Registered number: 03004377

MILLENNIUM & COPTHORNE HOTELS LIMITED

ANNUAL REPORT & ACCOUNTS
For the Year Ended 31 December 2023

CONTENTS

STRATEGIC REPORT

The Directors present the Strategic Report for Millennium & Copthorne Hotels Limited (the "Company") and its subsidiaries (together the "Group") for the year ended 31 December 2023.

Business Review
Total revenue generated, in reported currency, for the year, has increased to £906m (2022: £844m). This has been reflected in the increase in total hotel revenue in the reported currency of £858m (2022: £753m). This has been driven by the increase in average room rates to £139 (2022: £126) and occupancy increase to 73% (2022: 65%).

The gross profit and the gross profit margin have increased to £540m (2022: £479m) and 60% (2022: 57%) respectively. This has been driven by increasing demand reflected in the increased occupancy and higher average room rates from the prior year while maintaining good cost controls. The operating profit and the operating profit margin have, however, decreased to £265m (2022: £788m) and 29% (2022: 93%) respectively. In the prior year the high comparative operational profit and pretax profit had been driven by the gain on the sale of Hilton Seoul.

The net asset value (NAV) for the Group increased to £3,936m (2022: £3,845m). This has been driven by the increase investment in property, plant and equipment in the year.

Acquisitions
In line with the Group's strategy to actively drive growth and expand its footprint in key gateway cities, the Group made three hotel acquisitions in 2023.

Australia
In March 2023, the Group entered into a Purchase Sale Agreement and Business Asset Sale Agreement to acquire the 416-key 5-star Sofitel Brisbane Central hotel for A$178m (£95m). The acquisition was completed in December 2023.

South Korea
The Group acquired the 408-room Nine Tree Premier Hotel Myeongdong II, Seoul in July 2023, for a purchase consideration of KRW140b (£85m).

Japan
Driven by the robust recovery of Japan's tourism industry, the Group acquired the 256-room Bespoke Hotel Osaka Shinsaibashi in August 2023, for a purchase consideration of JPY8.5b (£46m).

Key Performance Indicators
We use a set of carefully selected key performance indicators ("KPIs") to monitor our success. These KPIs are used to measure the Group's progress year-on-year against those strategic priorities:

- **Growth** To achieve profitable growth and improved asset returns for our hospitality business.
- **Financial performance** To ensure a sound financial base to provide a solid platform for the development and growth of Group.
- **Cost Control** To ensure costs remain in line with revenue movements through a decentralised model, technological enhancements to drive efficiencies and rigorous monitoring of spending.

Measure	2023	2022	Basis for calculation
Revenue per available room	£102	£81	Average room rate x Annual occupancy percentage.
Occupancy	73%	65%	Percentage of rooms available for sale that were sold to our guests for the year.
Hotel revenue	£858m	£753m	Includes room, food & beverage and meetings & events for the year.
Average room rate	£139	£126	Revenue for sales divided by the number of room nights sold for the year.
Gearing	1%	(1%)	Net (cash)/debt over total equity for the year.
Net (Debt)/Cash	(£55m)	£50m	Total cash and cash equivalents less the interest-bearing loans, bonds and borrowings. Refer to Note 20 for further details.
Operating Profit	£265m	£788m	Operating profit for the year.
Profit before tax	£282m	£840m	Profit before tax for the year.

Principal risks and uncertainties
The Group recognises that risk management is crucial for management to make well-informed business decisions, minimising the impact of various risks and optimising opportunities. The Group is committed to maintaining risk management practices as an integral part of the business and operations. The Group will continue to proactively monitor developments, the prevailing risk, exposure and adapt accordingly.

STRATEGIC REPORT (continued)

The Group's Enterprise Risk Management (ERM) framework has been developed by reference to and alignment with global best practices including International Organisation for Standardisation (ISO) 31000:2018, ISO 27001 Information Security Management System, Payment Card Industry Data Security Standard (PCI DSS), OSHA standards, the EU General Data Protection Regulation, the UK Bribery Act 2010 and other similar guidelines. The framework consists of four key pillars that serve as the foundation of the Group's execution and implementation of its ERM programme. These pillars include risk strategy, risk culture, risk governance and risk appetite, all of which are further supported by systematic risk processes. The Directors look to adopt a proactive risk management approach that aims to safeguard the interests of the business and our stakeholders through the early identification and management of risks to minimise their impact and reduce uncertainties.

Market risk – Competition and sector evolution
Competition in the hotel industry is increasing as the sector continues to consolidate and the growth of alternative business models, such as sharing economy platforms like Airbnb, also are impacting supply and demand dynamics within the industry. Online travel agencies, such as Booking.com and Expedia.com, which compete against direct booking channels, are taking market share and influence consumer preference.

To mitigate these risks, the Group is aggressively managing its portfolio of distribution channel partners, including established online travel agencies and new, niche, or local players, to optimise revenue, gain access to new customers and minimise commission costs. This is coupled with the diverse nature of the portfolio, both geographically and in respect of its breadth of brands. The Group maintains a flexible operating structure that allows it to align its sales and marketing activities and adapt to changing hospitality trends.

Finance risk – Foreign currency and borrowing
The Group operates in numerous jurisdictions and trades in various international currencies and the reporting currency is pounds sterling. Fluctuations in currency exchange rates and interest rates may be either accretive or dilutive to the Group's reported trading results and net asset value.

Hotels generally require significant capital expenditure at regular intervals to remain competitive. Real estate assets, labour and other operating expenses can be significant when considering capital expenditure projects. The Group may need to borrow funds from time to time to cover these capital expenditures and working capital requirements, where unhedged or rising interest rates may result in increased borrowing costs and impact on the Group's profits.

Foreign exchange risk is mitigated as the exposure is primarily managed through the funding of purchases and repayment of borrowings from income generated in the same currency creating a natural hedge. The Group's treasury team monitors and addresses treasury matters, including the Group's borrowing headroom and borrowing requirements, in accordance with the Group's treasury policy and conducts business with a diversified set of lenders. The Group generally does not borrow on a secured basis, its real estate assets could serve as significant collateral should secured borrowings be required in the future.

Health and safety risk – Non-compliance and risk of injury
The health, safety and security of guests, visitors and employees is a fundamental expectation and there is a breadth of regulatory requirements across different jurisdictions relating to health and safety matters. Failure to implement and maintain sufficient controls regarding health and safety issues could result in serious injury or loss of life, lead to regulatory investigations and expose the Group to significant claims, sanctions or fines, as well as reputational damage.

To ensure the health and safety of our key stakeholders, the Group has a health, safety and environmental management system in place, which includes policies, procedures, testing, self and third-party audits, training and reporting. Management proactively seeks to identify emerging risks at the earliest opportunity to ensure clear roles and responsibilities are defined and internal controls function to mitigate risk. The well-being of the Group's guests, colleagues and other stakeholders is one of its top priorities. Robust precautionary measures, including an enhanced cleaning and sanitisation programme, help ensure that the Group's hotels and corporate offices remain safe places to visit.

IT infrastructure risk – infrastructure, process and data
Increasing reliance on transactions over the internet and mobile applications and the aggregation and storage of guest and other information electronically present heightened risks of attacks affecting the operation of our systems and a potential loss or misuse of confidential, personal and/or proprietary information. The hospitality sector is becoming a more frequent target for cyberattacks as hotel companies often handle large volumes of customer's personal data. The occurrence of a cyber-attack or loss of customers personal data could result in litigation, reputational damage, monetary damages and disruption to the normal course of business.

The Group's regional IT teams conduct periodic security and penetration testing. The Group's software systems are regularly updated with the latest security updates and patches to be installed. In the event of an IT security event, regional IT teams have developed disaster recovery plans for their high-priority systems and tests are conducted on select mission-critical systems annually to verify their recoverability offsite. Sensitive information training is provided for all staff regardless of role so that a good knowledge and awareness is developed and maintained throughout the business. Where the Group outsources critical information technology systems, it is ensured that suppliers exceed industrial standards to ensure maximum effectiveness and safety is maintained.

STRATEGIC REPORT (continued)

Statement under section 172(1) of the Companies Act 2006
In accordance with Section 172(1)(a) to (f) of the Companies Act 2006 ("Section 172(1) Statement"), the Directors set out their Section 172(1) Statement below.

The Directors understand their duties under Section 172 of the Companies Act 2006 and more specifically, their duty to act in the way each Director considers, in good faith, would be most likely to promote the success of the Group for the benefit of its members as a whole. This is defined under Section 172 of the Companies Act 2006 by the following areas which have been reviewed individually:

(a) the likely consequences of any decision in the long term;
(b) the interests of the Company's employees;
(c) the need to foster the Company's business relationships with suppliers, customers and others;
(d) the impact of the Company's operations on the community and the environment;
(e) the desirability of the Company maintaining a reputation for high standards of business conduct; and
(f) the need to act fairly as between members of the Company.

Consequences of any decision in the long term
The Directors are committed to the significance of the views and opinions of the key stakeholders of the Group when making decisions for the long-term strategy and success of the Group. This is shown through the value and engagement placed on the key stakeholders of the Company and Group to ensure synergy between the Group and the key stakeholders.

Interests of the Group's employees
The Directors recognise that the Group's employees are a valued asset of the Group as they serve as key brand ambassadors, are critical to front-line service delivery and have the ability to create a unique and memorable experience of customers. To ensure good employee engagement and build a collaborative and supportive environment, the Group ensures that good training and development is provided, good internal communications are maintained through periodic newsletters and employee intranet and good recruitment and induction. This is at the forefront of the Group's ethos.

The Group's business relationships with suppliers, customers and others
The Directors understand that nurturing and maintaining good relationships with key stakeholders, customers, and suppliers is a key driver to sustainable growth and long-term success. Customers are the lifeblood of the business and are valued very highly. The Group endeavours to provide the customer with a unique experience in a friendly, clean and accommodating environment. By doing this it is recognised that maintaining good relations with suppliers is critical so that quality products and services provided to customers are maintained. This is done by engaging with suppliers and ensuring the development of good business relationships, meeting sustainable sourcing requirements and fair price and payment terms.

Impact of the Group's operations on the community and the environment
The Directors recognise the role of the Group in the community and the surrounding environment by ensuring that there is a continued and concerted effort to ensure processes are efficient, sustainable and with the least impact on the environment as possible. The Group participates in support for charitable organisations, and participation in local outreach programs to ensure that the Group acts as a good corporate citizen.

Desirability of the Group to maintain a reputation for high standards of business conduct
The Directors value the reputation and high standards that are required to operate in this business sector. It is recognised that maintaining the Group's reputation for high standards and corporate responsibility. This is done through ensuring complete compliance with legal requirements, developing a respectful culture and leading by example through good corporate governance.

To act fairly as between members of the Group
The Directors are committed to ensuring a fair, transparent, and accountable relationship with the members of the Group, this is achieved through clear investor communication, general meeting and clear financial data in the form or audited financial statements.

Non-financial and sustainability information statement
The Group is committed to transparently disclosing its approach to managing climate-related risks and opportunities in alignment with the recommendations of the Task Force on Climate-related Financial Disclosures ("TCFD"). The disclosure in this statement complies with the requirements of sections 414CA and 414CB of the Companies Act (as amended by the Companies (Strategic Report) (Climate-related Financial Disclosures) Regulations 2022). The Group and the Directors recognise the materiality of climate factors in the business and believe that a comprehensive review, planning, actions, and disclosure strategies contribute to both sound risk management and sustainable business practices.

Governance
The Directors and management assume a pivotal role in evaluating and executing projects and actions influenced by climate-related risks and opportunities. A Sustainability Committee ("SC"), comprising of Heads of Departments of relevant business units, was formally established in July 2023 to assist the Board in fulfilling its oversight responsibilities in relation to sustainability matters. These include, but not limited to, recommending the Group's sustainability strategy for adoption by the Board and ensuring that it remains fit for purpose; ensuring sustainability risks are identified, assessed and managed in line with the Group's relevant risk mitigation framework; and reducing the Group's contribution to greenhouse gas ("GHG") emissions.

SC meetings are held at least 3 times per year and the Board is kept informed by the SC on its progress, through board presentations; updates to the Executive Committee, comprising of the Executive Chairman and two Executive Directors; and regular email and live updates to other senior members of the management team. To further align with the additional disclosure requirements under TCFD and the Companies Act 2006, the Group is further fine-tuning the governance structures and processes to integrate climate considerations into the Group's overall risk management and decision-making processes. This is an evolving area of governance that requires continuous development of the corporate governance apparatus.

The aim of the enhanced governance structure is to ensure that the Directors will be periodically updated and discuss matters of climate change, as well as the risks and opportunities this poses to businesses in all regions. This ensures that the Group can navigate the challenges and capitalise on benefits associated with environmental considerations and climate-related factors. The Directors believe that periodically reviewing climate-related risks and opportunities would ensure that these factors are systematically addressed at the highest levels of the organisation.

STRATEGIC REPORT (continued)

Non-financial and sustainability information statement (continued)

To ensure a clear and well-defined organisational structure, paramount roles and responsibilities are delineated for climate-related matters. The Group is developing the existing structures and committees to ensure a comprehensive, competent and functional approach to climate-related risks and opportunities faced by the Group and its business.

The process of reporting climate-related risks and opportunities is currently being developed and the Group is moving towards a fully integrated climate-conscious approach in both a financial and non-financial capacity. As this is an area of uncertainty due to the nature of climate change and the associated risk and potential opportunities, management is developing the reporting and identification of climate-related factors to best inform the Directors when charting the course of business.

The Directors increasingly consider climate-related risks and opportunities when guiding strategic decisions, formulating plans, establishing risk management policies, and incorporating environmental factors into budgets. This is becoming an integrated item that fosters an environment where climate-related challenges are met with informed and strategic responses in the short, medium, and long term.

Strategy

Our business strategy is being developed and designed to be resilient to climate-related risks and as well as to capitalise on opportunities. Although the Group has not conducted a formal scenario analysis, the Group and the Directors looks to consider a range of climate scenarios in our strategic planning to ensure our long-term sustainability. Below list of risks have been identified for the short term to 2030. Further analysis will be conducted to cover longer-term climate-related risks.

The Group recognises that energy usage is a significant component of its carbon emissions, our business strategy has been designed to be resilient to transition risks and opportunities posed by rising energy costs or carbon prices including the following areas:

1) Building standards could emerge which mandate building and energy efficiency. This would directly affect the Group's costs from increased investment in technology. However, we may also enjoy energy cost savings from retrofitting equipment to the highest energy efficiency standard. Where practicable, retrofitting projects are being rolled out across the estate as a mitigation measure.
2) A higher carbon price will lead to increased fuel, energy, and waste disposal costs, thereby impacting overall operational costs. However, electrification of transport presents operational costs savings from the use of electricity instead of fossil fuels. The Group is actively reviewing and investing in projects which could mitigate such risks such as investing in energy-efficient technologies, renewable energy sources, and other initiatives aimed at achieving our sustainability objectives.

In terms of market risk, there is an increasing influence of climate-related matters on customer preferences and market demand. Businesses increasingly require green venues to meet their internal carbon reduction targets. Opportunities include green buildings and hotel operations certification which allows the Group to stay relevant to this increasing demand from both corporate and leisure customers. The Group has been actively pursuing such certifications in different regions (e.g. GSTC in Singapore, Green Tourism in the UK, Green Key Global in the US).

As for physical risks, extreme and more frequent heatwaves, leading to increasing cooling demand, could result in higher utilities costs. Flooding, windstorms and tropical cyclones could lead to loss of asset value from events such as physical damage to the buildings, and operational costs due to business disruptions. Rising sea levels could lead to loss of asset value and/or assets becoming uninsurable. The Group continues to assess potential mitigation strategies against such events.

The impact of climate-related risk and opportunities extends across various facets of the businesses, strategy, and financial planning. This is having an increasing effect and necessitates adaptation and mitigation activities to enhance resilience to climate change and related factors. An example of this is developing supply chains directed towards sustainable practices to decrease the effect of climate change and ensure resilient processes and projects. Specific focus is placed on using suppliers that reduce emissions and air pollution from transportation and our aim is to use suppliers with a demonstrable commitment to sustainable production methods.

Risk Management

Currently, identifying, assessing, and managing climate-related risks and opportunities is a combination of bottom up and top-down processes, through regional and/or site-specific assessments, as guided by the SC. We are in the process of further integrating climate risk factors into our existing risk management framework so that we can monitor and evaluate our exposure to potential impacts.

The approach being developed aims at implementing a thorough analysis based on geographic region, local conditions and specific factors that consider the potential impacts of climate-related factors on our operations. Risks and opportunities will be priorities based on the significance of the effect on operational and strategic areas.

The Group looks to periodically review identified risks and include newly identified risks based on available qualitative and quantitative data. By consistently evaluating and ranking climate-related risks in comparison to other risks, we ensure that our risk management strategies are proportionate, adaptive, and aligned with the Group's related policies.

The Group's development of processes for identifying, assessing, and managing climate-related risks aims to form an integrated and holistic approach that aligns climate risk considerations with the Group's existing risk management strategy.

Metrics and Targets

The Group is beginning to develop targets to manage climate-related risks, capitalise on opportunities and mitigate risks. As this is a broad and complex area of assessment, the incipient approach to climate-related targets is broadly based around efficiency in consumption and waste, investment in green technologies and optimising processes for sustainability and efficiency.

STRATEGIC REPORT (continued)

Non-financial and sustainability information statement (continued)
Metrics and Targets(continued)

The Group has selected an initial set of metrics which includes carbon emissions, energy and water usage, and waste management.

The Group has also been disclosing its Scope 1, 2 and 3 GHG emissions since 2010 and details of our total carbon footprint are summarised in the table below:

GLOBAL TONNES OF CO_2E

	2023	2022
Scope 1[1]	**36,684**	**32,742**
Scope 2 Location-Based[2]	**99,935**	**92,368**
Scope 2 Market-Based[3]	**109,373**	**95,709**
Scope 3[4]	**45,169[5]**	**39,647[5]**
No. of rooms	**21,555**	**20,981**
Carbon intensity excl. Franchises (tonnes of CO_2e/room)	**8.43**	**7.85**
Franchise Hotels Emissions	**182,029**	**171,840**
Total gross emissions excl. Franchises (Location-Based)	**181,789**	**164,757**
Total gross emissions excl. Franchises (Market-Based)	**191,226**	**168,098**
Total gross emissions incl. Franchises (Location-Based)	**363,818**	**342,339**
Total gross emissions incl. Franchises (Market-Based)	**373,255**	**345,680**

[1] Direct emissions from activities owned or controlled by our organisation that release emissions into the atmosphere.
[2] Indirect emissions that are a consequence of our organisation's activities but which occur at sources we do not own or control (includes electricity, district heating, district cooling and imported steam).
[3] Scope 2 market-based emissions reflect emissions from electricity that the Group has purposefully chosen.
[4] Other indirect emissions that are a consequence of the Group's activities, but which occur at sources that are not owned or controlled by us and which are not classed as Scope 2 emissions.
[5] Includes emissions associated with water use, energy consumed by third party laundry, waste, business travel, well-to-tank and transmission and distribution (does not include franchises to allow for year-on-year comparisons).

Moreover in 2019, the Group set a Science-Based Target ("SBT") to reduce its carbon emissions by 27% by 2030 and in 2024, also set an internal annual target to reduce energy, water and waste by 2% compared to 2023.

The Strategic Report was approved by the Board of Directors of the Group on 9 May 2024 and signed on its behalf by

Kwek Eik Sheng
Director

DIRECTORS' REPORT

The Directors present their annual report and financial statements for the Group and Company for the year ended 31 December 2023.

Strategic report
The Strategic Report is found on pages 1 to 5. Pursuant to the Companies Act 2006, that report must provide a fair review of the Group's business, together with a description of the principal risks and uncertainties facing the Group. It includes an analysis of the development and performance of the Group's business during the year and the position of its business at the end of the year, as well as a description of the Group's strategy and business model.

Board of Directors
The names of those who served as a Director of the Company during the course of the 2023 financial year, up to the date of this report, include:

Kwek Leng Beng	
Kwek Eik Sheng	
David Kien Hassan	
Jonathon Mackenzie Grech	
Ali Hamad Ali Lakhraim Alzaabi	
Alexander Richard Jason Wade	
Catherine Wu	(resigned 02 January 2024)
Anthony Grahame Potter	(appointed 12 July 2023, vacated 10 December 2023)[1]
Jonathan David Ashcroft	(resigned 23 June 2023)

Going Concern
The measures adopted by the Directors in 2023 in order to further reduce costs and optimise the Group's cash flow and liquidity have enabled the Group to offset the impact of rising inflation.

Despite the uncertainty caused by high levels of inflation and associated risks, the Group continues to prepare its accounts on a going concern basis given that trading has improved significantly in recent months across the global estates with many hotels returning to pre-pandemic levels.

Having reviewed cash forecasts and the available committed debt facilities, the Directors have a reasonable expectation that the Group and Company have adequate resources including external credit facilities to continue in operational existence up to at least 31 December 2025. Accordingly, they continue to adopt the going concern basis in preparing the financial statements of the Group and the Company. Please refer to Note 2.1 for further information.

Dividends
The Directors do not recommend the payment of a dividend in respect to the year ending 31 December 2023 (2022: £Nil).

Political donations and expenditure
No donations were made by the Group for political purposes and the Group did not incur any political expenditure during the year (2022: £Nil). The Group operates a politically neutral policy with regard to any political donations and expenditures it may elect to make.

Financial instruments
An indication of the Group's financial risk management objectives and policies with respect to the use of financial instruments and exposure of the Group to price risk, credit risk, liquidity risk and cash flow risk are set out below.

Credit risk
Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's receivables from customers and investment securities.

Exposure to credit risk is monitored on an ongoing basis, with credit checks performed on all clients requiring credit over certain amounts. Credit is not extended beyond authorised limits, established where appropriate through consultation with a professional credit vetting organisation. Credit granted is subject to regular review to ensure it remains consistent with the client's current creditworthiness and appropriate to the anticipated volume of business.

Liquidity risk
Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Market risk
Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The primary objectives of the treasury function are to provide secure and competitively priced funding for the activities of the Group and to identify and manage financial risks.

[1] Anthony Grahame Potter ceased to be a director of the Company upon his demise on 10 December 2023.

DIRECTORS' REPORT (continued)

Foreign currency risk
The Group is exposed to foreign currency risk on revenue, purchases, borrowings and cash deposits denominated in currencies other than the functional currencies of the respective Group entities. The Group's principal policy, wherever possible, is to maintain a natural hedge whereby liabilities are matched with assets denominated in the same currency. Foreign currency investment exposure is also minimised by borrowing in the currency of the investment. To mitigate foreign currency translation exposure, an appropriate proportion of net assets are designated as hedged against corresponding financial liabilities in the same currency.

Interest rate risk and interest rate swaps
The Group adopts a policy of ongoing review of its exposure to changes in interest rates on its borrowings, taking into account market expectations with regard to the perceived level of risk associated with each currency, the maturity profile and cash flows of the underlying debt, and the extent to which debt may potentially be either prepaid prior to its maturity or refinanced at reduced cost.

The Group's policy is to maintain a mixture of its financial liabilities on a fixed and floating-rate basis with a greater emphasis on floating rates presently as this flexibility is considered to be appropriate in the context of the Group's overall geographical diversity, investment and business cycle and the stability of the income streams, cash balances and loan covenants.

Employment of disabled persons
We highly value the rich diversity of our colleagues around the world. As of the end of 2023, the Group operated in over 25 countries and employed approximately 7,182 employees worldwide (2022: 6,441). The Group is an equal opportunity employer and has an objective to ensure that no employee or other worker or job applicant receives less favourable treatment, directly or indirectly, on the grounds of age, disability, gender reassignment, marital or civil partner status, pregnancy or maternity, race, colour, nationality, ethnic or national origin, religion or belief, sex or sexual orientation.

Engagement with suppliers, customers and others in a business relationship with the Group
As a Group operating in the hospitality industry, the Directors are aware of the need for the Group to remain competitive and for our hotels to address the wants and needs of our customers. To this end, the Group is continually looking for ways to engage with and better understand our guests. Indeed, several of the Group's principal risks-including the risks pertaining to hotel demand, operational efficiency and health and safety focus in part on the relationship of the Group with its customers and other stakeholders.

Employee involvement and engagement with employees
As a Group, we highly value our employees as the driving force behind every aspect of our business, including guest-facing roles, ancillary and supporting roles, and administrative roles. Our employees play a crucial role in delivering exceptional services to our guests, guaranteeing a memorable and consistently high standard of service. Moreover, they contribute to cultivating a professional, efficient, inclusive, and friendly environment for guests and colleagues alike.

The Group's aims are to maximise employee engagement by keeping employees informed about matters of concern to them, through management presentations, updates from regional and functional heads, regional intranet sites and other communication. Over the course of the year, these efforts included regular meetings at the regional, functional and hotel levels, as well as exit interviews with departing colleagues. These meetings allowed the management team to communicate important updates throughout the workforce, provide training on existing and new policies and procedures and hear from colleagues around the world.

We are fully committed to supporting our employees by providing them with the necessary resources, continuous training, and benefits to ensure their satisfaction and well-being. Through our employee benefit schemes and tailored training programs, the Group strives to enhance their skills and knowledge, allowing them to excel in their specific roles within our organisation and the broader Group community.

Central to our approach is the instillation of our core values, shown below, into every employee, guiding their actions and decision-making. By upholding these values, we foster a sense of unity, purpose, and integrity throughout our workforce, promoting a positive and productive work culture.

- Will to win - The will to be successful both personally and as a Group as a whole in the pursuit of targets and objectives.
- Guest focus - Unparalleled service and guest experience provided by our employees and services.
- Openness in communication - Clear and supportive communication between all levels of the Group.
- Teamwork - Collaborate and work coherently between all teams within the Group.
- Innovation and creativity - Tailor-made solutions and the ability to introduce new ideas, processes and methods into practice.
- Think blue ocean behaviour - Innovative, anticipative, and divergent thinking approach to targets, performance, growth and teamwork.

DIRECTORS' REPORT (continued)

Streamlined energy and carbon reporting

This section discloses our UK operational energy consumption, carbon footprint, and energy efficiency initiatives for the year ended 31 December 2023 in line with the UK Government's Streamlined Energy and Carbon Reporting ('SECR') legislation.

GHG Emissions and Energy Use	2023	2022
Energy consumption used to calculate emissions in Kilowatt-hours (kWh)	**Gas: 49,482,108 kWh** **Diesel: 7,669 kWh** **Biofuel: 383 kWh** **Coal: 1,486 kWh** **Electricity: 30,952,343 kWh** **District Heating: 832,638 kWh** **Company-Owned Transport: Nil kWh** **Employee-Owned Transport: 29,230 kWh** **Total: 81,305,856 kWh**	Gas: 54,488,636 kWh Diesel: Nil kWh Electricity: 36,561,390 kWh District Heating: 751,589 kWh Company-Owned Transport: Nil kWh Employee-Owned Transport: 114,925 kWh Total: 91,916,541 kWh
Emissions from combustion of gas in tCO_2e (Scope 1)	**9,051.7 tCO_2e**	9,946.4 tCO_2e
Emission from combustion of diesel in tCO_2e (Scope 1)	**1.83 tCO_2e**	N/A
Emission from combustion of biofuel in tCO_2e (Scope 1)	**0.01 tCO_2e**	N/A
Emission from combustion of coal in tCO_2e (Scope 1)	**0.48 tCO_2e**	N/A
Emissions from business travel in company owned vehicles in tCO_2e (Scope 1)	**N/A**	N/A
Emissions from purchased electricity in tCO_2e (Scope 2, location-based)	**6,409.43 tCO_2e**	7,070.2 tCO_2e
Emissions from purchased district heating in tCO_2e (Scope 2, location-based)	**149.58 tCO_2e**	128.3 tCO_2e
Emissions from business travel in rental cars or employee-owned vehicles where company is responsible for purchasing the fuel in tCO_2e (Scope 3)	**7.25 tCO_2e**	26.9 tCO_2e
Total gross tCO_2e based on above	**15,620.29 tCO_2e**	17,171.8 tCO_2e
Intensity ratio: gross tCO_2e / room	**3.77 tCO_2e**	4.2 tCO_2e

Methodology

The methodology used to calculate our GHG emissions and energy use is the GHG Protocol Corporate Accounting and Reporting Standard, using the operational control approach on reporting boundaries. The data has been calculated using v2.0 DEFRA conversion factors for each reporting year.

