GENERAL ANNOUNCEMENT::ANNOUNCEMENT BY SUBSIDIARY COMPANY, MILLENNIUM & COPTHORNE HOTELS PLC

Issuer & Securities

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CITY DEVELOPMENTS LIMITED

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Designation

Company Secretary

Description (Please provide a detailed description of the event in the box below)

Please refer to the Announcement released by Millennium & Copthorne Hotels plc on 2 August 2019 relating to Half Year and Second Quarter Results Ended 30 June 2019.

Attachments

02082019_MCplc_Half%20Year%20Results.pdf

Total size =654K MB

For Immediate Release **2 August 2019**

MILLENNIUM & COPTHORNE HOTELS plc
Half year and second quarter results to 30 June 2019

LEI: 2138003EQ104LZ1JNH19

First half 2019:

		Reported Currency			Constant Currency		
	H1 2019	H1 2018	Change		H1 2018	Change	
RevPAR	**£77.82**	£75.29	£2.53	3.4%	£77.68	£0.14	0.2%
Revenue - total	**£472m**	£477m	£(5)m	(1.0)%	£491m	£(19)m	(3.9)%
Revenue - hotel	**£408m**	£404m	£4m	1.0%	£416m	£(8)m	(1.9)%
Profit before tax	**£46m**	£65m	£(19)m	(29.2)%	£67m	£(21)m	(31.3)%
Basic earnings per share	**6.7p**	8.5p	(1.8)p	(21.2)%			
Interim dividend	**-**	2.08p	(2.08)p	(100%)			

Second quarter 2019:

		Reported Currency			Constant Currency		
	Q2 2019	Q2 2018	Change		Q2 2018	Change	
RevPAR	**£85.55**	£82.01	£3.54	4.3%	£84.63	£0.92	1.1%
Revenue - total	**£257m**	£260m	£(3)m	(1.2)%	£267m	£(10)m	(3.7)%
Revenue - hotel	**£221m**	£217m	£4m	1.8%	£223m	£(2)m	(0.9)%
Profit before tax	**£35m**	£39m	£(4)m	(10.3)%	£40m	£(5)m	(12.5)%

* *Like-for-like comparisons exclude the impact of acquisitions, closures and refurbishments; and they are stated in constant currency terms.*

- On 7 June 2019, the Group announced that the Boards of Directors of City Developments Limited ("CDL") and Agapier Investments Limited, a company indirectly and wholly-owned by CDL ("Bidco"), and the Company's independent non-executive directors had reached agreement on the terms of a recommended pre-conditional final cash offer (the "Offer") pursuant to which Bidco will acquire the entire issued and to be issued ordinary share capital of the Company not already held by CDL and its subsidiaries (and persons acting in concert with them) (the "CDL Parties"). Under the Offer, shareholders will be entitled to receive 685 pence per share in cash. The Offer is conditional on, amongst other things, (i) Bidco securing valid acceptances of the Offer in respect of more than 50 per cent in nominal value of the Company's shares not already owned by the CDL Parties and of the voting rights attached to those shares; (ii) the granting of consent and/or receipt of applicable exemptions, under the New Zealand Overseas Investment Act 2005 and the New Zealand Overseas Investment Regulations 2005, for the indirect acquisition of interests in sensitive land and significant business assets in New Zealand; and (iii) the granting by the Takeovers Panel of New Zealand of an unconditional exemption from the requirements of rule 6(1) of the New Zealand Takeovers Code. The complete announcement relating to the Offer can be found at: https://investors.millenniumhotels.com/regulatory-announcements-and-news/city-developments-ltd-offer-documents.

- No interim dividend will be declared as the terms of the Offer stipulated that any dividends or distribution declared or made on or after 7 June 2019 will result in the Offer price being reduced proportionately.

- Group RevPAR in constant currency for H1 2019 increased by 0.2% to £77.82 (H1 2018: £77.68). Excluding the impact of the closure of the Mayfair hotel and addition of the Millennium New Plymouth New Zealand as of 1 February 2018, like-for-like* Group RevPAR decreased by 0.3%.

- Refurbishment at the Mayfair hotel and Orchard Hotel Singapore negatively impacted the Group's performance during H1 2019. The Mayfair hotel has been closed since July 2018 and is expected to re-open in September 2019. The Orchard Hotel Singapore has been closed on a phased basis since Q4 2018 and refurbishment work completed in July 2019. The total impact was a reduction in revenue and profit by £7m and £6m respectively.

- For the first 21 days of July 2019, like-for-like* Group RevPAR increased by 1.6%.

