventures and associates	-	-	-	-	115.5	-	115.5
Loans to joint ventures	-	-	-	-	26.5	-	26.5
<b>Total hotel operating net assets</b>	<b>232.2</b>	<b>171.2</b>	<b>385.0</b>	<b>180.0</b>	<b>484.0</b>	<b>85.8</b>	<b>1,538.2</b>
Property operating assets	-	43.3	-	-	33.9	42.0	119.2
Property operating liabilities	-	(3.7)	-	-	(0.4)	(0.8)	(4.9)
<b>Total property operating net assets</b>	<b>-</b>	<b>39.6</b>	<b>-</b>	<b>-</b>	<b>33.5</b>	<b>41.2</b>	<b>114.3</b>
Net debt							(260.4)
<b>Net assets</b>							<b>1,392.1</b>

## Notes to the nine months results announcement (unaudited)

### 3. Other operating income

	Nine months ended 30 September 2007 £m	Nine months ended 30 September 2006 £m	Year ended 31 December 2006 £m
Release of property tax provision set aside on acquisition of Regal hotels in 1999	1.0	-	-
Profit on disposal of stapled securities in CDLHT	0.4	-	-
Gain on dilution of investment in CDLHT (see note below)	2.0	-	-
Profit on sale and leaseback of three Singapore hotels – Orchard Hotel, Copthorne Kings Hotel and M Hotel	-	10.1	10.1
Changes in fair value upon revaluation of investment property	-	-	4.9
Business interruption insurance proceeds	-	-	5.5
Other	-	0.3	1.1
	<b>3.4</b>	<b>10.4</b>	<b>21.6</b>

#### Note

The £2.0m gain on dilution arose from the Group subscribing to a rights issue at discount and non-participation in a private placement issue.

### 4. Share of joint ventures and associates interest, tax and minority interests

	Nine months ended 30 September 2007 £m	Nine months ended 30 September 2006 £m	Year ended 31 December 2006 £m
Interest	(2.3)	(0.9)	(1.4)
Tax	(0.9)	(0.8)	(1.8)
Minority interests	(2.1)	(2.0)	(3.1)
	<b>(5.3)</b>	<b>(3.7)</b>	<b>(6.3)</b>

### 5. Income tax expense/(credit)

	Nine months ended 30 September 2007 £m	Nine months ended 30 September 2006 £m	Year ended 31 December 2006 £m
UK	(14.4)	2.5	0.7
Overseas	20.1	12.0	21.4
Total income tax expense in income statement	<b>5.7</b>	<b>14.5</b>	<b>22.1</b>

## Notes to the nine months results announcement (unaudited)

### 5. Income tax expense (continued)

	Nine months ended 30 September 2007 £m	Nine months ended 30 September 2006 £m	Year ended 31 December 2006 £m
<b>Current tax</b>			
Corporation tax charge for the period	13.7	12.7	18.2
Adjustment in respect of prior years	0.3	(4.1)	(6.6)
<b>Total current tax expense</b>	<b>14.0</b>	<b>8.6</b>	<b>11.6</b>
<b>Deferred tax</b>			
Origination and reversal of timing differences	7.1	(6.6)	0.3
(Reduction)/increase in tax rate	(4.8)	0.2	0.2
Benefits of tax losses recognised	2.5	10.1	9.0
(Over)/under provision in respect of prior years	(0.3)	2.2	1.0
Change in UK tax legislation in respect of the removal of claw back on hotel tax allowances	(12.8)	-	-
<b>Total deferred tax (credit)/expense</b>	<b>(8.3)</b>	<b>5.9</b>	<b>10.5</b>
<b>Total income tax expense in the income statement</b>	<b>5.7</b>	<b>14.5</b>	<b>22.1</b>
<b>Income tax reconciliation</b>			
	Nine months ended 30 September 2007 £m	Nine months ended 30 September 2006 £m	Year ended 31 December 2006 £m
Profit before tax in income statement	93.0	69.4	130.2
Less share of profit of joint ventures and associates	(15.3)	(4.7)	(25.2)
	77.7	64.7	105.0
Income tax on ordinary activities at the standard rate of UK tax of 30%	23.3	19.4	31.5
Effects of:			
Permanent differences	(2.2)	(4.1)	(5.5)
Non-utilisation of tax losses arising in the year	0.6	0.5	0.5
Utilisation of brought forward tax losses	-	-	(0.6)
Higher/(lower) rates on overseas earnings	0.1	(0.8)	(1.2)
Overseas tax suffered	1.5	1.2	1.6
Effect of change in tax rates on opening deferred taxes	(4.8)	0.2	0.3
Effect of change in UK tax legislation in respect of the removal of claw back on hotel tax allowances	(12.8)	-	-
Other adjustments to tax charge in respect of prior years	-	(1.9)	(5.6)
Unrecognised deferred tax assets	-	-	1.1
<b>Total income tax expense in the income statement</b>	<b>5.7</b>	<b>14.5</b>	<b>22.1</b>