As the data was collected in December 2023, data for quarter 4 of 2023 was based on actual data for quarter 4 of 2022, it has been assumed that there were similar emissions in each quarter as there were no significant changes to hotel operation between quarter 4 2022 and quarter 4 2023. This enabled us to report verifiable data for the 2023 calendar year in advance of our reporting deadlines.

For any estimates included in our totals, we have used the emissions per room average for the UK region.

DIRECTORS' REPORT (continued)
Streamlined energy and carbon reporting (continued)

Energy efficient actions
This year we have continued efforts to reduce energy consumption across our UK estate. Progress in 2023 included:
- Installation of new boilers.
- On going LED installation.
- Upgrading of air handling units.
- Upgrading of belt driven pumps to direct drive pumps.
- Switching 1 guest lift off at night at London hotels.
- Boiler optimisation by reducing set temperature by 2 degrees C.
- Chiller optimisation by increasing temperature by 1 degree C.
- Installation of pre set dimmer controls in (public areas, guest corridors).
- Installation of inverter-controlled pumps and motors.
- Installation of control devices in guest bedrooms to switch off lights/air conditioning units in the absence of guests.
- Upgrading lifts, boilers, and chillers with high energy efficiency equipment.

The Group's greenhouse gas emissions and energy consumption will continue to be reported in its Corporate Responsibility Report, located at https://investors.millenniumhotels.com/corporate-responsibility.

The Group is implementing and developing a systematic process for identifying and assessing climate-related risks, prioritising risk significance in the broader risk landscape. The approach being developed will be a thorough analysis based on geographic region, local conditions and specific factors that consider the potential impacts of climate-related factors on all aspects of our operations. Risks and opportunities will be priorities based on the significance of the effect on operational and strategic areas, employing both quantitative and qualitative methods.

Risk analysis involves engaging with climate data such as temperature rises, sea level projections, metrological data, and scenario analysis. The Group will periodically review identified risks and include newly identified risks based on qualitative and quantitative data. By consistently evaluating and ranking climate-related risks in comparison to other risks, we ensure that our risk management strategies are proportionate, adaptive, and aligned with the Group's related policies.

The Group's development of comprehensive processes for identifying, assessing, and managing climate-related risks aims to form an integrated and holistic approach that aligns climate risk considerations with the Group's existing risk management strategy. Climate-related risk assessments are conducted using the same methodologies and tools employed for other types of risks, ensuring consistency and coherence in the evaluation process. An example of the process employed specifically would be a review of historical information and recent events on a local and global scale and a review of available meteorological and sea level data. The findings from climate risk assessments are intended to be incorporated into the existing risks and opportunities already identified so that the Group can develop a good understanding of all risks and their interactions.

Future developments
The Group will build upon its performance by increasing the efficiency of the internal processes and functions.

Research and development
While the management team continues to review ways to improve the Group's service, brand, and product offerings and regularly invests in our people and assets, the Group did not conduct significant research and development activities during the year.

Statement of corporate governance
The Group is indirectly wholly owned and controlled by CDL, through various CDL subsidiary companies. CDL, which is listed on the Singapore Exchange, is, in turn, considered to be controlled by Hong Leong Investment Holdings Pte. Ltd. The following sections of the Annual Report and the Financial Statements and the group's 2023 Corporate Responsibility Report, are published on this website (http://investors.millenniumhotels.com/corporate-responsibility) and describes how it plans to continue to engage with them in the future,

Section	Location
Section 172 (1) Statement	Strategic report: pages 2-3
Employee Involvement and Engagement with Employees	Directors' report: Page 7
Engagement with suppliers, customers and others in a business relation with the Company	Directors' report: Page 7

As of 31 December 2023, the Board is comprised of 7 directors, consisting of 3 executive directors and 4 non-executive directors. Mr. Kwek Leng Beng has served as the Chairman of the Group since it was initially listed in 1996 and as an executive director since 2020. Mr. Kwek Eik Sheng and Mr. David Hassan served as an executive director, while Mr. Jonathon Grech, Mr. Ali Alzaabi, Mr. David Ashcroft, Mr. Alexander Wade and Dr. Catherine Wu served as non-executive directors in 2023.

Mr. David Ashcroft and Dr Catherine Wu resigned from the Board on 23 June 2023 and 02 January 2024 respectively. Mr Anthony Grahame ceased to be a director of the Company upon his demise on 10 December 2023.

The vision of the Directors is to be the leading global hospitality real estate ownership group for gateway cities, with effective, in-built and unique asset management skills. Our commitment is to hospitality and creating memorable experiences in distinctive environments. We strive to recognise not only the faces of our guests but also their individual needs and desires.

To do this, we will need to deliver outstanding service, quality, originality and value to our customers by employing and developing the best people and by having a challenging and forward-thinking business culture. Fundamentally, we treat our guests, employees and other stakeholders with respect and integrity.

In 2023, the Board intends to review the ways in which the purpose and values are embedded throughout the organisation. As part of this review, the Board will continue to examine the culture of the Group and will seek to reinforce a culture of accountability where employees consider the views of, and are responsible to, the Group's stakeholders, including our guests and customer, other employees, suppliers, the communities in which we operate.

DIRECTORS' REPORT (continued)

Statement of corporate governance (continued)

When assessing a potential business opportunity, in addition to assessing whether it is aligned with the strategic priorities of the Group and its impact on the Group's stakeholders, the Board members and executive management team also consider the risks associated with the opportunity and whether it is likely to create and preserve value over the long term. The Directors understand that whilst the Group must remain nimble and entrepreneurial to tackle the challenges facing the Group and industry more generally, the Directors also are keenly aware that the Group must operate in a sustainable manner to be successful.

Company Branches

The Company did not have any branches operating outside of the UK during the year.

Statement of the Directors as to disclosure of information to the auditor

In accordance with Section 418 of the Companies Act 2006, each Director who held office at the date of approval of this Directors' Report confirms that:

- So far as they are aware, there is no relevant audit information of which the Company's auditor is unaware and
- They have taken all the steps that they ought to have taken as a director to make himself or herself aware of any relevant audit information and to establish that the Group's auditor is aware of that information.

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed, and KPMG LLP will therefore continue in office.

The Directors' Report was approved by the Board of Directors of the Company on 9 May 2024.

On behalf of the Board

Kwek Eik Sheng

Director

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ANNUAL REPORT AND THE FINANCIAL STATEMENTS

The directors are responsible for preparing the Annual Report and the Group and parent Company financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare Group and parent Company financial statements for each financial year. Under that law they have elected to prepare the Group financial statements in accordance with UK-adopted international accounting standards and applicable law and have elected to prepare the parent Company financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 *Reduced Disclosure Framework*.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and parent Company and of the Group's profit or loss for that period. In preparing each of the Group and parent Company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant, reliable and prudent;
- for the Group financial statements, state whether they have been prepared in accordance with UK-adopted international accounting standards;
- for the parent Company financial statements, state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Group and parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the parent Company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

On behalf of the Board

Kwek Eik Sheng
Director

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MILLENNIUM & COPTHORNE HOTELS LIMITED

Opinion
We have audited the financial statements of Millennium & Copthorne Hotels Limited ("the Company") for the year ended 31 December 2023 which comprise the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Consolidated Statement of Changes in Equity, the Consolidated Statement of Cash Flows, the Company Statement of Financial Position, the Company Statement of Changes in Equity and related notes, including the accounting policies in note 2.2 of the Consolidated Financial Statements and Note B of the Company Financial Statements.

In our opinion:
- the financial statements give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 December 2023 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK-adopted international accounting standards;
- the parent Company financial statements have been properly prepared in accordance with UK accounting standards, including FRS 101 *Reduced Disclosure Framework*; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion
We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Group in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern
The Directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Group or the Company or to cease their operations, and as they have concluded that the Group and the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the Directors' conclusions, we considered the inherent risks to the Group's business model and analysed how those risks might affect the Group and Company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:
- we consider that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the Directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Group or the Company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Group or the Company will continue in operation.

Fraud and breaches of laws and regulations – ability to detect
Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:
- Enquiring of Directors, management and key personnel and inspection of policy documentation as to the Group's high-level policies and procedures to prevent and detect fraud, including the Group's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board minutes.
- Considering remuneration incentive schemes and performance targets for Directors.
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit. This included communication from the Group audit team to component audit teams of relevant fraud risks identified at the Group level and request to component audit teams to report to the Group audit team any instances of fraud that could give rise to a material misstatement at the Group level.

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries and the risk of bias in accounting estimates and judgements such as provision for impairment and pension assumptions. On this audit, we do not believe there is a fraud risk related to revenue recognition because revenue transactions are typically not complex and revenue recognition, which in most cases is linked directly to bookings through various channels, requires minimal judgement.

We did not identify any additional fraud risks.

We performed procedures including:
- Identifying journal entries to test for all full scope components based on risk criteria and comparing the identified entries to supporting documentation. These included those posted by senior finance management, those posted and approved by the same user, those posted to unusual accounts.
- Assessing whether the judgements made in making accounting estimates are indicative of a potential bias.

Identifying and responding to risks of material misstatement related to compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, and through discussion with the Directors and others management (as required by auditing standards), and discussed with the Directors and other management the policies and procedures regarding compliance with laws and regulations.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MILLENNIUM & COPTHORNE HOTELS LIMITED (continued)

Fraud and breaches of laws and regulations – ability to detect (continued)

Identifying and responding to risks of material misstatement related to compliance with laws and regulations (continued)

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit. This included communication from the Group audit team to full-scope component audit teams of relevant laws and regulations identified at the Group level, and a request for full scope component auditors to report to the Group audit team any instances of non-compliance with laws and regulations that could give rise to a material misstatement at the Group level.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Group is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation, and taxation legislation, and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: health and safety, data protection laws, anti-bribery, employment law, regulatory capital and liquidity and certain aspects of company legislation recognising the nature of the Group's activities and its legal form. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Directors and other management and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Strategic Report and Directors' Report
The Directors are responsible for the Strategic Report and the Directors' Report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the Strategic Report and the Directors' Report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work: we have not identified material misstatements in the strategic report and the Directors' report;

- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception
Under the Companies Act 2006, we are required to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

Directors' responsibilities
As explained more fully in their statement set out on page 11, the Directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MILLENNIUM & COPTHORNE HOTELS LIMITED (continued)

Auditor's responsibilities
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities
This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Andrew Simpson

Andrew Simpson (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London
E14 5GL
9 May 2024

CONSOLIDATED INCOME STATEMENT
For the year ended 31 December 2023

	Notes	2023	2022
		£m	£m
Revenue	5	906	844
Cost of sales		(366)	(365)
Gross profit		540	479
Administrative expenses	6	(410)	(406)
Other operating income	7	159	712
Other operating expense	7	(24)	3
Operating profit		265	788
Share of profit of joint ventures and associates	13	28	53
Finance income		48	58
Finance expense		(59)	(59)
Net finance expense	9	(11)	(1)
Profit before tax	5	282	840
Income tax expense	10	(27)	(286)
Profit for the year		255	554
Attributable to:			
Equity holders of the parent		233	533
Non-controlling interests		22	21
		255	554

The financial results above derive from continuing activities.
The notes on pages 21 - 78 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2023

	Notes	2023 £m	2022 £m
Profit for the year		**255**	554
Other comprehensive income, net of tax:			
Items that are not reclassified subsequently to income statement:			
Remeasurement of defined benefit plan actuarial net gains, net of tax	22	**3**	8
		3	8
Items that may be reclassified subsequently to income statement:			
Foreign currency translation differences - foreign operations		**(134)**	166
Foreign currency translation differences - equity accounted investees		**(38)**	34
Net gain/(loss) on hedge of net investments in foreign operations		**7**	(6)
Exchange differences reclassified to profit or loss on disposal of business of foreign operations		**–**	90
		(165)	284
Other comprehensive (expense)/ income for the year, net of tax		**(162)**	292
Total comprehensive income for the year, net of tax		**93**	846
Total comprehensive income attributable to:			
Equity holders of the parent		**85**	804
Non-controlling interests		**8**	42
Total comprehensive income for the year, net of tax		**93**	846

The notes on page 21 - 78 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2023

	Notes	**2023** **£m**	2022 £m
Non-current assets			
Property, plant and equipment	11, 37	**2,640**	2,624
Investment properties	12, 37	**703**	551
Investment in joint ventures and associates	13	**829**	797
Other financial assets	14	**400**	477
Prepayment	15	**16**	–
		4,588	4,449
Current assets			
Inventories	16	**4**	4
Development properties	17	**121**	119
Trade and other receivables	18	**143**	176
Cash and cash equivalents	19	**677**	561
		945	860
Assets held for sale	36	**–**	9
		945	869
Total assets		**5,533**	5,318
Non-current liabilities			
Interest-bearing loans, bonds and borrowings	20	**(232)**	(227)
Employee benefits	22	**–**	(4)
Provisions	23	**(10)**	(10)
Other non-current liabilities	24	**(14)**	(15)
Lease liabilities	37	**(383)**	(410)
Deferred tax liabilities	25	**(201)**	(190)
		(840)	(856)
Current liabilities			
Interest-bearing loans, bonds and borrowings	20	**(500)**	(284)
Trade and other payables	26	**(225)**	(217)
Provisions	23	**(13)**	(51)
Lease liabilities	37	**(11)**	(12)
Income taxes payable		**(8)**	(53)
		(757)	(617)
Total liabilities		**(1,597)**	(1,473)
Net assets		**3,936**	3,845
Equity			
Issued share capital	28	**97**	97
Share premium		**843**	843
Translation reserve	29	**504**	655
Treasury share reserve	29	**(4)**	(4)
Retained earnings		**2,265**	2,029
Total equity attributable to equity holders of the parent		**3,705**	3,620
Non-controlling interests		**231**	225
Total equity		**3,936**	3,845

The notes on pages 21 - 78 are an integral part of these consolidated financial statements.
These financial statements were approved by the Board of Directors on 9 May 2024 and were signed on its behalf by:

Kwek Eik Sheng
Director
Registered No: 03004377

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2023

	SHARE CAPITAL £m	SHARE PREMIUM £m	TRANSLATION RESERVE £m	TREASURY SHARE RESERVE £m	RETAINED EARNINGS £m	TOTAL EXCLUDING NON-CONTROLLING INTERESTS £m	NON-CONTROLLING INTERESTS £m	TOTAL EQUITY £m
Balance at 1 January 2023	**97**	**843**	**655**	**(4)**	**2,029**	**3,620**	**225**	**3,845**
Profit	–	–	–	–	233	233	22	255
Other comprehensive income	–	–	(151)	–	3	(148)	(14)	(162)
Total comprehensive (expense)/income	**–**	**–**	**(151)**	**–**	**236**	**85**	**8**	**93**
Transactions with owners, recorded directly in equity								
Contributions by and distributions to owners								
Dividends - non-controlling interests	–	–	–	–	–	–	(2)	(2)
Total transactions with owners	**–**	**–**	**–**	**–**	**–**	**–**	**(2)**	**(2)**
Balance at 31 December 2023	**97**	**843**	**504**	**(4)**	**2,265**	**3,705**	**231**	**3,936**

	SHARE CAPITAL £m	SHARE PREMIUM £m	TRANSLATION RESERVE £m	TREASURY SHARE RESERVE £m	RETAINED EARNINGS £m	TOTAL EXCLUDING NON-CONTROLLING INTERESTS £m	NON-CONTROLLING INTERESTS £m	TOTAL EQUITY £m
Balance at 1 January 2022	**97**	**843**	**392**	**(4)**	**1,364**	**2,692**	**583**	**3,275**
Profit	–	–	–	–	533	533	21	554
Other comprehensive income	–	–	263	–	8	271	21	292
Total comprehensive income	**–**	**–**	**263**	**–**	**541**	**804**	**42**	**846**
Transactions with owners, recorded directly in equity								
Contributions by and distributions to owners								
Dividends - non-controlling interests	–	–	–	–	–	–	(10)	(10)
Revaluation gain on property, plant and equipment	–	–	–	–	123	123	–	123
Changes in ownership interests								
Change in interests in subsidiaries without loss of control	–	–	–	–	1	1	(1)	–
Disposal of Interest in Subsidiaries	–	–	–	–	–	–	(384)	(384)
Return of capital to non-controlling interests	–	–	–	–	–	–	(5)	(5)
Total transactions with owners	**–**	**–**	**–**	**–**	**124**	**124**	**(400)**	**(276)**
Balance at 31 December 2022	**97**	**843**	**655**	**(4)**	**2,029**	**3,620**	**225**	**3,845**

The notes on pages 21 - 78 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31 December 2023

	NOTES	2023 £m	2022 £m
Cash flows from operating activities			
Profit for the year		**255**	554
Adjustments for:			
Depreciation	11	**59**	69
Share of profit of joint ventures and associates	13	**(28)**	(53)
Dilution of interest in an associate	7	**(2)**	1
Loss on property, plant and equipment written off	7	**4**	–
Gain on disposal of property, plant and equipment	7	**(48)**	(501)
Gain on disposal of investment property	7	**(10)**	(59)
Gain on disposal of subsidiary	7	–	(84)
Gain on disposal of non-financial assets	7	–	(42)
Fair value loss from financial assets	7	**3**	8
Net reversal of impairment losses of property, plant and equipment	7	**(35)**	(26)
Gain on revaluation of investment properties	7	**(47)**	(12)
Finance income	9	**(48)**	(58)
Finance expense	9	**59**	59
Management fee income received/receivable in form of units in an associate		**(7)**	–
Income tax charge	10	**27**	286
Operating profit before changes in working capital		**182**	142
Changes in working capital:			
Development properties		**(7)**	(8)
Prepayments		**(16)**	–
Trade and other receivables		**42**	(50)
Trade and other payables		**8**	42
Other non-current liabilities		**(1)**	9
Provisions		**(39)**	7
Cash generated from operations		**169**	142
Income tax paid		**(59)**	(148)
Net cash generated from / (used in) operating activities		**110**	(6)
Cash flows from investing activities			
Interest received		**32**	14
Dividends received from joint ventures and associates	13	**18**	10
Capital reduction from joint venture and associates		**1**	–
Increase in investment in an associate		**(54)**	–
Proceeds from sale of property, plant and equipment and investment properties (net of expenses)		**66**	762
Proceeds from disposal of subsidiary (net of expenses)		**–**	53
Acquisition of subsidiaries		**–**	(22)
Acquisition and additions of property, plant and equipment and investment properties	11, 12	**(285)**	(41)
Net cash (used in) / generated from investing activities		**(222)**	776
Cash flows from financing activities			
Interest paid		**(36)**	(18)
Repayment from/(loan to) intermediate holding company	14	**58**	(486)
Repayment of borrowings		**(194)**	(375)
Drawdown of borrowings		**249**	250
Payment of lease liabilities	37	**(26)**	(20)
Dividends paid to non-controlling interests		**(2)**	(10)
Return of capital to non-controlling interests		**–**	(5)
Net cash generated from / (used in) financing activities		**49**	(664)

CONSOLIDATED STATEMENT OF CASH FLOWS (continued)
For the year ended 31 December 2023

	NOTES	**2023**	2022
		£m	£m
Net (decrease) / increase in cash and cash equivalents		**(63)**	106
Cash and cash equivalents at beginning of the year**	19	**561**	390
Effect of exchange rate fluctuations on cash held		**(15)**	65
Cash and cash equivalents at end of the year**		**483**	561
Reconciliation of cash and cash equivalents			
Cash and cash equivalents shown in the consolidated statement of financial position	19	**677**	561
Bank overdrafts included in borrowings		**(194)**	–
Cash and cash equivalents for consolidated statement of cash flows	19	**483**	561

**Cash and cash equivalents includes overdrafts that are repayable on demand and form an integral part of the Group's cash management which is in line with the accounting policy for cash and cash equivalents on page 28.

The notes on pages 21 - 78 are an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 Reporting entity

Millennium & Copthorne Hotels Limited (the "Company") is a private company incorporated in England and Wales in the UK. The registered number is 03004377 and the registered office is located at Corporate Headquarters, Scarsdale Place, Kensington, London W8 5SY, United Kingdom.

The principal activities of the Company and its subsidiaries is to invest in diversified portfolio of real estate or real estate related assets, which are used or primarily used for hospitality, hospitality-related and other accommodation and/or lodging purposes globally.

These consolidated financial statements comprise the Company and its subsidiaries (collectively the "Group"). The consolidated financial statements of the Group for the year ended 31 December 2023 were authorised for issue in accordance with a resolution of the Directors on 9 May 2024.

The directors consider the intermediate holding company to be City Developments Limited ("CDL") and ultimate holding company to be Hong Leong Investment Holdings Pte. Ltd. ("Hong Leong"), both of which are incorporated in the Republic of Singapore.

2.1 Basis of preparation

The consolidated financial statements are prepared on the historical cost basis except for investment properties, derivative financial instruments, equity investments at fair value through other comprehensive income ("FVOCI") and equity investments at fair value through profit and loss ("FVTPL") which are stated at their fair values. Hotel properties are stated at cost or deemed cost. Deemed cost is calculated based on the hotel's frozen valuation as at 1 January 2004. Non-current assets held for sale are stated at the lower of carrying amount and fair value less costs to sell. The Group's income statement and segmental analysis separately identifies operating profit and other operating income and expense. This is in accordance with IAS 1 'Presentation of Financial Statements' and is consistent with the way that financial performance is measured by management and assists in providing a meaningful analysis of the trading results of the Group. The financial statements are presented in the Company's functional currency of sterling, rounded to the nearest million.

The Company has elected to prepare its parent company's financial statements in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework'.

Basis of accounting

The Group's financial statements have been prepared and approved by the directors in accordance with international accounting standards and in accordance with UK-adopted international accounting standards ("UK-adopted IFRS"). The Company has elected to prepare its financial statements in accordance with FRS 101; these are presented on pages 79 to 82.

Adoption of new and revised standards

The Group has adopted the following in these financial statements:

- Amendments to IAS 12 (Deferred tax related to assets and liabilities arising from a single transaction) from 1 January 2023. The amendments narrow the scope of the initial recognition exemption to exclude transactions that give rise to equal and offsetting temporary differences – e.g. leases and decommissioning liabilities. For leases and decommissioning liabilities an entity is required to recognise the associated deferred tax assets and liabilities from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of equity at that date. For all other transactions, an entity applies the amendments to transactions that occur on or after the beginning of the earliest period presented. The Group previously accounted for deferred tax on leases by applying the 'integrally linked' approach, resulting in a similar outcome as under the amendments, except that the deferred tax asset or liability was recognised on a net basis. Following the amendments, the Group has recognised a separate deferred tax asset in relation to its lease liabilities and a deferred tax liability in relation to its right-of-use assets. However, there was no impact on the statement of financial position because the balances qualify for offset under paragraph 74 of IFRS 1-12. There was also no impact on the opening accumulated profits as at 1 January 2022 as a result of the change. The Key impact for the Group relates to the disclosure of the deferred tax assets and liabilities recognised (see Note 25).

- Amendments to IAS 12 (International Tax Reform – Pillar Two Model Rules) upon their endorsement in the UK on 19 July 2023. The amendments provide a temporary mandatory exception from deferred tax accounting for the top-up tax, which is effective immediately, and require new disclosures about the Pillar Two exposure (see Note 10).

The mandatory exception applies retrospectively. However, because no legislation to implement the top-up tax was substantively enacted at 31 December 2022 in any jurisdiction in which the Group operates and no related deferred tax was recognised at that date, the retrospective application has no impact on the Group's consolidated financial statements.

- Amendments to IAS 1 and IFRS Practice Statement 2 (Disclosure of Accounting Policies) from 1 January 2023. Although the amendments did not result in any changes to the accounting policies themselves, they impacted the accounting policy information disclosed in the financial statements.

The amendments require the disclosure of 'material', rather than 'significant', accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies.

Management reviewed the accounting policies and determined that no updates were required as a result of the amendments.

- Amendments to IAS 8 (Definition of accounting estimates) from 1 January 2023. The amendments introduce a new definition for accounting estimates, clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty, and clarifying the relationship between accounting policies and accounting estimates by specifying that a company develops an accounting estimate to achieve the objective set out by an accounting policy. There is no material effect of adopting this amendment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

Basis of consolidation

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

(i) Interests in equity-accounted investees

The Group's interests in equity-accounted investees comprise interests in joint ventures and associates.

An associate is an entity in which the Group has significant influence but not control or joint control, over the financial and operating policies.

A joint venture is an arrangement in which the Group has joint control, and where the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Interests in joint ventures and associates are accounted for using the equity method. They are initially recognised at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of equity-accounted investees, until the date on which significant influence or joint control ceases.

(ii) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses (except for foreign currency transactions gains or losses), arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report on page 1 to 5. Note 21 of the financial statements includes the Group's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and hedging activities and its exposures to credit risk and liquidity risk.

The measures adopted by the directors in 2023 in order to further reduce costs and optimise the group's cash flow and liquidity have enabled the group to offset the impact of rising inflation. These mitigating actions include reducing capital expenditure through postponing or pausing refurbishment and property development activities, tight monitoring of manpower planning, monitoring of controllable variable expenses and negotiation of discounts with suppliers. These initiatives will continue to support the Group's recovery.

It is noted that the Group has a limited fixed cost based due to owning the majority of its hotel properties which is a major advantage in this industry.

Despite the uncertainty caused by high levels of inflation and associated risks, the Group continues to prepare its accounts on a going concern basis given that trading has improved significantly in recent months across the global estates with many hotels returning to pre- pandemic levels.

Cashflow forecasts have been prepared for a period up until December 2025. The directors continue to review and adapt these cashflow forecasts in the light of the changing circumstances associated with the high levels of inflation and other business risks. These forecasts include downside scenario assumptions such as restrictions on the renewal of loan facilities during the period or failure to dispose of assets held for sale whilst still incurring significant capital improvement costs.

Having reviewed the forecasts and the available committed debt facilities, the Directors have a reasonable expectation that the Group and Company have adequate resources including external credit facilities to continue in operational existence up to at least 31 December 2025. Accordingly, they continue to adopt the going concern basis in preparing the financial statements of the Group and the Company.

2.2 Summary of material accounting policies

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these group financial statements.

A Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets.

For business combinations with acquisition dates on or after 1 January 2023, the Group has determined whether a particular set of activities and assets is a business by assessing whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs. The Group has an option to apply a 'concentration test' that permits a simplified assessment of whether an acquired set of activities and assets is not a business. This election can be applied on a transaction by transaction basis. The optional concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets. Acquisition costs incurred are expensed and identifiable net assets acquired are measured at the acquisition date fair value.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value as at that date through the income statement.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

2.2 Summary of material accounting policies (continued)

A Business combinations and goodwill (continued)

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured, and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

Goodwill is initially measured at cost, being the excess of the consideration transferred over the fair value of the Group's net identifiable assets acquired and liabilities assumed and is allocated to each of the Group's cash-generating units that are expected to benefit from the combination. If the consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in the income statement.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of annual impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

B Foreign currency

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to the functional currency at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement except for differences arising on the translation of a financial liability designated as a hedge of the net investment in a foreign operation that is effective, or qualifying cash flow hedges, which are recognised directly in other comprehensive income. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined.

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated to the Group's presentational currency, Sterling, at foreign exchange rates ruling at the balance sheet date. The revenues and expenses of foreign operations are translated at an average rate for the year where this rate approximates to the foreign exchange rates ruling at the dates of the transactions.

Exchange differences arising from this translation of foreign operations are reported as an item of other comprehensive income and accumulated in the translation reserve or non-controlling interest, as the case may be. When a foreign operation is disposed of, such that control, joint control or significant influence (as the case may be) is lost, the entire accumulated amount in the FCTR, net of amounts previously attributed to non-controlling interests, is recycled to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while still retaining control, the relevant proportion of the accumulated amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while still retaining significant influence or joint control, the relevant proportion of the cumulative amount is recycled to profit or loss.

