Millennium & Copthorne Hotels plc Annual report and accounts 2013

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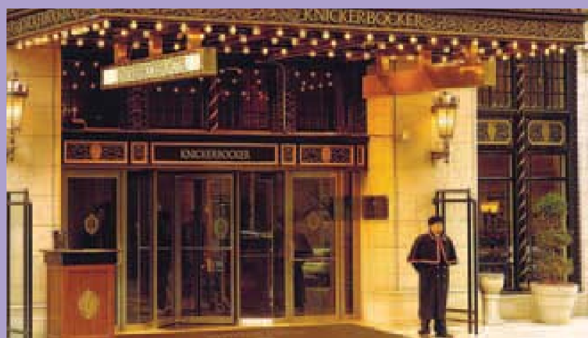


MILLENNIUM & COPTHORNE HOTELS plc

Introduction

Our vision is to be the leading global hospitality real estate ownership group for gateway cities with effective, in-built and unique asset management skills.

Who we are

We are a global hospitality management and real estate group, currently serving customers at 114 hotels in over 70 attractive business and leisure destinations in Asia, Australasia, Europe, the Middle East and North America.

Our strategy

Our strategy and mission is to create value by improving hotel profitability through capital investment, consistent service delivery, lean operations and a motivated workforce.

We build and generate underlying long-term value through dynamic management of our property portfolio.

How we make money

We earn profits through the efficient operation of our hotels and effective management of our substantial property portfolio.

In each of our distinctive brand offerings, we aim to provide guests with consistently high levels of service at well-appointed and conveniently located hotels and hospitality outlets.

Lean operations and low central costs are our business hallmarks. Combined with our clearly articulated strategy and distinctive business model, this enables us to deliver good annual returns to shareholders.

Cover
1 Copthorne Hotel & Resort Queenstown Lakefront, NZ.
2 Copthorne King's Hotel, Singapore.
3 Millennium Bailey's Hotel London Kensington, UK.
4 Millennium Knickerbocker Hotel Chicago, US.
5 The Glyndebourne condominiums, Singapore.

How we performed in 2013

"In 2013, the Group's performance was boosted significantly by the recognition of profit from the Glyndebourne development. We remain cautiously optimistic about the Group's full year performance in 2014 despite uncertainty affecting some regions and poor weather conditions in the US and UK in the first quarter. The Group's performance will be further impacted by our refurbishment programme and the resulting temporary removal of rooms from inventory."

Kwek Leng Beng, Chairman

RevPAR	+3.4%	2013: £69.58	2012: £67.32
Average room rate	+1.2%	2013: £96.25	2012: £95.08
Occupancy	+1.5 percentage points	2013: 72.3%	2012: 70.8%
Group revenue	+35.0%	2013: £1,037.5m	2012: £768.3m
Hotel revenue	-1.5%	2013: £738.0m	2012: £749.4m
Profit before tax	+53.9%	2013: £263.6m	2012: £171.3m
Dividend per share	+67.3%	2013: 22.74p	2012: 13.59p
Net cash	+£29.1m	2013: £81.3m	2012: £52.2m
Net asset value	+£105.7m	2013: £2,468.5m	2012: £2,362.8m

- 2013 Group revenue increased to the record level of £1,037.5m (2012: £768.3m), following recognition of £273.7m of revenue from the Glyndebourne development in Singapore.

- Hotel revenue fell by 1.5% to £738.0m (2012: £749.4m) in 12 months to 31 December 2013 reflecting:
  - challenging conditions in Asian markets; and
  - the impact of temporary room closures as a result of the Group's refurbishment programme, especially affecting Grand Hyatt Taipei and Millennium Hotel Minneapolis.

- 2013 Group RevPAR increased by 3.4% to £69.58 (2012: £67.32), driven by:
  - overall improvement in room rates in the US; and
  - increased occupancy in all regions except Singapore and some Asian destinations.

- Profit before tax increased to a record £263.6m (2012: £171.3m) for the year ended 31 December 2013 driven by the Glyndebourne development profit of £139.3m.

- In December 2013, the Group announced the proposed acquisition of a 5-star all-suite London hotel, located at Chelsea Harbour, for £65.0m. Post 31 December 2013, the Group further announced the proposed acquisition of the 4-star Novotel New York Times Square for $273.6m (£167.0m). These acquisitions are scheduled to complete in the first and second quarters of 2014 respectively.

- The Board proposes a final dividend of 11.51p per share and a special dividend of 9.15p per share, giving a total dividend payout for the year of 22.74p per share (2012: 13.59p), an increase of 67.3%.

The Group at a glance

As at 31 December 2013

	Asia	Europe	US	Australasia	Total
Sub regions	Singapore Rest of Asia	London Rest of Europe Middle East	New York Regional US		
Hotel locations	Bangkok Beijing Cameron Highlands Chengdu Fuqing Hong Kong Jakarta Kuala Lumpur Maldives Manila Penang Phuket Qingdao Seoul Shanghai Singapore Taichung Taipei Taichung Wuxi Xiamen	Aberdeen Abu Dhabi Birmingham Cardiff Doha Dubai Dudley Gatwick Glasgow Hannover Iraq Jordan Kuwait London Manchester Newcastle Oman Paris Plymouth Reading Sheffield Slough	Anchorage Avon Boulder Boston Buffalo Chagrin Falls Chicago Cincinnati Durham Kissimmee Los Angeles Minneapolis Nashville New York Santa Fe Scottsdale St Louis	Auckland Bay of Islands Brisbane Christchurch Dunedin Greymouth Hamilton Hokianga New Plymouth Palmerston North Perth Queenstown Rotorua Taupo Te Anau Wairarapa Wanganui Wellington Whangerei	
Numbers of hotels	27	39	19	29	114
Number of rooms	10,610	10,004	6,696	4,423	31,733
Hotel revenue (£m)	297.0	180.9	217.3	42.8	738.0
Hotel operating net assets (£m)	848.1	580.4	568.4	195.5	2,192.4
Occupancy (%)	76.9%	77.8%	65.9%	67.5%	72.3%
Average room rate (£)	97.62	99.33	104.12	56.96	96.25
RevPAR (£)	75.08	77.29	68.59	38.46	69.58
Group operating profit margin (%)	41.2%	42.2%	20.6%	42.8%	35.4%
Property locations	Tanglin Shopping Centre, Singapore Land site in Ginza, Tokyo 3 Glyndebourne condominiums, Singapore		Biltmore Court & Tower, Los Angeles Land site at Sunnyvale, California	Landbank sites in New Zealand Zenith Residences, Sydney	
Property revenue (£m)	276.2	nil	1.8	21.5	299.5
Property operating net assets (£m)	344.9	nil	27.2	66.0	438.1
Joint ventures and associates	**Name**	**Activity**	**Ownership**	**Activity locations**	
	CDL Hospitality Trusts	Real estate investment trust	35.5%	Singapore, Australia, New Zealand and Maldives	
	First Sponsor Capital Limited	Hotel and property development in China	39.3%	China	
	New Unity Holdings Limited	Hotel owner	50.0%	Hong Kong	
	Fena Estate Company Limited	Hotel owner and operator	50.0%	Thailand	

Hotel and room count analysed by ownership type

As at 31 December 2013

Group

	Hotels 2013	Hotels 2012	Change	Room Count 2013	Room Count 2012	Change
Owned or Leased	**62**	63	(1)	**18,434**	19,229	(795)
Managed	**28**	25	3	**7,984**	6,543	1,441
Franchised	**11**	11	–	**1,564**	1,564	–
Investment	**13**	11	2	**3,751**	3,603	148
Total	**114**	110	4	**31,733**	30,939	794

Asia

	Hotels 2013	Hotels 2012	Change	Room Count 2013	Room Count 2012	Change
Owned or Leased	**12**	12	–	**5,508**	5,508	–
Managed	**7**	5	2	**2,381**	1,496	885
Franchised	**2**	2	–	**780**	780	–
Investment	**6**	4	2	**1,941**	1,793	148
Total	**27**	23	4	**10,610**	9,577	1,033

Europe (includes Middle East)

	Hotels 2013	Hotels 2012	Change	Room Count 2013	Room Count 2012	Change
Owned or Leased	**19**	19	–	**4,548**	4,548	–
Managed	**20**	18	2	**5,456**	4,851	605
Franchised	**–**	–	–	**–**	–	–
Investment	**–**	–	–	**–**	–	–
Total	**39**	37	2	**10,004**	9,399	605

United States

	Hotels 2013	Hotels 2012	Change	Room Count 2013	Room Count 2012	Change
Owned or Leased	**18**	18	–	**6,477**	7,093	(616)
Managed	**–**	–	–	**–**	–	–
Franchised	**–**	–	–	**–**	–	–
Investment	**1**	1	–	**219**	219	–
Total	**19**	19	–	**6,696**	7,312	(616)

Australasia

	Hotels 2013	Hotels 2012	Change	Room Count 2013	Room Count 2012	Change
Owned or Leased	**13**	14	(1)	**1,901**	2,080	(179)
Managed	**1**	2	(1)	**147**	196	(49)
Franchised	**9**	9	–	**784**	784	–
Investment	**6**	6	–	**1,591**	1,591	–
Total	**29**	31	(2)	**4,423**	4,651	(228)

Chairman's statement

In 2013, the Group made good progress against its key strategic objectives, whilst delivering record revenue and profit for the year due to recognition of profits from the Glyndebourne development. This performance demonstrates the strength of the Group's business model as an owner and operator of hotels, with gains generated through timely and opportunistic asset management, in addition to income from hospitality services.

The biggest single element driving growth in annual revenue and profit was the impact of the Glyndebourne development – the sale of 147 out of 150 apartments built on the site of the former Copthorne Orchid Hotel in Singapore. This development generated revenues of £273.7m and pre-tax profit of £139.3m, which were recognised in 2013 following the grant of the temporary occupation permit by local authorities.

Our renovation programme is designed to ensure that Group assets maintain and enhance their value in a highly competitive global hospitality market. The Group completed refurbishment work at Millennium Hotel Minneapolis and at the west wing of Grand Hyatt Taipei in 2013, with both locations showing a healthy increase in RevPAR since re-opening.

Our financial position remained strong throughout the year, which placed the Group in a good position to grow through acquisition. With the global economy showing signs of recovery, hotel capital values have increased, although at a faster rate than hotel earnings.

In December 2013, we announced the proposed acquisition of a leasehold interest in a 5-star, all-suite hotel located within the Chelsea Harbour district in London. Since the year-end, we have entered into a conditional agreement to acquire a 4-star hotel in Times Square, New York. The two acquisitions, scheduled for completion in the first and second quarters of 2014 respectively, have a total value of £232m.

The Group was pleased to welcome Susan Farr as a new Independent Non-Executive Director in December 2013. Ms Farr has specialist knowledge and experience of marketing, business development and corporate communications and will make a valuable contribution to the business. In addition, her appointment reflects the Group's support for the recommendations of the 2011 Davies Report on Board Diversity, with Ms Farr becoming the Group's first female Director. Ian Batey announced his resignation as an Independent Non-Executive Director, effective on 20 February 2014. The Group is grateful to Mr Batey for his services.

I would also like to thank our employees throughout the world for their hard work and dedication to the Group.

In light of the Group's performance last year, the Board is recommending a final dividend of 11.51p per share (2012: 11.51p) and a special dividend of 9.15p per share (2012: £nil). Together with the interim dividend of 2.08p per share (2012: 2.08p), the total dividend for 2013 is 22.74p per share (2012: 13.59p), an increase of 67.3% over 2012.

In 2014, the Group will continue to pursue its core strategic objective of improving returns on shareholders' capital whilst growing the business. We are looking forward to a year in which we will be fully re-opening all of the guest rooms at our largest hotel in Asia, the Grand Hyatt Taipei, before completing refurbishment of the public areas and restaurants and creating a truly outstanding five-star deluxe property. Elsewhere, we will continue to maximise the value of our real estate portfolio. We continue to be alert to acquisition and disposal opportunities.

The global economy is not fully restored to complete health, with pockets of uncertainty continuing to affect some travel destinations. However, we expect our properties in the main gateway cities to see improvements in 2014.

Kwek Leng Beng
Chairman

20 February 2014

Strategic report

Business review and strategy

Although there was a 3.4% rise in Group RevPAR during the year from £67.32 to £69.58, the Group's hotel revenue fell by 1.5% to £738.0m (2012: £749.4m) due to the impact of rooms temporarily lost to refurbishment as well as a reduction in hotel non-room revenue.

Hotel operations

Global revenue per available room (RevPAR) increased in 2013 by 3.4% to £69.58 (2012: £67.32). Positive RevPAR performance in London, New Zealand, New York and Regional US outweighed the fall in RevPAR in Singapore, Rest of Asia and UK regional hotels. Our operating tactics were consistent with previous years, with sales teams focused on achieving an optimal balance between occupancy and average room rate across the estate.

During 2013, there was a greater emphasis on driving revenue through higher occupancy ratios rather than increased room rates. This reflected a more competitive trading environment in some regions – especially Singapore – and other factors, notably the absence of the Olympics in London compared to 2012 and the reduced number of Japanese visitors to Seoul mainly as a result of political tensions.

Hotel revenues for the year totalled £738.0m – a reduction of 1.5% compared to 2012 (£749.4m). Apart from market pressure affecting business levels in parts of Asia, revenues were further impacted by the removal of a net 290,000 room nights from the system over the course of the year mainly due to the Group's ongoing asset management programme. As the programme continues, management anticipates that this effect will reverse. For example almost 14,000 room nights re-entered the system in 2013, with significantly higher room rates, following the refurbishment of ONE UN.

The Group achieved a consolidated hotel gross operating margin of 35.4% for the year (2012: 38.5%). The fall was mainly due to lower operating profit margins at our Asian properties. Central costs for the year increased by 29.5% to £30.7m (2012: £23.7m), mainly because of our continuing drive to strengthen the central management team.

Acquisitions

Our financial position remained strong throughout the year, which placed the Group in a good position to grow through acquisition. With the global economy showing signs of recovery, hotel capital values have increased, although at a faster rate than hotel earnings.

In December 2013, we announced the proposed acquisition of a leasehold interest in a 5-star, all-suite hotel located within the Chelsea Harbour district in London. The property currently offers 154 suites and 4 penthouses and is situated in a prestigious riverside area that will be going through further transformation and improvement in the near future. The property is in an improving and already attractive area of the city and will fit efficiently into the existing portfolio of London properties, with minimum impact on central management costs. The purchase price for the hotel is £65.0m, subject to standard purchase price adjustments. Completion is expected to occur during the first quarter of 2014.

Since the year-end, the Group has announced that it has entered into a conditional agreement to acquire the 480 room 4-star Novotel New York Times Square for $273.6m (£167.0m), subject to standard purchase price adjustments. Completion is expected to occur during the second quarter of 2014.

Additionally in December 2013, the hospitality real estate investment trust associate, CDL Hospitality Trusts ("CDLHT"), acquired the 35 villa Jumeirah Dhevanafushi, its second luxury resort hotel in the Maldives.

Development

In April 2013, the Group completed its purchase of a 1,563.7m^2 plot of land adjacent to the Millennium Seoul Hilton for a price of £17.2m. Architectural detailing is underway for a construction project, incorporating a hotel and serviced apartment complex which will be complementary to the Millennium Seoul Hilton.

In December 2013, we recognised revenues and costs arising from the 147 units sold in the Glyndebourne development in Singapore, following local authorities' grant of the temporary occupation permit. Work on this development commenced in 2011 following the closure of the Copthorne Orchid Hotel, which formerly occupied the site. The development resulted in

Our strategy

Our core strategic objective is to provide long-term improving returns on shareholders' capital, whilst growing the business through asset acquisition and prudent investment in the existing asset portfolio. The Group also invests in its people, its brands and its technology in order to provide excellent, cost-efficient service to its customers and good financial returns for its shareholders.

We take a four-pronged approach to executing strategy, focused on capital allocation, promoting growth, maintaining cost control and fostering smooth operating procedures.

revenue of £273.7m and an operating profit of £139.3m. The level of profit reflects the successful timing of the project and the low historical book value of the land. Since the year-end, two further apartments have been sold, the profits of which will be recognised in 2014.

Construction of the Group's hotel in Tokyo's Ginza district is proceeding according to plan, with works scheduled to complete at the end of 2014. The new property will be a significant addition to the Group's portfolio, adding a new key gateway destination for business and leisure travellers in the capital of one of the world's largest economies. The site was acquired in 2011 for an initial capital outlay of JPY9.5b (£55.1m). Total construction costs are estimated at JPY5.6b (£32.5m).

Having fully examined a range of alternative scenarios for the Millennium Hotel St Louis, the Group determined that refurbishment of the property was unlikely to offer attractive returns in the foreseeable future. The hotel was closed in January 2014. The Group is considering a full range of options for the freehold property, which occupies a 17,033m^2 site in the city. In addition, the Group closed two hotels in New Zealand in 2013.

Refurbishment

The Group considers that in the current hotel trading environment it is vital to invest in our asset portfolio in order to enhance trading performance, especially in our main gateway city properties. Results from those hotels where we have completed significant renovations have generated higher room rates and RevPAR compared to their pre-renovation performance. Since the current programme commenced in 2011, £87.8m of the programme total of £240m had been spent up to 31 December 2013, mainly on the refurbishment of several key hotels including the west tower of ONE UN New York, Millennium Seoul Hilton, Millennium Hotel Minneapolis and Grand Hyatt Taipei. In 2013, £41.6m was spent under the programme.

Refurbishment of the west wing of the Grand Hyatt Taipei was completed during the third quarter of 2013, with work currently underway on renovation of the east wing, which was closed when the west wing re-opened. The hotel is scheduled to re-open fully in the third quarter of 2014. Grand Hyatt Taipei is our largest current refurbishment project, with costs to the end of 2013 totalling £29m and a final anticipated total refurbishment cost of £62m.

In the US, refurbishment of the Millennium Hotel Minneapolis completed during the second quarter of 2013, with a total refurbishment cost of £14.4m. The hotel fully re-opened in May 2013, and since then it has received a much improved rating from guests, both directly and through hotel review sites. In the second half of 2013, RevPAR for the hotel was £52.89 compared to £44.19 in the same period of 2012, representing an increase of 19.7%.

The Group will continue to upgrade and improve its properties, with a number of refurbishment projects ready to commence in 2014, subject to relevant consents.

Asset disposals

The Group recognised profit of £9.1m from land sales in New Zealand during the year (2012: £6.3m). We also announced during the fourth quarter of 2013 that the Group had signed a Collective Sale Agreement ("CSA") with other selling unit-holders in Tanglin Shopping Centre, a shopping-cum-office complex situated within the Orchard

Road tourist district in Singapore, in which the Group has approximately a 34% interest. This sale process will be directed by an independent sales committee, representing all selling unit-holders. In common with these unit holders, the Group is bound by a confidentiality agreement with respect to the proposed disposal which is highly conditional.

During 2013, the Copthorne Hotel Birmingham became the subject of a compulsory purchase order as part of the redevelopment of Birmingham city centre. The Group entered into an agreement with the developer of the scheme that grants the Group a number of options including the construction of a new hotel, and/or the sale of the existing site, the timings of which are currently unknown.

The Group is also in discussions with the appropriate authorities in Scotland regarding the impact of the redevelopment of the local area on the Millennium Hotel Glasgow.

Growth

In addition to acquisitions and refurbishment, the Group is pursuing a number of other routes through which the business can achieve organic growth.

Whilst hotel ownership is central to our strategy, we recognize that this model does not apply equally to all locations. For example, in China and the Middle East – both important travel markets for the Group – we are extending our brand by managing hotels on behalf of third party owners. During 2013 we opened four hotels under management contract. In total, the Group has 28 management contracts, most of which are in the Middle East and China.

Our management contract hotels increase Group visibility in some of our most important and fastest growing travel markets.

A strong global sales and marketing team is critical to our success in these areas and is therefore a core focus for organisational development, whilst the Group is also seeking to grow the

Our business model

We see long-term advantages in hotel ownership – especially assets located in gateway cities where attractive locations are scarce.

Asset ownership enables investors to participate in long-term asset growth and opportunities such as re-development, as well as the trading performance of each hotel. Therefore, beyond being experienced hoteliers, we harness and direct the real estate skills, knowledge and relationships throughout the Group and its associates to ensure that asset values are maintained and enhanced through the full range of means at our disposal.

The business model is de-centralised with relatively low central overheads. The Chief Executive Officer delegates responsibility for hotel operations to a network of seven Regional Managers (RMs), to whom our Hotel General Managers (GMs) report. RMs are supported by specialist regional teams covering essential core disciplines including finance, audit, sales, marketing, human resources, facilities management and procurement. A small global operations management team is responsible for ensuring consistent standards across the Group in key functions such as human resources and finance. We apply sophisticated information and communication technology to ensure consistently high standards across the Group in all of our activities.

Vision

Millennium & Copthorne Hotels plc aims to be the leading global hospitality real estate ownership group for gateway cities with effective in-built unique asset management skill

Mission

At Millennium & Copthorne Hotels plc we create value by improving hotel profitability through capital investment, consistent service delivery, lean operations and a motivated work force

Asset management (Maximising yield and realizable asset value)	**Operational management** (Customer retention; profit retention, employee motivation)	**Brand marketing** (Customer acquisition; customer loyalty)
• Expertise in identifying accretive capital investment opportunities • Capital project management and evaluation • Opportunistic asset acquisitions and disposals	• Consistent service delivery • Efficient labour models • Employee recognition • Local sales excellence • National procurement strength	• Relative positioning • Flexible branding within set criteria • Master agreements with key sales channels • Revenue management discipline

business through e-commerce initiatives.

Operations

Our dual operational focus is on people and technology.

Attracting and retaining talented employees is one of the biggest challenges facing any modern business and the Group places great emphasis on human resource policies designed to meet such challenges. Such policies embrace a number of areas including pay and rewards, career development and training.

With technology, the Group is seeking to simplify and rationalise key functions, whilst continually seeking ways to make our interface with customers more efficient, whilst reducing reliance on third party referrals.

During 2013 the Group laid the foundations for a new state-of-the-art customer relationship management system, as well as an enhanced centralised reservation system. Both of these developments are planned to become fully operational in 2014.

First Sponsor Capital Limited

M&C's associate, First Sponsor Capital Limited ("FSCL") continues to make good progress with development in Chengdu, People's Republic of China.

The Group's investment in FSCL is a key part of its China strategy, building the brand proposition in this key market. It also enables the Group to participate in hotel ownership through mixed property development in a capital efficient manner.

For the year ended 31 December 2013, the Group has recognised £7.4m as its share of FSCL's net profit after tax (2012: £9.3m). 2013 profits arose mainly as a result of FSCL's disposal of the land in Humen and profits on the sale of the remaining Chengdu Cityspring project, soft-opened in September 2013. It is managed by the Group. Progress on the Wenjiang development land site in Chengdu, purchased in November 2011 and branded as Millennium Waterfront, is on track. The land is designated for residential, commercial and hotel development. The total residential component comprises 50 apartment blocks with 7,110 units. The sale of 10 blocks of 1,618 residential units had been launched at 31 December 2013. At that date 1,490 out of the 1,618 residential units launched had been sold either under option agreements or sale and purchase agreements. FSCL has also commenced the sale of some auxiliary retail commercial units and sales have been encouraging. Development will be phased according to demand. Construction of a Millennium branded hotel with convention facilities commenced in the second quarter of 2013 and is scheduled to open in 2017.

FSCL has informed the Group that it is considering an initial public offering and listing on the Singapore Stock Exchange of its principal operating subsidiary, First Sponsor Group Limited, later in 2014.

Key performance indicators

We use a set of carefully selected key performance indicators (KPIs) to monitor our success in executing our strategy set out on page 7. These KPIs are used to measure the Group's progress year on year against those strategic priorities, and are set out below:

Strategic priority	KPIs	Status
Growth To achieve profitable growth for our hospitality business.	**Revenue per Available Room (RevPAR)**: Average room rate multiplied by occupancy percentage.	**2013: £69.58** 2012: £67.32
	Occupancy: Percentage of rooms available for sale that were actually sold to our guests.	**2013: 72.3%** 2012: 70.8%
	Average Room Rate (ARR): Revenue from room sales, divided by the number of room nights sold.	**2013: £96.25** 2012:£95.08
	Hotel revenue: Hotel revenue, including room sales, food and beverage sales and meetings and events.	**2013: £738.0m** 2012: £749.4m
Capital allocation To ensure appropriate use of the Group's capital so that long-term return on investment for the shareholders is maximised, through a rigorous asset management programme, selective acquisitions, and an appropriate use of equity investments.	**Net Asset Value:** Net assets at 31 December.	**2013: £2,468.5m** 2012: £2,362.8m
	Net cash: Cash and cash equivalents less loans, bonds and borrowings.	**2013: £81.3m** 2012: £52.2m
	Basic earnings per share: Profit for the year divided by the weighted average number of shares in issue.	**2013: 70.5p** 2012: 42.0p
Cost control To ensure costs remain in line with revenue movements through a decentralised model, technological enhancements to drive efficiencies and rigorous monitoring of spend.	**Operating profit**	**2013: £230.4m** 2012: £139.7m
	Profit before tax	**2013: £263.6m** 2012: £171.3m

The Group believes that the KPIs provide useful and necessary information on underlying trends to shareholders, the investment community and are used by the Group for internal performance analysis. Since 2012, the Group has added one KPI, Net Asset Value to better reflect the property ownership nature of the Group.

Given the decentralised model of the Group, Regional Managers focus on operational KPIs as well as the above. These include customer feedback, hotel gross operating profit and staff retention. General Managers report their operating KPIs to Regional Managers on a regular basis with comparison numbers for the local competitive set of each hotel. The hotel performance numbers are then consolidated into regional and Group-wide figures. Our monetary and financial KPIs are expressed in constant currency to remove the effect of foreign exchange fluctuations. A regional breakdown of these KPIs is given on page 14 onwards.

Financial performance

For the full year to 31 December 2013, profit before tax increased by 53.9% to £263.6m (2012: £171.3m) principally due to the recognition of the profits on the Glyndebourne project.

Full year overview

Total revenue increased by 35.0% to £1,037.5m (2012: £768.3m) for the full year to 31 December 2013.

Operating profit increased by 64.9% to £230.4m (2012: £139.7m). The increase was due to £139.3m of operating profit being recognised in relation to the Glyndebourne project. When this is stripped out, the Group's operating profit fell by 34.8% to £91.1m. This fall was due to two main factors. Firstly, more challenging hotel markets in Singapore and parts of Asia caused a reduction in revenue and profit contribution in Asia. Secondly, a net 290,000 room nights were taken out of inventory during the year mainly due to the Group's ongoing refurbishment programme. The resulting fall in revenue and profit was particularly evident at Millennium Hotel Minneapolis and Grand Hyatt Taipei.

Profit from joint ventures and associates in the year increased to £38.1m (2012: £37.2m) due to additional contributions from CDLHT.

Basic earnings per share increased by 67.9% to 70.5p (2012: 42.0p)

Dividends

The Board is recommending a final dividend of 11.51p per share (2012: 11.51p) plus a special dividend of 9.15p per share (2012: £nil). Together with the interim dividend of 2.08p per share (2012: 2.08p), the total dividend of 22.74p per share represents an increase of 67.3% over the previous year's total dividend of 13.59p. The dividend is determined by the Board on the basis of growth in profit after tax as well as the Group's future investment needs. Subject to approval by shareholders at the Annual General Meeting to be held on 1 May 2014, the final and special dividend will be paid on 16 May 2014 to shareholders on the register on 21 March 2014.

Foreign exchange translation

	As at 31 December		Average for the 12 months	
Currency (=£)	**2013**	2012	**2013**	2012
US dollar	**1.647**	1.614	**1.569**	1.589
Singapore dollar	**2.088**	1.973	**1.963**	1.985
New Taiwan dollar	**49.450**	46.865	**46.634**	46.713
New Zealand dollar	**2.013**	1.966	**1.917**	1.960
Malaysian ringgit	**5.419**	4.945	**4.953**	4.913
Korean won	**1,735.49**	1,729.19	**1,713.18**	1,785.34
Chinese renminbi	**9.999**	10.066	**9.648**	9.961
Euro	**1.197**	1.218	**1.179**	1.229
Japanese yen	**172.545**	138.262	**152.194**	126.452

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

Sterling strengthened appreciably in 2013 particularly against the Japanese yen, the effect of which can be seen in the Translation Reserve on page 69. The Group's hedging policy is set out in note 2.3 to the accounts.

Changes since 2012

Since the 2012 Annual Report, the Directors have reassessed the presentation of the income statement in light of the Group's continuing evolution and best reporting practice and have made a number of disclosure and categorisation amendments to the income statement, together with relevant comparatives. Notable changes are the inclusion of certain other income and expenses into operating profit and the exclusion of share of profit of joint ventures and associates from operating profit. In addition, the Group is no longer using the term 'Headline operating profit' which was historically used. The Directors consider that these adjustments better reflect the commercial dynamics of the Group and facilitate comparison with peers. The amendments have no impact on revenue, profit before tax or profit for the year.

Financial position and resources

	2013 £m	2012 £m	Change £m
Property, plant and equipment and lease premium prepayment	**2 063.8**	2,096.1	(32.3)
Investment properties	**163.5**	169.1	(5.6)
Investments in and loans to joint ventures and associates	**441.5**	469.0	(27.5)
Other financial assets	**7.8**	7.9	(0.1)
Non-current assets	**2,676.6**	2,742.1	(65.5)
Current assets excluding cash	**254.8**	263.9	(9.1)
Provisions and other liabilities excluding interest bearing loans, bonds and borrowings	**(341.4)**	(467.3)	125.9
Net cash	**81.3**	52.2	29.1
Deferred tax liabilities	**(202.8)**	(228.1)	25.3
Net assets	**2,468.5**	2,362.8	105.7
Equity attributable to equity holders of the parent	**2,289.7**	2,176.0	113.7
Non-controlling interests	**178.8**	186.8	(8.0)
Total equity	**2,468.5**	2,362.8	105.7

Non-current assets

Non-current assets have reduced year-on-year, principally due the depreciation and amortisation charge of £38.0m recorded in the income statement in 2013 and the impact of foreign exchange movements.

The Group states land and buildings at depreciated deemed cost, being their UK GAAP carrying value, including revaluations as at 1 January 2004, together with additions thereafter less subsequent depreciation or provision for impairment. Since 2005, external professional open market valuations on certain of the Group's hotel portfolio have taken place at each year-end aiming to cover the entire Group's hotel portfolio over a three year period. Based on external valuations conducted at 31 December 2013 on 30.7% (based on net book value) of the Group's hotel portfolio, a valuation surplus of £249.0m is estimated but this has not been recorded in the accounts. Revaluation surplus of £90.5m and £197.2m for 2011 and 2012 respectively were previously estimated but not recorded in the accounts.

Provisions and other liabilities excluding interest bearing loans, bonds and borrowings

The balance as at 31 December 2013 is £341.4m, which is 27% lower than as at 31 December 2012. This is principally due to a reduction in deferred income as the balance in respect to the Glyndebourne development has been recognised in 2013 as part of revenue (2012: deferred income of £115.4m relating to Glyndebourne).

Financial structure

Group interest cover ratio for the year ended 31 December 2013 (excluding share of results of joint ventures and associates and other operating income and expense) is 49.0 times (2012: 22.9 times).

At 31 December 2013, the Group had £424.0m cash and £226.4m of undrawn and committed facilities available, comprising revolving credit facilities which provide the Group with financial flexibility. Most of the facilities are unsecured with unencumbered assets representing 87.4% of fixed assets and investment properties. At 31 December 2013, total borrowing amounted to £342.7m of which £77.2m was drawn under £99.0m of secured bank facilities.

Future funding

Of the Group's total facilities of £586.9m, £138.7m matures within 12 months comprising £9.2m of committed revolving credit facilities, £122.5m of uncommitted facilities and overdrafts subject to annual renewal and £7.0m of secured term loans. Plans for refinancing the maturing facilities are underway.

Treasury risk management

Group treasury matters are governed by policies and procedures approved by the Board of Directors. The treasury committee monitors and reviews treasury matters on a regular basis. A written summary of major treasury activity is presented at each Board meeting.

2014 changes in accounting policy and presentation

IFRS 10 *Consolidated Financial Statements* replaces requirements in IAS 27 *Consolidated and Separate Financial Statements* and SIC 12 *Consolidation – Special Purpose Entities*. It introduces new criteria to determine whether entities in which the Group has an interest should be consolidated. It will be effective for the Group's 2014 accounts and the implementation of IFRS 10 will result in the Group consolidating CDLHT which was previously treated as an associate undertaking and not consolidated. The financial impact on the Group as at 31 December 2013 if IFRS 10 had been adopted at that date would have been to increase assets by £405m, increase liabilities by £229m and increase total shareholders' equity by £176m. Consolidated profit after tax for the year ended 31 December 2013 would have increased by £30m, and consolidated profit after tax, attributable to equity holders of the parent would have decreased by £3.6m.

For comparability, the following regional review is based on calculations in constant currency whereby 31 December 2012 average room rate and RevPAR have been translated at average exchange rates for the year ended 31 December 2013.

Regional performance – Asia

RevPAR for the Asia region fell by 5.0% to £75.08 (2012: £79.00). This was due mainly to more challenging trading conditions in Singapore, the ongoing refurbishment of our largest hotel in the Asia region, Grand Hyatt Taipei, and fewer Japanese visitors to Seoul.

Singapore

Singapore continues to be a favoured destination for both leisure and business travellers and is positioning itself as a major new leisure destination through regeneration and investment in tourism infrastructure. This led to a significant increase in the number of available hotel rooms in 2013 and new room supply is forecast to grow at a CAGR of 4.4% for the next three years. In addition, slower growth in China had a dampening effect on corporate travel budgets last year. The net result of these two features was a fall in both average room rates and occupancy at our Singapore hotels in 2013. The increase in capacity has put demand on the pool of local management talent and together with the government's guest worker restrictions, driven up labour costs in general.

Rest of Asia

Year-on-year performance movement in Rest of Asia is mainly the result of two factors: the closure of rooms for refurbishment at Grand Hyatt Taipei and the impact of geo-political tensions between Japan and South Korea on Millennium Seoul Hilton.

The west wing of Grand Hyatt Taipei was closed for refurbishment during the third quarter of 2012. The refurbishment was completed in the second quarter of 2013, at which point refurbishment of the east wing commenced. This second major refurbishment phase is scheduled to complete in the first half of 2014. The hotel had over 73,000 fewer room nights available in 2013 than 2012 - almost a quarter of the total. This has had a significant performance impact on the hotel. Grand Hyatt Taipei's re-opened and refurbished rooms achieved room rates that were 25% higher than the previous year.

Revenue from Millennium Seoul Hilton was lower last year mainly reflecting fewer Japanese visitors as a result of geo-political tensions. Management worked throughout the year to substitute Japanese business, which succeeded in restoring occupancy levels in the second half of the year, but at lower room rates. Millennium Seoul Hilton RevPAR was down by nearly 20% from 2012 as a result.

In the remainder of the Rest of Asia portfolio, Grand Millennium Kuala Lumpur performed well, with double digit RevPAR growth, reflecting sustained Malaysian economic growth and the location's increasing popularity for both leisure and business travellers. The Heritage Hotel Manila saw weaker performance in the second half of the year following the closure of its casino in July 2013. Grand Millennium Beijing was slightly down year-on-year due to a slowdown in the growth of the Chinese economy and lower Government spending on hospitality.

	2013	2012	Change
Asia			
Hotel revenue	**£297.0m**	£315.8m	(6.0%)
RevPAR	**£75.08**	£79.00	(5.0%)
Occupancy	**76.9%**	78.1%	(1.2%)*
ARR	**£97.62**	£101.14	(3.5%)
Singapore			
Hotel revenue	**£146.7m**	£154.0m	(4.7%)
RevPAR	**£94.24**	£102.27	(7.9%)
Occupancy	**86.4%**	88.1%	(1.7%)*
ARR	**£109.09**	£116.03	(6.0%)
Rest of Asia			
Hotel revenue	**£150.3m**	£161.8m	(7.1%)
RevPAR	**£61.56**	£63.52	(3.1%)
Occupancy	**70.2%**	71.4%	(1.2%)*
ARR	**£87.67**	£88.92	(1.4%)

*% points

1 Lobby at Grand Millennium Beijing.

2 Grand Millennium Kuala Lumpur.

3 La Residenza serviced suite at Grand Copthorne Waterfront Hotel Singapore.

Regional performance – Europe

RevPAR from our European hotels increased by 0.9% to £77.29 (2012: £76.59) as a result of a robust performance by the Group's London hotels. Away from the UK capital, performance was slightly down on 2012 reflecting continuing economic pressures in Europe.

London

Our London hotels continued their strong performance of recent years. Whilst the UK economic climate was subdued for most of 2013, the weak pound attracted more overseas visitors to the city. Management adjusted pricing strategies to reflect changes in the market's characteristics and the absence of the London Olympics, with revenue improvement driven mainly by increases in occupancy.

Rest of Europe

Performance in the majority of the Group's European hotels away from London was slightly down on 2012. Performance by our two Paris hotels reflected the uncertainty that continues to face the French economy. In the UK the performance was mixed. Whilst many of the UK's regional towns and cities have yet to participate in the perceived UK economic recovery, there were signs of improvement in our northern hotels, notably Aberdeen, Glasgow, Manchester and Newcastle.

	2013	2012	Change
Europe			
Hotel revenue	**£180.9m**	£179.6m	0.7%
RevPAR	**£77.29**	£76.59	0.9%
Occupancy	**77.8%**	76.0%	1.8%*
ARR	**£99.33**	£100.83	(1.5%)
London			
Hotel revenue	**£110.7m**	£108.4m	2.1%
RevPAR	**£108.19**	£105.91	2.2%
Occupancy	**85.4%**	80.8%	4.6%*
ARR	**£126.73**	£131.15	(3.4%)
Rest of Europe			
Hotel revenue	**£70.2m**	£71.2m	(1.4%)
RevPAR	**£48.04**	£48.84	(1.6%)
Occupancy	**70.7%**	71.4%	(0.7%)*
ARR	**£67.98**	£68.37	(0.6%)

*% points

1 Millennium Hotel Paris Opéra.

2 Millennium Hotel Glasgow.

Regional performance – US

In the United States, the Group's hotels saw a 9.5% overall increase in RevPAR to £68.59 (2012: £62.62). Hotel revenues were slightly down compared to the previous year, mainly because of room closures at Minneapolis and St Louis.

New York

Our New York properties - ONE UN, Millennium Hilton, Millennium Broadway Hotel shared in the positive performance of the New York hotel market in 2013 with RevPAR up 5.5% to £138.53 (2012:£131.28). Normalisation of occupancy levels in 2013 was the leading driver of the region's performance, with the newly refurbished West Tower of ONE UN - which was closed for five months during 2012 - achieving higher room rates.

Regional US

The regional US portfolio covers a wide geographical area which often results in mixed performance depending on the relative strength of local economies. The region's performance has also been influenced by closure of hotels for refurbishments or other reasons.

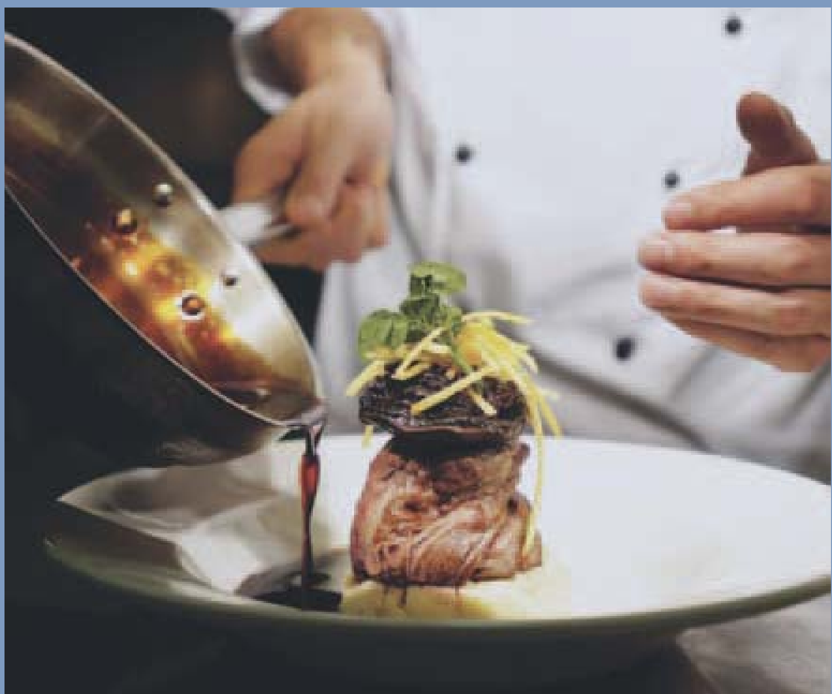
Millennium Hotel Minneapolis re-opened in May 2013 following completion of its £15m refurbishment. Since re-opening the hotel has received positive reviews and has seen double digit rate growth compared to 2012, although this was not enough to offset the lost revenue during the closure period.

