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

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For Immediate Release **1 May 2014**

MILLENNIUM & COPTHORNE HOTELS PLC
INTERIM MANAGEMENT STATEMENT
First quarter results to 31 March 2014

Group highlights for the first quarter 2014:

£ millions (unless otherwise stated)	**First Quarter 2014**	First Quarter 2013[1]	Change	Change %
RevPAR	**£58.23**	£60.14	(£1.91)	(3.2%)
Revenue	**£175.3m**	£175.9m	(£0.6m)	(0.3%)
Operating profit	**£22.2m**	£24.3m	(£2.1m)	(8.6%)
Profit before tax	**£20.1m**	£23.8m	(£3.7m)	(15.5%)
Basic earnings per share	**2.0p**	3.8p	(1.8p)	(47.4%)

- Revenue and profit before tax was down 0.3% and 15.5% respectively with steady hotel trading and higher property sales counterbalanced by adverse foreign exchange movements.

- On a constant currency basis, Group revenue was up 5.9% (Q1 2013 restated: £165.6m) with Group RevPAR up 2.5%.

- The Chelsea Harbour Hotel acquisition completed on 25 March 2014. Acquisition of Novotel Times Square, New York is scheduled to complete in June 2014. Subject to conditions being met, the acquisition of Boscolo Palace Roma is scheduled to complete in the third quarter of 2014.

[1]The Group adopted IFRS 10 Consolidated Financial Statements with effect from 1 January 2014. This resulted in the Group consolidating CDL Hospitality Trusts ("CDLHT") which was previously treated as an associate undertaking and not consolidated. The comparatives for 2013 have been restated accordingly. RevPAR will continue to be reported excluding CDLHT's non-M&C managed hotels.

Commenting today Mr Kwek Leng Beng, Chairman said:

"We expect trading conditions to be influenced by increasing social and political uncertainties affecting key Asian economies, which have already had an impact on exchange rates. Foreign exchange movements cannot be easily quantified but have the potential to impact results, when translating into sterling. Whilst reported revenues and profits fell because of the strong pound, the Group enjoyed stable underlying trading during the first quarter. We made good progress on strategic growth initiatives, including completion of The Chelsea Harbour Hotel acquisition. With Europe and US showing signs of increasing stability, we remain cautiously optimistic about the rest of the year."

Enquiries
Millennium & Copthorne Hotels plc
Wong Hong Ren, Chief Executive Officer Tel: +44 (0) 20 7872 2444
Jonathon Grech, Company Secretary and General Counsel
Peter Krijgsman, Financial Communications (Media)

BUSINESS REVIEW

Financial Performance

For the three months ended 31 March 2014 revenue decreased by 0.3% to £175.3m (Q1 2013: £175.9m), while profit before tax fell by 15.5%. The strength of our reporting currency, sterling, impacted the results significantly. On a constant currency basis, revenue increased by 5.9% (Q1 2013 on a constant currency basis: £165.6m).

The quarterly results include the impact of consolidating CDLHT under IFRS 10. Previously CDLHT's results were included under share of profit of joint ventures and associates. Comparatives for 2013 have also been restated. The key impacts to the first quarter 2014 results arising from the adoption of IFRS 10 are increases in revenue and profit before tax of £9.3m and £7.1m respectively. However, net profit after tax attributable to the equity holders of the parent decreased slightly by £0.5m.

Hotel Operations

On a constant currency basis, Group RevPAR increased by 2.5% to £58.23 compared to the same period last year (Q1 2013: £56.83). Management anticipated harsher trading conditions by adjusting trading strategies in some markets, limiting the impact on RevPAR. Average room rate increased by 0.5% to £84.85 (Q1 2013: £84.42) on a constant currency basis, whilst occupancy increased by 1.3 percentage points.

Regional US RevPAR performance was helped by the Millennium Minneapolis, which was closed for refurbishment during the comparative period last year and by the closure of Millennium St Louis in January 2014, which had been one of the region's poorest performing hotels in RevPAR terms. In Asia, the Group succeeded in arresting the decline in RevPAR that has featured over recent quarters, with higher occupancy compensating for slightly reduced room rates. Singapore RevPAR increased by 0.3%. RevPAR performance was strong in Australasia.

Asset Management

Acquisitions & Disposals

On 25 March 2014, the Group completed the acquisition of a 5-star all-suite hotel located within the Chelsea Harbour district in London. The property offers 154 suites and 4 penthouses and has been rebranded as 'The Chelsea Harbour Hotel'.