Exchange differences arising from a monetary item receivable from or payable to a foreign operation, the settlement of which is neither planned nor likely in the foreseeable future, are considered to form part of a net investment in a foreign operation and are recognised directly in equity in the translation reserve. Foreign currency differences arising on the translation of a hedge of a net investment in a foreign operation are recognised directly in equity, in the translation reserve, to the extent that the hedge is effective. When the hedged part of a net investment is disposed of, the associated cumulative amount in equity is recycled to profit or loss as an adjustment to the profit or loss on disposal.

The Group has taken advantage of the relief available in IFRS 1 to deem the cumulative translation differences for all foreign operations to be zero at the date of transition to UK-adopted IFRSs on 1 January 2004.

C Financial instruments

Recognition and initial measurement
Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

Classification
On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI – equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:
- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:
- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

C Financial instruments (continued)

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Subsequent measurement and gains and losses
Financial assets at FVTPL – these assets (other than derivatives designated as hedging instruments) are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Financial assets at amortised cost – These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

(i) Derivative financial instruments
Derivative financial instruments are recognised at fair value. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss. However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the item being hedged (see below).

The Group designates certain derivatives as hedging instruments to hedge the variability in cash flows associated with highly probable forecast transactions arising from changes in foreign exchange rates and interest rates.

At inception of designated hedging relationships, the Group documents the risk management objective and strategy for undertaking the hedge. The Group also documents the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedged item and hedging instrument are expected to offset each other.

The Group holds derivative financial instruments to hedge its foreign currency risk exposures. Derivatives are initially measured at fair value; any directly attributable transaction costs are recognised in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognised in profit or loss.

(ii) Cash flow hedges
Where a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognised asset or liability, or a highly probable forecast transaction, the effective part of any gain or loss on the derivative financial instrument is recognised directly in the equity. Any ineffective portion of the hedge is recognised immediately in the income statement.

When the forecast transaction subsequently results in the recognition of a non-financial item, the associated cumulative gain or loss is removed from the equity and is included in the initial carrying amount of the non-financial asset or liability.

For all other hedged forecast transactions, the associated cumulative gain or loss is reclassified to the income statement in the same period or periods during which the hedged expected future cash flows affects profit or loss.

When the hedging instrument is sold, expires, is terminated or exercised, or the entity revokes designation of the hedge relationship but the hedged forecast transaction is still expected to occur, the cumulative gain or loss at that point remains in equity and is recognised in accordance with the above policy when the transaction occurs. If the hedged transaction is no longer expected to take place, the cumulative unrealised gain or loss recognised in equity is recognised in the income statement immediately.

(iii) Hedge of monetary assets and liabilities
When a derivative financial instrument is used as an economic hedge of the foreign exchange exposure of a recognised monetary asset or liability, hedge accounting is not applied and any gain or loss on the hedging instrument is recognised in the income statement.

(iv) Hedge of net investment in foreign operations
The portion of the gain or loss on an instrument used to hedge a net investment in a foreign operation that is determined to be an effective hedge is recognised directly in equity within the translation reserve. The ineffective portion is recognised immediately in the income statement.

D Property, plant and equipment

(i) Recognition and measurement

Land and buildings (other than investment properties) are stated at cost, except as allowed under IFRS 1 transition rules, less depreciation and any provision for impairment. All other property, plant and equipment is stated at cost less depreciation and any provision for impairment. Any impairment of such properties below depreciated historical cost is charged to the income statement.

Under the transition provisions of IFRS 1, land and buildings which were previously revalued under UK GAAP were measured on the basis of their deemed cost, being their UK GAAP carrying value, including revaluations, as at 1 January 2004 being the effective date of the Group's conversion to IFRS.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

D Property, plant and equipment (continued)

(ii) Depreciation

Freehold land is not depreciated. All other assets are depreciated to their residual values on a straight-line basis over their estimated useful lives as follows:

Building core	50 years or lease term if shorter
Building surface, finishes and services	30 years or lease term if shorter
Plant and machinery	10 – 20 years
Furniture and equipment	10 years
Soft furnishings	5 – 7 years
Computer equipment	5 years
Software	up to 8 years
Motor vehicles	4 years

No residual values are ascribed to building surface finishes and services. Residual values ascribed to building core depend on the nature, location and tenure of each property.

(iii) Subsequent costs

Capital expenditure on major projects is recorded separately within property, plant and equipment as capital work in progress. Once the project is complete the balance is transferred to the appropriate fixed asset categories. Capital work in progress is not depreciated.

Interest attributable to funds used to finance the construction or acquisition of new hotels or major extensions to existing hotels is capitalised net of tax relief and added to the cost of the building core.

Operating supplies, which include China, linen, glass and silverware, were stated at their deemed costs as at 1 January 2008 and subsumed into the costs of the hotel buildings. Subsequent renewals and replacements of such stocks and new supplies upon initial hotel opening are written off as incurred to the income statement.

E Leases

At the inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(i) As a lessee

At commencement or on modification of a contract that contains a lease component, along with one or more other lease or non-lease components, the Group accounts for each lease component separately from the non-lease components. However, for the leases of property, the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component. The Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone price and the aggregate stand-alone price of the non-lease components.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred [and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located], less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following:
- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise,
- lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and
- penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, to the extent that the right-of-use asset is reduced to £Nil, with any further adjustment required from the remeasurement being recorded in profit or loss.

The Group presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' in the statement of financial position.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

E Leases (continued)

(i) As a lessee (continued)

Short-term leases and leases of low-value assets
The Group has elected not to recognise right-of-use assets and lease liabilities for lease of low-value assets (£5,000 or less) and short-term leases (less than 12 months). The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

COVID-19 related rent concessions
The Group has applied the COVID-19-Related Rent Concessions beyond 30 June 2021. In the year ended 31 December 2021, the Group had applied the practical expedient allowing it not to assess whether eligible rent concessions that are a direct consequence of the COVID-19 pandemic are lease modifications. The Group continued to apply the practical expedient consistently to contracts with similar characteristics and in similar circumstances until 30 June 2022. For rent concessions in leases to which the Group chose not to apply the practical expedient, or that do not qualify for the practical expedient, the Group assesses whether there is a lease modification.

For contracts where the Group has chosen to apply the practical expedient, rent waivers granted have been treated as variable lease payments, and therefore a credit has been recognised in the profit and loss account.

(ii) As a lessor

At inception or on modification of a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract applying IFRS 15.

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset.

The Group applies the derecognition and impairment requirements in IFRS 9 to the net investment in the lease (see Note 2.2(C). The Group further regularly reviews estimated unguaranteed residual values used in calculating the gross investment in the lease.

The Group recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of ‘other revenue’.

Lease acquired in a business combination
For leases acquired in a business combination, the Group measures the acquired lease liability at the present value of the remaining lease payments, as if the acquired lease were a new lease at the acquisition date. The right-of-use asset is measured at acquisition at the same amount as the lease liability, adjusted to reflect favourable or unfavourable terms of the lease when compared with market terms.

Lease liability and associated right-of-use assets acquired in a business combination for which the lease term ends within 12 months of the acquisition date or, leases for which the underlying asset value is low, are not recognised.

F Impairment

The carrying amounts of the Group’s non-financial assets, other than investment properties, inventories, employee benefit assets and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset’s recoverable amount is estimated.

The recoverable amount of assets is the greater of fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the “cash-generating unit”).

Impairment is recognised in the income statement whenever the carrying amount of an asset or its CGU exceeds its recoverable amount. Impairment losses are reversed if there has been a change in the estimates used to determine the recoverable amount. Where permissible under IFRS, an impairment loss is reversed only to the extent that the asset’s carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment had been recognised.

In the case of equity investments, a significant or prolonged decline in fair value of the asset below its cost is considered in determining whether the asset is impaired. If any such evidence exists for these assets, the cumulative loss – measured as the difference between acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the income statement – is removed from equity and recognised in the income statement.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

F Impairment (continued)

The Group recognises loss allowances for expected credit losses ("ECL") on:
- financial assets measured at amortised cost;
- debt investments measured at FVOCI or FVTPL; and
- contract assets.

Loss allowances of the Group are measured on either of the following bases:
- 12-month ECL: these are ECL that result from default events that are possible within the 12 months after the reporting date (or for a shorter period if the expected life of the instrument is less than 12 months); or
- Lifetime ECL: these are ECL that result from all possible default events over the expected life of a financial instrument or contract asset.

Simplified approach
The Group applies the simplified approach to provide for ECL for all trade receivables and contract assets. The simplified approach requires the loss allowance to be measured at an amount equal to lifetime ECL.

General approach
The Group applies the general approach to provide for ECL on all other financial instruments. Under the general approach, the loss allowance is measured at an amount equal to 12-month ECL at initial recognition. At each reporting date, the Group assesses whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and includes forward-looking information.

If credit risk has not increased significantly since initial recognition or if the credit quality of the financial instruments improves such that there is no longer a significant increase in credit risk since initial recognition, loss allowance is measured at an amount equal to 12- month ECL.

The Group considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held). The Group considers a contract asset to be in default when the customer is unlikely to pay its contractual obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Measurement of ECLs
ECLs are probability-weighted estimates of credit losses. Credit losses are measured at the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets
At each reporting date, the Group assesses whether financial assets carried at amortised cost and debt investments at FVOCI or FVTPL are credit impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:
- Significant financial difficulty of the borrower or issuer;
- A breach of contract such as a default;
- The restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- It is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- The disappearance of an active market for a security because of financial difficulties.

Presentation of ECL in the statement of financial position
Loss allowances for financial assets measured at amortised cost and contract assets are deducted from the gross carrying amount of these assets.

Write-off
The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery.

G Investment properties

Investment properties held by the Group are properties which are held either to earn rental income or for capital appreciation or both. Investment properties are stated at fair value. Any gain or loss in the fair value on annual revaluation is recognised in the income statement. In limited circumstances, the determination of fair value is uncertain, and these properties are carried at cost. Impairment analysis over these properties is carried out annually.

H Inventories

Inventories are recorded at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

I Development properties

Development properties are stated at the lower of cost and net realisable value. They are held for sale in the short term and are therefore classified as current assets. The cost of development properties includes interest and other related expenditure incurred in order to get the asset ready for its intended use. Borrowing costs payable on loans funding a development property are also capitalised, on a specific identification basis, as part of the cost of the development property until the completion of development. Payments received from purchasers arising from pre-sales of the property units prior to the completion are included as deferred income under other financial liabilities in the statement of financial position.

J Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with an original maturity of three months or less. Bank overdrafts are included in the cash and cash equivalents only when there is a legal right of offset and an intention to settle net. Otherwise, these are classified as borrowings. Although the Group's current bank overdrafts form part of the cash pooling arrangements and the Group monitors cash net of overdrafts, these do not meet the definition of cash under accounting standards and have therefore been classified as borrowings. Bank overdrafts that are repayable on demand and form an integral part of the Group’s cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

K Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost: any difference between proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

L Taxation

Income tax on profit or loss comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date and any adjustment to tax payable in respect of previous years.

Deferred tax is provided for using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: (i) the initial recognition of assets or liabilities that affect neither accounting nor taxable profit; and (ii) differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

Deferred tax assets and liabilities are offset only to the extent that: (i) the Group has a legally enforceable right to offset current tax assets against current tax liabilities; (ii) the Group intends to settle net; and (iii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority.

Global minimum top-up tax
The Group has determined that the global minimum top-up tax – which it is required to pay under Pillar Two legislation – is an income tax in the scope of IAS 12. The Group has applied a temporary mandatory relief from deferred tax accounting for the impacts of the top-up tax and accounts for it as a current tax when it is incurred.,

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

M Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement.

(ii) Defined benefit plans

The Group operates a number of defined benefit pension plans. As set out in Note 22, the calculation of the present value of the Group's defined benefit obligations at each period end is subject to significant estimation. An appropriately qualified, independent actuary is used to undertake this calculation. The assumptions made by the actuary are the best estimates chosen from a range of possible actuarial assumptions, which due to the timescale covered may not necessarily be borne out in practice. The valuation of scheme assets is based on their fair value at the balance sheet date. As these assets are not intended to be sold in the short term, their values may be subject to significant change before they are realised. In reviewing the work of the independent actuary, management is required to exercise judgement to satisfy themselves that appropriate weight has been afforded to macro-economic factors. Details of the assumptions used are set out in Note 22.

The Group's net obligation in respect of defined benefit post-employment plans, including pension plans, is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value, and the fair value of any plan assets is deducted. The calculation is performed by a qualified actuary using the projected unit credit method.

When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognised immediately as an expense in the income statement.

The Group recognises remeasurement gains and losses within the consolidated statement of comprehensive income in the period in which they occur.

The Group determines the net interest expense (income) on the net defined benefit liabilities (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in the income statement.

(iii) Long-term service benefits

The Group's net obligation in respect of long-term service benefits, other than post-employment plans, is the amount of future benefit that employees have earned in return for their service in the current and prior periods. The obligation is calculated using the projected unit credit method and is discounted to its present value and the fair value of any plan assets is deducted.

(iv) Share-based payment transactions

The share-based incentive schemes previously allowed the Group's employees to acquire shares of Millennium & Copthorne Hotels plc (now Millennium & Copthorne Hotels Limited).

The cost of equity-settled transactions with employees for awards granted after 7 November 2002 is measured by reference to the fair value at the date on which they are granted. The fair value is determined by using an appropriate pricing model, further details of which are given in Note 22.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The income statement expense or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for equity-settled transactions where vesting is conditional upon a market or non-vesting condition, which are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled transaction award are modified, the minimum expense recognised is the expense as if the terms had not been modified, if the original terms of the award are met. An additional expense is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the entity or the employee are not met. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph. All cancellations of equity-settled transaction awards are treated equally.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

N Provisions

A provision is recognised on the balance sheet when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, when appropriate, the risks specific to the liability. Further details on provisions are given in Note 23.

O Revenue and its recognition

Revenue comprises:

- Income from the ownership and operation of hotels – Revenue from hotel operations comprises mainly room revenue and revenue from food and beverages sales. Room revenue is recognised over the period of stay of the hotel guests. Revenue from food and beverages sales is recognised when food and beverages are delivered to the customer;
- Measurement and recognition of refunds and other obligations - This is recognised at the point at which a complaint is made. The obligation is measured based on the severity of the complaint received and the discretion of management to determine the amount. This can be up to the full amount of the accommodation and/or services provided;
- Management fees – earned from hotels managed by the Group, usually under long-term contracts with the hotel owner. Management fees include a base fee, which is generally a percentage of hotel revenue, and/or an incentive fee, which is generally based on the hotel's profitability; recognised when earned on an accrual basis under the terms of the contract;
- Franchise fees – received in connection with licensing of the Group's brand names, usually under long-term contracts with the hotel owner. The Group charges franchise royalty fees as a percentage of room revenue; recognised when earned on an accrual basis under the terms of the agreement;
- Income from property rental – recognised on a straight-line basis over the lease term, lease incentives granted are recognised as an integral part of the total rental income; and
- Development property sales – recognised when the transfer of control of the property has passed to the buyer, which is usually when legal title transfers depending on jurisdictions. The trigger for revenue recognition depends on the laws within each jurisdiction.

P Dividend distribution

Dividend distribution to the shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are appropriately authorised and approved for payment and are no longer at the discretion of the Company. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

Q Operating segment information

Disclosure of segmental information is principally presented in respect of the Group's geographical segments. The segments reported reflect the operating information included in internal reports that the Chief Operating Decision Maker ("CODM"), which is the Board, regularly reviews. Further details are given in Note 5.

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. Discrete financial information is reported to and is reviewed by the CODM on a geographical basis. Operating segments have Chief Operating Officers ("COOs") or equivalent who are directly accountable for the functioning of their segments and maintain regular contact with the Group Chief Executive Officer and Chairman of the CODM to discuss the operational and financial performance. The CODM makes decisions about allocation of resources to the regions managed by the COOs. No operating segments have been aggregated to form the reportable operating segments.

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

R Non-current assets held-for-sale

A non-current asset or a group of assets containing a non-current asset (a disposal group) is classified as held for sale if it's carrying amount will be recovered principally through sale rather than through continuing use, it is available for immediate sale and sale is highly probable within one year. On initial classification as held for sale, non-current assets and disposal groups are measured at the lower of previous carrying amount and fair value less costs to sell with any adjustments taken to profit or loss. Any impairment loss on a disposal group is first allocated to property, plant and equipment and lease premium prepayment, and then to remaining assets and liabilities on a pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets and investment property, which continue to be measured in accordance with the Group's accounting policies. Impairment losses on initial classification as held-for-sale and subsequent gains or losses on remeasurement are recognised in the income statement. Gains are not recognised in excess of any cumulative impairment loss.

S Other financial assets and liabilities

Trade investments are classified as either equity instruments at FVOCI or fair value through profit and loss ("FVTPL") and are included under non-current assets within 'other financial assets'. They are recorded at market value with movements in value taken to equity. Any impairment to value is recorded in the income statement.

Trade and other receivables are stated at their nominal amount (discounted if material) less any impairment. Trade and other payables are stated at their nominal amount (discounted if material).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

T Related parties

For the purpose of these financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

U Government grants

The Group recognises an unconditional government grant related to an asset in profit or loss as other income when the grant becomes receivable. Other government grants related to assets are initially recognised as deferred income at fair value if there is reasonable assurance that they will be received and the Group will comply with the conditions associated with the grant; they are then recognised in profit or loss as other income on a systematic basis over the useful life of the asset.

Grants that compensate the Group for expenses incurred are offset against the particular expense in profit or loss on a systematic basis in the periods in which the expenses are recognised, unless the conditions for receiving the grant are met after the related expenses have been recognised. In this case, the grant is recognised when it becomes receivable.

V Share capital

(i) Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

W Finance income and costs

The Group's finance income and finance costs include:

- interest income;
- interest expense;
- the foreign currency gain or loss on financial assets and liabilities;

Interest income or expense is recognised under the effective interest method. Dividend income is recognised in profit or loss on the date on which the Group's right to receive payment is established.

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

3 Accounting Estimates and Judgements

The preparation of financial statements under IFRS requires the Group to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingencies and the reported amount of revenue and expenses during the year. The Group evaluates its estimates and assumptions on an ongoing basis. Such estimates and judgements are based upon historical experience and other factors it believes to be reasonable under the circumstances, which form the basis for making judgements about the carrying value of assets and liabilities that are not readily apparent from other sources.

Certain critical accounting policies, among others, affect the Group's more significant estimates and assumptions used in preparing the consolidated financial statements. Actual results could differ from the Group's estimates and assumptions.

3.1 Judgements

The key judgements are:

Classification of investment properties

The Group holds a number of investment properties and accounts for such properties in accordance with the accounting policy set out in Note 2.2G. The Group owns assets which are leased to external third parties with lease rentals and related charges varying according to the agreement involved. The Group accounts for such assets in its financial statements in accordance with the accounting policy set out in Note 2.2G.

Where the indicators are such that on balance the Group is shown to be a passive investor, the relevant property is accounted for in accordance with IAS 40 and the Group accounts for the fair value change through the income statement as other operating income or expense. Indicators considered include (1) party that has the power to make the significant operating and financing decisions regarding the operations of the property in a management contract, (2) calculation of the lessor's return, (3) lessor's power of intervention under the management contract, and (4) duration of the contract.

Consolidation of entities in which the Group holds less than a majority of voting rights (de facto control)

In 2014, the new consolidation accounting standard, IFRS 10 Introduced a new control model that focuses on whether the Group has power over an investee, exposure or right to variable return from its involvement with the investee and ability to use its power to affect those returns.

This required the Group to consider whether it has de facto control over its investees, particularly when it owned less than 50% of the voting rights. In 2014, in accordance with the transitional provisions of IFRS 10, the Group reassessed the control conclusion for its investees and changed its control conclusion in respect of its investment in CDLHT, which was previously accounted for as an associate using the equity method. Although the Group owns less than half of the voting power of the investee, management determined that under IFRS 10, the Group has had control over the investee since its inception. This is because a 100% owned subsidiary of the Group, M&C REIT Management Limited acts as REIT manager with its fees having a performance-based element and therefore the Group has exposure to variable returns from its involvement with the investee. Accordingly, in 2014, the Group applied acquisition accounting to the investment from the year it was first established in 2006, and restated the relevant amounts as if the investee had been consolidated from that year.

In 2022, the Group sold part of the CDLHT units that it held to the holding company, thereby reducing its interest in CDLHT to 27% (2021: 39%). The Group has assessed that the reduction in interest in CDLHT has resulted in the Group no longer having control of CDLHT. Accordingly, CDLHT was deconsolidated and accounted for as an associate thereafter, this is detailed in Note 35.

Business combination

For each acquisition, the Group has to make a judgement whether to account the transaction as an asset purchase or a business combination, which results in a different accounting treatment. In particular, under business combination accounting, goodwill and additional intangible assets may arise and the valuation of acquired assets is complex. In addition, transaction costs can be capitalised in an asset acquisition, but have to be charged through the income statement for a business combination. The classification of each acquisition and related accounting is highly judgmental. There were no acquisitions undertaken by the Group in 2022. For more information on acquisition undertaken by the group, see Note 11 and Note 12.

Land leases classification

The Group holds a number of hotels with leases of land that are determined to have an indefinite economic life. The judgement prior to 1 January 2019 was that these were classified as a finance lease even if at the end of the lease term title does not pass to the lessee. Subsequent to 1 January 2019 and the adoption of IFRS 16 'Leases', these assets have been reclassified as right-of-use assets.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

3 Accounting Estimates and Judgements (continued)

3.2 Estimates

The key estimates are:

Impairment of tangible assets

The Group determines whether tangible fixed assets are impaired when indicators of impairments exist or based on the annual impairment assessment. The annual assessment requires an estimate of the recoverable value of the cash generating units to which the tangible fixed assets are allocated, which is predominantly at the individual hotel site level. Where appropriate, external valuations are also undertaken. Estimation of the recoverable value of the hotel assets is done with the reference to fair value less cost to sell, using income approach, which requires estimation of future cash flows of a third-party efficient operator, the time period over which they will occur, an appropriate discount rates, terminal capitalization rates and growth rates. The Directors consider that the underlying assumptions, such as discount rates and terminal capitalisation rate used, represent their best estimate, given the risks associated with the specific cash flows. A sensitivity analysis has been performed over the estimates (see Note 11).

4 New standards and interpretations not yet adopted

The following UK-adopted IFRSs have been issued but have not been applied by the Group in these consolidated financial statements. Their adoption is not expected to have a material effect on the financial statements unless otherwise indicated:

- Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback (effective 1 January 2024).
- Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current and Non-current liabilities with Covenants (effective 1 January 2024).
- Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements (effective 1 January 2024).

The Group is in the process of assessing the impact of these new standards, amendments and interpretations on the financial statements.

5 Operating segment information

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

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

Geographical segments

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

- New York
- Regional US
- London
- Rest of UK/EU
- Singapore
- Rest of Asia
- Australasia

The segments reported reflect the operating segment information included in the internal reports that the CODM, which is the Board, regularly reviews.

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

The results of CDLHT were incorporated within the existing geographical regions and CDLHT operations are reviewed separately by its board on a monthly basis. For the financial year ended 31 December 2022, CDLHT was deconsolidated and accounted for as an associate thereafter, see Note 35 for more details.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

Segment results

	2023								
	NEW YORK	REGIONAL US	LONDON	REST OF UK/EU	SINGAPORE	REST OF ASIA	AUSTRALASIA	CENTRAL COSTS	TOTAL GROUP
	£m	£m	£m	£m	£m	£m	£m	£m	£m
Revenue									
Hotel	183	102	157	83	160	122	51	–	**858**
Property operations	–	12	–	–	–	14	22	–	**48**
Total revenue	**183**	**114**	**157**	**83**	**160**	**136**	**73**	**–**	**906**
Hotel gross operating profit	45	18	73	23	67	49	17	–	**292**
Hotel fixed charges [1]	(38)	(17)	(23)	(7)	(42)	(19)	(6)	–	**(152)**
Hotel operating profit	**7**	**1**	**50**	**16**	**25**	**30**	**11**	**–**	**140**
Property operating profit	–	5	–	–	1	12	11	–	**29**
Central costs	–	–	–	–	–	–	–	(39)	**(39)**
Other operating income[2]	–	48	–	–	57	53	1	–	**159**
Other operating expense[2]	18	(46)	–	5	(2)	2	(1)	–	**(24)**
Operating profit/(loss)	**25**	**8**	**50**	**21**	**81**	**97**	**22**	**(39)**	**265**
Share of joint ventures and associates' profit/(loss)	–	–	–	(1)	27	6	(4)	–	**28**
Add: Depreciation	9	8	8	4	13	13	2	2	**59**
Add: Net revaluation gain/loss & impairment	(18)	41	–	(5)	(47)	(54)	1	–	**(82)**
EBITDA[3]	**16**	**57**	**58**	**19**	**74**	**62**	**21**	**(37)**	**270**
Less: Depreciation, net revaluation gain/loss & impairment									**23**
Net finance expense									**(11)**
Profit before tax									**282**

	2022								
	NEW YORK	REGIONAL US	LONDON	REST OF UK/EU	SINGAPORE	REST OF ASIA	AUSTRALASIA	CENTRAL COSTS	TOTAL GROUP
	£m	£m	£m	£m	£m	£m	£m	£m	£m
Revenue									
Hotel	157	105	141	76	126	107	41	–	**753**
Property operations	–	10	–	–	2	4	41	–	**57**
REIT[4]	–	–	–	11	11	9	3	–	**34**
Total revenue	**157**	**115**	**141**	**87**	**139**	**120**	**85**	**–**	**844**
Hotel gross operating profit	31	26	65	23	58	14	14	–	**231**
Hotel fixed charges[1]	(49)	(19)	(22)	(7)	(28)	(35)	(5)	–	**(165)**
Hotel operating (loss)/profit	**(18)**	**7**	**43**	**16**	**30**	**(21)**	**9**	**–**	**66**
Property operating profit	–	4	–	–	1	2	25	–	**32**
REIT operating profit/(loss)	–	–	–	3	(4)	2	(1)	–	**-**
Central costs	–	–	–	–	–	–	–	(25)	**(25)**
Other operating income[2]	–	–	–	–	156	543	13	–	**712**
Other operating expense[2]	6	(3)	–	5	(7)	6	(4)	–	**3**
Operating (loss)/profit	**(12)**	**8**	**43**	**24**	**176**	**532**	**42**	**(25)**	**788**
Share of joint ventures and associates' profit	–	–	–	8	29	15	1	–	**53**
Add: Depreciation	11	9	9	5	14	16	3	2	**69**
Add: Net revaluation gain/loss & impairment	(6)	2	–	(4)	(12)	(9)	(9)	–	**(38)**
EBITDA[3]	**(7)**	**19**	**52**	**33**	**207**	**554**	**37**	**(23)**	**872**
Less: Depreciation, net revaluation gain/loss & impairment									**(31)**
Net finance expense									**(1)**
Profit before tax									**840**

1 Hotel fixed charges include depreciation, property rent, taxes and insurance, and management fees.
2 See Note 7 for details of other operating income and expense.
3 EBITDA is earnings before interest, tax, depreciation.
4 CDLHT operated the REIT business.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

Segmental assets and liabilities

	2023							
	NEW YORK	REGIONAL US	LONDON	REST OF UK/EU	SINGAPORE	REST OF ASIA	AUSTRALASIA	TOTAL GROUP
	£m	£m	£m	£m	£m	£m	£m	£m
Hotel operating assets	627	290	546	226	370	849	284	**3,192**
Hotel operating liabilities	(69)	(36)	(42)	(36)	(358)	(68)	(37)	**(646)**
Investment in joint ventures and associates	–	–	–	80	36	141	13	**270**
Total hotel operating net assets	**558**	**254**	**504**	**270**	**48**	**922**	**260**	**2,816**
Property operating assets	–	130	–	–	200	350	155	**835**
Property operating liabilities	–	(1)	–	–	–	(7)	(2)	**(10)**
Investment in joint ventures and associates	–	–	–	136	118	276	29	**559**
Total property operating net assets	**–**	**129**	**–**	**136**	**318**	**619**	**182**	**1,384**
Deferred tax liabilities								**(201)**
Income taxes payable								**(8)**
Net debt								**(55)**
Net assets								**3,936**

	2022							
	NEW YORK	REGIONAL US	LONDON	REST OF UK/EU	SINGAPORE	REST OF ASIA	AUSTRALASIA	TOTAL GROUP
	£m	£m	£m	£m	£m	£m	£m	£m
Hotel operating assets	640	313	546	211	379	1,003	185	**3,277**
Hotel operating liabilities	(67)	(48)	(37)	(36)	(361)	(125)	(26)	**(700)**
Investment in joint ventures and associates	–	–	–	70	39	135	12	**256**
Total hotel operating net assets	**573**	**265**	**509**	**245**	**57**	**1,013**	**171**	**2,833**
Property operating assets	–	188	–	–	168	174	153	**683**
Property operating liabilities	–	(1)	–	–	(13)	(3)	(2)	**(19)**
Investment in joint ventures and associates	–	-	–	123	115	267	36	**541**
Total property operating net assets	**–**	**187**	**–**	**123**	**270**	**438**	**187**	**1,205**
Deferred tax liabilities								**(190)**
Income taxes payable								**(53)**
Net cash								**50**
Net assets								**3,845**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

Geographic information

	2023 £m	2022 £m
Revenue from external customers		
United States	**297**	272
United Kingdom	**217**	208
Singapore	**160**	139
Taiwan	**75**	48
New Zealand	**65**	76
China	**19**	9
France	**16**	12
Malaysia	**13**	9
Japan	**10**	5
Australia	**8**	9
Italy	**7**	6
Philippines	**7**	4
Indonesia	**5**	4
South Korea	**3**	31
Maldives	**–**	8
Other	**4**	4
Total revenue per consolidated income statement	**906**	844
Timing of revenue recognition		
Products and services transferred at a point in time	**248**	260
Products and services transferred over time	**658**	584
Total revenue per consolidated income statement	**906**	844

The revenue information above is based on the location of the business. The £906m (2022: £844m) revenue is constituted of £858m (2022: £753m) of hotel revenue, £48m (2022: £57m) of property operations revenue and £Nil (2022: £34m) of REIT revenue. The property operations revenue comprises £22m (2022: £41m) from Australasia, £Nil (2022: £2m) from Singapore, £12m (2022: £10m) from the regional US and £14m (2022: £4m) from rest of Asia.