Excluding the tax relating to joint ventures and associates, the Group has recorded a tax expense of £5.7m (nine months ended 30 September 2006 a £14.5m tax expense and for the year ended 31 December 2006 a £22.1m tax expense). This reduced tax expense is primarily attributable to the deferred tax impact of a change in UK tax legislation in respect of the removal of claw back on hotel tax allowances, resulting in an estimated attributed £12.8m tax credit, and also includes a £4.8m credit in respect of the impact of reduced tax rates applied to brought forward net deferred tax liabilities.



Excluding the impact of the tax credit adjustments arising from changes in tax legislation and tax rates, the underlying income tax expense for the period is calculated by applying an estimated average annual effective tax rate, in this case of 30.0%, to profit before tax for the period excluding the Group's share of joint ventures and associates profits. A tax charge of £0.9m (2006: £0.8m) relating to joint ventures and associates is included in the reported profit before tax.

## Notes to the nine months results announcement (unaudited)

### 6. Earnings per share

	Nine months ended 30 September 2007 £m	Nine months ended 30 September 2006 £m	Year ended 31 December 2006 £m
<b>Basic earnings per share</b>			
Profit for period attributable to holders of the parent (£m)	80.5	49.6	100.1
Weighted average number of shares outstanding (m)	293.8	289.3	289.9
Basic earnings per share (pence)	27.4	17.1	34.5
<b>Diluted earnings per share</b>			
Weighted average number of shares outstanding (m)	294.5	290.2	290.6
Diluted earnings per share (pence)	27.3	17.1	34.4
<b>Headline earnings per share</b>			
Profit for the period attributable to holders of the parent (£m)	80.5	49.6	100.1
Adjustment to exclude:			
- Other operating income (net of tax) (£m)	(3.0)	(13.6)	(22.4)
- Impairment (net of tax) (£m)	-	-	3.3
- Share of associates other operating income (nil tax) (£m)	(7.3)	-	(17.7)
- Change in UK tax legislation on hotel tax allowances (£m)	(12.8)	-	-
Adjusted profit for the period attributable to holders of the parent (£m)	57.4	36.0	63.3
Weighted average number of shares outstanding (m)	293.8	289.3	289.9
Adjusted earnings per share (pence)	19.5	12.4	21.8

### 7. Dividends

Dividends have been recognised within equity as follows:

	Nine months ended 30 September 2007 £m	Nine months ended 30 September 2006 £m	Year ended 31 December 2006 £m
Final ordinary dividend for 2006 of 6.42p (for 2005: 5.62p)	18.7	16.2	16.2
Interim ordinary dividend for 2007 of 2.08p (for 2006: 2.08p)	6.2	6.0	6.1
	24.9	22.2	22.3
Special ordinary dividend for 2006 of 4.00p (for 2005: Nil)	11.7	-	-
	36.6	22.2	22.3

## Notes to the nine months results announcement (unaudited)

### 8. Statement of changes to total equity

	<b>Nine months ended 30 September 2007 £m</b>	<b>Nine months ended 30 September 2006 £m</b>	<b>Year ended 31 December 2006 £m</b>
Total recognised income and expense for the period	<b>79.8</b>	(8.9)	22.8
Dividends paid/payable to equity holders of the parent	<b>(36.6)</b>	(22.2)	(22.3)
Issue of shares in lieu of dividends	<b>26.1</b>	8.9	13.2
Dividends paid to minority interests	<b>(2.2)</b>	(2.2)	(2.2)
Share options exercised	<b>1.4</b>	1.8	2.2
Equity settled transactions	<b>0.7</b>	0.5	0.6
Net increase/(decrease) in total equity	<b>69.2</b>	(22.1)	14.3
Opening total equity	<b>1,392.1</b>	1,377.8	1,377.8
<b>Closing total equity</b>	<b>1,461.3</b>	1,355.7	1,392.1

## Notes to the nine months results announcement (unaudited)

### 9. Non-GAAP measures

#### Headline operating profit

Headline operating profit is the Group's measure of the underlying profit before interest and tax. It includes the operating results of joint ventures and associates but excludes other operating income (of Group and share of associates) which is normally a one-off item.