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FINANCIAL PERFORMANCE

For the six months ended 30 June 2019, Group reported total revenue decreased by £5m or 1.0% to £472m (H1 2018: £477m). On a constant currency basis, Group total revenue decreased by £19m or 3.9%.

	H1 2019 £m	Reported Currency			Constant Currency		
		H1 2018 £m	Change £m	Change %	H1 2018 £m	Change £m	Change %
Hotel	**408**	404	4	1.0	416	(8)	(1.9)
Property	**33**	41	(8)	(19.5)	42	(9)	(21.4)
REIT	**31**	32	(1)	(3.1)	33	(2)	(6.1)
Total Revenue	**472**	477	(5)	(1.0)	491	(19)	(3.9)

For H1 2019, hotel revenue in constant currency was down by £8m or 1.9% compared to the same period last year. Impact from Mayfair hotel closure was £5m. Revenue impact from the Orchard Hotel refurbishment was £2m.

Property revenues in constant currency were lower by £9m or 21.4% in H1 2019 as compared to the same period last year due principally to lower sales of residential sections in New Zealand.

Hotel operation

In constant currency, Group RevPAR for H1 2019 increased slightly by 0.2% to £77.82 (H1 2018: £77.68). Like-for-like* Group RevPAR decreased by 0.3%.

	RevPAR			Occupancy			Average Room Rate		
	H1 2019 £	#H1 2018 £	Change %	**H1 2019 %**	H1 2018 %	Change %pts	**H1 2019 £**	#H1 2018 £	Change %
New York	**147.82**	150.01	(1.5)	**82.5**	82.3	0.2	**179.23**	182.35	(1.7)
Regional US	**58.73**	58.73	-	**56.4**	56.4	-	**104.19**	104.07	0.1
Total US	**88.18**	88.79	(0.7)	**65.0**	64.9	0.1	**135.66**	136.72	(0.8)
London	**97.11**	86.06	12.8	**78.1**	71.9	6.2	**124.42**	119.69	4.0
Rest of Europe	**51.40**	54.61	(5.9)	**68.3**	70.7	(2.4)	**75.21**	77.29	(2.7)
Total Europe	**73.08**	70.73	3.3	**72.9**	71.3	1.6	**100.19**	99.20	1.0
Singapore	**82.57**	83.76	(1.4)	**84.9**	84.1	0.8	**97.28**	99.55	(2.3)
Rest of Asia	**62.60**	63.61	(1.6)	**63.9**	65.0	(1.1)	**98.03**	97.93	0.1
Total Asia	**70.33**	71.41	(1.5)	**72.0**	72.4	(0.4)	**97.69**	98.66	(1.0)
Australasia	**75.71**	75.20	0.7	**84.0**	84.5	(0.5)	**90.14**	88.99	1.3
Total Group	**77.82**	77.68	0.2	**71.2**	71.0	0.2	**109.25**	109.38	(0.1)

	RevPAR			Occupancy			Average Room Rate		
	Q2 2019 £	#Q2 2018 £	Change %	**Q2 2019 %**	Q2 2018 %	Change %pts	**Q2 2019 £**	#Q2 2018 £	Change %
New York	**183.55**	186.20	(1.4)	**88.0**	89.2	(1.2)	**208.49**	208.73	(0.1)
Regional US	**69.18**	68.47	1.0	**61.2**	62.2	(1.0)	**113.08**	110.16	2.7
Total US	**106.98**	107.23	(0.2)	**70.1**	71.1	(1.0)	**152.72**	150.90	1.2
London	**111.14**	93.32	19.1	**82.4**	74.5	7.9	**134.93**	125.23	7.7
Rest of Europe	**57.58**	62.09	(7.3)	**73.8**	76.6	(2.8)	**78.03**	81.10	(3.8)
Total Europe	**82.99**	78.10	6.3	**77.9**	75.5	2.4	**106.59**	103.42	3.1
Singapore	**81.74**	82.05	(0.4)	**83.3**	81.7	1.6	**98.14**	100.48	(2.3)
Rest of Asia	**67.32**	67.32	-	**65.4**	66.9	(1.5)	**102.86**	100.67	2.2
Total Asia	**72.90**	73.03	(0.2)	**72.4**	72.6	(0.2)	**100.75**	100.59	0.2
Australasia	**60.87**	61.84	(1.6)	**76.8**	77.9	(1.1)	**79.31**	79.35	(0.1)
Total Group	**85.55**	84.63	1.1	**73.3**	73.4	(0.1)	**116.70**	115.31	1.2

In constant currency whereby 30 June 2018 RevPAR and average room rates have been translated at average exchange rates for the period ended 30 June 2019.