	2023 £m	2022 £m
Non-current assets		
United States	**1,005**	1,094
United Kingdom	**729**	714
Singapore	**700**	664
South Korea	**485**	458
China	**355**	344
Taiwan	**276**	301
Japan	**247**	179
New Zealand	**234**	245
Australia	**115**	14
Netherlands	**110**	112
Hong Kong	**105**	107
Italy	**58**	52
Malaysia	**57**	62
Germany	**37**	27
France	**22**	23
Maldives	**21**	23
Philippines	**20**	18
Indonesia	**12**	12
Total non-current assets per consolidated statement of financial position	**4,588**	4,449

Non-current assets for this purpose consist of property, plant and equipment, investment properties, investment in joint ventures and associates, prepayments and other non-current financial assets.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

6 Administrative expenses

	2023 £m	2022 £m
Included in administrative expenses is the auditor's remuneration, for audit and non-audit services as follows:		
Auditor's remuneration		
Statutory audit services:		
– Annual audit of the Company and consolidated financial statements	**1**	1
– Audit of subsidiary companies	**2**	2
	3	3
Non-audit related services:		
– Tax advisory	**–** *	–
Total	**3**	3

	2023 £m	2022 £m
Repairs and maintenance	**54**	57
Depreciation		
– property, plant and equipment	**41**	55
– right-of-use assets	**18**	14
Rental paid/payable under operating leases		
– land and buildings	**25**	15
– plant and machinery	**1**	1
Impairment loss/(reversal of impairment loss) on		
– trade receivables	**1**	(1)

* less than £1m

7 Other operating income and expense

	Notes	2023 £m	2022 £m
Revaluation gain/(loss) of investment properties	(A)		
– Biltmore Court & Tower		**(28)**	(7)
– Lakeside Apartments, Sunnyvale		**(23)**	(7)
– Prestons Road, New Zealand		**(1)**	1
– Roscommon Road, New Zealand		**1**	12
– Millennium Mitsui Garden Hotel Tokyo		**36**	1
– Bespoke Hotel Shinsaibashi, Osaka		**5**	–
– Nine Tree Premier Hotel Myeongdong II		**10**	–
– Reversionary interest on freehold land		**47**	12
Net reversal of impairment losses of property, plant and equipment	(B)	**35**	26
		82	38
Gain on disposal of property, plant and equipment	(C)	**48**	501
Gain on disposal of investment property	(D)	**10**	59
Gain on disposal of subsidiary	(E)	**–**	84
Fair value loss from FSGL's warrant	(F)	**(3)**	(8)
Other operating income relating to disposal	(G)	**–**	41
Other operating expense	(H)	**(2)**	–
		135	715

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

7 Other operating income and expense(continued)

(A) Revaluation gain/(loss) of investment properties
At the end of the financial year, in accordance with the Group's policy, its investment properties were subject to external professional valuation on an open-market existing use basis. Based on these valuations, the revaluation gain or loss was recorded as considered appropriate by the Directors. Further details on these valuations are provided in Note 12.

(B) Net reversal of impairment losses of property, plant and equipment
The Directors undertook their annual review of the carrying value of hotels and property assets for indication of impairment and where appropriate, external professional valuations were also obtained. As a result of this review, the total reversal of impairment for the year was £35m consisting of £18m in New York, £10m in the regional US, £5m in the rest of UK/EU and £2m in the rest of Asia.

For 2022, a net impairment reversal of £26m consisting of £6m in New York, £11m in regional US, £5m in rest of UK/EU and £8m in the rest of Asia. A net impairment charge of £(4)m was recognised in Australasia.

(C) Gain on disposal of property, plant and equipment
For the year ended 31 December 2023, there was a gain of £48m and net proceeds of £57m on the disposal of Millennium Harvest House Boulder included in 'Regional US' segment.

The disposal of Millennium Hilton Seoul was completed in February 2022 and was included in the 'rest of Asia' segment and recognised a gain on disposal of £501m and net proceeds of £611m.

(D) Gain on disposal of investment property
For the year ended 31 December 2023, there was a gain of £10m (2022: £59m) and net proceeds of £10m (2022: £152m) on the disposal of the investment property relating to the collective sale of Tanglin Shopping Centre.

(E) Gain on disposal of subsidiary
In 2022, the Group disposed of part of the CDLHT units that it held to the holding company, which reduced the Group's interest in CDLHT from 38.89% to 27.30% resulting in the Group losing control over CDLHT. CDLHT was deconsolidated to become an associate of the Group. The Group recognised a gain on disposal of £84m.

(F) Fair value loss from FSGL's warrant
For the year ended 31 December 2023, a fair value loss of £3m (2022: £8m) was recorded by the Group from the holding of FSGL's warrants.

(G) Other operating income relating to disposal
The Group had entered into the Sales & Purchase Agreement (SPA) with YD427 PFV Co. Ltd. on 10 December 2021. In this regard, it is expected that the management agreement with Hilton International Co. (HIC) entered on 1 September 2019 were no longer continue. As it is highly probable that the Group will pay a penalty from the early termination on this agreement, and the amount can be reliably estimated, the Group recognised KRW 16b (£10m) of provision for the year ended 31 December 2021.

The Group had entered into the Master Lease Agreement (MLA) with YD427 PFV Co. Ltd. on 10 December 2021. The hotel operation continued until 31 December 2022 and succession and compensation of the employment (the compensation) will be preceded accordingly. As it is highly probable that the Company will pay the compensation and the amount can be reliably estimated, the Group recognised KRW 46b (£29m) of provision for the year ended 31 December 2021. Due to the expiration of the building permit scheduled in January 2022 and the SPA with YD427 PFV Co. Ltd., the construction-in-progress amounting to KRW 7b (£5m) that has been accounted for incurred costs relating to building design and government licences for a new hotel extension project was written off during the year.

The sale of Millennium Hilton Seoul was completed in February 2022. As at 31 December 2022, further provisions were provided as the amount was finalised. The Group would receive from the buyer of Millennium Hilton Seoul the amounts incurred in respect of its obligations under the relevant contracts. The Group has recognised the reimbursement amount of KRW 61b (£39m) and compensated losses of KRW 4b (£2m) as other operating income. The provision was fully utilised in 2023, and accordingly the buyer had fully reimbursed the Group for the amounts incurred in respect of its obligations under the relevant contracts.

(H) Other operating expense
For the year ended 31 December 2023, the lease of Millennium Hotel Minneapolis was early terminated and group recognised a loss of £4m. This was offset by the gain of £2m arising from conversion of warrant from investment in FSGL.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

8 Personnel expenses

	2023 £m	2022 £m
Wages and salaries	**265**	258
Compulsory social security contributions	**42**	42
Contributions to defined contribution schemes	**15**	15
Defined benefit pension (gain) – recorded in the statement of comprehensive income	**(3)**	(9)
Defined benefit pension cost – recorded in the income statement	**1**	4
	320	310

The number of employees employed by the Group as at year end analysed by category was as follows:

	2023 NUMBER	2022 NUMBER
Hotel operating staff	**5,274**	4,823
Management/administration	**1,120**	952
Sales and marketing	**315**	231
Repairs and maintenance	**473**	435
	7,182	6,441

Directors' remuneration

	2023 £m	2022 £m
Directors' remuneration	**–** *	– *

	2023 £m	2022 £m
Retirement benefits are accruing to the following number of directors under:		
– Money purchase schemes	**–**	–
The number of directors who exercised share options was	**–**	–
The number of directors in respect of whose qualifying services shares were received or receivable under long term incentive schemes was	**–**	–

* less than £1m

The above table shows directors' remuneration for directors remunerated by the Group. No allocation has been made for directors remunerated through a related company, not part of the Group, as it is impractical to allocate their time for services to the Group.

The aggregate of remuneration and amounts receivable under long term incentive schemes of the highest paid director was £Nil (2022: £Nil), and Company pension contributions of £Nil (2022: £Nil) were made to a money purchase scheme on his/her behalf. They are a member of a defined benefit scheme, under which their accrued pension at the year-end was £Nil (2022: £Nil), and their accrued lump sum was £Nil (2022: £Nil).

9 Net finance expense

	2023 £m	2022 £m
Interest income	**32**	18
Foreign exchange gain	**16**	40
Finance income	**48**	58
Interest expense		
– Overdrafts, bank and other loans	**(37)**	(24)
– Lease liabilities	**(15)**	(12)
Foreign exchange loss	**(7)**	(23)
Finance expense	**(59)**	(59)
Net finance expense	**(11)**	(1)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

10 Income tax expense

	2023 £m	2022 £m
Current tax		
Corporation tax charge for the year	**36**	181
Adjustment in respect of prior years	**(20)**	(3)
Total current tax charge	**16**	178
Deferred tax (Note 25)		
Origination and reversal of timing differences	**5**	93
Benefits of tax (profits)/losses recognised	**(2)**	15
Over provision in respect of prior years	**8**	–
Total deferred tax charge	**11**	108
Total income tax charge in the consolidated income statement	**27**	286
UK	**(6)**	28
Overseas	**33**	258
Total income tax charge in the consolidated income statement	**27**	286

The effective tax rate relating to the tax charge of £27m is 10% (2022:tax charge of £286m, 34%). The effective tax rate has been affected primarily by the mix of Group's regional profits and tax adjustments in respect of previous years.

For the year ended 31 December 2023, a charge of £6m (2022: £10m) relating to joint ventures and associates is included in the profit before tax.

Adjustments in respect of settlement of prior years' tax liabilities

The Group's tax charge on ordinary activities is the sum of the total current and deferred tax charges. The calculation of the Group's total tax charge necessarily involves a degree of estimation and judgement in respect of certain items whose tax treatment cannot be finally determined until resolution has been reached with the relevant tax authority or, as appropriate, through a formal legal process. The final resolution of some of these items may give rise to material profit and loss and/or cash flow variances.

The geographical complexity of the Group's structure makes the degree of estimation and judgement more challenging. The resolution of issues is not always within the control of the Group and it is often dependent on the efficacy of the legal processes in the relevant tax jurisdictions in which the Group operates.

Income tax reconciliation

	2023 £m	2022 £m
Profit before income tax in consolidated income statement	**282**	840
Less share of profits of joint ventures and associates	**(28)**	(53)
Profit on ordinary activities excluding share of joint ventures and associates	**254**	787
Income tax on ordinary activities at the standard rate of UK tax of 23.5% (2022: 19.00%)	**60**	150
Tax exempt income	**(19)**	(32)
Non-deductible expenses	**5**	12
Movement in unrecognised deferred tax assets	**10**	13
Other differences	**(14)**	88
Other effect of tax rates in foreign jurisdictions	**(3)**	41
Other adjustments to tax charge in respect of prior years	**(12)**	14
Income tax charge per consolidated income statement	**27**	286

Pillar Two legislation has been enacted or substantively enacted in certain jurisdictions the Group operates. The Group is in scope of the enacted or substantively enacted legislation. However, the legislation was enacted close to the reporting date. Therefore, the Group is still in the process of assessing the potential exposure to Pillar Two income taxes as at 31 December 2023. The potential exposure, if any, to Pillar Two income taxes is currently not known or reasonably estimable. The Group continues to assess the impact of the Pillar Two legislation on its financial and has engaged tax consultants to assist the Group in the impact assessment. This will come into effect for accounting periods beginning on or after 31 December 2023.

The Group has applied a temporary mandatory relief from deferred tax accounting for the impact of the top-up tax and will accounts for it as a current tax when it is incurred (see Note 2.2L).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

11 Property, plant and equipment

	LAND AND BUILDINGS £m	CAPITAL WORK IN PROGRESS £m	PLANT AND MACHINERY £m	FIXTURES, FITTINGS, EQUIPMENT AND VEHICLES £m	RIGHT OF USE ASSETS £m	TOTAL £m
Cost						
Balance at 1 January 2022	3,390	35	376	436	237	4,474
Additions	3	13	3	7	327	353
Reclassification between asset categories	4	(4)	(3)	3	–	–
Transfer to investment property	(126)	–	–	–	–	(126)
Transfer from assets held for sale	6	–	3	2	–	11
Disposal of subsidiary	(817)	(1)	(197)	(153)	(112)	(1,280)
Disposals	(178)	–	(9)	(43)	(1)	(231)
Revaluation recognised through other comprehensive income	123	–	–	–	–	123
Written off	(12)	–	(2)	(10)	(2)	(26)
Foreign exchange adjustments	152	2	19	20	27	220
Balance at 31 December 2022	2,545	45	190	262	476	3,518
Balance at 1 January 2023	**2,545**	**45**	**190**	**262**	**476**	**3,518**
Additions	**84**	**23**	**25**	**9**	**7**	**148**
Reclassification between asset categories	**5**	**(7)**	**3**	**(1)**	**–**	**–**
Disposals	**–**	**–**	**–**	**–**	**(2)**	**(2)**
Written off	**(13)**	**(1)**	**(8)**	**(13)**	**(8)**	**(43)**
Foreign exchange adjustments	**(87)**	**(2)**	**(11)**	**(13)**	**(18)**	**(131)**
Balance at 31 December 2023	**2,534**	**58**	**199**	**244**	**455**	**3,490**
Accumulated depreciation and impairment losses						
Balance at 1 January 2022	646	–	160	359	22	1,187
Charge for the year	19	–	11	25	14	69
Reversal of impairment	(26)	–	–	–	–	(26)
Disposal of subsidiary	(82)	–	(101)	(129)	(7)	(319)
Disposals	(16)	–	(2)	(41)	(1)	(60)
Transfer from assets held for sale during the year	1	–	–	2	–	3
Written off	(12)	–	(1)	(10)	(1)	(24)
Foreign exchange adjustments	38	–	9	16	1	64
Balance at 31 December 2022	568	–	76	222	28	894
Balance at 1 January 2023	**568**	**–**	**76**	**222**	**28**	**894**
Charge for the year	**16**	**–**	**7**	**18**	**18**	**59**
Reversal of impairment	**(35)**	**–**	**–**	**–**	**–**	**(35)**
Reclassification between asset categories	**–**	**–**	**1**	**(1)**	**–**	**–**
Disposals	**–**	**–**	**–**	**–**	**(1)**	**(1)**
Written off	**(7)**	**–**	**(6)**	**(13)**	**(3)**	**(29)**
Foreign exchange adjustments	**(22)**	**–**	**(2)**	**(12)**	**(2)**	**(38)**
Balance at 31 December 2023	**520**	**–**	**76**	**214**	**40**	**850**
Carrying amounts						
At 31 December 2023	**2,014**	**58**	**123**	**30**	**415**	**2,640**
At 31 December 2022	1,977	45	114	40	448	2,624

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

11 Property, plant and equipment

Impairment
The Group undertook its annual review of the carrying amounts of Property, plant and equipment for indicators of impairment. Where indicators of impairment were identified, the recoverable amounts were estimated based on internal or external valuations undertaken by the Group. The cash generating units (CGU) are individual hotels.

The recoverable amounts of the individual hotels, being the higher of the fair value less costs to sell and its value-in-use, were predominantly determined using the fair value less costs to sell approach and were estimated using the discounted cash flow method (2022: discounted cash flow method). Under this methodology, the fair value measurement reflects current market expectations about an efficient third-party operator's future cash flows. The discounted cash flows method involves estimating each hotel's future cash flows and discounting the cash flows with an internal rate of return to arrive at the market value, taking into consideration the assumptions in respect of revenue growth (principally factoring in room rate and occupancy growth) and major expense items for each hotel. The future cash flows are based on assumptions about competitive growth rates for hotels in that area, as well as the internal business plan for the hotel in the relevant market. These plans and forecasts include management's most recent view of trading prospects for the hotel in the relevant market.

Where appropriate, the Group sought guidance on the fair values of the hotels from independent external valuers with appropriate professional qualifications and recent experience in the location and category of the properties being valued. In relying on the valuation reports, the Group has exercised its judgement and is satisfied that the valuation method and estimates are reflective of current market conditions. Certain valuation reports obtained from the external valuers have highlighted that a combination of global inflationary pressures, rising interest rates, geopolitical tensions and tightened lending conditions, has heightened the potential for greater volatility in property markets over the short to medium term.

The fair value measurement was categorised as a Level 3 fair value based on the inputs to the valuation technique used.

In 2023, based on external valuations, the Group recorded an impairment charge of £Nil (2022: £6m) and an impairment reversal of £35m (2022: £32m), resulting in a net impairment reversal of £35m (2022: £26m) on individual hotels across all operating regions. This consists of an impairment reversal of £18m in New York, £10m in the regional US, £5m in the rest of the UK/EU and £2m in the rest of Asia.

For 2022, a net impairment reversal of £26m consisting of £6m in New York, £11m in regional US, £5m in rest of UK/EU and £8m in the rest of Asia. A net impairment charge of £(4)m was recognised in Australasia.

Circumstances and events that led to reversal of impairment are largely due to the performance of the hotels as a result of the recovery from the COVID 19 pandemic and current macro economic conditions. The fair values assumed through the impairment assessment are considered to fall within level 3 of the fair value hierarchy. Refer to Note 21(c) for more detail.

Key assumptions used by the external appraisers
The key assumptions used were as follows:

The discount rate used is based on the country in which the hotel is located and is adjusted for risks associated with the hotel. Discount rate ranged from 8.5% to 11.5% in the US (2022: 8.3% to 10.5%), 9.3% in rest of UK/EU (2022: 7.3% to 11.4%), 11.2% in rest of Asia (2022: 12.2%) and Nil in Australasia (2022: 8.5% to 10.3%).

Terminal rates ranged from 6.5% to 9.5% in the US (2022: 6.0% to 8.5%), 4.5% in rest of UK/EU (2022: 4.0% to 8.5%), 10.0% in rest of Asia (2022: 10.0%) and Nil in Australasia (2022: 7.5% to 9.5%).

Occupancy rates ranged from 68.0% to 95.0% in the US (2022: 65.0% to 95.0%), 75.0% in rest of UK/EU (2022: 70.0% to 79.0%), 49.0% to 57.0% in rest of Asia (2022: 61.0% to 68.0%) and Nil in Australasia (2022: 62.6% to 88.6%).

Average room rate ranged from £128 to £296 in the US (2022: £107 to £241), £334 in rest of UK/EU (2022: £64 to £228), £44 to £46 in rest of Asia (2022: £39 to £44) and £Nil in Australasia (2022: £67 to £79).

The cash flow forecasts under the discounted cash flow method cover ten years (2022: five to ten years) period, and cash flows beyond this period are extrapolated using a growth rate ranging between 0.0% and 3.0% (2022: 2.0% and 3.5%), which is based upon the expected trading growth for each hotel and inflation in the country in which the hotel is located.

Sensitivities
The Group's impairment review is sensitive to changes in the key assumptions used. An increase in occupancy rate and/or average room rate growth in isolation would result in a higher recoverable amount. An increase in discount rate, terminal rate or capitalisation rate in isolation would result in a lower recoverable amount.

Pledged assets
(i) At year-end, the net book value of assets pledged as collateral for secured loans was £256m (2022: £254m). The security for the loans is by way of charges on the properties of the Group companies concerned.
(ii) £17m (2022: £Nil) bonds comprising 1 tranche issued by a subsidiary, which holds a Japan hotel (classified under investment properties) through a TMK structure. The bonds bore interest at 1.5% (2022: £Nil) per annum as at 31 December 2023 and are secured by a guarantee from its intermediate holding company.

Unless previously redeemed or purchased and cancelled, the bonds are redeemable at their principal amounts on their maturity date in December 2028.

Acquisition of new hotel
The Group acquired a 5-star Sofitel Brisbane Central Hotel in December 2023. The acquisition was accounted for as an acquisition of assets.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

12 Investment properties

Completed investment properties comprise Biltmore Court & Tower, Millennium Mitsui Garden Hotel Tokyo, retail shops at Stonebrook, retail shops at Prestons Park, commercial warehouse at Roscommon Road and Lakeside Apartments, Sunnyvale. The Group acquired Nine Tree Premier Hotel Myeongdong II, Seoul in July 2023 and Bespoke Hotel Shinsaibashi, Osaka in August 2023. The acquisitions were accounted for as an acquisition of assets.

In 2022, the Group disposed of certain investment properties arising from the deconsolidation of CDLHT.

Movements in the year analysed as:

	COMPLETED INVESTMENT PROPERTIES	INVESTMENT PROPERTIES UNDER CONSTRUCTION	RIGHT OF USE ASSETS	TOTAL
	£m	£m	£m	£m
Balance at 1 January 2022	683	10	7	700
Additions	8	7	1	16
Reclassification	17	(17)	–	–
Acquisition of subsidiary	25	–	20	45
Transfer from property, plant and equipment during the year	126	–	–	126
Disposal	(98)	–	–	(98)
Disposal of subsidiary	(257)	–	(27)	(284)
Net revaluation gain	12	–	–	12
Foreign exchange adjustments	34	–	–	34
Balance at 31 December 2022	550	–	1	551
Balance at 1 January 2023	**550**	**–**	**1**	**551**
Additions	**144**	**–**	**–**	**144**
Net revaluation gain	**47**	**–**	**–**	**47**
Foreign exchange adjustments	**(39)**	**–**	**–**	**(39)**
Balance at 31 December 2023	**702**	**–**	**1**	**703**

In general, the carrying amount of investment property is the fair value of the property as determined by a registered independent appraiser having an appropriate recognised professional qualification and recent experience in the location and category of the property being valued.

As at 31 December 2023, investment property of the Group with a total carrying value of £101m were mortgaged to a lessee as collateral for security deposit held of £2m (2022: £Nil) which will be discharged on termination of lease.

The Group's investment properties were subject to external professional valuation on an open market existing use basis by the following accredited independent valuers:

		REVALUATION	
		LOSS	GAIN
PROPERTIES	**VALUERS 2023**	£m	£m
Biltmore Court & Tower, Los Angeles	Colliers International Valuation & Advisory Services	**(28)**	–
Lakeside Apartments, Sunnyvale, California	Colliers International Valuation & Advisory Services	**(23)**	–
Millennium Mitsui Garden Hotel, Tokyo	JLL Morii Valuation & Advisory K.K.	**–**	36
Bespoke Hotel Shinsaibashi, Osaka	HVS	**–**	5
Nine Tree Premier Hotel Myeongdong II	HVS	**–**	10
Rolleston, New Zealand	Extensor Advisory Limited	**–**	–
Prestons road, New Zealand	Extensor Advisory Limited	**(1)**	–
Roscommon road, New Zealand	Extensor Advisory Limited	**–**	1
M Hotel reversionary interest, Singapore	Knight Frank Pte Ltd	**–**	14
Orchard Hotel reversionary interest, Singapore	Knight Frank Pte Ltd	**–**	28
Claymore Connect reversionary interest, Singapore	Knight Frank Pte Ltd	**–**	5
		(52)	99

Based on these valuations together with such considerations as the Directors consider appropriate, there was a recorded revaluation gain of £99m and a revaluation loss of £52m, resulting in a net revaluation gain of £47m during 2023 (2022: net revaluation gain of £12m).

Fair value hierarchy
The fair value measurement for investment properties of £703m (2022: £551m) has been categorised as a Level 3 fair value based on inputs to the valuation technique used.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

12 Investment properties (continued)

Valuation technique and significant unobservable inputs
The following table shows the valuation technique used in measuring the fair value of investment property, as well as significant unobservable inputs used.

VALUATION TECHNIQUES	SIGNIFICANT UNOBSERVABLE INPUTS	INTER-RELATIONSHIP BETWEEN KEY UNOBSERVABLES INPUTS AND FAIR VALUE MEASUREMENT
		The estimated fair value would increase/(decrease) if:
Biltmore Court & Tower, Los Angeles The property was valued using the income approach which is based on the potential income a property can produce. The methods used by the valuers was the discounted cash flow method which analyses a property's performance over an investment horizon. Net cash flows from property operations are discounted at a rate reflective of the property's economic and physical risk profile.	**Biltmore Court & Tower, Los Angeles** Discount rate of 12% (2022: 7.25%) and terminal capitalisation rate of 8% (2022: 6.25%).	Expected market rental growth were higher/(lower) and
Lakeside Apartments, Sunnyvale, California The property was valued using the income approach which is based on the potential income a property can produce. The methods used by the valuers was the income capitalisation method This estimates the value of a property by analysing the relationship between its stabilised net operating income and total property value. The net operating income is capitalised at a rate that considers expected growth in cash flow and property value over the investor's investment horizon.	**Lakeside Apartments, Sunnyvale, California** Capitalisation rate of 4.75% (2022: 4.00%).	Risk adjusted discount rate was lower/ (higher), capitalisation rate was higher/ (lower) and terminal yield was lower/ (higher).
Millennium Mitsui Garden Hotel, Tokyo The property was valued using a discounted cash flow technique based on expected rental income and discount rate appropriate for the property.	**Millennium Mitsui Garden Hotel, Tokyo** Discount rate of 3.70% (2022: 3.70%) and capitalisation rate of 3.90% (2022: 3.90%).	
Bespoke Hotel Shinsaibashi, Osaka The property was valued using a discounted cash flow technique based on expected rental income and discount rate appropriate for the property.	**Bespoke Hotel Shinsaibashi, Osaka** Discount rate of 5.75% (2022: Nil) and terminal capitalisation rate of 4.5% (2022: Nil).	
Nine Tree Premier Hotel Myeongdong II The property was valued using a discounted cash flow technique based on expected rental income and discount rate appropriate for the property.	**Nine Tree Premier Hotel Myeongdong II** Discount rate of 6.5% (2022: Nil) and terminal capitalisation rate of 4.75% (2022: Nil).	
Rolleston, New Zealand The property was valued using income capitalisation method whereby the estimated gross passing income has been adjusted against anticipated operating costs to produce a net income. The net income is subsequently capitalised at an appropriate capitalisation rate.	**Rolleston, New Zealand** Capitalisation rate of 6.75% - 7.00% (2022: 6.50% - 6.75%).	
Prestons road, New Zealand The property was valued using income capitalisation method whereby the estimated gross passing income has been adjusted against anticipated operating costs to produce a net income. The net income is subsequently capitalised at an appropriate capitalisation rate.	**Prestons road, New Zealand** Capitalisation rate of 7.00% (2022: 6.25% - 6.50%).	
Roscommon road, New Zealand The property was valued using income capitalisation method whereby the estimated gross passing income has been adjusted against anticipated operating costs to produce a net income. The net income is subsequently capitalised at an appropriate capitalisation rate.	**Roscommon road ,New Zealand** Capitalisation rate of 5.25% - 5.50% (2022: 5.00% - 5.25%).	

