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## Miscellaneous

* Asterisks denote mandatory information

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|---|---|
| Name of Announcer * | CITY DEVELOPMENTS LIMITED |
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| Announcement is submitted by * | Enid Ling Peek Fong |
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## >> Announcement Details

The details of the announcement start here ...

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|---|---|
| Announcement Title * | Announcement by Subsidiary Company, Millennium & Copthorne Hotels plc on Interim Management Statement for Third Quarter and Nine Months Results to 30 September 2011 |
| Description | Please see the attached announcement released by Millennium & Copthorne Hotels plc on 4 November 2011. |
| **Attachments** | MnC_Q3IMS2011.pdf<br>Total size = **253K**<br>(2048K size limit recommended) |

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**For Immediate Release** **4th November 2011**

# MILLENNIUM & COPTHORNE HOTELS PLC
# INTERIM MANAGEMENT STATEMENT
# Third quarter and nine months results to 30 September 2011

**Highlights for the third quarter 2011:**

| £ millions (unless otherwise stated) | **Third Quarter 2011** | Third Quarter 2010 | Reported Currency Change % | Constant Currency Change % |
|---|---|---|---|---|
| RevPAR | **£69.41** | £63.43 | 9.4% | 7.8% |
| Revenue – total | **242.4** | 185.9 | 30.4% | 27.8% |
| Revenue – hotels | **195.4** | 183.3 | 6.6% | 4.5% |
| Headline operating profit | **79.0** | 38.2 | 106.8% | 102.4% |
| Profit before tax | **69.3** | 41.7 | 66.2% | 62.7% |
| Headline profit before tax | **75.9** | 35.1 | 116.2% | 111.2% |
| Basic earnings per share | **18.4p** | 8.8p | 109.1% | |

- Overall RevPAR (in constant currency terms) rose by 7.8%, primarily driven by an increase in average room rate.
- On a like-for-like basis (excluding the three Christchurch hotels, Copthorne Orchid and Millennium Hotel & Resort Stuttgart; and including Grand Millennium Beijing) Group RevPAR increased by 7.3%. Singapore RevPAR (excluding Copthorne Orchid) increased by 5.7%, London by 7.1% and New York by 7.0%.
- Total revenue increased by 30.4% to £242.4m (2010: £185.9m) including £44.2m from sale of development land in Kuala Lumpur ("KL").
- Headline operating profit increased by 106.8% to £79.0m (2010: £38.2m) including an asset management gain of £33.8m from the sale of development land in KL.
- Profit before tax increased by 66.2% to £69.3m (2010: £41.7m). Headline profit before tax up 116.2%. Both numbers include a gain of £33.8m from the sale of development land in KL.
- Headline profit before tax excluding KL land increased by 19.9% to £42.1m (2010: £35.1m).

**Highlights for the nine months 2011:**

| £ millions (unless otherwise stated) | **Nine Months 2011** | Nine Months 2010 | Reported Currency Change % | Constant Currency Change % |
|---|---|---|---|---|
| RevPAR | **£63.69** | £59.65 | 6.8% | 6.3% |
| Revenue – total | **612.7** | 536.4 | 14.2% | 13.1% |
| Revenue – hotels | **561.2** | 528.6 | 6.2% | 5.2% |
| Headline operating profit | **146.8** | 98.4 | 49.2% | 45.1% |
| Profit before tax | **149.6** | 91.9 | 62.8% | 57.8% |
| Headline profit before tax | **135.7** | 89.9 | 50.9% | 46.2% |
| Basic earnings per share | **38.3p** | 20.8p | 84.1% | |

- Overall RevPAR (in constant currency terms) rose by 6.3%, primarily driven by an increase in average room rate.
- On a like-for-like basis (excluding the three Christchurch hotels, Copthorne Orchid, Studio M and Millennium Hotel & Resort Stuttgart; and including Grand Millennium Beijing) Group RevPAR increased by 6.0%. Singapore RevPAR (excluding Copthorne Orchid and Studio M) increased by 6.5%, London by 10.8% and New York by 6.7%.
- Headline profit before tax up 50.9%, including a gain of £33.8m from the sale of development land in KL.
- Sale and leaseback of Studio M to CDL Hospitality Trusts REIT resulted in £17.4m gain.
- Profit before tax increased by 62.8% to £149.6m (2010: £91.9m), including KL land and Studio M profit.
- Strong cash flows from operating activities of £115.2m (2010: £69.1m). Net debt reduced to £79.4m (31 December 2010: £165.7m) and gearing of 3.9% (31 December 2010: 8.5%).
- Headline profit before tax excluding KL land and Studio M increased by 13.3% to £101.9m (2010: £89.9m).

Commenting today Mr Kwek Leng Beng, Chairman said:

"Trading performance in the third quarter and for the nine months as a whole was strong. RevPAR growth was positive across all key gateway cities and most regions whilst asset management contributed a profit of £33.8m from the sale of land in Kuala Lumpur. Other asset management activities are proceeding according to plan. Completion of the land site acquisition in Tokyo means that we are on track to add a further gateway city in Asia to our global portfolio once construction is complete, scheduled for 2014.

Trading in the current period is positive, although we are noticing more caution amongst business customers, reflecting anxiety about events affecting the Eurozone. Economic uncertainty strengthens the case for our maintaining a strong balance sheet."

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## CHAIRMAN'S STATEMENT

Trading performance was strong in the third quarter of 2011 with Group RevPAR growing by 7.8% (in constant currency). Like -for-like (excluding the three Christchurch hotels, Copthorne Orchid and Millennium Hotel & Resort Stuttgart; and including Grand Millennium Beijing) Group RevPAR increased by 7.3%. In the key gateway cities like-for-like RevPAR grew by 5.7% in Singapore (excluding Copthorne Orchid), 7.1% in London and 7.0% in New York.

For the nine months to 30 September 2011, Group RevPAR increased by 6.0% (in constant currency) on a like-for-like basis (excluding the three Christchurch hotels, Copthorne Orchid, Studio M and Millennium Hotel & Resort Stuttgart; and including Grand Millennium Beijing). Increase in room rate is the prime growth driver for the higher RevPAR. Like-for-like RevPAR increased in all gateway cities and regions, with the exception of the UK hotels that are outside of London where there has been a marked increase in hotel supply. The Rugby World Cup in New Zealand helped Australasia to increase RevPAR by 13.4% in the third quarter and by 2.2% for the nine months after excluding the impact of three hotel closures in Christchurch as a result of earthquake damage.

### Financial Performance

The Group's financial performance in the third quarter included two asset management items: £33.8m profit from the sale of development land in Kuala Lumpur (KL) and expiry of the lease on Millennium Hotel & Resort Stuttgart on 31 August 2011 which resulted in the release of a dilapidation provision. Excluding these two items and one-off central costs relating to restructuring mainly in the US region, headline profit before tax increased by 12.5% compared to the same period last year.

For the nine months ended 30 September 2011, profit before tax increased by 62.8% to £149.6m (2010: £91.9m). This was again buoyed by profit from the sale of land in KL and £17.4m from the sale and leaseback of Studio M to CDL Hospitality Trusts ("CDLHT"). Basic earnings per share increased by 84.1% to 38.3p (2010: 20.8p). Headline operating profit increased by 49.2% to £146.8m (2010: £98.4m) and headline profit before tax increased by 50.9% to £135.7m (2010: £89.9m). Both these measures of profit performance included the profit from sale of land in KL.

A number of additional factors shaped period-on-period comparisons. Some of these arose from the Group's various asset management initiatives including refurbishment of the Millennium Seoul Hilton and the Orchard Hotel. Closure of the Copthorne Orchid on 1 April 2011, prior to its demolition and redevelopment of the site into a condominium complex, gave rise to associated sales and marketing expenses.

Consolidation of Grand Millennium Beijing (since November 2010 when the Group's stake increased from 30% to 70%) impacted profitability through making a loss after £3.2m of interest charges.

### Financial Position

The Group continued to strengthen its financial position over the nine months period. Net debt fell to £79.4m at 30 September 2011 (31 December 2010: £165.7m) principally through strong cash flows from operating activities. Gearing at 30 September 2011 was 3.9%, compared to 8.5% at the end of last year and 8.0% at 30 September 2010. At 30 September 2011, the Group had cash reserves of £363.7m and total undrawn committed bank facilities of £193.7m available. Most of the facilities are unsecured with unencumbered assets representing 87.0% of our fixed assets and investment properties.

### Asset Management

The Group completed the acquisition of a land site in the Ginza district of Tokyo, Japan on 30 September 2011, where it intends to construct a 325-room deluxe hotel. Construction of the hotel is expected to complete by 2014. The purchase price for the property is ¥9.68 bn (£80.8m) and the current preliminary estimate of the total investment for land site and development of the property is ¥14.56 bn (£121.6m).

Development of the Glyndebourne condominiums in Singapore started in the second quarter, following closure of the Copthorne Orchid Hotel on 1 April. Of the 150 apartments for sale since the end of October 2010, buyers have signed sales and purchase agreements on 143, leaving seven apartments remaining to be sold. The sales value of the 143 units is S$517.4m (£257.7m), representing a price of over S$2,000 per square foot. Sales proceeds collected to date total S$103.5m (£51.5m) representing approximately 20% of the sales value. Revenue and development costs will appear in the income statement on completion, which is expected to be no later than 2015.

The Millennium Seoul Hilton completed the first phase of its refurbishment programme - the renovation of 249 rooms – at the end of Q2 2011.This was in part reflected in an improved RevPAR performance for the Rest of Asia region in Q3. The Grand Hyatt Taipei, which is undergoing re-cladding of its façade and renovation of the ballrooms, will commence renovation of the guest rooms early next year. Refurbishment work is continuing at both hotels and is planned in stages to minimise disruption to trading. A smaller scale refurbishment is underway at Orchard Hotel Singapore where renovation of the Claymore wing completed at the end of Q3 2011. A minor refurbishment project is scheduled to commence at Grand Millennium Kuala Lumpur in December 2011. Refurbishment plans for the Millennium UN Plaza and the Millennium Mayfair are being developed.

As reported last month, the collective sales agreement with other unit-holders in the Tanglin Shopping Centre, Singapore expired on 26 September 2011. Market conditions in Singapore are not conducive to re-opening of the collective sales agreement at present. The Group will, together with other unit-holders, re-consider its position when market conditions allow.

In August 2011, the Group completed the sale of 29,127 square feet of development land adjacent to the Grand Millennium Kuala Lumpur to Urusharta Cemerlang (KL) Sdn Bhd for a consideration of RM215.1m (£44.2m) and this resulted in a pre-tax profit of £33.8m.

**First Sponsor Capital Limited ("FSCL")**

Development of the residential portion of the Cityspring project in Chengdu, China is nearing completion. As at 30 October 2011, 709 out of the 726 residential units of the project have been sold either under sale and purchase or option agreements. Revenue and profit recognition are expected in 2012. 98% of the sales proceeds have been collected for those residential units sold under sale and purchase agreements. In addition, 513 of the 709 commercial units launched for sale in July 2011 have been sold either under sale and purchase or option agreements. 60% of the sales proceeds have been collected for these commercial units sold under sale and purchase agreements.

**CDL Hospitality Trusts REIT**

On 3 May 2011, the Group completed the sale and leaseback of the Studio M hotel to our REIT associate, CDLHT, for a cash consideration of S$154.0m (£75.7m) and this gave rise to a total realised pre-tax profit from the disposal of S$35.4m (£17.4m). Total unrealised pre-tax profit from the disposal is S$19.1m (£9.4m) which has been credited to the balance sheet as investment in joint ventures and associates, arising from the Group's 35.1% interest in the stapled securities of CDLHT.

CDLHT continues to opportunistically pursue acquisitions while maintaining a disciplined approach to investment activities.

**Pipeline**

The Group opened one hotel, the Millennium Resort Musannah, in Oman under management contract. The Group's worldwide pipeline has 27 hotels offering 7,562 rooms, which are mainly management contracts.

**Directors and Management**

Ian Batey, 75, was appointed an independent non-executive Director of the Company on 15 August 2011. Mr. Batey was the founder of Batey Ads, a prominent Asian advertising agency, and brings a wealth of experience to the Board in the field of brand development. He replaced Connal Rankin who retired from the Board for health reasons earlier this year.

As previously announced, the Group is in the process of recruiting a Chief Financial Officer, following Wong Hong Ren's appointment as Chief Executive in late June.

**Outlook**

Whilst trading in the current period is positive, we are noticing more caution amongst business customers, especially in the US and Europe. This reflects primarily the continuing anxieties with regard to events in the Eurozone. Business spending is becoming cautious and this has reduced forward visibility on earnings. Such economic uncertainty strengthens the case for our maintaining a strong balance sheet. We will be watching the Asia region closely as well, with the continuing toll of natural disasters affecting it. The Bangkok floods is the latest such event and could have a damaging impact on certain business sectors, as well as tourism.