The Group is scheduled to complete the acquisition of Novotel Times Square in New York in June 2014. Subject to conditions being met, the acquisition of Boscolo Palace Roma is scheduled to complete in the third quarter of 2014. Agreements for both acquisitions were announced in February 2014.

Property revenue of £10.7m during the first quarter 2014 included New Zealand landbank sales and the sale of two Glyndebourne condominiums in Singapore.

Hotel Development

Construction of the Group's new hotel in Tokyo's Ginza district is expected to complete before the end of 2014 and the hotel is expected to open during the first quarter of 2015.

In relation to the plot of land measuring 1,563.7m^2 adjacent to Millennium Seoul Hilton which was acquired in 2013, the Group is currently developing detailed plans to build hospitality facilities to complement the existing product offering.

Hotel Refurbishment

Since the programme started, the Group has spent just under £100m of its £240m asset management programme. The Group expects to spend another £60m in 2014.

In the first quarter of 2014, £8.5m was spent, relating mainly to Grand Hyatt Taipei for renovating the east wing. Total refurbishment cost for this hotel is anticipated to be £62m and up to 31 March 2014, a total amount of £35.8m has been spent. Completion of the guestrooms renovation is expected in the third quarter of 2014.

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 and phased to minimise impact on earnings.

Additionally, the Group is considering a range of options with regard to the future of the freehold site occupied by the Millennium Hotel St Louis, which was closed in January 2014.

First Sponsor Capital Limited ("FSCL")

FSCL continues to make good progress with development in Chengdu, People's Republic of China.

Progress on the Wenjiang development land site in Chengdu, purchased in November 2011, is on track. The land is designated for residential, commercial and hotel development. Construction of a Millennium branded hotel commenced in 2013 and is scheduled to open in 2017.

As mentioned previously, FSCL is considering an initial public offering ("IPO") and listing of ordinary shares of its principal operating subsidiary, First Sponsor Group Limited ("FSGL") on the Singapore Exchange. The Group announced on 23 April 2014 that the Exchange had issued to FSGL its eligibility-to-list letter ("ETL"), which is one of a number of pre-requirements to enable the proposed IPO to proceed. The ETL does not mean that any offer document for the IPO has been registered or that the IPO will proceed at all. The ETL should also not be taken as an indication of, among other things the merits of the proposed IPO, FSGL or its subsidiaries, FSGL's existing shares or any new shares in FSGL to be issued in connection with the proposed IPO. If the IPO does proceed, it is likely to occur in the third quarter of this year.

Financial Position

At 31 March 2014, the M&C Group excluding CDLHT had net cash of £32.6m (Dec 2013: net cash £81.3m). Including the consolidation of CDLHT's net debt, the cash position of the Group at 31 March 2014 is a net debt of £276.8m (Dec 2013 restated: net debt of £215.3m).

The Group including CDLHT has a total of £226.5m of undrawn committed bank facilities at 31 March 2014 of which £197.9m relates to M&C Group. Most of the facilities are unsecured with unencumbered assets representing 90.3% of fixed assets and investment properties.

The Group will pay final and special dividends for 2013 on 16 May 2014, totalling £67.1m.

Senior Management Change

John Chang has decided to leave the Group, effective end of April 2014. We will announce his successor as Chief Financial Officer in due course and thank him for his contribution.

Outlook

The trading pattern in the US and Europe is improving. However, in Asia trading conditions continue to be affected by social and political uncertainty, which is likely to impact performance going forward. Despite this, in the four weeks ended 28 April 2014, Asia RevPAR increased in constant currency terms by 4.0%. London was up 2.4%. US was up 5.9%. Australasia was up 11.9%. Group RevPAR was up by 4.2% in constant currency terms for the four week period.

PERFORMANCE REVIEW

For comparability, the following performance review is based on calculations in constant currency whereby 31 March 2013 average room rate and RevPAR have been translated at average exchange rates for the period ended 31 March 2014.

GROUP

	2014	2013	Change
Hotel revenue	**£153.9m**	£153.7m	0.1%
RevPAR	**£58.23**	£56.83	2.5%
Occupancy	**68.6%**	67.3%	1.3% points
ARR	**£84.85**	£84.42	0.5%

In constant currency terms, hotel revenue increased marginally for the Group as a whole. RevPAR growth of 2.5% was driven mainly by an increase in occupancy, supported by a small increase in average room rate.