* *Like-for-like comparisons exclude the impact of acquisitions, closures and refurbishments; and they are stated in constant currency terms.*

US

US RevPAR for H1 2019 decreased by 0.7% to £88.18 (H1 2018: £88.79). Average room rate dropped by 0.8% offset partially by a slight increase in occupancy of 0.1% points. The shut-down of the federal government and extreme cold weather arising from the polar vortex during Q1 2019 negatively impacted demand, especially corporate transient and group travel business.

New York RevPAR was down by 1.5% principally due to the lower average room rate of 1.7%. In order to fast track the Group's revenue recovery strategy for Millennium Times Square New York (formerly the Millennium Broadway New York Times Square) the hotel has joined Hilton as an affiliate with access to its reservation channels and loyalty programme, while remaining under management by the Group.

Regional US RevPAR for H1 2019 was flat.

In Q2 2019, US RevPAR decreased by 0.2% with occupancy down by 1.0% points and average room rate up by 1.2%.

Europe

London RevPAR grew by 12.8% to £97.11 (H1 2018: £86.06) with increases in occupancy and average room rate of 6.2% points and 4.0% respectively. Excluding the Mayfair hotel which has been closed for refurbishment since July 2018, like-for-like London RevPAR increased by 7.4% with average room rate up by 8.2% offset by a slight drop in occupancy by 0.6% points. The higher room rates achieved by the London hotels in H1 2019 was partly a result of rate driven initiatives in Q2 2019 after a drop in Q1 2019 including re-allocation of Mayfair business to the Knightsbridge hotel.

RevPAR for Rest of Europe during H1 2019 was down by 5.9% with decreases in occupancy and average room rate of 2.4% points and 2.7% respectively.

Europe RevPAR for H1 2019 increased by 3.3% to £73.08 (H1 2018: £70.73). Like-for-like RevPAR increased by 2.2%.

In Q2 2019, Europe and London RevPAR increased by 6.3% and 19.1% respectively. On a like-for-like basis excluding the Mayfair hotel, Europe RevPAR was up by 2.7% with London RevPAR increased by 9.3%.

Asia

Asia RevPAR for H1 2019 was down by 1.5% to £70.33 (H1 2018: £71.41) due to decreases in both occupancy and average room rate of 0.4% points and 1.0% respectively.

Singapore RevPAR fell by 1.4% with lower average room rate of 2.3% offset by a slight increase of 0.8% points in occupancy. Singapore remains highly competitive with additions to new inventory in preferred locations. The Group's performance was also significantly affected by the refurbishment work at Orchard Hotel.

Rest of Asia hotels' performance was also generally lacklustre. RevPAR dropped by 1.6% mainly due to 1.1% points decrease in occupancy; with most hotels registering negative RevPAR growth.

In Q2 2019, Asia RevPAR was down by 0.2% with Singapore down by 0.4% and Rest of Asia flat.

On 26 July 2019, the Company's South Korean operating subsidiary entered into a management agreement with a subsidiary of Hilton for the operation of the Millennium Seoul Hilton for a term of 10 years. As part of the transition from a franchise agreement to a management agreement, the hotel will be renamed as the Millennium Hilton Seoul and the parties are reviewing the scope of a property improvement plan for the hotel. It is anticipated that Hilton will assume management control of the hotel on 1 September 2019.

Australasia

Australasia RevPAR grew by 0.7% during H1 2019 with average room rate up by 1.3% offset by lower occupancy of 0.5% points. Excluding Millennium New Plymouth which was acquired in February last year, like-for-like Australasia RevPAR increased by 0.6%

In Q2 2019, Australasia RevPAR was down by 1.6%.

Developments

The Sunnyvale California project comprises the construction of a 263-room hotel and a 250-unit residential apartment block on a 35,717m^2 mixed use freehold landsite. Construction of the apartment element commenced in July 2019 and the whole project is expected to complete in Q1 2021. The hotel will be branded as an M Social to fit with the expected guest profile for the location. Total construction cost is estimated at US$180m (£142m).

Architecture and engineering designs in relation to the construction of a 300-room hotel and a 250-unit serviced apartment complex on Yangdong development land, situated adjacent to Millennium Seoul Hilton, are still to be finalised to ensure efficiency in the design with minimum basement excavation due to the challenging surrounding site and soil conditions. Total construction cost is anticipated to be around KRW130b (£88m).