	Nine months ended 30 September 2007 £m	Nine months ended 30 September 2006 £m	Year ended 31 December 2006 £m
<b>Profit before tax</b>	<b>93.0</b>	69.4	130.2
Adjusted to exclude:			
Fair value adjustments of investment property	-	-	(4.9)
Business interruption insurance proceeds	-	-	(5.5)
Net gain on disposal of property - sale and leaseback of 3 Singapore hotels	-	(10.1)	(10.1)
- other	-	(0.3)	(1.1)
Gain on dilution of investment in CDLHT	(2.0)	-	-
Profit on disposal of stapled securities in CDLHT	(0.4)	-	-
Release of property tax provision set aside on acquisition of Regal hotels in 1999	(1.0)	-	-
Share of associate (CDLHT) fair value adjustments to investment property	(7.3)	-	(17.7)
Impairment	-	-	3.5
<b>Headline profit before tax</b>	<b>82.3</b>	59.0	94.4
Add back:			
Share of results of joint ventures and associates			
- interest	2.3	0.9	1.4
- taxation	0.9	0.8	1.8
- minority interests	2.1	2.0	3.1
Net financing costs	10.4	18.6	24.0
<b>Headline operating profit</b>	<b>98.0</b>	81.3	124.7
	As at 30 September 2007 £m	As at 30 September 2006 £m	As at 31 December 2006 £m
<b>Net Debt</b>			
Cash and cash equivalents (as per cash flow statement)	169.3	134.0	161.5
Bank overdrafts (included as part of borrowings)	0.4	0.6	0.8
Cash and cash equivalents (as per the consolidated balance sheet)	169.7	134.6	162.3
Interest-bearing loans, bonds and borrowings - Non-current	(266.8)	(368.6)	(283.1)
- Current	(150.5)	(62.4)	(139.6)
<b>Net debt</b>	<b>(247.6)</b>	(296.4)	(260.4)

Gearing (%)	18.6%	24.0%	20.5%
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**APPENDIX 1: Key operating statistics (unaudited)  
for the nine months ended 30 September 2007**

	Nine months ended 30 September 2007 Reported currency	Nine months ended 30 September 2006 Constant currency	Nine months ended 30 September 2006 Reported currency
<b>Occupancy %</b>			
New York	85.9		86.3
Regional US	68.5		68.8
Total US	72.5		72.9
London	85.3		87.6
Rest of Europe	72.4		73.6
Total Europe	78.1		79.8
Asia	76.3		75.3
Australasia	68.2		68.1
<b>Total Group</b>	<b>74.3</b>		<b>74.5</b>
<b>Average Room Rate (£)</b>			
New York	141.59	124.08	136.12
Regional US	50.57	47.06	51.63
Total US	75.50	68.13	74.75
London	94.69	83.34	83.34
Rest of Europe	72.99	70.53	70.81
Total Europe	83.50	76.76	76.91
Asia	61.80	55.65	59.33
Australasia	41.66	40.69	39.57
<b>Total Group</b>	<b>69.83</b>	<b>63.83</b>	<b>67.05</b>
<b>RevPAR (£)</b>			
New York	121.63	107.08	117.47
Regional US	34.64	32.38	35.52
Total US	54.74	49.67	54.49
London	80.77	73.01	73.01
Rest of Europe	52.84	51.91	52.12
Total Europe	65.21	61.25	61.37
Asia	47.15	41.90	44.68
Australasia	28.41	27.71	26.95
<b>Total Group</b>	<b>51.88</b>	<b>47.55</b>	<b>49.95</b>
<b>Gross Operating Profit Margin (%)</b>			
New York	37.4		33.8
Regional US	24.9		24.1
Total US	30.8		28.5
London	49.8		46.4
Rest of Europe	30.4		29.7
Total Europe	39.9		37.4
Asia	41.6		37.3
Australasia	40.8		41.0
<b>Total Group</b>	<b>37.4</b>		<b>34.4</b>

For comparability the 30 September 2006 Average Room Rate and RevPAR have been translated at 30 September 2007 exchange rates.