Below is the regional performance review:

ASIA

	2014	2013	Change
Hotel revenue	**£66.5m**	£67.1m	(0.9%)
RevPAR	**£69.37**	£69.33	0.1%
Occupancy	**77.3%**	76.6%	0.7% points
ARR	**£89.73**	£90.48	(0.8%)

SINGAPORE

	2014	2013	Change
Hotel revenue	**£33.3m**	£32.8m	1.5%
RevPAR	**£88.93**	£88.64	0.3%
Occupancy	**87.3%**	86.4%	0.9% points
ARR	**£101.83**	£102.57	(0.7%)

REST OF ASIA

	2014	2013	Change
Hotel revenue	**£33.2m**	£34.3m	(3.2%)
RevPAR	**£55.29**	£55.41	(0.2%)
Occupancy	**70.1%**	69.6%	0.5% points
ARR	**£78.88**	£79.64	(0.9%)

- RevPAR for the Singapore hotels grew by 0.3% to £88.93 (Q1 2013: £88.64) with a strong performance from Copthorne King's, offsetting modest declines at Orchard Hotel, M Hotel and Grand Copthorne Waterfront. Studio M also saw a small increase in RevPAR.

- In the rest of Asia, all of the Group's hotels delivered RevPAR gains with the exceptions of The Heritage Manila, where performance has been affected by the closure of the hotel's casino and Millennium Seoul Hilton, where RevPAR showed a small decline.

EUROPE

	2014	2013	Change
Hotel revenue	**£37.0m**	£35.6m	3.9%
RevPAR	**£59.95**	£60.07	(0.2%)
Occupancy	**67.8%**	67.7%	0.1% points
ARR	**£88.44**	£88.71	(0.3%)

LONDON

	2014	2013	Change
Hotel revenue	**£21.6m**	£20.6m	4.9%
RevPAR	**£79.30**	£79.54	(0.3%)
Occupancy	**73.4%**	73.3%	0.1% points
ARR	**£107.99**	£108.49	(0.5%)

REST OF EUROPE

	2014	2013	Change
Hotel revenue	**£15.4m**	£15.0m	2.7%
RevPAR	**£41.53**	£41.64	(0.3%)
Occupancy	**62.4%**	62.4%	-
ARR	**£66.54**	£66.72	(0.3%)

- RevPAR for Europe fell by 0.2% to £59.95 (Q1 2013: £60.07) in the first three months of the year.

- RevPAR improvements at Millennium London Mayfair, Millennium Bailey's and Copthorne Tara were counterbalanced by declines at Millennium Knightsbridge and Millennium Gloucester.

- Copthorne Aberdeen was the strongest regional UK performer with RevPAR growth also featuring in Copthorne Manchester and Millennium Glasgow.

US

	2014	2013	Change
Hotel revenue	**£38.1m**	£38.3m	(0.5%)
RevPAR	**£49.70**	£47.36	4.9%
Occupancy	**57.5%**	55.9%	1.6% points
ARR	**£86.42**	£84.75	2.0%

NEW YORK

	2014	2013	Change
Hotel revenue	**£17.3m**	£17.6m	(1.7%)
RevPAR	**£92.16**	£93.28	(1.2%)
Occupancy	**70.5%**	71.8%	(1.3% points)
ARR	**£130.72**	£129.85	0.7%

REGIONAL US

	2014	2013	Change
Hotel revenue	**£20.8m**	£20.7m	0.5%
RevPAR	**£33.18**	£30.81	7.7%
Occupancy	**52.5%**	50.1%	2.4% points
ARR	**£63.26**	£61.45	2.9%

- Challenging weather conditions contributed to a slow start to the year for the New York hotels with RevPAR declining by 1.2% to £92.16 (Q1 2013: £93.28). RevPAR fell at Millennium Broadway and ONE UN but increased at Millenium Hilton.

- RevPAR improved at eight of the fifteen hotels in the regional US portfolio, with the strongest contributors being Millennium Nashville and Millennium Minneapolis. There was a double digit RevPAR decline at Millennium Knickerbocker Chicago, mainly as a result of the cold winter.