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

12 Investment properties (continued)

Valuation technique and significant unobservable inputs (continued)

VALUATION TECHNIQUES	SIGNIFICANT UNOBSERVABLE INPUTS	INTER-RELATIONSHIP BETWEEN KEY UNOBSERVABLES INPUTS AND FAIR VALUE MEASUREMENT
M Hotel reversionary interest, Singapore The property was valued using a weighted average of both discounted cash flows and income capitalisation methods. The discounted cash flow method considers the present value of net cash flows to be generated from the property based on expected rental income. The expected net cash flows are discounted using risk-adjusted discount rates. The property was valued using income capitalisation method whereby the estimated gross passing income has been adjusted against anticipated operating costs to produce a net income. The net income is subsequently capitalised at an appropriate capitalisation rate.	**M Hotel reversionary interest, Singapore** Discount rate of 6.25% (2022: 5.50%), terminal capitalisation rate of 3.50% (2022: 3.50%) and capitalisation rate 3.50% (2022: 3.25%).	
Orchard Hotel reversionary interest, Singapore The property was valued using a weighted average of both discounted cash flows and income capitalisation methods. The discounted cash flow method considers the present value of net cash flows to be generated from the property based on expected rental income. The expected net cash flows are discounted using risk-adjusted discount rates. The property was valued using income capitalisation method whereby the estimated gross passing income has been adjusted against anticipated operating costs to produce a net income. The net income is subsequently capitalised at an appropriate capitalisation rate.	**Orchard Hotel reversionary interest, Singapore** Discount rate of 6.25% (2022: 5.25%), terminal capitalisation rate of 3.25% (2022: 3.25%) and capitalisation rate 3.25% (2022: 3.00%).	
Claymore Connect reversionary interest, Singapore The property was valued using a weighted average of both discounted cash flows and income capitalisation methods. The discounted cash flow method considers the present value of net cash flows to be generated from the property based on expected rental income. The expected net cash flows are discounted using risk-adjusted discount rates. The property was valued using income capitalisation method whereby the estimated gross passing income has been adjusted against anticipated operating costs to produce a net income. The net income is subsequently capitalised at an appropriate capitalisation rate.	**Claymore Connect reversionary interest, Singapore** Discount rate of 6.25% (2022: 6.50%), terminal capitalisation rate of 4.00% (2022: 4.25%) and capitalisation rate 4.00% (2022: 4.25%).	

13 Investment in joint ventures and associates

The Group has the following investments in joint ventures and associates:

	PRINCIPAL PLACE OF BUSINESS	FAIR VALUE OF OWNERSHIP INTEREST	EFFECTIVE GROUP INTEREST	
		£m	**2023**	2022
Joint ventures				
New Unity Holdings Limited (“New Unity”)	Hong Kong	–	**50%**	50%
Fergurson Hotel Management Limited	Hong Kong	–	**50%**	50%
New York Sign LLC	New York	–	**50%**	50%
Associate				
First Sponsor Group Limited (“FSGL”)	Singapore	287	**36%**	35%
Prestons Road Limited	New Zealand	–	**17%**	17%
CDL Hospitality Trusts ("CDLHT")	Singapore	229	**28%**	27%
CDL Hotels Japan Pte. Ltd.	Singapore	–	**40%**	40%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

13 Investment in joint ventures and associates (continued)

In 2022, the Group disposed of part of the CDLHT units that it held to the holding company, which reduced the Group's interest in CDLHT from 38.89% to 27.30% resulting in the Group losing control over CDLHT. CDLHT was deconsolidated to become an associate of the Group. For entity details of CDLHT, see Note 33.

The Group has 50% in New Unity which operates the Group's hotel business in Hong Kong. First Sponsor is a property company which is listed on the Singapore Exchange and has interests in China, the Netherlands, Germany, Italy and Australia. It is also involved in the Chinese property financing business which carries additional risk of recoverability of certain assets.

	JOINT VENTURES £m	ASSOCIATES £m	TOTAL £m
Share of net assets/cost			
Balance at 1 January 2022	100	365	465
Additions	–	257	257
Share of (loss)/profit for the year	(6)	59	53
Disposals	–	(1)	(1)
Dividends received	–	(10)	(10)
Foreign exchange adjustments	11	22	33
Balance at 31 December 2022	105	692	797
Balance at 1 January 2023	**105**	**692**	**797**
Additions	**–**	**61**	**61**
Share of profit for the year	**4**	**24**	**28**
Disposals	**–**	**(1)**	**(1)**
Dividends received	**–**	**(18)**	**(18)**
Foreign exchange adjustments	**(5)**	**(33)**	**(38)**
Balance at 31 December 2023	**104**	**725**	**829**

The following is summarised financial information for CDLHT, FSGL and New Unity based on their respective financial statements prepared in accordance with IFRS. These are considered to be the most significant investments in joint ventures and associates.

	ASSOCIATES				JOINT VENTURES	
	CDLHT		FSGL		NEW UNITY	
	2023 £m	2022 £m	**2023 £m**	2022 £m	**2023 £m**	2022 £m
Non-current assets	**1,868**	1,811	**1,508**	1,568	**372**	400
Current assets	**65**	78	**1,254**	1,099	**64**	36
Non-current liabilities	**(592)**	(614)	**(702)**	(659)	**(124)**	(118)
Current liabilities	**(253)**	(188)	**(818)**	(824)	**(35)**	(37)
Total assets less total liabilities	**1,088**	1,087	**1,242**	1,184	**277**	281
Less: Non-controlling interest	**(5)**	(4)	**(69)**	(71)	**(70)**	(70)
Net assets (100%)	**1,083**	1,083	**1,173**	1,113	**207**	211
Group's share	**302**	296	**423**	396	**104**	105
Revenue	**154**	87	**170**	250	**131**	68
Operating profit/(loss)	**129**	102	**(4)**	152	**13**	(17)
Interest (expense)/income	**(40)**	(3)	**21**	(38)	**(3)**	(2)
Income tax (expense)/credit	**(12)**	(1)	**(9)**	(34)	**2**	4
Profit/(loss) for the year	**77**	98	**8**	80	**12**	(15)
Non-controlling interests	**–**	–	**–**	(4)	**(4)**	4
Profit/(loss) for the year after non-controlling interests	**77**	98	**8**	76	**8**	(11)
Other comprehensive income/(expense)	**20**	2	**(32)**	(95)	**–**	–
Profit/(loss) and total comprehensive income/(expense) (100%)	**97**	100	**(24)**	(19)	**8**	(11)
Group's share of profit/(loss) and total comprehensive income/(expense)	**27**	27	**(9)**	(7)	**4**	(6)
Dividends received by the Group	**11**	4	**7**	6	**–**	–

At 31 December 2023, the Group's share of the total capital commitments of joint ventures and associates amounted to £50m (2022: £124m) and the Group's share of the non-cancellable operating leases receivable was £101m (2022: £112m).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

14 Other financial assets

	2023 £m	2022 £m
Equity investments	**9**	12
Deposits receivable	**7**	7
Amounts due from intermediate holding company	**384**	458
	400	477

The amounts due from the intermediate holding company are non-trade in nature, unsecured and bear interest at 2.8% per annum.

15 Prepayments

	2023 £m	2022 £m
Included within non-current assets:		
Prepayments	**16**	–

Under the terms of the master lease agreements entered into by the Group, the Group is required to set aside an amount equivalent to a certain percentage of the Company's annual hotels' revenue for capital expenditure purposes. The provision is utilised as and when capital expenditure is incurred. Where the total capital expenditure incurred exceeds the unutilised balance in the provision account, the amount may be set off against future provisions to be made.

16 Inventories

	2023 £m	2022 £m
Consumables	**4**	4

17 Development properties

	2023 £m	2022 £m
Development properties comprise:		
Development land for resale		
– New Zealand residential sections	**112**	107
Development properties		
– Zenith Residences	**9**	12
	121	119

18 Trade and other receivables

	2023 £m	2022 £m
Trade receivables	**56**	64
Other receivables	**38**	65
Prepayments and accrued income	**41**	39
Amounts due from holding and associate companies	**8**	8
	143	176

Trade receivables are shown net of an impairment allowance of £6m (2022: £6m) relating to the likely insolvencies of certain customers and non-recoverability of debts.

The Group's exposure to credit and currency risks and impairment losses related to trade and other receivables are disclosed in Note 21.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

19 Cash and cash equivalents

	2023 £m	2022 £m
Cash at bank and in hand	**406**	353
Short-term deposits	**271**	401
Cash pool overdrafts	**–**	(193)
Cash and cash equivalents on the statement of financial position	**677**	561
Overdrafts included in borrowings	**(194)**	–
Cash and cash equivalents shown in the cash flow statement	**483**	561

The Group's exposure to interest rate risk and a sensitivity analysis for financial assets are disclosed in Note 21. As at 31 December 2023, £8m (2022: £3m) of the cash balance was restricted.

In 2022, cash pool overdraft of GBP193m were set off against cash and cash equivalents in the statement of financial position. The Directors have concluded that the overdraft balances should be presented separately in the consolidated balance sheet rather than netted off against cash and cash equivalents held with the same bank. Comparative balances have not been restated, as in the Directors' view this is not material to an understanding of the accounts.

20 Interest-bearing loans, bonds and borrowings

	2023 £m	2022 £m
Included within non-current liabilities:		
Bank loans	**160**	165
Bonds payable	**72**	62
	232	227
Included within current liabilities:		
Bank loans and overdrafts	**500**	284
	500	284

Net debt of £55m (2022: net cash of £50m) is the total of the cash and cash equivalents of £677m (2022: £561m) less the interest-bearing loans, bonds and borrowings of £732m (2022: £511m). Further details in respect of financial liabilities are given in Note 21.

In 2022, cash pool overdraft of GBP193m were set off against cash and cash equivalents in the statement of financial position. The Directors have concluded that the overdraft balances should be presented separately in the bank loan and overdrafts sheet rather than netted off against cash and cash equivalents held with the same bank. Comparative balances have not been restated, as in the Directors' view this is not material to an understanding of the accounts.

21 Financial instruments

Overview
The Group has exposure to the following risks from its use of financial instruments:
- credit risk;
- liquidity risk; and
- market risk.

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies, and processes for measuring and managing risk.

(i) Credit risk
Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and investment securities.

Exposure to credit risk is monitored on an ongoing basis, with credit checks performed on all clients requiring credit over certain amounts. Credit is not extended beyond authorised limits, established where appropriate through consultation with a professional credit vetting organisation. Credit granted is subject to regular review, to ensure it remains consistent with the client's current creditworthiness and appropriate to the anticipated volume of business.

Investments are allowed only in liquid short-term instruments within approved limits, with investment counterparties approved by the Board, such that the exposure to a single counterparty is minimised.

The maximum exposure to credit risk is represented by the carrying value of each financial asset on the balance sheet, these being spread across the various currencies and jurisdictions in which the Group operates.

Except as disclosed, there is no significant concentration of credit risk for the Group. The carrying amounts of financial assets and contract assets represent the Group's maximum exposures to credit risk, before taking into account any collateral held.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

21 Financial instruments (continued)

(i) Credit risk (continued)

The maximum exposure to credit risk at the reporting date was:

	CARRYING VALUE	
	2023 **£m**	2022 £m
Amounts due from holding and associate companies (see Note 14 and Note 18)	**392**	466
Short-term deposits (see Note 19)	**271**	401
Cash at bank and in hand (see Note 19)	**406**	353
Other receivables (see Note 18)	**38**	65
Trade receivables (see Note 18)	**56**	64
Equity investments (see Note 14)	**9**	12
Deposits receivable (see Note 14)	**7**	7
Cash pool overdrafts (see Note 19)	**–**	(193)
	1,179	1,175

The maximum exposure to credit risk for trade receivables at the reporting date by geographic region was:

	CARRYING VALUE	
	2023 **£m**	2022 £m
New York	**14**	16
Singapore	**12**	27
Rest of Asia	**11**	6
Regional US	**10**	5
Australasia	**5**	4
Rest of UK/EU	**4**	6
	56	64

Expected credit loss assessment on trade receivables
The Group uses an allowance matrix to measure the ECLs of trade receivables from individual customers, which comprise a very large number of small balances.

The ageing of trade receivables at the reporting date was:

	GROSS RECEIVABLE		IMPAIRMENT ALLOWANCE		CARRYING VALUE	
	2023 **£m**	2022 £m	**2023** **£m**	2022 £m	**2023** **£m**	2022 £m
Not past due	**27**	28	**–**	(4)	**27**	24
Past due 0 – 30 days	**17**	15	**(2)**	–	**15**	15
Past due 31 – 60 days	**5**	7	**(1)**	–	**4**	7
Past due 61 – 90 days	**2**	9	**(1)**	–	**1**	9
More than 90 days	**11**	11	**(2)**	(2)	**9**	9
	62	70	**(6)**	(6)	**56**	64

The movement in the allowance for impairment in respect of trade receivables during the year was as follows:

	2023 **£m**	2022 £m
Balance at 1 January	**6**	8
Impairment losses recognised/(reversal)	**1**	(1)
Bad debts written off	**(1)**	(1)
Balance at 31 December	**6**	6

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

21 Financial instruments (continued)

	CONTRACTUAL MATURITIES OF FINANCIAL ASSETS			
	TOTAL	WITHIN 1 YEAR	1 - 5 YEARS	MORE THAN 5 YEARS
31 DECEMBER 2023	£m	£m	£m	£m
Financial Assets				
Fixed Rate				
US dollar	**4**	**4**	**–**	**–**
Sterling	**50**	**50**	**–**	**–**
Korean won	**17**	**17**	**–**	**–**
Singapore dollar	**498**	**108**	**389**	**1**
Australian dollar	**1**	**1**	**–**	**–**
New Zealand dollar	**36**	**36**	**–**	**–**
Malaysian Ringgit	**7**	**7**	**–**	**–**
Euro	**1**	**1**	**–**	**–**
Philippine Peso	**5**	**5**	**–**	**–**
Taiwan Dollar	**42**	**41**	**1**	**–**
Floating Rate				
US dollar	**1**	**1**	**–**	**–**
Australian dollar	**14**	**14**	**–**	**–**
New Zealand dollar	**2**	**2**	**–**	**–**
Non-Interest Bearing				
US dollar	**116**	**116**	**–**	**–**
Sterling	**11**	**11**	**–**	**–**
Korean won	**1**	**1**	**–**	**–**
Singapore dollar	**37**	**28**	**9**	**–**
Chinese Renminbi	**3**	**3**	**–**	**–**
New Zealand Dollar	**1**	**1**	**–**	**–**
Malaysian Ringgit	**2**	**2**	**–**	**–**
Euro	**9**	**9**	**–**	**–**
Japanese Yen	**17**	**17**	**–**	**–**
Philippine Peso	**1**	**1**	**–**	**–**
Indonesian Rupiah	**3**	**3**	**–**	**–**
Others	**1**	**1**	**–**	**–**
Interest Bearing Cash Pool deposits				
Sterling	**57**	**57**	**–**	**–**
Japanese Yen	**1**	**1**	**–**	**–**
Singapore dollar	**139**	**139**	**–**	**–**
Total cash and other financial assets	**1,077**	**677**	**399**	**1**
Represented by:				
Cash and cash equivalents (Note 19)	**677**			
Other financial assets (Note 14)	**400**			
	1,077			

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

21 Financial instruments (continued)

	CONTRACTUAL MATURITIES OF FINANCIAL ASSETS			
	TOTAL	WITHIN 1 YEAR	1 - 5 YEARS	MORE THAN 5 YEARS
31 DECEMBER 2022	£m	£m	£m	£m
Financial Assets				
Fixed Rate				
US dollar	**4**	**4**	**–**	**–**
Korean won	**58**	**58**	**–**	**–**
Singapore dollar	**683**	**220**	**463**	**–**
Australian dollar	**29**	**29**	**–**	**–**
New Zealand dollar	**58**	**58**	**–**	**–**
Malaysian Ringgit	**4**	**4**	**–**	**–**
Chinese Renminbi	**1**	**1**	**–**	**–**
Philippine Peso	**2**	**2**	**–**	**–**
Taiwan Dollar	**25**	**25**	**–**	**–**
Non-Interest Bearing				
US dollar	**62**	**62**	**–**	**–**
Sterling	**5**	**5**	**–**	**–**
Korean won	**3**	**3**	**–**	**–**
Singapore dollar	**47**	**35**	**12**	**–**
Chinese Renminbi	**3**	**3**	**–**	**–**
New Zealand Dollar	**6**	**6**	**–**	**–**
Malaysian Ringgit	**3**	**3**	**–**	**–**
Euro	**9**	**9**	**–**	**–**
Japanese Yen	**8**	**8**	**–**	**–**
Philippine Peso	**3**	**3**	**–**	**–**
Indonesian Rupiah	**3**	**3**	**–**	**–**
Taiwan Dollar	**2**	**-**	**2**	**–**
Others	**1**	**1**	**–**	**–**
Interest Bearing Cash Pool deposits				
Sterling	**35**	**35**	**–**	**–**
Japanese Yen	**1**	**1**	**–**	**–**
Singapore dollar	**176**	**176**	**–**	**–**
Total cash and other financial assets	**1,231**	**754**	**477**	**–**
Interest Bearing Cash Pool Overdrafts				
Euro	**(40)**	**(40)**	**–**	**–**
Hong Kong Dollar	**(16)**	**(16)**	**–**	**–**
US dollar	**(116)**	**(116)**	**–**	**–**
Sterling	**(21)**	**(21)**	**–**	**–**
Total cash pool overdrafts (Note 19)	**(193)**	**(193)**	**–**	**–**
	1,038	**561**	**477**	**–**
Represented by:				
Cash and cash equivalents (Note 19)	**561**			
Other financial assets (Note 14)	**477**			
	1,038			

(a) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The following are the contractual maturities of financial liabilities, including estimated interest payments using the interest rates prevailing as at the reporting date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

21 Financial instruments (continued)

	CONTRACTUAL MATURITIES OF FINANCIAL LIABILITIES					
31 DECEMBER 2023	CARRYING AMOUNT £m	CONTRACTUAL CASH FLOWS £m	WITHIN 1 YEAR £m	1 - 2 YEARS £m	2 - 5 YEARS £m	MORE THAN 5 YEARS £m
Floating rate financial liabilities						
Secured loans and overdrafts	**10**	**11**	**1**	**–**	**10**	**–**
Unsecured loans and overdrafts	**645**	**677**	**507**	**132**	**38**	**–**
Secured bonds	**15**	**15**	**–**	**15**	**–**	**–**
Fixed rate financial liabilities						
Secured loans	**5**	**5**	**5**	**–**	**–**	**–**
Secured bonds	**57**	**58**	**–**	**41**	**17**	**–**
Trade and other payables						
Trade payables	**29**	**29**	**29**	**–**	**–**	**–**
Other creditors	**158**	**158**	**158**	**–**	**–**	**–**
Lease liabilities						
Lease liabilities	**394**	**735**	**25**	**25**	**72**	**613**
Non-current liabilities						
Other non-current liabilities	**14**	**14**	**–**	**1**	**–**	**13**
	1,327	**1,702**	**725**	**214**	**137**	**626**
31 DECEMBER 2022						
Floating rate financial liabilities						
Secured loans	4	4	4	–	–	–
Unsecured loans	445	459	290	169	–	–
Secured bonds	17	17	–	–	17	–
Fixed rate financial liabilities						
Secured bonds	45	46	–	–	46	–
Trade and other payables						
Trade payables	35	35	35	–	–	–
Other creditors	147	147	147	–	–	–
Lease liabilities						
Lease liabilities	422	748	26	25	73	624
Non-current liabilities						
Other non-current liabilities	15	15	–	–	1	14
	1,130	1,471	502	194	137	638

Undrawn committed borrowing facilities
At 31 December 2023, the Group had £133m (2022: £23m) of undrawn and committed facilities available, comprising of committed revolving credit facilities which provide the Group with financial flexibility.

Maturity of these facilities are set out in the following table.

	2023 £m	2022 £m
Expiring in one year or less	**–**	23
Expiring after more than one year but not more than two years	**–**	–
Expiring after more than two years but not more than five years	**133**	–
Expiring after more than five years	**–**	–
Total undrawn committed borrowing facilities	**133**	23
Total undrawn uncommitted borrowing facilities	**146**	276
Total undrawn borrowing facilities	**279**	299

The conditions precedent to the availability of these facilities are all satisfied at the balance sheet date.

Security
Included within the Group's total bank loans and overdrafts of £660m (2022: £449m) are £15m (2022: £4m) of secured loans and overdrafts, and secured bonds of £72m (2022: £62m).

Loans, bonds and notes are secured on land and buildings with a carrying value of £256m (2022: £254m) and an assignment of insurance proceeds in respect of insurances over the mortgaged properties.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

21 Financial instruments (continued)

Of the Group's total facilities of £818m, £449m matures within 12 months comprising of £291m uncommitted facilities and overdrafts subject to annual renewal and £158m unsecured term loans.

(b) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments.

The primary objectives of the treasury function are to provide secure and competitively priced funding for the activities of the Group and to identify and manage financial risks, including exposure to movements in interest and foreign exchange rates arising from those activities. If appropriate, the Group uses financial instruments and derivatives to manage these risks, as set out below.

(i) Foreign currency risk

The Group is exposed to foreign currency risk on revenue, purchases, borrowings and cash deposits denominated in currencies other than the functional currencies of the respective Group entities. The currencies giving rise to this risk are primarily US dollars, Singapore dollars, New Zealand dollars, Australia dollars, New Taiwan dollars, Chinese renminbi, Japanese yen and Euro.

The Group's principal policy, wherever possible, is to maintain a natural hedge whereby liabilities are matched with assets denominated in the same currency. Foreign currency investment exposure is also minimised by borrowing in the currency of the investment.

To mitigate foreign currency translation exposure, an appropriate proportion of net assets are designated as hedged against corresponding financial liabilities in the same currency.

Net investment hedging
The Group has US$247m (2022: US$210m) US dollar loans and €45m (2022: €45m) Euro loans designated as hedges of corresponding respective proportions of its net investment in foreign operations whose functional currencies are US dollars and Euros. The risk being hedged is the foreign currency exposure on the carrying amount of the net assets of the foreign operation upon consolidation. The fair value of the hedging instruments as at 31 December 2023 was £233m (2022: £213m).

Exchange differences arising on foreign currency loans during each accounting period are recognised as a component of equity, to the extent that the hedge is effective. The foreign exchange exposure arising on the Group's net investment in its subsidiaries is expected to be highly effective in offsetting the exposure arising on the Group's foreign currency borrowings. However, during the year an immaterial amount (2022: immaterial) was recognised in the consolidated income statement that arose from hedges of net investments in foreign operations that were considered to be ineffective.

An analysis of borrowings by currency and their fair values as at 31 December 2023 is given below:

	31 DECEMBER 2023		31 DECEMBER 2022	
	BOOK VALUE £m	**FAIR VALUE £m**	BOOK VALUE £m	FAIR VALUE £m
Sterling	**105**	**105**	50	50
US dollar	**486**	**486**	395	395
New Zealand dollar	**6**	**6**	–	–
Chinese renminbi	**–**	**–**	4	4
Japanese yen	**81**	**81**	62	62
Euro	**39**	**39**	–	–
Hong Kong dollar	**15**	**15**	–	–
	732	**732**	511	511

Foreign currency transaction exposure is primarily managed through funding of purchases from operating income streams arising in the same currency.

Hedging of transaction exposure is undertaken with approved counterparties and within designated limits, using spot or short-term forward contracts to buy or sell the currency concerned, once the timing and the underlying amount of exposure have been determined. Foreign exchange derivatives may also be used to hedge specific transaction exposure where appropriate.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

21 Financial instruments (continued)

(b) Market risk (continued)

(i) Foreign currency risk (continued)

The following significant exchange rates applied during the year:

	AVERAGE RATE		CLOSING RATE	
	2023	2022	**2023**	2022
US dollar	**1.242**	1.242	**1.270**	1.209
Singapore dollar	**1.667**	1.709	**1.681**	1.627
New Taiwan dollar	**38.595**	36.823	**39.340**	37.135
New Zealand dollar	**2.021**	1.944	**2.012**	1.918
Malaysian ringgit	**5.656**	5.452	**5.879**	5.346
Korean won	**1620.311**	1590.875	**1644.423**	1538.789
Chinese renminbi	**8.794**	8.347	**9.075**	8.423
Euro	**1.148**	1.173	**1.152**	1.136
Japanese yen	**173.677**	161.189	**180.710**	160.721

Sensitivity analysis
With respect to the Group's foreign currency exposure, and assuming that all other variables, in particular interest rates, remain constant, it is estimated that a 10% strengthening of sterling against the following currencies at 31 December 2023 (31 December 2022: 10%) would have increased/(decreased) equity and profit before tax by the amounts shown below:

	31 DECEMBER 2023		31 DECEMBER 2022	
	EQUITY £m	**PROFIT BEFORE TAX £m**	EQUITY £m	PROFIT BEFORE TAX £m
US dollar	**42**	**1**	43	2
Australian dollar	**(5)**	**–**	–	–
Singapore dollar	**(31)**	**(10)**	(38)	(18)
New Taiwan dollar	**–**	**(1)**	–	–
New Zealand dollar	**–**	**(1)**	–	(3)
Euro	**3**	**–**	4	–
Chinese renminbi	**(4)**	**(1)**	(4)	6
Korean won	**–**	**(4)**	–	(50)
Hong Kong dollar	**–**	**–**	–	1
Japanese yen	**–**	**(5)**	–	–
Philippine Peso	**–**	**–**	–	(1)
	5	**(21)**	5	(63)

A 10% weakening of sterling against the above currencies at 31 December 2023 (31 December 2022: 10%) would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

(ii) Interest rate risk and interest rate swaps

The Group adopts a policy of ongoing review of its exposure to changes in interest rates on its borrowings, taking into account market expectations with regard to the perceived level of risk associated with each currency, the maturity profile and cash flows of the underlying debt, and the extent to which debt may potentially be either prepaid prior to its maturity or refinanced at reduced cost.

The Group's policy is to maintain a mixture of its financial liabilities on a fixed and floating-rate basis with a greater emphasis on floating rates presently as this flexibility is considered to be appropriate in the context of the Group's overall geographical diversity, investment and business cycle and the stability of the income streams, cash balances and loan covenants.

Interest rate derivatives are used to manage interest rate risk, to the extent that the perceived cost is considered to outweigh the benefit from the flexibility of variable rate borrowings, and the Group actively monitors the need and timing for such derivatives. Where used, interest rate derivatives are classified as cash flow hedges and stated at fair value within the Group's consolidated statement of financial position.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

21 Financial instruments (continued)

(c) Fair value

Set out below is a comparison of the fair and book values of all the Group's financial instruments by category. Fair values are determined by reference to market values, where available, or calculated by discounting cash flows at prevailing interest rates.

	2023 BOOK VALUE £m	**2023 FAIR VALUE £m**	2022 BOOK VALUE £m	2022 FAIR VALUE £m
Financial assets not measured at fair value				
Cash and cash equivalents				
Cash at bank and in hand	**406**	**406**	353	353
Short-term deposits	**271**	**271**	401	401
Cash pool overdrafts	–	–	(193)	(193)
Loans and receivables				
Trade receivables	**56**	**56**	64	64
Amounts due from holding and associate companies	**392**	**392**	466	466
Other receivables	**38**	**38**	65	65
Deposits receivable	**7**	**7**	7	7
Financial assets measured at fair value				
Equity investments	**9**	**9**	12	12
	1,179	**1,179**	1,175	1,175
Financial liabilities not measured at fair value				
Overdrafts and borrowings	**(732)**	**(732)**	(511)	(511)
Trade payables	**(29)**	**(29)**	(35)	(35)
Other creditors	**(158)**	**(158)**	(147)	(147)
Other non-current liabilities	**(14)**	**(14)**	(15)	(15)
	(933)	**(933)**	(708)	(708)

Estimation of fair values
The following summarises the major methods and assumptions used in estimating the fair values of financial instruments reflected in the table.