Management decided in early 2013 to reduce the number of rooms operating in Millennium Hotel St. Louis by 600 to 180. The hotel was subjected to a thorough review during the year, culminating in management's decision to close the hotel completely from January 2014. Closure of the hotel improved regional RevPAR performance and profitability.

Excluding the impacts of Millennium Hotel St. Louis and Millennium Hotel Minneapolis, regional RevPAR was slightly up. The largest gainers were Millennium Biltmore Hotel Los Angeles, Millennium Maxwell House Nashville and Millennium Knickerbocker Hotel Chicago, whilst Millennium Scottsdale Resort and Villas - which has been earmarked for refurbishment in 2014 - delivered the poorest performance. Millennium Bostonian Hotel Boston overcame the shock of the city's marathon bombing in April, to maintain a steady performance compared to 2012.

	2013	2012	Change
US			
Hotel revenue	**£217.3m**	£217.5m	(0.1%)
RevPAR	**£68.59**	£62.62	9.5%
Occupancy	**65.9%**	63.5%	2.4%*
ARR	**£104.12**	£98.62	5.6%
New York			
Hotel revenue	**£106.3m**	£100.8m	5.5%
RevPAR	**£138.53**	£131.28	5.5%
Occupancy	**84.3%**	80.5%	3.8%*
ARR	**£164.33**	£163.01	0.8%
Regional US			
Hotel revenue	**£111.0m**	£116.8m	(5.0%)
RevPAR	**£42.75**	£40.01	6.8%
Occupancy	**59.1%**	57.9%	1.2%*
ARR	**£72.37**	£69.12	4.7%

*% points



1 Millennium Hotel Minneapolis.

2 Outdoor dining at Millennium Scottsdale Resort and Villas.

Regional performance – Australasia

The Group's New Zealand hotels improved performance during 2013, with a 7.0% increase in RevPAR to £38.46 (2012: £35.96). Revenue was lower because of the closure of Kingsgate Hotel Parnell and because of higher insurance receipts in 2012 following the Christchurch earthquake.

New Zealand

Increasing visitor numbers from China helped lift performance by our New Zealand hotels during 2013, raising both occupancy and room rate. Revenue was lower compared to the previous year because of the closure of Kingsgate Hotel Parnell Auckland in August 2012, and because of higher insurance receipts relating to the Christchurch earthquake in the 2012 comparatives.

On a like-for-like basis, revenue increased by 4.1%. Demolition of the Copthorne Hotel Christchurch Central is now complete and the Group is in discussion with local authorities as to the future of the site, freehold of which is owned by the Group.

	2013	2012	Change
New Zealand			
Hotel revenue	**£42.8m**	£45.4m	(5.7%)
RevPAR	**£38.46**	£35.96	7.0%
Occupancy	**67.5%**	63.6%	3.9%*
ARR	**£56.96**	£56.51	0.8%

*% points

1 Restaurant at Copthorne Hotel & Apartments Queenstown Lakeview.

2 Buffet at Copthorne Hotel & Resort Bay of Islands.

3 Copthorne Hotel Wellington Oriental Bay.

Corporate social responsibility

The Board has adopted a number of policies, collectively referred to as Responsible Hospitality, which are designed to recognise the Group's wider impact on the communities in which we work. The Board recognises the need to review these policies regularly and to communicate to stakeholders what progress the Group has made in this area.

Our people

We consider that a motivated, highly committed workforce is essential to the Group's future success.

To this end, the Group has a policy of equal opportunity and fairness within the workplace, providing a diverse and inclusive work environment which strengthens our culture and provides our business with a strong competitive advantage.

Our employees define the experience of our customers and our "Outstanding Service Excellence" programme, which includes anticipating guests' needs and delivering service without borders, is designed to ensure the continuous development of our staff collectively and individually.

We engage regularly with employees through a variety of means, including newsletters, e-learning, intranet, conferences, workshops and other communication sessions. Such engagement helps to promote team building, as well as a better understanding of the Company by employees.

We encourage all of our staff to gain industry-relevant qualifications where appropriate and to gain additional qualifications to support their career development.

The Group has adopted a formal human rights policy to support our commitment to International Labour Organisation standards and the UN global compact on human rights and labour.

All employees are required to adhere to a code of high ethical standards. We have zero-tolerance to anti-competitive practices, bribery, fraud and other forms of corruption. Our anti-bribery policy and our business hospitality and gifts policy apply to all employees.

For the year to 31 December 2013, the Group employed an average of 10,353 people worldwide in 20 countries (2012: 10,157).

Category of employees	Male	Female
Directors	9	1
Senior Managers	57	13
Employees	5,609	4,664

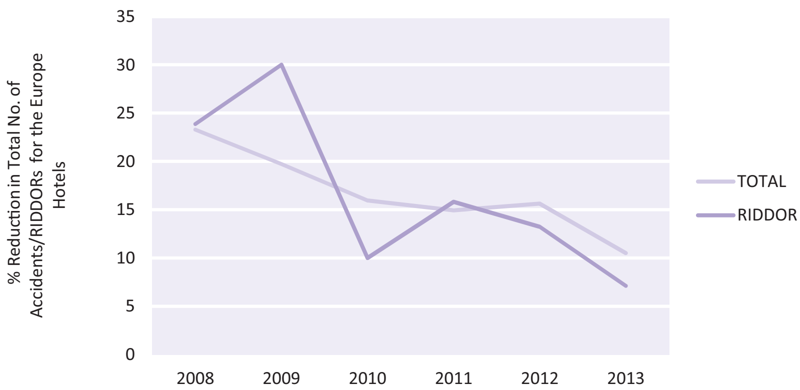
The average number of employees employed by the Group (including Directors) during the year analysed by category was as follows:

	2013 Number	2012 Number
Hotel operating staff	**8,009**	7,836
Management/administration	**1,306**	1,280
Sales and marketing	**438**	434
Repairs and maintenance	**600**	607
	10,353	10,157

A healthy workplace

We are continually refining our processes and procedures to ensure high safety standards throughout the Company and compliance with all statutory health and safety requirements.

In the European region, for example, the total number of accidents and reported incidents has generally decreased over the past five years.



This is supported by a comprehensive schedule of internal and independent external audits and inspections to check awareness, compliance and readiness to deal with emergencies.

Effective health and safety practices are encouraged through detailed policies and procedures, training, supervision and regular communication.

Performance in this area is reported quarterly to the Board.

Our environment

We aim to operate our business in a sustainable and responsible manner and have invested considerable time and resources in the development of environment-friendly business practices.

This includes our commitment to reduce waste and to reduce our carbon footprint in all of the communities in which we operate.

The Group has been recognised for its environmental credentials, notably by the ASEAN Green Hotel Award for the efforts of our Singapore hotels in conserving resources and the Qualmark Enviro Award to our New Zealand hotels for high environmental performance.

The Group has produced a global carbon footprint since 2010 for all of its owned and managed properties. This year's reporting covers the period 1 October 2012 to 30 September 2013, chosen to allow sufficient time to review emissions data ahead of the year-end and to ensure any feedback is incorporated well in advance of the reporting deadlines.

Energy reduction initiatives include investment in more efficient appliances and hot water plant, low energy lighting, and chiller upgrades. Employee engagement and staff training programmes that incorporate 'green thinking' have been implemented, together with guest participation programmes.

Details of our total carbon footprint are summarised below. The base year was set as 2010 as this was the first year the Group reported greenhouse gas emissions. This year our carbon footprint was 331,817 tonnes.

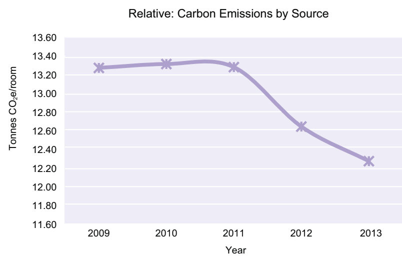
	Global tonnes of CO_2e		
	2013	2012[1]	2010[1] Base year
Scope 1[2]	**58,386**	63,663	73,309
Scope 2[3]	**246,753**	244,204	235,916
Scope 1 and 2 carbon intensity (tonnes of CO_2e/Rooms)	**12.28**	12.65	13.32
Scope 3[4]	**26,677**	21,119	19,214
No. of Rooms	**26,706**	26,007	24,658
Total gross emissions	**331,817**[5]	328,986	328,439

Notes:
1 2012 and 2010 reported numbers have been adjusted to reflect changes in carbon factors during the year.
2 Direct emissions from activities owned or controlled by our organisation that release emissions into the atmosphere.
3 Indirect emissions that are a consequence of our organisation's activities but which occur at sources we do not own or control.
4 Other indirect emissions that are a consequence of our actions which occur at sources which we do not own or control and which are not classed as scope 2 emissions.
5 Includes business travel.

The data collection and reporting have been carried out in accordance with the World Resource Institute's Greenhouse Gas Protocol standard, a methodology recognised in DEFRA's (British government Department responsible for Environment, Food and Rural Affairs) Environmental Reporting Guidelines 2012.

We have used the operational control approach where the Group has the authority to introduce and implement its operating policies at the operational level. Franchise hotels and investment hotels that are managed by third party operators have not been included in the data collation.

Excluding business travel which has been reported for the first time this year, carbon emissions have remained relatively constant whilst the intensity measure has shown a steady decline.



This is due to the investment by the Group in more energy efficient process equipment in our operations and attention to environmental standards in the development or refurbishment of our hotels.

In the UK, we have appointed SKM Enviros, energy consultants, to engage and work with our UK hotels on a carbon management programme to deliver a 5% reduction in carbon emissions over a 12 month period.

Since 2011, we have been reporting annually to the Carbon Disclosure Project and our Performance Score improved from an E in 2012 to a C as a consequence of actions considered to contribute to climate change mitigation, adaption and transparency.

Reducing our waste

In 2013 the Group worked to reduce, re-use and recycle materials where possible. Much of this activity focused on building staff awareness as well as investing in more efficient plant and equipment. This has been successfully implemented in Asia where staff awareness has been raised through quarterly environmental newsletters. Local hotels are encouraged to adopt their own causes - such as Millennium Hotel Minneapolis, which donates all of its used guest soap to the Global Soap Project.

Having introduced segregation of waste at Copthorne Tara Hotel London Kensington, we plan to extend this practice to all UK hotels in 2014. The first phase of this - involving London and near-London hotels - will allow 430 tonnes of waste to be composted and a further 450 tonnes to be converted into electricity - with the aim of zero waste being transferred to landfill.

Our focus includes reducing food miles, and using suppliers with a demonstrable commitment to sustainable production methods. For example our main food supplier in the UK is committed to a year-on-year increase in the use of biodiesel manufactured from waste cooking oil collected from its customers, including the Group. Our main UK fish and seafood supplier is a member of the Marine Stewardship Council, Marine Conservation Society and the Sustainable Seafood Coalition, all of which promote sustainable fishing through a range of initiatives.

In 2014 our North American properties will commence conversion of incandescent light bulbs to LED and compact fluorescent. As well as reducing carbon emissions, benefits will include longer bulb life and rebates from electricity suppliers.

Our community

The Group's hotels seek to maintain good relationships with local communities by working with community groups such as schools, hospitals and local charities, supporting them on a wide range of projects. This ranges from regular blood donation drives to helping the homeless with food and clothing collections and providing disadvantaged young people with education or work experience.

Below, we list some examples of community activities around the Group in 2013:

Staff from M&C hotels in Queenstown, along with other local volunteers, helped clear young pine trees from the Ben Lomond Track, a popular New Zealand tourist area. The primary goal was to help control and contain the spread of wilding conifers, thereby protecting indigenous flora and fauna.

1 Community help with the culling.

2 Natalie McAuliffe from Copthorne Hotel and Resort Queenstown Lakefront with an extracted wilding conifer.

3 Indigenous flora and fauna protected by culling of wilding conifers.

Super Hunger Brunch

Millennium Bostonian Hotel recently hosted the 3rd Annual Greater Boston Food Bank (GBFB) Hunger Brunch, an event held during a weekend each January in which GBFB, local hotels and restaurants and OpenTable.com work together to raise funds which are then used to restock the shelves in local food banks.

'Ask Alfred'

Our UK hotels' 'Ask Alfred' children's concierge service has raised £12,000 for Rays of Sunshine - a charity that grants magical wishes for very sick children.

A number of our hotels in the Asia region have joined together by selling raffle tickets to raise funds for victims devastated by Typhoon Haiyan which hit central Philippines on 8 November 2013. The fund drive raised £12,800.

Millennium Hotel Amman supported Family Kitchen initiative. The hotel provided nutritious food for the impoverished areas in Jordan during the holy month of Ramadan 2013.


FAMILY KITCHEN
Certificate of Appreciation
To: Millennium Hotel
For their active support in Ramadan, 2013

In addition, hotel staff and guests raised £25,000 for the British Heart Foundation in the form of cash and physical items such as clothes, books and furniture.

Looking forward

We are proud of the contribution to and the involvement of our wider stakeholders and will continue to commit time and resources to refine operating practices and improve Group's performance from a corporate social responsibility perspective.

Our risks

Like any other business, we are subject to a number of risks and uncertainties, which are influenced by both internal and external factors, often outside our control. In this section, we describe the principal risks that could have a material effect on the Group's business activities.

Risk factors

We provide information on the nature of the risk, actions taken to mitigate risk exposure and an indication of whether the type of risk is increasing, reducing or remains largely unchanged. Not all potential risks are listed below. Some risks are excluded because the Board considers them not material to the Group as a whole. Our processes aim to provide reasonable, not absolute, assurance that the risks significant to our business have been identified and addressed. Additionally, there may be risks that are not reasonably foreseeable at the date of this report for the Group to assess fully their potential impact on the business. The order in which risks are presented below is not indicative of the relative potential impact on the Group. The potential effect of these risks may be material to the Group's business by having an impact on revenues, profits, net assets and financial resources. Such risks also have the potential to impact on the Group's reputation. It is often difficult to assess with accuracy the likely impact of an event on reputation, as any damage may often be disproportionate to the event's actual financial impact. In general, the geographical spread of the Group provides a natural hedge against many of the principal risks identified on the following pages.

Management of risk

Our risk management activity is directed by the Executive Management Committee, led by the Chief Executive Officer, and is monitored by the Head of Risk and Internal Audit. Risk registers are compiled, and periodically updated, which map the nature of the risks relative to their likelihood of occurrence and severity and associated trends. Individual management committee members are assigned responsibility for devising risk treatment plans to eliminate, minimise or transfer risks. The Chief Executive Officer and members of the Executive Management Committee undertake regular reviews of the risk register and progress with risk management plans. The Board has overall responsibility for the risk management process and for ensuring that our risks are managed appropriately and, either directly or through the Audit Committee, reviews the effectiveness of the Group's risk management processes and other internal controls. The Head of Risk and Internal Audit provides the Audit Committee with a quarterly update of risk management activity and the risk register.

	Risk and potential impact	Mitigating activities	Status
Events that adversely impact domestic or international travel	Sustained levels of occupancy and room rates can be adversely affected by events that reduce domestic or international travel. Such events may include acts of terrorism, war or perceived increased risk of armed conflict, epidemics, natural disasters, increased cost of travel and industrial action. These events may be localised to a particular country, region or could have a wider international perspective, especially where a large airport, for example, is a major hub for worldwide travel. Reduced demand will impact on revenues and operational profitability.	The Group has in place contingency and recovery plans to enable it to respond to major incidents or crises.	Stable
Political and economic developments	Major events affecting either economic or political stability on a global and regional level represent an exposure to the Group. Economic events could include recessionary pressures which would have an impact on the Group's revenues, operating costs and profitability. Political risks include changes in the regulatory environment in which the Group's business activities operate, including restrictions on the repatriation of funds or control over the ownership of assets.	Many of these risks are beyond the control of the Group and the time-frames for developing appropriate risk management approaches can often be very short. Management is continually vigilant to political and economic developments and seeks to identify emerging risks at the earliest opportunity. The Group implements ownership structures, internal controls and takes such steps available to it to minimise these exposures to the greatest extent possible.	Stable
The hotel industry supply and demand cycle	The hotel industry operates in an inherently cyclical market place. A weakening of demand, or an increase in market room supply, may lead to downward pressure on room rates which in turn would lead to a negative effect on operating performance.	The Group has management systems in place designed to create flexibility in the operating cost base so as to optimise operating profits in volatile trading conditions, such as the profit protection plans initiated during previous market downturns.	Stable
Quality of product	We compete based on a number of factors, including quality and consistency of product. Lack of investment in the furnishings and plant could have a significant impact on the revenues that the hotels could earn. As supply increases, particularly in our key gateway cities, business may be lost to newer hotels, or rates may have to be cut to remain competitive.	We have a preventative maintenance programme coupled with regular asset reviews at each hotel. In addition, our significant asset management programme is refurbishing and repositioning key hotels, to optimise their revenues.	Increasing
Increasing dependence on online travel agents (OTAs)	Our hotel rooms are booked through a number of distribution channels, one of which is OTAs, which tend to have higher commission rates than more traditional distribution channels, and are taking an increasing share of bookings across the sector. This may impact our profitability. In addition, over time, consumers may develop loyalties to the OTAs rather than to our brand.	The Group continues to refresh its marketing strategy and has committed significant resources in 2014 including extensive enhancements of its direct channel technology and other marketing tools.	Increasing

	Risk and potential impact	Mitigating activities	Status
Human resources	Execution of the Group's strategy depends on its ability to attract, develop and retain employees with the appropriate skills, experience and aptitude. The Group has a strong service culture supported by recognition systems, compensation and benefits arrangements, training and development programmes.	The Group has appropriate systems for recruitment, reward and compensation and performance management. Labour relations are actively managed on a regional and local basis.	Stable
Management agreements	An element of the Group's strategy is to selectively increase the number of management contracts to operate hotels owned by third-parties, primarily focusing on the Middle East region. In this regard, the Group faces competition from established global and regional brands. Successful execution of this strategy will depend on the Group's ability to identify suitable management opportunities, secure contracts on suitable contractual terms and ensure that contractual commitments are met and retained going forward.	The Group has developed a management team in the Middle East region that has the necessary skills and resources to pursue this element of the Group's strategy. A structured process for acquiring new contracts has been implemented and a priority is to ensure that the critical roles are filled and operational management is integrated into the Group system.	Stable
Joint ventures and subsidiaries with minority shareholders	The Group has entered into a number of joint ventures in certain markets and is therefore subject to the risk of non-performance on the part of the partners, especially when the strategic objectives of the partners are not fully aligned.	For these joint ventures, the Group has appointed representatives who are assigned responsibilities to manage the relationship with the joint venture partners in order to enhance the alignment of business objectives.	Stable
Treasury risk	The Group trades in numerous international currencies but reports its financial results in sterling. Fluctuations in currency exchange rates may either be accretive or dilutive to the Group's reported trading results and the Group's net asset value. Unhedged interest rate exposures pose a risk to the Group when interest rates rise, resulting in increased costs of funding and an impact on overall financial performance. Credit risk arises from the risk of financial loss if a financial counterparty fails to meet its contractual obligations in respect of its deposits or short term investments.	Foreign currency transactions exposure is primarily managed through funding of purchases from operating income streams arising in the same currency. Interest rate hedges 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. The Group actively monitors the need and timing of such hedges. Investments in short-term instruments are with counterparties approved by the Board taking into account the counterparty's credit rating and a maximum limit as to the amount that may be deposited.	Stable

	Risk and potential impact	Mitigating activities	Status
Tax risk	The Group's businesses operate in numerous tax jurisdictions. Changes in tax laws in any of those jurisdictions may have adverse consequences on the Group's profits. Similarly the Group's interpretation and application of various tax laws may be challenged. Tax authorities in many jurisdictions are increasing their focus on corporate tax affairs in order to maximise tax receipts.	The Group seeks to minimise tax risk by ensuring that appropriate accounting systems, processes and internal controls are in place to ensure that taxes are calculated accurately and paid on a timely basis, in compliance with tax legislation. A co-operative approach is undertaken in respect of provision of information to tax authorities during tax audits and investigations, and external tax advisors are engaged in each tax jurisdiction where necessary to advise on such matters, and to give guidance on the implementation of any changes in tax legislation. Full review of tax implications is carried out prior to undertaking any transactions involving new activities or structural changes, and external tax planning advice is obtained where appropriate. The Board and Audit Committee receive regular updates on tax management issues.	Stable
Compliance and litigation	The Group operates in many jurisdictions and is exposed to the risk of non-compliance with increasingly complex statutory and regulatory requirements. In addition, the Group may be at risk of litigation from various parties with which it interacts, either through direct contractual arrangements or from the provision of services. In certain countries where the Group operates, particularly in emerging markets, local practices and the legal environment may be such that it is sometimes difficult for the Group to enforce its legal rights.	The Group continues to monitor changes in the regulatory environment in which it operates, identify its compliance obligations and implement appropriate compliance programmes. The Group has processes in place to manage the risks associated with its various contractual relationships. These include comprehensive policies for ethics and business conduct, anticorruption and bribery, gifts and hospitality and charitable donations. There is training for relevant staff.	Increasing
Safety, health and environment	As a significant property owner and operator of hotels in multiple jurisdictions, the Group is exposed to a wide range of regulatory requirements and obligations concerning the health and safety of employees, visitors and guests. Failure to implement and maintain sufficient controls regarding health and safety issues could expose the Group to significant sanctions, both civil and criminal, financial penalties and reputational damage.	The Group has established and maintains health and safety and environmental management systems that are aligned with the requirements of ISO 14001 and OHSAS 18001. By working to British standards, the Group is committed to working to the highest standards of health and safety and to an internationally accredited system.	Stable
Intellectual property rights and brands	Future development will, in part, be dependent on the recognition of the Group's brands and perception of the values inherent in those brands. Consistent delivery of product quality is vitally important to influencing consumer preference and creating and maintaining value perception. Historically the Group has mainly operated properties which it owns. The trend towards managing third-party properties, primarily in the Middle East region increases the risk that product quality may not be delivered in accordance with the Group's standards. This may increase the Group's exposure to litigation, increase risks to reputation, reduce revenues and become an inhibiting factor on ongoing development.	Substantial investment continues to be made in protecting the Group's brands from misuse and infringement, by way of trade mark registration, enforcement of property rights and domain name protection. Management seeks to ensure maintenance of standards by developing strong working relationships with hotel owners and undertaking regular monitoring of service delivery.	Stable

Our risks continued

	Risk and potential impact	Mitigating activities	Status
Property ownership	The Group's strategy is to be both owner and manager of hotel properties. Growth of the Group's portfolio of owned assets is dependent on the availability of suitable development sites, acquisitions and access to funding. A limit on such opportunities may have a negative impact on future operational profitability. Property ownership requires ongoing investment in the form of preventative maintenance, refurbishment, significant capital expenditure and product development. There is also the possible loss of capital due to uninsured events and reductions in asset values as a result of demographic changes in the markets in which the properties are located.	The Group continues to develop property specific asset management plans which focus on the capital requirements of each property in terms of regular maintenance and product enhancement. The Group has rigorous management systems to monitor major capital projects to ensure they are properly managed and delivered on time and within budgeted parameters.	Stable
Insurance	Not all risks are insured, either because the cover is not available in the market or the cover is not available on commercially viable terms. The Group is exposed to the risk of cover not being continually available. Availability may be influenced by factors outside the Group's control, which could reduce the market's underwriting capacity, breadth of policy coverage or simply make the cost of cover too expensive. The Group could be exposed to uninsured third-party claims, loss of revenue or reduction of fixed asset values which may, in turn, have an adverse effect on Group profitability, cash flows and ability to satisfy banking covenants.	The Group's insurance requirements are regularly reviewed to ensure that the cover obtained is appropriate to its risk profile and after taking into account the level of retained risk the Board considers to be appropriate, relative to the cost of cover available in the market place. Insurance covers are arranged with a variety of insurers to ensure that arrangements are not overly concentrated on a limited number of carriers. Choice of insurance carriers is dependent on satisfaction of a number of relevant factors including a review of the insurers' security ratings.	Stable
Information Technology systems and infrastructure	In order to maintain its competitiveness within the market place the Group will need to ensure its IT systems deliver the necessary trading platforms and provide management with accurate and timely information.	The Group invests in systems that are tried and tested so that as much operational resilience as possible, cost considerations permitting can be obtained. Further investment is being made to remove legacy technology to ensure robust, secure and compliant technology systems and services are delivered. Crisis management and disaster recovery plans are in place for critical systems. Management reviews IT requirements and risks to prioritise implementation of changes and improvements.	Increasing
Data privacy and protection	A significant proportion of the Group's operating revenue is received from customers through credit card transactions and the Group has an obligation to keep secure customers' credit card and other personal details. Non-compliance with data privacy and protection regulations, which differ by jurisdiction and are an area of increased focus by regulators, could result in fines and/or other damages including reputational damage being incurred particularly in the event a data breach should occur. Additionally, the payment card industry requires the Group to comply with data security standards (PCI-DSS) as a condition in credit card merchant agreements. Failure to comply with these regulatory and contractual requirements and standards could result in penalties and withdrawal of credit card payment facilities.	The Group is in the process of refreshing and improving its operating controls to ensure that appropriate IT systems, resource and structures are in place to ensure continued compliance with Data privacy and protection regulations. Furthermore this is being reviewed by an external party for assurance that will meet with best practice requirements. Training is provided (and regularly updated) to all relevant staff.	Increasing

By order of the Board

Wong Hong Ren
Chief Executive Officer

20 February 2014

Governance

Board of Directors

1 Kwek Leng Beng

Chairman and Chairman of the Nominations Committee Committees: N

Kwek Leng Beng has been the Chairman of Millennium & Copthorne Hotels plc since its incorporation.

He is the Executive Chairman of the Hong Leong Group of companies in Singapore including City Developments Limited. He is also Chairman and Managing Director of Hong Leong Finance Limited and City e-Solutions Limited and the Chairman of Hong Leong Asia Limited.

Mr Kwek's achievements have also captured the attention of the academic institutions. He was conferred:

Honorary Doctorate of Business Administration in Hospitality from Johnson & Wales University (Rhode Island, US), where students have an opportunity to pursue career education in business, hospitality, culinary arts or technology; Honorary Doctorate from Oxford Brookes University (UK) whose citation traced how Mr Kwek, who joined the family business in the early 1960s, had gone on to establish an international reputation for his leadership of the Hong Leong Group, as well as being an active supporter of higher education in Singapore.

Mr Kwek also serves as a Member of the INSEAD East Asia Council. France-based INSEAD is one of the world's leading and largest graduate business schools which bring together people, cultures and ideas from around the world.

Mr Kwek has distinguished himself in property investment and development, hotel ownership and management, financial services and industrial enterprises. Today, he sits on the flagship of a multi-billion empire worth over US$20b in diversified premium assets worldwide and stocks traded on six of the world's stock markets. He currently heads a worldwide staff strength of over 40,000 across a range of businesses in Asia-Pacific, the Middle East, Europe and North America. Mr Kwek also played a pivotal role in Las Vegas Sands Corporation's successful bid for Singapore's high profile Integrated Resorts project at Marina Bay.

At the Securities Investors Association Singapore ("SIAS") Investors' Choice Awards in October 2012, Mr Kwek (as Executive Chairman of City Developments Limited), together with Mr Kwek Leng Joo (as Managing Director of City Developments Limited), emerged joint winners as "Partners in the Office of the CEO" in the Brendan Wood International – SIAS TopGun CEO Designation Award. This award is accorded to CEOs who are best in class rated by shareholders.

2 Wong Hong Ren

Group Chief Executive Officer

Wong Hong Ren joined Millennium & Copthorne Hotels plc as a Non-Executive Director at the flotation of the Group in 1996 and has been an Executive Director since April 2001. He was appointed Group Chief Executive Officer on 27 June 2011. Mr Wong is Chairman of Millennium & Copthorne New Zealand Limited and CDL Investments New Zealand Limited, both of which are listed on the New Zealand stock exchange. He is also the non-executive Chairman of M&C REIT Management Limited which manages CDL Hospitality Real Estate Investment Trust, which is part of the Singapore-listed CDL Hospitality Trusts.

3 His Excellency Shaukat Aziz

Independent Non-Executive Director Committees: R N

Shaukat Aziz was appointed to the Board in June 2009. He was elected as Prime Minister of Pakistan and served from 2004 – 2007, following five years as Finance Minister from 1999.

After graduating from Gordon College, Rawalpindi in 1967, Mr. Aziz gained a MBA degree from the Institute of Business Administration, University of Karachi. An internship at Citibank marked the beginning of a 30 year career in global finance, encompassing roles in Pakistan, Greece, United States, United Kingdom, Malaysia, Philippines, Jordan, Saudi Arabia and Singapore. As Executive Vice President, he held several senior management positions in Citibank including head of institutional banking for Central Eastern Europe, the Middle East and Africa and later for Asia Pacific, followed by Chief Executive of the bank's global wealth management business.

Having presided over impressive economic growth in his country, he offers an expert view and is a frequent speaker on the challenges facing the world including structural reforms, diplomacy, geopolitics and security. He is a member of several boards and advisory boards of various commercial and non-profit entities around the world.

4 Ian Batey

Independent Non-Executive Director

Ian Batey was appointed to the Board in August 2011. An accomplished brand specialist, he launched his advertising agency, Batey Ads, in Singapore in 1972. Under his leadership, Batey Ads became South East Asia's largest independent advertising group, responsible for the development of many iconic Asian brands including Singapore Airlines, Tiger Beer and Raffles Hotel. The agency has since become part of Grey Singapore, a subsidiary of WPP Plc.

He has been widely recognised for his contribution to the advertising industry and to the wider community, culminating in 1999 with the first Lifetime Achievement Award to be bestowed by the Institute of Advertising Singapore.

He resigned from the Board on 20 February 2014.

Committees
A Member of the Audit Committee
R Member of the Remuneration Committee
N Member of the Nominations Committee

5 Sean Collins

Senior Independent Non-Executive Director and Chairman of the Audit Committee Committees: A R N

Sean Collins was appointed to the Board in September 2012. A Chartered Accountant, he was formerly a senior audit and advisory partner at KPMG, where he had worked since 1972. From 2009 to 2012, Mr Collins was Head of Markets, Asia Pacific, responsible for the firm's business development in the Asia Pacific region. He also led the Global Communications and Media practice for over a decade. Mr Collins has deep and extensive experience of corporate governance, financial reporting and other corporate disciplines, gained during many years as lead partner for a large number of major international clients. He is Non-Executive Director and Audit Committee Chairman of the JT Group (formerly Jersey Telecom). Other appointments include member of the Case Management Committee of the Financial Reporting Council, Council Member of the Royal Society for Asian Affairs, Governor and Deputy Chairman of More House School in Surrey, England.

6 Susan Farr

Independent Non-Executive Director Committees: R N

Susan Farr was appointed to the Board in December 2013. She is a specialist in business development and marketing and currently serves on the executive committee at Chime Communications. She also currently serves as a Non-Executive Director of Dairy Crest and Motivcom.

In the course of a distinguished career, Ms. Farr has held senior management positions in a diverse range of organisations including Vauxhall Motors, the British Broadcasting Corporation and Thames Television. She is a former Chair of The Marketing Society and the Marketing Group of Great Britain.

7 Nicholas George

Independent Non-Executive Director Committees: A R

Nicholas George was appointed to the Board in June 2009. A Chartered Accountant, Mr George is Chairman of Nutmeg Savings and Investments and is a Director of LGT Capital Partners (UK) Limited. Notably in 2003, Mr George was a founding partner of KGR Capital, a leading Asian Fund of Funds Specialist that was sold to LGT in 2008. Other appointments include Chairman at euNetworks Limited and he also sits on the Board of GK Goh Holdings Limited; both companies are listed on the Singapore Stock Exchange. In addition, Mr George is a Director of Aberdeen New Dawn Investment Trust plc which is listed on the London Stock Exchange. He has over 30 years of experience in investment banking and was a Managing Director of JP Morgan Securities (previously Jardine Fleming) in Asia from 1993 to 2002 and a Managing Director of HSBC Securities in Asia from 2002 to 2003.

8 Kwek Eik Sheng

Non-Executive Director

Kwek Eik Sheng was appointed to the Board in May 2011. He has been with the Hong Leong Group of companies in Singapore since 2006, before joining City Developments Limited in 2009, where he is currently Head of Corporate Development.

He holds a Bachelor of Engineering in Electrical and Electronics Engineering from Imperial College of Science, Technology and Medicine and a MPhil in Finance from Judge Business School, Cambridge University.

9 Kwek Leng Peck

Non-Executive Director Committees: N

Kwek Leng Peck joined Millennium & Copthorne Hotels plc prior to the flotation of the Group. He holds directorships on most of the listed companies within the Hong Leong Group of companies in Singapore, including City Developments Limited, Hong Leong Finance Limited and China Yuchai International Limited. He also serves as an Executive Director for Hong Leong Asia Limited and is the non-executive Chairman of Tasek Corporation Berhad.

10 Alexander Waugh

Independent Non-Executive Director and Chairman of the Remuneration Committee Committees: A R N

Alexander Waugh was appointed to the Board in June 2009. He is a world renowned author, literary critic and composer. He is Honorary President of the Shakespeare Authorship Coalition, General Editor of a 42-volume scholarly edition for Oxford University Press and Senior Visiting Fellow at the University of Leicester. He has commercial experience in event management, the media industry and is the founder of a successful publishing business. He was also founding director and Chairman of Xebras Management Limited, a digital media company.

Directors' Report

The Directors submit their Report for the financial year ended 31 December 2013 describing how we govern the Company, who the Board are and what the Board does. In addition, the Corporate Governance Report on pages 37 to 40 and the Remuneration Committee Report on pages 45 to 58 form part of this Report.

Board of Directors

Directors' biographies are shown on pages 32 to 33, which identify the Chairman, Senior Independent Director, the Chairmen of the Board's standing committees and other Directors considered by the Board to be independent, having taken into consideration the factors set out in Code provision B.1.1.

All of the Directors will stand for election at the forthcoming Annual General Meeting. Details of the share interests of Directors are shown on page 58. No changes to these interests occurred between the year-end and the date of this report.

Ethics and business conduct

The Group has in place policies which outline the standards of behaviour required of all employees when acting on the Group's behalf which include acting professionally, with honesty, integrity, objectivity and in compliance with all applicable legal and regulatory requirements. The Board of Directors has implemented an anti-bribery policy which prohibits the offering, the giving, the solicitation or the acceptance of any bribe, whether cash or other inducement. Whistle-blowing procedures are in place to enable employees to raise concerns about any activity they consider to be unlawful or a breach of authority or which falls below accepted standards or practice, amounts to improper conduct or could damage the Group's reputation. These policies are monitored through the Group's systems of internal controls and by the Audit Committee.

Corporate social responsibility

Details of the Group's wider approach to managing its corporate social responsibility can be found on pages 22 to 25 including the Group's report on green house gas emissions. The Board takes regular account of the significance of social, environmental and ethical matters to the business of the Group and identifies value arising from those matters as well as opportunities to enhance value that may arise from them. To ensure the delivery of the Board's policies in respect of health, safety, and the environment, Wong Hong Ren, in his capacity as Chief Executive Officer, has been identified as the Board member responsible for these areas.

Employees

We operate in over 20 countries and value highly the rich ethnic and cultural diversity of our people by nurturing a working environment that recognises, develops and values people with different views, styles and approaches.

Our policy is to provide equality of opportunity for all employees without discrimination and continues to encourage the employment, training and advancement of disabled persons in accordance with their abilities and aptitudes, provided that they can be employed in a safe working environment. Suitable employment would, if possible, be found for any employee who becomes disabled during the course of employment.

The Group operates an approved Save as You Earn Scheme in the UK to encourage the involvement of employees in the Group's performance.

Further details on employee involvement are set out in note 23 to the consolidated financial statements.

Risk management

Significant short and long-term risks have been identified and assessed and the Board believes it has received adequate information to ensure that the Company has effective systems in place for managing the Group's key risks. The Group's significant risk factors are included on pages 26 to 30.

Financial risk management

An indication of the Group's financial risk management objectives in respect of the use of financial instruments and its exposures to credit risk, interest rate risk and foreign currency risk are set out in note 22 to the consolidated financial statements.

Going concern

Information on the principal risks and uncertainties that the Group faces throughout its global operations are included in Our risks on pages 26 to 30. The financial position of the Group, its cash flows, liquidity position and debt facilities are described in Financial performance on pages 11 to 13. In addition, note 22 to the consolidated financial statements sets out the Group's policies and processes for measuring and managing risk from its use of financial instruments in relation to credit risk, liquidity risk and market risk (both currency and interest rate-related). Further details of the Group's cash balances and borrowings are included in notes 20 and 21 to the consolidated financial statements.

In assessing whether the Group is a going concern, the Directors follow a review process which is consistent with the principles set out in the guidance published by the Financial Reporting Council: "Going Concern and Liquidity Risk: Guidance for Directors of UK Companies 2009". Cash flow forecasts for the Group have been prepared for a period in excess of twelve months from the date of approval of these consolidated financial statements. These forecasts reflect an assessment of current market conditions. The forecasts completed on this basis show that the Group will be able to operate within the current committed debt facilities and show continued compliance with the financial covenants. In addition, management has considered various mitigating actions that could be taken in the event that market conditions are worse than their current assessment. Such measures include further reduction in costs and in capital expenditure.

On the basis of the exercise as described above and the available committed debt facilities, the Directors have a reasonable expectation that the Group and Company have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt a going concern basis in preparing the financial statements of the Group and the Company.

Indemnities

The Company has provided each of its Directors with a qualifying third-party indemnity, as defined in section 234 of the Companies Act 2006. In addition, the Company has provided qualifying pension scheme indemnities to the Directors of Millennium & Copthorne Pension Trustee Limited which acts as trustee to the Group's UK pension plan and to the directors of its UK subsidiary companies. These indemnities remain in force as at the date of this report. During the year, the Company has maintained cover for its Directors and Officers and those of its subsidiary companies under a Directors' and Officers' liability insurance policy, as permitted by section 233 of the Companies Act 2006.

Shareholders and Annual General Meeting

Results and dividends

The profit on ordinary activities before taxation was £263.6m (2012: £171.3m). An interim dividend of 2.08p per share was paid on 4 October 2013. The Directors are recommending a final dividend of 11.51p per share (2012: 11.51p) and a special dividend of 9.15p per share (2012: £nil), which, if approved at the annual general meeting, will be paid on 16 May 2014 to shareholders on the register on 21 March 2014.

The Directors will seek to maintain a total dividend that equates to a dividend cover ratio of 3.1 (Basic Earnings per share/total dividend per share), subject to extraordinary events and the cash needs of the Group.

Share capital

The issued share capital of the Company, together with details of the movements in the Company's share capital during the year, are shown in note 29 to the consolidated financial statements.

Details of shares issued pursuant to the Group's share-based incentive schemes are shown in the note 23 to the consolidated financial statements.

Rights and obligations attaching to the Company's ordinary shares are set out in the Company's Articles of Association, a copy of which can be obtained from Companies House. A copy is also available on request from the Company Secretary and on the Group's website at www.millenniumhotels.com/corporate/investors.html

The Company's Articles of Association may only be amended by Special resolution of the shareholders.