For the month of October 2011 and on a like-for-like basis, Group RevPAR increased by 3.9% with New York increasing by 6.1%, London by 4.0% and Singapore (like-for-like excluding Copthorne Orchid) by 3.0%.

**Kwek Leng Beng**

CHAIRMAN
3 November 2011

## Financial and Operating Highlights

| | Third Quarter 2011 £m | Third Quarter 2010 £m | Nine Months 2011 £m | Nine Months 2010 £m | Full Year 2010 £m |
|---|---|---|---|---|---|
| Revenue | **242.4** | 185.9 | **612.7** | 536.4 | 743.7 |
| Headline EBITDA[1] | **87.2** | 46.2 | **172.7** | 122.4 | 176.8 |
| Headline operating profit[1] | **79.0** | 38.2 | **146.8** | 98.4 | 144.1 |
| Headline profit before tax[1] | **75.9** | 35.1 | **135.7** | 89.9 | 128.5 |
| Other operating income [2] | **-** | - | **-** | - | 9.3 |
| Other operating expense [3] | **-** | - | **-** | - | (5.2) |
| Separately disclosed items included in administrative expenses[4] | **(6.0)** | (0.1) | **(6.2)** | (1.9) | (25.0) |
| Non-operating income[5] | **-** | 7.2 | **19.5** | 7.2 | 15.6 |
| Separately disclosed items - Share of joint ventures and associates[6] | **(0.7)** | (0.7) | **1.2** | (4.6) | 6.9 |
| Separately disclosed items - Share of interest, tax and non-controlling interests of joint ventures and associates | **0.1** | 0.2 | **(0.6)** | 1.3 | (1.5) |
| Profit before tax | **69.3** | 41.7 | **149.6** | 91.9 | 128.6 |
| Headline profit after tax[1] | **61.7** | 28.8 | **105.0** | 65.3 | 95.4 |
| Basic earnings per share (pence) | **18.4p** | 8.8p | **38.3p** | 20.8p | 30.9p |
| Headline earnings per share (pence) [1] | **19.4p** | 8.7p | **32.5p** | 21.3p | 30.1p |
| Free cash flow | **(12.2)** | 17.5 | **18.2** | 56.3 | 148.0 |
| Net debt [1] | **79.4** | 148.5 | **79.4** | 148.5 | 165.7 |
| Gearing (%)[1] | **3.9%** | 8.0% | **3.9%** | 8.0% | 8.5% |

*Notes*

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

| | ***Third Quarter 2011 £m*** | *Third Quarter 2010 £m* | ***Nine Months 2011 £m*** | *Nine Months 2010 £m* | *Full Year 2010 £m* |
|---|---|---|---|---|---|
| ***2 Other operating income*** | | | | | |
| *Revaluation gain of investment properties* | ***-*** | *-* | ***-*** | *-* | *9.3* |
| ***3 Other operating expense*** | | | | | |
| *Revaluation deficit of investment properties* | ***-*** | *-* | ***-*** | *-* | *(5.2)* |
| ***4 Separately disclosed items included in administrative expenses*** | | | | | |
| *Goodwill written-off in respect of Beijing* | ***-*** | *-* | ***-*** | *-* | *(8.1)* |
| *Impairment* | ***(6.0)*** | *(0.1)* | ***(6.2)*** | *(0.4)* | *(15.2)* |
| *Redundancy costs* | ***-*** | *-* | ***-*** | *(1.5)* | *(1.7)* |
| | ***(6.0)*** | *(0.1)* | ***(6.2)*** | *(1.9)* | *(25.0)* |
| ***5 Non-operating income*** | | | | | |
| *Gain on dilution of interest in associate* | ***-*** | *7.2* | ***-*** | *7.2* | *7.2* |
| *Gain arising in respect of step up acquisition of Beijing* | ***-*** | *-* | ***-*** | *-* | *8.4* |
| *Profit on sale and leaseback of Studio M hotel* | ***-*** | *-* | ***17.4*** | *-* | *-* |
| *Profit on disposal of stapled securities in CDLHT* | ***-*** | *-* | ***0.2*** | *-* | *-* |
| *Profit on disposal of subsidiary* | ***-*** | *-* | ***1.9*** | *-* | *-* |
| | ***-*** | *7.2* | ***19.5*** | *7.2* | *15.6* |
| ***6 Separately disclosed items - Share of joint ventures and associates*** | | | | | |
| *Disposal of subsidiaries in First Sponsor Capital Limited group* | ***(0.7)*** | *(0.7)* | ***(0.4)*** | *(4.6)* | *(2.3)* |
| *Revaluation gain of investment properties* | ***-*** | *-* | ***1.6*** | *-* | *9.2* |
| | ***(0.7)*** | *(0.7)* | ***1.2*** | *(4.6)* | *6.9* |

**Financial Performance – Third quarter overview**

For the third quarter to 30 September 2011, profit before tax increased by 66.2% to £69.3m (2010: £41.7m). Headline operating profit, the Group's measure of underlying operating profit, increased by 106.8% to £79.0m (2010: £38.2m) including a £33.8m (2010: £nil) from sale of development land in Kuala Lumpur. Headline profit before tax increased by 116.2% from £35.1m to £75.9m.

**Financial Performance – Nine months overview**

For the nine months to 30 September 2011, profit before tax increased by 62.8% to £149.6m (2010: £91.9m). The 49.2% rise in headline operating profit to £146.8m (2010: £98.4m) is a reflection of both improved hotel trading performance coupled with tight cost control and £33.8m profit from sale of development land in Kuala Lumpur. Basic earnings per share increased by 84.1% to 38.3p (2010: 20.8p) and reflects, but is not limited to, the impact of a lower effective tax rate.

The impact of foreign exchange movements are shown below and in constant currency terms the operating profit variance of £43.8m represents a 61.5% conversion rate. The conversion masks the impact of several factors including the following items: sale of development land in Kuala Lumpur; closure of Copthorne Orchid in Singapore and subsequent redevelopment into condominiums (Glyndebourne development) including associated selling expenses; closure of three Christchurch hotels in New Zealand following earthquake damage; opening of Studio M hotel in April 2010; consolidating the results of Grand Millennium Beijing from November 2010 and a release of a £6.8m dilapidation provision for the Stuttgart hotel whose lease expired on 31 August 2011. Excluding the revenue and operating results of these factors, the conversion rate is 35.4%. At the hotel level, the GOP conversion is 53.0% and if similarly adjusted to exclude the aforementioned factors is 55.9%. In common with all hotel businesses, the Group's costs also increased as a result of escalating energy prices.

The difference between the operating profit and hotel GOP conversion rates is principally attributable to variable rentals charged to the four Singapore hotels owned by CDLHT. These rentals are determined by both revenue and profit streams of the properties.

| | Reported Currency | | | Constant Currency | | |
|---|---|---|---|---|---|---|
| Nine months ended 30 September | **2011 £m** | 2010 £m | Variance £m | **2011 £m** | 2010 £m | Variance £m |
| Revenue | **612.7** | 536.4 | 76.3 | **612.7** | 541.5 | 71.2 |
| Expenses | **(486.3)** | (456.2) | (30.1) | **(486.3)** | (458.9) | (27.4) |
| Operating profit before share of joint ventures and associates (excluding impairment and redundancy costs) | **126.4** | 80.2 | 46.2 | **126.4** | 82.6 | 43.8 |
| Share of joint ventures and associates operating profit | **20.4** | 18.2 | 2.2 | **20.4** | 18.6 | 1.8 |
| Headline operating profit | **146.8** | 98.4 | 48.4 | **146.8** | 101.2 | 45.6 |

**Taxation**

The Group recorded a tax expense of £26.5m for the nine months ended 30 September 2011 (nine months 2010: £28.3m) excluding the tax relating to joint ventures and associates. This comprises a UK tax credit of £5.5m and an overseas tax charge of £32.0m (nine months 2010: a UK tax charge of £4.5m and an overseas tax charge of £23.8m). For full year 2010, the £30.7m total income tax expense comprised a UK tax charge of £7.1m and an overseas tax charge of £23.6m.

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

The estimated annual effective rate applied to profit before income tax excluding the Group's share of joint ventures and associates profits is 19.7% (2010: nine months estimate 34.3%). This reduction in rate results from a combination of factors, including the following:

- a reduction in UK tax rate;
- the release of some tax provisions following the satisfactory resolution of certain tax matters; and
- in 2010, the effective rate used was higher due to the non-recurring impact of a change in tax legislation in New Zealand.

The estimated annual underlying effective rate applied to profit before income tax excluding the Group's share of joint ventures and associates profits is 29.3% (2010: 28.9%).

A charge of £2.1m for the nine months ended 30 September 2011 (nine months 2010: £1.5m and full year 2010: £4.4m) relating to joint ventures and associates is included in the reported profit before tax.

**Earnings per share**

Basic earnings per share was 38.3p (2010: 20.8p) and headline earnings per share increased to 32.5p (2010: 21.3p). The table below reconciles basic earnings per share to headline earnings per share.

| | **Nine Months 2011 pence** | Nine Months 2010 pence | Full Year 2010 pence |
|---|---|---|---|
| **Reported basic earnings per share** | **38.3** | 20.8 | 30.9 |
| Separately disclosed items - Group | **(4.9)** | (1.7) | (0.4) |
| Separately disclosed items - Share of joint ventures and associates | **(0.2)** | 1.0 | (1.8) |
| Change in tax rates on opening deferred taxes | **(0.7)** | (1.6) | (2.4) |
| Changes in tax legislation | **-** | 2.8 | 3.8 |
| **Headline earnings per share** | **32.5** | 21.3 | 30.1 |

**PERFORMANCE BY REGION**
For comparability, the following regional review is based on calculations in constant currency whereby 30 September 2010 average room rates, RevPAR, revenue and headline operating profit have been translated at 2011 average exchange rates.

**UNITED STATES**
**New York**
In the third quarter, RevPAR increased by 7.0% to £139.04 (2010: £129.94) over the same three months in 2010 as a result of improved room rates.

RevPAR increased by 6.7% to £125.07 (2010: £117.19) for the nine months ended 30 September 2011. Room rate was the driver for this growth showing a 7.1% increase to £146.81 (2010: £137.13) while occupancy decreased by 0.3 percentage points to 85.2% (2010: 85.5%). All three hotels saw an upturn in RevPAR with the highest RevPAR growth produced by the Millennium UN Plaza by 8.9%.

**Regional US**
The third quarter saw growth in RevPAR arising from both occupancy and room rates. RevPAR grew 7.8% to £46.04 (2010: £42.72). Occupancy was up 3.6 percentage points to 68.3% (2010: 64.7%) while room rates increased 2.2% to £67.46 (2010: £66.00).

The RevPAR growth within Regional US in the nine months was 8.1% to £39.20 (2010: £36.27). This growth was driven by good double digit increase in Biltmore and Minneapolis. Overall both occupancy and room rates have improved; occupancy up 2.3 percentage points to 60.4% (2010: 58.1%) and room rates up 4.1% to £64.94 (2010: £62.39).

**EUROPE**
**London**
London registered a 7.1% RevPAR growth to £106.76 (2010: £99.71) for the third quarter. Room rate was the primary driver for this increase of 15.8% to £126.98 (2010: £109.63) while occupancy dipped 6.9 percentage points to 84.1% (2010: 91.0%). This was mainly due to a weak August 2011 performance with Ramadan falling across the entire month.

London saw a healthy growth in RevPAR in the nine months of 10.8% to £96.84 (2010: £87.42). This was built upon a rate-led strategy which succeeded in achieving a 15.0% increase in room rates to £120.17 (2010: £104.53). There was a decrease in occupancy of 3.0 percentage points to 80.6% (2010: 83.6%).

***Regional UK***
Regional UK experienced a decrease in the third quarter with RevPAR falling by 2.2% to £45.87 (2010: £46.91).

Regional UK remains a challenge due to competition from increased supply and pressure on room rates and occupancy. For the nine months, RevPAR fell by 4.8% to £42.59 (2010: £44.76) with occupancy decreasing 2.2 percentage points to 71.2% (2010: 73.4%) and average room rate falling by 1.9% to £59.78 (2010: £60.95).

***France & Germany***
RevPAR saw a decrease in the third quarter by 1.6% to £60.32 (2010: £61.29) which was mainly due to the Stuttgart lease which ended on 31 August 2011. On a like-for-like basis, excluding Stuttgart, RevPAR grew in the third quarter by 8.6% to £68.38 (2010: £62.99) which was driven by occupancy growth of 9.7 percentage points to 70.4% (2010: 60.7%). Average room rate decreased 6.4% to £97.17 (2010: £103.80).

For the nine months, RevPAR increased by 3.1% to £62.71 (2010: £60.84), occupancy increased by 2.8 percentage points to 66.3% (2010: 63.5%) and average room rate slipped by 1.3% to £94.58 (2010: £95.81). On a like-for-like basis, excluding Stuttgart, RevPAR increased by 3.8% to £66.60 (2010: £64.16). This was due to an increase in occupancy of 4.1 percentage points to 68.3% (2010: 64.2%) while average room rate fell by 2.5% to £97.46 (2010: £99.91).