Derivatives
Forward exchange contracts are either marked to market using listed market prices or by discounting the contractual forward price and deducting the current spot rate. For interest rate swaps, bank valuations are used.

Interest-bearing loans and borrowings
Fair value is calculated based on discounted expected future principal and interest cash flows.

Trade and other receivables/payables
For receivables/payables with a remaining life of less than one year, the notional amount is deemed to reflect the fair value. All other receivables/payables are discounted to determine the fair value.

Interest rates used for determining fair value
Prevailing market interest rates are used to discount cash flows to determine the fair value of financial assets and liabilities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

21 Financial instruments (continued)

(c) Fair value (continued)

Fair value hierarchy
As at 31 December 2023, the Group held certain financial instruments measured at fair value.

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1 Quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2 Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3 Techniques that use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

The table below provides a hierarchy analysis of financial instruments carried at fair value:

	2023				2022			
	LEVEL 1 £m	**LEVEL 2 £m**	**LEVEL 3 £m**	**TOTAL £m**	LEVEL 1 £m	LEVEL 2 £m	LEVEL 3 £m	TOTAL £m
Equity investment at FVTPL	**9**	**–**	**–**	**9**	12	–	–	12
Asset	**9**	**–**	**–**	**9**	12	–	–	12

During the year ended 31 December 2023 there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measures.

Capital management
The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Company's objective for managing its capital is to ensure that Group entities will be able to continue as a going concern while maximising the return to shareholders, as well as sustaining the future development of its business. In order to maintain or adjust the capital structure, the Group may alter the total amount of dividends paid to shareholders, return capital to shareholders, issue new shares, draw down additional debt or reduce debt.

The Group's capital structure consists of debt, which includes the loans and borrowings disclosed in Note 20, cash and cash equivalents disclosed in Note 19 and the equity attributable to the parent, comprising share capital, reserves and retained earnings, as disclosed in the consolidated statement of changes in equity. The Group seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position.

22 Employee benefits

Pension arrangements
The Group operates various funded pension schemes which are established in accordance with local conditions and practices within the countries concerned. The most significant funds are described below.

United Kingdom
The pension arrangements in the United Kingdom operate under the 'Millennium & Copthorne Pension Plan', which was set up in 1993. The plan operates a funded defined benefit arrangement together with a defined contribution plan, both with different categories of membership. The defined benefit section of the plan was closed to new entrants in 2001 and at the same time rights to a Guaranteed Minimum Pension ("GMPs") under the defined contribution scheme also ceased. The plan entitles a retired employee to receive an annual pension payment. The Trust Deed gives the Group an unconditional right to a refund of surplus assets, assuming the full settlement of plan liabilities in the event of a plan wind-up. Pension assets are deemed to be recoverable and there are no adjustments in respect of minimum funding requirements as economic benefits are available to the Group either in the form of future refunds or, for plans still open to benefit accrual, in the form of possible reductions in future contributions. The contributions required are determined by a qualified actuary on the basis of triennial valuations using the projected unit credit method. The last full actuarial valuation of this scheme was carried out by a qualified independent actuary as at 5 April 2020 and this has been updated on an approximate basis to 31 December 2023. The contributions of the Group during the year were about 36.30% (2022: 36.30%) of pensionable salary.

As the defined benefit section is closed to new entrants, the current service cost, as a percentage of pensionable payroll is likely to increase as the membership ages, although it will be applied to a decreasing pensionable payroll. The assumptions which have the most significant effect on the results of the valuation are those relating to the discount rate and the rates of increase in salaries and pensions.

The total pension obligation for the UK pension plan has decreased from the prior year to £48m (2022: £50m). This has been driven mainly by a fall in the value of the defined benefit underpinned for certain members compared to their defined contribution funds and benefits paid out of the scheme. The assets have risen slightly over the year with positive returns partly offset by the benefit outgo to £49m (2022: £48m).

Nature of the benefits provided by the plan include pension payable, death and lump sum payments to the members of the plan. The plan is not part of a specific regulatory body but operates within the jurisdiction of UK corporate and tax laws and accounting standards. This is the responsibility of the Board of Trustees of the Plan who are responsible for the adherence with all applicable legal and financial reporting parameters as well as the correct function of the plan. Due to the maturity of the plan there risks faced are mainly centred around macroeconomic factors such as inflation and factors that affect the underlying value to the plans assets.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

22 Employee benefits (continued)

Due to the current period of high inflation experience across the global economy, this has been considered to be a significant actuarial assumption when computing financial data for the plan due to the unusually high level spike of inflation rate experienced in the period and the resultant quick rate of change in the inflation rate during the period. Despite the high level of inflation seen in 2023 and higher than Bank of England targeted inflation rate as at 31 December 2023, it is assumed as that future impacts of the high inflation environment are currently minimal as it is assumed that inflation will return to a rate closer to the Bank of England target of approximately 2% per annum in future periods.

The plan's assets mainly comprise bonds and liability-driven Investments (LDI). This forms a natural hedge between the plan's assets and obligations against interest rates and bond market movements. The plan does not employ any more complex forms of hedging arrangements for specific instruments. The investment strategy for the UK scheme is relatively simple due to the maturity of the plan and that there are no new admissions. The strategic aim of the plan is to ensure sufficient liquidity to cover the remaining obligations by matching the plan assets to the plan liabilities to ensure that the plan can maintain and meet future cash flows and obligations. The strategy is controlled and reviewed by the board of trustees in consultation with the Group. The primary risks posted to the investment strategy are factors that effect the underlying value, such as interest rate risk for LDI of the plans assets and liquidity risks due to movements in the assets and liabilities. Due to the relative stability of the investments and investment strategy of the plan assets the current surplus is minimally exposed to these risks. The Group monitors the surplus of the fund and believes any risk associated with the surplus is mitigated by the Group's strong balance sheet position.

Taiwan

The Group operates a defined benefit pension plan for its employees in Taiwan. The contributions required are determined by an external qualified actuary using the projected unit credit method. The most recent valuation was carried out on 31 December 2023. The contributions of the Group were no less than 6% (2022: 6%) of the employees' earnings. The assumptions which have the most significant effect on the results of the valuations are those relating to the discount rate and rate of increase in salaries.

The defined benefit plans are administered by pension funds that are legally separated from the Group. The boards of the pension funds are required by law to act in the best interests of the plan participants.

These defined benefit plans expose the Group to actuarial risks, such as longevity risk, currency risk, interest rate risk and market investment risk.

The above plans are substantially funded by the Group's subsidiaries with £5m of cash being ring fenced specifically for funding of the scheme. The funding requirements are based on the pension funds' actuarial measurement framework set out in the funding policies of the plans.

The assets of each scheme have been taken at market value and the liabilities have been calculated using the following principal assumptions:

	2023 UK	**2023 SOUTH KOREA**	**2023 TAIWAN**	**2022 UK**	**2022 SOUTH KOREA**	**2022 TAIWAN**
Inflation rate	**3.20%**	**-**	**-**	3.30%	-	-
Discount rate	**4.70%**	**-**	**1.38%**	4.90%	-	1.50%
Rate of salary increase	**3.70%**	**-**	**3.00%**	3.80%	-	3.00%
Rate of pension increases	**3.00%**	**-**	**-**	3.10%	-	-
Rate of revaluation	**2.80%**	**-**	**-**	2.75%	-	-

The methodology for computing the discount rate is the yield range method.

The assumptions used by the actuaries are the best estimates chosen from a range of possible actuarial assumptions, which due to the timescale covered, may not necessarily be borne out in practice. The present values of the schemes' liabilities are derived from cash flow projections over long periods and are inherently uncertain.

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions consistent, would have altered the defined benefit obligation by the amounts shown below:

	DEFINED BENEFIT OBLIGATIONS			
	2023 INCREASE £m	**2023 DECREASE £m**	2022 INCREASE £m	2022 DECREASE £m
Discount rate (50 bps movement)	**(3)**	**3**	2	(1)
Rate of salary increase (25 bps movement)	**-**	**-**	-	-
Price inflation rate (25 bps movement)	**1**	**(1)**	(1)	1
Post retirement mortality assumption (± 1 year age rating movement)	**(2)**	**2**	2	(2)

Although the analysis does not take account of the full distribution of cash flows expected under the plans, it does provide an approximation of the sensitivity of the assumptions shown.

Amounts recognised on the balance sheet are as follows:

	2023 UK £m	**2023 SOUTH KOREA £m**	**2023 TAIWAN £m**	**2023 OTHER £m**	**2023 TOTAL £m**	2022 UK £m	2022 SOUTH KOREA £m	2022 TAIWAN £m	2022 OTHER £m	2022 TOTAL £m
Present value of funded obligations	**48**	**-**	**4**	**1**	**53**	50	-	5	1	56
Fair value of plan assets	**(49)**	**-**	**(3)**	**(1)**	**(53)**	(48)	-	(4)	-	(52)
Plan deficit/(Surplus)	**(1)**	**-**	**1**	**-**	**-**	2	-	1	1	4

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

22 Employee benefits (continued)

Changes in the present value of defined benefit obligations are as follows:

	2023 UK £m	**2023 SOUTH KOREA £m**	**2023 TAIWAN £m**	**2023 OTHER £m**	**2023 TOTAL £m**	2022 UK £m	2022 SOUTH KOREA £m	2022 TAIWAN £m	2022 OTHER £m	2022 TOTAL £m
Balance at 1 January	**50**	**–**	**5**	**1**	**56**	77	3	5	1	86
Current service cost	**–**	**–**	**–**	**–**	**–**	–	–	–	–	–
Past service cost	**–**	**–**	**–**	**–**	**–**	–	–	–	–	–
Interest cost	**3**	**–**	**–**	**–**	**3**	1	–	–	–	1
Benefits paid, death in service insurance premiums and expenses	**(2)**	**–**	**(1)**	**–**	**(3)**	(2)	(1)	–	–	(3)
Remeasurement losses/ (gains) arising from:										
– Financial assumptions	**1**	**–**	**–**	**–**	**1**	(30)	–	–	–	(30)
– Experience adjustment	**(3)**	**–**	**–**	**–**	**(3)**	4	–	–	–	4
– Demographic assumptions	**(1)**	**–**	**–**	**–**	**(1)**	–	(2)	–	–	(2)
Balance at 31 December	**48**	**–**	**4**	**1**	**53**	50	–	5	1	56

Changes in the fair value of plan assets are as follows:

	2023 UK £m	**2023 SOUTH KOREA £m**	**2023 TAIWAN £m**	**2023 OTHER £m**	**2023 TOTAL £m**	2022 UK £m	2022 SOUTH KOREA £m	2022 TAIWAN £m	2022 OTHER £m	2022 TOTAL £m
Balance at 1 January	**48**	**–**	**4**	**–**	**52**	67	3	3	–	73
Interest income	**3**	**–**	**–**	**–**	**3**	1	–	–	–	1
Group contributions	**–**	**–**	**–**	**–**	**–**	2	–	–	–	2
Benefits paid	**(2)**	**–**	**(1)**	**–**	**(3)**	(2)	(3)	–	–	(5)
Remeasurement gains arising from:										
– Return/(loss) on plan assets excluding interest income	**–**	**–**	**–**	**1**	**1**	(20)	–	1	–	(19)
Balance at 31 December	**49**	**–**	**3**	**1**	**53**	48	–	4	–	52
Actual return/(loss) on plan assets	**3**	**–**	**–**	**1**	**4**	(19)	–	1	–	(18)

	2023 UK £m	**2023 SOUTH KOREA £m**	**2023 TAIWAN £m**	**2023 OTHER £m**	**2023 TOTAL £m**	2022 UK £m	2022 SOUTH KOREA £m	2022 TAIWAN £m	2022 OTHER £m	2022 TOTAL £m
Quoted equities	**26**	**–**	**–**	**–**	**26**	24	–	–	–	24
Bonds	**7**	**–**	**–**	**–**	**7**	6	–	–	–	6
Liability driven investment	**13**	**–**	**–**	**–**	**13**	12	–	–	–	12
Liquidity fund	**3**	**–**	**–**	**–**	**3**	6	–	–	–	6
Cash and cash equivalents	**–**	**–**	**3**	**1**	**4**	–	–	4	–	4
	49	**–**	**3**	**1**	**53**	48	–	4	–	52

The Group values plan assets in accordance with IAS 19 as follows:

- Quoted equities listed on recognised stock exchanges are valued at closing bid prices;
- Bonds are measured using pricing models making assumptions for credit risk, market risk and market yield curves;
- Properties are valued on the basis of the open market value; and
- Liability driven investments are measured based on the present value of the fixed liability.

The expense recognised in the income statement is as follows:

	2023 UK £m	**2023 SOUTH KOREA £m**	**2023 TAIWAN £m**	**2023 OTHER £m**	**2023 TOTAL £m**	2022 UK £m	2022 SOUTH KOREA £m	2022 TAIWAN £m	2022 OTHER £m	2022 TOTAL £m
Current service cost	**–**	**–**	**–**	**–**	**–**	–	–	–	–	–
Interest cost	**–**	**–**	**–**	**–**	**–**	1	–	–	–	1
Interest income	**–**	**–**	**–**	**–**	**–**	(1)	–	–	–	(1)
	–	**–**	**–**	**–**	**–**	–	–	–	–	–

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

22 Employee benefits (continued)

Total cost is recognised within the following items in the income statement:

	2023 £m	2022 £m
Administrative expenses	**–**	–

The gains or losses recognised in the consolidated statement of comprehensive income are as follows:

	2023 UK £m	2023 SOUTH KOREA £m	2023 TAIWAN £m	2023 OTHER £m	2023 TOTAL £m	2022 UK £m	2022 SOUTH KOREA £m	2022 TAIWAN £m	2022 OTHER £m	2022 TOTAL £m
Actual return less expected return on plan assets	**–**	**–**	**–**	**1**	**1**	(20)	–	–	1	(19)
Remeasurement (losses)/ gains arising from:										
– Financial assumptions	**(1)**	**–**	**–**	**–**	**(1)**	30	–	–	–	30
– Experience adjustment	**3**	**–**	**–**	**–**	**3**	(4)	–	–	–	(4)
– Demographic assumptions	**1**	**–**	**–**	**–**	**1**	–	2	–	–	2
Defined benefit plan remeasurement gains	**3**	**–**	**–**	**1**	**4**	6	2	–	1	9

Actuarial losses recognised directly in equity are as follows:

	2023 £m	2022 £m
Cumulative as at 1 January	**10**	19
Remeasurement gains recognised during the year	**(3)**	(9)
Cumulative as at 31 December	**7**	10

The life expectancies underlying the value of the accrued liabilities for the UK Plan, based on retirement age of 65, are as follows:

	2023 Years	2022 Years
Males	**22**	22
Females	**24**	24

The mortality assumption is derived from standard UK tables based on postcode analysis and occupation, location, salary of members base tables weightings has been adjusted to be consistent with the CMI_2022 mortality projection. The use of the latest CMI_2022 model is recommended with core-parameters, whereas a non-core smoothing parameter was previously used, the CMI considers that mortality rates in 2022 are more likely to provide useful and reliable data. CMI_2022 with a long term rate of improvement of 1.25% p.a. with core parameters i.e. smoothing parameters (s-kappa) of 7.0, initial addition parameter of zero, no weight to 2020 and 2021 data as mortality rates were heavily affected by the COVID-19 pandemic and 25% weight to 2022 data results in a level of smoothing of recent and historic data.

Mortality - base table assumptions as are follows:

	2023 %	2022 %
Males (S3PMA*)	**100%**	101%
Females (S3PFA_M**)	**100%**	101%

* - S3PMA – Series 3 mortality tables for males

** - S3PFA – Series 3 Mortality tables for females

The weighted-average duration of the defined benefit obligations as at 31 December 2023 was 12 years (2022: 12 years). The Group has paid £8k (2022: £5.2m) in contributions to the defined benefit plans in 2023. The £5.2m cash contributed in the prior year has been ring fenced by the Group and is held in an escrow bank account for the pension plan, this has been done to ensure liquidity of the plan this is per the revised schedule of contributions signed on 5 April 2023. As the pensions plan is in surplus as at 31 December 2023 it is not expected that any further contributions are required to be made in the next financial year. The decreased weighted-average duration has reduced over in comparison to the prior year due to market conditions, higher bond yields and the ageing of the members and has resulted in the movement in discount, 4.70% (2022: 4.90%), and inflation rate, 3.20% (2022: 3.30%) assumptions.

The Group monitors the surplus of the fund and believes any risk associated with the surplus is mitigated by the Group's strong balance sheet position.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

22 Employee benefits (continued)

Share-based payments

The Group used to operate a number of share option schemes; a majority being designed to link remuneration to the future performance of the Group. In accordance with the Group's accounting policy 2.2M(iv) on share-based payment transactions, the fair value of share options and long-term incentive awards is recognised as an employee expense with a corresponding increase in equity. The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to the share options and long-term incentive awards. The charge to the income statement for the year was £Nil (2022: £Nil).

The Group has applied IFRS 2 to its active employee share-based payment arrangements from 1 January 2005 except for arrangements granted before 7 November 2002.

There were no options granted during 2023. As at 31 December 2023 there were no active share based payment plans in operation.

(i) Millennium & Copthorne Hotels Limited 2006 Long-Term Incentive Plan ("LTIP")

There were no options outstanding at the end of the current or previous year in line with the Final Offer executed by CDL in 2019.

(ii) MILLENNIUM & COPTHORNE HOTEL LIMITED 2006 and 2016 SHARESAVE SCHEMES

There were no options outstanding at the end of the current or previous year in line with the Final Offer executed by CDL in 2019.

(iii) ANNUAL BONUS PLAN ("ABP")

Under the ABP, deferred share awards were granted annually to selected employees of the Group. Shares in Millennium & Copthorne Hotels plc (now a cash settlement made by Millennium & Copthorne Hotels Limited subsequent to delisting) are transferred to participants as follows if they continue to be employed by the Group:

- 25% after years one and two; and
- 50% after three years.
- There were no deferred share awards granted during 2023 and as at 31 December 2023 there were no active ABP in operation.
- At the end of 31 December 2022, the options of 10,040 ordinary shares under ABP were settled with cash. Holders of these options received a cash payment for a fixed price of £6.85 in line with the Final Offer executed by CDL on the date of exercise, as such no shares were awarded in 2022.

(iv) Executive Share Plan ("ESP")

The ESP was approved by the Company on 18 February 2016 to replace participation in the LTIP by senior executive management. These awards will vest over a three-year period (25% after years one and two, 50% after three years), subject to the rules of the ESP.

There were no awards granted during 2023 and as at 31 December 2023 there were no active ESP in operation.

At the end of 31 December 2022, the options of 2,080 ordinary shares under ESP were settled with cash. Holders of these options received a cash payment for a fixed price of £6.85 in line with the Final Offer executed by CDL on the date of exercise, as such no shares were awarded in 2022.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

23 Provisions

	LEGAL	BEIJING INDEMNITY	KOREA PROVISION	CAPITAL EXPENDITURE	TOTAL
	£m	£m	£m	£m	£m
Balance at 1 January 2023	14	10	36	1	61
Provisions reversed	(1)	–	–	(3)	(4)
Provisions utilised	–	–	(35)	(13)	(48)
Reclassification	–	–	–	16	16
Foreign exchange adjustments	(1)	–	(1)	–	(2)
Balance at 31 December 2023	12	10	–	1	23
Analysed as:					
Non-current provision	–	10	–	–	10
Current provision	12	–	–	1	13
Total provision	12	10	–	1	23

Provision for legal fees as at 31 December 2023 of £12m (2022: £14m) relates to disputes in several hotels. The Beijing indemnity of £10m (2022: £10m) relates to the tax indemnity to the former shareholders of Grand Millennium Hotel Beijing in which the Group acquired an additional 40% interest in 2010.

Included in 2022, there as an amount of £36m which related to the Group's obligations under certain contracts in respect of Millennium Hilton Seoul and represents the estimated costs to be incurred arising from the sale of Millennium Hilton Seoul. The amount was fully utilised in 2023, and accordingly the buyer of Millennium Hilton Seoul had fully reimbursed the Group for the amounts incurred in respect of its obligations under the relevant contracts.

The provision for capital expenditure relates to the Group's obligations to incur capital expenditures under the terms of the certain hotel operating agreements.

24 Other non-current liabilities

	2023 £m	2022 £m
Other non-current liabilities	**14**	15

25 Deferred taxation

Movements in deferred tax liabilities and assets (prior to offsetting balances) during the year are as follows:

		CHARGED/(CREDITED) TO INCOME STATEMENT				
	AT 1 JANUARY 2023	CHANGE IN TAX RATE	ACQUISITION /DISPOSAL OF SUBSIDIARIES	CURRENT YEAR MOVEMENT	EXCHANGE ON TRANSLATION	AT 31 DECEMBER 2023
	£m	£m	£m	£m	£m	£m
Deferred tax liabilities						
Property assets[1]*	**297**	–	–	3	(11)	**289**
Unremitted earnings	**87**	–	–	–	8	**95**
Others	**–**	–	–	9	–	**9**
	384	**–**	**–**	**12**	**(3)**	**393**
Deferred tax assets						
Tax losses	**(119)**	–	–	(2)	6	**(115)**
Lease liabilities *	**(72)**	–	–	(1)	–	**(73)**
Others	**(3)**	–	–	–	(1)	**(4)**
	(194)	**–**	**–**	**(3)**	**5**	**(192)**
Net deferred tax liabilities	**190**	**–**	**–**	**9**	**2**	**201**

[1] Property assets comprise plant, property and equipment and investment properties.
* The comparative information has been re-presented to reflect a separate deferred tax asset in relation to the Group's lease liabilities and a deferred tax liability in relation to the Group's right-of-use assets. See Note 2.2(L).

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when deferred taxes relate to the same taxation authority. The amounts determined after appropriate offsetting, are as follows:

	2023 £m	2022 £m
Deferred tax assets	**–**	–
Deferred tax liabilities	**(201)**	(190)
	(201)	(190)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

25 Deferred taxation (continued)

Deferred tax assets have not been recognised in respect of the following items because it is not probable that future taxable profit will be available against which the Group can utilise the benefits.

	2023 £m	2022 £m
Tax losses	**20**	74
Adjustments due to:		
– Deductible temporary differences in respect of prior year	**5**	14
– Tax losses in respect of prior year	**–**	–
	25	88

The deductible temporary differences do not expire under current tax legislation. The tax losses are subject to agreement by the tax authorities and compliance with tax regulations in the respective countries in which certain subsidiaries operate.

The gross tax losses with expiry dates are as follows:

	2023 £m	2022 £m
Expiry dates:		
– within 1 to 5 years	**16**	20
– after 5 years	**4**	7
– no expiry date	**42**	221
	62	248

At 31 December 2023, a deferred tax liability of £18m (2022: £13m) relating to undistributed reserves of overseas subsidiaries and joint ventures of £1,352m (2022: £1,370m) has not been recognised because the Group determined that the distributions will not be made and the liability will not be incurred in the foreseeable future.

26 Trade and other payables

	2023 £m	2022 £m
Trade payables	**29**	35
Other creditors including taxation and social security:		
– Social security and other taxes	**16**	15
– Value added tax and similar sales taxes	**12**	24
– Other creditors	**17**	11
Accruals	**122**	104
Deferred income	**4**	5
Contract liabilities	**18**	15
Rental and other deposits	**2**	3
Amounts owing to holding and associates companies	**5**	5
	225	217

The Group's exposure to currency and liquidity risks related to trade and other payables are disclosed in Note 21.

27 Dividends

No dividend was paid during 2023 (2022: £Nil). Subsequent to 31 December 2023, the Directors have not declared any dividends that have been provided for previous periods.

28 Share capital

	Number of 30p shares allotted, called up and fully paid
Balance at 1 January 2023	**324,950,812**
Issue of ordinary shares on exercise of share options	–
Balance at 31 December 2023	**324,950,812**

All of the share capital is equity share capital. Holders of these shares are entitled to dividends as declared from time to time and are entitled to one vote per share at general meetings of the Company. All rights attached to the Company's shares held by the Group are suspended until those shares are reissued.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

29 Reserves

Translation reserve
The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations, as well as from the translation of liabilities that hedge the Group's net investment in foreign operations (net of tax).

Treasury share reserve
No shares were held by the employee benefit trust at 31 December 2023 and 31 December 2022.

30 Financial commitments

	2023 **£m**	2022 £m
(a) Capital commitments at the end of the financial year which are contracted but not provided for	**40**	38

(b) The Group leases out certain of its properties under operating leases. The future minimum lease rentals receivable by the Group under non-cancellable leases are as follows:

	2023 **£m**	2022 £m
– less than one year	**15**	9
– one to two years	**14**	9
– two to three years	**13**	8
– three to four years	**13**	7
– four to five years	**12**	6
– more than five years	**44**	12
	111	51

The Group's share of capital commitments and non-cancellable lease commitments of joint ventures and associates is shown in Note 13.

Future minimum lease rentals receivable under non-cancellable leases includes all future rentals receivable up to the period when those leases expire or become cancellable.

During the year ended 31 December 2023, £27m (2022: £24m) was recognised as rental income in the income statement and £8m (2022: £10m) in respect of repairs and maintenance was recognised as an expense in the income statement relating to investment properties.

31 Contingencies and subsequent events

In the course of its operations the Group is routinely exposed to potential liabilities for claims made by employees and contractual or tortious claims made by third parties. No material losses are anticipated from such exposures. There were no contingent liabilities or guarantees other than those arising in the ordinary course of business and on these no material losses are anticipated. The Group has insurance cover up to certain limits for major risks on property and major claims in connection with legal liabilities arising in the course of its operations. Otherwise the Group generally carries its own risk. The Group believes that the accruals and provisions carried on the balance sheet are sufficient to cover these risks.

On 1 May 2024, a third party exercised a put option granted to require the Group to acquire its interest in a hotel in Paris, France at an agreed purchase price of approximately £205.7m (€240m). The Group targets to enter into a sale and purchase agreement and complete the acquisition in May 2024. The acquisition will be funded through internal cash resources and credit facilities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

32 Related parties

Identity of related parties
Transactions between the Company and its subsidiaries have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below. All transactions with related parties were entered into in the normal course of business and at arm's length. The Group has a related party relationship with its joint ventures, associates and with its directors and executive officers.

Transactions with ultimate holding company and other related companies
The Group has a related party relationship with certain subsidiaries of Hong Leong Investment Holdings Pte. Ltd ("Hong Leong") which is the ultimate holding and controlling company of Millennium & Copthorne Hotels Limited and holds 100% (2022: 100%) of the Company's shares via CDL, the intermediate holding company of the Group.

Transactions with related companies of shared directorship
A related party relationship exists between Millennium & Copthorne International Limited ("MCIL"), a subsidiary company, and Millennium & Copthorne Middle East Holdings Limited ("MCMEHL"), a related party. This relationship is defined by the shared directorship of the Company's director, Mr. Ali Alzaabi. During the current financial year, fees have been payable under a License and Services Agreement between MCIL and MCMEHL, this agreement has existed since 31 December 2016 and was renewed on 20 April 2021. During the year ended 31 December 2023, the Group had the following transactions with those subsidiaries and related companies.