At the Company's annual general meeting in May 2013, the Directors were authorised to allot shares up to a nominal amount of £32,455,496 and to allot such shares up to this nominal amount in connection with a rights issue and otherwise to allot shares for cash on a non pre-emptive basis up to a nominal amount of £4,868,324. In addition, the Company was authorised to make market purchases of up to 10% of the Company's issued share capital. All of these authorities remained in effect as at 31 December 2013 and shareholders will be asked to renew them at the forthcoming annual general meeting.

The voting rights attached to the Company's ordinary shares are not restricted and there are no restrictions on the transfer of the Company's shares. None of the Company's shares carry special rights with regard to control of the Company. Neither the Company nor its Directors are aware of any agreements between shareholders that could result in restrictions on the transfer of shares or on voting rights.

There is in place a co-operation agreement between City Developments Limited ("CDL") and Millennium & Copthorne Hotels plc which provides that CDL may appoint up to 5 Directors to the Board. As at the date of this report, CDL have appointed 3 Directors. The co-operation agreement is placed before shareholders annually.

Substantial shareholdings

As at 19 February 2014, the Company had received details of the following material shareholdings in its issued share capital:

Substantial shareholders	%
City Developments Ltd	**59.35**
Aberdeen Asset Management plc	**6.01**
Held through:	
Aberdeen Asset Managers Ltd	5.60
Aberdeen Asset Management Inc (US)	0.38
Aberdeen Asset Management (Asia) Ltd.	0.02
Aberdeen Asset Management (Edinburgh)	0.01
Schroders plc	**4.98**
Held through:	
Schroder Investment Management Ltd.	4.39
Cazenove Capital Management Limited	0.45
Schroder Investment Management North America Limited	0.14
International Value Advisers, LLC	**4.36**
Prudential plc	**3.16**
Held through:	
M & G Investment Management Ltd	3.16

Auditor

Our auditors, KPMG Audit Plc have advised that they are re-organising their business and will resign as auditor to be replaced by KPMG LLP. The Board will put KPMG LLP forward to be appointed as auditors and a resolution concerning their appointment will be put to the forthcoming annual general meeting of the Company. A resolution will also be proposed authorising the Directors to determine the auditors' remuneration.

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

The Directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and all of the Directors have taken all the steps that they ought to have taken as Directors to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Annual General Meeting

The annual general meeting will be held at 10.00am on Thursday, 1 May 2014 at the Millennium Hotel London Mayfair, Grosvenor Square, London W1K 2HP.

A detailed explanation of each item of non-routine business to be considered at the annual general meeting is included with the Notice of Meeting.

By order of the Board

Jonathon Grech
Company Secretary

20 February 2014

Corporate Governance Report

Corporate governance statement

The Board is committed to ensuring that good practice in corporate governance is observed throughout the Group and remains the responsibility of the whole Board. The Board is committed to maintaining high standards of business integrity and professionalism in all its activities and continues to support the highest standards in corporate governance.

Millennium & Copthorne Hotels plc is the listed holding company for the Millennium & Copthorne group of companies; its shares are listed on the London Stock Exchange and is therefore subject to the UK Corporate Governance Code issued by the Financial Reporting Council in 2010 and 2012 (the "Code").

The Board considers that, throughout the year, it was compliant with the provisions of the Code. A copy of the Code is available from the Financial Reporting Council (www.frc.org.uk).

Pages 37 to 40 include statements as to how the Company has applied the main principles of the Code.

The Strategic Report on pages 6 to 30 provides information about the Group's strategy and outlook, its businesses, the financial and operating performance during the year, the principal risks and uncertainties and corporate social responsibility. A description of the Group's business model is included on page 8 as required by provision C.1.2 of the Code.

Board meetings

The Board currently comprises the Chairman, one Executive Director, six independent Non-Executive Directors and two other Non-Executive Directors who, like the Chairman, are appointees of the majority shareholder, City Developments Limited. Each Director is expected to fulfill his duties for the benefit of all shareholders. The Company's Articles of Association contain provisions concerning the appointment and replacement of Directors.

The scheduled number of meetings of the Board held during the year is shown below together with attendance details of each Director. The Board also held one ad hoc meeting in the year.

	Meetings	
Directors	Eligible to attend	Attended
Kwek Leng Beng (Chairman)	8	8
Wong Hong Ren	8	8
Shaukat Aziz	8	6
Ian Batey[1]	8	4
Sean Collins	8	8
Susan Farr[2]	1	1
Nicholas George	8	8
Kwek Leng Peck	8	5
Kwek Eik Sheng	8	7
Alexander Waugh	8	8

Notes:
1 Ian Batey has given notice of his intention to retire from the Board on 20 February 2014
2 Susan Farr joined the Board on 12 December 2013

Our role

Overall control of the Group is exercised by the Board, which has responsibility, amongst other things, for setting strategy and ensuring that adequate resources are available and leadership is provided to achieve the Group's strategy.

The Board meets up to ten times a year and has a schedule of matters reserved for its attention. Certain matters which are reserved for the Board have been delegated to its standing committees with specific delegated authority.

These committees' activities are set out in the reports of each committee's chairman which are deemed to be part of this report.

The Company Secretary acts as secretary to all standing committees of the Board.

Reserved matters which require Board approval include:

Ethics, group-wide business policies and practices
Strategy, management and long-term plans
Annual budgets
Capital expenditure, acquisitions, significant property transactions and investments
Major contracts and expenditure proposals
Internal control systems, corporate governance, compliance and communication

Executive management is responsible to the Board for the Group's operational performance including: implementing the Group strategy as determined by the Board; maintaining adequate internal control systems and risk management processes; monitoring operational performance against plans and targets and reporting to the Board any significant variances; maintaining an effective management team and succession planning.

A written statement defining the respective responsibilities of the Chairman and Chief Executive Officer has been agreed and approved by the Board.

The Chairman

The Chairman provides leadership for the Board on all aspects of its role. His key duties are to:

- Formulate and set the strategic direction and organisational structure of the Group, subject to the Board's approval;
- Set a clear vision for the Group;

- Take the lead to appoint the Chief Executive Officer and following the appointment to mentor the Chief Executive Officer as and when required;
- Balance the interests of management and the Board as well as the needs of shareholders and management;
- Act as a liaison between management and the Board as well as between the Company and its shareholders;
- Manage communications and information dissemination processes between the Company and its shareholders and work closely with the Company's public relations team to achieve this objective;
- Establish the agenda and manage Board meetings;
- Offer advice and tap the collective wisdom and experience of Board members;
- Take a proactive role in the appointment of Directors and, following such appointments, oversee the development of individual Directors; and
- Develop the top management team in particular the Chief Executive Officer and establish a succession plan for the Chief Executive Officer position.

There have been no changes to the Chairman's other significant commitments during the year.

The Chief Executive Officer

The Chief Executive Officer has ultimate responsibility, reporting to the Board, for the day-to-day running of the Group. He is responsible for leading the management and the operational activities and performance of the Group, including the effective delivery of the strategy and the business plan, as agreed by the Board, while managing the risks. His duties are to:

- Receive the strategic vision of the Group from the Board of Directors and to implement such strategic vision, develop the strategic plan, business plan and budget and deliver the same to the satisfaction of the Board;
- Lead and act as an advocate for the Group Management Committee;
- Oversee the execution of the strategic vision and plans, and assess the Group's performance in meeting them;
- Promote the growth of the Group;
- Develop the management team and establish a succession plan for key management appointments;
- Act on the feedback of the Chairman;
- Be responsible for the day-to-day management of the Group's business and affairs and to ensure that significant issues that arise are resolved in an efficient and timely manner; and
- Lead the management team to improve performance in every division.

Role of the Non-Executive Directors

The majority of the Board is made up of independent Non-Executive Directors who have wide ranging international experience at senior levels in areas of finance, investment banking, fund management, media, brands and international affairs. They bring strong, independent judgement to the deliberations of the Board, particularly in the areas of strategy, finance and governance.

Sean Collins, as the Senior Independent Director, is available to meet with our institutional shareholders and shareholder representative bodies and to discuss any matters where it would be inappropriate for discussions to be held with either the Chairman or the Chief Executive Officer. He is also a sounding board for the Chairman and is an intermediary for other Board members when necessary.

Independent Non-Executive Directors have rolling contracts and appointments are subject to termination by either party giving one month's notice. Appointment and any subsequent re-appointment is subject at all times to the Articles of Association of the Company and any necessary shareholder ratification.

On appointment, each independent Non-Executive Director receives a letter of appointment setting out the terms of the appointment, including committee memberships, fees to be paid, matters such as confidentiality of information, potential conflicts and share dealing restrictions.

Training and information

All Directors have access to the advice of the Company Secretary, who is responsible for ensuring the Board procedures and applicable rules and regulations are observed. In addition, the Directors are able, if necessary, to take independent professional advice at the Company's expense. There is the opportunity for Non-Executive Directors to meet separately with the Chairman.

The Chairman, in conjunction with the Company Secretary, is also responsible for ensuring that Directors receive appropriate training at the Company's expense where specific expertise is required in the course of the exercise of their duties. All Directors receive a Board Compendium detailing matters relating to Board procedures. An induction programme is established for any new directors.

The Board has established agreed procedures for managing potential conflicts of interest. These procedures and any potential conflicts authorised in accordance with section 175(4) Companies Act 2006, as permitted by the Company's Articles of Association, are reviewed by the Board at least annually. The Board is satisfied that the procedures for managing potential conflicts remain effective.

Evaluation process

During the year, an independent externally facilitated Board evaluation was conducted by Lintstock, with the Directors completing on-line questionnaires. The evaluation process focused on key themes including:

- Board composition, expertise and dynamics.
- Time management and Board support.
- The operation of Board committees.
- Strategic oversight.
- Risk management and internal controls.
- Succession planning and human resource management.

A report was produced identifying a number of priorities to improve performance. The Board discussed the report at the Board meeting in November 2013 and agreed on the following actions:

Key areas	Actions
Greater interaction between Non-Executive Directors and the senior management teams worldwide	Visits to regional Group offices to be facilitated. Two such visits have taken place
Some Board meetings to be held in regional Group locations	Arrange for at least one Board meeting to be held outside of UK over the next 18 months.
Gender diversity on the Board	New female Non-Executive Director appointed in December 2013

Lintstock have no other connection with the Group.

The performance of Executive and Non-Executive Directors is assessed annually by the Chairman. During the year, the Chairman and independent Non-Executive Directors met without the Executive Director in attendance to conduct such assessment. Evaluation of the Chairman is conducted by the independent Non-Executive Directors led by the Senior Independent Director.

Internal control system

The Board is responsible for the Group's system of internal control, including the Group's financial reporting process and the Group's process for preparation of consolidated accounts, and for monitoring its effectiveness. In establishing this system, the Directors have considered the nature of the Group's business, with regard to the risks to which that particular business is exposed, the likelihood of such risks occurring, their potential impact and the costs of protecting against them. However, such a system is designed to manage rather than eliminate the risks and can only provide reasonable and not absolute assurance against material misstatement. The Group's significant risk factors are included on pages 26 to 30.

The Board confirms that, in accordance with the Turnbull guidance, there is an ongoing process for identifying, evaluating and managing the significant risks faced by the Group. This process is reviewed by the Audit Committee on behalf of the Board and has been in place for the year under review, and up to the date of the approval of the Annual Report.

Primary responsibility for the operation of the system of internal controls is delegated to executive management. The effectiveness of the operation of the internal control system is reviewed by an internal audit function and, where appropriate, by the Group's external auditor and external consultants, who report to management and to the Audit Committee. In addition, responsibility is delegated to executive management to monitor the effectiveness of the systems of control in managing identified risks as established by the Board. The internal audit department reviews the effectiveness of key internal controls as part of its standard work programme, and individual reports are issued to appropriate senior management. These reports are summarised and distributed to the Audit Committee, the Chief Executive Officer, senior management of the Group and the external auditor. They are subsequently reviewed by the Audit Committee, which ensures that, where necessary, recommendations on appropriate corrective action are drawn to the attention of the full Board.

The main features of the Group's internal control framework are:

- The Group's strategic direction is regularly reviewed by the Board, which sets business objectives for the Group. Annual plans and performance targets for each region are set by the executive management team and reviewed by the Board on a geographical basis in the light of overall objectives;

- Within the financial and overall objectives for the Group, agreed by the Board, the day-to-day management is delegated to the Chief Executive Officer and executive management. The executive management team carries out regular operational reviews with business managers to ensure appropriate pursuit of the overall objectives and management of the primary risks of the Group; and
- The Directors' going concern statement can be found on page 34 of the Directors' report.

Communication with shareholders

General presentations are made after the announcement of final and half-yearly results. There is a programme of meetings with institutional shareholders to review the Group's performance and business model and objectives. In addition, the Senior Independent Director has meetings with a range of major shareholders during the year and other Non-Executive Directors also have the opportunity to attend such meetings. Regular feedback is provided to the Board of views expressed by shareholders.

The Group's website provides regular updates for investors and contains all announcements from the Group.

At general meetings, there is the opportunity for all shareholders to question the Chairman and other Directors (including the Chairmen of the Audit, Remuneration and Nominations Committees). The Company prepares separate resolutions on each substantially separate issue put to shareholders and does not combine resolutions together inappropriately.

A schedule of the proxy votes cast is made available for inspection at the conclusion of the proceedings and the Annual Report is laid before the shareholders at the annual general meeting. Notice of the annual general meeting and related papers are sent to shareholders at least 21 working days prior to the date of the meeting, and the Company encourages all shareholders to make positive use of the Company's annual general meeting for communication with the Board.

Audit Committee Report

The key objective of the Committee throughout the year has remained the provision of effective governance over the appropriateness of the Group's financial reporting including the adequacy of related disclosures, the performance of both the internal audit function and the external auditor, and the oversight of the Group's systems of internal control, business risks and related compliance activities.

Our members

The Board believes that between them the members of the Committee have suitable broad commercial knowledge and significant business experience. The Board has determined that both Nicholas George and I have recent relevant financial experience as required by the provisions of the UK Corporate Governance Code.

Committee meetings

The Committee held 5 scheduled meetings in 2013 and attendance is shown below.

Committee members in 2013

Members	Meetings: Eligible to attend	Meetings: Attended
Sean Collins (Chairman)	5	5
Nicholas George	5	5
Alexander Waugh	5	5

The Chief Executive Officer, Chief Financial Officer, Company Secretary and Head of Internal Audit, although not members of the Committee, attend each meeting, as does the lead audit partner from our external auditor, who is not present when we discuss auditor's performance and/or remuneration. Senior managers from the Group's financial function are also normally invited to attend.

As part of this process of working with the Board and to maximize effectiveness, meetings of the Committee generally take place just prior to a Company Board meeting. I report to the Board as part of a separate agenda item, on the activity of the Committee and matters of particular relevance to the Board in the conduct of their work.

Our role

Our terms of reference are available on request from the Company Secretary and on the Group's website at www.millenniumhotels.com/corporate/investors.html

Main activities of the Committee during the year

During the year, the Committee has performed the following:

- Members of the Committee have visited operations in the US, China, Singapore and the UK to improve their understanding of the business and assess the management of risks;
- Reviewed IT Group strategy, with particular focus on payment card industry (PCI) and data security compliance, and cyber security;
- Monitored tax based restructuring, impairment policy, going concern reports, together with the interim report, full year annual accounts and interim management statements;
- Understood, analysed and reviewed the impact of IFRS 10 'Consolidated Financial Statements' for the year ending 31 December 2014, as discussed in note 4 to the accounts. The Committee has reviewed management's conclusions on the impact of this standard, and has examined in detail the technical conclusions affecting the treatment of the Group's investment in CDLHT in particular, which has been treated historically as an associate under IAS 28. In particular, the Committee has held extensive discussions with both audit and technical resources at KPMG, and examined emerging accounting consensus at other impacted groups in Singapore;
- Monitored at every meeting related party charges between the Group and its majority shareholder in the context of the existing shareholder agreement;
- Recruited a new Head of Internal Audit;
- Analysed the changes in the Listing Authority rules for controlled listed companies to understand the impact, if any, on the Group's current governance procedures;
- Following the publication of the revised version of the UK Corporate Governance Code, which applies to financial years commencing on or after 1 October 2012, the Board requested that the Committee advise them on whether we believe the annual report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy; and
- Reviewed the Group's key financial reporting matters, as detailed below:

Financial reporting

We monitor the integrity, prior to submission to the Board, of periodic financial statements, annual accounts, reports to shareholders and any other public announcement concerning the Group's financial position, corporate governance statements and statements on the Group's system of internal controls and report our views to the

Board to assist in its approval of the results announcements and the annual report.

Significant financial statement reporting issues

The Committee determined that the key significant financial statement reporting issues are related to valuation of its hotel assets, revenue recognition in respect to development properties, specifically the Glyndebourne development, valuation of investment properties, and taxation, following discussion with both management and KPMG.

Impairment of hotel assets

As more fully explained in note 12, the total carrying amount of hotels as at 31 Dec 2013 is £1,875.4m. The Group continues to engage external valuation experts to assist with the valuations exercise and impairment review. Financial performance and sensitivity of the valuation models to other key inputs means that the valuations remain inherently subjective. The property, plant and equipment assets are carried at historical cost, which mitigates the risk of impairment of these assets.

During the year, the Committee examined management's recommendations in respect to the valuation of the Group's hotel and property portfolio and agreed that:

- the scoping for external valuations was done appropriately, taking into account materiality, indicators of impairment and risk;
- there was the appropriate use of third party valuation expertise;
- Sufficient robust challenge was given to management from the external auditors;
- Material judgmental assumptions that were used in the valuations were within reasonable parameters; and
- Conclusions have been appropriately drawn.

Valuation of investment properties

The total carrying amount of investment properties as at 31 Dec 2013 is £163.5m (see note 14 to the accounts).

Investment properties are stated at fair value and any increase or decrease in the fair value on annual revaluation is recognised in the income statement. Where a fair value cannot be reasonably determined, the property is held at cost.

The valuations remain inherently subjective and complex, and the Group engages external independent experts to value the portfolio annually.

During the year, the Committee examined management's recommendations in respect to the valuation of investment properties and agreed that:

- there was the appropriate use of third party valuation expertise;
- Sufficient robust challenge was given to management from the external auditors;
- Material judgmental assumptions that were used in the valuations were within reasonable parameters; and
- Conclusions have been appropriately drawn.

Development properties revenue recognition – Glyndebourne

As further explained in note 3 to the financial statements, the Group has operations all over the world and recognition of property sales, in particular, can be subjective and differ depending on the jurisdiction.

The revenue and costs associated with the Glyndebourne development are fundamentally material to the Group's 2013 results and therefore the Committee reviewed the appropriateness of the accounting for this transaction.

The Committee examined management's recommendation which considered that the receipt of the Temporary Occupancy Permit ('TOP') for the development was the appropriate trigger for revenue and cost recognition. The Committee agreed that at this point the risks and rewards of ownership substantially passed from the Group to the purchasers. The Committee also confirmed with management the receipt of such TOP documentation.

Tax assets and liabilities

The Group has operations all over the world, and is impacted by a large number of tax jurisdictions, where tax rules are complex to interpret. In addition, significant levels of judgement are also required, particularly when assessing potential future tax liabilities that may occur.

During the year, the Committee examined the Group's tax position, including any tax based restructuring, reviewed the key assumptions and conclusions relating to judgemental taxation areas, and discussed any pertinent issues with appropriate external advisors. The Committee agreed that:

- Material assumptions used in the calculation of tax assets and liabilities are appropriate;
- Sufficient use of subject matter expertise has been utilized;
- Sufficient robust challenge was given to management from the external auditors;

- Conclusions have been appropriately drawn.

The details of the taxation charge for the year are given in note 10 to the financial statements and the taxation liabilities are detailed in note 26.

Internal controls and risks

We are responsible for reviewing, and conducting an annual review of the effectiveness of the Group's system of internal control and risk management procedures.

Accepting that risk is an inherent part of doing business, we review the Group's risk management strategy to ensure that any required remedial action on any identified weaknesses is taken. This includes a regular review of the risk register which contains the significant risks faced by the Group and identifies their potential impact and likelihood.

Where specific actions are agreed to mitigate risks to a level deemed acceptable, these are agreed with specific timeframes for delivery and are monitored closely until fully implemented.

The system of internal controls audited by Internal Audit (and commented on by the external auditor from time to time) encompasses all controls including those relating to financial reporting processes, operational and compliance controls and those relating to risk management processes.

We ensure that arrangements are in place for employees to raise concerns, in confidence, about possible fraud risk or wrong-doing in financial reporting or other matters. Where a whistleblowing incident occurs, this is investigated by Internal Audit on a confidential basis and in a proportionate manner. Appropriate actions are recommended and undertaken which are reported to the Committee which then reviews the recommendations and focuses on possible trends and potential systematic weaknesses.

Internal audit

We monitor and review the effectiveness of the internal audit function; agree its annual work plan and review whether the function has the proper resources to enable it to satisfactorily complete such work plans. We review status reports from Internal Audit and consider management's response to any major finding, providing support, if necessary, for any follow-up action required and ensure that the function obtains free and unrestricted access to all Group activities, records, property and personnel necessary to fulfil its agreed objectives.

The Head of Internal Audit produces a risk based Global Internal Audit work plan of hotel audits and function by region and reports on regional and global patterns that affect the Group as well as specific issues of interest in relation to systems and controls.

During the year, the Committee appointed PWC LLP to provide expert guidance to the Committee in risk management and internal audit best practice. As part of this ongoing engagement, PWC LLP has undertaken a review of the Group's risk register, and has helped supplement the Group's Internal Audit function in a co-sourcing capacity.

External audit

KPMG Audit Plc has been the Company's auditor since 1996.

During the year, we considered re-appointment of the external auditor and reviewed their terms of appointment and negotiated fees on behalf of the Company prior to making recommendation on re-appointment through the Board to the shareholders to consider at the annual general meeting.

We review and agree with the auditor its annual strategy and plan for the audit prior to the commencement of the work.

The plan includes:

- a view of the current and future risks of the business;
- the overall strategy and scoping;
- the approach to the significant risks and areas of focus to be addressed in the audit;
- the approach to materiality;
- an explanation of developments in the regulatory landscape; and
- details of matters that need to be discussed with the Committee.

The auditors also reported to us the misstatements that they had found in the course of the audit and we have confirmed that the financial statements did not contain any unadjusted material misstatements.

Meetings are also held with the external auditor without the presence of any member of executive management.

External audit effectiveness

The Committee places great importance on ensuring there are high standards of quality and effectiveness in the external audit process.

The key measures which the Committee focused on are:

- The level of challenge to management, particularly on matters of significant judgement;
- Appropriate scoping, methodology and cost effectiveness of KPMG's audit process; and
- The appropriate quality and experience of senior audit team

members in the UK, USA, Asia and New Zealand.

The Committee measures KPMG's audit quality and effectiveness throughout the year, by means of, but not limited to:

- Review of strategy and planning for the audit cycle, to ensure relevance to the Group's evolving business;
- Review of the quality, relevance and additional value given to the Group by the audit findings;
- Monitoring the independence of the audit and compliance with the Group's non-audit fee policies;
- Feedback from management on the auditors' performance; and
- Review of the Financial Reporting Council's Audit Quality Review (AQR) reports for KPMG and other audit firms.

Auditor appointment

Given the auditor's continuing objectivity and independence, ongoing performance and the cost effectiveness of the service provided, we did not consider it necessary this year to require the external auditor to tender for the audit and have recommended to the Board that the auditor be reappointed for 2014.

The lead audit partner, Stephen Masters is completing the third year in his five year cycle and we intend to consider the tendering arrangements towards the end of Mr Masters' period in office in line with the transitional arrangements proposed by the Financial Reporting Council in their revisions to the UK Corporate Governance Code and the recommendation to put the audit out to tender every 10 years.

No tender has occurred since KPMG's appointment in 1996.

Safeguards on non-audit services

The use of KPMG for non audit services is governed by a Group policy, which sets out clear parameters as to what KPMG are permitted to do, and what level of fees they are permitted to receive.

All non audit fees from KPMG require authority of the Group Chief Financial Officer, and all fees over a certain specified threshold require direct authorisation by the Committee.

The Committee requires clear efficiencies and value added benefits to the Group to exist for the auditor to be awarded any non audit services. The Committee receives a schedule of both non audit fees incurred and forecast non audit fees yet to be incurred, at every meeting, so that it can closely monitor the fees and type of work being performed.

In addition to this, confirmation of independence is sought at every reporting date from KPMG.

The majority of non-audit work undertaken by KPMG during the year was for tax related services where the Committee concluded that it is more cost effective to utilise their services.

We are satisfied that there were safeguards in place to protect the objectivity and independence of the auditor.

A copy of the policy on the provision of non-audit services by the auditor is available, on request, from the Company Secretary and on the Group's website: www.millenniumhotels.com/corporate/investors.html

Details of the fees for non-audit services are provided in note 6 to the consolidated financial statements.

Governance and compliance

We carried out our annual review of the Group's ethics and whistleblowing policies and reviewed the process for, and the effectiveness of, our whistleblowing procedures. We decided that Internal Audit should continue to monitor and action emails and calls which we review on a regular basis.

Our performance is reviewed annually through a facilitated evaluation conducted by Lintstock, the results of which showed that the Committee was effective in terms of expertise, and use of time. A number of areas of improvement were identified including improved access to regional management. We have agreed the following priorities for 2014:

- More engagement with non financial senior management, particularly at the regional level;
- Increased focus on IT risk, particularly around cyber security;
- Increased attention on operational controls within the Group; and
- Greater focus on the Group's equity investments, including FSCL.

Sean Collins
Chairman of the Audit Committee

20 February 2014

Remuneration Committee Report

Chairman's introduction

During 2013, the Remuneration Committee ("the Committee") met in order to review the effectiveness of the Group's remuneration policies and practices and the ability of those policies and practises to attract, motivate and retain a talented senior management team, whilst ensuring that the interests of Executive Directors and senior management are appropriately aligned with those of shareholders. Throughout its deliberations, the Committee is mindful of the Best Practice Provisions on the Design of Performance Related Remuneration under Schedule A of the UK Corporate Governance Code, and has adopted changes required by the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013.

During the year, the Committee asked the Group's remuneration consultants, Kepler Associates, to advise on ways to improve executive motivation through pay and ways to improve the transparency of the Group's senior management remuneration policy.

As a result of this consultation and after subsequent discussions with shareholders, we have introduced a third performance condition governing the vesting of awards under the Group's long-term incentive plan ("LTIP"). This condition concerns changes in the Group's net asset value ("NAV"), which is recognized as a key consideration for investors in the Company's shares. NAV in this context is taken to include dividend payments to shareholders.

In addition, the Committee concluded that linking Group earnings per share ("EPS") to the United Kingdom Retail Price Index was no longer a relevant performance measure for a company whose operations and assets lie mainly outside of the UK. In place of the UK RPI link, we have introduced a new, cumulative three-year EPS target as described on pages 54 and 55 of this report.

The Committee also decided to introduce a clawback provision into the LTIP scheme as recommended in the Corporate Governance Code. The annual bonus scheme includes clawback provisions.

At the end of the year, Susan Farr joined the Committee having been appointed to the Board on 12 December 2013. Her experience and input will be valued.

Following the announcement of the Group financial results the variable remuneration of the Chief Executive Officer was considered and a bonus of £649,838 was awarded which is 67% of the maximum opportunity. LTIP awards granted in 2011 will vest 50% as a result of the EPS growth over the three years to 31 December 2013 being 117%. TSR performance did not meet the vesting criteria.

The Committee has decided that the salary of the Chief Executive Officer should remain unchanged at £650,000. His current salary was set in June 2011 when he was appointed to the role.

The Board will place this report before the shareholders at the forthcoming Annual General Meeting for approval and will ask the shareholders to vote for the first time on the Remuneration Policy set out herein.

Our members

Alexander Waugh chairs the Remuneration Committee which comprises the independent Non-Executive Directors listed in the table below. Susan Farr joined the Committee on 12 December 2013 and was not eligible to attend any meetings. All of the other members served throughout the year. The Remuneration Committee held 3 scheduled meetings in 2013 and a number of ad hoc meetings as required. Attendance of the scheduled meetings is shown below:

Committee members in 2013

	Meetings	
Members	Eligible to attend	Attended
Alexander Waugh (Chairman)	3	3
Shaukat Aziz	3	2
Nicholas George	3	3
Sean Collins	3	3
Susan Farr	0	0

The Chairman and Chief Executive Officer are invited to attend meetings as appropriate but they are excluded when their own performance and remuneration is being discussed.

No member of the Committee has any personal financial interest, other than as a shareholder, in the matters to be decided by the Committee or involvement in the day-to-day management of the business of the Group.

Our role

The Remuneration Committee has delegated authority from the Board to consider and approve the salaries, incentives and other benefit arrangements of the Chairman, Executive Directors and, in consultation with the Chief Executive Officer, executive management and to oversee the Group's share-based incentive arrangements.

In practice, the Committee agrees:

- the framework for the remuneration of the Chairman, the Executive Directors and, in consultation with the Chief Executive Officer, executive management;
- the actual reward packages of Directors, management and any new hires in that group;
- termination arrangements for any Executive Directors outside of normal contractual entitlement;
- the policy for all cash remuneration, executive share plans, service contracts and termination arrangements;
- recommendations to the Board concerning any new executive share plans or changes to existing schemes which require shareholders' approval; and
- the basis on which awards are granted to executives under the LTIP.

Our terms of reference are available, on request, from the Company Secretary and on the Group's website at: www.millenniumhotels.com/corporate/investors.html

Directors' remuneration policy

Remuneration policy

Policy for Executive Directors:

Presently there is only one Executive Director, the Chief Executive Officer ("CEO"), and a similar approach will be applied to any other Executive Directors appointed to the Board.

Base salary

Purpose and link to strategy	Salaries are a key component of the reward package in attracting, motivating and retaining executives.
Operation	Salaries in the Group are based on the value of the individual, the level of responsibility, experience and market conditions. Salaries are reviewed at least annually but are not necessarily increased. In reviewing salaries, account is taken of market conditions, significant changes in role, pay and conditions elsewhere in the Group, inflation and budgets.
Maximum	The maximum salary payable is the amount agreed by the remuneration committee for the period. The Committee does not prescribe a maximum salary for any employee in the Group as it wishes to retain the flexibility to set levels of pay appropriate to roles and market conditions. The establishment of maximum salaries could result in unrealistic expectations of employees and weaken the Company's negotiating position.

Annual bonus

Purpose and link to strategy	Executive Directors are eligible to participate in an annual bonus scheme to: • incentivise executives to drive Group strategy and performance over the short term; and • ensure that a significant proportion of the total reward of executives' packages is linked to performance during the year.
Operation	The performance period for annual bonuses corresponds with the financial year. Bonus measures, weightings and targets are set annually at the start of the financial year by the Committee which retains discretion to revise any calculated bonus downwards, but not upwards, if it is felt to have become misaligned with the Group's performance. Payment of the annual bonus is contingent on the employee still being employed by the Group at the time of vesting and not having served notice. Annual bonus is not pensionable. The Committee may defer and pay a proportion up to 100% of the annual bonus in shares which must be held for three years before vesting. No performance conditions apply to such deferred bonus shares other than a requirement for continuous employment but such deferred bonus share awards would be eligible for a dividend equivalent. In the event that annual bonuses are found to have been paid on the basis of any material misstatement of financial performance, the rules of the scheme provide for appropriate means of redress, including the adjustment of future bonuses and any unvested long-term incentive awards.
Maximum	The level of bonus opportunity for Executive Directors is:

	Chief Executive Officer	Other Executive Directors Bonus as a % of base salary
Threshold	0%	0%
Target	75%	50%
Maximum	150%	100%

	The maximum value of a deferred bonus share award is the value of the cash bonus that would otherwise have been paid.
Performance[1]	70% of bonus potential will be linked to financial performance, with the remainder linked to personal objectives and individual contribution. However, the Committee has discretion to vary those percentages by plus or minus 10% for any performance period to reflect particular corporate objectives. Financial measures may include, but are not limited to, operating profit, profit before tax, revenue and revenue per available room.

Long-Term Incentive Plan		
	Purpose and link to strategy	The Company adopted a Long-Term Incentive Plan in 2006 which forms the long-term variable element of executive remuneration. The Plan allows for the award of performance shares, nil cost share options and deferred bonus shares. Performance share awards aim to drive and reward sustained performance over the long term, align the interests of executives and shareholders and support retention.
	Operation	Performance share awards are made annually and vest on the third anniversary of the date of grant subject to the achievement of performance conditions over three years and continued employment with the Group, subject to the rules of the plan. There is no re-testing. The Plan provides for dividends or their equivalent to be paid. In the event that performance shares are found to have vested on the basis of any material misstatement of financial performance, the rules of the scheme provide for appropriate means of redress, including the adjustment of future bonuses and any unvested long-term incentive awards.
	Maximum	The maximum value of an award of performance shares and nil cost share options is 150% of base salary, though 200% may be awarded in exceptional circumstances included but not limited to the recruitment of new Executive Directors. The level of awards is otherwise determined by the Committee at the time of grant.
	Performance(2)	The performance measures are Earnings per Share ("EPS"), Relative Total Shareholder Return ("TSR") and Net Asset Value (plus dividends) ("NAV"). The weightings applying to each performance measure may vary year-on-year reflecting strategic priorities. Whilst a number of performance measures are applied, weighting for any one measure is expected to range between 10% and 60%. Under each measure, entry level performance will result in 25% of maximum vesting for that element, rising on a straight-line basis to full vesting.
Pension		
	Purpose and link to strategy	The provision of retirement benefits is an important element of executive reward packages in attracting and retaining executives and promoting long-term retirement planning.
	Operation	A defined cash contribution may be made into either a Company sponsored pension plan or a private pension plan or as cash in lieu of pension.
	Maximum	20% of base salary and by exception up to 30% of base salary.
Other benefits		
	Purpose and link to strategy	Help recruit and retain through the provision of cost effective benefits consistent with market practice.
	Operation	Benefits are determined to ensure they are competitive with market practice by location and the responsibilities of the individual. These may comprise (although are not limited to) a motor vehicle and driver or an appropriate allowance, insurances for life, personal accident, disability and family medical cover. Additional benefits such as relocation, removal, tax equalisation, house purchase/rental and children's education may need to be offered to attract the right candidate in the event that an Executive Director is appointed on expatriate or international assignment terms.
	Maximum	There is no maximum. The value of 'other benefits' is consistent with market practice and is kept under review by the Committee but would not be expected to exceed more than the equivalent of a month's salary, other than in exceptional circumstances (such as a relocation requirement).

Notes:

(1) The Committee determines bonus performance measures, weightings and targets annually which are closely aligned with the Group's short-term strategic priorities. Targets for financial measures are set by reference to the Group's budget, while the personal element of the bonus is driven by personal KPIs set at the start of the year.

(2) The Committee determines the level of LTIP awards and the associated performance measures, targets and weightings annually. The performance measures of EPS and relative TSR ensure that executives are aligned with shareholder interests and are consistent with FTSE market practice. The introduction in 2014 of a third measure, NAV plus dividends, improves the alignment with the Group's strategic priorities by capturing a balance sheet measure. The targets for the financial measures are set by reference to the Group's budget and strategic plans as well as taking account of broker forecasts for both the Group and other sector peers. The TSR target measures comparative performance against a relevant benchmark which for 2014 will be split equally between the FTSE250 market index and an index of peer companies.

(3) The Committee retains discretion to use 9.4.2(2) of the Listing Rules of the UKLA to make awards in exceptional circumstances.

(4) The Committee retains discretion to make non-significant changes to the remuneration policy without reverting to shareholders.

Shareholding requirements

Within five years of being appointed to the Board, Executive Directors are required to build up, and retain, ordinary shares in the Company equivalent in value to 100% of their base annual salary. Provided that Executive Directors hold and maintain the appropriate level of shares, they may sell shares, subject to the normal Listing Rules and Disclosure and Transparency Rules' requirements for directors' dealings.

Share interests which do not count against the shareholding guidelines include:

- Unvested performance share awards;
- SAYE options;
- Unvested deferred bonus shares;
- Any notional accrued dividend equivalent shares

Directors to whom this requirement applies are prohibited from engaging in any hedging transactions with respect to Millennium & Copthorne Hotels plc shares including trading in any derivative security.

There are no formal shareholding guidelines for the Chairman, the Non-Executive Directors and the senior management, however they are encouraged to hold shares in the Company in order to align their interests with those of shareholders.

The remuneration policy for Non-Executive Directors is set out below:

Fees		
	Basic fee	Fees paid to Non-Executive Directors are determined by the Board as a whole taking into account the time commitment and responsibilities. The policy is to set fees at or around the median for companies of a similar size and complexity. Their purpose is to attract and retain Non-Executive Directors.
	Additional fees	Non-Executive Directors are paid an additional fee for being a member of a Board committee and for chairing a Board committee.
	Other matters	The independent Non-Executive Directors each have rolling letters of appointment which may be terminated by either party on one month's notice. All fees are paid in cash. Non-Executive Directors are not entitled to bonuses, benefits or pension scheme contributions or to participate in any share scheme operated by the Company. In addition to any remuneration payable, a Non-Executive Director may be paid reasonable travelling, hotel and other expenses properly incurred in discharging the Director's duties. Fees cease immediately in the event the Non-Executive Director ceases to be a Director.

Remuneration on recruitment

Reward packages for new Directors will be consistent with the policy set out in the above table, which describes each component of remuneration for the Directors of the Company. Fixed remuneration elements would be paid only from the date of employment and any bonus will be pro-rated to reflect the proportion of employment over the year. The maximum level of variable remuneration is as stated in the policy table above. If, consequent to joining the Group, a new director forfeits elements of variable reward linked to their previous employment, the Committee reserves the right to make compensatory awards up to the maximum amount of the individual's loss. Any such awards would be made taking into account the performance conditions and time horizon of the forfeited awards. In the event that an internal candidate is appointed as an Executive Director, any contractual obligation in respect of a previous role will be honoured even if it is inconsistent with this policy at the time the obligation is fulfilled. The Committee also reserves the right under this policy to apply listing rule 9.4.2(2).

Directors service agreements and letters of appointment

To reflect current practice, it is the Company's policy for Executive Directors to have service contracts that provide for a notice period for termination of up to 12 months.

The dates on which Directors' initial service agreements/letters of appointment commenced and the current expiry dates are as follows:

Name	Date of contract	Notice periods/unexpired term
Chairman and Executive Director		
Kwek Leng Beng	–	Nominee of majority shareholder
Wong Hong Ren	14 February 2012*	12 months' written notice to be given by the Company at any time and six months by the executive
Independent Non-Executive Directors		
Shaukat Aziz	16 June 2009	Rolling letters of appointment terminable by either party on one month's notice
Ian Batey	15 August 2011	
Sean Collins	1 September 2012	
Nicholas George	16 June 2009	
Alexander Waugh	16 June 2009	
Susan Farr	12 December 2013	
Non-Executive Directors		
Kwek Eik Sheng	–	Nominees of majority shareholder
Kwek Leng Peck	–	

* Effective as at 27 June 2011.

Service contracts are kept at the Group's office at Millennium & Copthorne Hotels plc, Scarsdale Place, Kensington, London W8 5SR.

There exists no other obligation that might give rise to or impact on remuneration payments or payment for loss of office which is not disclosed elsewhere in this report.

Termination payments

The Company's normal policy is to limit payments to Directors on termination to entitlement under service agreements and the rules of any incentive and pension plan. There is no automatic entitlement to bonus as part of the termination arrangements and the value of any terminating arrangement will be at the discretion of the Committee, having regard to all relevant factors. This discretion allows the Committee to determine good leaver status, the consequences of which are set out in the table below.