**ASIA**
In the third quarter, RevPAR increased by 6.2% to £74.55 (2010: £70.23) due to increased average room rate of 8.8% to £96.45 (2010: £88.66), offset by a 1.9 percentage point occupancy fall to 77.3% (2010: 79.2%). On a like-for-like basis which includes Grand Millennium Beijing and excludes Copthorne Orchid, RevPAR increased by 7.1% to £74.53 (2010: £69.58).

For the nine months, RevPAR increased by 2.2% to £70.70 (2010: £69.20) driven by a 6.0% increase in average room rates to £93.12 (2010: £87.88) offset by a 2.8 percentage point occupancy fall to 75.9% (2010: 78.7%). However, as explained below the two years are not directly comparable. On a like-for-like basis which includes Grand Millennium Beijing and excludes Studio M hotel and Copthorne Orchid, RevPAR increased by 4.1% to £70.68 (2010: £67.88).

**Singapore**
RevPAR growth for the third quarter was 14.7% to £101.74 (2010: £88.73) driven by average room rate growth of 14.4% to £114.74 (2010: £100.33). On a like-for-like basis, excluding Copthorne Orchid, RevPAR grew 5.7% to £101.68 (2010: £96.22).

For the nine months, Singapore reported 11.0% increase in RevPAR to £94.43 (2010: £85.04). There are two factors affecting the comparisons, the Studio M hotel opened at the very end of quarter one in 2010 and the Copthorne Orchid closed on 1 April 2011. On a like-for-like basis, RevPAR increased by 6.5% to £100.53 (2010: £94.43). This was driven by a 6.5% increase in average room rate to £115.03 (2010: £108.01) and occupancy remained flat at 87.4% (2010 87.4%).

**Rest of Asia**
RevPAR increased by 6.0% in the third quarter due to the return of renovated guest rooms at Seoul Hilton. On a like-for-like basis, including Beijing for both periods, RevPAR grew by 8.7% to £57.34 (2010: £52.74) with a 6.6% increase in average room rate to £81.82 (2010: £76.72). Occupancy increased by 1.3 percentage points to 70.1% (2010: 68.8%).

Reported RevPAR for the nine months fell by 2.4% to £54.75 (2010: £56.10) which was impacted by the consolidation of Grand Millennium Beijing which only started from November 2010 and the Seoul Hilton guest rooms under renovation in the first six months. On a like-for-like basis, including Grand Millennium Beijing for both periods, RevPAR grew by 1.9% only to £54.75 (2010: £53.72), while the average room rate increased by 3.0% to £79.53 (2010: £77.18). Occupancy decreased by 0.8 percentage points to 68.8% (2010: 69.6%).

**AUSTRALASIA**
In the third quarter, RevPAR increased by 13.7% to £37.98 (2010: £33.40) mainly driven by an increase in the average room rate of 13.6% to £62.76 (2010: £55.25). The increase in RevPAR is due to the Rugby World Cup which ran during September and October 2011. Excluding the three Christchurch hotels that were closed following the earthquake, RevPAR was up 13.4% from last year at £37.88 (2010: £33.40).

In the nine months, RevPAR at £36.27 was 0.6% up on last year (2010: £36.06). Occupancy declined by 1.9 percentage points to 63.6% (2010: 65.5%) and average room rate increased by 3.7% to £57.05 (2010: £55.02). RevPAR excluding the three Christchurch hotels was up 2.2% from last year at £35.52 (2010: £34.77).

As previously reported, the earthquake resulted in three Christchurch hotels namely Millennium Hotel Christchurch (leased), Copthorne Hotel Christchurch Central (owned) and Copthorne Hotel Christchurch City (leased) being closed down by Civil Defence Emergency Management. The Copthorne Hotel Christchurch City is being demolished at present and accordingly, the net book value has been fully written down. The Group is awaiting the structural engineering reports for the Millennium Hotel Christchurch and Copthorne Hotel Christchurch Central. The impact of the two hotels cannot yet be reasonably quantified and consequently no provision for asset write-off has been made. It is expected that the position on the last two hotels will become clearer before the end of the year. All three hotels are insured for material damage and business interruption.

**Financial Structure**
Group interest cover ratio for the nine months, excluding share of results of joint ventures and associates, other operating income and expense, non-operating income and separately disclosed items of the Group is 22.6 times (30 September 2010: 27.7 times). The net increase in net finance cost of £2.7m principally reflects interest on Beijing's net external debt acquired on acquisition in November 2010 offset by the repayment of borrowings.

At 30 September 2011, the Group had £363.7m cash and £193.7m of undrawn and committed facilities available, comprising undrawn and term revolving credit facilities which provide the Group with financial flexibility. Most of the facilities are unsecured with unencumbered assets representing 87.0% of fixed assets and investment properties. At 30 September 2011, total borrowings amounted to £443.1m of which £86.2m was drawn under £126.8m of secured bank facilities.

*Future funding*
Of the Group's total facilities of £691.9m, £155.8m matures during the next 12 months; comprising £113.0m uncommitted facilities and overdrafts subject to annual renewal, and £42.8m unsecured bonds. Plans for refinancing the maturing facilities are underway.

## Condensed consolidated income statement (unaudited)
## for the nine months ended 30 September 2011

| | Notes | **Third Quarter 2011 £m** | Restated Third Quarter 2010 £m | **Nine Months 2011 £m** | Restated Nine Months 2010 £m | Full Year 2010 £m |
|---|---|---|---|---|---|---|
| Revenue | 3 | **242.4** | 185.9 | **612.7** | 536.4 | 743.7 |
| Cost of sales | | **(86.5)** | (74.2) | **(237.4)** | (221.0) | (303.4) |
| **Gross profit** | | **155.9** | 111.7 | **375.3** | 315.4 | 440.3 |
| Administrative expenses | | **(89.4)** | (78.8) | **(255.1)** | (237.1) | (350.3) |
| Other operating income | 4 | **-** | - | **-** | - | 9.3 |
| Other operating expense | 4 | **-** | - | **-** | - | (5.2) |
| | | **66.5** | 32.9 | **120.2** | 78.3 | 94.1 |
| Share of profit of joint ventures and associates | 5 | **4.3** | 2.7 | **15.5** | 9.3 | 24.8 |
| **Operating profit** | | **70.8** | 35.6 | **135.7** | 87.6 | 118.9 |
| Analysed between: | | | | | | |
| **Headline operating profit** | 3 | **79.0** | 38.2 | **146.8** | 98.4 | 144.1 |
| Goodwill written-off in respect of Beijing | 4 | **-** | - | **-** | - | (8.1) |
| Net revaluation gain of investment properties | 4 | **-** | - | **-** | - | 4.1 |
| Impairment | 4 | **(6.0)** | (0.1) | **(6.2)** | (0.4) | (15.2) |
| Redundancy costs | 4 | **-** | - | **-** | (1.5) | (1.7) |
| Separately disclosed items – share of joint ventures and associates | 4 | **(0.7)** | (0.7) | **1.2** | (4.6) | 6.9 |
| Interest, tax and non-controlling interests – share of joint ventures and associates | 5 | **(1.5)** | (1.8) | **(6.1)** | (4.3) | (11.2) |
| | | | | | | |
| **Non-operating income** | | **-** | 7.2 | **19.5** | 7.2 | 15.6 |
| Analysed between: | | | | | | |
| Gain on dilution of interest in associate | 4 | **-** | 7.2 | **-** | 7.2 | 7.2 |
| Gain arising in respect of step up acquisition of Beijing | 4 | **-** | - | **-** | - | 8.4 |
| Profit on sale and leaseback of Studio M Hotel | 4 | **-** | - | **17.4** | - | - |
| Profit on disposal of stapled securities in CDLHT | 4 | **-** | - | **0.2** | - | - |
| Profit on disposal of subsidiary | 4 | **-** | - | **1.9** | - | - |
| | | | | | | |
| Finance income | | **1.7** | 0.6 | **3.9** | 4.8 | 8.8 |
| Finance expense | | **(3.2)** | (1.7) | **(9.5)** | (7.7) | (14.7) |
| **Net finance expense** | | **(1.5)** | (1.1) | **(5.6)** | (2.9) | (5.9) |
| | | | | | | |
| **Profit before tax** | | **69.3** | 41.7 | **149.6** | 91.9 | 128.6 |
| Income tax expense | 6 | **(10.6)** | (12.5) | **(26.5)** | (28.3) | (30.7) |
| **Profit for the period** | | **58.7** | 29.2 | **123.1** | 63.6 | 97.9 |
| | | | | | | |
| **Attributable to:** | | | | | | |
| Equity holders of the parent | | **58.5** | 27.5 | **120.5** | 64.7 | 96.2 |
| Non-controlling interests | | **0.2** | 1.7 | **2.6** | (1.1) | 1.7 |
| | | **58.7** | 29.2 | **123.1** | 63.6 | 97.9 |
| | | | | | | |
| Basic earnings per share (pence) | 7 | **18.4p** | 8.8p | **38.3p** | 20.8p | 30.9p |
| Diluted earnings per share (pence) | 7 | **18.4p** | 8.8p | **38.1p** | 20.7p | 30.7p |

The financial results above all derive from continuing activities.

## Condensed consolidated statement of comprehensive income (unaudited)
## for the nine months ended 30 September 2011

| | **Nine Months 2011 £m** | Nine Months 2010 £m | Full Year 2010 £m |
|---|---|---|---|
| **Profit for the period** | **123.1** | 63.6 | 97.9 |
| **Other comprehensive (expense)/income:** | | | |
| Foreign currency translation differences - foreign operations | **(15.5)** | 48.0 | 97.3 |
| Foreign currency translation differences - equity accounted investees | **(2.9)** | 15.7 | 33.5 |
| Net gain/(loss) on hedge of net investments in foreign operations | **2.4** | (8.2) | (16.9) |
| Defined benefit plan actuarial (losses)/gains (net of tax) | **(2.0)** | (1.1) | 1.1 |
| Share of associates and joint ventures other reserve movements | **(4.8)** | - | - |
| Effective portion of changes in fair value of cash flow hedges | **0.2** | (0.8) | (0.8) |
| Income tax on income and expenses recognised directly in equity | **-** | - | (1.2) |
| **Other comprehensive (expense)/income for the period, net of tax** | **(22.6)** | 53.6 | 113.0 |
| **Total comprehensive income for the period** | **100.5** | 117.2 | 210.9 |
| | | | |
| Total comprehensive income attributable to: | | | |
| Equity holders of the parent | **95.3** | 116.0 | 199.9 |
| Non-controlling interests | **5.2** | 1.2 | 11.0 |
| **Total comprehensive income for the period** | **100.5** | 117.2 | 210.9 |

## Condensed consolidated statement of financial position (unaudited)
## as at 30 September 2011

| | Note | **As at 30 September 2011 £m** | Restated As at 30 September 2010 £m | As at 31 December 2010 £m |
|---|---|---|---|---|
| **Non-current assets** | | | | |
| Property, plant and equipment | | **2,078.2** | 2,083.2 | 2,185.7 |
| Lease premium prepayment | | **47.2** | 26.6 | 71.5 |
| Investment properties | | **175.0** | 87.2 | 94.9 |
| Investments in joint ventures and associates | | **380.9** | 350.0 | 396.8 |
| Loans due from joint ventures and associates | | **32.1** | - | - |
| Other financial assets | | **7.4** | 6.7 | 6.9 |
| | | **2,720.8** | 2,553.7 | 2,755.8 |
| **Current assets** | | | | |
| Inventories | | **4.1** | 3.9 | 4.5 |
| Development properties | | **146.8** | 96.6 | 103.3 |
| Lease premium prepayment | | **1.4** | 0.5 | 1.8 |
| Trade and other receivables | | **73.1** | 70.9 | 68.0 |
| Cash and cash equivalents | 9 | **363.7** | 182.7 | 251.9 |
| | | **589.1** | 354.6 | 429.5 |
| **Total assets** | | **3,309.9** | 2,908.3 | 3,185.3 |
| **Non-current liabilities** | | | | |
| Loans due to joint ventures and associates | | **(7.6)** | - | - |
| Interest-bearing loans, bonds and borrowings | | **(333.7)** | (230.4) | (323.7) |
| Employee benefits | | **(19.0)** | (20.0) | (16.7) |
| Provisions | | **(0.2)** | (0.5) | (0.4) |
| Other non-current liabilities | | **(173.7)** | (118.1) | (165.1) |
| Deferred tax liabilities | | **(246.7)** | (239.9) | (251.8) |
| | | **(780.9)** | (608.9) | (757.7) |
| **Current liabilities** | | | | |
| Interest-bearing loans, bonds and borrowings | | **(109.4)** | (100.8) | (93.9) |
| Trade and other payables | | **(177.8)** | (148.6) | (181.5) |
| Other current financial liabilities | | **(0.9)** | (1.2) | (1.3) |
| Provisions | | **(0.2)** | (1.8) | (0.2) |
| Income taxes payable | | **(28.1)** | (29.8) | (32.0) |
| | | **(316.4)** | (282.2) | (308.9) |
| **Total liabilities** | | **(1,097.3)** | (891.1) | (1,066.6) |
| **Net assets** | | **2,212.6** | 2,017.2 | 2,118.7 |
| **Equity** | | | | |
| Issued share capital | | **95.3** | 93.6 | 94.0 |
| Share premium | | **844.3** | 845.0 | 844.7 |
| Translation reserve | | **270.9** | 239.0 | 290.4 |
| Cash flow hedge reserve | | **(0.6)** | (0.8) | (0.8) |
| Treasury share reserve | | **(2.2)** | - | (2.2) |
| Retained earnings | | **823.6** | 689.3 | 721.4 |
| Total equity attributable to equity holders of the parent | | **2,031.3** | 1,866.1 | 1,947.5 |
| Non-controlling interests | | **181.3** | 151.1 | 171.2 |
| **Total equity** | | **2,212.6** | 2,017.2 | 2,118.7 |