AUSTRALASIA

	2014	2013	Change
Hotel revenue	**£12.3m**	£12.6m	(2.4%)
RevPAR	**£49.55**	£45.86	8.0%
Occupancy	**83.0%**	79.2%	3.8% points
ARR	**£59.71**	£57.87	3.2%

- RevPAR from the New Zealand hotels grew by 8.0% to £49.55 (Q1 2013: £45.86), led by growth at Copthorne Queenstown Lakeview and Millennium Queenstown. All but three of the Group's owned hotels in New Zealand saw RevPAR growth compared to the same period last year.

Consolidated income statement (unaudited)
for the three months ended 31 March 2014

	First Quarter 2014 £m	Restated[1] First Quarter 2013 £m	Restated[1] Full Year 2013 £m
Revenue	**175.3**	175.9	1,063.9
Cost of sales	**(79.1)**	(75.8)	(456.9)
Gross Profit	**96.2**	100.1	607.0
Administrative expenses	**(73.9)**	(75.7)	(313.5)
Other operating income	**-**	-	21.8
Other operating expense	**(0.1)**	(0.1)	(21.5)
Operating profit	**22.2**	24.3	293.8
Share of profit of joint ventures and associates	**1.5**	2.3	14.7
Finance income	**1.5**	2.3	6.3
Finance expense	**(5.1)**	(5.1)	(19.7)
Net finance expense	**(3.6)**	(2.8)	(13.4)
Profit before tax	**20.1**	23.8	295.1
Income tax expense	**(4.2)**	(1.6)	(29.9)
Profit for the period	**15.9**	22.2	265.2
Attributable to:			
Equity holders of the parent	**6.5**	12.2	224.9
Non-controlling interests	**9.4**	10.0	40.3
	15.9	22.2	265.2
Basic earnings per share (pence)	**2.0p**	3.8p	69.3p
Diluted earnings per share (pence)	**2.0p**	3.7p	69.0p

The financial results above derive from continuing activities.

[1] *The Group adopted IFRS 10 with effect from 1 January 2014 and comparatives have been restated.*

Consolidated statement of financial position (unaudited)
as at 31 March 2014

	As at 31 March 2014 £m	Restated As at 31 March 2013 £m	Restated As at 31 December 2013 £m
Non-current assets			
Property, plant and equipment	**2,428.8**	2,496.0	2,377.1
Lease premium prepayment	**95.2**	96.5	87.1
Investment properties	**383.1**	410.5	372.4
Investments in joint ventures and associates	**238.7**	208.5	203.1
Loans due from associate	**-**	31.0	-
Other financial assets	**4.7**	4.9	4.6
	3,150.5	3,247.4	3,044.3
Current assets			
Inventories	**4.0**	3.7	3.5
Development properties	**73.5**	192.5	71.1
Lease premium prepayment	**1.3**	1.4	1.3
Trade and other receivables	**140.5**	80.9	182.8
Loans due from associate	**-**	19.1	-
Other current financial assets	**-**	0.2	-
Cash and cash equivalents	**504.3**	434.4	457.0
	723.6	732.2	715.7
Total assets	**3,874.1**	3,979.6	3,760.0
Non-current liabilities			
Loans due to associate	**-**	(20.2)	-
Interest-bearing loans, bonds and borrowings	**(519.0)**	(391.3)	(489.3)
Employee benefits	**(17.2)**	(17.9)	(17.5)
Provisions	**(7.2)**	(7.9)	(7.3)
Other non-current liabilities	**(8.3)**	(142.7)	(8.1)
Deferred tax liabilities	**(207.6)**	(245.8)	(207.5)
	(759.3)	(825.8)	(729.7)
Current liabilities			
Interest-bearing loans, bonds and borrowings	**(262.1)**	(294.2)	(183.0)
Trade and other payables	**(168.2)**	(158.4)	(155.8)
Other current financial liabilities	**-**	-	(0.9)
Provisions	**(6.1)**	(6.6)	(6.2)
Income taxes payable	**(34.9)**	(20.7)	(40.5)
	(471.3)	(479.9)	(386.4)
Total liabilities	**(1,230.6)**	(1,305.7)	(1,116.1)
Net assets	**2,643.5**	2,673.9	2,643.9
Equity			
Issued share capital	**97.4**	97.4	97.4
Share premium	**843.2**	843.1	843.2
Translation reserve	**150.2**	307.1	160.2
Cash flow hedge reserve	**(0.1)**	(0.3)	(0.2)
Treasury share reserve	**(2.2)**	(2.2)	(2.2)
Retained earnings	**1,078.3**	897.9	1,065.8
Total equity attributable to equity holders of the parent	**2,166.8**	2,143.0	2,164.2
Non-controlling interests	**476.7**	530.9	479.7
Total equity	**2,643.5**	2,673.9	2,643.9