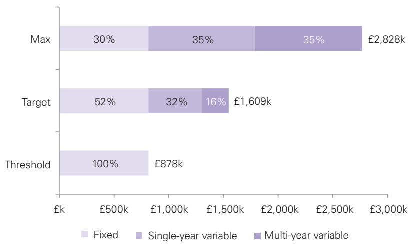
The Rules of the incentive schemes provide that:

	"Good" leavers	Other leavers	Change of Control	Discretion
Performance Shares	Performance conditions applied taking into account the foreshortened performance period. A time pro rata reduction is then applied.	Award lapses	Performance conditions applied taking into account the foreshortened performance period. A time pro rata reduction is then applied.	The Committee has discretion to disapply the pro rata vesting, or decide that the award will vest on the Normal Vesting Date.
Annual Bonus	Performance conditions applied taking into account the foreshortened performance period. A time pro rata reduction is then applied.	No bonus payable	Performance conditions applied taking into account the foreshortened performance period. A time pro rata reduction is then applied.	The Committee has discretion to disapply pro rata reduction and maintain original sum.
Deferred Bonus shares	Vest in full	Award lapses	Vest in full	To determine the number of shares which vest.

Reasons for a "good" leaver include death, ill health, retirement, office of employment ceases to be a part of the business or any other reason determined by the Committee.

Remuneration scenarios

Millennium & Copthorne CEO scenario chart



Note:

The 'Threshold' scenario reflects base salary, pension and benefits (i.e. fixed remuneration) which are the only elements of the CEO's package not linked to performance.

The 'Target' scenario reflects fixed remuneration as above, plus a target bonus payout of 50% of maximum and LTIP threshold vesting at 25% of maximum award.

The 'Maximum' scenario reflects fixed remuneration, plus full payout of all incentives.

No share price growth has been assumed in any scenario.

Consideration of employment conditions in the Group

When setting the policy for executive remuneration, the Committee does not consult employees. The Senior Vice-President Global Human Resources does, however, ensure that the Committee is aware of pay and conditions throughout the Group and that these are taken into account when framing executive remuneration. As a global group, in a sector with ready mobility, the more senior the role, the more reward needs to reflect the global market, whilst for the majority of employees it is set with greater consideration of local market conditions and practices. The annual bonus scheme and awards under the LTIP are limited to the senior management team and those employees responsible for managing the hospitality business.

Shareholder views

When determining remuneration, the Committee takes into account the views of investor representative bodies and those of its key shareholder and is committed to undertaking consultation before committing to significant changes in aspects of remuneration.

Annual report on remuneration

Directors' remuneration – audited

£'000	Total salary and fees[1]		Taxable benefits[2]		Bonus		LTIP		Pension		Total remuneration	
	2013	2012	**2013**	2012	**2013**	2012	**2013**[3]	2012[4]	**2013**	2012	**2013**	2012
Chairman												
Kwek Leng Beng	**256**	219	**–**	–	**–**	–	**–**	–	**–**	–	**256**	219
Executive Director												
Wong Hong Ren[8]	**650**	650	**106**	36	**650**	356	**745**	323	**130**	130	**2,281**	1,495
Non-Executive Directors												
Shaukat Aziz	**50**	45	**–**	–	**–**	–	**–**	–	**–**	–	**50**	45
Ian Batey	**45**	45	**–**	–	**–**	–	**–**	–	**–**	–	**45**	45
Sean Collins[5]	**72**	17	**–**	–	**–**	–	**–**	–	**–**	–	**72**	17
Nicholas George[6]	**52**	54	**–**	–	**–**	–	**–**	–	**–**	–	**52**	54
Kwek Eik Sheng	**47**	47	**–**	–	**–**	–	**–**	–	**–**	–	**47**	47
Kwek Leng Peck	**53**	52	**–**	–	**–**	–	**–**	–	**–**	–	**53**	52
Alexander Waugh	**64**	55	**–**	–	**–**	–	**–**	–	**–**	–	**64**	55
Susan Farr[7]	**2**	–	**–**	–	**–**	–	**–**	–	**–**	–	**2**	–
Total	**1,291**	1,184	**106**	36	**650**	356	**745**	323	**130**	130	**2,922**	2,029

Notes:

1 Salaries and fees are shown inclusive of sums receivable by the Directors from the Company and any of its subsidiary undertakings.

2 Benefits comprise a motor vehicle and driver, medical, personal accident and travel insurance. During 2013, the Group paid historic UK employee social security contributions which were unpaid due to an error on the part of the Group. This was a one off arrangement and future social security contributions will be met by Wong Hong Ren.

3 The figure in the table is an estimate of the value of the LTIP award granted on 28 November 2011 using the average share price for the three months to 31 December 2013, which was £5.809. This represents the award that met performance conditions during the year.

4 The value of the LTIP award of 56,936 shares, made on 16 September 2010 is shown since the performance vesting fell to be determined at 31 December 2012. The value of the award on vesting was calculated by reference to the share price on 16 September 2013 which was £5.665.

5 Sean Collins joined the Board on 1 September 2012 . He became chairman of the Audit Committee on 31 October 2012.

6 Nicholas George stood down as chairman of the Audit Committee on 31 October 2012.

7 Susan Farr joined the Board and the Remuneration Committee on 12 December 2013.

8 Wong Hong Ren is Chairman and a Non-Executive Director of M & C REIT Management Limited, Millennium & Copthorne Hotels New Zealand Limited and CDL Investments New Zealand Limited.

Annual bonus for 2013

The table below shows how the annual bonus was calculated in 2013:

Financial performance representing 75% of the opportunity

	Minimum	Target	Maximum	Actual	Weighting	Bonus payout (% of salary)
Group hotel revenue	96%	100%	104%	94%	5%	0%
RevPAR	95%	100%	105%	95%	10%	0%
Major asset management plans	64%	100%	128%	58%	5%	0%
Hotel gross operating profit US and Group	96%	100%	104%	81%	5%	0%
Group profit before interest and tax	101%	103%	105%	159%	45%	67.5%

Personal objectives and contribution representing 25% of the opportunity

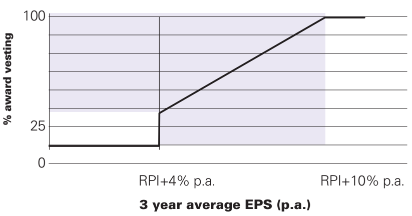
	Minimum	Target	Maximum	Actual	Weighting	Bonus payout (% of salary)
Development and implementation of strategy		See notes below			10%	13%
Customer service					5%	6%
Hotel refurbishment and maintenance plans					5%	6%
Development of the senior management team					5%	7.5%

- ✓ Strategy – Achieved to the extent of 87%
- ✓ Customer Service – Achieved to the extent of 80%
- ✓ Hotel refurbishment – Achieved to the extent of 80%
- ✓ Senior Management team – Achieved to the extent of 100%

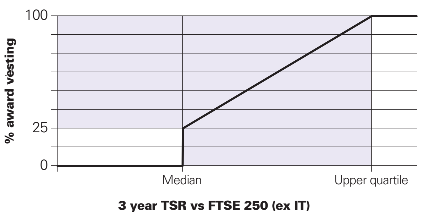
Vesting of LTIP award

Performance Share Awards made under the LTIP in 2011, 2012 and 2013 are subject to performance conditions comprising both EPS growth and relative TSR performance. Performance Share Awards will vest on the third anniversary of the award being made, with 50% vesting subject to growth of the Company's EPS exceeding RPI by targets as set out in the vesting schedule shown below. The remaining half of each Performance Share Award is subject to a performance condition that compares the Company's TSR against the TSR of each company within a comparator group comprising those companies within the FTSE 250 index (excluding investment trusts) over a period of three financial years beginning with the financial year in which the award is granted.

EPS vesting schedule (%)



TSR vesting schedule (%)



The LTIP award made on 28 November 2011 is due to time-vest on 28 November 2014. Based on the Company's EPS growth and relative TSR performance for the three years ended 31 December 2013, the Committee has determined that 50% of the award will vest on 28 November 2014. Performance against targets is subject to third party verification.

The table below sets out the performance against each measure:

Measure	Threshold 25%	Maximum 100%	Achievement	% of award vesting
Earnings per share growth	RPI+12%	RPI+30%	RPI+117%	50%
Comparative TSR	Median	Upper quartile	15% (below median)	0%
Total number of shares vesting				128,215

LTIP awards made during the year – audited

	Basis of award	No of shares awarded	Face value[1] 000's	Percentage vesting for threshold performance	Performance criteria	Performance period end
Wong Hong Ren	150% of salary	175,834	£975	25%	50% vest for EPS growth. Threshold RPI +12%, Maximum RPI +30% 50 % vest on comparative TSR. Threshold at median, maximum at upper quartile	31.12.15

1 Calculated using the middle market share price on the day before the grant.

The Chief Executive Officer's remuneration package in 2014 has been determined in accordance with the policy set out above. Performance measures for the 2014 annual bonus and performance share award are set out below.

Base salary

Wong Hong Ren's base salary has not increased since his appointment as Chief Executive Officer on 27 June 2011.

There will be no increase in salary for 2014.

Pensions

Wong Hong Ren receives a cash allowance of 20% of base salary in lieu of participation in the Group's pension plans.

Benefits

Wong Hong Ren will continue to have personal use of a car and driver in Singapore as well as medical, personal accident and travel insurance.

Annual bonus

The 2014 annual bonus performance conditions for the CEO are set out in broad terms in the table below. The Committee believes that the detailed performance measures are commercially sensitive and that consequently it is not appropriate to disclose them in this set of accounts. Consideration will be given in preparation of the 2014 accounts to the appropriate disclosure required to support any bonus awarded for that year without disclosing any commercially sensitive data.

Performance measure	Weighting
Group profit before tax	55%
Group revenue	15%
Personal KPIs	30%

Long-term incentives vesting structure for 2014 awards

The maximum value of LTIP awards granted remains at 150% for the CEO and 100% for other Executive Directors. For awards granted from 2014, an additional performance measure relating to net asset value ("NAV") has been included.

Measure 2014	Weighting	Threshold	Level of vesting	Maximum	Level of vesting[a]
Cumulative EPS	50%	104 pence	25%	132 pence	100%
NAV + Dividend	20%	6% per year	25%	13% per year	100%
TSR – FTSE250	15%	Index	25%	Index + 9% pa	100%
TSR – peer group	15%	Index	25%	Index + 9% pa	100%

a Vesting levels between threshold and maximum will be on a straight line basis.

2014 LTIP – TSR peer group

Accor	Mandarin Oriental	Shanghai Jin Jiang International
Banyan Tree Holdings	Marriott International	Shangri-La Asia
Choice Hotels International	Melia Hotels International	Starwood Hotels & Resorts
Hongkong & Shanghai Hotels	NH Hotels	Whitbread
Hotel Properties	Orient-Express	Wyndham Worldwide
Hyatt Hotels	Overseas Union Enterprise	
Intercontinental Hotels Group	Rezidor	

To help ensure that EPS targets for 2014-2016 are appropriately stretching but achievable, these take into account both the basic EPS for 2013 which includes the significant one-off impact of Glyndebourne, and the underlying EPS for 2013 which excludes it. The targets set imply growth of 3% - 15% p.a. on underlying EPS. In light of this implied growth (representing a significantly higher level of stretch than FTSE market practice), the Company's strategic plan for the period, and the fact that the threshold target of 104p is slightly above current available analyst estimates, the targets are felt to be appropriately stretching and represent a similar level of difficulty to those applied historically.

Percentage changes in remuneration of the Chief Executive Officer

The table below shows the percentage change in remuneration (based on salary, fees, benefits and annual bonus between 2013 and 2012 for the Chief Executive Officer and employees as a whole.

	2012 £'000	**2013 £'000**	Increase	Average increase across employee[1]
Base salary	650	**650**	–	5%
Taxable benefits	36	**106**	194%	151%
Annual bonus	356	**650**	83%	–

1 UK based members of Group Management Committee.

The graph illustrates the performance of the Company and a broad equity market index over the past five years. As the Company is a constituent of both the FTSE 250 and the FTSE Allshare Travel & Leisure, the Directors consider these indices to be the most appropriate broad equity market indices against which the Company's performance should be compared for these purposes.

Total shareholder return ("TSR")

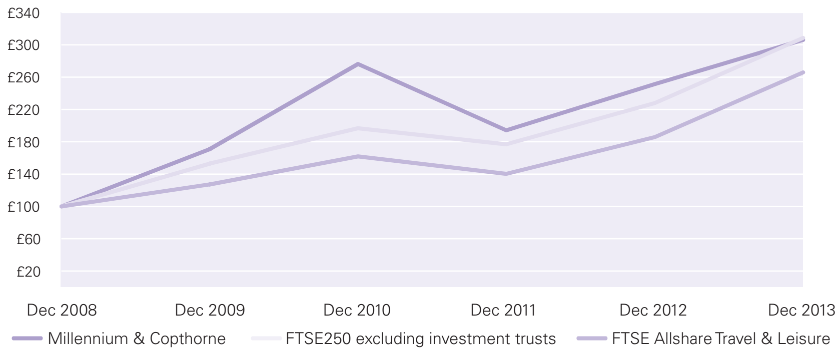


Table of historic levels of CEO pay

	2009 '000	2010 '000	2011[1] '000	2012 '000	**2013 '000**
CEO total remuneration[2]	£797	£1,243	£3,558[1]	£1,495	**£2,281**
Annual bonus payout against maximum opportunity	25%	100%	74%	37%	**67%**
Long-term incentive vesting rates against maximum opportunity	0%	0%	100%	100%	**50%**

Notes:

1 Richard Hartman retired as CEO and Wong Hong Ren was appointed to the post on 27 June 2011.

2 The figure has been restated from prior years to align the figure with current reporting requirements.

Non-Executive Directors' fees

The basic fee for a Non-Executive Director is £45,000 p.a. (2012: £45,000). This will increase to £50,000 on 1 April 2014 to reflect better the increasing workload on Non-Executive Directors. Fees for Non-Executive Directors are determined by the Chairman and CEO following recommendation by the Senior Vice President Global Human Resources.

From 1 April 2013, Non-Executive Directors received a separate annual fee for membership of and chairing a Committee. Details are given below:

Committee	Fee for membership of a Committee	Additional Chairman's fee
Audit Committee	£5,000	£10,000
Remuneration Committee	£5,000	£10,000
Nominations Committee	£2,000	–

The additional fee paid to the Senior Independent Director increased on 1 April 2013 from £5,000 to £10,000 p.a.

The above increases were the first since 1 April 2010.

An annual fee of £250,000 has been agreed for the Chairman with effect from 1 April 2013, an increase from £200,000. He also receives a further £19,000 fees from subsidiary companies.

Relative importance of spend on pay

The following table compares dividends distributed and remuneration of all employees.

	2012	**2013**	% Change
Employee Remuneration Costs	275.6	**284.2**	3.1
Dividends Distributed £m	52.5	**44.1**	(16.0)

Committee evaluation

During the year, Lintstock conducted on behalf of the Committee an externally facilitated evaluation, with members completing on-line questionnaires. The review identified a number of priorities including a requirement for additional training concerning recent changes to rules and practices around executive remuneration, a recommendation that the Committee receive more regular advice from external advisers and a request that the advice from internal advisers be more independent in nature. These priorities will be acted upon in the forthcoming year.

Voting at 2013 AGM

The 2012 Directors' Remuneration Report was approved at the 2013 AGM, at which votes were cast as follows:

- 73.6% for;
- 26.3% against; and
- 0.1% withheld.

The reason most referenced by shareholders and voting bodies for voting against the resolution to approve the remuneration report was the decision to award a discretionary bonus to the CEO. Both the principle and the quantum of that award were raised. Other reasons referenced were:

- The CEO's total remuneration package in general;
- A general concern unrelated to remuneration regarding a perceived unwillingness of the Company to address the gap between share price and NAV;
- TSR performance condition not considered challenging and "vesting scale not broad enough"; and
- Absence of any shareholding guidelines.

In response to those concerns the Committee amended the performance criteria for vesting of long-term incentive share awards and amended the weighting of the performance criteria for the annual bonus for 2014.

Advisers

The Committee regularly consults the Senior Vice President Global Human Resources and the Company Secretary.

The Committee received advice during the year on remuneration issues from independent remuneration consultants Kepler Associates ("Kepler"). Kepler were appointed by this Committee following a tender process. The independent remuneration consultants attended Committee meetings when major remuneration issues were discussed.

The Company also separately received from Kepler Associates advice on the accounting treatment of share options required by IFRS 2: Share-based payments. Kepler Associates provided no other services to the Company.

Kepler is a founding member and signatory to the Code of Conduct for Remuneration Consultants, details of which can be found at www.remunerationconsultantsgroup.com.

Fees paid to the above consultants were as follows:

Name of consultant	Activities	Amount £'000
Kepler Associates	Advice to Remuneration Committee	93

External appointments

The Company recognises that Executive Directors may be invited to become Non-Executive Directors of other companies and that such appointments can broaden executives' knowledge and experience, to the benefit of the Group. Fees payable to Executive Directors in connection with external appointments would be retained by them with the approval of the Committee.

Directors' interests in performance shares awarded under the LTIP

Performance conditions attaching to shares awarded under the Company's Long-Term Incentive Plan are detailed on pages 53 and 54. Following Mr Wong's appointment as CEO on 27 June 2011, the basis of award has been 150% of base salary.

Date awarded	Awards held at 1 January 2013	Awards made during the year	Awards vested	Awards lapsed	**Awards held at 31 December 2013**	Market price of shares on award	Face value of award on date of grant '000	Performance period end	Vesting date	Market price at vesting	Monetary value of vested award '000
Wong Hong Ren											
16.09.2010[a]	56,936	–	56,936	–	**–**	£5.2690	£300	31.12.2012	16.09.2013	£5.665	£323
28.11.2011[b]	256,430	–	–	128,215	**128,215**	£3.802	£975	31.12.2013	28.11.2014	–	–
16.08.2012[c]	203,898	–	–	–	**203,898**	£4.7818	£975	31.12.2014	16.08.2015	–	–
11.09.2013[c]	–	175,834	–	–	**175,834**	£5.545	£975	31.12.2015	11.09.2016	–	–

Notes:

a The number of shares awarded was calculated using the middle market share price for the 5 days prior to the grant. This award vested in full, based on the Company's EPS growth for the three years ended 31 December 2012. The awards time vested on 16 September 2013.

b The number of shares awarded was calculated using the middle market share price for the 5 days prior to the grant. The performance criteria are set out on page 53. Based on the Company's EPS growth for the three years ended 31 December 2013, the Committee has determined that the LTIP vests 50%. The award will time-vest on 28 November 2014.

c The number of shares awarded was calculated using the middle market share price for the 5 days prior to the grant. The performance criteria for this award are set out on page 53.

Funding

Awards of share-based incentives are made for nil consideration and are either satisfied by the issue of new shares or through market purchase of shares. LTIP awards made in 2010 were satisfied via The Millennium & Copthorne Hotels plc Employee Benefit Trust 2006 (the "EBT"). As at 31 December 2013 the EBT held 54,985 shares in trust representing approximately 0.017% of the Company's issued share capital. All awards made under the Company's share schemes conform to institutional dilution guidelines.

The market price of a Millennium & Copthorne Hotels plc ordinary share at 31 December 2013 was £6.00 and the range during the year was £5.225 to £6.155. The aggregate value of Directors' LTIP awards which vested during and at the end of the year was £322,542 (2012: £3,404,000).

Directors' share interests – audited

The interests of Directors holding office at the end of the year, and their connected persons, in the ordinary shares of Millennium & Copthorne Hotels plc at 31 December 2013 were as follows:

	Number of shares				
	Beneficial holdings		LTIP awards		
	31 December 2013	31 December 2012	Unvested and performance measures completed	Unvested and subject to performance conditions	**Total at 31 December 2013**
Chairman					
Kwek Leng Beng[1]	**–**	–	–	–	**–**
Executive Director					
Wong Hong Ren	**125,136**	250,270	128,215	379,732	**633,083**
Non-Executive Directors					
Shaukat Aziz	**–**	–	–	–	**–**
Ian Batey	**–**	–	–	–	**–**
Sean Collins	**–**	–	–	–	**–**
Nicholas George	**5,000**	5,000	–	–	**5,000**
Kwek Eik Sheng[1]	**–**	–	–	–	**–**
Kwek Leng Peck[1]	**–**	–	–	–	**–**
Alexander Waugh	**–**	–	–	–	**–**
Susan Farr[2]	**–**	–	–	–	**–**

Notes:

1 The interests of the City Developments Limited nominated Directors in that company and its ultimate parent company, Hong Leong Investment Holdings Pte. Ltd, are disclosed in the accounts of those companies.

2 Susan Farr was appointed to the Board on 12 December 2013.

There have been no changes to Directors' interests between 31 December 2013 and the date of this report.

The shareholding requirements for Executive Directors require them to hold shares to the value of 100% of base salary. That requirement has been met.

All Directors to whom this requirement applies are prohibited from engaging in any hedging transactions with respect to M&C shares.

There is no requirement for Non-Executive Directors to hold shares.

On behalf of the Board

Alexander Waugh
Chairman of the Remuneration Committee

20 February 2014

Nominations Committee Report

Our members

The Nominations Committee comprises a majority of independent Non-Executive Directors and meets as necessary, but at least twice a year. The office of chairman of the Nominations Committee must be filled by the Chairman of the Board or an independent Non-Executive Director. At the request of the Board, I chair the Committee, although I would not participate in any discussion concerning the appointment of my successor. The Company Secretary and, when appropriate the Chief Executive Officer, Senior Vice-President Global Human Resources and professional advisers attend meetings at the invitation of the Chairman.

The Committee met 3 times in 2013. The membership of the Committee throughout 2013 and attendance at meetings is set out below.

Committee members in 2013

	Meetings	
Members	Eligible to attend	Attended
Kwek Leng Beng (Chairman)	3	3
Shaukat Aziz	3	0
Sean Collins	3	3
Kwek Leng Peck	3	1
Alexander Waugh	3	3

Our role

The Committee's role is to work on behalf of the Board in considering the skills and expertise that are likely to be required by the Group in future, how such skills and expertise should be reflected in the structure, size and composition of the Board and how such requirements should influence succession planning for Directors and other senior executives. We are responsible for identifying and nominating candidates to fill Board vacancies when they arise and for the subsequent approval by the Board. Open advertising was not used during 2013, as the Committee considered numerous candidates from a wide variety of sources, including our external consultants, Inzito Partnership. Inzito Partnership have no other connection with the Group.

The Committee supports the principle that diversity can serve to strengthen the Group and we continue to incorporate diversity – in all of its aspects, including gender – as an objective criterion for the selection of future Board members. Selection of candidates to join the Board are based on merit and the contribution which the chosen candidate will bring to the working of the Board.

The Committee's formal terms of reference are available on the Group's website at www.millenniumhotels.com/corporate/investors.html

Review of the year

The Committee reviewed the composition of the Board and recommended the appointment of Susan Farr as an Independent Non-Executive Director. She was subsequently appointed to the Board on 12 December, 2013. Ms. Farr brings a wealth of experience from her distinguished career in corporate marketing and communications and is currently an Executive Director, Business Development on the Executive Board of Chime Communications plc.

In our consideration of non-Board senior management positions, the Committee recommended to the Board the establishment of a new senior management role – that of Group Chief Operating Officer. The Board accepted this recommendation and also accepted our recommended internal candidate for the position of Acting Group Chief Operating Officer, Mr Bhupesh Yadav, who was appointed with effect from 1 January 2014. The Committee considered and, where applicable recommended, the appointment of Jonathon Grech as Company Secretary and Karen Caddick to the post of Group Human Resources Director.

During the year, we reviewed the Board evaluation process and considered that the use of external assistance in that process continued to make a valuable contribution.

Kwek Leng Beng
Chairman of the Nominations Committee

20 February 2014

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 are required to prepare the Group financial statements in accordance with IFRSs as adopted by the EU and applicable law and have elected to prepare the parent company financial statements in accordance with UK Accounting Standards.

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 their 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 and prudent;
- for the Group financial statements, state whether they have been prepared in accordance with IFRSs as adopted by the EU;
- 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 parent company financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the parent company will continue in business.

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 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.

Under applicable law and regulations, the Directors are also responsible for preparing a Strategic Report, Directors' Report, Directors' Remuneration Report and Corporate Governance Statement that complies with that law and those regulations.

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.

Responsibility statement of the directors in respect of the annual financial report

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole;
- the strategic report includes a fair review of the development and performance of the business and the position of the issuer and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face; and
- The annual report and financial statements, taken as a whole, provides the information necessary to assess the Company's performance, business model and strategy and is fair, balanced and understandable.

The statement of Directors' responsibilities was approved by the Board of Directors on 20 February 2014.

Wong Hong Ren
Chief Executive officer

20 February 2014

Independent Auditors’ Report

Our opinion on the financial statements is unmodified

We have audited the financial statements of Millennium & Copthorne Hotels plc for the year ended 31 December 2013 set out on pages 66 to 140. 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 2013 and of the Group’s profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with UK Accounting Standards; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

Our assessment of risks of material misstatement

In arriving at our audit opinion above on the financial statements the risks of material misstatement that had the greatest effect on our audit were as follows.

Revenue recognition on property sales (£299.5m)

Refer to the Audit Committee Report, note 2.3 (Summary of significant accounting policies), note 3 (Accounting estimates and judgments and note 5 (financial disclosures).

- **The risk:** The Group develops and sells properties in territories outside the UK. Local laws, business practice, and regulatory processes often govern the trigger for revenue recognition. For real estate sales, revenue is recognised when the risks and rewards of ownership are transferred to the buyer, which is usually on the transfer of the legal title. However, depending on the complexity and length of local contract completion processes, recognition can be appropriate at an earlier point in the process. Significant judgment and interpretation of complex contract terms is required to determine when the recognition criteria are met. Therefore, property sales revenue recognition is one of the key judgmental areas on which our audit is concentrated.
- **Our response:** We tested all significant property revenue recognised in 2013 (principally the completion of the Glyndebourne development). Our procedures included, among others, assessing whether the revenue recognition policies adopted complied with relevant accounting standards. Our Asia component auditors examined the contracts and assessed the impact of terms relevant to revenue recognition. We used our component auditors to assist us in obtaining an understanding of local real estate laws and regulations, and their impact on revenue recognition triggers in the relevant market. We obtained a copy of the temporary occupation permit relating to the Glyndebourne revenue. We then considered whether the revenue recognition criteria had been met, particularly around transfer of risks and rewards to the buyer. We considered the adequacy of the Group’s disclosures about the degree of judgment involved in arriving at the revenue recognised and whether they met the requirements of relevant accounting standards.

Valuation of hotel assets (£2,020.8m)

Refer to the Audit Committee Report, note 2.3 (Summary of significant accounting policies), note 3 (Accounting estimates and judgments and note 12 (financial disclosures).

- **The risk:** The Group earns most of its revenue from operating its hotels, which is an inherently cyclical market. In 2013, the Group faced challenging economic conditions, pricing pressures, and weakening demand in its Asian market. Furthermore, hotel closures and refurbishment programmes resulted in reduced supply in some of its bigger hotels in the US and Asia. Therefore, due to the continued declining trading performance for some of the Group’s hotel properties, there was an indication that the value of long-lived assets for these hotels may not be recoverable. The Group engaged external valuers, and an impairment assessment was performed over its owned hotels portfolio, resulting in an impairment loss of £20.7m. Due to the inherent uncertainty involved in forecasting and discounting future cash flows, as well as the subjectivity of key assumptions in the valuation models applied, this is one of the key judgmental areas on which our audit is concentrated.
- **Our response:** Our procedures included, among others, using our own valuation specialists to assist us in assessing the appropriateness of the valuation model used, including

compliance with relevant accounting standards and alignment to market practice. Our valuation specialists also helped us assess the scope of work performed, competency, professional qualifications, experience and independence of the external experts used by the Group.

With input from our valuation specialists, we challenged the key assumptions used in determining the recoverable amount of the assets, which was generally considered to be their value in use. This included a comparison of occupancy rates, revenue per available room, market growth and expected inflation with externally derived data including external hotel industry reports. We also performed our own assessment of other key inputs such as estimated future costs, discount rates and terminal multipliers, and applied sensitivities to key assumptions to assess the impact on available headroom. We considered the Group's budgeting procedures upon which the forecasts are based and assessed the principles and integrity of the discounted cash flow models. We also considered whether the Group's disclosures in respect of the sensitivity of models to changes in key assumptions properly reflected the risks inherent in those calculations and met the requirements of relevant accounting standards.

Classification and valuation of investment properties (£163.5m)

Refer to the Audit Committee Report, note 2.3 (Summary of significant accounting policies), note 3 (Accounting estimates and judgments, and note 14 (financial disclosures).

- **The risk:** Classification of an asset as investment property (rather than as Property, Plant & Equipment which is carried at amortised cost) requires judgment, and is determined by reference to future intentions and the Group's business model. Investment properties generally are stated at fair value and at every period end the change in the fair value is reflected in the income statement of the Group. In some cases, the Group invests in properties under construction. Valuing these properties is complicated by lack of comparable market transactions, or inability to forecast expected cash flows sufficiently reliably until the construction is complete. Therefore, for properties under construction, judgment is made to determine whether a cost model may be more appropriate. The Group engaged external experts to value its investment properties. The valuation models applied are complex and sensitive to assumptions around occupancy rates, market growth, sales and rental rates, as well as discount rates and terminal multipliers. On this basis, classification and valuation of investment properties are key judgmental areas on which our audit is concentrated.
- **Our response:** We considered whether classification of assets as investment properties is appropriate. To arrive at our conclusion, our procedures included, among others, holding discussions with senior members of the finance team and Directors, inspecting internal business plans, and considering key terms of external contracts and agreements. In order to audit the valuations we assessed the scope of work performed, competency, professional qualifications, experience and independence of the external experts used by the Group We analysed the description of the valuation methodology applied, and considered whether it is in line with accounting requirements and business practice. We challenged the key assumptions used in determining fair value. This included a comparison of forecast rental rates, market growth, occupancy rates, and real estate sales prices with externally derived data. We also performed our own assessment of other key inputs such as discount rates and terminal multipliers, and assessed whether the Group's disclosures properly reflected the risks inherent in the calculations and met the requirements of relevant accounting standards.

Tax liabilities and tax charge (deferred tax liability - £202.8m, current tax liability – £40.5m, total tax charge - £28.6m)

Refer to the Audit Committee Report, note 2.3 (Summary of significant accounting policies), note 3 (Accounting estimates and judgments, and notes 10 and 26 (financial disclosures).

- **The risk:** The Group's businesses operate in numerous tax jurisdictions. Differences in tax laws in those jurisdictions may have a significant impact on how the Group calculates its deferred tax and current tax liabilities and, as a result, its tax charges. The interpretation of these laws is complex. Furthermore, the Group recognises liabilities for anticipated tax issues based on estimates of the additional taxes that are likely to become due, which requires judgment and interpretation of specific tax laws. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will affect the current tax and/or deferred tax liabilities in the period in which such determination is made. Therefore, this is one of the key judgmental areas on which our audit is concentrated.

- **Our response:** In this area our audit procedures included, among others, utilising our own tax specialists, who carried out a risk assessment to identify any tax issues which may affect the Group. For all tax matters that we identified through discussions with the Directors, consideration of tax correspondence and other key communications (board minutes, internal management reports), as well as those identified in other aspects of our audit work, we critically assessed the Group's interpretation of tax laws by involving our own tax specialists. We assessed the outcomes of recent cases in respect of the specific tax matters to determine the reasonableness of the current tax liability recorded against tax exposures. We have also considered the methodologies applied for calculating deferred tax in foreign regions, and tested the accuracy of the supporting calculations. We agreed all significant elements of the tax charge to support (such as local tax computations audited by our component auditors), and audited all significant differences between the statutory and effective rates in each jurisdiction, to ensure that adjustments to accounting profit are in accordance with accounting standards and local laws. We also assessed whether the Group's disclosures met the requirements of relevant accounting standards and are in line with Group tax policies.

Our application of materiality and an overview of the scope of our audit

The materiality for the Group financial statements as a whole was set at £7.5m. This has been determined with reference to a benchmark of Group profit before taxation, which we consider to be one of the principal considerations for members of the company in assessing the financial performance of the Group. Materiality represents 2.8% of Group profit before tax and 5.5% of Group profit before tax adjusted for the one-off item in relation to sale of the Glyndebourne development properties of £139.3m, which is disclosed in the annual report.

We agreed with the audit committee to report to it all uncorrected misstatements we identified through our audit with a value in excess of £375,000, in addition to other audit misstatements below that threshold that we believe warranted reporting on qualitative grounds. In addition we considered whether any misstatements corrected by management identified during the course of the audit should be communicated to the Audit Committee to assist it in fulfilling its governance responsibilities.

Audits for Group reporting purposes were performed by component auditors at the key reporting components in the following territories: United Kingdom; Asia (including Singapore, Philippines, South Korea, Hong Kong, Taiwan, Malaysia, Indonesia, and Thailand); New Zealand; and USA. In addition, reviews for Group reporting purposes were performed by component teams in the Middle East and China. Together, these Group procedures covered 95% of total Group revenue, 98% of Group profit before taxation, and over 96% of Group total assets.

The segment disclosures in note 5 set out the individual significance of a specific territory.

The audits and reviews undertaken for Group reporting purposes at the key reporting components of the Group were all performed to local materiality levels set by, or agreed with, the Group audit team. These local materiality levels were set individually for each component and ranged from £0.1m to £6.5m.

Detailed instructions were sent to all the auditors in these locations. These instructions covered the significant areas that should be covered by the component auditors (which included the relevant risks of material misstatement detailed above) and set out the information required to be reported back to the Group audit team. The Group audit team carried out reviews of audit files for Singapore, including the outcome of the Singapore team's review of the Taiwan, South Korea and New Zealand audit files. The Group team also visited Singapore and the US locations during the planning stages of the audit. Telephone planning and closing meetings were also held with the auditors at these locations and the other locations that were not physically visited.

Our opinion on other matters prescribed by the Companies Act 2006 is unmodified

In our opinion:

- the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006; and
- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

We have nothing to report in respect of the matters on which we are required to report by exception

Under ISAs (UK and Ireland) we are required to report to you if, based on the knowledge we acquired during our audit, we have identified other information in the annual report that contains a material inconsistency with either that knowledge or the financial statements, a material misstatement of fact, or that is otherwise misleading.

In particular, we are required to report to you if:

- we have identified material inconsistencies between the knowledge we acquired during our audit and the directors' statement that they consider that the annual report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's performance, business model and strategy; or
- the Audit Committee Report does not appropriately address matters communicated by us to the Audit Committee.

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 and the part of the Directors' Remuneration Report to be audited 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.

Under the Listing Rules we are required to review:

- the Directors' statement, set out on page 34, in relation to going concern; and
- the part of the Corporate Governance Statement on pages 37 relating to the company's compliance with the nine provisions of the 2010 UK Corporate Governance Code specified for our review.

We have nothing to report in respect of the above responsibilities.

Scope of report and responsibilities

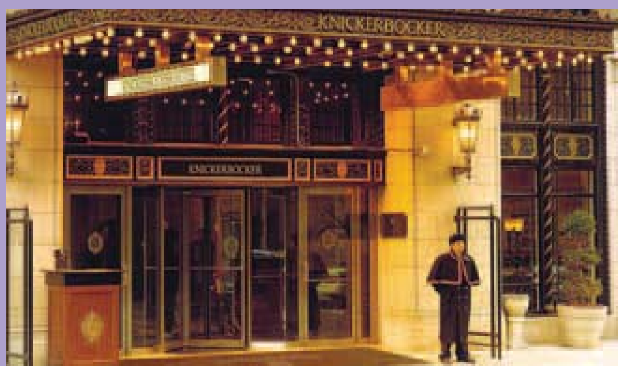
As explained more fully in the Directors' Responsibilities Statement set out on page 60, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate. This report is made solely to the company's members as a body and is subject to important explanations and disclaimers regarding our responsibilities, published on our website at *www.kpmg.com/uk/auditscopeukco2013a*, which are incorporated into this report as if set out in full and should be read to provide an understanding of the purpose of this report, the work we have undertaken and the basis of our opinions.

Steve Masters (Senior Statutory Auditor)
for and on behalf of KPMG Audit Plc,
Statutory Auditor

Chartered Accountants
15 Canada Square
London E14 5GL

20 February 2014

Group financial statements



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Consolidated income statement

For the year ended 31 December 2013

	Notes	2013 £m	Restated[1] 2012 £m
Revenue	5	**1,037.5**	768.3
Cost of sales		**(450.4)**	(305.7)
Gross profit		**587.1**	462.6
Administrative expenses	6	**(347.1)**	(334.4)
Other operating income	7	**11.9**	12.9
Other operating expenses	7	**(21.5)**	(1.4)
Operating profit		**230.4**	139.7
Share of profit of joint ventures and associates	15	**38.1**	37.2
Finance income		**6.3**	6.6
Finance expense		**(11.2)**	(12.2)
Net finance expense	9	**(4.9)**	(5.6)
Profit before tax	5	**263.6**	171.3
Income tax expense	10	**(28.6)**	(24.6)
Profit for the year		**235.0**	146.7
Attributable to:			
Equity holders of the parent		**228.5**	135.0
Non-controlling interests		**6.5**	11.7
		235.0	146.7
Basic earnings per share (pence)	11	**70.5p**	42.0p
Diluted earnings per share (pence)	11	**70.1p**	41.8p

The financial results above derive from continuing activities.

Notes on pages 73 to 132 form an integral part of these financial statements.

[1] See note 2.1 for details.

Consolidated statement of comprehensive income

For the year ended 31 December 2013

	Notes	**2013 £m**	2012 £m
Profit for the year		**235.0**	146.7
Other comprehensive income/(expense):			
Items that are not reclassified subsequently to income statement:			
Defined benefit plan actuarial losses	23	**(1.2)**	(3.7)
Income tax on items that are not reclassified to income statement	10	**0.4**	0.6
		(0.8)	(3.1)
Items that may be reclassified subsequently to income statement:			
Foreign currency translation differences – foreign operations		**(70.8)**	(5.5)
Foreign currency translation differences – equity accounted investees		**(16.0)**	0.8
Net gain on hedge of net investments in foreign operations		**5.4**	3.0
Share of joint ventures and associates other reserve movements		**(0.1)**	0.1
Effective portion of changes in fair value of cash flow hedges		**0.1**	0.3
		(81.4)	(1.3)
Other comprehensive expense for the year, net of tax		**(82.2)**	(4.4)
Total comprehensive income for the year		**152.8**	142.3
Total comprehensive income attributable to:			
Equity holders of the parent		**156.6**	132.4
Non-controlling interests		**(3.8)**	9.9
Total comprehensive income for the year		**152.8**	142.3

Notes on pages 73 to 132 form an integral part of these financial statements.

Consolidated statement of financial position

As at 31 December 2013

	Notes	2013 £m	2012 £m
Non-current assets			
Property, plant and equipment	12	**2,020.8**	2,051.7
Lease premium prepayment	13	**43.0**	44.4
Investment properties	14	**163.5**	169.1
Investments in joint ventures and associates	15	**441.5**	439.9
Loans due from associate		**–**	29.1
Other financial assets	16	**7.8**	7.9
		2,676.6	2,742.1
Current assets			
Inventories	17	**3.5**	3.8
Development properties	18	**71.1**	172.6
Lease premium prepayment	13	**1.3**	1.4
Trade and other receivables	19	**178.9**	67.6
Loans due from associate		**–**	18.5
Cash and cash equivalents	20	**424.0**	396.7
		678.8	660.6
Total assets		**3,355.4**	3,402.7
Non-current liabilities			
Loans due to associate		**–**	(16.4)
Interest–bearing loans, bonds and borrowings	21	**(229.6)**	(152.6)
Employee benefits	23	**(17.5)**	(17.2)
Provisions	24	**(7.3)**	(7.5)
Other non-current liabilities	25	**(115.0)**	(238.0)
Deferred tax liabilities	26	**(202.8)**	(228.1)
		(572.2)	(659.8)
Current liabilities			
Interest-bearing loans, bonds and borrowings	21	**(113.1)**	(191.9)
Trade and other payables	27	**(154.0)**	(154.6)
Other current financial liabilities		**(0.9)**	(2.4)
Provisions	24	**(6.2)**	(6.3)
Income taxes payable		**(40.5)**	(24.9)
		(314.7)	(380.1)
Total liabilities		**(886.9)**	(1,039.9)
Net assets		**2,468.5**	2,362.8

Notes on pages 73 to 132 form an integral part of these financial statements.