**Condensed consolidated statement of cash flows (unaudited)**
**for the nine months ended 30 September 2011**

| | **Nine Months 2011 £m** | Nine Months 2010 £m | Full Year 2010 £m |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Profit for the period | **123.1** | 63.6 | 97.9 |
| *Adjustments for*: | | | |
| Depreciation and amortisation | **25.9** | 24.0 | 32.7 |
| Share of profit of joint ventures and associates | **(15.5)** | (9.3) | (24.8) |
| Separately disclosed items - Group | **(13.3)** | (5.3) | 5.3 |
| Equity settled share-based transactions | **0.5** | 1.8 | (0.8) |
| Finance income | **(3.9)** | (4.8) | (8.8) |
| Finance expense | **9.5** | 7.7 | 14.7 |
| Income tax expense | **26.5** | 28.3 | 30.7 |
| **Operating profit before changes in working capital and provisions** | **152.8** | 106.0 | 146.9 |
| Increase in inventories, trade and other receivables | **(6.4)** | (12.9) | (7.9) |
| Decrease/(increase) in development properties | **2.7** | (19.0) | (21.4) |
| Increase in trade and other payables | **3.8** | 17.1 | 79.6 |
| Decrease in provisions and employee benefits | **(0.7)** | - | (1.2) |
| **Cash generated from operations** | **152.2** | 91.2 | 196.0 |
| Interest paid | **(6.9)** | (4.4) | (7.0) |
| Interest received | **2.1** | 1.4 | 2.0 |
| Income taxes paid | **(32.2)** | (19.1) | (24.1) |
| **Net cash generated from operating activities** | **115.2** | 69.1 | 166.9 |
| | | | |
| **Cash flows from investing activities** | | | |
| Dividends received from associates | **17.8** | 14.9 | 15.2 |
| Increase in loans in joint ventures and associates | **(30.9)** | - | - |
| Increase in investment in joint ventures and associates | **(4.1)** | (6.3) | (20.1) |
| Proceeds from sale of shares in associate | **0.8** | - | - |
| Net proceeds from sale of property, plant and equipment | **75.2** | - | - |
| Acquisition of subsidiary, net of cash acquired | **-** | - | (12.6) |
| Acquisition of property, plant and equipment, lease premium prepayment and investment properties | **(97.0)** | (12.8) | (18.9) |
| **Net cash used in investing activities** | **(38.2)** | (4.2) | (36.4) |
| | | | |
| **Cash flows from financing activities** | | | |
| Proceeds from the issue of share capital | **0.9** | 0.1 | 0.2 |
| Repayment of borrowings | **(84.4)** | (82.3) | (90.2) |
| Drawdown of borrowings | **54.8** | 65.4 | 71.1 |
| Payment of transaction costs related to loans and borrowings | **(0.7)** | (0.9) | (1.3) |
| Repurchase of own shares | - | - | (2.2) |
| Dividends paid to non-controlling interests | **(4.4)** | (1.5) | (2.6) |
| Increase in loan from associate | **7.2** | - | - |
| Capital contribution from non-controlling interests | **9.3** | - | - |
| Dividends paid to equity holders of the parent | **(4.7)** | (3.0) | (4.1) |
| **Net cash used in financing activities** | **(22.0)** | (22.2) | (29.1) |
| | | | |
| **Net increase in cash and cash equivalents** | **55.0** | 42.7 | 101.4 |
| Cash and cash equivalents at beginning of the period | **251.5** | 134.9 | 134.9 |
| Effect of exchange rate fluctuations on cash held | **(2.3)** | 4.7 | 15.2 |
| **Cash and cash equivalents at end of the period** | **304.2** | 182.3 | 251.5 |
| | | | |
| **Reconciliation of cash and cash equivalents** | | | |
| Cash and cash equivalents shown in the consolidated statement of financial position | **363.7** | 182.7 | 251.9 |
| Overdraft bank accounts included in borrowings | **(59.5)** | (0.4) | (0.4) |
| **Cash and cash equivalents for cash flow statement purposes** | **304.2** | 182.3 | 251.5 |

## Condensed consolidated statement of changes in equity (unaudited)
## for the nine months ended 30 September 2011

| | Share capital £m | Share premium £m | Translation reserve £m | Cash flow hedge reserve £m | Treasury share reserve £m | Retained earnings £m | Total excluding non-controlling interests £m | Non-controlling interests £m | Total equity £m |
|---|---|---|---|---|---|---|---|---|---|
| **Balance as at 1 January 2010** | 92.9 | 845.6 | 185.8 | - | - | 628.0 | 1,752.3 | 151.4 | 1,903.7 |
| Profit | - | - | - | - | - | 64.7 | 64.7 | (1.1) | 63.6 |
| Total other comprehensive income for the period | | | 53.2 | (0.8) | - | (1.1) | 51.3 | 2.3 | 53.6 |
| Total comprehensive income for the period | - | - | 53.2 | (0.8) | - | 63.6 | 116.0 | 1.2 | 117.2 |
| **Transactions with owners, recorded directly in equity** | | | | | | | | | |
| **Contributions by and distributions to owners** | | | | | | | | | |
| Dividends paid to equity holders | - | - | - | - | - | (19.4) | (19.4) | - | (19.4) |
| Issue of shares in lieu of dividends | 0.7 | (0.7) | - | - | - | 15.3 | 15.3 | - | 15.3 |
| Dividends paid –non-controlling interests | - | - | - | - | - | - | - | (1.5) | (1.5) |
| Share-based payment transactions (net of tax) | - | - | - | - | - | 1.8 | 1.8 | - | 1.8 |
| Share options exercised | - | 0.1 | - | - | - | - | 0.1 | - | 0.1 |
| Total contributions by and distributions to owners | 0.7 | (0.6) | - | - | - | (2.3) | (2.2) | (1.5) | (3.7) |
| Total transactions with owners | 0.7 | (0.6) | - | - | | (2.3) | (2.2) | (1.5) | (3.7) |
| **Balance as at 30 September 2010** | 93.6 | 845.0 | 239.0 | (0.8) | - | 689.3 | 1,866.1 | 151.1 | 2,017.2 |
| Profit | - | - | - | - | - | 31.5 | 31.5 | 2.8 | 34.3 |
| Total other comprehensive income for the period | - | - | 51.4 | - | - | 1.0 | 52.4 | 7.0 | 59.4 |
| Total comprehensive income for the period | - | - | 51.4 | - | - | 32.5 | 83.9 | 9.8 | 93.7 |
| **Transactions with owners, recorded directly in equity** | | | | | | | | | |
| **Contributions by and distributions to owners** | | | | | | | | | |
| Issue of shares in lieu of dividends | 0.4 | (0.4) | - | - | - | - | - | - | - |
| Own shares purchased | - | - | - | - | (2.2) | - | (2.2) | - | (2.2) |
| Dividends paid –non controlling interests | - | - | - | - | - | - | - | (1.1) | (1.1) |
| Share-based payment transactions (net of tax) | - | - | - | - | - | (0.4) | (0.4) | - | (0.4) |
| Share options exercised | - | 0.1 | - | - | - | - | 0.1 | - | 0.1 |
| Total contributions by and distributions to owners | 0.4 | (0.3) | - | - | (2.2) | (0.4) | (2.5) | (1.1) | (3.6) |
| Total changes in ownership interests in subsidiaries: | | | | | | | | | |
| Non-controlling interests arising on acquisition of 40% interest in Beijing with a change in control | - | - | - | - | - | - | - | 11.4 | 11.4 |
| Total transactions with owners | 0.4 | (0.3) | - | - | (2.2) | (0.4) | (2.5) | 10.3 | 7.8 |
| **Balance as at 31 December 2010** | 94.0 | 844.7 | 290.4 | (0.8) | (2.2) | 721.4 | 1,947.5 | 171.2 | 2,118.7 |

## Condensed consolidated statement of changes in equity (unaudited) for the nine months ended 30 September 2011 (continued)

| | Share capital £m | Share premium £m | Translation reserve £m | Cash flow hedge reserve £m | Treasury share reserve £m | Retained earnings £m | Total excluding non-controlling interests £m | Non-controlling interests £m | Total equity £m |
|---|---|---|---|---|---|---|---|---|---|
| Balance as at 1 January 2011 | 94.0 | 844.7 | 290.4 | (0.8) | (2.2) | 721.4 | 1,947.5 | 171.2 | 2,118.7 |
| Profit | - | - | - | - | - | 120.5 | 120.5 | 2.6 | 123.1 |
| Total other comprehensive income for the period | - | - | (19.5) | 0.2 | - | (5.9) | (25.2) | 2.6 | (22.6) |
| Total comprehensive income for the period | - | - | (19.5) | 0.2 | - | 114.6 | 95.3 | 5.2 | 100.5 |
| **Transactions with owners, recorded directly in equity** | | | | | | | | | |
| **Contributions by and distributions to owners** | | | | | | | | | |
| Dividends paid to equity holders | - | - | - | - | - | (31.3) | (31.3) | - | (31.3) |
| Issue of shares in lieu of dividends | 1.2 | (1.2) | - | - | - | 20.1 | 20.1 | - | 20.1 |
| Dividends paid – non controlling interests | - | - | - | - | - | - | - | (4.4) | (4.4) |
| Share-based payment transactions (net of tax) | - | - | - | - | - | (1.2) | (1.2) | - | (1.2) |
| Share options exercised | 0.1 | 0.8 | - | - | - | - | 0.9 | - | 0.9 |
| Contribution by non-controlling interest | - | - | - | - | - | - | - | 9.3 | 9.3 |
| Total contributions by and distributions to owners | 1.3 | (0.4) | - | - | - | (12.4) | (11.5) | 4.9 | (6.6) |
| Total transactions with owners | 1.3 | (0.4) | - | - | - | (12.4) | (11.5) | 4.9 | (6.6) |
| **Balance as at 30 September 2011** | 95.3 | 844.3 | 270.9 | (0.6) | (2.2) | 823.6 | 2,031.3 | 181.3 | 2,212.6 |

## Notes to the condensed consolidated financial statements (unaudited)

### 1. General information

### Basis of preparation

The condensed set of consolidated financial statements in this interim management report for Millennium & Copthorne Hotels plc ('the Company') as at and for the nine months ended 30 September 2011 comprise the Company and its subsidiaries (together referred to as the 'Group') and the Group's interests in joint ventures and associates.

These primary statements and selected notes comprise the unaudited interim consolidated financial results of the Group for the nine months ended 30 September 2011 and 2010, together with the audited results for the year ended 31 December 2010. This nine months interim management statement does not comprise statutory accounts within the meaning of Section 435 of the Companies Act 2006.

The comparative figures as at 31 December 2010 have been extracted from the Group's statutory Annual Report and Accounts for that financial year but do not constitute those accounts. Those accounts have been reported on by the auditors and delivered to the Registrar of Companies. The report of the auditors was (i) unqualified, (ii) did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying their report, and (iii) did not contain a statement under section 498 (2) or (3) of the Companies Act 2006. The consolidated financial statements of the Group as at and for the financial year ended 31 December 2010 are available from the Company's website www.millenniumhotels.co.uk.

The results have been prepared applying the accounting policies and presentation that were used in the preparation of the Group's published consolidated financial statements for the year ended 31 December 2010 and which were prepared in accordance with IFRSs as adopted by the EU.

These condensed consolidated interim financial statements have been prepared in accordance with IAS 34 'Interim Financial Reporting'. They do not include all the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements of the Group as at and for the year ended 31 December 2010.

The financial statements were approved by the Board of Directors on 3 November 2011.