**APPENDIX 2: Consolidated income statement (unaudited)  
for the third quarter ended 30 September 2007**

	Third quarter ended 30 September 2007 £m	Third quarter ended 30 September 2006 £m
Revenue	160.6	156.1
Cost of sales	(65.4)	(64.7)
<b>Gross profit</b>	<b>95.2</b>	91.4
Administrative expenses	(65.2)	(65.7)
Other operating income	2.0	10.1
	<b>32.0</b>	35.8
Share of profit of joint ventures and associates	9.0	2.6
Analysed between share of:		
<b>Operating profit before other income</b>	<b>4.3</b>	3.6
Other operating income	7.0	-
Interest, tax and minority interests	(2.3)	(1.0)
<b>Operating profit</b>	<b>41.0</b>	38.4
Analysed between:		
<b>Headline operating profit</b>	<b>34.3</b>	29.3
Other operating income - Group	2.0	10.1
Other operating income - Share of joint ventures and associates	7.0	-
Share of interest, tax and minority interests of joint ventures and associates	(2.3)	(1.0)
Finance income	2.5	1.5
Finance expense	(5.7)	(6.6)
<b>Profit before tax</b>	<b>37.8</b>	33.3
Income tax expense	(8.9)	(6.3)
<b>Profit for the period</b>	<b>28.9</b>	27.0
Attributable to:		
Equity holders of the parent	27.8	25.9
Minority interests	1.1	1.1
	<b>28.9</b>	27.0
Basic earnings per share (pence)	9.4	8.9
Diluted earnings per share (pence)	9.4	8.9

The financial results above all derive from continuing activities.

**APPENDIX 3: Segmental analysis for the third quarter ended 30 September 2007**

Revenue	Third quarter ended 30 September 2007							Central costs £m	Total Group £m
	New York £m	Regional US £m	London £m	Rest of Europe £m	Asia £m	Australasia £m			
Hotel	25.5	30.7	22.7	23.0	47.0	9.9	-	158.8	
Property operations	-	0.4	-	-	0.4	1.0	-	1.8	
<b>Total</b>	<b>25.5</b>	<b>31.1</b>	<b>22.7</b>	<b>23.0</b>	<b>47.4</b>	<b>10.9</b>	<b>-</b>	<b>160.6</b>	
Hotel gross operating profit	9.7	9.1	11.6	7.0	19.7	3.8	-	60.9	
Hotel fixed charges*	(3.9)	(4.4)	(2.7)	(3.5)	(9.4)	(2.2)	-	(26.1)	
Hotel operating profit	5.8	4.7	8.9	3.5	10.3	1.6	-	34.8	
Property operations operating profit	-	(0.1)	-	-	0.2	0.2	-	0.3	
Central costs	-	-	-	-	-	-	(5.1)	(5.1)	
Share of joint ventures and associates operating profit	-	-	-	-	4.3	-	-	4.3	
<b>Headline operating profit</b>	<b>5.8</b>	<b>4.6</b>	<b>8.9</b>	<b>3.5</b>	<b>14.8</b>	<b>1.8</b>	<b>(5.1)</b>	<b>34.3</b>	
Other operating income - Group	-	-	-	-	2.0	-	-	2.0	
Other operating income - Share of joint ventures and associates	-	-	-	-	7.0	-	-	7.0	
Share of interest, tax and minority interests of joint ventures and associates	-	-	-	-	(2.3)	-	-	(2.3)	
<b>Operating profit</b>	<b>5.8</b>	<b>4.6</b>	<b>8.9</b>	<b>3.5</b>	<b>21.5</b>	<b>1.8</b>	<b>(5.1)</b>	<b>41.0</b>	
Net financing costs								(3.2)	
<b>Profit before tax</b>								<b>37.8</b>	