	Note	2013 £m	2012 £m
Equity			
Issued share capital		**97.4**	97.4
Share premium		**843.2**	843.0
Translation reserve		**191.4**	262.6
Cash flow hedge reserve		**(0.1)**	(0.2)
Treasury share reserve	30	**(2.2)**	(2.2)
Retained earnings		**1,160.0**	975.4
Total equity attributable to equity holders of the parent		**2,289.7**	2,176.0
Non-controlling interests		**178.8**	186.8
Total equity		**2,468.5**	2,362.8

These financial statements were approved by the Board of Directors on 20 February 2014 and were signed on its behalf by:

Kwek Leng Beng
Chairman

Wong Hong Ren
Chief Executive Officer

Registered No: 3004377

Consolidated statement of changes in equity

For the year ended 31 December 2013

	Share capital £m	Share premium £m	Trans-lation reserve £m	Cash flow hedge reserve £m	Treasury share reserve £m	Retained earnings £m	Total excluding non-controlling interests £m	Non-controlling interests £m	Total equity £m
Balance as at 1 January 2012	95.3	844.3	262.5	(0.5)	(2.2)	867.1	2,066.5	181.1	2,247.6
Profit	–	–	–	–	–	135.0	135.0	11.7	146.7
Total other comprehensive income	–	–	0.1	0.3	–	(3.0)	(2.6)	(1.8)	(4.4)
Total comprehensive income for the year	–	–	0.1	0.3	–	132.0	132.4	9.9	142.3
Transactions with owners, recorded directly in equity									
Contributions by and distributions to owners									
Dividends – equity holders	–	–	–	–	–	(52.5)	(52.5)	–	(52.5)
Issue of shares in lieu of dividends	1.7	(1.7)	–	–	–	28.0	28.0	–	28.0
Dividends – non-controlling interests	–	–	–	–	–	–	–	(4.2)	(4.2)
Share-based payment transactions (net of tax)	–	–	–	–	–	1.1	1.1	–	1.1
Share options exercised	0.4	0.4	–	–	–	(0.3)	0.5	–	0.5
Total contributions by and distributions to owners	2.1	(1.3)	–	–	–	(23.7)	(22.9)	(4.2)	(27.1)
Total transactions with owners	2.1	(1.3)	–	–	–	(23.7)	(22.9)	(4.2)	(27.1)
Balance as at 31 December 2012	97.4	843.0	262.6	(0.2)	(2.2)	975.4	2,176.0	186.8	2,362.8
Balance as at 1 January 2013	**97.4**	**843.0**	**262.6**	**(0.2)**	**(2.2)**	**975.4**	**2,176.0**	**186.8**	**2,362.8**
Profit	**–**	**–**	**–**	**–**	**–**	**228.5**	**228.5**	**6.5**	**235.0**
Total other comprehensive income	**–**	**–**	**(71.2)**	**0.1**	**–**	**(0.8)**	**(71.9)**	**(10.3)**	**(82.2)**
Total comprehensive income for the year	**–**	**–**	**(71.2)**	**0.1**	**–**	**227.7**	**156.6**	**(3.8)**	**152.8**
Transactions with owners, recorded directly in equity									
Contributions by and distributions to owners									
Dividends – equity holders	**–**	**–**	**–**	**–**	**–**	**(44.1)**	**(44.1)**	**–**	**(44.1)**
Dividends – non-controlling interests	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(4.2)**	**(4.2)**
Share-based payment transactions (net of tax)	**–**	**–**	**–**	**–**	**–**	**1.0**	**1.0**	**–**	**1.0**
Share options exercised	**–**	**0.2**	**–**	**–**	**–**	**–**	**0.2**	**–**	**0.2**
Total contributions by and distributions to owners	**–**	**0.2**	**–**	**–**	**–**	**(43.1)**	**(42.9)**	**(4.2)**	**(47.1)**
Total transactions with owners	**–**	**0.2**	**–**	**–**	**–**	**(43.1)**	**(42.9)**	**(4.2)**	**(47.1)**
Balance as at 31 December 2013	**97.4**	**843.2**	**191.4**	**(0.1)**	**(2.2)**	**1,160.0**	**2,289.7**	**178.8**	**2,468.5**

Notes on pages 73 to 132 form an integral part of these financial statements.

Consolidated statement of cash flows

For the year ended 31 December 2013

	2013 £m	2012 £m
Cash flows from operating activities		
Profit for the year	**235.0**	146.7
Adjustments for:		
Depreciation and amortisation	**38.0**	34.6
Share of profit of joint ventures and associates	**(38.1)**	(37.2)
Other operating income	**(11.9)**	(12.9)
Other operating expense	**21.5**	1.4
Equity settled share-based transactions	**0.8**	2.0
Finance income	**(6.3)**	(6.6)
Finance expense	**11.2**	12.2
Income tax expense	**28.6**	24.6
Operating profit before changes in working capital and provisions	**278.8**	164.8
(Increase)/decrease in inventories, trade and other receivables	**(111.0)**	2.8
Decrease/(increase) in development properties	**95.2**	(21.2)
(Decrease)/increase in trade and other payables	**(120.1)**	54.6
Decrease in provisions and employee benefits	**(0.9)**	(5.0)
Cash generated from operations	**142.0**	196.0
Interest paid	**(9.2)**	(9.2)
Interest received	**5.0**	5.2
Income tax paid	**(31.5)**	(32.7)
Net cash generated from operating activities	**106.3**	159.3
Cash flows from investing activities		
Dividends received from joint venture and associate	**55.0**	23.7
Decrease in loans due from associate	**49.0**	19.5
Increase in investment in associates	**(35.7)**	(4.9)
Proceeds from sale of shares in associate	**1.4**	2.8
Net proceeds from sale of assets	**2.6**	18.7
Acquisition of property, plant and equipment, lease premium prepayment and investment properties	**(80.3)**	(55.8)
Net cash (used in)/generated from investing activities	**(8.0)**	4.0
Balance carried forward	**98.3**	163.3

Notes on pages 73 to 132 form an integral part of these financial statements.

Consolidated statement of cash flows continued

	Note	2013 £m	2012 £m
Balance brought forward		**98.3**	163.3
Cash flows from financing activities			
Proceeds from issue of share capital		**0.2**	0.5
Repayment of borrowings		**(210.3)**	(66.8)
Drawdown of borrowings		**131.1**	28.3
Payment of transaction costs related to borrowings		**(0.6)**	(0.9)
Payment on termination of financial instruments		**(2.1)**	–
Dividends paid to non-controlling interests		**(4.2)**	(4.2)
(Decrease)/increase in loan due to associate		**(17.1)**	5.0
Dividends paid to equity holders of the parent	28	**(44.1)**	(24.5)
Net cash used in financing activities		**(147.1)**	(62.6)
Net (decrease)/increase in cash and cash equivalents		**(48.8)**	100.7
Cash and cash equivalents at beginning of the year		**379.0**	275.3
Effect of exchange rate fluctuations on cash held		**(12.3)**	3.0
Cash and cash equivalents at end of the year		**317.9**	379.0
Reconciliation of cash and cash equivalents			
Cash and cash equivalents shown in the consolidated statement of financial position		**424.0**	396.7
Bank overdrafts included in borrowings		**(106.1)**	(17.7)
Cash and cash equivalents for consolidated statement of cash flows		**317.9**	379.0

Notes on pages 73 to 132 form an integral part of these financial statements.

Notes to the consolidated financial statements

1 Corporate information

The consolidated financial statements of the Group for the year ended 31 December 2013 were authorised for issue in accordance with a resolution of the Directors on 20 February 2014. The Company is a limited company incorporated in England and Wales whose shares are publicly traded. The registered office is located at Victoria House, Victoria Road, Horley, Surrey RH6 7AF, United Kingdom.

2.1 Basis of preparation

The consolidated financial statements are prepared on the historical cost basis except for investment properties and, from 1 January 2005, derivative financial instruments, financial instruments held for trading and financial instruments classified as available-for-sale which are stated at their fair value. 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 hundred thousand.

The Directors have reassessed the presentation of the income statement in light of the Group's continuing evolution and best reporting practice and have made a number of disclosure and categorisation amendments to the income statement, together with relevant comparatives. Notable changes are the inclusion of certain other income and expenses into operating profit and the exclusion of share of profit of joint ventures and associates from operating profit. In addition, the Group is no longer using the term 'Headline operating profit' which was historically used. The Directors consider that these adjustments better reflect the commercial dynamics of the Group and facilitate comparison with peers. The amendments have no impact on revenue, profit before tax or profit for the year. Comparatives in the consolidated income statement and operating segment information for 31 December 2012 have been restated to reflect the change in definition.

Statement of compliance

The consolidated financial statements of the Group have been prepared in accordance with IFRSs as adopted by the EU, 'IFRS'.

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 December 2013.

(i) Subsidiaries
Subsidiaries are entities controlled by the Group. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group.

(ii) Investments in associates and jointly controlled entities (equity accounted investees)
The Group's investment in its associates and joint ventures is accounted for using the equity method. An associate is an entity in which the Group has significant influence but not control over the financial and operating policies. Joint ventures are those entities over whose activities the Group has joint control, established by contractual agreement.

Under the equity method, the investment in associates and joint ventures is carried in the consolidated statement of financial position at cost plus post acquisition changes in the Group's share of net assets of the associate and joint venture. Goodwill relating to the associate and joint venture is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

The income statement reflects the share of the results of operations of the associates and joint ventures. Where there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes and discloses this, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.

The share of profit of associates and joint ventures is shown on the face of the income statement. This is the profit attributable to equity holders of the associates and joint ventures and therefore is profit after tax and non-controlling interests in the subsidiaries of the associates and joint ventures.

The financial statements of the associates and joint ventures are prepared for the same reporting period as the parent company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in its associates and joint ventures. The Group determines at each reporting date whether there is any objective evidence that the investment in the associates and joint ventures is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associates and joint ventures and its carrying value and recognises the amount in the income statement.

Upon loss of significant influence over associates and joint ventures, the Group measures and recognises any remaining investment at its fair value. Any differences between the carrying amount of the associate or joint venture upon loss of significant influence and the fair value of the remaining investment and proceeds from disposal are recognised in the income statement.

Upon loss of joint control and provided the former jointly-controlled entity does not become a subsidiary or associate, the Group measures and recognises its remaining investment at its fair value. Any difference between the carrying amount of the former jointly-controlled entity upon loss of joint control and the fair value of the remaining investment and proceeds from disposal is recognised in the income statement. When the remaining investment constitutes significant influence, it is accounted for as investment in an associate.

(iii) Transactions eliminated on consolidation
Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. 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.

2.2 Changes in accounting policy and disclosures

The accounting policies adopted are consistent with those of the previous financial year except for the following new and amended IFRSs as of 1 January 2013:

IFRS 13 Fair Value Measurement

Amendments to IAS 1 Presentation of Items of Other Comprehensive Income

IAS 19 Revised Employee Benefits

Amendments to IFRS 7 Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities

The adoption of these accounting standards has not had a significant impact on the consolidated financial statements of the Group, except as stated below.

Post employment defined benefit plans
As a result of IAS 19 (2011), the Group has changed its accounting policy in respect to the basis of determining the income or expense related to its post-employment defined benefit plans.

Under IAS 19 (2011), the Group determines the net interest (income)/expense on the net defined benefit liability/(asset) for the period by applying the discount rate used to measure the defined benefit plan obligation at the beginning of the annual period to the then net defined benefit liability/(asset), taking into account any changes in the net defined benefit liability/(asset) during the period as at result of contributions and benefit payments. Consequently, the net interest on defined benefit liability/(asset) now comprises: interest cost on the defined benefit obligation, interest income on the plan assets, and interest on the effect on the asset ceiling. Previously, the Group determined interest income on plan assets based on their long term rate of expected return.

The above has had an immaterial impact on the Group's profits, assets and liabilities.

Fair value measurement
IFRS 13 establishes a single framework for measuring fair value and making disclosures about fair value measurements when such measurements are required or permitted by other IFRSs. It unifies the definition of fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. It replaces and expands the disclosure requirements about fair value measurements in other IFRSs, including IFRS 7. As a result the Group has included additional disclosures in this regard.

In accordance with transitional provisions of IFRS 13, the Group has applied the new fair value measurement guidance prospectively and has not provided any comparative information for the new disclosures. Notwithstanding the above, the change had no significant impact on the measurement of the Group's assets and liabilities.

2.3 Summary of significant accounting policies

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. Acquisition costs incurred are expensed.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

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.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognised in accordance with IAS 39 'Financial Instruments: Recognition and Measurement' either in the income statement or as a change to other comprehensive income. If the contingent consideration is classified as equity, it shall not be remeasured and its subsequent settlement shall be accounted for within equity.

Goodwill is initially measured at cost, being the excess of the consideration transferred over the Group's net identifiable assets acquired and liabilities assumed, and are allocated to each of the Group's hotels 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.

Transaction costs directly attributable to the acquisition are charged to the income statement.

B Foreign currency

(i) Foreign currency translation
The financial statements of each of the Group's businesses are prepared in the functional currency applicable to that business. Transactions in foreign currencies other than the functional currency are translated 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 into sterling at the foreign exchange rate at that date. Foreign exchange differences arising on translation are recognised in the income statement.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated into sterling at foreign exchange rates ruling at the date the fair value was determined.

(ii) Financial statements of foreign operations

On consolidation, the assets and liabilities of foreign operations, including fair value adjustments arising on consolidation, are translated to sterling at foreign exchange rates ruling at the balance sheet date. The revenues and expenses of foreign operations are translated to sterling at rates approximating to the foreign exchange rates ruling at the dates of the transactions. Foreign exchange differences arising on retranslation are recognised directly in equity in the foreign currency translation reserve. When a foreign operation is disposed of, in part or in full, the relevant amount in the translation reserve is transferred to the income statement.

(iii) Net investment in foreign operations

Exchange differences arising from the translation of the net investment in foreign operations, and of related hedges are taken to translation reserve. They are released into the income statement upon disposal or partial disposal of the foreign operation.

C Derivative financial instruments

The Group uses derivative financial instruments to hedge its exposure to foreign exchange and interest rate risks arising from operational, financing and investment activities. In accordance with its treasury policy, the Group does not hold or issue derivative financial instruments for trading purposes. However, derivatives that do not qualify for hedge accounting are accounted for as trading instruments.

Derivative financial instruments are recognised initially at fair value. Subsequent to initial recognition, derivative financial instruments are stated at fair value. The gain or loss on remeasurement to fair value is recognised immediately in the income statement. However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the item being hedged.

The fair value of interest rate swaps is the estimated amount that the Group would receive or pay to terminate the swap at the balance sheet date, taking into account current interest rates and the current creditworthiness of the swap counterparties. The fair value of forward exchange contracts is their quoted market price at the balance sheet date, being the present value of the quoted forward price.

D Hedges

(i) Cash flow hedges

When 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 transaction, the effective part of any gain or loss on the derivative financial instrument is recognised directly in equity. When the forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability, the associated cumulative gain or loss is removed from equity and included in the initial cost or other carrying amount of the non-financial asset or liability. If a hedge of a forecast transaction subsequently results in the recognition of a financial asset or a financial liability, then the associated gains and losses that were recognised directly in equity are reclassified to the income statement in the same period or periods during which the asset acquired or liability assumed affects the income statement (i.e. when interest income or expense is recognised).

For cash flow hedges, other than those covered by the preceding two policy statements, the associated cumulative gain or loss is removed from equity and recognised in profit or loss in the same period or periods during which the hedged forecast transaction affects profit or loss. The ineffective part of any gain or loss is recognised immediately in the income statement.

When a hedging instrument expires or is sold, 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, then the cumulative unrealised gain or loss recognised in equity is recognised immediately in the income statement.

(ii) 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.

(iii) 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.

E Property, plant and equipment and depreciation

(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 are measured on the basis of their deemed cost, being their UK GAAP carrying value, including revaluations, as at 1 January 2004.

(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	15 – 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 gross of tax relief and added to the cost of the hotel core.

Operating supplies, which include china, linen, glass and silverware, are 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.

F Leases

(i) Leased assets
Leases where the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. The leased asset is initially recorded at the lower of fair value and the present value of minimum lease payments.

The equivalent liability, categorised as appropriate, is included within current or non-current liabilities. Assets are depreciated over the shorter of the lease term and their useful economic lives. Finance charges are allocated to accounting periods over the period of the lease to produce constant rates of return on the outstanding balance.

Rentals payable by the Group under operating leases are charged to the income statement on a straight-line basis over the lease term even if payments are not made on the same basis. In cases where rents comprise a fixed and a variable element, the fixed element only is charged to the income statement on a straight-line basis with the variable amounts being charged as they become due. Lease incentives received are recognised as an integral part of the total lease expense.

Rentals receivable by the Group as lessor under operating leases, including the sub-letting of retail outlets within hotel properties, are credited to the income statement on a straight-line basis over the lease term even if the receipts are not made on such a basis. Costs, including depreciation incurred in earning the lease income, are recognised as an expense.

(ii) Lease premium

On occasion the Group makes and receives initial payments on entering both into long and short leases of land and buildings. Where payment for leased land is equivalent to the purchase of the freehold interest, the lease is classified as a finance lease. All other payments for leases of land are classified as operating.

On the statement of financial position, financial lease payment attributable to the land is recorded as property, plant and equipment and for operating leases, the land is recorded as a lease premium prepayment. Both lease types are charged to the income statement on a straight-line basis over the term of the lease. Interest attributable to funds to finance the purchase or lease of land is capitalised gross of tax relief and added to the cost of lease.

In the case of lease premiums received, these are reflected on the statement of financial position as deferred income, appropriately classified between current and non-current liabilities and are credited to the income statement on a straight-line basis over the term of the lease.

G Impairment

The carrying amounts of the Group's assets, other than investment properties, inventories, employee benefit assets and deferred tax assets are reviewed 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 their net selling price and 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.

Impairment is recognised in the income statement whenever the carrying amount of an asset or its cash-generating unit 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 classified as available-for-sale, 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 available-for-sale financial 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.

H 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 increase or decrease in the fair value on annual revaluation is recognised in the income statement in accordance with IAS 40 'Investment Property'. 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.

An external independent valuer, having an appropriate recognised professional qualification and recent experience in the location and category of the property being valued, values the portfolio annually. The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

The Group's associate undertaking, CDLHT, holds hotel assets which are leased to both the Group and external third parties with lease rentals and related charges varying according to the agreements involved. For the purposes of the preparation of the Group's financial statements, to the extent that these assets held by CDLHT qualify to be accounted for as investment properties in accordance with IAS 40, the Group equity accounts for its share of CDLHT's fair value change within its overall share of profits from associates. Such share of fair value change is recorded as a share of other operating income/expenses of associates in the Group's income statement. Where in the Group's view, the indicators of the lease arrangement are of an owner-occupied property, the property is accounted for in the Group's financial statements as part of CDLHT's property, plant and equipment with the Group's share of CDLHT's results for the period incorporating an appropriate depreciation charge.

I 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.

J 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.

K 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 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 of the statement of cash flows.

L 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.

M Income tax

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 asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the benefit will be realised.

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.

N 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'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 discount rate is the yield at the balance sheet date on AA credit rated bonds that have maturity dates approximating the terms of the Group's obligations. 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 then 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 profit or loss.

(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. The discount rate is the yield at the balance sheet date on AA credit rated bonds that have maturity dates approximating the terms of the Group's obligations.

(iv) Share-based payment transactions
The share-based incentive schemes allow the Group's employees to acquire shares of Millennium & Copthorne Hotels plc.

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 23.

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.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share (further details are given in note 11).

O 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 24.

P Revenue and its recognition

Revenue comprises:

- Income from the ownership and operation of hotels – recognised at the point at which the accommodation and related services are 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;
- REIT manager's management fees – earned from CDLHT and recognised on an accrual basis based on the applicable formula as described in note 33;
- 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 significant risks and rewards of ownership have 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. In 2013, the Glyndebourne development sales were recognised on the receipt of the temporary occupation permit.

Q 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.

R 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 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.

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.

Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment and intangible assets other than goodwill.

S Non-current assets held-for-sale

Non-current assets (or disposal groups comprising assets and liabilities) that are expected to be recovered primarily through sale rather than through continuing use are classified as held-for-sale. Generally the assets (or disposal group) are measured at the lower of their carrying amount and fair value less cost to sell. 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.

T Other financial assets and liabilities

Trade investments are classified as available-for-sale assets 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).

U 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.

3 Accounting estimates and judgements

Management has discussed with the Audit Committee the selection and disclosure of the Group's critical accounting policies and estimates and the application of these policies and estimates.

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. Key estimates and judgements have been made in the following areas, of which the most significant are listed first:

Asset carrying values

Management performs an assessment at each balance sheet date of assets across the Group where risk of impairment has been identified. Key judgement areas include the carrying values of property, plant and equipment and investment properties, investments in and loans to associates and joint ventures, and development properties. The recovery of these assets is dependent on future cash flows being receivable and the provision of future services or goods by third parties.

Where risk of impairment has been identified an impairment review has been performed on property, plant and equipment, lease premium prepayments and investments in and loans to joint ventures and associates held across the Group on a cash generating basis. Where appropriate, external evaluations are also undertaken. The impairment review is performed on a 'value in use' basis which requires estimation of future net operating cash flows, the time period over which they will occur, an appropriate discount rate and appropriate growth rates. The discount rates used reflect appropriate sensitivities involved in the assessment. Discount rates used for impaired properties are disclosed in notes 12 and 14.

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 2.3H. CDLHT owns hotel assets which are leased to both the Group and external third parties with lease rentals and related charges varying according to the agreement involved. The Group accounts for such hotel assets in its financial statements in accordance with the accounting policy set out in note 2.3H.

Judgement is required in assessing whether the relevant hotel assets held by CDLHT are owner-occupied or not, for the purposes of assessing whether IAS 40 'Investment Property' is applicable and whether therefore, accounting for the relevant hotels as investment properties is appropriate for the purposes of the Group's financial statements. The question of whether or not a property is owner-occupied is a matter of judgement, involving consideration of various factors such as, the length of the agreement involved, the powers of intervention and level of influence on financial and operating decisions held by the Group or CDLHT, and the extent of the Group or CDLHT's interest in the profits and cash flows generated by the relevant properties.

Where the indicators are such that on balance, CDLHT is, in the Group's opinion, shown to be a passive investor, the relevant hotel property is accounted for in accordance with IAS 40 and the Group accounts for its share of the fair value change through the income statement as a share of other operating income/expense of the associate. Where indicators are of an owner-occupied property, the hotel is classified as part of CDLHT's property, plant and equipment with the Group's share of CDLHT's results for the period incorporating an appropriate depreciation charge.

Revenue recognition for Glyndebourne development

Revenue has been recognised on the issue of the temporary occupation permit by the local authorities. This is the point at which the risks and rewards of ownership have passed to the buyers of the apartments.

Taxation

The tax charge for the year is recognised in the income statement and the statement of comprehensive income, according to the accounting treatment of the related transaction. The tax charge comprises both current and deferred tax. The calculation of the Group's total tax charge involves a degree of estimation and judgement, particularly when tax treatment for certain items cannot be determined until a final resolution. In addition, recognition of deferred tax assets is judgemental as it depends on expected timing and level of future taxable income.

Provisions for tax accruals require judgements on the interpretation of tax legislation, developments in tax case law and the potential outcomes of tax audits and appeals. The final resolution of certain of these items may give rise to material income statement and/or cash flow variances.

Land leases classification

The Group holds a number of hotels with leases of land that are determined to have an indefinite economic life. These are classified as a finance lease, even if at the end of the lease term title does not pass to the lessee. In determining whether the lease of land should be accounted for as a finance or an operating lease, the following factors were considered:

- transfer of ownership
- purchase options
- present value of minimum lease payments in comparison to fair value of land.

Lease backs from CDLHT

In July 2006 the Group completed the sale of long leasehold interest in three of its Singapore hotels to CDLHT, an associate and comprising a REIT and a business trust. These hotels were the Orchard Hotel (including the connected shopping centre) and M Hotel which were both sold on 75-year leases and Copthorne King's Hotel for the remaining 61 years of a 99-year lease. CDLHT also acquired the Grand Copthorne Waterfront Hotel, a Group managed hotel from CDL under a 75-year lease together with a conference centre. All four hotels excluding the shopping centre were leased back to the Group for an initial term of 20 years, each renewable at the Group's option for an additional term of 20 years. The conference centre lease was for five years from July 2006 and was renewed for a further five years during 2011.

In May 2011, the Group completed the sale of the remaining term of a 99-year long leasehold interest (commencing February 2007) in the Studio M Hotel Singapore to CDLHT. The hotel was leased back for an initial term of 20 years, renewable at the Group's option for three consecutive terms totalling 50 years.

Under the terms of the master lease agreements for the four hotels acquired in 2006, and in May 2011 for the Studio M Hotel, the Group is obliged to pay CDLHT an annual rental for the duration of the term (initial and extended term) of each lease agreement comprising the following:

- A fixed rent and service charge for each hotel; and
- A variable rent computed based on the sum of 20% (30% for Studio M) of each hotel's revenue and 20% of each hotel's gross operating profit for the prevailing financial year, less the sum of the fixed rent and the service charge. Should the calculation of the variable rent yield a negative figure, the variable rent is deemed to be zero.

Although the Group has the option to lease each building asset for a further period of 20-50 years, there remains a substantial proportion of the asset's economic life for which the Group will not benefit from the asset. In addition, the present value of the minimum lease payments over the potential term of the leases do not constitute substantially all of the fair value of the leased assets, and the variable rent structure is such that the Group does not retain significant risks and rewards of ownership of the assets. Accordingly, the Group has classified the lease-back arrangements as operating leases in accordance with IAS 17 'Leases'.

Any prepaid operating land lease income arising from the sale of hotels is recognised on the statement of financial position as deferred income, and is amortised over the 75-year term of the lease. At 31 December 2013, an amount of £108.9m (2012: £116.8m) is recognised in the statement of financial position as deferred income, £107.2m (2012: £115.1m) in non-current liabilities and £1.7m (2012: £1.7m) in trade and other payables and an amount of £1.7m (2012: £1.7m) has been credited to the 2013 consolidated income statement.

Investment in CDLHT

In 2006, the Group acquired a 39.1% interest in CDLHT, a stapled security listed on Singapore Exchange Securities Trading Limited, comprising a hotel real estate investment trust ("REIT") and a business trust. The business trust is dormant. The Group's interest in CDLHT at 31 December 2013 was 35.5%.

CDLHT is not considered to be a special purpose entity under Standing Interpretations Committee 12: Consolidation – Special Purpose Entities and the Group does not have, by virtue of its unit holdings, the power to control a majority of the voting rights of the units of CDLHT. However, as further noted in note 33, the Group acts as REIT Manager (through a wholly-owned company) under the terms of the trust deed constituting the REIT.

The Directors have reviewed the new international financial reporting standard, IFRS 10 'Consolidated Financial Statements' and have decided that, for the Group to comply with the accounting standard, CDLHT's accounts will have to be consolidated as part of the M&C Group. This change takes effect from 1 January 2014. The impact on the Group's reported results for 2014 is discussed in note 4 to these financial statements.

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 pages 6 to 30. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are described in the Strategic Report – Financial performance on pages 11 to 13 and in the key performance indicators on page 10. In addition, note 22 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 Group has considerable financial resources and plans for refinancing maturing facilities are under way.

Cash flow forecasts for the Group have been prepared for a period in excess of twelve months from the date of approval of these consolidated financial statements. These forecasts reflect an assessment of current market conditions. The forecasts completed on this basis show that the Group will be able to operate within the current committed debt facilities and show continued compliance with the financial covenants. In addition, management has considered various mitigating actions that could be taken in the event that market conditions are worse than their current assessment. Such measures include further reduction in costs and in capital expenditure. On the basis of the exercise as described above and the available committed debt facilities, the Directors have a reasonable expectation that the Group and Company have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt a going concern basis in preparing the financial statements of the Group and the Company.

In assessing whether the Group is a going concern, the Directors follow a review process which is consistent with the principles set out in the guidance published by the Financial Reporting Council: "Going Concern and Liquidity Risk: Guidance for Directors of UK Companies 2009".

Defined benefit pension plans

The Group operates a number of defined benefit pension plans. As set out in note 23, 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 economics factors.

Details of the assumptions used are set out in note 23.

Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non financial liabilities.

The Group has an established control framework with respect to the measurement of fair values. Management reviews significant unobservable inputs and valuations adjustments. If third party information is used to measure fair values, then management assesses the evidence obtained from third parties to support the conclusion that such valuations meet the requirements of IFRS, including the level in their fair value hierarchy in which such valuations should be classified.

Significant valuation issues are reported to the Group Audit Committee.

When measuring fair values, the Group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuations techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for an asset or liability, either directly or indirectly.
- Level 3: inputs for an asset or liability that are not based on observable market data.

If the inputs used to measure the fair value of an asset or liability might be categorised in difference levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

Further information about the assumptions made in measuring fair values is included in note 14 'Investment Properties' and note 23 'Employee Benefits'.

4 New standards and interpretations not yet adopted

The following EU-endorsed new standards and amendments to standards have been issued, but are not yet effective:

IFRS 10 Consolidated Financial Statements

IFRS 11 Joint Arrangements

IFRS 12 Disclosures of Interests in Other Entities

Amendments to IAS 27 Separate Financial Statements

Amendments to IAS 28 Investments in Associates and Joint Ventures

Amendments to IAS 32 Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities

Except for IFRS 10 which takes effect from 1 January 2014, the adoption of these amendments is not expected to have a significant impact on the consolidated financial statements of the Group.

IFRS 10 Consolidated Financial Statements which replaces requirements in IAS 27 Consolidated and Separate Financial Statements and SIC 12 Consolidation – Special Purpose Entities. This introduces new criteria to determine whether entities in which the Group has interest should be consolidated. The implementation of IFRS 10 will result in the Group consolidating CDLHT which was previously treated as an associate undertaking and not consolidated. The financial impact on the Group as at 31 December 2013 if IFRS 10 had been adopted at that date would have been to increase assets by £405m, increase liabilities by £229m and increase total shareholders' equity by £176m. Consolidated profit after tax for the year ended 31 December 2013 would have increased by £30m, and consolidated profit after tax, attributable to equity holders of the parent would have decreased by £3.6m.

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 finance expense, taxation balances and corporate expenses.

Geographical segments

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

- New York
- Regional US
- London
- Rest of Europe (including the Middle East)
- Singapore
- Rest of Asia
- Australasia

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

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

Segment results

	2013								
	New York £m	Regional US £m	London £m	Rest of Europe £m	Singapore £m	Rest of Asia £m	Australasia £m	Central costs £m	Total Group £m
Revenue									
Hotel	**106.3**	**111.0**	**110.7**	**70.2**	**146.7**	**150.3**	**42.8**	**–**	**738.0**
Property operations	**–**	**1.8**	**–**	**–**	**276.2**	**–**	**21.5**	**–**	**299.5**
Total revenue	**106.3**	**112.8**	**110.7**	**70.2**	**422.9**	**150.3**	**64.3**	**–**	**1,037.5**
Hotel gross operating profit	**26.1**	**18.6**	**59.6**	**16.7**	**72.3**	**50.0**	**18.3**	**–**	**261.6**
Hotel fixed charges[1]	**(19.2)**	**(18.3)**	**(15.4)**	**(11.7)**	**(43.5)**	**(26.2)**	**(4.8)**	**–**	**(139.1)**
Hotel operating profit	**6.9**	**0.3**	**44.2**	**5.0**	**28.8**	**23.8**	**13.5**	**–**	**122.5**
Property operating profit/(loss)	**–**	**(0.8)**	**–**	**–**	**140.5**	**–**	**8.5**	**–**	**148.2**
Central costs	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(30.7)**	**(30.7)**
Other operating income[2]	**–**	**–**	**–**	**–**	**9.3**	**2.6**	**–**	**–**	**11.9**
Other operating expense [2]	**–**	**(12.3)**	**–**	**(3.5)**	**–**	**(5.7)**		**–**	**(21.5)**
Operating profit/(loss)[1]	**6.9**	**(12.8)**	**44.2**	**1.5**	**178.6**	**20.7**	**22.0**	**(30.7)**	**230.4**
Share of profit of joint ventures and associates	**–**	**–**	**–**	**–**	**14.5**	**17.3**	**6.3**	**–**	**38.1**
Add: Depreciation and amortisation	**6.4**	**7.1**	**4.5**	**3.5**	**0.2**	**13.3**	**2.0**	**1.0**	**38.0**
EBITDA[3]	**13.3**	**(5.7)**	**48.7**	**5.0**	**193.3**	**51.3**	**30.3**	**(29.7)**	**306.5**
Less: Depreciation and amortisation									**(38.0)**
Net finance expense									**(4.9)**
Profit before tax									**263.6**

Notes:

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

2 See note 7 for details of other operating income and expense.

3 EBITDA is earnings before interest, tax, depreciation and amortisation.

	2012 (Restated)[4]								
	New York £m	Regional US £m	London £m	Rest of Europe £m	Singapore £m	Rest of Asia £m	Australasia £m	Central costs £m	Total Group £m
Revenue									
Hotel	99.5	115.3	108.4	70.3	152.3	159.2	44.4	–	749.4
Property operations	–	1.6	–	–	2.2	0.1	15.0	–	18.9
Total revenue	99.5	116.9	108.4	70.3	154.5	159.3	59.4	–	768.3
Hotel gross operating profit	24.3	22.0	61.8	17.2	81.6	61.2	20.5	–	288.6
Hotel fixed charges[1]	(18.5)	(18.9)	(14.9)	(12.3)	(48.1)	(23.9)	(6.3)	–	(142.9)
Hotel operating profit	5.8	3.1	46.9	4.9	33.5	37.3	14.2	–	145.7
Property operating profit/(loss)	–	(1.0)	–	–	1.3	–	5.9	–	6.2
Central costs	–	–	–	–	–	–	–	(23.7)	(23.7)
Other operating income [2]	–	–	–	–	2.4	–	10.5	–	12.9
Other operating expense [2]	–	–	–	–	–	(1.4)	–	–	(1.4)
Operating profit/(loss)	5.8	2.1	46.9	4.9	37.2	35.9	30.6	(23.7)	139.7
Share of profit of joint ventures and associates	–	–	–	–	15.8	16.8	4.6	–	37.2
Add: Depreciation and amortisation	5.0	6.5	4.7	3.6	0.2	11.3	2.1	1.2	34.6
EBITDA[3]	10.8	8.6	51.6	8.5	53.2	64.0	37.3	(22.5)	211.5
Less: Depreciation and amortisation									(34.6)
Net finance expense									(5.6)
Profit before tax									171.3

Notes:

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

2 See note 7 for details of other operating income and expense.

3 EBITDA is earnings before interest, tax, depreciation and amortisation.

4 The Directors have reassessed the presentation of the income statement in light of the Group's continuing evolution and best reporting practice and have made a number of disclosure and categorisation amendments to the income statement, together with relevant comparatives. The Directors consider that these adjustments better reflect the commercial dynamics of the Group and facilitate comparison with peers. The amendments have no impact on revenue, profit before tax or profit for the year. See note 2.1 for further explanation.

Segmental assets, liabilities and capital expenditure

	2013							
	New York £m	Regional US £m	London £m	Rest of Europe £m	Singapore £m	Rest of Asia £m	Australasia £m	Total Group £m
Hotel operating assets	**339.0**	**272.5**	**434.3**	**192.0**	**140.5**	**626.2**	**145.5**	**2,150.0**
Hotel operating liabilities	**(11.6)**	**(31.5)**	**(30.4)**	**(15.5)**	**(134.5)**	**(52.1)**	**(7.1)**	**(282.7)**
Investment in and loans due from joint ventures and associates	**–**	**–**	**–**	**–**	**150.0**	**118.0**	**57.1**	**325.1**
Total hotel operating net assets	**327.4**	**241.0**	**403.9**	**176.5**	**156.0**	**692.1**	**195.5**	**2,192.4**
Property operating assets	**–**	**27.5**	**–**	**–**	**181.5**	**63.1**	**67.8**	**339.9**
Property operating liabilities	**–**	**(0.3)**	**–**	**–**	**(15.2)**	**(0.9)**	**(1.8)**	**(18.2)**
Investment in and loans due from joint ventures and associates	**–**	**–**	**–**	**–**	**–**	**116.4**	**–**	**116.4**
Total property operating net assets	**–**	**27.2**	**–**	**–**	**166.3**	**178.6**	**66.0**	**438.1**
Deferred tax liabilities								**(202.8)**
Income taxes payable								**(40.5)**
Net cash								**81.3**
Net assets								**2,468.5**
Capital expenditure	**2.5**	**19.8**	**2.3**	**4.1**	**1.1**	**47.7***	**2.8**	**80.3**

	2012							
	New York £m	Regional US £m	London £m	Rest of Europe £m	Singapore £m	Rest of Asia £m	Australasia £m	Total Group £m
Hotel operating assets	352.3	270.8	436.3	186.5	148.5	629.4	149.2	2,173.0
Hotel operating liabilities	(12.8)	(46.1)	(21.6)	(22.0)	(142.6)	(42.7)	(12.4)	(300.2)
Investment in and loans due from joint ventures and associates	–	–	–	–	184.6	97.5	62.6	344.7
Loans due to associate	–	–	–	–	–	(16.4)	–	(16.4)
Total hotel operating net assets	339.5	224.7	414.7	164.5	190.5	667.8	199.4	2,201.1
Property operating assets	–	28.2	–	–	171.1	74.1	72.1	345.5
Property operating liabilities	–	(0.3)	–	–	(123.6)	(0.7)	(1.2)	(125.8)
Investment in and loans due from joint ventures and associates	–	–	–	–	47.7	95.1	–	142.8
Total property operating net assets	–	27.9	–	–	95.2	168.5	70.9	362.5
Deferred tax liabilities								(228.1)
Income taxes payable								(24.9)
Net cash								52.2
Net assets								2,362.8
Capital expenditure	20.6	5.4	2.7	4.8	0.4	19.3*	2.6	55.8

*Includes investment property in Japan of £6.0m (2012: £1.6m)

Geographic information

	2013 £m	2012 £m
Revenue from external customers		
Singapore	**422.9**	154.6
United States	**219.1**	216.3
United Kingdom	**155.8**	154.7
New Zealand	**64.3**	59.4
South Korea	**48.6**	54.1
Taiwan	**41.3**	44.1
China	**24.2**	24.3
Malaysia	**18.2**	17.1
France	**15.0**	15.0
Philippines	**8.8**	10.3
Indonesia	**6.6**	6.7
Germany	**5.2**	5.1
Other	**7.5**	6.6
Total revenue per consolidated income statement	**1,037.5**	768.3

The revenue information above is based on the location of the business. The £1,037.5m (2012: £768.3m) revenue is constituted of £738.0m (2012: £749.4m) of hotel revenue and £299.5m (2012: £18.9m) of property operations revenue. The property operations revenue comprises £21.5m (2012: £15.0m) from New Zealand, £276.2m (2012: £2.2m) from Singapore and other countries £1.8m (2012: £1.7m).

	2013 £m	2012 £m
Non-current assets		
United States	**614.3**	630.4
United Kingdom	**563.8**	567.5
Singapore	**355.2**	422.6
Taiwan	**241.9**	239.4
China	**230.0**	194.6
South Korea	**169.8**	151.4
New Zealand	**156.3**	157.1
Hong Kong	**68.3**	97.5
Malaysia	**64.0**	70.1
Japan	**63.0**	71.9
France	**39.8**	39.9
Australia	**39.4**	46.5
Maldives	**31.3**	–
Philippines	**29.5**	37.9
Indonesia	**9.8**	15.1
Other	**0.2**	0.2
Total non-current assets per consolidated statement of financial position	**2,676.6**	2,742.1

Non-current assets for this purpose consist of property, plant and equipment, lease premium prepayment, investment properties, investments in joint ventures and associates, loans due from associates and other financial assets.