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

The 30 September 2010 comparatives for the consolidated income statement have been restated to present information to enhance the reader's understanding of the Group's performance for the year whereby operating profit is now analysed into more appropriate captions with no impact on overall profit for the period. In addition, the comparatives in the consolidated statement of financial position for 30 September 2010 have been restated to include amendments to IAS 17 'Leases'. IAS 17 was amended so that leases of land with an indefinite economic life need not be classified as an operating lease. A land lease with a lease term of several decades may be classified as a finance lease, even if at the end of the lease term title does not pass to the lessee. Certain land leases had been reclassified from operating leases to finance leases. Previously these operating leases had a lease premium prepayment held on the Statement of Financial Position, which was amortised over the lease term. With the amendment to IAS 17, the lease premium prepayments have been reclassified to Land and Buildings. As at 30 September 2010, cost of £80.5m and accumulated amortisation of £11.8m was reclassified from non-current and current lease premium prepayment to property, plant and equipment. There was no effect on the consolidated income statement, consolidated statement of changes in equity and consolidated statement of cash flows.

### Non-GAAP information

*Presentation of headline operating profit, headline EBITDA, headline profit before tax, headline profit after tax and headline earnings per share.*

Reconciliation of headline operating profit, headline EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) and headline profit before tax to the closest equivalent GAAP measure, profit before tax, is provided in note 3 'Operating Segment Information'. Reconciliation of headline profit after tax is provided in note 9 'Non-GAAP measures' and headline earnings per share is provided in note 7 'Earnings per share'.

*Net debt and gearing percentage*
An analysis of net debt and calculated gearing percentage is provided in note 9.

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

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

## Notes to the condensed consolidated financial statements (unaudited)

### 2. Foreign currency translation

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

| | As at 30 September | | As at 31 December | Average for 9 months January - September | | Average for 3 months July - September | | Average for the year ended |
|---|---|---|---|---|---|---|---|---|
| Currency (=£) | **2011** | 2010 | 2010 | **2011** | 2010 | **2011** | 2010 | 2010 |
| US dollar | **1.568** | 1.583 | 1.541 | **1.614** | 1.543 | 1.616 | 1.568 | 1.547 |
| Singapore dollar | **2.008** | 2.093 | 1.993 | **2.010** | 2.134 | 1.983 | 2.120 | 2.111 |
| New Taiwan dollar | **46.492** | 49.189 | 45.461 | **47.068** | 48.954 | 47.106 | 49.747 | 48.531 |
| New Zealand dollar | **1.979** | 2.150 | 2.021 | **2.013** | 2.175 | 1.935 | 2.171 | 2.149 |
| Malaysian ringgit | **4.913** | 4.893 | 4.753 | **4.879** | 5.045 | 4.872 | 4.951 | 5.004 |
| Korean won | **1,825.45** | 1,804.31 | 1,757.50 | **1,767.63** | 1,795.12 | 1,766.01 | 1,834.12 | 1,792.11 |
| Chinese renminbi | **9.853** | 10.478 | 10.132 | **10.397** | 10.478 | 10.249 | 10.634 | 10.446 |
| Euro | **1.151** | 1.178 | 1.172 | **1.144** | 1.163 | 1.140 | 1.193 | 1.164 |
| Japanese yen | **119.738** | 133.312 | 126.540 | **128.833** | 137.703 | 123.760 | 135.006 | 136.200 |

### 3. Operating segment information

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

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

*Geographical segments*
The hotel and operations are managed on a worldwide basis and operate in seven principal geographical areas as follows:
- New York
- Regional US
- London
- Rest of Europe
- Singapore
- Rest of Asia
- Australasia

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

The reportable segments are aligned with the structure of the Group's internal organisation which is based according to geographical region. Discrete financial information is reported to and is reviewed by the CODM on a geographical basis. Each operating segment has a Chief Operating Officer ("COO") or equivalent who is directly accountable for the functioning of the segment and who maintains regular contact with the executive members of the CODM to discuss the operational and financial performance. The CODM makes decisions about allocation of resources based on all five reported segment profits contained in the segmental results to the regions managed by the COO.

## Notes to the condensed consolidated financial statements (unaudited)

### 3. Operating segment information (continued)

| | Third Quarter 2011 | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | 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 | **26.9** | **32.6** | **26.8** | **21.9** | **37.4** | **37.7** | **12.1** | **-** | **195.4** |
| Property operations | **-** | **0.3** | **-** | **-** | **0.6** | **44.3** | **1.8** | **-** | **47.0** |
| **Total revenue** | **26.9** | **32.9** | **26.8** | **21.9** | **38.0** | **82.0** | **13.9** | **-** | **242.4** |
| **Hotel gross operating profit** | **8.4** | **8.1** | **15.4** | **5.5** | **20.6** | **14.0** | **5.5** | **-** | **77.5** |
| Hotel fixed charges [1] | **(4.6)** | **(4.4)** | **(3.3)** | **2.4** | **(12.7)** | **(5.5)** | **(2.5)** | **-** | **(30.6)** |
| Hotel operating profit | **3.8** | **3.7** | **12.1** | **7.9** | **7.9** | **8.5** | **3.0** | **-** | **46.9** |
| Property operations operating profit/(loss) | **-** | **(0.3)** | **-** | **-** | **0.3** | **33.8** | **0.4** | **-** | **34.2** |
| Central costs | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **(8.6)** | **(8.6)** |
| Share of joint ventures and associates operating profit | **-** | **-** | **-** | **-** | **4.5** | **0.8** | **1.2** | **-** | **6.5** |
| **Headline operating profit/(loss)** | **3.8** | **3.4** | **12.1** | **7.9** | **12.7** | **43.1** | **4.6** | **(8.6)** | **79.0** |
| Add back depreciation and amortisation | **1.2** | **1.7** | **1.2** | **0.9** | **0.2** | **2.2** | **0.7** | **0.1** | **8.2** |
| **Headline EBITDA** [2] | **5.0** | **5.1** | **13.3** | **8.8** | **12.9** | **45.3** | **5.3** | **(8.5)** | **87.2** |
| Depreciation and amortisation | | | | | | | | | **(8.2)** |
| Share of interest, tax and non-controlling interests of joint ventures and associates | | | | | | | | | **(1.6)** |
| Net finance expense | | | | | | | | | **(1.5)** |
| **Headline profit before tax** | | | | | | | | | **75.9** |
| Separately disclosed items - Group [3] | | | | | | | | | **(6.0)** |
| Separately disclosed items - Share of joint ventures and associates | | | | | | | | | **(0.7)** |
| Separately disclosed items - Share of joint ventures and associates interest, tax and non-controlling interests | | | | | | | | | **0.1** |
| **Profit before tax** | | | | | | | | | **69.3** |

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

[2] Earnings before interest, tax, depreciation and amortisation.

[3] Included within separately disclosed items - Group is a £6.0m impairment charge. An impairment charge of £3.5m was made in relation to one hotel in Regional US and £2.3m for one hotel in Australasia. A £0.2m impairment charge was made within Rest of Asia on an additional shareholder loan and interest in the Group's 50% investment in Bangkok.

## Notes to the condensed consolidated financial statements (unaudited)

### 3. Operating segment information (continued)

| | Third Quarter 2010 | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | New York £m | Regional US £m | London £m | Rest of Europe £m | Singapore £m | Rest of Asia £m | Australasia £m | Central Costs £m | Total Group £m |
| **Revenue** | | | | | | | | | |
| Hotel | 25.8 | 32.1 | 25.5 | 22.5 | 35.7 | 30.7 | 11.0 | - | 183.3 |
| Property operations | - | 0.4 | - | - | 0.7 | - | 1.5 | - | 2.6 |
| **Total revenue** | 25.8 | 32.5 | 25.5 | 22.5 | 36.4 | 30.7 | 12.5 | - | 185.9 |
| **Hotel gross operating profit** | 7.6 | 7.4 | 14.3 | 6.4 | 19.4 | 11.1 | 3.6 | - | 69.8 |
| Hotel fixed charges [1] | (4.2) | (4.8) | (3.3) | (4.4) | (10.8) | (3.8) | (2.0) | - | (33.3) |
| Hotel operating profit | 3.4 | 2.6 | 11.0 | 2.0 | 8.6 | 7.3 | 1.6 | - | 36.5 |
| Property operations operating profit/(loss) | - | (0.2) | - | - | 0.5 | - | 0.6 | - | 0.9 |
| Central costs | - | - | - | - | - | - | - | (4.4) | (4.4) |
| Share of joint ventures and associates operating profit | - | - | - | - | 2.7 | 1.1 | 1.4 | - | 5.2 |
| **Headline operating profit/(loss)** | 3.4 | 2.4 | 11.0 | 2.0 | 11.8 | 8.4 | 3.6 | (4.4) | 38.2 |
| Add back depreciation and amortisation | 1.2 | 2.1 | 1.2 | 0.9 | 1.0 | 0.9 | 0.4 | 0.3 | 8.0 |
| **Headline EBITDA** [2] | 4.6 | 4.5 | 12.2 | 2.9 | 12.8 | 9.3 | 4.0 | (4.1) | 46.2 |
| Depreciation and amortisation | | | | | | | | | (8.0) |
| Share of interest, tax and non-controlling interests of joint ventures and associates | | | | | | | | | (2.0) |
| Net finance expense | | | | | | | | | (1.1) |
| **Headline profit before tax** | | | | | | | | | 35.1 |
| Separately disclosed items - Group [3] | | | | | | | | | 7.1 |
| Separately disclosed items - Share of joint ventures and associates | | | | | | | | | (0.7) |
| Separately disclosed items - Share of joint ventures and associates interest, tax and non-controlling interests | | | | | | | | | 0.2 |
| **Profit before tax** | | | | | | | | | 41.7 |

[1] Hotel fixed charges include depreciation, amortisation of lease premium prepayments, property rent, taxes and insurance, operating lease rentals and management fees.
[2] Earnings before interest, tax, depreciation and amortisation.
[3] Included within separately disclosed items - Group is a £0.1m impairment charge within Rest of Asia on an additional shareholder loan and interest in the Group's 50% investment in Bangkok.

## Notes to the condensed consolidated financial statements (unaudited)

### 3. Operating segment information (continued)

| | Nine Months 2011 | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | 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 | 72.6 | 87.2 | 74.2 | 67.5 | 112.0 | 112.4 | 35.3 | - | 561.2 |
| Property operations | - | 1.0 | - | - | 1.8 | 44.3 | 4.4 | - | 51.5 |
| **Total revenue** | 72.6 | 88.2 | 74.2 | 67.5 | 113.8 | 156.7 | 39.7 | - | 612.7 |
| **Hotel gross operating profit** | 19.0 | 16.6 | 41.0 | 16.5 | 62.4 | 41.5 | 14.9 | - | 211.9 |
| Hotel fixed charges [1] | (13.1) | (14.0) | (10.0) | (6.5) | (35.0) | (16.5) | (8.2) | - | (103.3) |
| Hotel operating profit | 5.9 | 2.6 | 31.0 | 10.0 | 27.4 | 25.0 | 6.7 | - | 108.6 |
| Property operations operating profit/(loss) | - | (0.7) | - | - | (0.7) | 33.8 | 1.3 | - | 33.7 |
| Central costs | - | - | - | - | - | - | - | (15.9) | (15.9) |
| Share of joint ventures and associates operating profit | - | - | - | - | 11.1 | 5.4 | 3.9 | - | 20.4 |
| **Headline operating profit/(loss)** | 5.9 | 1.9 | 31.0 | 10.0 | 37.8 | 64.2 | 11.9 | (15.9) | 146.8 |
| Add back depreciation and amortisation | 3.5 | 5.8 | 3.5 | 2.8 | 1.0 | 6.7 | 1.9 | 0.7 | 25.9 |
| **Headline EBITDA** [2] | 9.4 | 7.7 | 34.5 | 12.8 | 38.8 | 70.9 | 13.8 | (15.2) | 172.7 |
| Depreciation and amortisation | | | | | | | | | (25.9) |
| Share of interest, tax and non-controlling interests of joint ventures and associates | | | | | | | | | (5.5) |
| Net finance expense | | | | | | | | | (5.6) |
| **Headline profit before tax** | | | | | | | | | 135.7 |
| Separately disclosed items - Group [3] | | | | | | | | | 13.3 |
| Separately disclosed items - Share of joint ventures and associates | | | | | | | | | 1.2 |
| Separately disclosed items - Share of joint ventures and associates interest, tax and non-controlling interests | | | | | | | | | (0.6) |
| **Profit before tax** | | | | | | | | | 149.6 |

[1] Hotel fixed charges include depreciation, amortisation of lease premium prepayments, property rent, taxes and insurance, operating lease rentals and management fees.
[2] Earnings before interest, tax, depreciation and amortisation.
[3] Included within separately disclosed items - Group is a £6.2m impairment charge. An impairment charge of £3.5m was made in relation to one hotel in Regional US and £2.3m for one hotel in Australasia . A £0.4m impairment charge was made within Rest of Asia on an additional shareholder loan and interest in the Group's 50% investment in Bangkok.