Hotel refurbishments

The Mayfair hotel is currently closed for refurbishment pending its re-opening in September 2019 as The Biltmore, Mayfair. Originally proposed as a five-star entry level hotel, the Group subsequently opted to place it in the five-star deluxe segment. This has extended the time and cost of the project due to the very high level of specifications demanded in this market. The revamped property will initially be managed by Hilton under its LXR Hotels & Resorts brand – its first in Europe - with 257 luxurious guest rooms and 51 designer suites as well as a prestigious new London restaurant led by celebrity chef Jason Atherton. In addition to enhancing the London revenue stream, the investment offers the Group a valuable opportunity over the medium term to develop its management expertise in the five-star deluxe segment.

The required testing and commissioning works have been carried out, and, save for a limited number of guest rooms that are subject to further works, the hotel has undergone and passed Building Control inspections.

Refurbishment work to the public areas and guestrooms at the Orchard Hotel in Singapore is complete, with the final phase of work on the Orchard wing guestrooms having finished and the rooms having re-opened in early July 2019.

Disposals

During Q1 last year, CDLHT disposed of its investment in two hotels in Australia, the Mercure Brisbane and Ibis Brisbane for A$77m (£45m) generating a profit of £3m.

Property and REIT operations

Property revenues in constant currency were lower by £9m or 21.4% in H1 2019 as compared to the same period last year due principally to lower sales of residential sections in New Zealand reflecting challenging market conditions. This resulted in lower property operating profit by £7m or 28.0% to the Group.

Revenue and operating profit from the REIT hotels decreased by £2m or 6.1% and £4m or 46.2% respectively in H1 2019; mainly resulted from the closure of Raffles Maldives Meradhoo due to refurbishment works and lower net contribution from its overseas properties.

Other Group operations

Joint ventures and associates contributed £10m to profit in H1 2019 (H1 2018: £8m). The Group has an effective interest of 36% in First Sponsor Group Limited ("FSGL"), which is listed on the Singapore Exchange and reports its results publicly.

On 3 June 2019, the Group took up its full entitlement of FSGL's rights issue of new Perpetual Convertible Capital Securities ("PCCS") for a total cost of S$53m (£30m). As part of the capital funding exercise, 1 new free warrant was issued for every 1 new PCCS subscribed for; in addition, 1 new bonus warrant was issued for every 10 existing ordinary shares held in FSGL.

Financial position

At 30 June 2019, the Group had net debt of £806m (Dec 2018: net debt of £727m). Excluding CDLHT, net debt at 30 June 2019 was £279m (Dec 2018: net debt of £226m).

Board and management changes

As previously announced, Mrs Vicky Williams joined M&C's Board of Directors as an independent Non-Executive Director immediately following the Company's Annual General Meeting on 10 May 2019. Ms Paola Bergamaschi Broyd joined the Board as an independent Non-Executive Director on 21 March 2019.

The search for a permanent Group Chief Executive Officer has been suspended pending the outcome of the conditional Offer by CDL.

This interim management report contains certain statements that are or may be forward-looking with respect to the financial condition, results or operations and business of Millennium & Copthorne Hotels plc. By their nature forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. There are a number of factors that could cause actual results and developments to differ materially from those expressed or implied by such forward-looking statements. Undue reliance should not be placed on forward-looking statements which speak only as of the date of this document. The Group accepts no obligation to publicly revise or update these forward-looking statements or adjust them to future events or developments, whether as a result of new information, future events or otherwise, except to the extent legally required.

Condensed consolidated income statement (unaudited)
for the half year ended 30 June 2019

	Notes	**Second Quarter 2019 £m**	Second Quarter 2018 £m	**First Half 2019 £m**	First Half 2018 £m	Full Year 2018 £m
Revenue	3	**257**	260	**472**	477	997
Cost of sales		**(114)**	(111)	**(216)**	(212)	(436)
Gross profit		**143**	149	**256**	265	561
Administrative expenses		**(107)**	(103)	**(207)**	(198)	(423)
Other operating income	4	**2**	-	**2**	3	30
Other operating expense	4	**-**	-	**-**	-	(63)
Operating profit		**38**	46	**51**	70	105
Share of profit of joint ventures and associates		**4**	3	**10**	8	29
Finance income		**1**	-	**5**	4	9
Finance expense		**(8)**	(10)	**(20)**	(17)	(37)
Net finance expense		**(7)**	(10)	**(15)**	(13)	(28)
Profit before tax	3	**35**	39	**46**	65	106
Income tax expense	5	**(7)**	(8)	**(8)**	(12)	(13)
Profit for the period		**28**	31	**38**	53	93
Attributable to:						
Equity holders of the parent		**21**	20	**22**	28	43
Non-controlling interests		**7**	11	**16**	25	50
		28	31	**38**	53	93
Basic earnings per share (pence)	6	**6.4p**	6.2p	**6.7p**	8.5p	13.1p
Diluted earnings per share (pence)	6	**6.4p**	6.2p	**6.7p**	8.5p	13.1p

The financial results above were derived from continuing activities.