6 Administrative expenses

The following items are included within administrative expenses:

	2013 £m	2012 £m
(a) 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	**0.5**	0.4
– Audit of subsidiary companies	**1.3**	1.4
	1.8	1.8
Non-audit related services:		
– Tax compliance	**0.1**	0.5
– Tax advisory	**0.8**	0.9
– Other non-audit services	**0.2**	0.1
	1.1	1.5
Total	**2.9**	3.3

In addition to the above, fees in respect of the annual audit of the Millennium & Copthorne UK pension plan were £0.01m (2012: £0.01m).

	2013 £m	2012 £m
(b) Impairment (note 7)	**21.3**	1.4
(c) Repairs and maintenance	**37.1**	35.9
(d) Depreciation	**36.6**	33.2
(e) Lease premium amortisation	**1.4**	1.4
(f) Rental paid/payable under operating leases		
– land and buildings	**47.4**	50.0
– plant and machinery	**3.6**	5.0

Rental paid/payable under operating leases with regard to land and buildings includes rentals relating to the lease arrangements with CDLHT on five Singapore hotels and a conference centre. Details of these lease arrangements and rents payable thereon are given in note 31.

7 Other operating income and expense

	Notes	2013 £m	Restated 2012 £m
Other operating income			
Revaluation gain of investment properties	a	**9.0**	1.8
Gain arising on disposal of assets	b	**2.6**	10.5
Gain on disposal of stapled securities in CDLHT	c	**0.3**	0.6
		11.9	12.9
Other operating expense			
Impairment	d	**(21.3)**	(1.4)
Revaluation deficit of investment properties	a	**(0.2)**	–
		(21.5)	(1.4)

(a) Net revaluation gain/deficit of investment properties
At the end of 2013, the Group's investment properties were subject to external professional valuation on an open-market existing use basis. Based on these valuations, together with such considerations as the Directors consider appropriate, the Tanglin Shopping Centre recorded an uplift in value of £9.0m (2012: £1.8m) and Biltmore Court & Tower recorded a deficit in value of £0.2m (2012: £nil).

(b) Gain arising on disposal of assets
In October 2013, the Group disposed of its investment in India for £3.4m (350m rupees) resulted in a profit of £2.6m after deducting its book cost of £0.8m.

During the financial year ended 31 December 2012, a settlement was reached with the insurers in relation to Copthorne Hotel Christchurch Central which is one of the hotels affected by the New Zealand earthquake. A gain of £10.5m which was the difference between the compensation received and the carrying value of the freehold building was recognised by the Group.

(c) Gain on disposal of stapled securities in CDLHT
In 2013, the Group disposed of 1,303,000 stapled securities in CDLHT for S$2.6m or £1.4m, which net of the carrying value of the stapled securities and the dilution impact totalling S$2.0m or £1.1m resulted in a net gain of S$0.6m or £0.3m.

In 2012, the Group disposed of 2,849,000 stapled securities in CDLHT for S$5.6m or £2.8m, which net of the carrying value of the stapled securities and the dilution impact totalling S$4.4m or £2.2m resulted in a net gain of S$1.2m or £0.6m.

(d) Impairment
The Directors undertook their annual review of the carrying value of hotels and property assets for indication of impairment and where appropriate, external valuations were also undertaken. As a result of this review, an impairment charge of £20.7m (2012: £nil) was made for the year ended 31 December 2013, consisting of £3.5m in relation to four Regional UK hotels in Rest of Europe, £12.1m for a hotel in Regional US and £5.1m in relation to a hotel in Rest of Asia.

A £0.6m (2012: £1.4m) impairment charge was made during the year ended 31 December 2013 relating to interest on shareholder loans to the Group's 50% investment in Fena Estate Company Limited.

8 Personnel expenses

	2013 £m	2012 £m
Wages and salaries	**232.8**	222.9
Compulsory social security contributions	**36.1**	34.7
Contributions to defined contribution schemes	**10.9**	10.3
Defined benefit pension cost – recorded in the statement of comprehensive income	**1.2**	3.7
Defined benefit pension cost – recorded in the income statement	**2.4**	2.0
Equity-settled share-based payment transactions	**0.8**	2.0
	284.2	275.6

The average number of employees employed by the Group (including Directors) during the year analysed by category was as follows:

	2013 Number	2012 Number
Hotel operating staff	**8,009**	7,836
Management/administration	**1,306**	1,280
Sales and marketing	**438**	434
Repairs and maintenance	**600**	607
	10,353	10,157

Directors' remuneration

	2013 £m	2012 £m
Remuneration	**2,047**	1,576
Received by the Directors under long-term incentive schemes	**745**	323
Payment in lieu of pensions	**130**	130
	2,922	2,029

9 Net finance expense

	2013 £m	2012 £m
Interest income	**4.0**	5.4
Interest receivable from joint ventures and associates	**1.6**	0.5
Foreign exchange gain	**0.7**	0.7
Finance income	**6.3**	6.6
Interest expense	**(9.6)**	(10.4)
Foreign exchange loss	**(1.6)**	(1.8)
Finance expense	**(11.2)**	(12.2)
Net finance expense	**(4.9)**	(5.6)

10 Income tax expense

	2013 £m	2012 £m
Current tax		
Corporation tax charge for the year	**49.2**	32.7
Adjustment in respect of prior years	**(1.0)**	(1.7)
Total current tax expense	**48.2**	31.0
Deferred tax (note 26)		
Origination and reversal of timing differences	**(9.7)**	0.2
Effect of change in tax rate on opening deferred taxes	**(3.2)**	(3.0)
Benefits of tax losses recognised	**(2.2)**	(0.2)
Over provision in respect of prior years	**(4.5)**	(3.4)
Total deferred tax credit	**(19.6)**	(6.4)
Total income tax charge in the consolidated income statement	**28.6**	24.6
UK	**5.0**	4.1
Overseas	**23.6**	20.5
Total income tax charge in the consolidated income statement	**28.6**	24.6

For the year ended 31 December 2013, the Group recorded a tax expense of £28.6m (2012: £24.6m) excluding the tax relating to joint ventures and associates, giving rise to an effective tax rate of 12.7% (2012: 18.4%). The effective tax rate has been affected by a number of factors which include the following items:

- Other income and expense of the Group;
- Reduced tax rates applied to brought forward net deferred tax liabilities in the UK;
- Tax adjustments in respect of previous years; and
- The impact of the Glyndebourne development profits.

Excluding the impact of the items noted above, the Group's underlying effective tax rate is 28.7% (2012: 26.7%).

For the year ended 31 December 2013, a charge of £5.9m (2012: £8.5m) relating to joint ventures and associates is included in the profit before tax.

Effect of changes in tax rates

The credit in 2013 of £3.2m (2012: £3.0m credit) relates to a reduction in the tax rate in the UK (2012: UK) on opening deferred taxes. With regard to the UK, a reduction to 21% in the rate applicable from 1 April 2014, and a further reduction to 20% in the rate applicable from 1 April 2015 were substantively enacted during the year. This has reduced the deferred tax liability as at 31 December 2013, which is now calculated at 20%.

Adjustments in respect of prior years

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

	2013 £m	2012 £m
Profit before income tax in consolidated income statement	**263.6**	171.3
Less share of profits of joint ventures and associates[1]	**(38.1)**	(37.2)
Profit on ordinary activities excluding share of joint ventures and associates	**225.5**	134.1
Income tax on ordinary activities at the standard rate of UK tax of 23.25% (2012: 24.5%)	**52.4**	32.8
Tax exempt income	**(11.9)**	(10.3)
Non-deductible expenses	**7.7**	6.3
Current year losses for which no deferred tax asset was recognised	**1.4**	0.8
Unrecognised deferred tax assets	**–**	0.6
Effect of tax rates on separately disclosed items	**(3.0)**	1.0
Other effect of tax rates in foreign jurisdictions	**(9.3)**	1.5
Effect of change in tax rate on opening deferred taxes	**(3.2)**	(3.0)
Other adjustments to tax charge in respect of prior years[2]	**(5.5)**	(5.1)
Income tax expense per consolidated income statement	**28.6**	24.6

Notes:

1 The effective rate of tax for joint ventures and associates before separately disclosed items is 12.3% (2012: 17.0%). This is lower than the standard rate of UK tax of 23.25% (2012: 24.5%), due to lower rates of corporation tax being applicable in the jurisdictions in which the entities operate and the effects of tax exempt income.

2 Comprising £1.0m credit (2012: £1.7m credit) in respect of current tax and £4.5m credit (2012: £3.4m credit) in respect of deferred tax.

Income tax recognised in other comprehensive income

	2013 £m	2012 £m
Taxation credit arising on defined benefit pension schemes	**0.4**	0.8
Taxation (expense) other	**–**	(0.2)
	0.4	0.6

11 Earnings per share

Earnings per share are calculated using the following information:

	2013	2012
(a) Basic		
Profit for the year attributable to holders of the parent (£m)	**228.5**	135.0
Weighted average number of shares in issue (m)	**324.3**	321.6
Basic earnings per share (pence)	**70.5p**	42.0p
(b) Diluted		
Profit for the year attributable to holders of the parent (£m)	**228.5**	135.0
Weighted average number of shares in issue (m)	**324.3**	321.6
Potentially dilutive share options under the Group's share option schemes (m)	**1.7**	1.4
Weighted average number of shares in issue (diluted) (m)	**326.0**	323.0
Diluted earnings per share (pence)	**70.1p**	41.8p

12 Property, plant and equipment

	Land and buildings £m	Capital work in progress £m	Fixtures, fittings and equipment £m	Plant and machinery and vehicles £m	Total £m
Cost					
Balance at 1 January 2012	2,128.3	16.0	92.3	142.4	2,379.0
Additions	8.8	19.8	10.5	14.8	53.9
Transfers	2.0	(7.5)	0.4	5.1	–
Disposals	(8.8)	–	(1.1)	(16.4)	(26.3)
Written off	(0.9)	–	(2.3)	(0.9)	(4.1)
Foreign exchange adjustments	(5.6)	(0.1)	(1.2)	(2.0)	(8.9)
Balance at 31 December 2012	2,123.8	28.2	98.6	143.0	2,393.6
Balance at 1 January 2013	2,123.8	28.2	98.6	143.0	2,393.6
Additions	18.7	27.4	5.7	21.5	73.3
Transfers	12.6	(30.0)	9.5	9.3	1.4
Disposals	(4.5)	–	(0.2)	(0.5)	(5.2)
Written off	–	–	(1.8)	(17.5)	(19.3)
Foreign exchange adjustments	(43.2)	(0.5)	(8.8)	(6.0)	(58.5)
Balance at 31 December 2013	**2,107.4**	**25.1**	**103.0**	**149.8**	**2,385.3**
Accumulated depreciation					
Balance at 1 January 2012	199.7	1.2	24.0	110.0	334.9
Charge for the year	13.0	–	4.1	16.1	33.2
Transfers	–	–	(0.5)	0.5	–
Disposals	(0.3)	–	(1.7)	(16.1)	(18.1)
Written off	(0.4)	–	(2.8)	(0.9)	(4.1)
Foreign exchange adjustments	(2.4)	–	(0.1)	(1.5)	(4.0)
Balance at 31 December 2012	209.6	1.2	23.0	108.1	341.9
Balance at 1 January 2013	209.6	1.2	23.0	108.1	341.9
Charge for the year	13.4	–	4.8	18.4	36.6
Impairment	19.3	–	1.0	0.4	20.7
Disposals	(4.5)	–	(0.2)	(0.5)	(5.2)
Written off	–	–	(1.8)	(17.5)	(19.3)
Foreign exchange adjustments	(5.8)	–	(0.9)	(3.5)	(10.2)
Balance at 31 December 2013	**232.0**	**1.2**	**25.9**	**105.4**	**364.5**
Carrying amounts					
At 31 December 2013	**1,875.4**	**23.9**	**77.1**	**44.4**	**2,020.8**
At 31 December 2012	1,914.2	27.0	75.6	34.9	2,051.7

Included within additions, in 2013, is £41.6m (2012: £33m) in respect to the Group's £240m asset management programme, as discussed in the Strategic Report on page 7.

a Impairment
Property, plant and equipment are reviewed for impairment based on each cash generating unit ("CGU"). The CGUs are individual hotels. The carrying value of individual hotels was compared to the recoverable amount of the hotels, which was predominantly based on value-in-use. For 2013, where indicators of impairment were present, the Group estimated value-in-use through creation of discounted cash flow models, based on future trading performance expected by management. The underlying basis for the impairment model involves each hotel's projected cash flow for the financial year ending 31 December 2014, extrapolated to incorporate individual assumptions in respect of revenue growth (principally factoring in room rate and occupancy growth) and major expense lines. The future cash flows are based on assumptions about competitive growth rates for hotels in that area, as well as internal business plans. These plans and forecasts include management's most recent view of trading prospects for the hotel in the relevant market. The forecasts cover a five to ten year period, and cash flows beyond this period are extrapolated using a growth rate ranging between 2% and 5%, which are based upon the expected trading growth for each hotel and inflation in the country. Where appropriate, the Directors sought guidance on value through a registered independent appraiser with an appropriately recognised professional qualification and recent experience in the location and category of the hotel being valued.

On the basis of both external and internal valuations in 2013, the Group recorded an impairment charge of £20.7m (2012: £nil). The £20.7m impairment charge comprised £3.5m for four Regional UK hotels in Rest of Europe, £12.1m for a hotel in Regional US and £5.1m in relation to a hotel in Rest of Asia.

b Land and buildings
Land and buildings includes long leasehold building assets with a book value of £467.6m (2012: £431.0m). The net book value of land and buildings held under short leases was £39.9m (2012: £39.4m), in respect of which depreciation of £4.0m (2012: £3.5m) was charged during the year.

Interest of £nil (2012: £0.8m) has been capitalised within land and buildings during the year. The cumulative capitalised interest within land and buildings is £5.2m (2012: £5.2m).

c Pledged assets
At year-end, the net book value of assets pledged as collateral for secured loans was £280.2m (2012: £288.4m). The security for the loans is by way of charges on the properties of the Group companies concerned.

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

Pre-tax discount rate – The discount rate is based on the country in which the hotel is located and is adjusted for risks associated with the hotel. Discount rates ranged from 9% to 13% in the US, 9% to 12% in Europe, 6% to 12% in Asia and 8% in Australasia.

Occupancy rate – The occupancy growth rates ranged from 1% to 8% in the US, 0% to 7% in Europe, 1% to 4% in Asia and 1% to 4% in Australasia.

Average room rate – The average room rate growth ranged from 3% to 5% in the US, 2% to 3% in Europe, 2% to 6% in Asia and 1% to 2% in Australasia.

e Sensitivities
The Group's impairment review is sensitive to changes in the key assumptions used, most notably the discount rates and revenue growth assumptions. Based on the Group's sensitivity analysis, a reasonably possible change in a single factor could result in impairment in certain hotels in Regional UK, Regional US, Asia and Australasia as their fair value currently exceeds their carrying value only by a small percentage.

13 Lease premium prepayment

	2013 £m	2012 £m
Cost		
Balance at 1 January	**49.7**	51.4
Foreign exchange adjustments	**(0.3)**	(1.7)
Balance at 31 December	**49.4**	49.7
Amortisation		
Balance at 1 January	**3.9**	2.7
Charge for the year	**1.4**	1.4
Foreign exchange adjustments	**(0.2)**	(0.2)
Balance at 31 December	**5.1**	3.9
Carrying amount	**44.3**	45.8
Analysed between:		
Amount due after more than one year included in non-current assets	**43.0**	44.4
Amount due within one year included in current assets	**1.3**	1.4
	44.3	45.8

14 Investment properties

Investment properties owned by the Group comprise offices, a shopping-cum-office complex, a land site allocated for the future construction of condominiums at Sunnyvale, California and a land site in the Ginza district of Tokyo, Japan.

Movements in the year analysed as:

	2013			2012		
	Completed investment property £m	**Investment properties under construction £m**	**Total £m**	Completed investment property £m	Investment property under construction £m	Total £m
Balance at 1 January	**90.8**	**78.3**	**169.1**	87.7	86.2	173.9
Subsequent expenditure	**0.9**	**6.1**	**7.0**	0.1	1.8	1.9
Transfers	**(1.4)**	**–**	**(1.4)**	–	–	–
Adjustment to fair value	**8.8**	**–**	**8.8**	1.8	–	1.8
Foreign exchange adjustment	**(4.7)**	**(15.3)**	**(20.0)**	1.2	(9.7)	(8.5)
Balance at 31 December	**94.4**	**69.1**	**163.5**	90.8	78.3	169.1

Analysed as:

	2013				2012			
	Offices and a shopping-cum-office complex £m	**Investment properties under construction**		**Total £m**	Offices and a shopping-cum-office complex £m	Investment properties under construction		Total £m
		Residential £m	**Hotel £m**			Residential £m	Hotel £m	
Completed investment property	**94.4**	**–**	**–**	**94.4**	90.8	–	–	90.8
Investment property under construction	**–**	**6.2**	**62.9**	**69.1**	–	6.5	71.8	78.3
Balance at 31 December	**94.4**	**6.2**	**62.9**	**163.5**	90.8	6.5	71.8	169.1

In general, the carrying amount of investment property other than those under construction 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. Fair values were determined having regard to recent market transactions for similar properties in the same location as the Group's investment property.

At the end of 2013, those Group investment properties were subject to external professional valuation on an open market existing use basis by the following accredited independent valuers:

Properties	Valuers
Tanglin Shopping Centre, Singapore	DTZ Debenham Tie Leung (SEA) Pte Ltd
Biltmore Court & Tower, Los Angeles	Sequoia Hotel Advisors, LLC
Land site at Sunnyvale, California	Sequoia Hotel Advisors, LLC
Land site in Ginza, Tokyo	Jones Lang LaSalle KK

Based on these valuations together with such considerations as the Directors consider appropriate, the Tanglin Shopping Centre recorded an uplift in value of £9.0m (2012: £1.8m). On the other hand, Biltmore Court & Tower recorded a deficit of £0.2m (2012: £nil). All the other investment properties recorded no change as they are carried at cost and no impairment was identified.

Fair value hierarchy
The fair value measurement for investment properties not under construction of £94.4m has been categorised as a Level 3 fair value based on inputs to the valuation technique used.

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 technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
The technique applied in the valuation of the Tanglin Shopping Centre is based on market comparison of sales of similar properties in the vicinity. Further adjustments are made to this value to account for differences in location, size, tenure, view, accessibility, condition and other factors. Biltmore Court & Tower was valued using a discounted cash flow technique based on expected rental income and discount rate appropriate for the property.	**Tanglin Shopping Centre** Open market values for other properties. **Biltmore Court & Tower** Discount rate of between 8% to 11% and capitalisation rate of 8% to 9%.	The estimated fair value would increase/(decrease) if: • Expected market rental growth were higher/(lower); and • Risk adjusted discount rate was lower/(higher) and capitalisation rate were (higher)/lower.

Further details in respect of investment property rentals are given in note 31.

15 Investments in joint ventures and associates

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

	Effective Group interest 2013	2012
Joint ventures		
New Unity Holdings Limited	**50.0%**	50.0%
Fena Estate Company Limited	**50.0%**	50.0%
Associates		
CDL Hospitality Trusts ("CDLHT") – see note (a) below	**35.5%**	35.3%
First Sponsor Capital Limited ("FSCL")	**39.3%**	39.3%

	Joint ventures 2013 £m	**Associates 2013 £m**	**Total 2013 £m**	*Joint ventures 2012 £m*	*Associates 2012 £m*	*Total 2012 £m*
Share of net assets/cost						
Balance at 1 January	**97.6**	**342.3**	**439.9**	95.0	327.8	422.8
Share of profit for the year	**7.3**	**30.8**	**38.1**	9.2	28.0	37.2
Additions (see note (b))	**–**	**35.7**	**35.7**	–	4.9	4.9
Disposal of stapled securities (see note (c))	**–**	**(1.1)**	**(1.1)**	–	(2.2)	(2.2)
Dividends received	**(35.7)**	**(19.3)**	**(55.0)**	(4.1)	(19.6)	(23.7)
Foreign exchange adjustments	**(0.9)**	**(15.1)**	**(16.0)**	(2.5)	3.3	0.8
Other movements	**–**	**(0.1)**	**(0.1)**	–	0.1	0.1
Balance at 31 December	**68.3**	**373.2**	**441.5**	97.6	342.3	439.9
Share of profit for the year						
Operating profit	**14.1**	**36.8**	**50.9**	16.3	34.9	51.2
Interest, tax and non-controlling interests	**(6.8)**	**(6.0)**	**(12.8)**	(7.1)	(6.9)	(14.0)
Analysed between:						
Interest	**(0.4)**	**(2.4)**	**(2.8)**	–	(1.4)	(1.4)
Tax	**(2.3)**	**(3.5)**	**(5.8)**	(2.7)	(5.8)	(8.5)
Non-controlling interests	**(4.1)**	**(0.1)**	**(4.2)**	(4.4)	0.3	(4.1)
Share of profit for the year	**7.3**	**30.8**	**38.1**	9.2	28.0	37.2

Notes:

a CDLHT is quoted on the Singapore Exchange Securities Trading Limited and as at 31 December 2013 its share price was S$1.635 (2012: S$1.880). For the Group's 35.5% (2012: 35.3%) interest, this equates to a market capitalisation of £271.0m (2012: £350.7m).

b The Group received stapled units in CDLHT in lieu of payment of management fees amounting to £5.1m in 2013 (2012: £4.9m) and in 2013 invested £30.6m (2012: £nil) in FSCL.

c Disposal of stapled securities - see note 7 'Other operating income and expense' for further details.

	2013 £m	2012 £m
Summary information on joint ventures – 100%		
Revenue	**101.8**	104.1
Expenses	**(87.3)**	(85.7)
Profit for the year	**14.5**	18.4
Assets		
Non-current assets	**295.4**	298.3
Current assets	**48.7**	62.2
Total assets	**344.1**	360.5
Liabilities		
Non-current liabilities	**(134.8)**	(70.2)
Current liabilities	**(25.2)**	(27.3)
Total liabilities	**(160.0)**	(97.5)
Total assets less total liabilities	**184.1**	263.0
Less non-controlling share of net assets	**(47.5)**	(68.1)
Net assets – 100%	**136.6**	194.9
Summary information on associates – 100%		
Revenue	**156.0**	148.3
Surplus on revaluation of investment properties	**16.3**	25.1
Expenses	**(91.3)**	(100.3)
Profit for the year	**81.0**	73.1
Assets		
Non-current assets	**1,069.3**	1,066.1
Current assets	**415.7**	307.3
Total assets	**1,485.0**	1,373.4
Liabilities		
Non-current liabilities	**(348.9)**	(240.5)
Current liabilities	**(191.2)**	(236.5)
Total liabilities	**(540.1)**	(477.0)
Total assets less total liabilities	**944.9**	896.4
Less non-controlling share of net assets	**(2.8)**	(5.3)
Net assets – 100%	**942.1**	891.1

At 31 December 2013, the Group's share of the total capital commitments of joint ventures and associates amounted to £57.4m (2012: £nil). At 31 December 2013, the Group's joint ventures and associates had contingent liabilities of £0.1m (2012: £nil).

16 Other financial assets

	2013 £m	2012 £m
Other financial assets included within non-current assets comprise:		
Unquoted equity investments available-for-sale	**4.6**	4.6
Deposits receivable	**3.2**	3.3
	7.8	7.9

17 Inventories

	2013 £m	2012 £m
Consumables	**3.5**	3.8

18 Development properties

	2013 £m	2012 £m
Development properties comprise:		
Development land for resale		
– New Zealand landbank	**43.0**	42.3
Development properties		
– Zenith Residences	**24.3**	29.2
– Glyndebourne (redevelopment of Copthorne Orchid hotel)	**3.8**	101.1
	71.1	172.6

19 Trade and other receivables

	2013 £m	2012 £m
Trade and other receivables due from joint ventures and associates	**0.9**	0.9
Trade receivables	**29.0**	31.0
Other receivables	**12.8**	11.7
Prepayments and accrued income	**136.2**	24.0
	178.9	67.6

Trade receivables are shown net of an impairment allowance of £1.8m (2012: £1.6m) relating to the likely insolvencies of customers and non-recoverability of debts.

Prepayments and accrued income includes £103.3m (2012: £nil) in respect of payments to be received for the sale of apartments in the Glyndebourne development which was completed in 2013.

The Group's exposure to credit and currency risks and impairment losses related to trade and other receivables are disclosed in note 22.

20 Cash and cash equivalents

	2013 £m	2012 £m
Cash at bank and in hand	**221.6**	99.5
Short-term deposits	**202.4**	297.2
Cash and cash equivalents on the statement of financial position	**424.0**	396.7
Overdraft bank accounts included in borrowings	**(106.1)**	(17.7)
Cash and cash equivalents shown in the cash flow statement	**317.9**	379.0

The Group's exposure to interest rate risk and a sensitivity analysis for financial assets are disclosed in note 22.

21 Interest-bearing loans, bonds and borrowings

	2013 £m	2012 £m
Included within non-current liabilities:		
Bank loans	**172.3**	124.9
Bonds payable	**57.3**	27.7
	229.6	152.6
Included within current liabilities:		
Bank loans and overdrafts	**113.1**	55.2
Bonds payable	**–**	136.7
	113.1	191.9

Further details in respect of financial liabilities are given in note 22.

22 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, and the Group's policies and processes for measuring and managing risk.

(a) 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.

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

	Carrying value	
	2013 £m	2012 £m
Cash at bank and in hand (see note 20)	**221.6**	99.5
Short-term deposits (see note 20)	**202.4**	297.2
Unquoted equity investments available-for-sale (see note 16)	**4.6**	4.6
Deposits receivable (see note 16)	**3.2**	3.3
Trade receivables (see note 19)	**29.0**	31.0
Trade and other receivables due from joint ventures and associates (see note 19)	**0.9**	0.9
Other receivables (see note 19)	**12.8**	11.7
Loans due from associate	**–**	47.6
	474.5	495.8

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

	Carrying value	
	2013 £m	2012 £m
New York	**5.5**	5.5
Regional US	**4.7**	5.5
London	**0.2**	0.3
Rest of Europe	**4.4**	4.5
Singapore	**7.4**	6.7
Rest of Asia	**4.6**	2.8
Australasia	**2.2**	5.7
	29.0	31.0

The ageing of trade receivables at the reporting date was:

	Gross receivable		Impairment allowance		Carrying value	
	2013 £m	2012 £m	**2013 £m**	2012 £m	**2013 £m**	2012 £m
Not past due	**22.4**	21.3	**–**	–	**22.4**	21.3
Past due 0 – 30 days	**4.1**	4.0	**(1.0)**	(0.6)	**3.1**	3.4
Past due 31 – 60 days	**2.3**	2.7	**(0.2)**	(0.2)	**2.1**	2.5
Past due 61 – 90 days	**0.6**	3.7	**(0.1)**	(0.1)	**0.5**	3.6
More than 90 days	**1.4**	0.9	**(0.5)**	(0.7)	**0.9**	0.2
	30.8	32.6	**(1.8)**	(1.6)	**29.0**	31.0

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

	2013 £m	2012 £m
Balance at 1 January	**1.6**	1.2
Impairment recognised	**0.2**	0.4
Balance at 31 December	**1.8**	1.6

	Total £m	Contractual maturities of financial assets 2013 6 months or less £m	6 months – 1 year £m	1-5 years £m	More than 5 years £m
Financial assets					
Fixed rate:					
Sterling	**15.5**	**15.5**	–	–	–
US dollar	**76.6**	**76.6**	–	–	–
Korean won	**5.5**	**5.5**	–	–	–
Singapore dollar	**154.8**	**154.8**	–	–	–
New Taiwan dollar	**12.8**	**12.8**	–	–	–
Australian dollar	**9.5**	**9.5**	–	–	–
New Zealand dollar	**33.6**	**33.6**	–	–	–
Malaysian ringgit	**11.6**	**11.6**	–	–	–
Euro	**14.6**	**14.6**	–	–	–
Others	**35.4**	**35.4**	–	–	–
Non-interest bearing:					
Sterling	**2.8**	**2.8**	–	–	–
US dollar	**13.4**	**8.8**	–	–	**4.6**
Korean won	**0.1**	**0.1**	–	–	–
Singapore dollar	**36.7**	**33.5**	–	–	**3.2**
New Taiwan dollar	**0.2**	**0.2**	–	–	–
Malaysian ringgit	**1.1**	**1.1**	–	–	–
Euro	**0.8**	**0.8**	–	–	–
Others	**6.8**	**6.8**	–	–	–
	431.8	**424.0**	–	–	**7.8**
Represented by:					
Cash and cash equivalents	**424.0**				
Other financial assets (non-current)	**7.8**				
	431.8				

	Total £m	Contractual maturities of financial assets 2012 6 months or less £m	6 months – 1 year £m	1-5 years £m	More than 5 years £m
Financial assets					
Fixed rate:					
Sterling	37.9	37.9	–	–	–
US dollar	33.8	33.8	–	–	–
Korean won	21.2	21.2	–	–	–
Singapore dollar	142.7	142.7	–	–	–
New Taiwan dollar	24.4	24.4	–	–	–
Australian dollar	11.5	11.5	–	–	–
New Zealand dollar	45.3	45.3	–	–	–
Malaysian ringgit	8.6	8.6	–	–	–
Euro	13.8	13.8	–	–	–
Others	11.8	11.8	–	–	–
Floating rate:					
US dollar	47.6	–	18.5	29.1	–
Non-interest bearing:					
Sterling	1.9	1.9	–	–	–
US dollar	18.4	13.8	–	–	4.6
Korean won	0.2	0.2	–	–	–
Singapore dollar	25.1	21.8	–	–	3.3
New Taiwan dollar	0.3	0.3	–	–	–
Malaysian ringgit	1.1	1.1	–	–	–
Euro	0.4	0.4	–	–	–
Others	6.2	6.2	–	–	–
	452.2	396.7	18.5	29.1	7.9
Represented by:					
Cash and cash equivalents	396.7				
Loans due from associate	47.6				
Other financial assets (non-current)	7.9				
	452.2				

(b) 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.

31 December 2013	**Carrying amount £m**	**Contractual cash flows £m**	**Contractual maturities of financial liabilities** 6 months or less £m	**6-12 months £m**	**1-2 years £m**	**2-5 years £m**	**More than 5 years £m**
Floating rate financial liabilities							
Secured loans	**76.7**	**88.4**	**2.0**	**2.5**	**4.1**	**79.8**	**–**
Unsecured loans	**102.6**	**106.0**	**0.6**	**–**	**59.1**	**46.3**	**–**
Unsecured bonds	**57.3**	**58.8**	**0.3**	**0.3**	**27.8**	**30.4**	**–**
Bank overdrafts	**106.1**	**106.6**	**0.8**	**105.8**	**–**	**–**	**–**
Trade and other payables							
Trade payables	**20.9**	**20.9**	**18.5**	**2.4**	**–**	**–**	**–**
Amounts owed to associates	**3.1**	**3.1**	**3.1**	**–**	**–**	**–**	**–**
Other creditors	**5.5**	**5.5**	**5.5**	**–**	**–**	**–**	**–**
Forward cross currency contracts designated as cash flow hedges	**0.9**	**0.9**	**0.9**	**–**	**–**	**–**	**–**
Non-current liabilities							
Other non-current liabilities	**7.8**	**7.8**	**0.1**	**–**	**1.8**	**5.2**	**0.7**
	380.9	**398.0**	**31.8**	**111.0**	**92.8**	**161.7**	**0.7**

31 December 2012	Carrying amount £m	Contractual cash flows £m	Contractual maturities of financial liabilities 6 months or less £m	6-12 months £m	1-2 years £m	2-5 years £m	More than 5 years £m
Floating rate financial liabilities							
Secured loans	76.6	89.2	2.1	2.1	37.2	47.8	–
Unsecured loans	85.8	86.9	0.2	30.6	9.8	46.3	–
Unsecured bonds	164.4	166.1	62.6	75.2	0.3	28.0	–
Bank overdrafts	17.7	17.8	0.1	17.7	–	–	–
Trade and other payables							
Trade payables	20.5	20.5	20.5	–	–	–	–
Amounts owed to associates	3.7	3.7	3.7	–	–	–	–
Other creditors	6.7	6.7	6.7	–	–	–	–
Interest rate swaps designated as cash flow hedges	0.1	0.1	0.1	–	–	–	–
Forward cross currency contracts designated as cash flow hedges	2.3	2.3	2.3	–	–	–	–
Non-current liabilities							
Loan due to associate	16.4	17.9	0.4	0.4	0.9	16.2	–
Other non-current liabilities	9.4	9.4	–	0.1	0.1	8.1	1.1
	403.6	420.6	98.7	126.1	48.3	146.4	1.1

Undrawn committed borrowing facilities

Undrawn borrowing facilities are available to the Group with the maturities as set out in the following table.

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

	2013 £m	2012 £m
Expiring in one year or less	**9.2**	50.0
Expiring after more than one year but not more than two years	**114.2**	49.3
Expiring after more than two years but not more than five years	**103.0**	158.9
Total undrawn committed borrowing facilities	**226.4**	258.2

Security

Included within the Group's total bank loans and overdrafts of £285.4m (2012: £180.1m) are £77.2m (2012: £77.1m) of secured loans and overdrafts. Total bonds payable of £57.3m (2012: £164.4m) are unsecured.

Loans and bonds are secured on land and buildings with a carrying value of £280.2m (2012: £288.4m) and an assignment of insurance proceeds in respect of insurances over the mortgaged properties.

At 31 December 2013, the Group had £226.4m (2012: £258.2m) of undrawn and committed facilities available, comprising committed revolving credit facilities which provide the Group with financial flexibility.

Of the Group's total facilities of £586.9m, £138.7m matures during 2014, comprising £9.2m of committed revolving credit facilities, £122.5m of uncommitted facilities and overdrafts subject to annual renewal and £7.0m secured term loans. Plans for the refinancing the maturing facilities are underway.

(c) 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, New Taiwan dollars, Korean won, 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$164.0m (2012: US$165.0m) US dollar loans, S$nil (2012: S$50.0m) Singapore dollar loans and JPY2,373.3m (2012: JPY2,373.3m) Japanese yen loans designated as hedges of corresponding respective proportions of its net investment in foreign operations whose functional currency are US dollars, Singapore dollars and Japanese yen. 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 2013 was £113.1m (2012: £144.7m).

There was no ineffectiveness recognised in the consolidated income statement that arose from hedges of net investments in foreign operations.

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

	31 December 2013		31 December 2012	
	Book value £m	**Fair value £m**	Book value £m	Fair value £m
Singapore dollar	**–**	**–**	25.3	25.3
US dollar	**171.0**	**171.0**	178.1	178.1
Hong Kong dollar	**31.7**	**31.7**	-	-
New Zealand dollar	**40.7**	**40.7**	33.9	33.9
Chinese renminbi	**36.5**	**36.5**	43.3	43.3
Japanese yen	**56.7**	**56.7**	63.9	63.9
New Taiwan dollar	**6.1**	**6.1**	–	–
	342.7	**342.7**	344.5	344.5

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.

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. Further details of foreign exchange derivatives in place at 31 December 2013 are provided below.

Cash flow hedges

A number of forward cross currency swaps were executed in February 2013 to hedge the foreign currency risk in respect of the repayment in February 2014 of a US$30m loan using Korean won. The proceeds of the US dollar loan were converted into Korean won on inception, and the risk being hedged is the variability of the cash flow associated with the repayment of the US$30m loan principal on its maturity date in February 2014, arising from movement of Korean won against the US dollar over that one-year period.

The hedges are designated as cash flow hedges, which are considered to be highly effective.

The carrying value of the hedging instruments is restated to its fair value at each reporting date, with the effective portion of changes in fair value since inception being taken to a cash flow hedge reserve. The loss transferred to other comprehensive income during the year in respect of the change in fair value of these hedging instruments was £0.6m (2012: £1.6m loss).

Amounts recognised in equity are recycled to the income statement to offset gains and losses when the underlying debt instrument is retranslated at the exchange rate applicable at each period end, and there was no ineffectiveness recognised in the year as a charge in the consolidated income statement.

The following significant exchange rates applied during the year:

	Average rate		Closing rate	
	2013	2012	**2013**	2012
US dollar	**1.569**	1.589	**1.647**	1.614
Singapore dollar	**1.963**	1.985	**2.088**	1.973
New Taiwan dollar	**46.634**	46.713	**49.451**	46.865
New Zealand dollar	**1.917**	1.960	**2.013**	1.966
Malaysian ringgit	**4.953**	4.913	**5.419**	4.945
Korean won	**1,713.18**	1,785.34	**1,735.49**	1,729.19
Chinese renminbi	**9.648**	9.961	**9.999**	10.066
Euro	**1.179**	1.229	**1.197**	1.218
Japanese yen	**152.194**	126.452	**172.546**	138.262

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 2013 (31 December 2012: 10%) would have increased/(decreased) equity and profit before tax by the amounts shown below:

	31 December 2013		31 December 2012	
	Equity £m	**Profit before tax £m**	Equity £m	Profit before tax £m
US dollar	**(7.5)**	**1.2**	12.8	(0.8)
Singapore dollar	**(0.3)**	**(19.3)**	11.4	(5.3)
New Taiwan dollar	**–**	**–**	–	(0.5)
New Zealand dollar	**–**	**(2.4)**	–	(3.7)
Malaysian ringgit	**–**	**(0.6)**	–	(0.6)
Korean won	**–**	**(0.7)**	–	(1.4)
Euro	**(0.3)**	**0.2**	–	0.2
Chinese renminbi	**(3.3)**	**–**	(1.0)	–
Hong Kong dollar	**(1.4)**	**(1.5)**	–	(1.5)
Thai baht	**(1.3)**	**(0.1)**	(1.4)	(0.1)
	(14.1)	**(23.2)**	21.8	(13.7)

A 10% weakening of sterling against the above currencies at 31 December 2013 (31 December 2012: 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. Further details of interest rate derivatives in place at 31 December 2013 are provided below.

Cash flow sensitivity analysis for variable rate instruments

Assuming that all other variables, in particular foreign currency rates, remain constant, a change of one percentage point in the average interest rates applicable to variable rate instruments for the year would have increased/decreased the Group's profit before tax for the year as shown below:

	Year ended 31 December 2013		Year ended 31 December 2012	
	1% increase £m	**1% decrease £m**	1% increase £m	1% decrease £m
Variable rate financial assets	**2.8**	**(2.8)**	2.6	(2.6)
Variable rate financial liabilities	**(2.3)**	**2.3**	(2.8)	2.8
Cash flow sensitivity (net)	**0.5**	**(0.5)**	(0.2)	0.2

(d) 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.

	2013 Book value £m	**2013 Fair value £m**	2012 Book value £m	2012 Fair value £m
Financial assets				
Cash and cash equivalents				
Cash at bank and in hand	**221.6**	**221.6**	99.5	99.5
Short-term deposits	**202.4**	**202.4**	297.2	297.2
Available-for-sale financial assets				
Unquoted equity investments available-for-sale	**4.6**	**4.6**	4.6	4.6
Loans and receivables				
Deposits receivable	**3.2**	**3.7**	3.3	3.8
Trade receivables	**25.5**	**25.5**	31.0	31.0
Trade receivables due from joint ventures and associates	**0.9**	**0.9**	0.9	0.9
Other receivables	**12.8**	**12.8**	11.7	11.7
Short-term loan due from associate	**–**	**–**	18.5	18.5
Long-term loan due from associate	**–**	**–**	29.1	29.1
	471.0	**471.5**	495.8	496.3
Financial liabilities				
Bank overdrafts	**(106.1)**	**(106.1)**	(17.7)	(17.7)
Short-term loans, bonds and borrowings	**(7.0)**	**(7.0)**	(174.2)	(174.2)
Long-term loans, bonds and borrowings	**(229.6)**	**(229.6)**	(152.6)	(152.6)
Trade payables	**(20.9)**	**(20.9)**	(20.5)	(20.5)
Amounts owed to associates	**(3.1)**	**(3.1)**	(3.7)	(3.7)
Other creditors	**(5.6)**	**(5.6)**	(6.7)	(6.7)
Long-term loan due to associate	**–**	**–**	(16.4)	(16.4)
Other non-current liabilities	**(7.8)**	**(7.7)**	(9.4)	(9.0)
Interest rate swaps designated as cash flow hedges	**–**	**–**	(0.1)	(0.1)
Forward cross currency contracts designated as cash flow hedges	**(0.9)**	**(0.9)**	(2.3)	(2.3)
	(381.0)	**(380.9)**	(403.6)	(403.2)

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.