## Notes to the condensed consolidated financial statements (unaudited)

### 3. Operating segment information (continued)

| | Nine Months 2010 | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | **New York £m** | **Regional US £m** | **London £m** | **Rest of Europe £m** | **Singapore £m** | **Rest of Asia £m** | **Australasia £m** | **Central Costs £m** | **Total Group £m** |
| **Revenue** | | | | | | | | | |
| Hotel | 71.8 | 87.7 | 67.3 | 67.8 | 101.5 | 97.1 | 35.4 | - | 528.6 |
| Property operations | - | 1.2 | - | - | 1.8 | 0.1 | 4.7 | - | 7.8 |
| **Total revenue** | 71.8 | 88.9 | 67.3 | 67.8 | 103.3 | 97.2 | 40.1 | - | 536.4 |
| **Hotel gross operating profit** | 17.4 | 15.4 | 36.2 | 17.4 | 55.0 | 37.6 | 13.1 | - | 192.1 |
| Hotel fixed charges [1] | (14.2) | (14.8) | (9.6) | (13.8) | (30.3) | (11.8) | (6.1) | - | (100.6) |
| Hotel operating profit | 3.2 | 0.6 | 26.6 | 3.6 | 24.7 | 25.8 | 7.0 | - | 91.5 |
| Property operations operating profit/(loss) | - | (0.4) | - | - | 1.2 | - | 1.7 | - | 2.5 |
| Central costs | - | - | - | - | - | - | - | (13.8) | (13.8) |
| Share of joint ventures and associates operating profit | - | - | - | - | 9.0 | 5.7 | 3.5 | - | 18.2 |
| **Headline operating profit/(loss)** | 3.2 | 0.2 | 26.6 | 3.6 | 34.9 | 31.5 | 12.2 | (13.8) | 98.4 |
| Add back depreciation and amortisation | 3.9 | 6.5 | 3.6 | 2.9 | 1.3 | 3.6 | 1.4 | 0.8 | 24.0 |
| **Headline EBITDA** [2] | 7.1 | 6.7 | 30.2 | 6.5 | 36.2 | 35.1 | 13.6 | (13.0) | 122.4 |
| Depreciation and amortisation | | | | | | | | | (24.0) |
| Share of interest, tax and non-controlling interests of joint ventures and associates | | | | | | | | | (5.6) |
| Net finance expense | | | | | | | | | (2.9) |
| **Headline profit before tax** | | | | | | | | | 89.9 |
| Separately disclosed items - Group [3] | | | | | | | | | 5.3 |
| Separately disclosed items - Share of joint ventures and associates | | | | | | | | | (4.6) |
| Separately disclosed items - Share of joint ventures and associates interest, tax and non-controlling interests | | | | | | | | | 1.3 |
| **Profit before tax** | | | | | | | | | 91.9 |

[1] Hotel fixed charges include depreciation, amortisation of lease premium prepayments, property rent, taxes and insurance, operating lease rentals and management fees.
[2] Earnings before interest, tax, depreciation and amortisation.
[3] Included within separately disclosed items - Group is a £0.4m impairment charge within Rest of Asia on an additional shareholder loan and interest in the Group's 50% investment in Bangkok.

## Notes to the condensed consolidated financial statements (unaudited)

### 3. Operating segment information (continued)

| | Full Year 2010 | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | New York £m | Regional US £m | London £m | Rest of Europe £m | Singapore £m | Rest of Asia £m | Australasia £m | Central Costs £m | Total Group £m |
| **Revenue** | | | | | | | | | |
| Hotel | 102.3 | 116.0 | 93.5 | 94.6 | 140.9 | 137.6 | 49.1 | - | 734.0 |
| Property operations | - | 1.5 | - | - | 2.4 | 0.1 | 5.7 | - | 9.7 |
| **Total revenue** | 102.3 | 117.5 | 93.5 | 94.6 | 143.3 | 137.7 | 54.8 | - | 743.7 |
| **Hotel gross operating profit** | 28.4 | 20.0 | 50.1 | 25.3 | 76.1 | 53.8 | 18.6 | - | 272.3 |
| Hotel fixed charges [1] | (18.1) | (19.2) | (13.0) | (21.1) | (41.5) | (16.6) | (8.2) | - | (137.7) |
| Hotel operating profit | 10.3 | 0.8 | 37.1 | 4.2 | 34.6 | 37.2 | 10.4 | - | 134.6 |
| Property operations operating profit/(loss) | - | (0.7) | - | - | (2.7) | - | 1.9 | - | (1.5) |
| Central costs | - | - | - | - | - | - | - | (18.1) | (18.1) |
| Share of joint ventures and associates operating profit | - | - | - | - | 13.1 | 12.0 | 4.0 | - | 29.1 |
| **Headline operating profit/(loss)** | 10.3 | 0.1 | 37.1 | 4.2 | 45.0 | 49.2 | 16.3 | (18.1) | 144.1 |
| Add back depreciation and amortisation | 5.0 | 8.8 | 4.8 | 3.8 | 2.1 | 5.3 | 2.0 | 0.9 | 32.7 |
| **Headline EBITDA [2]** | 15.3 | 8.9 | 41.9 | 8.0 | 47.1 | 54.5 | 18.3 | (17.2) | 176.8 |
| Depreciation and amortisation | | | | | | | | | (32.7) |
| Share of interest, tax and non-controlling interests of joint ventures and associates | | | | | | | | | (9.7) |
| Net finance expense | | | | | | | | | (5.9) |
| **Headline profit before tax** | | | | | | | | | 128.5 |
| Separately disclosed items - Group [3] | | | | | | | | | (5.3) |
| Separately disclosed items - Share of joint ventures and associates | | | | | | | | | 6.9 |
| Separately disclosed items - Share of joint ventures and associates interest, tax and non-controlling interests | | | | | | | | | (1.5) |
| **Profit before tax** | | | | | | | | | 128.6 |

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

[2] Earnings before interest, tax, depreciation and amortisation.

[3] Included within separately disclosed items - Group is a £15.2m impairment charge. An impairment charge of £8.8m was made in relation to six Regional UK hotels in Rest of Europe and £5.8m was made in relation to six hotels in Regional US. Also a £0.6m impairment charge was made within Rest of Asia on an additional shareholder loan and interest in the Group's 50% investment in Bangkok.

## Notes to the condensed consolidated financial statements (unaudited)

### 3. Operating segment information (continued)

### Segmental assets and liabilities

| As at 30 September 2011 | 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 | **344.1** | **286.1** | **439.1** | **208.6** | **147.6** | **625.4** | **158.1** | **2,209.0** |
| Hotel operating liabilities | **(12.0)** | **(34.6)** | **(33.2)** | **(24.2)** | **(145.4)** | **(57.3)** | **(9.7)** | **(316.4)** |
| Investments in and loans to joint ventures and associates | **-** | **-** | **-** | **-** | **161.1** | **92.2** | **62.4** | **315.7** |
| Loans from joint ventures and associates | **-** | **-** | **-** | **-** | **-** | **(7.6)** | **-** | **(7.6)** |
| Total hotel operating net assets | **332.1** | **251.5** | **405.9** | **184.4** | **163.3** | **652.7** | **210.8** | **2,200.7** |
| Property operating assets | **-** | **29.0** | **-** | **-** | **139.8** | **82.1** | **73.2** | **324.1** |
| Property operating liabilities | **-** | **(0.2)** | **-** | **-** | **(54.4)** | **-** | **(0.7)** | **(55.3)** |
| Investments in and loans to joint ventures and associates | **-** | **-** | **-** | **-** | **32.1** | **65.2** | **-** | **97.3** |
| Total property operating net assets | **-** | **28.8** | **-** | **-** | **117.5** | **147.3** | **72.5** | **366.1** |
| Deferred tax liabilities | | | | | | | | **(246.7)** |
| Income taxes payable | | | | | | | | **(28.1)** |
| Net debt | | | | | | | | **(79.4)** |
| Net assets | | | | | | | | **2,212.6** |

| As at 30 September 2010 | New York £m | Regional US £m | London £m | Rest of Europe £m | Singapore £m | Rest of Asia £m | Australasia £m | Total Group £m |
|---|---|---|---|---|---|---|---|---|
| Hotel operating assets | 343.9 | 296.2 | 441.7 | 216.6 | 259.0 | 504.6 | 149.3 | 2,211.3 |
| Hotel operating liabilities | (11.8) | (28.8) | (27.2) | (27.5) | (143.9) | (42.8) | (6.7) | (288.7) |
| Investments in and loans to joint ventures and associates | - | - | - | - | 151.7 | 84.9 | 63.1 | 299.7 |
| Total hotel operating net assets | 332.1 | 267.4 | 414.5 | 189.1 | 266.8 | 546.7 | 205.7 | 2,222.3 |
| Property operating assets | - | 33.2 | - | - | 53.9 | 9.1 | 68.2 | 164.4 |
| Property operating liabilities | - | (0.2) | - | - | (0.7) | - | (0.7) | (1.6) |
| Investments in and loans to joint ventures and associates | - | - | - | - | - | 50.3 | - | 50.3 |
| Total property operating net assets | - | 33.0 | - | - | 53.2 | 59.4 | 67.5 | 213.1 |
| Deferred tax liabilities | | | | | | | | (239.9) |
| Income taxes payable | | | | | | | | (29.8) |
| Net debt | | | | | | | | (148.5) |
| Net assets | | | | | | | | 2,017.2 |

| As at 31 December 2010 | New York £m | Regional US £m | London £m | Rest of Europe £m | Singapore £m | Rest of Asia £m | Australasia £m | Total Group £m |
|---|---|---|---|---|---|---|---|---|
| Hotel operating assets | 354.2 | 297.3 | 439.7 | 207.7 | 245.2 | 634.9 | 157.1 | 2,336.1 |
| Hotel operating liabilities | (9.9) | (30.5) | (22.8) | (31.1) | (153.1) | (61.3) | (9.1) | (317.8) |
| Investments in and loans to joint ventures and associates | - | - | - | - | 173.2 | 92.6 | 62.9 | 328.7 |
| Total hotel operating net assets | 344.3 | 266.8 | 416.9 | 176.6 | 265.3 | 666.2 | 210.9 | 2,347.0 |
| Property operating assets | - | 29.0 | - | - | 87.6 | 9.8 | 74.1 | 200.5 |
| Property operating liabilities | - | (0.1) | - | - | (42.2) | (4.4) | (0.7) | (47.4) |
| Investments in and loans to joint ventures and associates | - | - | - | - | - | 68.1 | - | 68.1 |
| Total property operating net assets | - | 28.9 | - | - | 45.4 | 73.5 | 73.4 | 221.2 |
| Deferred tax liabilities | | | | | | | | (251.8) |
| Income taxes payable | | | | | | | | (32.0) |
| Net debt | | | | | | | | (165.7) |
| Net assets | | | | | | | | 2,118.7 |

**Notes to the condensed consolidated financial statements (unaudited)**

## 4. Separately disclosed items

| | Notes | **Third Quarter 2011 £m** | Restated Third Quarter 2010 £m | **Nine Months 2011 £m** | Restated Nine Months 2010 £m | Full Year 2010 £m |
|---|---|---|---|---|---|---|
| **Other operating income** | | | | | | |
| Revaluation gain of investment properties | **(a)** | **-** | - | **-** | - | 9.3 |
| **Other operating expense** | | | | | | |
| Revaluation deficit of investment properties | **(a)** | **-** | - | **-** | - | (5.2) |
| **Separately disclosed items included in administrative expenses** | | | | | | |
| Goodwill written-off in respect of Beijing | **(b)** | **-** | - | **-** | - | (8.1) |
| Impairment | **(c)** | **(6.0)** | (0.1) | **(6.2)** | (0.4) | (15.2) |
| Redundancy costs | **(d)** | **-** | - | **-** | (1.5) | (1.7) |
| | | **(6.0)** | (0.1) | **(6.2)** | (1.9) | (25.0) |
| **Non-operating income** | | | | | | |
| Gain on dilution of interest in associate | **(e)** | **-** | 7.2 | **-** | 7.2 | 7.2 |
| Gain arising in respect of step up acquisition of Beijing | **(b)** | **-** | - | **-** | - | 8.4 |
| Profit on sale and leaseback of Studio M Hotel | **(f)** | **-** | - | **17.4** | - | - |
| Profit on disposal of stapled securities in CDLHT | **(g)** | **-** | - | **0.2** | - | - |
| Profit on disposal of subsidiary | **(h)** | **-** | - | **1.9** | - | - |
| | | **-** | 7.2 | **19.5** | 7.2 | 15.6 |
| **Separately disclosed items – Group** | | **(6.0)** | 7.1 | **13.3** | 5.3 | (5.3) |
| **Separately disclosed items - share of joint ventures and associates** | | | | | | |
| Disposal of subsidiaries in First Sponsor Capital group | **(i)** | **(0.7)** | (0.7) | **(0.4)** | - | (2.3) |
| Revaluation gain of investment properties | **(j)** | **-** | - | **1.6** | (4.6) | 9.2 |
| | | **(0.7)** | (0.7) | **1.2** | (4.6) | 6.9 |

**(a) Revaluation of investment properties**
At the end of 2010, the Group's investment properties were subject to external professional valuation on an open market existing use basis. Tanglin Shopping Centre recorded uplift in value of £9.3m whereas Biltmore Court & Tower and Sunnyvale residences recorded decreases in value of £1.9m and £3.3m, respectively.