	2023	2022
Interest income received and receivable from:	**£m**	£m
- Intermediate holding company	**(12)**	(9)
Management services fee received and receivable from:		
- fellow subsidiaries	**(1)**	(1)
- associates	**(9)**	(5)
	(10)	(6)
Maintenance services fees paid and payable to:		
- fellow subsidiaries	**3**	2
Rental expenses paid and payable to:		
- associates	**43**	26
Cash repayment for licence fees from:		
- companies of shared directorship	**-**	1
Outstanding licence fees from:		
- companies of shared directorship	**12**	8

The key management personnel compensation is as follows:

Short-term employee benefits	**2**	1
Directors	**-**	-
Executives	**2**	1
	2	1

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

33 Related undertakings

The full list of the Company's related undertakings as at 31 December 2023 are set out below:

Full Name	Shareholding percentage	Type	Country of incorporation	Registered office address	Principal Activities
Aircoa Equity Interests Inc.	100%	Indirect subsidiary	USA	7900 East Union Avenue, Suite 500, Denver, Colorado, 80237	Holding Company
Aircoa GP Corporation	100%	Indirect subsidiary	USA	7900 East Union Avenue, Suite 500, Denver, Colorado, 80237	Hotel ownership
Aircoa, LLC	100%	Indirect subsidiary	USA	7900 East Union Avenue, Suite 500, Denver, Colorado, 80237	Holding Company
All Seasons Hotels & Resorts Limited	76%	Indirect subsidiary	New Zealand	Level 7,23 Customs Street East, Auckland 1010, New Zealand	Dormant
Anchorage-Lakefront Limited Partnership	100%	Indirect subsidiary	USA	7900 East Union Avenue, Suite 500, Denver, Colorado, 80237	Hotel owner
Archyield Limited	100%	Indirect subsidiary	United Kingdom	Corporate Headquarters, Scarsdale Place, Kensington, London W8 5SY	Hotel owner and operator
ATOS Holding GmbH	100%	Direct subsidiary	Austria	Schulhof 6/1st fl , 1010 Vienna, Austria	Investment holding
Aurora Inn Operating Partnership L.P.	100%	Indirect subsidiary	USA	7900 East Union Avenue, Suite 500, Denver, Colorado, 80237	Hotel ownership
Avon Wynfield Inn, Ltd.	100%	Indirect subsidiary	USA	7900 East Union Avenue, Suite 500, Denver, Colorado, 80237	Hotel ownership
Avon Wynfield LLC	100%	Indirect subsidiary	USA	7900 East Union Avenue, Suite 500, Denver, Colorado, 80237	Hotel owner
Beijing Fortune Hotel Co. Ltd.	70%	Indirect subsidiary	People's Republic of China	Building No. 5, 7 DongSanHuan Middle Road, Chaoyang District, Beijing, P.R.China 100020	Hotel owner and operator
Biltmore Place Operations Corp.	100%	Indirect subsidiary	USA	7900 East Union Avenue, Suite 500, Denver, Colorado, 80237	Liquor licence holder
Bostonian Hotel Limited Partnership	100%	Indirect subsidiary	USA	7900 East Union Avenue, Suite 500, Denver, Colorado, 80237	Hotel owner
Buffalo Operating Partnership L.P.	100%	Indirect subsidiary	USA	7900 East Union Avenue, Suite 500, Denver, Colorado, 80237	Previously hotel owner
Buffalo RHM Operating LLC	100%	Indirect subsidiary	USA	7900 East Union Avenue, Suite 500, Denver, Colorado, 80237	Previously Hotel owner
CDL (New York) LLC	100%	Indirect subsidiary	USA	7900 East Union Avenue, Suite 500, Denver, Colorado, 80237	Hotel owner
CDL (NYL) Limited	100%	Indirect subsidiary	USA	7900 East Union Avenue, Suite 500, Denver, Colorado, 80237	Investment holding
CDL Entertainment & Leisure Pte Ltd	100%	Indirect subsidiary	Republic of Singapore	9 Raffles Place, #12-01 Republic Plaza, Singapore 048619	Provision of management services and investment holding
CDL Hospitality Trusts [1]	28%	Associated undertakings	Republic of Singapore	See note below [1]	See note below [1]
CDL Hotels Australia Holdings Pty. Ltd.	100%	Indirect subsidiary	Australia	Suite 7B, Zenith Residences,82-94 Darlinghurst Road, Potts Point, Sydney 2011, Australia	Investment holding
CDL Hotels Australia Holdings (SG) Pte. Ltd.	100%	Direct subsidiary	Republic of Singapore	9 Raffles Place, #12-01 Republic Plaza, Singapore 048619	Investment holding
CDL Hotels (Chelsea) Limited	100%	Indirect subsidiary	United Kingdom	Corporate Headquarters, Scarsdale Place, Kensington, London W8 5SY	Hotel owner and operator

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

33 Related undertakings (continued)

Full Name	Shareholding percentage	Type	Country of incorporation	Registered office address	Principal Activities
CDL Hotels (Korea) Ltd.	100%	Indirect subsidiary	Republic of Korea	3F, Seoul Finance Centre, 136 Sejongdae-ro, Jung- gu, Seoul, Korea 04520	Hotel owner and operator
CDL Hotels (Labuan) Limited *	100%	Indirect subsidiary	Republic of Singapore	9 Raffles Place, #12-01 Republic Plaza, Singapore 048619	Hotel owner and operator
CDL Hotels (Malaysia) Sdn. Bhd.	100%	Indirect subsidiary	Malaysia	12th Floor, Menara Symphony, No.5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia	Hotel owner and operator
CDL Hotels (U.K.) Limited	100%	Indirect subsidiary	United Kingdom	Corporate Headquarters, Scarsdale Place, Kensington, London W8 5SY	Hotel owner and operator
CDL Hotels Holdings Japan Limited	100%	Indirect subsidiary	Hong Kong	2803 Great Eagle Centre, 23 Harbour Road, Wanchai, Hong Kong	Investment holding
CDL Hotels Holdings New Zealand Limited	100%	Indirect subsidiary	New Zealand	Level 7,23 Customs Street East, Auckland 1010, New Zealand	Investment holding
CDL Hotels Japan Pte. Ltd.	40%	Associated undertakings	Republic of Singapore	9 Raffles Place, #12-01 Republic Plaza, Singapore 048619	Investment holding
CDL Hotels USA, Inc.	100%	Indirect subsidiary	USA	7900 East Union Avenue, Suite 500, Denver, Colorado, 80237	Hotel investment holding Company
CDL Investments New Zealand Limited	50%	Indirect subsidiary	New Zealand	Level 7,23 Customs Street East, Auckland 1010, New Zealand	Investment and property management company
CDL Land New Zealand Limited	50%	Indirect subsidiary	New Zealand	Level 7,23 Customs Street East, Auckland 1010, New Zealand	Property investment and Development
CDL Sakura Pte. Ltd.	100%	Indirect subsidiary	Republic of Singapore	9 Raffles Place, #12-01 Republic Plaza, Singapore 048619	Investment Holding
CDL West 45th Street LLC	100%	Indirect subsidiary	USA	7900 East Union Avenue, Suite 500, Denver, Colorado, 80237	Hotel owner
Chicago Hotel Holdings, Inc.	100%	Indirect subsidiary	USA	7900 East Union Avenue, Suite 500, Denver, Colorado, 80237	Hotel ownership
Cincinnati S.I. Co.	100%	Indirect subsidiary	USA	7900 East Union Avenue, Suite 500, Denver, Colorado, 80237	Previously hotel owner
City Century Pte. Ltd.	100%	Indirect subsidiary	Republic of Singapore	9 Raffles Place, #12-01 Republic Plaza, Singapore 048619	Restaurateur
City Elite Pte Ltd	100%	Indirect subsidiary	Republic of Singapore	9 Raffles Place, #12-01 Republic Plaza, Singapore 048619	Restaurateur
City Hotels Pte Ltd.	100%	Indirect subsidiary	Republic of Singapore	9 Raffles Place, #12-01 Republic Plaza, Singapore 048619	Hotel operator and investment holding
Context Securities Limited	76%	Indirect subsidiary	New Zealand	Level 7,23 Customs Street East, Auckland 1010, New Zealand	Investment holding
Copthorne (Nominees) Limited	100%	Indirect subsidiary	United Kingdom	Corporate Headquarters, Scarsdale Place, Kensington, London W8 5SY	Investment holding
Copthorne Aberdeen Limited	83%	Indirect subsidiary	United Kingdom	Corporate Headquarters, Scarsdale Place, Kensington, London W8 5SY	Hotel management
Copthorne Hotel (Birmingham) Limited	100%	Indirect subsidiary	United Kingdom	Corporate Headquarters, Scarsdale Place, Kensington, London W8 5SY	Hotel owner and operator
Copthorne Hotel (Cardiff) Limited	100%	Indirect subsidiary	United Kingdom	Corporate Headquarters, Scarsdale Place, Kensington, London W8 5SY	Hotel owner and operator
Copthorne Hotel (Effingham Park) Limited	100%	Indirect subsidiary	United Kingdom	Corporate Headquarters, Scarsdale Place, Kensington, London W8 5SY	Hotel owner and operator

*Re-domiciled from Malaysia to Singapore on 20 November 2023

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

33 Related undertakings (continued)

Full Name	Shareholding percentage	Type	Country of incorporation	Registered office address	Principal Activities
Copthorne Hotel (Gatwick) Limited	100%	Indirect subsidiary	United Kingdom	Corporate Headquarters, Scarsdale Place, Kensington, London W8 5SY	Hotel owner and operator
Copthorne Hotel (Manchester) Limited	100%	Indirect subsidiary	United Kingdom	Corporate Headquarters, Scarsdale Place, Kensington, London W8 5SY	Hotel owner and operator
Copthorne Hotel (Merry Hill) Construction Limited	100%	Indirect subsidiary	United Kingdom	Corporate Headquarters, Scarsdale Place, Kensington, London W8 5SY	Hotel owner and operator
Copthorne Hotel (Merry Hill) Limited	100%	Indirect subsidiary	United Kingdom	Corporate Headquarters, Scarsdale Place, Kensington, London W8 5SY	Hotel owner and operator
Copthorne Hotel (Newcastle) Limited	96%	Indirect subsidiary	United Kingdom	Corporate Headquarters, Scarsdale Place, Kensington, London W8 5SY	Hotel owner and operator
Copthorne Hotel (Plymouth) Limited	100%	Indirect subsidiary	United Kingdom	Corporate Headquarters, Scarsdale Place, Kensington, London W8 5SY	Hotel owner and operator
Copthorne Hotel (Slough) Limited	100%	Indirect subsidiary	United Kingdom	Corporate Headquarters, Scarsdale Place, Kensington, London W8 5SY	Hotel owner and operator
Copthorne Hotel Holdings Limited	100%	Direct subsidiary	United Kingdom	Corporate Headquarters, Scarsdale Place, Kensington, London W8 5SY	Investment holding
Copthorne Hotels Limited	100%	Indirect subsidiary	United Kingdom	Corporate Headquarters, Scarsdale Place, Kensington, London W8 5SY	Hotel investment holding
Copthorne Orchid Hotel Singapore Pte. Ltd.	100%	Indirect subsidiary	Republic of Singapore	9 Raffles Place, #12-01 Republic Plaza, Singapore 048619	Property owner and Developer
Copthorne Orchid Penang Sdn. Bhd.	100%	Indirect subsidiary	Malaysia	12th Floor, Menara Symphony, No.5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia	Hotel owner
Diplomat Hotel Holding Limited	100%	Indirect subsidiary	United Kingdom	Corporate Headquarters, Scarsdale Place, Kensington, London W8 5SY	Investment holding
Durham Operating Partnership L.P.	100%	Indirect subsidiary	USA	7900 East Union Avenue, Suite 500, Denver, Colorado, 80237	Hotel ownership
Elite Hotel Management Services Pte. Ltd.	100%	Indirect subsidiary	Republic of Singapore	9 Raffles Place, #12-01 Republic Plaza, Singapore 048619	Hotel management consultancy services
Fergurson Hotel Management Limited	50%	Associated undertakings	Hong Kong	Unit 606, 6th Floor, Alliance Building,133 Connaught Road Central, Hong Kong	Investment holding
First 2000 Limited	100%	Indirect subsidiary	Hong Kong	2803 Great Eagle Centre, 23 Harbour Road, Wanchai, Hong Kong	Investment holding
First Sponsor Group Limited	36%	Associated undertakings	Cayman Islands	P.O.Box 31119, Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman, KY1- 1205 Cayman Islands.	Investment Holding
Five Star Assurance, Inc	100%	Indirect subsidiary	USA	1401 Eye St., NW, Suite 600, Washington D.C. 20005	Captive insurance company
Four Peaks Management Company	100%	Indirect subsidiary	USA	7900 East Union Avenue, Suite 500, Denver, Colorado, 80237	Arizona condominium Management
Gateway Holdings Corporation I	100%	Indirect subsidiary	USA	7900 East Union Avenue, Suite 500, Denver, Colorado, 80237	Holding company
Gateway Hotel Holdings, Inc	100%	Indirect subsidiary	USA	7900 East Union Avenue, Suite 500, Denver, Colorado, 80237	Hotel ownership

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

33 Related undertakings (continued)

Full Name	Shareholding percentage	Type	Country of incorporation	Registered office address	Principal Activities
Gateway Regal Holdings LLC	100%	Indirect subsidiary	USA	7900 East Union Avenue, Suite 500, Denver, Colorado, 80237	Hotel owner and operator
Grand Plaza Hotel Corporation	66%	Indirect subsidiary	Philippines	10 Floor, Heritage Hotel Manila, EDSA corner Roxas Boulevard, Pasay City, Philippines 1300	Hotel owner and operator and investment holding company
Harbour Land Corporation	41%	Associated undertakings	Philippines	10 Floor, Heritage Hotel Manila, EDSA corner Roxas Boulevard, Pasay City, Philippines 1300	Land owner
Harbour View Hotel Pte. Ltd.	100%	Indirect subsidiary	Republic of Singapore	9 Raffles Place, #12-01 Republic Plaza, Singapore 048619	Hotel operator
Harrow Entertainment Pte Ltd	100%	Indirect subsidiary	Republic of Singapore	9 Raffles Place, #12-01 Republic Plaza, Singapore 048619	Investment holding
Hong Leong Ginza TMK	70%	Indirect subsidiary	Japan	4-1 Nihonbashi 1-chome, Chuo-ku, Tokyo, Japan	Property owner
Hong Leong Hotel Development Limited	84%	Indirect subsidiary	Taiwan	2 Song Shou Road, Xinyi District, Taipei 11051, Taiwan	Hotel owner and operator
Hong Leong Hotels Pte Ltd.	100%	Indirect subsidiary	Cayman Islands	P.O.Box 309 ugland House, Grand Cayman, KY1- 1104 Cayman Islands	Investment holding
Hong Leong International Hotel (Singapore) Pte. Ltd.	97%	Indirect subsidiary	Republic of Singapore	9 Raffles Place, #12-01 Republic Plaza, Singapore 048619	Investment holding
Hospitality Group Limited	76%	Indirect subsidiary	New Zealand	Level 7,23 Customs Street East, Auckland 1010, New Zealand	Holding company and property owner
Hospitality Holdings Pte. Ltd.	100%	Indirect subsidiary	Republic of Singapore	9 Raffles Place, #12-01 Republic Plaza, Singapore 048619	Investment holding
Hospitality Leases Limited	76%	Indirect subsidiary	New Zealand	Level 7,23 Customs Street East, Auckland 1010, New Zealand	Lessee company
Hospitality Services Limited	76%	Indirect subsidiary	New Zealand	Level 7,23 Customs Street East, Auckland 1010, New Zealand	Hotel operation/ Management Investment holding
Hospitality Ventures Pte. Ltd.	100%	Indirect subsidiary	Republic of Singapore	9 Raffles Place, #12-01 Republic Plaza, Singapore 048619	Investment holding
Hotel Liverpool Limited	100%	Indirect subsidiary	United Kingdom	Corporate Headquarters, Scarsdale Place, Kensington, London W8 5SY	Property letting
Hotel Liverpool Management Limited	100%	Indirect subsidiary	United Kingdom	Corporate Headquarters, Scarsdale Place, Kensington, London W8 5SY	Operating company
Hotelcorp New Zealand Pty. Ltd.	76%	Indirect subsidiary	Australia	Suite 7B, Zenith Residences, 82-94 Darlinghurst Road, Potts Point, Sydney 2011, Australia	Holding company
KIN Holdings Limited	76%	Indirect subsidiary	New Zealand	Level 7,23 Customs Street East, Auckland 1010, New Zealand	Holding company
King's Tanglin Shopping Pte. Ltd.	100%	Indirect subsidiary	Republic of Singapore	9 Raffles Place, #12-01 Republic Plaza, Singapore 048619	Property owner
Kingsgate Holdings Pty. Ltd.	76%	Indirect subsidiary	Australia	Suite 7B, Zenith Residences, 82-94 Darlinghurst Road, Potts Point, Sydney 2011, Australia	Holding company
Kingsgate Hotel Pty. Ltd.	76%	Indirect subsidiary	Australia	Suite 7B, Zenith Residences, 82-94 Darlinghurst Road, Potts Point, Sydney 2011, Australia	Dormant
Kingsgate Hotels and Resorts Limited	76%	Indirect subsidiary	New Zealand	Level 7,23 Customs Street East, Auckland 1010, New Zealand	Franchise holder (Kingsgate)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

33 Related undertakings (continued)

Full Name	Shareholding percentage	Type	Country of incorporation	Registered office address	Principal Activities
Kingsgate Hotels Limited	76%	Indirect subsidiary	New Zealand	Level 7,23 Customs Street East, Auckland 1010, New Zealand	Dormant
Kingsgate International Corporation Limited	76%	Indirect subsidiary	New Zealand	Level 7,23 Customs Street East, Auckland 1010, New Zealand	Investment holding
Kingsgate Investments Pty. Ltd.	76%	Indirect subsidiary	Australia	Suite 7B, Zenith Residences, 82-94 Darlinghurst Road, Potts Point, Sydney 2011, Australia	Investment company
Lakeside Operating Partnership L.P.	100%	Indirect subsidiary	USA	7900 East Union Avenue, Suite 500, Denver, Colorado, 80237	Hotel ownership
London Britannia Hotel Limited	100%	Indirect subsidiary	United Kingdom	Corporate Headquarters, Scarsdale Place, Kensington, London W8 5SY	Hotel owner
London Tara Hotel Limited	100%	Indirect subsidiary	United Kingdom	Corporate Headquarters, Scarsdale Place, Kensington, London W8 5SY	Hotel owner and operator
Marquee Brisbane Hotel Pty Ltd.	88%	Indirect subsidiary	Australia	Suite 7B, Zenith Residences,82-94 Darlinghurst Road, Potts Point, Sydney 2011, Australia	Trustee company
Marquee Brisbane Hotel Trust	88%	Indirect subsidiary	Australia	Suite 7B, Zenith Residences,82-94 Darlinghurst Road, Potts Point, Sydney 2011, Australia	Hotel owner
Marquee Brisbane Hotel 2 Pty Ltd.	88%	Indirect subsidiary	Australia	Suite 7B, Zenith Residences,82-94 Darlinghurst Road, Potts Point, Sydney 2011, Australia	Trustee company
Marquee Brisbane Hotel 2 Trust	88%	Indirect subsidiary	Australia	Suite 7B, Zenith Residences,82-94 Darlinghurst Road, Potts Point, Sydney 2011, Australia	Hotel owner
Marquee Hotel Holdings Pty Ltd.	88%	Indirect subsidiary	Australia	Suite 7B, Zenith Residences,82-94 Darlinghurst Road, Potts Point, Sydney 2011, Australia	Investment holding
Marquee Hotel Operations Pty Ltd.	88%	Indirect subsidiary	Australia	Suite 7B, Zenith Residences,82-94 Darlinghurst Road, Potts Point, Sydney 2011, Australia	Trustee company
Marquee Hotel Operations Trust	88%	Indirect subsidiary	Australia	Suite 7B, Zenith Residences,82-94 Darlinghurst Road, Potts Point, Sydney 2011, Australia	Hotel owner
M&C Asia Finance (UK) Limited	100%	Direct subsidiary	United Kingdom	Corporate Headquarters, Scarsdale Place, Kensington, London W8 5SY	Finance company
M&C Asia Holdings (UK) Limited	100%	Direct subsidiary	United Kingdom	Corporate Headquarters, Scarsdale Place, Kensington, London W8 5SY	Investment holding
M & C (CB) Limited	100%	Indirect subsidiary	United Kingdom	Corporate Headquarters, Scarsdale Place, Kensington, London W8 5SY	Investment company
M & C (CD) Limited	100%	Indirect subsidiary	United Kingdom	Corporate Headquarters, Scarsdale Place, Kensington, London W8 5SY	Investment holding
M & C Management Services (USA) Inc.	100%	Indirect subsidiary	USA	7900 East Union Avenue, Suite 500, Denver, Colorado, 80237	Management services company
M & C NZ Limited	100%	Indirect subsidiary	United Kingdom	Corporate Headquarters, Scarsdale Place, Kensington, London W8 5SY	Holding company
M & C Reservations Services Limited	100%	Indirect subsidiary	United Kingdom	Corporate Headquarters, Scarsdale Place, Kensington, London W8 5SY	Provider of reservation services to hotel owners and operators
M&C Business Trust Management Limited	100%	Indirect subsidiary	Republic of Singapore	9 Raffles Place, #12-01 Republic Plaza, Singapore 048619	Provision of property fund management services
M&C Capital Pte. Ltd.	100%	Indirect subsidiary	Republic of Singapore	9 Raffles Place, #12-01 Republic Plaza, Singapore 048619	Investment holding
M&C Colorado Hotel Corporation	100%	Indirect subsidiary	USA	7900 East Union Avenue, Suite 500, Denver, Colorado, 80237	Investment Holding

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

33 Related undertakings (continued)

Full Name	Shareholding percentage	Type	Country of incorporation	Registered office address	Principal Activities
M&C Crescent Corporation	100%	Indirect subsidiary	USA	7900 East Union Avenue, Suite 500, Denver, Colorado, 80237	Investment holding
M&C Crescent Interests, LLC	100%	Indirect subsidiary	USA	7900 East Union Avenue, Suite 500, Denver, Colorado, 80237	Property owner
M&C Finance (1) Limited	100%	Indirect subsidiary	United Kingdom	Corporate Headquarters, Scarsdale Place, Kensington, London W8 5SY	Finance company
M&C Holdings (Thailand) Ltd.	100%	Indirect subsidiary	Thailand	99/1, 11th Floor, BJC2 Tower, Soi Saeng Chan-Rubia, Phrakanong, Sub-district, Klongtoey District, Bangkok 10110, Thailand	Hotel Management Services
M&C Holdings Delaware Partnership	100%	Indirect subsidiary	USA	7900 East Union Avenue, Suite 500, Denver, Colorado, 80237	Property investment
M&C Holdings, LLC	100%	Indirect subsidiary	USA	7900 East Union Avenue, Suite 500, Denver, Colorado, 80237	Holding company
M&C Hotel Enterprises (Asia) Limited	100%	Indirect subsidiary	Hong Kong	2803 Great Eagle Centre, 23 Harbour Road, Wanchai, Hong Kong	Investment holding
M&C Hotel Interests, Inc.	100%	Indirect subsidiary	USA	7900 East Union Avenue, Suite 500, Denver, Colorado, 80237	Hotel management services company
M&C Hotel Investments Pte. Ltd.	100%	Indirect subsidiary	Republic of Singapore	9 Raffles Place, #12-01 Republic Plaza, Singapore 048619	Investment holding
M&C Hotels France Management SARL	100%	Indirect subsidiary	France	12 Boulevard Haussmann, 75009 Paris, France	Management company
M&C Hotels France SAS	100%	Indirect subsidiary	France	12 Boulevard Haussmann, 75009 Paris, France	Hotel owner
M&C Hotels Holdings Japan Pte. Ltd.	100%	Indirect subsidiary	Republic of Singapore	9 Raffles Place, #12-01 Republic Plaza, Singapore 048619	Investment holding
M&C Hotels Holdings Limited	100%	Direct subsidiary	United Kingdom	Corporate Headquarters, Scarsdale Place, Kensington, London W8 5SY	Investment holding
M&C Hotels Holdings USA Limited	100%	Direct subsidiary	Cayman Islands	P.O.Box 309 Ugland House, Grand Cayman, KY1- 1104 Cayman Islands	Investment holding
M&C Hotels Japan Pte. Ltd.	100%	Indirect subsidiary	Republic of Singapore	9 Raffles Place, #12-01 Republic Plaza, Singapore 048619	Investment holding
M&C Hotels Partnership France SNC	100%	Indirect subsidiary	France	12 Boulevard Haussmann, 75009 Paris, France	Investment holding
M&C Hospitality Holdings (Asia) Limited	100%	Indirect subsidiary	Hong Kong	2803 Great Eagle Centre, 23 Harbour Road, Wanchai, Hong Kong	Investment holding
M&C Hospitality International Limited	100%	Indirect subsidiary	Hong Kong	2803 Great Eagle Centre, 23 Harbour Road, Wanchai, Hong Kong	Investment holding
M&C REIT Management Limited	100%	Indirect subsidiary	Republic of Singapore	9 Raffles Place, #12-01 Republic Plaza, Singapore 048619	REIT investment management services
M&C Management Holdings Limited	100%	Indirect subsidiary	United Kingdom	Corporate Headquarters, Scarsdale Place, Kensington, London W8 5SY	Holding company
M&C New York (Times Square), LLC	100%	Indirect subsidiary	USA	7900 East Union Avenue, Suite 500, Denver, Colorado, 80237	Investment holding
M&C New York Finance (UK) Limited	100%	Indirect subsidiary	United Kingdom	Corporate Headquarters, Scarsdale Place, Kensington, London W8 5SY	Finance company
M&C New York (Times Square) EAT II LLC	100%	Indirect subsidiary	USA	7900 East Union Avenue, Suite 500, Denver, Colorado, 80237	Hotel owner
M&C Restaurants (London) Limited	100%	Indirect subsidiary	United Kingdom	Corporate Headquarters, Scarsdale Place, Kensington, London W8 5SY	Restaurant management

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

33 Related undertakings (continued)

Full Name	Shareholding percentage	Type	Country of incorporation	Registered office address	Principal Activities
M&C Sakura Holdings Pte. Ltd.	100%	Indirect subsidiary	Republic of Singapore	9 Raffles Place, #12-01 Republic Plaza, Singapore 048619	Investment holding
M&C Sakura Hotel Pte. Ltd.	100%	Indirect subsidiary	Republic of Singapore	9 Raffles Place, #12-01 Republic Plaza, Singapore 048619	Investment holding
M&C Sakura Operations G.K.	100%	Indirect subsidiary	Japan	Toshida Building 3F, 1-6-11 Ginza, Chuo-ko, Japan	Hotel operator
M&C Sakura TMK	100%	Indirect Subsidiary	Japan	Toshida Building 3F, 1-6-11 Ginza, Chuo-ko, Japan	Property owner
M&C Singapore Finance (UK) Limited	100%	Direct subsidiary	United Kingdom	Corporate Headquarters, Scarsdale Place, Kensington, London W8 5SY	Finance company
M&C Singapore Holdings (UK) Limited	100%	Direct subsidiary	United Kingdom	Corporate Headquarters, Scarsdale Place, Kensington, London W8 5SY	Investment holding
M&C Sponsorship Limited	100%	Indirect subsidiary	United Kingdom	Corporate Headquarters, Scarsdale Place, Kensington, London W8 5SY	Other service activities
McCormick Ranch Operating Partnership L.P.	100%	Indirect subsidiary	USA	7900 East Union Avenue, Suite 500, Denver, Colorado, 80237	Hotel ownership
MHM, Inc.	100%	Indirect subsidiary	USA	7900 East Union Avenue, Suite 500, Denver, Colorado, 80237	Dormant
Millennium Bostonian, Inc.	100%	Indirect subsidiary	USA	7900 East Union Avenue, Suite 500, Denver, Colorado, 80237	Holding company
Millennium & Copthorne (Austrian Holdings) Limited	100%	Direct subsidiary	United Kingdom	Corporate Headquarters, Scarsdale Place, Kensington, London W8 5SY	Investment holding
Millennium & Copthorne (Jersey Holdings) Limited	100%	Indirect subsidiary	United Kingdom	Corporate Headquarters, Scarsdale Place, Kensington, London W8 5SY	Holding company
Millennium & Copthorne Hotel Holdings (Hong Kong) Limited	100%	Indirect subsidiary	Hong Kong	2803 Great Eagle Centre, 23 Harbour Road, Wanchai, Hong Kong	Investment and development of hotels and hotel management
Millennium & Copthorne Hotels (Hong Kong) Limited	100%	Indirect subsidiary	Hong Kong	2803 Great Eagle Centre, 23 Harbour Road, Wanchai, Hong Kong	Provision of hotel management and consultancy services
Millennium & Copthorne NZ Limited	76%	Indirect subsidiary	New Zealand	Level 7,23 Customs Street East, Auckland 1010, New Zealand	Name-holding
Millennium & Copthorne Hotels Management (Shanghai) Limited	100%	Indirect subsidiary	People's Republic of China	#1205, No. 511 Wei Hoi Road, Shanghai 200041, P.R. China	Hotel management
Millennium & Copthorne Hotels New Zealand Limited	76%	Indirect subsidiary	New Zealand	Level 7,23 Customs Street East, Auckland 1010, New Zealand	Hotel investment holding Company
Millennium & Copthorne Hotels Pty. Ltd.	76%	Indirect subsidiary	Australia	Suite 7B, Zenith Residences, 82-94 Darlinghurst Road, Potts Point, Sydney 2011, Australia	Name holding
Millennium & Copthorne International Limited	100%	Indirect subsidiary	Republic of Singapore	9 Raffles Place, #12-01 Republic Plaza, Singapore 048619	Hotels and resorts Management
Millennium & Copthorne Pension Trustee Limited	100%	Direct subsidiary	United Kingdom	Corporate Headquarters, Scarsdale Place, Kensington, London W8 5SY	Pension trust acting on behalf of Company trustees
Millennium & Copthorne Share Trustees Limited	100%	Direct subsidiary	United Kingdom	Corporate Headquarters, Scarsdale Place, Kensington, London W8 5SY	Share trustee company
Millennium CDG Paris SAS	100%	Indirect subsidiary	France	2 Allée du Verger, 95700 Roissy, France	Hotel operator
Millennium Hotel Holdings EMEA Limited	100%	Direct subsidiary	United Kingdom	Corporate Headquarters, Scarsdale Place, Kensington, London W8 5SY	Investment holding
Millennium Hotels & Resorts Services Limited	100%	Indirect subsidiary	United Kingdom	Corporate Headquarters, Scarsdale Place, Kensington, London W8 5SY	Management contract holding company