Finance lease liabilities

The fair value is estimated as the present value of future cash flows, discounted at market interest rates for similar lease agreements. The estimated fair values reflect changes in interest rates.

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.

Available-for-sale financial assets – unquoted equity investments

Fair value is estimated using appropriate valuation techniques.

Fair value hierarchy

As at 31 December 2013, 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

Assets measured at fair value	**2013 £m**	**Level 1 £m**	**Level 2 £m**	**Level 3 £m**
Available-for-sale financial assets				
Unquoted equity investments available-for-sale	**4.6**	**–**	**–**	**4.6**

	2012 £m	Level 1 £m	Level 2 £m	Level 3 £m
Available-for-sale financial assets				
Unquoted equity investments available-for-sale	4.6	–	–	4.6

Liabilities measured at fair value	**2013 £m**	**Level 1 £m**	**Level 2 £m**	**Level 3 £m**
Other current financial liabilities				
Interest rate swaps designated as cash flow hedges	**–**	**–**	**–**	**–**
Forward cross currency contracts designated as cash flow hedges	**0.9**	**–**	**0.9**	**–**
	0.9	**–**	**0.9**	**–**

Liabilities measured at fair value	2012 £m	Level 1 £m	Level 2 £m	Level 3 £m
Other current financial liabilities				
Interest rate swaps designated as cash flow hedges	0.1	–	0.1	–
Forward cross currency contracts designated as cash flow hedges	2.3	–	2.3	–
	2.4	–	2.4	–

During the year ended 31 December 2013, 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 21, cash and cash equivalents disclosed in note 20 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. Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

23 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 ("GMP") under the defined contribution scheme also ceased. The plan entitles a retired employee to receive an annual pension payment.

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 2011 and this has been updated on an approximate basis to 31 December 2013. The contributions of the Group during the year were 20.8% 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 mortality, the discount rate and the rates of increase in salaries and pensions.

South Korea

The Group operates a defined benefit pension plan for its employees in South Korea. 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 2013. 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.

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 2013. The contributions of the Group were 6% (2012: 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. 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:

	2013 UK	**2013 South Korea**	**2013 Taiwan**	2012 UK	2012 South Korea	2012 Taiwan
Inflation rate	**3.6%**	**3.0%**	**–**	2.9%	–	–
Discount rate*	**4.5%**	**4.3%**	**2.0%**	4.4%	3.8%	1.8%
Rate of salary increase	**4.1%**	**5.0%**	**3.0%**	3.4%	5.0%	3.0%
Rate of pension increases	**3.6%**	**–**	**–**	2.9%	–	–
Rate of revaluation	**2.6%**	**–**	**–**	2.1%	–	–
Annual expected return on plan assets	**4.5%**	**4.3%**	**2.0%**	5.1%	4.2%	1.8%

* The discount rate used in respect of the UK pension scheme of 4.5% (2012: 4.4%) was based on the yield of the Merrill Lynch over-15 year AA rated corporate bond index.

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. The expected annual return on UK defined benefit plan assets for 2013 of 4.5% (2012: 5.1%) has been calculated using a 5.0% (2012: 5.4%) return on equity representing 45% (2012: 67%) of plan assets and a 4.1% (2012: 4.4%) return on cash and bonds representing 53% (2012: 33%) of plan assets.

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 obligation	
2013	**Increase £m**	**Decrease £m**
Discount rate (1% movement)	**(18.8)**	**23.5**
Rate of salary increase (1% movement)	**12.3**	**(10.4)**

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:

	2013 UK £m	2013 South Korea £m	2013 Taiwan £m	2013 Other £m	2013 Total £m	2012 UK £m	2012 South Korea £m	2012 Taiwan £m	2012 Other £m	2012 Total £m
Present value of funded obligations	**54.7**	**3.7**	**9.3**	**1.2**	**68.9**	50.6	3.4	10.1	1.4	65.5
Fair value of plan assets	**(44.7)**	**(3.5)**	**(3.2)**	**–**	**(51.4)**	(41.8)	(3.1)	(3.4)	–	(48.3)
Plan deficit/(surplus)	**10.0**	**0.2**	**6.1**	**1.2**	**17.5**	8.8	0.3	6.7	1.4	17.2

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

	2013 UK £m	2013 South Korea £m	2013 Taiwan £m	2013 Other £m	2013 Total £m	2012 UK £m	2012 South Korea £m	2012 Taiwan £m	2012 Other £m	2012 Total £m
Balance at 1 January	**50.6**	**3.4**	**10.1**	**1.4**	**65.5**	46.5	2.6	9.0	0.9	59.0
Current service cost	**1.0**	**0.4**	**0.2**	**0.1**	**1.7**	0.7	0.4	0.2	0.1	1.4
Interest cost	**2.2**	**0.1**	**0.2**	**0.1**	**2.6**	2.2	0.1	0.2	0.1	2.6
Benefits paid, death in service insurance premiums and expenses	**(2.0)**	**(0.1)**	**(0.6)**	**(0.1)**	**(2.8)**	(1.8)	(0.3)	(0.2)	–	(2.3)
Remeasurement losses/(gains) arising from:										
– Financial assumptions	**2.9**	**(0.2)**	**(0.1)**	**(0.2)**	**2.4**	2.3	0.4	1.0	0.5	4.2
– Experience adjustment	**–**	**–**	**0.1**	**–**	**0.1**	0.7	–	–	–	0.7
Foreign exchange adjustments	**–**	**0.1**	**(0.6)**	**(0.1)**	**(0.6)**	–	0.2	(0.1)	(0.2)	(0.1)
Balance at 31 December	**54.7**	**3.7**	**9.3**	**1.2**	**68.9**	50.6	3.4	10.1	1.4	65.5

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

	2013 UK £m	2013 South Korea £m	2013 Taiwan £m	2013 Total £m	2012 UK £m	2012 South Korea £m	2012 Taiwan £m	2012 Total £m
Balance at 1 January	**41.8**	**3.1**	**3.4**	**48.3**	35.5	3.0	3.0	41.5
Interest income	**1.8**	**0.1**	**–**	**1.9**	1.9	0.1	–	2.0
Group contributions	**1.7**	**0.4**	**0.6**	**2.7**	4.9	0.3	0.6	5.8
Members' contributions	**0.1**	**–**	**–**	**0.1**	0.1	–	–	0.1
Benefits paid	**(2.0)**	**(0.1)**	**(0.6)**	**(2.7)**	(1.8)	(0.3)	(0.2)	(2.3)
Remeasurement gains arising from:								
– Return on plan assets excluding interest income	**1.3**	**–**	**–**	**1.3**	1.2	–	–	1.2
Foreign exchange adjustments	**–**	**–**	**(0.2)**	**(0.2)**	–	–	–	–
Balance at 31 December	**44.7**	**3.5**	**3.2**	**51.4**	41.8	3.1	3.4	48.3
Actual return on plan assets	**3.1**	**0.1**	**–**	**3.2**	3.1	0.1	–	3.2

The fair values of plan assets in each category are as follows:

	2013 UK £m	2013 South Korea £m	2013 Taiwan £m	2013 Total £m	2012 UK £m	2012 South Korea £m	2012 Taiwan £m	2012 Total £m
Equities	**20.3**	**–**	**–**	**20.3**	28.1	–	–	28.1
Bonds	**0.9**	**–**	**–**	**0.9**	13.4	–	–	13.4
Cash and cash equivalents	**23.5**	**3.5**	**3.2**	**30.2**	0.3	3.1	3.4	6.8
	44.7	**3.5**	**3.2**	**51.4**	41.8	3.1	3.4	48.3

The expense recognised in the income statement is as follows:

	2013 UK £m	2013 South Korea £m	2013 Taiwan £m	2013 Other £m	2013 Total £m	2012 UK £m	2012 South Korea £m	2012 Taiwan £m	2012 Other £m	2012 Total £m
Current service cost	**1.0**	**0.4**	**0.2**	**0.1**	**1.7**	0.7	0.4	0.2	0.1	1.4
Interest expense	**2.2**	**0.1**	**0.2**	**0.1**	**2.6**	2.2	0.1	0.2	0.1	2.6
Interest income	**(1.8)**	**(0.1)**	**–**	**–**	**(1.9)**	(1.9)	(0.1)	–	–	(2.0)
	1.4	**0.4**	**0.4**	**0.2**	**2.4**	1.0	0.4	0.4	0.2	2.0

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

	2013 £m	2012 £m
Cost of sales	**0.7**	0.7
Administrative expenses	**1.7**	1.3
	2.4	2.0

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

	2013 UK £m	2013 South Korea £m	2013 Taiwan £m	2013 Other £m	2013 Total £m	2012 UK £m	2012 South Korea £m	2012 Taiwan £m	2012 Other £m	2012 Total £m
Actual return less expected return on plan assets	**1.3**	**–**	**–**	**–**	**1.3**	1.2	–	–	–	1.2
Remeasurement (losses)/gains arising from										
– Financial assumptions	**(2.9)**	**0.2**	**0.1**	**0.2**	**(2.4)**	(2.3)	(0.4)	(1.0)	(0.5)	(4.2)
– Experience adjustment	**–**	**–**	**(0.1)**	**–**	**(0.1)**	(0.7)	–	–	–	(0.7)
Defined benefit plan remeasurement (losses)/gains	**(1.6)**	**0.2**	**–**	**0.2**	**(1.2)**	(1.8)	(0.4)	(1.0)	(0.5)	(3.7)

Actuarial losses recognised directly in equity are as follows:	2013 £m	2012 £m
Cumulative as at 1 January	**16.8**	13.1
Remeasurement losses recognised during the year	**1.2**	3.7
Cumulative as at 31 December	**18.0**	16.8

Mortality rates used reflect an industry wide recognition that life expectancy has increased. The life expectancies underlying the value of the accrued liabilities for the UK Plan, based on retirement age of 65, are as follows:

	2013 Years	2012 Years
Males	**25**	25
Females	**27**	27

The weighted-average duration of the defined benefit obligations as at 31 December 2013 was 26 years (2012: 26)

The Group expects £1.5m in contributions to be paid to the defined benefit plans in 2014.

Share-based payments

The Group operates a number of share option schemes which are designed to link remuneration to the future performance of the Group. Details of these schemes are given in the Remuneration Committee report.

In accordance with the Group's accounting policy 2.3N (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 £0.8m (2012: £2.0m).

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

(i) Millennium & Copthorne Hotels plc Long-Term Incentive Plan

Performance Share Awards under this scheme are awarded to Executive Directors and senior management of the Group.

Date of Award	Awards outstanding as at 1 Jan 2013	Awards awarded during the year	Awards vested during the year	Awards forfeited during the year	Awards expired during the year	Awards outstanding as at 31 Dec 2013	Credited to share capital £'000	Credited to share premium £'000	Vesting date
16.09.2010	512,765	–	(342,836)	(169,929)	–	**–**	–	–	16.09.2013
28.11.2011	941,126	–	–	(306,007)	–	**635,119**	–	–	28.11.2014
16.08.2012	673,455	–	–	(119,912)	–	**553,543**	–	–	16.08.2015
11.09.2013	–	465,213	–	(1,570)	–	**463,643**	–	–	11.09.2016
21.11.2013	–	25,117	–	–	–	**25,117**	–	–	21.11.2016
	2,127,346	**490,330**	**(342,836)**	**(597,418)**	**–**	**1,677,422**	**–**	**–**	

(ii) Millennium & Copthorne Hotels plc 2003 Executive Share Option Scheme

Share options under this scheme are granted to Executive Director and senior management of the Group.

							Proceeds on exercise of options during the year		
Date of grant of options	Exercise price per share £	Options outstanding as at 1 Jan 2013	Options exercised during the year	Options expired during the year	Options forfeited during the year	Options outstanding as at 31 Dec 2013	Credited to share capital £'000	Credited to share premium £'000	Exercise period
Part 1 (Approved)									
16.03.2004	2.9167	10,285	(10,285)	–	–	**–**	3	27	16.03.2007 – 15.03.2014
Part II (Unapproved)									
16.03.2004	2.9167	9,415	(9,415)	–	–	**–**	3	24	16.03.2007 – 15.03.2014
24.03.2005	3.9842	40,312	(26,421)	–	–	**13,891**	8	97	24.03.2008 – 23.03.2015
		60,012	**(46,121)**	**–**	**–**	**13,891**	**14**	**148**	

(iii) Millennium & Copthorne Hotels plc 2006 Sharesave Scheme

Share options under this scheme are granted to Executive Director and UK based employees.

									Proceeds on exercise of options during the year		
Date of grant of options	Exercise price per share £	Options outstanding as at 1 Jan 2013	Options granted during the year	Options exercised during the year	Options forfeited during the year	Options expired during the year	Options adjusted during the year	Options outstanding as at 31 Dec 2013	Credited to share capital £'000	Credited to share premium £'000	Exercise period
26.03.2007	5.2000	5,540	–	–	(1,258)	(4,282)	–	**–**	–	–	01.07.2012 – 31.12.2012
20.03.2008	3.2800	3,072	–	(3,072)	–	–	204	**204**	1	9	01.07.2013 – 31.12.2013
01.04.2009	1.5400	6,653	–	(6,653)	–	–	–	**–**	2	8	01.08.2012 – 31.01.2013
01.04.2009	1.5400	32,312	–	–	–	–	–	**32,312**	–	–	01.08.2014 – 31.01.2015
01.04.2010	3.3000	16,170	–	(13,310)	(1,540)	–	–	**1,320**	4	40	01.08.2013 – 31.01.2014
01.04.2010	3.3000	1,978	–	–	–	–	188	**2,166**	–	–	01.08.2015 – 31.01.2016
19.04.2011	4.1800	23,948	–	(718)	(1,526)	–	86	**21,790**	–	3	01.08.2014 – 31.01.2015
19.04.2011	4.1800	7,349	–	–	–	–	–	**7,349**	–	–	01.08.2016 – 31.01.2017
19.04.2012	3.8800	54,424	–	–	(9,087)	–	–	**45,337**	–	–	01.08.2015 – 31.01.2016
19.04.2012	3.8800	13,681	–	–	(3,865)	–	–	**9,816**	–	–	01.08.2017 – 31.01.2018
19.04.2013	4.4800	–	62,344	–	(9,477)	–	–	**52,867**	–	–	01.08.2016 – 31.01.2017
19.04.2013	4.4800	–	6,694	–	–	–	–	**6,694**	–	–	01.08.2018 – 31.01.2019
		165,127	**69,038**	**(23,753)**	**(26,753)**	**(4,282)**	**478**	**179,855**	**7**	**60**	

The weighted average share price at the date of exercise of share options in the year was £5.56 (2012: £4.79).

The options outstanding at the year-end have an exercise price in the range of £1.54 to £4.48 (2012: £1.54 to £5.20) and a weighted average contractual life of 1.73 years (2012: 1.89 years).

The following awards/options were granted in the current year and comparative year:

2013 Awards/options	Date of grant	Awards/ options granted	Share price prevailing on date of grant £	Exercise price £	Fair value £	Expected term (years)	Expected volatility	Expected dividend yield	Risk-free interest rates
LTIP – EPS element (Directors)	**11.09.2013**	**87,917**	**5.62**	**–**	**5.22**	**3.00**	**–**	**2.42%**	**–**
LTIP – EPS element (non-Directors)	**11.09.2013**	**144,689**	**5.62**	**–**	**5.22**	**3.00**	**–**	**2.42%**	**–**
LTIP – EPS element (non-Directors)	**21.11.2013**	**12,558**	**5.88**	**–**	**5.48**	**3.00**	**–**	**2.31%**	**–**
LTIP – TSR element (Directors)*	**11.09.2013**	**87,917**	**5.62**	**–**	**2.08**	**3.00**	**23.8%**	**2.42%**	**0.65%**
LTIP – TSR element (non-Directors)*	**11.09.2013**	**144,690**	**5.62**	**–**	**2.08**	**3.00**	**23.8%**	**2.42%**	**0.65%**
LTIP – TSR element (non-Directors)*	**21.11.2013**	**12,559**	**5.88**	**–**	**2.22**	**3.00**	**20.8%**	**2.31%**	**0.53%**
Sharesave Scheme (3 year)	**19.04.2013**	**62,344**	**5.60**	**4.48**	**1.34**	**3.25**	**27.1%**	**2.43%**	**0.36%**
Sharesave Scheme (5 year)	**19.04.2013**	**6,694**	**5.60**	**4.48**	**2.01**	**5.25**	**41.3%**	**2.43%**	**0.78%**

2012 Awards/options	Date of grant	Awards/ options granted	Share price prevailing on date of grant £	Exercise price £	Fair value £	Expected term (years)	Expected volatility	Expected dividend yield	Risk-free interest rates
LTIP – EPS element (Directors)	16.08.2012	101,949	4.78	–	4.49	3.00	–	2.57%	–
LTIP – EPS element (non-Directors)	16.08.2012	234,779	4.78	–	4.49	3.00	–	2.57%	–
LTIP – TSR element (Directors)*	16.08.2012	101,949	4.78	–	2.65	3.00	27.1%	2.57%	0.19%
LTIP – TSR element (non-Directors)*	16.08.2012	234,778	4.78	–	2.65	3.00	27.1%	2.57%	0.19%
Sharesave Scheme (3 year)	19.04.2012	56,277	4.81	3.88	1.47	3.25	39.0%	2.59%	0.68%
Sharesave Scheme (5 year)	19.04.2012	13,681	4.81	3.88	1.76	5.25	42.7%	2.59%	1.18%

* 50% of the new LTIP options granted in 2012 and 2013 are conditional upon the market performance of the Group.

Measurement of fair value

The LTIP and Sharesave awards, which are subject to an EPS performance condition, were valued using the Black-Scholes valuation method. The LTIP awards which are subject to a share price related performance condition (i.e. TSR) were valued using the Monte Carlo valuation method.

The option pricing model involves six variables:

- Exercise price
- Share price at grant
- Expected term
- Expected volatility of share price
- Risk-free interest rate
- Expected dividend yield

24 Provisions

	Dilapidation £m	Legal £m	Onerous lease £m	Beijing indemnity £m	Total £m
Balance at 1 January 2013	1.5	4.6	0.2	7.5	13.8
Utilised	–	–	(0.2)	–	(0.2)
Foreign exchange adjustments	–	0.1	–	(0.2)	(0.1)
Balance at 31 December 2013	**1.5**	**4.7**	**–**	**7.3**	**13.5**
Analysed as:					
Non-current provision	–	–	–	7.3	7.3
Current provision	1.5	4.7	–	–	6.2
	1.5	**4.7**	**–**	**7.3**	**13.5**

Provision for legal fees as at 31 December 2013 of £4.7m (2012: £4.6m) relates to disputes in several US hotels. The Group also provided £7.3m (2012: £7.5m) of tax indemnity to the former shareholders of Grand Millennium Hotel Beijing in which it acquired an additional 40% interest in 2010. A provision for onerous lease of £nil (2012: £0.2m) has been recognised as the expected benefits to be derived by the Group from the contract are lower than the unavoidable cost of meeting its obligations under the contract. A provision for dilapidation costs of £1.5m (2012: £1.5m) has been recognised in respect of the expected cost to be incurred on termination of a leasehold asset.

25 Other non-current liabilities

	2013 £m	2012 £m
Deferred income	**107.2**	230.5
Other liabilities	**7.8**	7.5
	115.0	238.0

Note 3 (section entitled 'Lease backs from CDLHT') explains how prepaid operating land lease income is recognised as deferred income. At 31 December 2013, an amount of £108.9m (2012: £116.8m) is recognised in the statement of financial position as deferred income, £107.2m (2012: £115.1m) in non-current liabilities and £1.7m (2012: £1.7m) in trade and other payables (see note 27).

Deferred income at 31 December 2013 also includes £nil (2012: £115.4m) of deposits and progress payments received for sale of apartments in the Glyndebourne development which was completed in 2013.

26 Deferred taxation

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

	At 1 January 2013 £m	Charged/(credited) to income statement: Change in tax rate £m	Other adjustment to opening provision £m	Current year movement £m	Charged to reserves £m	Exchange on translation £m	**At 31 December 2013 £m**
Deferred tax liabilities							
Property assets[1]	249.0	(3.5)	(4.4)	(10.7)	–	(5.5)	**224.9**
	249.0	(3.5)	(4.4)	(10.7)	–	(5.5)	**224.9**
Deferred tax assets							
Tax losses	(11.3)	–	(1.1)	(2.2)	–	0.4	**(14.2)**
Employee benefits[2]	(4.6)	0.3	0.1	0.1	(0.6)	0.2	**(4.5)**
Others	(5.0)	–	0.9	0.9	–	(0.2)	**(3.4)**
	(20.9)	0.3	(0.1)	(1.2)	(0.6)	0.4	**(22.1)**
Deferred tax liabilities	228.1	(3.2)	(4.5)	(11.9)	(0.6)	(5.1)	**202.8**

1 Property assets comprise plant, property and equipment, lease premium prepayment and investment properties.

2 Employee benefits comprise defined benefit pension schemes and share-based payment arrangements. In relation to £0.6m credited to reserves in 2013, there is a £0.4m credit relating to defined benefit pension schemes and a £0.2m credit relating to share-based payment arrangements.

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.

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.

	2013 £m	2012 £m
Deductible temporary differences	**–**	0.6
Tax losses	**1.4**	0.8
	1.4	1.4
Adjustments due to:		
– Deductible temporary differences in respect of prior year	**1.7**	1.2
– Tax losses in respect of prior year	**13.9**	13.5
	17.0	16.1

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:

	2013 £m	2012 £m
Expiry dates:		
– within 1 to 5 years	**21.8**	20.2
– after 5 years	**–**	–
– no expiry date	**60.2**	56.2
	82.0	76.4

At 31 December 2013, a deferred tax liability of £9.7m (2012: £9.1m) relating to undistributed reserves of overseas subsidiaries, associates and joint ventures of £739.1m (2012: £600.3m) 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.

27 Trade and other payables

	2013 £m	2012 £m
Trade payables	**20.9**	20.5
Amounts owed to associates	**3.1**	3.7
Other creditors including taxation and social security:		
– Social security and other taxes	**4.6**	4.4
– Value added tax and similar sales taxes	**12.5**	14.7
– Other creditors	**5.5**	6.7
Accruals	**89.1**	84.8
Deferred income	**14.3**	16.3
Rental and other deposits	**4.0**	3.5
	154.0	154.6

As explained in note 25, included in deferred income is an amount of £1.7m (2012: £1.7m) relating to prepaid operating land lease income by CDLHT.

The Group's exposure to currency and liquidity risks related to trade and other payables are disclosed in note 22.

28 Dividends

	2013 pence	2012 pence	**2013 £m**	2012 £m
Final ordinary dividend paid	**11.51**	10.42	**37.4**	33.0
Final special dividend paid	**–**	4.00	**–**	12.7
Interim ordinary dividend paid	**2.08**	2.08	**6.7**	6.8
Total dividends paid	**13.59**	16.50	**44.1**	52.5

Subsequent to 31 December 2013, the Directors declared the following final and special dividends, which have not been provided for:

	2013 pence	2012 pence	**2013 £m**	2012 £m
Final ordinary dividend	**11.51**	11.51	**37.4**	37.4
Final special dividend	**9.15**	–	**29.7**	–

All dividends paid during 2013 and 2012 were in cash.

29 Share capital

	Number of 30p shares allotted, called up and fully paid
Balance at 1 January 2013	324,548,313
Issue of ordinary shares on exercise of share options	69,874
Balance at 31 December 2013	**324,618,187**

All of the share capital is equity share capital.

At the year end, options over 193,746 ordinary shares remain outstanding and are exercisable between now and 31 January 2019 at exercise prices between £1.54 and £4.48. In addition, awards made under the LTIP up to 1,677,422 ordinary shares remain unvested and may potentially vest between 28 November 2014 and 21 November 2016.

During the year Millennium & Copthorne Hotels plc issued invitations to UK employees under the Sharesave Scheme to enter into a three-year savings contract or a five-year savings contract with an option to purchase shares at an option price of £4.48 on expiry of the savings contract.

30 Reserves

Cash flow hedge reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow instruments related to the hedged transactions that have not yet occurred (net of tax).

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

An employee benefit trust established by the Group held 54,985 shares at 31 December 2013 (2012: 397,834) to satisfy the vesting of awards under the LTIP. During the year no shares (2012: nil) were purchased by the trust. At 31 December 2013, the cost of shares held by the trust was £299,366 (2012: £2,166,010), whilst the market value of these shares at 31 December 2013 was £329,910 (2012: £2,009,062). Shares purchased by the trust are treated as treasury shares which are deducted from equity and excluded from the calculations of earnings per share.

31 Financial commitments

	2013 £m	2012 £m
(a) Capital commitments at the end of the financial year which are contracted but not provided for	**123.4**	59.1

The Group's share of the capital commitments of joint ventures and associates is shown in note 15.

(b) Total commitments under non-cancellable operating lease rentals are payable by the Group as follows:

	2013 £m	2012 £m
– less than one year	**23.2**	24.5
– between one and five years	**90.0**	93.9
– more than five years	**274.4**	307.0
	387.6	425.4

Included in the above are the following commitments of the Group under non-cancellable operating lease rentals that relate to the fixed portion due to CDLHT over the remaining tenure of the initial 20-year lease term that commenced in July 2006 in respect of four REIT hotels (excluding the Studio M Hotel), the initial 20-year lease term that commenced in May 2011 in respect of Studio M Hotel and the fixed rental for the remaining term of a five-year lease from July 2011 in respect of a conference centre. The amounts due are as follows:

	2013 £m	2012 £m
– less than one year	**16.3**	16.3
– between one and five years	**61.3**	64.6
– more than five years	**124.9**	148.1
	202.5	229.0

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

	2013 £m	2012 £m
– less than one year	**9.2**	6.8
– between one and five years	**18.9**	14.2
– more than five years	**9.3**	11.3
	37.4	32.3

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 2013, £5.7m was recognised as rental income in the income statement (2012: £5.4m) and £0.5m (2012: £0.5m) in respect of repairs and maintenance was recognised as an expense in the income statement relating to investment properties.

32 Contingencies and subsequent events

(a) 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.

(b) Millennium Hotels (West London) Limited, a wholly-owned subsidiary of M&C, on 23 December 2013 entered into conditional sale and purchase agreements with subsidiaries of Harcourt Developments Limited, an Ireland-based development company, for the acquisition by the company of the leasehold interest in a hotel located within the Chelsea Harbour mixed-use development in London, SW10 0XG, and its related hotel assets. The hotel is a luxury property that borders the River Thames and offers 154 suites and 4 penthouses. The primary lease to be acquired has a remaining term of approximately 98 years. The total purchase price for the hotel and its related assets is £65.0m, subject to standard purchase price adjustments, and completion of the acquisition is expected to occur during the first quarter of 2014. A total of £6.0m has been paid upon signing the sale and purchase agreements.

(c) M&C New York (Times Square), LLC, a wholly-owned indirect subsidiary of M&C, on 7 February 2014 has entered into a conditional sale and purchase agreement with 226 West Fifty-Second Street, LLC, a partnership led by a fund affiliated with Apollo Global Management, LLC and Chartres Lodging Group, for the acquisition by the company (or its assignee) of the freehold interest in the building. The purchase price is US$273.6m (£167.0m) to be paid in cash, subject to standard purchase price adjustments. Completion of the acquisition is expected to occur during the second quarter of 2014.

Other than the above transactions, there are no events subsequent to the balance sheet date which require adjustments to or disclosure within these consolidated financial statements.

33 Related parties

Identity of related parties

Transactions between the Company and its subsidiaries have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below. All transactions with related parties were entered into in the normal course of business and at arm's length.

The Group has a related party relationship with its joint ventures, associates and with its Directors and executive officers.

Transactions with ultimate holding company and other related companies

The Group has a related party relationship with certain subsidiaries of Hong Leong Investment Holdings Pte. Ltd. ("Hong Leong") which is the ultimate holding and controlling company of Millennium & Copthorne Hotels plc and holds 59% (2012: 55%) of the Company's shares via City Developments Limited ("CDL"), the intermediate holding company of the Group. During the year ended 31 December 2013, the Group had the following transactions with those subsidiaries.

Fees paid/payable by the Group to Hong Leong Management Services Pte. Ltd. ("HLMS"), a subsidiary of Hong Leong amounted to £0.3m (2012: £0.8m). At 31 December 2013, £nil (2012: £0.5m) of fees payable was outstanding.

The Group deposited certain surplus cash with Hong Leong Finance Limited, a subsidiary of Hong Leong, on normal commercial terms. Interest income of £0.1m (2012: £0.1m) was received during the year. As at 31 December 2013, £16.5m (2012: £29.6m) of cash was deposited with Hong Leong Finance Limited.

Fees paid/payable by the Group to CDL were £1.8m (2012: £1.5m) which included rentals paid for the Grand Shanghai restaurant and Kings Centre; property management fees for the Tanglin Shopping Centre in Singapore; and car parking, leasing commission and professional services. In addition, £0.2m (2012: £0.2m) of fees were paid to CDL Management Services Pte. Ltd., a subsidiary of CDL in relation to the Glyndebourne luxury condominium development in Singapore. At 31 December 2013, £0.2m (2012: £0.2m) of total fees payable was outstanding.

In 2013, CDL China (Shanghai) Consulting Co. Ltd, a subsidiary of CDL was appointed by the Group to provide marketing consultancy services in China. A fee of £0.03m was charged during the year and at 31 December 2013, no fees payable was outstanding.

Richfield Hospitality Inc. ("RHI") a company owned 85% by City e-Solutions Limited ("CES"), a subsidiary of CDL, and 15% by the Group, provided management services to the Group. A total of £0.2m (2012: £0.3m) was charged by RHI during the year and as at 31 December 2013, £0.1m (2012: £0.1m) was due to RHI. Fees for taxation services amounting to £0.03m (2012: £0.03m) were charged by CDL Hotels USA Inc., a subsidiary of the Group, to RHI. The Group provided a total of £nil (2012: £0.02m) hotel management services to a joint venture company of HL Global Enterprises Limited, a subsidiary of Hong Leong. As at 31 December 2013, no amount (2012: £nil) was due to the Group.

The Group provided accounting and management services to CES and CDL Hospitality Trusts ("CDLHT") totalling £0.10m (2012: £0.08m). At 31 December 2013, £0.03m (2012: £0.03m) of fees payable was outstanding. During the year, the Group also provided staff support to South Beach Consortium Pte Ltd, a joint venture company of CDL for £0.1m (2012: £0.1m) of which £nil (2012: £0.1m) was outstanding at the end of December 2013.

As at 31 December 2013, CES held 1,152,031 (2012: 1,152,031) ordinary shares in M&C. In the year 2013, CES received dividends of £0.2m (2012: £0.2m) from M&C.

HL Suntek Insurance Brokers Pte Ltd ("Suntek"), an associate of Hong Leong provided insurance services to the Group totalling £0.4m (2012: £0.1m) during the year. As at 31 December 2013, there was no amount (2012: £nil) outstanding to Suntek.

Transactions with associates and joint ventures

In July 2006 the Group completed the sale of long leasehold interest in three of its Singapore hotels to CDLHT, an associate comprising a hotel real estate investment trust ("REIT") and a business trust. These hotels were the Orchard Hotel (including the connected shopping centre), and M Hotel which were both sold on 75-year leases and Copthorne King's Hotel for the remaining 61 years of a 99-year lease. CDLHT also acquired the Grand Copthorne Waterfront Hotel, a Group managed hotel from CDL under a 75 year lease. All four hotels excluding the shopping centre were leased back to the Group for an initial term of 20 years, each renewable at the Group's option for an additional term of 20 years.

In May 2011 the Group completed the sale of the remaining term of a 99-year long leasehold interest (commencing February 2007) in the Studio M Hotel Singapore to CDLHT. The hotel was leased back for an initial term of 20 years, renewable at the Group's option for three consecutive terms totalling 50 years.

Under the terms of the master lease agreements for the four hotels acquired in 2006, and for the Studio M Hotel in May 2011, the Group is obliged to pay CDLHT an annual rental for the duration of the term (initial and extended term) of each lease agreement comprising the following:

- A fixed rent and a service charge for each hotel; and
- A variable rent computed based on the sum of 20% (30% for Studio M) of each hotel's revenue and 20% of each hotel's gross operating profit for the prevailing financial year, less the sum of the fixed rent and the service charge. Should the calculation of the variable rent yield a negative figure, the variable rent is deemed to be zero.

The rents paid/payable under the leases referred to above for the relevant year are as follows:

	2013 £m	2012 £m
Copthorne King's Hotel	**4.2**	4.8
Orchard Hotel	**13.0**	14.0
M Hotel	**7.9**	8.4
Grand Copthorne Waterfront Hotel	**12.0**	12.6
Studio M Hotel	**4.7**	5.5
	41.8	45.3

In addition to the lease of the five hotels mentioned above, the Group also leased a conference centre from CDLHT at a fixed rent of £0.4m (2012: £0.4m). This lease was for five years from July 2006 and was renewed for a further 5 years in 2011.

A subsidiary of the Group, M&C REIT Management Limited acts as REIT Manager with their fees having a performance-based element. The REIT Manager is entitled to receive a base fee of 0.25% per annum of the value of the H-REIT deposited property as well as additional performance fee of 5% per annum of H-REIT's net property income in the relevant financial year. 80% of REIT Manager's fees are paid in stapled securities. In addition acquisition fees are payable, 100% in stapled securities and/or cash at a rate of 1.0% of the value of new properties deposited with H-REIT. For 2013, the Manager's fees paid in stapled securities totalled £5.1m (2012: £4.9m) and the balance payable in cash was £1.3m (2012: £1.2m). Acquisition fees £0.8m (2012: £nil) was paid in cash during the year. At 31 December 2013, £0.7m (2012: £0.3m) is outstanding. Interest receivable of £0.1m (2012: £0.1m) accrued in the year on the rent deposit paid to the REIT.

RHR Capital Pte. Ltd., a 100% subsidiary of the Group, provided shareholder loans of US$108.0m to FSCL, an associate in 2011. For the year ended 31 December 2012, a further loan of US$47.0m was provided and US$78.0m was repaid resulting in a total loan outstanding as at 31 December 2012 of US$77.0m (£47.7m). The loan attracts interest of 3% per annum and interest of US$1.7m or £1.1m (2012: US$2.3m or £1.4m) was paid in the year. During the year ended 31 December 2013, the total loan outstanding of US$77.0m was fully repaid.

In November 2011, subsidiaries of FSCL provided loans totalling RMB115m (£11.8m) loan via a three-year trust agreement to Beijing Fortune Hotel Co. Ltd., a 70% subsidiary of the Group. In the year ended 31 December 2012, FSCL provided a further RMB50m loan. During the year ended 31 December 2013, a further loan of RMB25m (£2.6m) was provided. The loan attracts interest of 7% per annum and interest of RMB13.1m or £1.4m (2012: RMB10.9m or £1.1m) was paid in the year. The total loan outstanding was fully repaid before the end of 31 December 2013.

City Hotels Pte. Ltd., a 100% subsidiary of the Group, provided a shareholder loan facility of 550m Thai baht (£10.2m) (2012: 550m Thai baht (£11.1m)) to Fena Estate Company Limited ("Fena"), its 50% owned joint venture. At 31 December 2013 and 2012 all of this facility was fully drawn. The loan attracts interest of 4.5% (2012: 4.5%) per annum and interest of £0.4m (2012: £0.5m) was accrued for in the year. This interest was rolled up into the carrying value of the loan. The total loan outstanding as at 31 December 2013, including rolled up interest was 705m Thai baht (£13.0m) (2012: 680m Thai baht (£13.7m)).

The Group provided a further US$2.0m (£1.3m) (2012: US$2.0m (£1.4m)) operator loan facility to Fena which was fully drawn down at 31 December 2013. The loan attracts interest of 2.2% (2012: 0.75%) per annum and interest of £0.1m (2012: £0.1m) was accrued for in the year. This was rolled up into the carrying value of the loan. The carrying value of the loan outstanding as at 31 December 2013, including rolled up interest was US$2.2m (£1.4m) (2012: US$2.2m (£1.4m)).

Management fees were charged to Fena in respect of maintenance and other services at the Grand Millennium Sukhumvit Bangkok totalling £0.5m (2012: £0.5m), of which £0.8m (2012: £0.5m) was outstanding at 31 December 2013. Management fees were charged to Phuket Square Company Limited, a joint venture company of CDL in respect of maintenance and other services at the Millennium Resort Patong of £0.5m (2012: £0.5m) of which £nil (2012: £nil) was outstanding at 31 December 2013.

The Group has a related party relationship with Mr Ali Al Zaabi, a minority shareholder of its operations in the Middle East. The Group paid £0.4m (2012: £0.4m) to Mr Al Zaabi for remuneration and other expenses. As at 31 December 2013, £0.2m

(2012: £0.2m) was owed to Mr Al Zaabi. In addition £0.1m (2012: £0.1m) of management and incentive fees were charged to the Kingsgate Abu Dhabi Hotel which is owned by Mr Al Zaabi. As at 31 December 2013, £0.1m (2012: £0.2m) was outstanding.

Transactions with key management personnel

The beneficial interest of the Directors in the ordinary shares of the Company was 0.04% (2012: 0.09%).

In addition to their salaries, the Group also provides non-cash benefits to Directors and executive officers, and contributes to a post-employment defined contribution plan depending on the date of commencement of employment. The defined contribution plan does not have a specified pension payable on retirement and benefits are determined by the extent to which the individual's fund can buy an annuity in the market at retirement.

Executive officers also participate in the Group's share option programme, Long-Term Incentive Plan and the Group's Sharesave schemes.

The key management personnel compensation is as follows:

	2013 £m	2012 £m
Short-term employee benefits	**4.9**	4.1
Other long-term benefits	**0.3**	0.2
Share-based payment	**0.8**	2.0
	6.0	6.3
Directors	**2.8**	2.3
Executives	**3.2**	4.0
	6.0	6.3

34 Significant investments

The companies listed below are those which were part of the Group at 31 December 2013 and which, in the opinion of the Directors, significantly affected the Group's results and net assets during the year. The Directors consider that those companies not listed are not significant in relation to the Group as a whole.

These companies operate principally in the country in which they are incorporated and are held indirectly unless stated otherwise.