**(b) Gain on acquisition of subsidiary**
On 15 November 2010, Beijing Fortune Co., Ltd. ("Beijing Fortune"), which owns and operates the Grand Millennium Hotel Beijing, became a 70% owned subsidiary following the Group exercising an option to buy an additional 40% interest from Beijing Xiangjiang Xinli Real Estate Development Co., Ltd. The Group previously held a 30% interest in Beijing Fortune and accounted for its share of the results and net assets in accordance with IAS 31, Interests in Joint Ventures. A £0.3m net gain arose on the transaction which consisted of a £8.4m gain from revaluing the previously held 30% interest net of a £8.1m write-off of goodwill arising from the acquired 40% interest.

**(c) Impairment**
For the third quarter ended 30 September 2011, a £0.2m (2010: £0.1m) impairment charge and for the nine months ended 30 September 2011, a £0.4m (2010: £0.4m) impairment charge was made on additional interest on shareholder loan in Bangkok.

For the third quarter and nine months ended 30 September 2011, a £3.5m impairment charge was made in relation to one hotel in Regional US and £2.3m to one hotel in Christchurch, New Zealand.

For the year ended 31 December 2010, the Directors undertook an annual review of the carrying value of hotels and property assets for indication of impairment and where appropriate, external valuations were also undertaken. An impairment charge of £14.6m was made, consisting of £8.8m in relation to six Regional UK hotels in Rest of Europe and £5.8m for six hotels in Regional US. A £0.6m impairment charge was made on additional shareholder loan and interest in the Group's 50% investment in Bangkok.

**(d) Redundancy costs**
In 2010, following a decision to redevelop the Orchid Hotel Singapore into apartments, a £1.7m provision was recorded in relation to redundancy costs announced to its workforce during 2010, associated with its closure anticipated in 2011.

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

## Notes to the condensed consolidated financial statements (unaudited)

### 4. Separately disclosed items (continued)

**(f) Profit on sale and leaseback of Studio M Hotel**
On 3 May 2011, the Group completed the sale and leaseback of the Studio M Hotel Singapore to its REIT associate CDLHT for a cash consideration of S$154.0m (£75.7m) and this gave rise to a total realised pre-tax profit from the disposal of S$35.4m (£17.4m) which was recorded for the nine months ended 30 September 2011. Total unrealised pre-tax profit from the disposal is S$19.1m (£9.4m) which has been credited to the balance sheet as investment in joint ventures and associates, arising from the Group's 35.1% interest in the stapled securities of CDLHT.

**(g) Profit on disposal of stapled securities in CDLHT**
For the nine months ended 30 September 2011, the Group recorded a gain of £0.2m from the sale of a small number of stapled securities in CDLHT.

**(h) Profit on disposal of subsidiary**
For the nine months ended 30 September 2011, the Group recorded a £1.9m gain from the disposal of CDL Hotels (Phils.) Corporation, a Philippines based company principally providing management services to Grand Plaza Hotel Corporation, owner of The Heritage Hotel in the Philippines (refer note 8 to the condensed consolidated financial statements).

**(i) Disposal of subsidiaries in First Sponsor Capital group**
For the nine months ended 30 September 2011, the £0.7m and for the third quarter ended 30 September 2011, the £0.4m represents gains from the disposal of subsidiaries. In 2010, the £2.3m charge represents the Group's share of provision against assets write-off and legal costs in FSCL.

**(j) Revaluation gain of investment properties**
For the nine months ended 30 September 2011, certain investment properties of FSCL were transferred to development properties at fair value which was determined by the Directors on the same basis as the 31 December 2010 external professional valuation. The Group's share of the revaluation surplus was £1.6m.

At end of 2010, the investment properties of CDLHT and FSCL were subject to external professional valuation on an open market existing use basis. The Group's share of CDLHT's and FSCL's net revaluation surplus of investment properties was £4.4m and £4.8m, respectively.

### 5. Share of profit of joint ventures and associates

| | **Third Quarter 2011 £m** | Third Quarter 2010 £m | **Nine Months 2011 £m** | Nine Months 2010 £m | Full Year 2010 £m |
|---|---|---|---|---|---|
| **Share of profit for the period** | | | | | |
| Operating profit before separately disclosed items | **6.5** | 5.2 | **20.4** | 18.2 | 29.1 |
| Separately disclosed items (refer note 4 ) | **(0.7)** | (0.7) | **1.2** | (4.6) | 6.9 |
| Interest | **(0.5)** | (1.3) | **(1.4)** | (2.5) | (3.0) |
| Tax | **(0.5)** | (0.4) | **(2.1)** | (1.5) | (4.4) |
| Non-controlling interests | **(0.5)** | (0.1) | **(2.6)** | (0.3) | (3.8) |
| Interest, tax and non-controlling interests | **(1.5)** | (1.8) | **(6.1)** | (4.3) | (11.2) |
| | **4.3** | 2.7 | **15.5** | 9.3 | 24.8 |

### 6. Income tax expense

The Group recorded an income tax expense of £26.5m for the nine months ended 30 September 2011 (nine months 2010: £28.3m), excluding the tax relating to joint ventures and associates. This comprises a UK tax credit of £5.5m and an overseas tax charge of £32.0m (nine months 2010: a UK tax charge of £4.5m and an overseas tax charge of £23.8m). For full year 2010, the £30.7m total income tax expense comprised a UK tax charge of £7.1m and an overseas tax charge of £23.6m.

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

The estimated annual effective rate applied to profit before income tax excluding the Group's share of joint ventures and associates profits is 19.7% (2010: nine months estimate 34.3%). This reduction in rate results from a combination of factors, including the following:
- a reduction in UK tax rate; and
- the release of some tax provisions following the satisfactory resolution of certain tax matters; and
- in 2010, the effective rate used was higher due to the non-recurring impact of a change in tax legislation in New Zealand.

The estimated annual underlying effective rate applied to profit before income tax excluding the Group's share of joint ventures and associates profits is 29.3% (2010: 28.9%).

A charge of £2.1m for the nine months ended 30 September 2011 (nine months 2010: £1.5m) relating to joint ventures and associates is included in the reported profit before tax.

## Notes to the condensed consolidated financial statements (unaudited)

### 7. Earnings per share

Earnings per share are calculated using the following information:

| | **Third Quarter 2011** | Third Quarter 2010 | **Nine Months 2011** | Nine Months 2010 | Full Year 2010 |
|---|---|---|---|---|---|
| **(a) Basic** | | | | | |
| Profit for the period attributable to holders of the parent (£m) | **58.5** | 27.5 | **120.5** | 64.7 | 96.2 |
| Weighted average number of shares in issue (m) | **317.1** | 312.1 | **315.0** | 311.3 | 311.8 |
| **Basic earnings per share (pence)** | **18.4p** | 8.8p | **38.3p** | 20.8p | 30.9p |
| **(b) Diluted** | | | | | |
| Profit for the period attributable to holders of the parent (£m) | **58.5** | 27.5 | **120.5** | 64.7 | 96.2 |
| Weighted average number of shares in issue (m) | **317.1** | 312.1 | **315.0** | 311.3 | 311.8 |
| Potentially dilutive share options under Group's share option schemes (m) | **0.9** | 1.4 | **0.9** | 1.2 | 1.2 |
| Weighted average number of shares in issue (diluted) (m) | **318.0** | 313.5 | **315.9** | 312.5 | 313.0 |
| **Diluted earnings per share (pence)** | **18.4p** | 8.8p | **38.1p** | 20.7p | 30.7p |
| **(c) Headline earnings per share** | | | | | |
| Profit for the period attributable to holders of the parent (£m) | **58.5** | 27.5 | **120.5** | 64.7 | 96.2 |
| Adjustments for: | | | | | |
| - Separately disclosed items - Group (net of tax and non-controlling interests) (£m) | **4.0** | (7.1) | **(15.3)** | (5.3) | (1.6) |
| - Share of separately disclosed items of joint ventures and associates (net of tax and non-controlling interests) (£m) | **0.6** | 0.5 | **(0.6)** | 3.3 | (5.4) |
| - Change in tax rates on opening deferred tax (£m) | **(1.6)** | (2.6) | **(2.2)** | (5.1) | (7.4) |
| - Changes in tax legislation (£m) | **-** | 8.8 | **-** | 8.8 | 11.9 |
| Adjusted profit for the period attributable to holders of the parent (£m) | **61.5** | 27.1 | **102.4** | 66.4 | 93.7 |
| Weighted average number of shares in issue (m) | **317.1** | 312.1 | **315.0** | 311.3 | 311.8 |
| **Headline earnings per share (pence)** | **19.4p** | 8.7p | **32.5p** | 21.3p | 30.1p |
| **(d) Diluted headline earnings per share** | | | | | |
| Adjusted profit for the period attributable to holders of the parent (£m) | **61.5** | 27.1 | **102.4** | 66.4 | 93.7 |
| Weighted average number of shares in issue (diluted) (m) | **318.0** | 313.5 | **315.9** | 312.5 | 313.0 |
| **Diluted headline earnings per share (pence)** | **19.3p** | 8.6p | **32.4p** | 21.2p | 29.9p |

### 8. Disposal of subsidiary

On 18 April 2011, the Group disposed of CDL Hotels (Phils.) Corporation, a Philippines based company principally providing management services to Grand Plaza Hotel Corporation, owner of The Heritage Hotel in the Philippines.

The net liabilities and profit on disposal were as follows:

| | 2011 £m |
|---|---|
| Current assets | 1.5 |
| Current liabilities | (3.8) |
| Net liabilities of operation disposed | (2.3) |
| Other net assets (loans) | 0.4 |
| **Total net liabilities disposed** attributable to the Group | **(1.9)** |
| Cash consideration (US$1.00) | - |
| **Profit on disposal before taxation** | **1.9** |

## Notes to the condensed consolidated financial statements (unaudited)

### 9. Non-GAAP measures

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

**Headline profit after tax**
Reconciliation of profit after tax to headline profit after tax is shown below.

| | **Third Quarter 2011 £m** | Third Quarter 2010 £m | **Nine Months 2011 £m** | Nine Months 2010 £m | Full Year 2010 £m |
|---|---|---|---|---|---|
| **Profit after tax** | **58.7** | 29.2 | **123.1** | 63.6 | 97.9 |
| Adjustments for: | | | | | |
| Separately disclosed items (net of tax) – Group | **4.0** | (7.1) | **(15.3)** | (5.3) | (1.6) |
| Separately disclosed items (net of interest, tax and non-controlling interests) – Share of joint ventures and associates | **0.6** | 0.5 | **(0.6)** | 3.3 | (5.4) |
| Tax impact of changes in tax rates on opening deferred tax | **(1.6)** | (2.6) | **(2.2)** | (5.1) | (7.4) |
| Tax impact of changes in tax legislation | **-** | 8.8 | **-** | 8.8 | 11.9 |
| **Headline profit after tax** | **61.7** | 28.8 | **105.0** | 65.3 | 95.4 |

**Net debt**
In presenting and discussing the Group's indebtedness and liquidity position, net debt is calculated. Net debt is not defined under IFRS. The Group believes that it is both useful and necessary to communicate net debt to investors and other interested parties, for the following reasons:
- net debt allows the Company and external parties to evaluate the Group's overall indebtedness and liquidity position;
- net debt facilitates comparability of indebtedness and liquidity with other companies, although the Group's measure of net debt may not be directly comparable to similarly titled measures used by other companies; and
- it is used in discussions with the investment analyst community.