Condensed consolidated statement of comprehensive income (unaudited)
for the half year ended 30 June 2019

	First Half 2019 £m	First Half 2018 £m	Full Year 2018 £m
Profit for the period	**38**	53	93
Other comprehensive expense, net of tax:			
Items that are not reclassified subsequently to income statement:			
Remeasurement of defined benefit plan actuarial net gains, net of tax	-	-	4
Net change in fair value of equity investment	-	-	5
	-	-	9
Items that may be reclassified subsequently to income statement:			
Foreign currency translation differences - foreign operations	**4**	(1)	72
Foreign currency translation differences - equity accounted investees	**3**	6	9
Net gain/(loss) on hedge of net investments in foreign operations	**1**	(2)	(3)
	8	3	78
Other comprehensive income for the period, net of tax	**8**	3	87
Total comprehensive income for the period, net of tax	**46**	56	180
Total comprehensive income attributable to:			
Equity holders of the parent	**24**	33	112
Non-controlling interests	**22**	23	68
Total comprehensive income for the period, net of tax	**46**	56	180

Condensed consolidated statement of financial position (unaudited)
as at 30 June 2019

	As at 30 June 2019 £m	As at 30 June 2018 £m	As at 31 Dec 2018 £m
Non-current assets			
Property, plant and equipment	**3,368**	3,130	3,153
Lease premium prepayment	**–**	102	103
Investment properties	**688**	582	668
Investment in joint ventures and associates	**406**	369	358
Other financial assets	**38**	–	43
	4,500	4,183	4,325
Current assets			
Inventories	**6**	5	5
Development properties	**118**	103	115
Lease premium prepayment	**–**	2	2
Trade and other receivables	**105**	102	102
Cash and cash equivalents	**343**	343	375
	572	555	599
Total assets	**5,072**	4,738	4,924
Non-current liabilities			
Interest-bearing loans, bonds and borrowings	**(767)**	(896)	(789)
Employee benefits	**(13)**	(18)	(14)
Provisions	**(9)**	(9)	(9)
Other non-current liabilities	**(20)**	(13)	(15)
Lease liabilities	**(104)**	–	–
Deferred tax liabilities	**(167)**	(188)	(172)
	(1,080)	(1,124)	(999)
Current liabilities			
Interest-bearing loans, bonds and borrowings	**(382)**	(121)	(313)
Trade and other payables	**(216)**	(210)	(220)
Provisions	**(1)**	(2)	(2)
Lease liabilities	**(4)**	–	–
Income taxes payable	**(12)**	(16)	(27)
	(615)	(349)	(562)
Total liabilities	**(1,695)**	(1,473)	(1,561)
Net assets	**3,377**	3,265	3,363
Equity			
Issued share capital	**97**	97	97
Share premium	**843**	843	843
Translation reserve	**493**	436	491
Treasury share reserve	**(4)**	(4)	(4)
Fair value reserve	**1**	–	5
Retained earnings	**1,362**	1,327	1,338
Total equity attributable to equity holders of the parent	**2,792**	2,699	2,770
Non-controlling interests	**585**	566	593
Total equity	**3,377**	3,265	3,363

Condensed consolidated statement of changes in equity (unaudited)
for the half year ended 30 June 2019