	Effective Group interest	Country of incorporation	Principal activity
Anchorage-Lakefront Limited Partnership	100%	USA	Hotel owner
Beijing Fortune Hotel Co. Ltd.	70%	People's Republic of China	Hotel owner and operator
Bostonian Hotel Limited Partnership	100%	USA	Hotel owner
CDL (New York) LLC	100%	USA	Hotel owner
CDL Hotels (Chelsea) Limited	100%	England and Wales	Hotel owner and operator
CDL Hotels (Korea) Ltd.	100%	Republic of Korea	Hotel owner and operator
CDL Hotels (Malaysia) Sdn. Bhd.	100%	Malaysia	Hotel owner and operator
CDL Hotels (U.K.) Limited	100%	England and Wales	Hotel owner and operator
CDL Hotels USA, Inc.	100%	USA	Hotel investment holding company
CDL Investments New Zealand Limited	47%	New Zealand	Investment and property management company
CDL West 45th Street LLC	100%	USA	Hotel owner
Chicago Hotel Holdings, Inc.	100%	USA	Hotel owner and operator

	Effective Group interest	Country of incorporation	Principal activity
City Hotels Pte. Ltd.	100%	Singapore	Hotel operator and investment holding company
Copthorne Hotel (Birmingham) Limited	100%	England and Wales	Hotel owner and operator
Copthorne Hotel (Gatwick) Limited	100%	England and Wales	Hotel owner and operator
Copthorne Hotel (Manchester) Limited	100%	England and Wales	Hotel owner and operator
Copthorne Hotel (Newcastle) Limited	96%	England and Wales	Hotel owner and operator
Copthorne Hotel (Slough) Limited	100%	England and Wales	Hotel owner and operator
Copthorne Hotels Limited	100%	England and Wales	Hotels investment holding company
Copthorne Hotel Holdings Limited	100%	England and Wales	Hotels investment holding company
Copthorne Orchid Hotel Singapore Pte Ltd	100%	Singapore	Property owner and developer
Gateway Regal Holdings LLC	100%	USA	Hotel owner and operator
Grand Plaza Hotel Corporation	66%	Philippines	Hotel owner and operator and investment holding company
Harbour View Hotel Pte Ltd	100%	Singapore	Hotel operator
Hong Leong Ginza TMK	70%	Japan	Property owner
Hong Leong Hotel Development Limited	81%	Taiwan	Hotel owner and operator
Hong Leong Hotels Pte Ltd.	100%	Cayman Islands	Investment holding company
Hospitality Group Limited	49%	New Zealand	Holding company
Hospitality Holdings Pte. Ltd.	100%	Singapore	Investment holding company
King's Tanglin Shopping Pte. Ltd.	100%	Singapore	Property owner
London Britannia Hotel Limited	100%	England and Wales	Hotel owner and operator
London Tara Hotel Limited	100%	England and Wales	Hotel owner and operator
M&C Crescent Interests, LLC	100%	USA	Property owner
M&C Hotel Interest, Inc.	100%	USA	Hotel management services company
M&C Hotels France SAS	100%	France	Hotel owner
M&C REIT Management Limited	100%	Singapore	REIT investment management services
Millennium & Copthorne Hotels New Zealand Limited	70%	New Zealand	Hotel investment holding company
Millennium & Copthorne International Limited	100%	Singapore	Hotels and resorts management
Millennium & Copthorne Middle East Holdings Limited	51%	Hong Kong	Hotel management service company
Quantum Limited	49%	New Zealand	Holding company
Republic Hotels & Resorts Limited	100%	Singapore	Hotel operator and investment holding company
Republic Iconic Hotel Pte. Ltd.	100%	Singapore	Hotel operator
RHM-88, LLC	100%	USA	Hotel owner and operator
WHB Biltmore LLC	100%	USA	Hotel owner and operator
Joint ventures			
New Unity Holdings Limited	50%	British Virgin Islands	Investment holding company
Fena Estate Company Limited	50%	Thailand	Investment holding company

	Effective Group interest	Country of incorporation	Principal activity
Associates			
CDL Hospitality Trusts	35.5%	Singapore	See note below
First Sponsor Capital Limited	39.3%	British Virgin Islands	Investment holding company

Due to non-controlling interest shareholdings held within intermediary parent undertakings, the Group's effective shareholding in certain subsidiary undertakings in which it has control is less than 50%.

Note:

CDL Hospitality Trusts 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 and/or hospitality-related purposes, whether wholly or partially, and real-estate related assets in relation to the foregoing.

HBT is a business trust which is dormant. It exists primarily as a "master lessee of last resort" and will become active if H-REIT is unable to appoint a master lessee for any of the hotels in its portfolio at the expiry of the relevant master lease agreement or for a newly-acquired hotel. HBT may also become active if it undertakes certain hospitality and hospitality-related development projects, acquisitions and investments which may not be suitable for H-REIT.

Company financial statements

Company balance sheet

As at 31 December 2013

	Notes	2013 £m	2012 £m
Fixed assets			
Tangible assets	(D)	**2.5**	2.1
Investments	(E)	**1,601.6**	1,696.1
		1,604.1	1,698.2
Current assets			
Amounts owed by subsidiary undertakings falling due within one year		**15.4**	34.9
Other debtors		**0.9**	0.5
Cash at bank and in hand		**16.3**	37.0
		32.6	72.4
Creditors: amounts falling due within one year	(F)	**(74.3)**	(169.8)
Net current liabilities		**(41.7)**	(97.4)
Creditors: amounts falling due after more than one year	(G)	**(408.4)**	(440.6)
Net assets		**1,154.0**	1,160.2
Capital and reserves			
Called up share capital	(H), (I)	**97.4**	97.4
Share premium account	(I)	**843.1**	843.0
Profit and loss account	(I)	**215.7**	222.0
Own share reserve	(I)	**(2.2)**	(2.2)
Shareholders' funds	(I)	**1,154.0**	1,160.2

These financial statements were approved by the Board of Directors on 20 February 2014 and were signed on its behalf by:

Kwek Leng Beng
Chairman

Wong Hong Ren
Chief Executive Officer

Registered No: 3004377

Notes to the Company financial statements

A Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements.

Basis of accounting

The financial statements have been prepared on the going concern basis which assumes that the Company will continue in operational existence for the foreseeable future.

Accounting convention and basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards in the United Kingdom ("UK GAAP").

The Company has taken advantage of the exemption under Section 408 of the Companies Act 2006 from presenting its own profit and loss account. The profit after tax dealt with in the accounts of Millennium & Copthorne Hotels plc, determined in accordance with the Act was £36.7m (2012: £97.1m).

Under FRS 1 (revised) 'Cash Flow Statements', the Company is exempt from the requirement to prepare a cash flow statement as its cash flows are included within the published consolidated cash flow statement of Millennium & Copthorne Hotels plc.

The consolidated financial statements of the Group contain financial instruments disclosures and comply with FRS 29 'Financial Instruments Disclosures'. Consequently the Company has taken advantage of certain exemptions in FRS 29 from the requirement to present separate financial instrument disclosures for the Company.

The Company is also exempt under the terms of the revised FRS 8 'Related Party Disclosures' from disclosing related party transactions with wholly-owned subsidiaries within the Group.

Investments

In the Company's financial statements, investments in subsidiary and associated undertakings are stated at cost less provision for impairment. Dividends received and receivable are credited to the Company's profit and loss account.

Tangible fixed assets

Tangible fixed assets are stated at cost less depreciation and are depreciated to their residual values on a straight line basis over their useful economic lives.

Capital expenditure on computer software development is recorded separately within fixed assets as capital work in progress. Once the project is completed the balance is transferred to computer software. Capital work in progress is not depreciated.

Cash and liquid resources

Cash comprises cash in hand and deposits repayable on demand less overdrafts payable on demand.

Taxation

The charge for taxation is based on the profit for the year and takes into account deferred taxation because of timing differences between the treatment of certain items for taxation and accounting purposes.

Except as otherwise required by accounting standards, full provision without discounting is made for all timing differences, which have arisen but not reversed at the balance sheet date. Timing differences arise when items on income and expenditure are included in tax computations in periods different from their inclusion in the financial statements.

Foreign currency

Transactions in foreign currencies are translated 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 sterling at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement. 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 at foreign exchange rates ruling at the dates the fair value was determined.

The Company uses a fair value hedging model to designate bank loans and bonds held in overseas currencies as hedging instruments against designated overseas investments held in the same currency. Under such fair value hedges, both the hedged item and the hedging instrument are retranslated with the exchange differences in both cases being recorded in the profit and loss account as they arise at each period end.

The Directors have reviewed the accounting treatment of the unhedged part of the investment and decided it is appropriate to recognise this at historical cost.

Share-based payment

Where the Company is the settling entity for employees of subsidiaries who receive share-based payments, but the beneficiary of the services is the subsidiary, the Company recognises the fair value of the employee services received by the subsidiary as an increase in the investment in the subsidiary.

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 financial statements.

Treasury shares held by employee benefit trust

Transactions of the Company sponsored employee benefits trust are included in the Company financial statements.
In particular, the trust's repurchase of shares in the Company are debited directly to equity.

B Directors' remuneration and employees

Details of Directors' remuneration in the current and prior year are given in the Remuneration Committee report on pages 45 to 58.

The average number of employees excluding Directors during the year was nil (2012: nil).

Details of share options issued by the Company are given in note 23 to the consolidated financial statements and note (H).

The Company is the principal employer of the UK Group pension scheme, the Millennium & Copthorne Pension Plan, which provides benefits based on final pensionable pay. As the Company is unable to identify its share of the scheme assets and liabilities on a consistent and reasonable basis, the scheme has been accounted for, in these financial statements as if it were a defined contribution scheme (as permitted by FRS 17 'Retirement benefits'). Details of the plan are given in note 23 to the consolidated financial statements.

C Dividends

Details of dividends paid and proposed in the current and prior year are given in note 28 to the consolidated financial statements.

D Tangible assets

	Capital work in progress £m
Cost at 1 January 2013	2.1
Additions	0.4
Cost at 31 December 2013	**2.5**

E Investments

	Shares in subsidiary undertakings £m	Loans to subsidiary undertakings £m	Group settled arrangements £m	Total £m
Cost and net book value at 1 January 2013	1,318.7	371.3	6.1	1,696.1
Reductions	(585.2)	(326.1)	–	(911.3)
Additions	820.0	–	0.2	820.2
Foreign exchange adjustments	(3.0)	(0.4)	–	(3.4)
Cost and net book value at 31 December 2013	**1,550.5**	**44.8**	**6.3**	**1,601.6**

There were no provisions made against investments in subsidiary undertakings.

The Company's significant subsidiary undertakings at 31 December 2013 are listed below. All of the subsidiary undertakings have coterminous year ends.

Significant subsidiary name	Effective interest in ordinary shares	Country of incorporation	Principal activity
Millennium & Copthorne (Austrian Holdings) Limited	100%	England and Wales	Investment holding
Millennium Hotel Holdings EMEA Limited	100%	England and Wales	Investment holding
Copthorne Hotel Holdings Limited	100%	England and Wales	Hotel investment holding company
Millennium & Copthorne Share Trustee Limited	100%	England and Wales	Trustee company
Millennium Hotels London Limited	100%	England and Wales	Investment holding
M&C Hotels Holdings Limited	100%	England and Wales	Investment holding
M&C Hotels Holdings USA Limited	100%	Cayman Islands	Investment holding
Millennium & Copthorne Pension Trustee Limited	100%	England and Wales	Trustee company
Atos Holding AG	100%	Austria	Investment holding
M&C Asia Holdings (UK) Limited	100%	England and Wales	Investment holding
M&C Singapore Holdings (UK) Limited	100%	England and Wales	Investment holding

F Creditors: amounts falling due within one year

	2013 £m	2012 £m
Bank loans and overdrafts	**59.4**	–
Bonds payable	**–**	135.7
Amounts owed to subsidiary undertakings	**11.7**	25.6
Other payables	**1.7**	1.2
Corporation tax	**–**	5.2
Accruals and deferred income	**1.5**	2.1
	74.3	169.8

G Creditors: amounts falling due after more than one year

	2013 £m	2012 £m
Bonds payable	**57.3**	27.7
Amounts owed to subsidiary undertakings	**351.1**	412.9
	408.4	440.6

Bank loans and bonds are repayable as follows:–

	2013 £m	2012 £m
Between one and two years	**27.2**	–
Between two and five years	**30.1**	27.7
	57.3	27.7

H Share capital

	Number of 30p shares, allotted, called up and fully paid
Balance at 1 January 2013	324,548,313
Issue of ordinary shares on exercise of share options	69,874
Balance at 31 December 2013	**324,618,187**

All of the share capital is equity share capital. At the year end options over 193,746 ordinary shares remain outstanding and are exercisable between now and 31 January 2019 at exercise prices between £1.54 and £4.48. In addition, awards made under the Long-Term Incentive Plan up to 1,677,422 ordinary shares remain unvested and may potentially vest between 28 November 2014 and 21 November 2016.

During the year Millennium & Copthorne Hotels plc issued invitations to UK employees under the Sharesave Scheme to enter into a three-year savings contract or a five-year savings contract with an option to purchase shares at an option price of £4.48 on expiry of the savings contract.

I Reconciliation of movements in shareholders' funds

	Share capital £m	Share premium £m	Profit and loss account £m	Own share reserve £m	**Total 2013 £m**	Total 2012 £m
Balance at 1 January	97.4	843.0	222.0	(2.2)	**1,160.2**	1,085.0
Profit for the financial year	–	–	36.7	–	**36.7**	97.1
Dividends paid to equity holders	–	–	(44.1)	–	**(44.1)**	(52.5)
Issue of shares in lieu of dividends	–	–	–	–	**–**	28.0
Share options exercised	–	0.2	–	–	**0.2**	0.5
Hedging reserve adjustment	–	–	0.1	–	**0.1**	0.2
Share–based payment transactions (net of tax)	–	–	0.9	–	**0.9**	1.9
Balance at 31 December	97.4	843.2	215.6	(2.2)	**1,154.0**	1,160.2

J Contingent liabilities, commitments and subsequent events

In the course of managing its investments, the Company is routinely exposed to potential liabilities for contractual or tortious claims by third parties. The Company has insurance cover up to certain limits for major claims in connection with legal liabilities in the course of its operations. Otherwise the Company carries its own risk. The Company believes that the provisions carried on the balance sheet are sufficient to cover these risks.

The Company had no capital commitments at the end of the financial year for which no provision has been made.

There are no events subsequent to the balance sheet date which require adjustment to or disclosure within these financial statements.

K Ultimate holding and controlling company

The Directors consider the ultimate holding and controlling company to be Hong Leong Investment Holdings Pte. Ltd. which is incorporated in the Republic of Singapore. The accounts of the ultimate holding company, which heads the largest group in which the results of the Company are consolidated, are available to the public at the Accounting and Corporate Regulatory Authority, 10 Anson Road #05-01/15, International Plaza, Singapore 079903.

The intermediate holding company is City Developments Limited, a company incorporated in Singapore, which also heads the smallest group in which the results of the Company are consolidated. The consolidated accounts are available to the public and may be obtained from 36 Robinson Road, #04-01 City House, Singapore 068877.

L Related parties

For the year ended 31 December 2013, fees paid/payable by the Company to Hong Leong Management Services, a subsidiary of Hong Leong Investment Holdings Pte. Ltd. amounted to £0.1m (2012: £0.8m). At 31 December 2013, £Nil (2012: £0.5m) of fees payable was outstanding.

Further information

Key operating statistics

Owned or leased hotels*	**Year ended 2013 Reported currency**	Year ended 2012 Constant currency	Year ended 2012 Reported currency
Occupancy (%)			
New York	**84.3**		80.5
Regional US	**59.1**		57.9
Total US	**65.9**		63.5
London	**85.4**		80.8
Rest of Europe	**70.7**		71.4
Total Europe	**77.8**		76.0
Singapore	**86.4**		88.1
Rest of Asia	**70.2**		71.4
Total Asia	**76.9**		78.1
Australasia	**67.5**		63.6
Total Group	**72.3**		70.8
Average room rate (£)			
New York	**164.33**	163.01	160.89
Regional US	**72.37**	69.12	68.22
Total US	**104.12**	98.62	97.34
London	**126.73**	131.15	131.15
Rest of Europe	**67.98**	68.37	67.39
Total Europe	**99.33**	100.83	100.35
Singapore	**109.09**	116.03	114.75
Rest of Asia	**87.67**	88.92	87.59
Total Asia	**97.62**	101.14	99.83
Australasia	**56.96**	56.51	55.29
Total Group	**96.25**	96.17	95.08

Owned or leased hotels*	**Year ended 2013 Reported currency**	Year ended 2012 Constant currency	Year ended 2012 Reported currency
RevPAR (£)			
New York	**138.53**	131.28	129.58
Regional US	**42.75**	40.01	39.49
Total US	**68.59**	62.62	61.81
London	**108.19**	105.91	105.91
Rest of Europe	**48.04**	48.84	48.13
Total Europe	**77.29**	76.59	76.23
Singapore	**94.24**	102.27	101.14
Rest of Asia	**61.56**	63.52	62.57
Total Asia	**75.08**	79.0	77.97
Australasia	**38.46**	35.96	35.18
Total Group	**69.58**	68.08	67.32
Gross operating profit margin (%)			
New York	**24.6**		24.4
Regional US	**16.8**		19.1
Total US	**20.6**		21.6
London	**53.8**		57.0
Rest of Europe	**23.8**		24.5
Total Europe	**42.2**		44.2
Singapore	**49.3**		53.6
Rest of Asia	**33.3**		38.4
Total Asia	**41.2**		45.8
Australasia	**42.8**		46.2
Total Group	**35.4**		38.5

For comparability, the 31 December 2012 average room rate and RevPAR have been translated at average exchange rates for the year ended 31 December 2013.

* excluding managed, franchised and investment hotels.

Group financial record

	2013 £m	Restated* 2012 £m	2011 £m	2010 £m	Restated 2009 £m
Income statement					
Revenue	**1,037.5**	768.3	820.5	743.7	654.0
Operating profit	**230.4**	139.7	179.5	118.9	89.2
Net finance expense	**(4.9)**	(5.6)	(6.7)	(5.9)	(7.3)
Income tax expense	**(28.6)**	(24.6)	(28.2)	(30.7)	(7.3)
Profit for the year	**235.0**	146.7	165.1	97.9	74.6
Cash flow					
Cash generated from operations	**142.0**	196.0	216.4	196.0	111.2
Statement of financial position					
Property, plant, equipment and lease premium prepayment	**2,063.8**	2,096.1	2,091.4	2,257.2	2,070.3
Investment properties	**163.5**	169.1	173.9	94.9	83.3
Investments and loans in joint ventures and associates	**441.5**	439.9	422.8	396.8	326.4
Loans due from associate	**–**	29.1	50.9	–	–
Other financial assets	**7.8**	7.9	7.8	6.9	6.4
Non-current assets	**2,676.6**	2,742.1	2,746.8	2,755.8	2,486.4
Current assets excluding cash	**254.8**	263.9	241.9	177.6	133.2
Net cash/(debt)	**81.3**	52.2	(100.2)	(165.7)	(202.5)
Deferred tax liabilities	**(202.8)**	(228.1)	(236.4)	(251.8)	(230.6)
Provisions and other liabilities	**(341.4)**	(467.3)	(404.5)	(397.2)	(282.8)
Net assets	**2,468.5**	2,362.8	2,247.6	2,118.7	1,903.7
Share capital and share premium	**940.6**	940.4	939.6	938.7	938.5
Reserves	**1,349.1**	1,235.6	1,126.9	1,008.8	813.8
Total equity attributable to equity holders	**2,289.7**	2,176.0	2,066.5	1,947.5	1,752.3
Non-controlling interests	**178.8**	186.8	181.1	171.2	151.4
Total equity	**2,468.5**	2,362.8	2,247.6	2,118.7	1,903.7

	2013	2012	2011	2010	2009
Key operating statistics					
Gearing	**–**	–	5%	9%	12%
Earnings per share	**70.5p**	42.0p	51.0p	30.9p	22.9p
Dividends per share[1]	**22.74p**	13.59p	16.50p	10.00p	6.25p
Hotel gross operating profit margin	**35.4%**	38.5%	38.7%	37.1%	34.2%
Occupancy	**72.3%**	70.8%	70.8%	71.4%	68.3%
Average room rate (£)	**£96.25**	£95.08	£91.48	£85.52	£78.51
RevPAR (£)	**£69.58**	£67.32	£64.81	£61.06	£53.62

1 Dividends per share includes ordinary dividends and special dividends

* See note 2.1 of the financial statements

Major Group properties

Asia

Hotels	Tenure	Approximate site area (sq. metres)	Number of rooms	Effective Group interest (%)
Grand Millennium Beijing Fortune Plaza, 7 Dongsanhuan Middle Road Chaoyang District, Beijing 100020 PRC	Leasehold to year 2046 (hotel), Leasehold to year 2056 (underground car park)	9,268	508	70
Hotel Nikko Hong Kong (Owned by New Unity Holdings Limited) 72 Mody Road, Tsimshatsui East Kowloon, Hong Kong	75-year term from 28.11.1984 and may be renewable for a further 75 years	2,850	463	50
JW Marriot Hotel Hong Kong (Owned by New Unity Holdings Limited) Pacific Place, 88 Queensway, Hong Kong	75-year term from 18.04.1985 and may be renewable for a further 75 years	10,690	602	26
Millennium Hotel Sirih Jakarta Jalan Fachrudin 3, Jakarta 10250, Indonesia	The title is held under a Hak Guna Bangunan (i.e. Right to Build) and a 40-year lease wef 14.04.1984 and 22.01.1986 for approximate site area of 7,137 sq. metres and 212 sq. metres, respectively	7,349	401	80
Copthorne Orchid Hotel Penang Tanjung Bungah, 11200 Penang, Malaysia	Freehold	10,329	307	100
Grand Millennium Kuala Lumpur 160 Jalan Bukit Bintang, 55100 Kuala Lumpur, Malaysia	Freehold	7,620	459	100
The Heritage Hotel Manila Roxas Boulevard at corner of EDSA Pasay City, Metropolitan Manila, Philippines	Fee simple	9,888	450	66
Millennium Seoul Hilton 50 Sowol-ro, Jung-gu, Seoul, Korea 100-802	Freehold	18,760	679	100
Grand Hyatt Taipei Taipei World Trade Centre Sung Shou Road, Taipei, Taiwan	50-year term extendable for another 30 years wef 07.03.1990	14,317	853	81
Grand Millennium Sukhumvit Bangkok (Owned by Fena Estate Company Limited) Sukhumvit Soi 21, Asoke Road Bangkok, Thailand	30-year term from 02.02.2005 with option to renew for a further term of 30 years	5,053	325	50

Major Group properties continued

Europe

Hotels	Tenure	Approximate site area (sq. metres)	Number of rooms	Effective Group interest (%)
Copthorne Hotel Aberdeen 122 Huntly Street, Aberdeen AB10 1SU, Scotland	Freehold	1,302	87	83
Copthorne Hotel Birmingham Paradise Circus, Birmingham B3 3HJ, England	Freehold	2,188	211	100
Copthorne Hotel Cardiff-Caerdydd Copthorne Way, Culverhouse Cross, Cardiff CF5 6DH, Wales	Freehold	26,305	135	100
Copthorne Hotel Effingham Gatwick West Park Road, Copthorne, West Sussex RH10 3EU, England	Freehold	161,878	122	100
Copthorne Hotel London Gatwick Copthorne Way, Copthorne, West Sussex RH10 3PG, England	Freehold	404,694	227	100
Copthorne Hotel Hannover Würzburger Strasse 21, 30800 Hannover-Laatzen, Germany	Short leasehold to year 2014	13,165	222	100
Copthorne Hotel Manchester Clippers Quay, Salford Quays, Manchester M50 3SN, England	Leasehold to year 2135	9,800	166	100
Copthorne Hotel Merry Hill-Dudley The Waterfront, Level Street, Brierley Hill, Dudley, West Midlands DY5 1UR, England	Freehold	13,734	138	100
Copthorne Hotel Newcastle The Close, Quayside, Newcastle upon Tyne NE1 3RT, England	Freehold	9,200	156	94
Copthorne Hotel Plymouth Armada Way, Plymouth PL1 1AR, England	Leasehold to year 2110	1,853	135	100
Copthorne Hotel Slough-Windsor Cippenham Lane, Slough, Berkshire SL1 2YE, England	Freehold	6,880	219	100
Copthorne Tara Hotel London Kensington Scarsdale Place, Kensington, London W8 5SR, England	Freehold	7,535	833	100

Hotels	Tenure	Approximate site area (sq. metres)	Number of rooms	Effective Group interest (%)
Millennium Bailey's Hotel London Kensington 140 Gloucester Road, London SW7 4QH, England	Freehold	1,923	211	100
Millennium Gloucester Hotel & Conference Centre London Kensington Harrington Gardens London SW7 4LH, England	Freehold	6,348	610	100
Millennium Hotel Glasgow George Square,Glasgow G2 1DS, Scotland	Leasehold to year 2109	9,398	116	100
Millennium Hotel London Knightsbridge 17 Sloane Street, Knightsbridge, London SW1X 9NU, England	Leasehold to year 2091	809	222	100
Millennium Hotel London Mayfair Grosvenor Square, Mayfair, London W1K 2HP, England	Leasehold to year 2096	4,260	336	100
Millennium Hotel Paris Opéra 12 Boulevard Haussmann, 75009 Paris, France	Freehold	1,093	163	100
Millennium Hotel Paris Charles de Gaulle Zone Hoteliere, Allée du Verger, 95700 Roissy-en-France, France	Freehold	11,657	239	100

North America

Hotels	Tenure	Approximate site area (sq. metres)	Number of rooms	Effective Group interest (%)
Millennium Alaskan Hotel Anchorage 4800 Spenard Road, Anchorage, AK 99517, USA	Freehold	20,639	248	100
Millennium Biltmore Hotel Los Angeles 506 South Grand Avenue, Los Angeles, CA 90071, USA	Freehold	11,331	683	100
Millennium Bostonian Hotel Boston 26 North Street At Faneuil Hall Marketplace, Boston MA 02109, USA	Freehold	2,796	201	100

Major Group properties continued

Hotels	Tenure	Approximate site area (sq. metres)	Number of rooms	Effective Group interest (%)
Millennium Harvest House Boulder 1345 28th Street Boulder, CO 80302, USA	Freehold	64,019	269	100
Millennium Hotel Buffalo 2040 Walden Avenue Buffalo, NY 14225, USA	Leased to year 2022 (with one 10-year option)	31,726	300	100
Millennium Knickerbocker Hotel Chicago 163 East Walton Place, Chicago, IL 60611, USA	Freehold	2,007	306	100
Millennium Hotel Cincinnati 150 West Fifth Street, Cincinnati, OH 45202, USA	Freehold	6,839	872	100
Millennium Hotel Durham 2800 Campus Walk Avenue, Durham, NC 27705, USA	Freehold	42,814	316	100
Millennium Hotel Minneapolis 1313 Nicollet Mall, Minneapolis, MN 55403, USA	Leased to year 2030	4,537	321	100
Millennium Maxwell House Nashville 2025 Rosa L. Parks Boulevard, Nashville TN 37228, USA	Leased to year 2030 (with two 10-year options)	36,421	287	100
Millennium Broadway Hotel New York 145 West 44th Street, New York, NY10036, USA	Freehold	2,122	750	100
ONE UN New York 1 UN Plaza, 44th Street at 1st Avenue, New York 10017, USA	East tower freehold/ West tower leased to year 2079	4,554	439	100
Millennium Hotel St. Louis (closed) 200 South 4th Street, St Louis, MO 63102-1804, USA	Freehold	17,033	780	100
Millennium Scottsdale Resort and Villas 7401 North Scottsdale Road, Scottsdale, AZ 85208, USA	Leased to year 2033 (with two 10-year options)	32,819	125	100
Millenium Hilton 55 Church Street, New York, NY 10007, USA	Freehold	1,680	569	100

Hotels	Tenure	Approximate site area (sq. metres)	Number of rooms	Effective Group interest (%)
Maingate Lakeside Resort 7769 W Irlo Bronson Memorial Highway, Kissimmee, FL 34747, USA	Freehold	93,796	475	100
Comfort Inn Near Vail Beaver Creek 161 West Beaver Creek Boulevard, Avon, CO 81620, USA	Freehold	11,209	146	100
Eldorado Hotel & Spa 309 West San Francisco Street, Santa Fe, NM 87501, USA	Indirect interest	7,349	219	20
Pine Lake Trout Club 17021 Chillicothe Road, Chagrin Falls OH 44023, USA	Freehold	331,121	6	100

Australasia

Hotels	Tenure	Approximate site area (sq. metres)	Number of rooms	Effective Group interest (%)
Copthorne Hotel Auckland City 150 Anzac Avenue Auckland, New Zealand	Perpetual/Leasehold Land	2,495	110	49
Copthorne Hotel Auckland Harbour City 196-200 Quay Street Auckland, New Zealand	Freehold	2,407	187	70
Copthorne Hotel & Resort Bay of Islands Tau Henare Drive, Paihia, New Zealand	Leasehold to year 2021 (with a 30-year option)	62,834	180	34
Copthorne Hotel & Resort Queenstown Lakefront Corner Adelaide Street & Frankton Road, Queenstown, New Zealand	Freehold	18,709	240	70
Copthorne Hotel Wellington Oriental Bay 100 Oriental Parade, Wellington, New Zealand	Freehold	3,904	118	49
Kingsgate Hotel Dunedin 10 Smith Street, Dunedin, New Zealand	Freehold	2,193	55	49
Kingsgate Hotel Greymouth 32 Mawhera Quay, Greymouth, New Zealand	Freehold/Perpetual leasehold land	2,807	98	70

Major Group properties continued

Hotels	Tenure	Approximate site area (sq. metres)	Number of rooms	Effective Group interest (%)
Kingsgate Hotel Palmerston North 110 Fitzherbert Avenue Palmerston North, New Zealand	Freehold	15,514	151	49
Kingsgate Hotel Te Anau 20 Lakefront Drive, Te Anau, New Zealand	Freehold	8,819	94	70
Copthorne Hotel & Apartments Queenstown Lakeview 88 Frankton Road, Queenstown, New Zealand	Freehold	4,713	85	49
Copthorne Hotel Rotorua Fenton Street, Rotorua, New Zealand	Freehold	35,935	136	49
Millennium Hotel Queenstown Corner Frankton Road & Stanley St., Queenstown, New Zealand	Freehold	7,453	220	49
Millennium Hotel Rotorua Corner Eruera & Hinemaru Streets, Rotorua, New Zealand	Freehold/Perpetual leasehold land	10,109	227	70

Owned by CDLHT:

Singapore

Hotels	Tenure	Approximate site area (sq. metres)	Number of rooms	Effective Group interest (%)
Copthorne King's Hotel Singapore* 403 Havelock Road, Singapore	20-year lease commencing 19.07.2006, extendable for a further 20 years	5,637	310	35
Grand Copthorne Waterfront Hotel Singapore* 392 Havelock Road, Singapore	20-year lease commencing 19.07.2006, and extendable for a further 20 years	10,860	574	35
M Hotel Singapore* 81 Anson Road, Singapore	20-year lease commencing 19.07.2006 and extendable for a further 20 years held by CDLHT and a freehold reversionary interest held by the Group	2,134	413	35

Hotels	Tenure	Approximate site area (sq. metres)	Number of rooms	Effective Group interest (%)
Novotel Clarke Quay 177A River Valley Road, Singapore	97 years and 30 days leasehold commencing from 02.04.1980	12,925	403	35
Orchard Hotel Singapore* 442 Orchard Road, Singapore	20-year lease commencing 19.07.2006 and extendable for a further 20 years held by CDLHT and a freehold reversionary interest held by the Group	8,588#	656	35
Studio M Hotel Singapore* 3 Nanson Road, Singapore	20-year lease commencing 03.05.2011 and extendable for a further 50 years	2,932	360	35

Maldives

Hotels	Tenure	Approximate site area (sq. metres)	Number of rooms	Effective Group interest (%)
Angsana Velavaru South Nilandhe Atoll, Republic of Maldives	50-year lease commencing from 26.08.1997	67,717	113	35
Jumeirah Dhevanafushi Meradhoo Island, Gaafu Alifu Atoll, Republic of Maldives	50-year lease commencing from 15.06.2006	53,576	35	35

Australia

Hotels	Tenure	Approximate site area (sq. metres)	Number of rooms	Effective Group interest (%)
Novotel Hotel Brisbane 200 Creek Street Brisbane, Queensland	Strata volumetric freehold	6,235	296	35
Mercure & Ibis Hotel Brisbane 85-87 North Quay/ 27-35 Turbot Street Brisbane, Queensland	Interconnected at ground level, situated on one freehold title	3,845	194/218	35
Mercure Hotel Perth 10 Irwin Street Perth, Western Australia	Strata freehold	757	239	35
Ibis Hotel Perth 334 Murray Street Perth, Western Australia	Freehold	1,480	192	35

* Leased by the Group from CDLHT
# Includes Orchard Hotel Shopping Arcade

Major Group properties continued

New Zealand

Hotels	Tenure	Approximate site area (sq. metres)	Number of rooms	Effective Group interest (%)
Rendezvous Grand Hotel Auckland Corner of Vincent Street and Mayoral Drive Auckland, New Zealand	Freehold	5,910	452	35

Investment Properties	Tenure	Approximate lettable strata area (sq. metres)	Effective Group interest (%)
Tanglin Shopping Centre A shopping-cum-office complex situated at Tanglin Road, Singapore, within the Orchard Road tourist district. The Group owns 83 out of 362 strata-titled units and 325 car park lots.	Freehold	6,285	100
Biltmore Court & Tower Situated at 500/520 South Grand Avenue, Los Angeles, CA 90071. Comprising the Court which has 22,133 square metres Class "B" lettable office space within the Biltmore hotel structure and the Tower which has 12,116 square metres of Class "A" office space. 299 car park spaces are allocated to the two office spaces.	Freehold	34,249	100
Land site in Ginza Situated at Ginza District, Tokyo, Japan	Freehold Leasehold to year 2039	1,040 130	70
Owned by First Sponsor Capital Limited:			
Humen International Cloth Centre Located in Boyong Village, Guangdong Province, China. Comprising 145 commercial units and 11 serviced apartments.	Leasehold to year 2063	3,466	39
Chengdu Cityspring Located in Chengdu Hi-Tech Industrial Development Zone, Sichuan Province, China. Comprising M Hotel Chengdu which is classified as property, plant and equipment; a 21,875 sq. metres commercial space in the same building as M Hotel Chengdu which is earmarked for potential future expansion of the hotel; and 6,456 sq. metres of commercial and retail spaces for rental which are accounted for as investment properties.	Leasehold to year 2049	47,014	39

Millennium & Copthorne hotels worldwide

ASIA

China
Copthorne Hotel Qingdao
Grand Millennium Beijing
M Hotel Chengdu
Millennium Residences @ Fortune Plaza Beijing
Millennium Hotel Chengdu
Millennium Harbourview Hotel Xiamen
Millennium Hongqiao Hotel Shanghai
Millennium Hotel Fuqing
Millennium Hotel Wuxi

Hong Kong
Hotel Nikko Hong Kong
JW Marriott Hotel Hong Kong

Indonesia
Millennium Hotel Sirih Jakarta

Malaysia
Copthorne Orchid Hotel Penang
Copthorne Hotel Cameron Highlands
Grand Millennium Kuala Lumpur

Philippines
The Heritage Hotel Manila

Singapore
Copthorne King's Hotel Singapore
Grand Copthorne Waterfront Hotel Singapore
M Hotel Singapore
Orchard Hotel Singapore
Studio M Hotel Singapore

South Korea
Millennium Seoul Hilton

Taiwan
Grand Hyatt Taipei
Millennium Vee Hotel Taichung

Thailand
Grand Millennium Sukhumvit Bangkok
Millennium Resort Patong, Phuket

AUSTRALASIA

New Zealand
Copthorne Hotel Auckland City
Copthorne Hotel Auckland Harbour City
Copthorne Hotel Commodore Christchurch Airport
Copthorne Hotel Grand Central New Plymouth
Copthorne Hotel Wellington Oriental Bay
Copthorne Hotel & Resort Bay of Islands
Copthorne Hotel & Resort Hokianga
Copthorne Hotel & Resort Queenstown Lakefront
Copthorne Hotel & Apartments Queenstown Lakeview
Copthorne Hotel Rotorua
Copthorne Hotel & Resort Solway Park Wairarapa
Kingsgate Hotel Autolodge Paihia
Kingsgate Hotel Dunedin
Kingsgate Hotel Greymouth
Kingsgate Hotel Hamilton
Kingsgate Hotel Palmerston North
Kingsgate Hotel Wellington
Kingsgate Hotel Te Anau
Kingsgate Hotel The Avenue Wanganui
Kingsgate Hotel Whangarei
Millennium Hotel Queenstown
Millennium Hotel Rotorua
Millennium Hotel & Resort Manuels Taupo

MIDDLE EAST

Iraq
Copthorne Hotel Baranan

Jordan
Millennium Hotel Amman

Kuwait
Al-Jahra Copthorne Hotel & Resort

Oman
Millennium Resort Mussanah

Qatar
Copthorne Hotel Doha
Kingsgate Hotel Doha
Millennium Hotel Doha

United Arab Emirates
Copthorne Hotel Dubai
Copthorne Hotel Sharjah
Grand Millennium Dubai
Grand Millennium Al Wahda Abu Dhabi
Kingsgate Hotel Abu Dhabi
Millennium Airport Hotel Dubai
Millennium Hotel Abu Dhabi
Millennium Plaza Hotel Dubai

EUROPE

France
Millennium Hotel Paris Charles de Gaulle
Millennium Hotel Paris Opéra

Germany
Copthorne Hotel Hannover

UK
Copthorne Hotel Aberdeen
Copthorne Hotel Birmingham
Copthorne Hotel Cardiff-Caerdydd
Copthorne Hotel Effingham Gatwick
Copthorne Hotel London Gatwick
Copthorne Hotel Manchester
Copthorne Hotel Merry Hill-Dudley
Copthorne Hotel Newcastle
Copthorne Hotel Plymouth
Copthorne Hotel Sheffield
Copthorne Hotel Slough-Windsor
Copthorne Tara Hotel London Kensington
Millennium Bailey's Hotel London Kensington
Millennium Gloucester Hotel & Conference Centre London Kensington
Millennium Hotel Glasgow
Millennium Hotel London Knightsbridge
Millennium Hotel London Mayfair
Millennium & Copthorne Hotels at Chelsea Football Club
Millennium Madejski Hotel Reading

THE AMERICAS

USA
Millennium Alaskan Hotel Anchorage
Millennium Biltmore Hotel Los Angeles
Millennium Bostonian Hotel Boston
Millennium Broadway Hotel New York
Millennium Harvest House Boulder
Millennium Hotel Buffalo
Millennium Hotel Cincinnati
Millennium Hotel Durham
Millennium Knickerbocker Hotel Chicago
Millennium Maxwell House Hotel Nashville
Millennium Hotel Minneapolis
Millennium Scottsdale Resort and Villas
ONE UN New York
Millenium Hilton
Maingate Lakeside Resort
Comfort Inn Near Vail Beaver Creek
Eldorado Hotel & Spa
Pine Lake Trout Club

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France: 0800 909 586
UK: 0800 41 47 41

North America
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Canada, Puerto Rico, USA & US Virgin Islands

Shareholder information

Analysis of shareholders as at 31 January 2014

Number of shares	Number of holders	Percentage of holders	Total number of shares held	Percentage of issued share capital
1 – 10,000	653	77.46%	881,240	0.27%
10,001 – 25,000	54	6.42%	903,328	0.28%
25,001 – 50,000	33	3.91%	1,166,517	0.36%
50,001 – 100,000	26	3.08%	1,780,064	0.55%
100,001 – 500,000	36	4.27%	7,956,836	2.45%
500,001 – 1,000,000	14	1.66%	9,301,682	2.86%
1,000,001 – Highest	27	3.20%	302,628,520	93.23%
Total	**843**	**100.00%**	**324,618,187**	**100.00%**

We are committed to providing information to our shareholders to enable them to assess the Group's performance and financial position. Information on the daily share price can be found on our website www.millenniumhotels.co.uk which also provides information about the Group's properties and room availability together with announcements made by the Group.

Electronic shareholder communications

Registering for online communication gives shareholders more control of their shareholding. The registration process is via our registrar's secure website www.shareview.com.

Once registered shareholders are able to:

- elect how we communicate with them;
- amend their details;
- amend the way dividends are received; and
- buy or sell shares online.

This does not mean shareholders can no longer receive paper copies of documents. We are able to offer a range of services and tailor communication to meet our shareholders' needs.

Registered office

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United Kingdom
Registered in England and Wales No: 3004377

Corporate headquarters

Scarsdale Place, Kensington, London W8 5SR,
United Kingdom

Financial calendar for 2014

2013 final dividend record date	21 March
First quarter's results announcement	1 May
Annual general meeting	1 May
2013 final dividend payment	16 May
Interim results announcement	31 July
2014 interim dividend record date	15 August
2014 interim dividend payment	3 October
Third quarter's results announcement	30 October

Stockbroker

Credit Suisse Securities Limited

Auditor

KPMG LLP

Solicitor

Hogan Lovells International LLP

Principal bankers

Bank of America Merrill Lynch
DBS Bank Ltd.
Mizuho Bank, Ltd.
Oversea-Chinese Banking Corporation Limited
Royal Bank of Scotland plc
Sumitomo Mitsui Banking Corporation
The Bank of Tokyo-Mitsubishi UFJ, Ltd.
The Hongkong and Shanghai Banking Corporation Limited

Registrar

Equiniti Limited

Further information

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