Revenue	Third quarter ended 30 September 2006							Central costs £m	Total Group £m
	New York £m	Regional US £m	London £m	Rest of Europe £m	Asia £m	Australasia £m			
Hotel	24.0	31.6	21.6	22.9	43.1	9.6	-	152.8	
Property operations	-	0.6	-	-	0.3	2.4	-	3.3	
<b>Total</b>	<b>24.0</b>	<b>32.2</b>	<b>21.6</b>	<b>22.9</b>	<b>43.4</b>	<b>12.0</b>	<b>-</b>	<b>156.1</b>	
Hotel gross operating profit	8.6	9.2	10.6	7.2	16.6	3.5	-	55.7	
Hotel fixed charges*	(5.5)	(4.7)	(3.1)	(4.1)	(8.1)	(2.2)	-	(27.7)	
Hotel operating profit	3.1	4.5	7.5	3.1	8.5	1.3	-	28.0	
Property operations operating profit	-	-	-	-	0.3	0.9	-	1.2	
Central costs	-	-	-	-	-	-	(3.5)	(3.5)	
Share of joint ventures and associates operating profit	-	-	-	-	3.6	-	-	3.6	
<b>Headline operating profit</b>	<b>3.1</b>	<b>4.5</b>	<b>7.5</b>	<b>3.1</b>	<b>12.4</b>	<b>2.2</b>	<b>(3.5)</b>	<b>29.3</b>	
Other operating income - Group	-	-	-	-	10.1	-	-	10.1	
Share of interest, tax and minority interests of joint ventures and associates	-	-	-	-	(1.0)	-	-	(1.0)	

<b>Operating profit</b>	3.1	4.5	7.5	3.1	21.5	2.2	(3.5)	38.4
Net financing costs								(5.1)
<b>Profit before tax</b>								<u>33.3</u>

#### APPENDIX 4: Non-GAAP measures for the third quarter ended 30 September 2007

##### Headline operating profit

Headline operating profit is the Group's measure of the underlying profit before interest and tax. It includes the operating results of joint ventures and associates but excludes other operating income (of Group and share of associates) which is normally a one-off item.

	Third quarter ended 30 September 2007 £m	Third quarter ended 30 September 2006 £m
<b>Profit before tax</b>	<b>37.8</b>	<b>33.3</b>
Adjusted to exclude:		
Other operating income – Group	(2.0)	(10.1)
Share of associates (CDLHT) fair value adjustments to investment property	(7.0)	-
<b>Headline profit before tax</b>	<b>28.8</b>	<b>23.2</b>
Add back:		
Share of results of associates and joint ventures		
- interest	1.4	0.1
- taxation	0.3	0.2
- minority interests	0.6	0.7
Net financing costs	3.2	5.1
<b>Headline operating profit</b>	<b>34.3</b>	<b>29.3</b>

**APPENDIX 5: Key operating statistics (unaudited)  
for the third quarter ended 30 September 2007**

	Third quarter ended 30 September 2007 Reported currency	Third quarter ended 30 September 2006 Constant currency	Third quarter ended 30 September 2006 Reported currency
<b>Occupancy %</b>			
New York	90.4		87.1
Regional US	74.5		74.9
Total US	78.1		77.7
London	87.7		92.6
Rest of Europe	73.5		74.8
Total Europe	79.8		82.7
Asia	77.4		78.8
Australasia	63.9		62.1
<b>Total Group</b>	<b>76.6</b>		<b>77.1</b>
<b>Average Room Rate (£)</b>			
New York	143.64	127.32	136.68
Regional US	52.03	48.51	52.20
Total US	76.52	68.93	74.10
London	97.60	87.57	87.57
Rest of Europe	72.36	69.04	68.77
Total Europe	84.67	78.24	78.10
Asia	61.45	54.36	56.73
Australasia	41.37	39.24	36.64
<b>Total Group</b>	<b>70.92</b>	<b>64.27</b>	<b>66.48</b>
<b>RevPAR (£)</b>			
New York	129.85	110.90	119.05
Regional US	38.76	36.33	39.10
Total US	59.76	53.56	57.58
London	85.60	81.09	81.09
Rest of Europe	53.20	51.64	51.44
Total Europe	67.57	64.70	64.59
Asia	47.56	42.84	44.70
Australasia	26.44	24.37	22.75
<b>Total Group</b>	<b>54.32</b>	<b>49.55</b>	<b>51.26</b>
<b>Gross Operating Profit Margin (%)</b>			
New York	38.0		35.8
Regional US	29.6		29.1
Total US	33.5		32.0
London	51.1		49.1
Rest of Europe	30.4		31.4
Total Europe	40.7		40.0
Asia	41.9		38.5
Australasia	38.4		36.5
<b>Total Group</b>	<b>38.4</b>		<b>36.5</b>



For comparability the 30 September 2006 Average Room Rate and RevPAR have been translated at 30 September 2007 exchange rates.