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

33 Related undertakings (continued)

Full Name	Shareholding percentage	Type	Country of incorporation	Registered office address	Principal Activities
Millennium Hotels Europe Holdings Limited	100%	Direct subsidiary	United Kingdom	Corporate Headquarters, Scarsdale Place, Kensington, London W8 5SY	Investment holding
Millennium Hotels Italy Holdings S.r.l.	100%	Indirect subsidiary	Italy	Via Vittorio Veneto, n.70, Roma 00187, Italy	Holding company
Millennium Hotels Limited	100%	Indirect subsidiary	United Kingdom	Corporate Headquarters, Scarsdale Place, Kensington, London W8 5SY	Investment holding
Millennium Hotels Palace Management S.r.l.	100%	Indirect subsidiary	Italy	Via Vittorio Veneto, n.70, Roma 00187, Italy	Hotel operator
Millennium Hotels Property S.r.l.	100%	Indirect subsidiary	Italy	Via Vittorio Veneto, n.70, Roma 00187, Italy	Property owner
Millennium Hotels (West London) Limited	100%	Indirect subsidiary	United Kingdom	Corporate Headquarters, Scarsdale Place, Kensington, London W8 5SY	Property letting
Millennium Hotels (West London) Management Limited	100%	Indirect subsidiary	United Kingdom	Corporate Headquarters, Scarsdale Place, Kensington, London W8 5SY	Hotel operator
Millennium Hotels London Limited	100%	Direct subsidiary	United Kingdom	Corporate Headquarters, Scarsdale Place, Kensington, London W8 5SY	Investment holding
Millennium Opera Paris SAS	100%	Indirect subsidiary	France	12 Boulevard Haussmann, 75009 Paris, France	Hotel operator
New Unity Holdings Ltd	50%	Associated undertakings	BVI	Vistra Corporate Service Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands	Investment holding
New York Sign LLC	50%	Associated undertakings	USA	7900 East Union Avenue, Suite 500, Denver, Colorado, 80237	To lease, manage, and otherwise deal with certain advertising signage space at the Novotel hotel
Newbury Investments Pte Ltd	100%	Indirect subsidiary	Republic of Singapore	9 Raffles Place, #12-01 Republic Plaza, Singapore 048619	Investment holding
Park Plaza Hotel Corporation	100%	Indirect Subsidiary	USA	7900 East Union Avenue, Suite 500, Denver, Colorado, 80237	Holding company
Prestons Road Limited	17%	Associated undertakings	New Zealand	167 Main North Road, Christchurch 8140, New Zealand	Service provider
PT. Millennium Sirih Jakarta Hotel	100%	Indirect subsidiary	Indonesia	Jalan Fachrudin 3, Jakarta 10250, Indonesia	Hotel owner
QINZ (Anzac Avenue) Limited	76%	Indirect subsidiary	New Zealand	Level 7,23 Customs Street East, Auckland 1010, New Zealand	Hotel owner
QINZ Holdings (New Zealand) Limited	76%	Indirect subsidiary	New Zealand	Level 7,23 Customs Street East, Auckland 1010, New Zealand	Holding company
Quantum Limited	76%	Indirect subsidiary	New Zealand	Level 7,23 Customs Street East, Auckland 1010, New Zealand	Holding company
Regal Grand Holdings Corporation I	100%	Indirect subsidiary	USA	7900 East Union Avenue, Suite 500, Denver, Colorado, 80237	Holding company
Regal Harvest House LP	100%	Indirect subsidiary	USA	7900 East Union Avenue, Suite 500, Denver, Colorado, 80237	Previously hotel owner
Regal Hotel Management Inc.	100%	Indirect subsidiary	USA	7900 East Union Avenue, Suite 500, Denver, Colorado, 80237	Holding company
Republic Hotels & Resorts Limited	100%	Indirect subsidiary	Republic of Singapore	9 Raffles Place, #12-01 Republic Plaza, Singapore 048619	Hotel operator and investment holding company
Republic Iconic Hotel Pte. Ltd.	100%	Indirect subsidiary	Republic of Singapore	9 Raffles Place, #12-01 Republic Plaza, Singapore 048619	Hotel operator

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

33 Related undertakings (continued)

Full Name	Shareholding percentage	Type	Country of incorporation	Registered office address	Principal Activities
RHH Operating LLC	100%	Indirect subsidiary	USA	7900 East Union Avenue, Suite 500, Denver, Colorado, 80237	Previously hotel owner
RHI Boston Holdings Corporation I	100%	Indirect subsidiary	USA	7900 East Union Avenue, Suite 500, Denver, Colorado, 80237	Holding company
RHI Boston Holdings Corporation II	100%	Indirect subsidiary	USA	7900 East Union Avenue, Suite 500, Denver, Colorado, 80237	Holding company
RHM Aurora LLC	100%	Indirect subsidiary	USA	7900 East Union Avenue, Suite 500, Denver, Colorado, 80237	Hotel ownership
RHM Holdings Corporation I	100%	Indirect subsidiary	USA	7900 East Union Avenue, Suite 500, Denver, Colorado, 80237	Holding company
RHM Management LLC	100%	Indirect subsidiary	USA	7900 East Union Avenue, Suite 500, Denver, Colorado, 80237	Hotel ownership
RHM Ranch LLC	100%	Indirect subsidiary	USA	7900 East Union Avenue, Suite 500, Denver, Colorado, 80237	Hotel owner
RHM Wynfield LLC	100%	Indirect subsidiary	USA	7900 East Union Avenue, Suite 500, Denver, Colorado, 80237	Hotel ownership
RHM-88, LLC	100%	Indirect subsidiary	USA	7900 East Union Avenue, Suite 500, Denver, Colorado, 80237	Hotel owner and operator
Richfield Holdings Corporation I	100%	Indirect subsidiary	USA	7900 East Union Avenue, Suite 500, Denver, Colorado, 80237	Holding company
Richfield Holdings Corporation II	100%	Indirect subsidiary	USA	7900 East Union Avenue, Suite 500, Denver, Colorado, 80237	Holding company
Richfield Holdings, Inc	100%	Indirect subsidiary	USA	7900 East Union Avenue, Suite 500, Denver, Colorado, 80237	Holding company
Rogo Investments Pte. Ltd.	100%	Indirect subsidiary	Republic of Singapore	9 Raffles Place, #12-01 Republic Plaza, Singapore 048619	Investment holding
Rogo Realty Corporation	24%	Associated undertakings	Philippines	10 Floor, Heritage Hotel Manila, EDSA corner Roxas Boulevard, Pasay City, Philippines 1300	Real estate owner
S.S. Restaurant Corporation	100%	Indirect subsidiary	USA	7900 East Union Avenue, Suite 500, Denver, Colorado, 80237	Liquor license holder
St. Louis Operating, Inc.	100%	Indirect subsidiary	USA	7900 East Union Avenue, Suite 500, Denver, Colorado, 80237	Dormant
Sunnyvale Partners, Ltd.	100%	Indirect subsidiary	USA	7900 East Union Avenue, Suite 500, Denver, Colorado, 80237	Hotel ownership
Tara Hotels Deutschland GmbH	100%	Indirect subsidiary	Germany	Registered at the Trade register at the local court of Hannover with the legal form of Private limited company (number HRB 209133).	Hotel investment holding Company
The Philippine Fund Limited	60%	Indirect subsidiary	Bermuda	C/o Coson Corporate Services Limited, Cumberland House 9th Floor, 1 Victoria Street Hamilton HM 11, Bermuda	Investment holding
TOSCAP Limited	100%	Indirect subsidiary	Republic of Singapore	9 Raffles Place, #12-01 Republic Plaza, Singapore 048619	Investment holding
Trimark Hotel Corporation	100%	Indirect subsidiary	USA	7900 East Union Avenue, Suite 500, Denver, Colorado, 80237	Previously hotel owner
WHB Biltmore LLC	100%	Indirect subsidiary	USA	7900 East Union Avenue, Suite 500, Denver, Colorado, 80237	Hotel owner and operator

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

33 Related undertakings (continued)

Full Name	Shareholding percentage	Type	Country of incorporation	Registered office address	Principal Activities
WHB Corporation	100%	Indirect subsidiary	USA	7900 East Union Avenue, Suite 500, Denver, Colorado, 80237	Holding company
Wynfield GP Corporation	100%	Indirect subsidiary	USA	7900 East Union Avenue, Suite 500, Denver, Colorado, 80237	Hotel ownership
Wynfield One, Ltd.	100%	Indirect subsidiary	USA	7900 East Union Avenue, Suite 500, Denver, Colorado, 80237	Holding company
Zatrio Pte Ltd	100%	Indirect subsidiary	Republic of Singapore	9 Raffles Place, #12-01 Republic Plaza, Singapore 048619	Investment holding
Zillion Holdings Limited	100%	Indirect subsidiary	Barbados	Suite1, Ground Floor, The Financial Services Centre, Bishops Court Hill, St Michael, Barbados, BB14004	Investment holding

1 CDLHT is a stapled group comprising CDL Hospitality Real Estate Investment Trust (H-REIT), a real estate investment trust, and CDL Hospitality Business Trust (HBT), a business trust. H-REIT has an investment strategy of investing directly or indirectly, in a diversified portfolio of income producing real estate which is primarily used for hospitality, hospitality-related and other accommodation and/or lodging purposes, whether wholly or partially, and real-estate related assets in relation to the foregoing.

HBT is a business trust which currently acts as master lessee, asset owner and hotel operator. HBT may also undertake certain hospitality, hospitality related and other accommodation and/or lodging development projects, acquisition and investments which may not be suitable for H-REIT.

Prior to 24 May 2022, although the Group owned less than half of the ownership interest and voting power in CDLHT, management had determined that the Group had control over CDLHT. The activities of H-REIT and HBT are managed by the Group's subsidiaries, M&C REIT Management Limited (the "H-REIT Manager") and M&C Business Trust Management Limited (the "HBT Trustee-Manager"), respectively. The H-REIT Manager has decision-making authority over H-REIT, subject to oversight by the trustee of H-REIT. The HBT Trustee-Manager has dual responsibility of safeguarding the interests of the HBT unitholders and decision-making authority over HBT. The Group's overall exposure to variable returns, both from H-REIT Manager's and HBT Trustee-Manager's remuneration from H-REIT and HBT, respectively, together with its interest in CDLHT, was significant and any decisions made by H-REIT Manager and HBT Trustee-Manager affect the Group's overall exposure.

On 24 May 2022, the Group sold part of the CDLHT units that it held, to the holding company, thereby reducing its interest in CDLHT to 27%. The Group has assessed that the reduction in interest in CDLHT has resulted in the Group no longer having control of CDLHT. Accordingly, CDLHT was deconsolidated and accounted for as an associate thereafter.

The registered office address of M&C REIT Management Limited, Manager of H-REIT and M&C Business Trust Management Limited, Trustee-Manager of HBT, is 9 Raffles Place, #12-01 Republic Plaza Singapore 048619.

2 The Group has assessed the classification of its investments in FSGL Limited and New Unity in accordance with IFRS10 and concluded that it does not have control.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

33 Related undertakings (continued)

Exemption from statutory audit
Certain subsidiaries of the Group can take an exemption from having an audit completed. Strict criteria must be met for this exemption

Listed below are subsidiaries controlled and consolidated by the Group, where the Directors have elected to take the exemption from having an audit of their financial statements for the year ended 31 December 2023. This exemption is taken in accordance with Companies Act s479A.

Archyield Limited (1747079)
CDL Hotels (Chelsea) Limited (2845022)
CDL Hotels (U.K.) Limited (2729520)
Copthorne Hotel (Birmingham) Limited (1816493)
Copthorne Hotel (Cardiff) Limited (2411296)
Copthorne Hotel (Effingham Park) Limited (1423861)
Copthorne Hotel (Gatwick) Limited (994968)
Copthorne Hotel Holdings Limited (627049)
Copthorne Hotels Limited (759611)
Copthorne Hotel (Manchester) Limited (1855800)
Copthorne Hotel (Merry Hill) Construction Limited (2649367)
Copthorne Hotel (Merry Hill) Limited (2590620)
Copthorne Hotel (Plymouth) Limited (3253120)
Copthorne Hotel (Slough) Limited (2300992)
Copthorne (Nominees) Limited (2574042)
Diplomat Hotel Holding Limited (1927463)
Hotel Liverpool Limited (9636541)
Hotel Liverpool Management Limited (9638688)
London Britannia Hotel Limited (0744379)
London Tara Hotel Limited (1005559)
M&C Asia Finance (UK) Limited (8391037)
M&C Asia Holdings (UK) Limited (8382946)
M&C (CB) Limited (3846711)
M&C (CD) Limited (3846704)
M&C Finance (1) Limited (6783896)
M&C Hotels Holdings Limited (4407581)
M&C Management Holdings Limited (5832248)
M&C New York Finance (UK) Limited (9060415)
M&C NZ Limited (5159722)
M&C Reservation Services Limited (6754684)
M&C Restaurants (London) Limited (14630592)
M&C Singapore Finance (UK) Limited (8391052)
M&C Singapore Holdings (UK) Limited (8382985)
M&C Sponsorship Limited (11349185)
Millennium & Copthorne (Austrian Holdings) Limited (3757378)
Millennium & Copthorne (Jersey Holdings) Limited (5846574)
Millennium & Copthorne Pension Trustee Limited (6662791)
Millennium & Copthorne Share Trustees Limited (3320990)
Millennium Hotel Holdings EMEA Limited (4592877)
Millennium Hotels Limited (3141048)
Millennium Hotels Europe Holdings Limited (8844747)
Millennium Hotels London Limited F(3691885)
Millennium Hotels (West London) Limited (8599282)
Millennium Hotels (West London) Management Limited (8891908)
Millennium Hotels & Resorts Services Limited (4601112)

Each company’s registered number is shown in brackets after its name.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

34 Non-controlling interests ("NCI")

The following subsidiaries have material NCI.

			OWNERSHIP INTERESTS HELD BY NCI	
NAME	PRINCIPAL PLACE OF BUSINESS/ COUNTRY OF INCORPORATION	PRINCIPAL ACTIVITY	2023	2022
Millennium & Copthorne Hotels New Zealand Limited ("MCHNZ")	New Zealand	Hotel investment holding company	24%	24%

In 2022, CDLHT was deconsolidated and became an associate of the Group .

The following is summarised financial information for MCHNZ , prepared in accordance with local accounting standards.

	MCHNZ Subgroup	
	2023	2022
	£m	£m
Revenue	**72**	74
Profit after tax	**13**	17
Profit attributable to NCI	**5**	8
Other comprehensive income/(expense)	**–**	–
Total comprehensive income	**14**	17
Total comprehensive income attributable to NCI	**5**	8
Current assets	**93**	111
Non-current assets	**278**	259
Current liabilities	**(25)**	(16)
Non-current liabilities	**(17)**	(18)
Net assets	**329**	336
Net assets attributable to NCI	**123**	125
Cash inflow from operating activities	**10**	14
Cash (outflow) from investing activities	**(36)**	(6)
Cash (outflow) from financing activities	**–**	(7)
Net (decrease)/increase in cash and cash equivalents	**(26)**	1
Dividends paid to NCI during the year [1]	**(2)**	(2)

[1] The information is before inter-company eliminations with other companies in the Group.

35 Loss of control and deconsolidation of CDLHT

The control over CDLHT was reviewed and considered it has de facto control over its investees when it owned less than 50% of the voting rights. During the financial year 2022, the Group sold part of the CDLHT units that it held to the holding company, thereby reducing its interest in CDLHT to 27.3% (2021: 38.89%). The Group has assessed that the reduction in interest in CDLHT has resulted in the Group no longer having control of CDLHT. Accordingly, CDLHT was deconsolidated from 24 May 2022 and accounted for as an associate thereafter, resulting in a gain of £84m.

Gain on disposal of unit in CDLHT	**£m**
Proceed	108
NCI, based on their proportionate interest in the net assets distributed	384
Fair value of retained equity interest	252
Total consideration	**744**
Carrying amount of net assets distributed	(570)
Realisation of translation reserve	(90)
Gain on disposal of subsidiary	**84**

As a result of deconsolidation of CDLHT, the Group has lost control over net assets of £570m attributable to CDLHT, this is measured at the carrying value as at 24 May 2022 when the entity was been deconsolidated.

Net assets as at 24 May 2022	**£m**
Non-current assets	1,265
Current assets	70
Current liabilities	(225)
Non-current liabilities	(540)
Net assets	**570**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

36 Assets held for sale

In 2022, assets held for sale related to the proposed disposal of Millennium Harvest House Boulder to a third party for sale consideration of US$72m (£57m). The sale was completed on 29 December 2023 and the Group recognised a gain on disposal of £48m.

37 Leases

The Group adopted IFRS 16 with an initial application date of 1 January 2019

The Group as a lessee
The Group's leases consist primarily of land & buildings and plant & machinery. Information about leases for which the Group is a lessee is presented below.

	NOTES	**2023 £m**	2022 £m
Amounts recognised in the income statement			
Depreciation	6, 11		
- Land and buildings		**18**	13
- Plant and machinery		**–**	1
Interest on lease liabilities		**15**	12
Total		**33**	26

	NOTES	LAND AND BUILDINGS £m	PLANT AND MACHINERY £m	FIXTURES, FITTINGS, EQUIPMENT AND VEHICLES £m	INVESTMENT PROPERTIES £m	TOTAL £m
Right-of-use assets						
Carrying amount on 1 January 2022		215	–	–	7	222
Additions		327	–	–	1	328
Acquisition of subsidiary		–	–	–	20	20
Depreciation		(14)	–	–	–	(14)
Disposal of subsidiary		(105)	–	–	(27)	(132)
Written off		(1)	–	–	–	(1)
Foreign exchange adjustments		26	–	–	–	26
Carrying amount on 31 December 2022		**448**	**–**	**–**	**1**	**449**
Additions		**7**	**–**	**–**	**–**	**7**
Depreciation		**(18)**	**–**	**–**	**–**	**(18)**
Disposals		**(1)**	**–**	**–**	**–**	**(1)**
Written off		**(5)**	**–**	**–**	**–**	**(5)**
Foreign exchange adjustments		**(16)**	**–**	**–**	**–**	**(16)**
Carrying amount on 31 December 2023	**11, 12**	**415**	**–**	**–**	**1**	**416**

	2023 £m	2022 £m
Lease liabilities		
Current	**11**	12
Non-current	**383**	410
Total	**394**	422

The total cash outflow for leases during the current year was £26m (2022: £20m).

As part of the adoption in 2019, lease liabilities were determined by discounting the relevant lease payments at the Group's incremental borrowing rate of between 0.9% and 14.6% in Asia, 1.9% to 3.5% in UK/EU and 3.8% to 7.9% in the US.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

38 Reconciliation of movements of liabilities to cash flows arising from financing activities

	Interest bearing borrowing*	Lease liabilities	TOTAL
	£m	**£m**	**£m**
Balance at 1 January 2022	1,214	135	1,349
Changes from financing cash flows			
Proceeds from borrowings	250	–	250
Repayment of borrowings	(375)	–	(375)
Payment of lease liabilities	–	(20)	(20)
Total changes from financing cash flows	**(125)**	**(20)**	**(145)**
The effect of changes in foreign exchange rates	61	23	84
Other changes			
Changes arising from deconsolidation of subsidiaries	(640)	(55)	(695)
New leases	–	328	328
Interest expense	1	11	12
Total other changes	**(639)**	**284**	**(355)**
Balance at 31 December 2022	**511**	**422**	**933**
Balance at 1 January 2023	**511**	**422**	**933**
Changes from financing cash flows			
Proceeds from borrowings	249	–	249
Repayment of borrowings	(194)	–	(194)
Payment of lease liabilities	–	(26)	(26)
Total changes from financing cash flows	**55**	**(26)**	**29**
The effect of changes in foreign exchange rates	(28)	(14)	(42)
Other changes			
New leases	–	6	6
Interest expense	–	15	15
Disposal	–	(9)	(9)
Total other changes	**–**	**12**	**12**
Balance at 31 December 2023	**538**	**394**	**932**

* excluding bank overdrafts

COMPANY STATEMENT OF FINANCIAL POSITION
As at 31 December 2023

	Notes	2023 £m	2022 £m
Non-current assets			
Investments and other financial assets	(E)	**2,349**	2,378
Pension Asset	(F)	**1**	-
Debtors due after more than one year	(G)	**3**	2
		2,353	2,380
Current assets			
Debtors due within one year	(G)	**139**	141
Cash and cash equivalents		**56**	9
		195	150
Creditor: amounts falling due within one year	(H)	**(558)**	(530)
Net current liabilities		**(363)**	(380)
Total assets less current liabilities		**1,990**	2,000
Creditors: amount falling due after more than one year	(I)	**(544)**	(572)
Net assets		**1,446**	1,428
Equity			
Called up share capital	(J)	**97**	97
Share premium account		**843**	843
Other share reserve		**(4)**	(4)
Profit and loss account		**510**	492
Total equity		**1,446**	1,428

The notes on pages 81 to 82 are an integral part of these Company's financial statements.

These financial statements were approved by the Board of Directors on 9 May 2024 and were signed on its behalf by:

Kwek Eik Sheng
Director

Registered No: 03004377

COMPANY STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2023

	SHARE CAPITAL £m	SHARE PREMIUM £m	TREASURY SHARE RESERVE £m	RETAINED EARNINGS £m	TOTAL EQUITY £m
Balance at 1 January 2022	97	843	(4)	476	1,412
Profit	-	-	-	10	10
Other comprehensive income	-	-	-	6	6
Total comprehensive income	-	-	-	16	16
Balance at 31 December 2022	97	843	(4)	492	1,428
Balance at 1 January 2023	**97**	**843**	**(4)**	**492**	**1,428**
Profit	**-**	**-**	**-**	**13**	**13**
Other comprehensive income	**-**	**-**	**-**	**5**	**5**
Total comprehensive income	**-**	**-**	**-**	**18**	**18**
Balance at 31 December 2023	**97**	**843**	**(4)**	**510**	**1,446**

The notes on pages 81 – 82 are an integral part of these Company's financial statements.

NOTES TO THE COMPANY FINANCIAL STATEMENTS

A. Authorisation of financial statements and statement of compliance with FRS 101

The parent company financial statements of Millennium and Copthorne Hotels Limited ("the Company") for the year ended 31 December 2023 were authorised for issue by the board of Directors and signed on its behalf on 9 May 2024. The Company is incorporated and domiciled in England and Wales.

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101). The financial statements are prepared under the historical cost convention.

As permitted by Section 408 of the Companies Act 2006, the income statement of the Company is not presented as part of the financial statements.

The Company's results are included in the consolidated financial statements of Millennium and Copthorne Hotels Limited which are available from the Group's website www.millenniumhotels.com.

The accounting policies which follow set out those policies which apply in preparing the financial statements for the year ended 31 December 2023. The financial statements are prepared in Sterling and are rounded to the nearest million except when otherwise indicated.

B. Accounting policies

In preparing these financial statements of the parent company financial statements of Millennium and Copthorne Hotels Limited, the Company applies the recognition, measurement and disclosure requirements of international accounting standards in accordance with UK-adopted international accounting standards ("UK-adopted IFRS"). Making amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

In these financial statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- Cash Flow Statement and related notes;
- Disclosures in respect of the compensation of Key Management Personnel;
- Equity settled share-based payments
- Financial instruments

The Company early adopted FRS 101 amendments before the effective date of 1 January 2016 regarding the presentation of financial statements in compliance with the IAS 1 format.

The accounting policies adopted for the parent company been applied consistently to all periods presented and with those used for the Group.

C. Dividends

Details of dividends paid and proposed in the current and prior year are given in Note 27 to the consolidated financial statements.

D. Profit attributable to members of the parent company

The profit dealt with in the financial statements of the Company is £10m (2022: profit of £10m).

E. Investments and other financial assets

	SHARES IN SUBSIDIARY UNDERTAKINGS	LOANS TO SUBSIDIARY UNDERTAKINGS	GROUP SETTLED ARRANGEMENTS	TOTAL
	£m	**£m**	**£m**	**£m**
Cost and net book value at 1 January 2022	1,887	387	7	2,281
Additions	-	8	-	8
Foreign exchange adjustments	14	75	-	89
Cost and net book value at 31 December 2022	**1,901**	**470**	**7**	**2,378**
Cost and net book value at 1 January 2023	1,901	470	7	2,378
Additions	-	-	-	-
Foreign exchange adjustments	(7)	(22)	-	(29)
Cost and net book value at 31 December 2023	**1,894**	**448**	**7**	**2,349**

F. Pension asset

	2023	2022
	£m	£m
Net employee defined benefit asset	**1**	-
	1	-

NOTES TO THE COMPANY FINANCIAL STATEMENTS

G. Debtors

	2023	2022
	£m	£m
Amounts owed by group undertakings	**103**	126
Other debtors	**36**	15
Deferred tax assets	**3**	2
	142	143
Due within one year	**139**	141
Due after more than one year	**3**	2
	142	143

Debtors include deferred tax assets of £3m (2022: £2m) due after more than one year.

H. Creditors: amounts falling due within one year

	2023	2022
	£m	£m
Bank loans and overdrafts	**439**	443
Amounts owed to subsidiary undertakings	**108**	79
Other creditors	**8**	7
Accruals and deferred income	**3**	1
	558	530

I. Creditors: amounts falling due after more than one year

	2023	2022
	£m	£m
Bank loans	**151**	165
Amounts owed to subsidiary undertakings	**393**	397
Net employee defined benefit liabilities	**-**	10
	544	572

Creditors: amounts failing due after more than one year are repayable as follows: -

	2023	2022
	£m	£m
Due after more than one year but less than two years	**118**	165
Due after more than two years but less than five years	**426**	407
	544	572

J. Called up share capital

Details of the Company's share capital are given in Note 28 to the consolidated financial statements.

K. Related parties

For the year ended 31 December 2023, fees paid/payable by the Company to Hong Leong Management Services, a subsidiary of Hong Leong Investment Holdings Pte. Ltd. amounted to £Nil (2022: £Nil). At 31 December 2023, £Nil (2022: £Nil) of fees payable was outstanding.