Operating segment information (unaudited)

First Quarter 2014

	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	**17.3**	**20.8**	**21.6**	**15.4**	**33.3**	**33.2**	**12.3**	**-**	**153.9**
Property operations	**-**	**0.5**	**-**	**-**	**5.3**	**-**	**4.9**	**-**	**10.7**
REIT	**-**	**-**	**-**	**-**	**2.9**	**4.2**	**3.6**	**-**	**10.7**
Total revenue	**17.3**	**21.3**	**21.6**	**15.4**	**41.5**	**37.4**	**20.8**	**-**	**175.3**
Hotel gross operating profit	**(0.4)**	**0.3**	**8.9**	**2.8**	**16.5**	**10.1**	**5.8**	**-**	**44.0**
Hotel fixed charges [1]	**(4.4)**	**(3.9)**	**(4.2)**	**(3.1)**	**(0.4)**	**(6.3)**	**(1.1)**	**-**	**(23.4)**
Hotel operating profit/(loss)	**(4.8)**	**(3.6)**	**4.7**	**(0.3)**	**16.1**	**3.8**	**4.7**	**-**	**20.6**
Property operating profit/(loss)	**-**	**(0.2)**	**-**	**-**	**2.3**	**-**	**1.9**	**-**	**4.0**
REIT operating profit/(loss)	**-**	**-**	**-**	**-**	**(0.9)**	**1.7**	**3.6**	**-**	**4.4**
Central costs	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(6.7)**	**(6.7)**
Other operating expense	**-**	**-**	**-**	**-**	**-**	**(0.1)**	**-**	**-**	**(0.1)**
Operating profit/(loss)	**(4.8)**	**(3.8)**	**4.7**	**(0.3)**	**17.5**	**5.4**	**10.2**	**(6.7)**	**22.2**
Share of joint ventures and associates profit	**-**	**-**	**-**	**-**	**-**	**1.5**	**-**	**-**	**1.5**
Add: Depreciation, amortisation and impairment	**1.3**	**1.7**	**1.1**	**0.8**	**2.4**	**3.6**	**0.5**	**0.2**	**11.6**
EBITDA [2]	**(3.5)**	**(2.1)**	**5.8**	**0.5**	**19.9**	**10.5**	**10.7**	**(6.5)**	**35.3**
Less: Depreciation, amortisation and impairment									**(11.6)**
Net finance expense									**(3.6)**
Profit before tax									**20.1**

First Quarter 2013 (Restated)

	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	18.8	22.1	20.6	15.1	35.9	37.1	13.4	-	163.0
Property operations	-	0.5	-	-	0.5	-	3.1	-	4.1
REIT	-	-	-	-	3.3	0.6	4.9	-	8.8
Total revenue	18.8	22.6	20.6	15.1	39.7	37.7	21.4	-	175.9
Hotel gross operating profit	(0.3)	0.1	9.7	2.6	18.0	12.7	6.7	-	49.5
Hotel fixed charges [1]	(4.7)	(4.2)	(3.8)	(2.9)	(0.3)	(6.2)	(1.3)	-	(23.4)
Hotel operating profit/(loss)	(5.0)	(4.1)	5.9	(0.3)	17.7	6.5	5.4	-	26.1
Property operating profit/(loss)	-	(0.2)	-	-	0.1	-	1.4	-	1.3
REIT operating profit/(loss)	-	-	-	-	(1.0)	0.6	4.5	-	4.1
Central costs	-	-	-	-	-	-	-	(7.1)	(7.1)
Other operating expense	-	-	-	-	-	(0.1)	-	-	(0.1)
Operating profit/(loss)	(5.0)	(4.3)	5.9	(0.3)	16.8	7.0	11.3	(7.1)	24.3
Share of joint ventures and associates profit	-	-	-	-	-	2.3	-	-	2.3
Add: Depreciation, amortisation and impairment	1.6	1.6	1.1	0.9	2.4	3.2	0.5	0.3	11.6
EBITDA [2]	(3.4)	(2.7)	7.0	0.6	19.2	12.5	11.8	(6.8)	38.2
Less: Depreciation, amortisation and impairment									(11.6)
Net finance expense									(2.8)
Profit before tax									23.8

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

[2] EBITDA is earnings before interest, tax, depreciation and amortisation.