	Share capital £m	Share premium £m	Translation reserve £m	Fair value reserve £m	Treasury share reserve £m	Retained earnings £m	Total excluding non-controlling interests £m	Non-controlling interests £m	Total equity £m
Balance at 1 January 2019	97	843	491	5	(4)	1,338	2,770	593	3,363
IFRIC 23 adjustment	-	-	-	-	-	4	4	-	4
Restated balance at 1 January 2019	97	843	491	5	(4)	1,342	2,774	593	3,367
Profit	-	-	-	-	-	22	22	16	38
Other comprehensive income/(expense)	-	-	2	(4)	-	4	2	6	8
Total comprehensive income/(expense)	-	-	2	(4)	-	26	24	22	46
Transactions with owners, recorded directly in equity									
Contributions by and distributions to owners									
Dividends - equity holders	-	-	-	-	-	(7)	(7)	-	(7)
Dividends - non-controlling interests	-	-	-	-	-	-	-	(25)	(25)
Changes in ownership interests									
Change in interests in subsidiaries without loss of control	-	-	-	-	-	1	1	(1)	-
Return of capital to non-controlling interests	-	-	-	-	-	-	-	(4)	(4)
Total transactions with owners	-	-	-	-	-	(6)	(6)	(30)	(36)
Balance at 30 June 2019	97	843	493	1	(4)	1,362	2,792	585	3,377
Balance at 1 January 2018	97	843	431	-	(4)	1,309	2,676	573	3,249
Profit	-	-	-	-	-	28	28	25	53
Other comprehensive income/(expense)	-	-	5	-	-	-	5	(2)	3
Total comprehensive income	-	-	5	-	-	28	33	23	56
Transactions with owners, recorded directly in equity									
Contributions by and distributions to owners									
Dividends - equity holders	-	-	-	-	-	(14)	(14)	-	(14)
Dividends - non-controlling interests	-	-	-	-	-	-	-	(26)	(26)
Share-based payment transactions (net of tax)	-	-	-	-	-	1	1	-	1
Changes in ownership interests									
Change in interests in subsidiaries without loss of control	-	-	-	-	-	3	3	(3)	-
Return of capital to non-controlling interests	-	-	-	-	-	-	-	(1)	(1)
Total transactions with owners	-	-	-	-	-	(10)	(10)	(30)	(40)
Balance at 30 June 2018	97	843	436	-	(4)	1,327	2,699	566	3,265
Balance at 1 July 2018	97	843	436	-	(4)	1,327	2,699	566	3,265
Profit	-	-	-	-	-	15	15	25	40
Other comprehensive income	-	-	55	5	-	4	64	20	84
Total comprehensive income	-	-	55	5	-	19	79	45	124
Transactions with owners, recorded directly in equity									
Contributions by and distributions to owners									
Dividends - equity holders	-	-	-	-	-	(7)	(7)	-	(7)
Dividends - non-controlling interests	-	-	-	-	-	-	-	(17)	(17)
Share-based payment transactions (net of tax)	-	-	-	-	-	(1)	(1)	-	(1)
Changes in ownership interests									
Change in interests in subsidiaries without loss of control	-	-	-	-	-	-	-	-	-
Return of capital to non-controlling interests	-	-	-	-	-	-	-	(1)	(1)
Total transactions with owners	-	-	-	-	-	(8)	(8)	(18)	(26)
Balance at 31 December 2018	97	843	491	5	(4)	1,338	2,770	593	3,363

Condensed consolidated statement of cash flows (unaudited)
for the half year ended 30 June 2019

	First Half 2019 £m	First Half 2018 £m	Full Year 2018 £m
Cash flows from operating activities			
Profit for the period	**38**	53	93
Adjustments for:			
Depreciation and amortisation	**39**	34	69
Share of profit of joint ventures and associates	**(10)**	(8)	(29)
Other operating income	**(2)**	(3)	(30)
Other operating expense	**-**	-	63
Finance income	**(5)**	(4)	(9)
Finance expense	**20**	17	37
Income tax expense	**8**	12	13
Equity settled share-based transactions	-	1	-
Operating profit before changes in working capital and provisions	**88**	102	207
Movement in inventories, trade and other receivables	**(4)**	(15)	(15)
Movement in development properties	**(5)**	(12)	(22)
Movement in trade and other payables	**-**	3	7
Cash generated from operations	**79**	78	177
Interest paid	**(14)**	(11)	(24)
Interest received	**3**	2	5
Income tax paid	**(23)**	(20)	(31)
Net cash generated from operating activities	**45**	49	127
Cash flows from investing activities			
Proceeds from sale of investment properties	-	44	45
Dividends received from joint ventures and associates	**2**	1	4
Acquisition of subsidiary, net of cash acquired	-	(6)	-
Acquisition of property, plant and equipment, lease premium prepayment and investment properties	**(48)**	(23)	(109)
Subscription of Perpetual Convertible Capital Securities of FSGL	**(30)**	(32)	(32)
Net cash used in investing activities	**(76)**	(16)	(92)
Cash flows from financing activities			
Repayment of borrowings	**(58)**	(124)	(145)
Drawdown of borrowings	**96**	126	189
Dividends paid to non-controlling interests	**(25)**	(26)	(43)
Return of capital to non-controlling interests	**(4)**	(1)	(2)
Acquisition of non-controlling interests	**-**	(3)	-
Payment of lease liabilities	**(4)**	-	-
Dividends paid to equity holders of the parent	**(7)**	(14)	(21)
Net cash used in financing activities	**(2)**	(42)	(22)
Net increase/(decrease) in cash and cash equivalents	**(33)**	(9)	13
Cash and cash equivalents at beginning of the period	**375**	354	354
Effect of exchange rate fluctuations on cash held	**1**	(2)	8
Cash and cash equivalents at end of the period	**343**	343	375
Reconciliation of cash and cash equivalents			
Cash and cash equivalents shown in the consolidated statement of financial position	**343**	343	375
Bank overdrafts included in borrowings	**-**	-	-
Cash and cash equivalents for consolidated statement of cash flows	**343**	343	375

Notes to the condensed consolidated financial statements

1. General information

Basis of preparation

The consolidated financial statements in this interim management report for Millennium & Copthorne Hotels plc ("the Company") as at and for the half year ended 30 June 2019 comprise the Company and its subsidiaries (together referred to as "the Group") and the Group's interests in joint ventures and associates.

These interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting. They do not include all the information required for a complete set of IFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual consolidated financial statements as at and for the year ended 31 December 2018 and during the three-month period ended 30 June 2019 ("Second Quarter 2019").

The comparative figures for the financial year ended 31 December 2018 are not the Company's statutory accounts for that financial year. Those accounts have been reported on by the Company's auditor and delivered to the registrar of companies. The report of the auditor was (i) unqualified, (ii) did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying their report, and (iii) did not contain a statement under section 498 (2) or (3) of the Companies Act 2006.

These interim financial statements were authorised for issue by the Company's Board of Directors on 1 August 2019.

Use of judgements and estimates

The financial statements were prepared on a going concern basis supported by the Directors' assessment of the Group's current and forecast financial position and forecast for the foreseeable future; and are presented in the Company's functional currency of sterling, rounded to the nearest million.

In preparing these interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the consolidated financial statements as at and for the year ended 31 December 2018.

Significant accounting policies

Except changes described below, the accounting policies applied in these interim financial statements are the same as those applied in the Group's consolidated financial statements as at and for the year ended 31 December 2018.

New standards and interpretations

(i) IFRIC 23 Uncertainty over Income Tax Treatments
The Group adopted "IFRIC 23 Uncertainty over Income Tax Treatments" with effect from 1 January 2019. The interpretation clarifies how the recognition and measurement requirements of "IAS 12 Income Taxes" should be applied when there is uncertainty over income tax treatments. The interpretation provides guidance to determine whether uncertain tax treatments should be considered separately or together as a group. The approach that better predicts the resolution of the uncertainty should be followed. The interpretation also clarifies how to consider assumptions about the examination of uncertain tax treatments by taxation authorities and measurement methods of uncertain tax positions. The reassessment of current and deferred taxes in accordance with IFRIC 23 resulted in a reduction of £4m income taxes payable to retained earnings on transition.

(ii) IFRS 16 Leases
The Group adopted "IFRS 16 Leases" with effect from 1 January 2019 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 January 2019. Comparative information has therefore not been restated and is reported under "IAS 17 Leases" and "IFRIC 4 Determining whether an Arrangement contains a Lease".

IFRS 16 results in lessees accounting for operating leases within the scope of the standard in a manner similar to the way in which finance leases were previously accounted for under IAS 17 Leases. Lessees will recognise a 'right of use' ("ROU") asset and a corresponding financial liability on the balance sheet. ROU assets are initially measured at cost, comprising the initial measurement of the lease liability, plus any initial direct costs and an estimate of asset retirement obligations, less any lease incentives. Subsequently, ROU assets are measured at cost, less any accumulated depreciation and any accumulated impairment losses, and are adjusted for certain remeasurements of the lease liability. The ROU asset will be amortised over the period of the lease.

The lease liability is initially measured at the present value of lease payments, discounting using the Group's incremental borrowing rate specific to the asset and length of lease. The lease term comprises the non-cancellable period of the contract, together with periods covered by an option to extend the lease where the Group is reasonably certain to exercise that option. Subsequently the lease liability is re-measured by increasing the carrying amount to reflect interest on the lease liability and reducing it by the lease payments made. The lease liability is measured when the Group changes its assessment of whether it will exercise an extension or termination option.

Notes to the condensed consolidated financial statements

1. General information (continued)

New standards and interpretations (continued)

The Group has elected to apply exemptions for short term leases and leases for which the underlying asset is of low value. For these leases the lease payments are charged to the income statement on a straight-line basis over the term of the relevant lease. ROU assets are presented within non-current assets on the face of the Statement of Financial Position and lease liabilities are shown separately on the Statement of Financial Position in current liabilities and non-current liabilities depending on the length of the lease term. The Group's existing lease expenses for operating lease arrangements under IFRS 16 are replaced with depreciation charge of ROU assets related to property, plant and equipment or investment properties; and interest expense on lease liabilities.