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

| | **As at 30 September 2011 £m** | As at 30 September 2010 £m | As at 31 December 2010 £m |
|---|---|---|---|
| **Net debt** | | | |
| Cash and cash equivalents (as per cash flow statement) | **304.2** | 182.3 | 251.5 |
| Bank overdrafts (included as part of borrowings) | **59.5** | 0.4 | 0.4 |
| Cash and cash equivalents (as per the consolidated statement of financial position) | **363.7** | 182.7 | 251.9 |
| Interest-bearing loans, bonds and borrowings | | | |
| – Non-current | **(333.7)** | (230.4) | (323.7) |
| – Current | **(109.4)** | (100.8) | (93.9) |
| **Net debt** | **(79.4)** | (148.5) | (165.7) |

| **Reconciliation of net cash flow to movement in net debt** | **As at 30 September 2011 £m** | As at 30 September 2010 £m | As at 31 December 2010 £m |
|---|---|---|---|
| **Net debt at beginning of year** | **(165.7)** | (202.5) | (202.5) |
| Increase in cash debt equivalents and bank overdrafts per the consolidated cash flow statement | **55.0** | 42.7 | 101.4 |
| Net decrease in loans | **30.3** | 17.8 | 20.4 |
| Net borrowings in respect of subsidiary acquired in the period | **-** | - | (62.4) |
| Translation adjustments | **1.0** | (6.5) | (22.6) |
| Movements in net debt | **86.3** | 54.0 | 36.8 |
| **Net debt at end of period** | **(79.4)** | (148.5) | (165.7) |
| **Gearing (%)** | **3.9%** | 8.0% | 8.5% |

## Notes to the condensed consolidated financial statements (unaudited)

### 9. Non-GAAP measures (continued)

**Free cash flow**

In presenting and discussing the Group's cash generated by its operations, free cash flow is calculated. Free cash flow is not defined under IFRS. The Group believes that it is both useful and necessary to communicate free cash flow as it reflects the cash available to strengthen the statement of financial position or to provide returns to shareholders in the form of dividends or share purchases. Reconciliation of free cash flow to the closest GAAP measure, net cash generated from operating activities is provided below.

| **Reconciliation of net cash generated from operating activities to free cash flow** | **Nine Months 2011 £m** | Nine Months 2010 £m | Full year 2010 £m |
|---|---|---|---|
| Net cash generated from operating activities before proceeds from sale of development land in Kuala Lumpur | **70.9** | 69.1 | 166.9 |
| Proceeds from sale of development land in Kuala Lumpur | **44.3** | - | - |
| **Net cash generated from operating activities per the consolidated cash flow statement** | **115.2** | 69.1 | 166.9 |
| Net acquisition of property, plant and equipment | **(97.0)** | (12.8) | (18.9) |
| **Free cash flow** | **18.2** | 56.3 | 148.0 |

## APPENDIX 1: KEY OPERATING STATISTICS (UNAUDITED)
**for the nine months ended 30 September 2011**

| | **Nine Months 2011 Reported currency** | Nine Months 2010 Constant currency | Nine Months 2010 Reported currency | Full Year 2010 Reported currency |
|---|---|---|---|---|
| **Occupancy %** | | | | |
| New York | **85.2** | | 85.5 | 85.2 |
| Regional US | **60.4** | | 58.1 | 56.7 |
| Total US | **66.5** | | 64.7 | 63.6 |
| London | **80.6** | | 83.6 | 83.8 |
| Rest of Europe | **69.4** | | 69.6 | 69.7 |
| Total Europe | **74.4** | | 75.8 | 75.9 |
| Singapore | **86.5** | | 86.1 | 86.7 |
| Rest of Asia | **68.8** | | 72.7 | 73.0 |
| Total Asia | **75.9** | | 78.7 | 79.1 |
| Australasia | **63.6** | | 65.5 | 66.3 |
| **Total Group** | **71.0** | | 71.5 | 71.4 |
| | | | | |
| **Average Room Rate (£)** | | | | |
| New York | **146.81** | 137.13 | 143.44 | 152.03 |
| Regional US | **64.94** | 62.39 | 65.26 | 65.64 |
| Total US | **90.92** | 86.26 | 90.23 | 93.78 |
| London | **120.17** | 104.53 | 104.53 | 107.45 |
| Rest of Europe | **72.18** | 73.20 | 72.66 | 73.22 |
| Total Europe | **95.37** | 88.49 | 88.21 | 89.93 |
| Singapore | **109.21** | 98.81 | 93.04 | 93.84 |
| Rest of Asia | **79.53** | 77.18 | 75.49 | 77.45 |
| Total Asia | **93.12** | 87.88 | 84.17 | 85.55 |
| Australasia | **57.05** | 55.02 | 50.93 | 51.96 |
| **Total Group** | **89.71** | 83.85 | 83.43 | 85.52 |
| | | | | |
| **RevPAR (£)** | | | | |
| New York | **125.07** | 117.19 | 122.64 | 129.53 |
| Regional US | **39.20** | 36.27 | 37.92 | 37.22 |
| Total US | **60.47** | 55.86 | 58.38 | 59.64 |
| London | **96.84** | 87.42 | 87.39 | 90.04 |
| Rest of Europe | **50.09** | 50.96 | 50.57 | 51.03 |
| Total Europe | **70.94** | 67.09 | 66.86 | 68.26 |
| Singapore | **94.43** | 85.04 | 80.11 | 81.36 |
| Rest of Asia | **54.75** | 56.10 | 54.88 | 56.54 |
| Total Asia | **70.70** | 69.20 | 66.24 | 67.67 |
| Australasia | **36.27** | 36.06 | 33.36 | 34.45 |
| **Total Group** | **63.69** | 59.94 | 59.65 | 61.06 |
| | | | | |
| **Gross Operating Profit Margin (%)** | | | | |
| New York | **26.2** | | 24.2 | 27.8 |
| Regional US | **19.0** | | 17.6 | 17.2 |
| Total US | **22.3** | | 20.6 | 22.2 |
| London | **55.3** | | 53.8 | 53.6 |
| Rest of Europe | **24.4** | | 25.7 | 26.7 |
| Total Europe | **40.6** | | 39.7 | 40.1 |
| Singapore | **55.7** | | 54.2 | 54.0 |
| Rest of Asia | **36.9** | | 38.7 | 39.1 |
| Total Asia | **46.3** | | 46.6 | 46.6 |
| Australasia | **42.2** | | 37.0 | 37.9 |
| **Total Group** | **37.8** | | 36.3 | 37.1 |

For comparability, the 30 September 2010 Average Room Rate and RevPAR have been translated at average exchange rates for the period ended 30 September 2011.

## APPENDIX 2: KEY OPERATING STATISTICS (UNAUDITED)
**for the third quarter ended 30 September 2011**

| | **Third Quarter 2011 Reported currency** | Third Quarter 2010 Constant currency | Third Quarter 2010 Reported currency |
|---|---|---|---|
| **Occupancy %** | | | |
| New York | **88.7** | | 87.1 |
| Regional US | **68.3** | | 64.7 |
| Total US | **73.3** | | 70.2 |
| London | **84.1** | | 91.0 |
| Rest of Europe | **72.2** | | 72.4 |
| Total Europe | **77.6** | | 80.6 |
| Singapore | **88.7** | | 88.4 |
| Rest of Asia | **70.1** | | 71.2 |
| Total Asia | **77.3** | | 79.2 |
| Australasia | **60.5** | | 60.4 |
| **Total Group** | **74.3** | | 74.1 |
| | | | |
| **Average Room Rate (£)** | | | |
| New York | **156.78** | 149.23 | 154.11 |
| Regional US | **67.46** | 66.00 | 68.22 |
| Total US | **94.23** | 91.26 | 94.29 |
| London | **126.98** | 109.63 | 109.63 |
| Rest of Europe | **70.48** | 72.49 | 71.02 |
| Total Europe | **98.25** | 91.03 | 90.30 |
| Singapore | **114.74** | 100.33 | 93.94 |
| Rest of Asia | **81.82** | 76.02 | 73.33 |
| Total Asia | **96.45** | 88.66 | 84.05 |
| Australasia | **62.76** | 55.25 | 49.05 |
| **Total Group** | **93.42** | 86.83 | 85.60 |
| | | | |
| **RevPAR (£)** | | | |
| New York | **139.04** | 129.94 | 134.23 |
| Regional US | **46.04** | 42.72 | 44.14 |
| Total US | **69.08** | 64.05 | 66.19 |
| London | **106.76** | 99.71 | 99.76 |
| Rest of Europe | **50.90** | 52.45 | 51.42 |
| Total Europe | **76.24** | 73.36 | 72.78 |
| Singapore | **101.74** | 88.73 | 83.04 |
| Rest of Asia | **57.34** | 54.10 | 52.21 |
| Total Asia | **74.55** | 70.23 | 66.57 |
| Australasia | **37.98** | 33.40 | 29.63 |
| **Total Group** | **69.41** | 64.37 | 63.43 |
| | | | |
| **Gross Operating Profit Margin (%)** | | | |
| New York | **31.2** | | 29.5 |
| Regional US | **24.8** | | 23.1 |
| Total US | **27.7** | | 25.9 |
| London | **57.5** | | 56.1 |
| Rest of Europe | **25.1** | | 28.4 |
| Total Europe | **42.9** | | 43.1 |
| Singapore | **55.1** | | 54.5 |
| Rest of Asia | **37.1** | | 36.2 |
| Total Asia | **46.1** | | 46.0 |
| Australasia | **45.5** | | 32.7 |
| **Total Group** | **39.7** | | 38.1 |

For comparability, the 30 September 2010 Average Room Rate and RevPAR have been translated at average exchange rates for the period ended 30 September 2011.

## APPENDIX 3: HOTEL ROOM COUNT AND PIPELINE (UNAUDITED)
**for the nine months ended 30 September 2011**

| Hotel and room count | Hotels | | | Rooms | | |
|---|---|---|---|---|---|---|
| | **30 September 2011** | 31 December 2010 | 30 September 2010 | **30 September 2011** | 31 December 2010 | 30 September 2010 |
| **Analysed by region:** | | | | | | |
| New York | **3** | 3 | 3 | **1,757** | 1,755 | 1,746 |
| Regional US | **16** | 16 | 16 | **5,554** | 5,554 | 5,551 |
| London | **7** | 7 | 7 | **2,493** | 2,493 | 2,487 |
| Rest of Europe | **17** | 18 | 18 | **2,777** | 3,227 | 3,229 |
| Middle East | **9** | 8 | 8 | **3,299** | 2,991 | 2,407 |
| Singapore | **5** | 6 | 6 | **2,310** | 2,750 | 2,750 |
| Rest of Asia | **16** | 16 | 17 | **7,253** | 7,256 | 7,570 |
| Australasia | **29** | 29 | 30 | **3,506** | 3,506 | 3,533 |
| Total | **102** | 103 | 105 | **28,949** | 29,532 | 29,273 |
| **Analysed by ownership type:** | | | | | | |
| Owned and leased | **66** | 68 | 67 | **20,101** | 20,992 | 20,470 |
| Managed | **20** | 20 | 19 | **5,602** | 5,375 | 4,519 |
| Franchised | **12** | 11 | 13 | **1,637** | 1,556 | 1,883 |
| Investment | **4** | 4 | 6 | **1,609** | 1,609 | 2,401 |
| Total | **102** | 103 | 105 | **28,949** | 29,532 | 29,273 |
| **Analysed by brand:** | | | | | | |
| Grand Millennium | **5** | 5 | 4 | **2,473** | 2,473 | 1,648 |
| Millennium | **39** | 39 | 40 | **13,758** | 13,897 | 14,160 |
| Copthorne | **34** | 34 | 35 | **6,728** | 7,083 | 7,126 |
| Kingsgate | **13** | 14 | 14 | **1,351** | 1,436 | 1,425 |
| Other M&C | **5** | 5 | 5 | **1,882** | 1,882 | 1,882 |
| Third Party | **6** | 6 | 7 | **2,757** | 2,761 | 3,032 |
| Total | **102** | 103 | 105 | **28,949** | 29,532 | 29,273 |

| Pipeline | Hotels | | | Rooms | | |
|---|---|---|---|---|---|---|
| | **30 September 2011** | 31 December 2010 | 30 September 2010 | **30 September 2011** | 31 December 2010 | 30 September 2010 |
| **Analysed by region:** | | | | | | |
| Regional US | **-** | - | 1 | **-** | - | 250 |
| Rest of Europe | **-** | - | 2 | **-** | - | 399 |
| Middle East | **22** | 23 | 24 | **6,324** | 6,618 | 7,468 |
| Singapore | **1** | - | - | **350** | - | - |
| Rest of Asia | **4** | 2 | 2 | **888** | 388 | 364 |
| Total | **27** | 25 | 29 | **7,562** | 7,006 | 8,481 |
| **Analysed by ownership type:** | | | | | | |
| Owned or leased | **2** | 1 | 2 | **501** | 144 | 370 |
| Managed | **25** | 24 | 27 | **7,061** | 6,862 | 8,111 |
| Total | **27** | 25 | 29 | **7,562** | 7,006 | 8,481 |
| **Analysed by brand:** | | | | | | |
| Grand Millennium | **2** | 2 | 2 | **1,298** | 1,298 | 1,423 |
| Millennium | **15** | 14 | 16 | **4,127** | 3,942 | 4,341 |
| Copthorne | **3** | 3 | 2 | **394** | 394 | 184 |
| Kingsgate | **4** | 4 | 4 | **892** | 892 | 892 |
| Other M&C | **3** | 2 | 5 | **851** | 480 | 1,641 |
| Total | **27** | 25 | 29 | **7,562** | 7,006 | 8,481 |

The Group opened one hotel, the Millennium Resort Musannah in Oman, under management contract. The Group's worldwide pipeline has 27 hotels offering 7,562 rooms, which are mainly management contracts.