The impact arising from the adoption of IFRS 16 is shown below:

	ROU	Lease Liability	Lease Premium Prepayment	Accruals	Prepayments	Cash	Equity
	£m	£m	£m	£m	£m	£m	£m
As at 1 January 2019	213	(110)	(104)	2	(1)	-	-
Depreciation	(4)	-	-	-	-	-	4
Lease payments	-	4	-	-	-	(4)	-
Finance expense	-	(2)	-	-	-	-	2
Exchange translation	1	-	-	-	-	-	(1)
As at 30 June 2019	**210**	**(108)**	**(104)**	**2**	**(1)**	**(4)**	**5**

2. Foreign currency translation

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

	As at 30 June		As at 31 December	Average for 6 months January-June		Average for 3 months April-June		Average for the year
Currency (=£)	**2019**	2018	2018	**2019**	2018	**2019**	2018	2018
US dollar	**1.267**	1.320	1.270	**1.291**	1.373	**1.278**	1.353	1.334
Singapore dollar	**1.717**	1.800	1.741	**1.757**	1.825	**1.746**	1.813	1.799
New Taiwan dollar	**39.426**	40.250	39.152	**40.023**	40.732	**39.852**	40.560	40.237
New Zealand dollar	**1.901**	1.935	1.885	**1.915**	1.929	**1.923**	1.938	1.927
Malaysian ringgit	**5.259**	5.318	5.306	**5.334**	5.426	**5.310**	5.371	5.390
Korean won	**1,466.27**	1,475.41	1,428.30	**1,476.47**	1,481.17	**1,487.74**	1,469.17	1,465.85
Chinese renminbi	**8.725**	8.708	8.736	**8.772**	8.782	**8.732**	8.703	8.825
Euro	**1.115**	1.134	1.115	**1.142**	1.138	**1.137**	1.140	1.129
Japanese yen	**136.162**	144.811	140.298	**141.694**	149.574	**139.607**	148.607	147.426

3. Operating segment information

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

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items principally comprise: interest-bearing loans, borrowings, 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 namely New York, Regional US, London, Rest of Europe, Singapore, Rest of Asia and 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.

The results of CDLHT have been incorporated within the existing geographical regions. In addition, CDLHT operations are reviewed separately by its board on a monthly basis.

Notes to the condensed consolidated financial statements

3. Operating segment information (continued)

	First Half 2019								
	New York £m	Regional US £m	London £m	Rest of Europe £m	Singapore £m	Rest of Asia £m	Australasia £m	Central Costs £m	Total Group £m
Revenue									
Hotel	**72**	**68**	**46**	**32**	**62**	**84**	**44**	**-**	**408**
Property operations	**-**	**3**	**-**	**-**	**1**	**5**	**24**	**-**	**33**
REIT	**-**	**-**	**-**	**16**	**8**	**5**	**2**	**-**	**31**
Total revenue	**72**	**71**	**46**	**48**	**71**	**94**	**70**	**-**	**472**
Hotel gross operating profit	**3**	**12**	**18**	**5**	**23**	**25**	**21**	**-**	**107**
Hotel fixed charges [1]	**(14)**	**(11)**	**(12)**	**(5)**	**(3)**	**(16)**	**(3)**	**-**	**(64)**
Hotel operating profit/(loss)	**(11)**	**1**	**6**	**-**	**20**	**9**	**18**	**-**	**43**
Property operating profit	**-**	**1**	**-**	**-**	**1**	**4**	**12**	**-**	**18**
REIT operating profit/(loss)	**-**	**-**	**-**	**5**	**(2)**	**(1)**	**2**	**-**	**4**
Central costs	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(16)**	**(16)**
Other operating income [2]	**-**	**-**	**-**	**-**	**2**	**-**	**-**	**-**	**2**
Operating profit/(loss)	**(11)**	**2**	**6**	**5**	**21**	**12**	**32**	**(16)**	**51**
Share of joint ventures and associates profit	**-**	**-**	**-**	**2**	**-**	**8**	**-**	**-**	**10**
Add: Depreciation	**5**	**7**	**3**	**3**	**7**	**10**	**2**	**2**	**39**
EBITDA [3]	**(6)**	**9**	**9**	**10**	**28**	**30**	**34**	**(14)**	**100**
Less: Depreciation									**(39)**
Net finance expense									**(15)**
Profit before tax									**46**

	First Half 2018								
	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	67	64	49	34	62	85	43	-	404
Property operations	-	2	-	-	1	5	33	-	41
REIT	-	-	-	14	8	7	3	-	32
Total revenue	67	66	49	48	71	97	79	-	477
Hotel gross operating profit	5	12	19	7	24	29	21	-	117
Hotel fixed charges [1]	(16)	(12)	(11)	(5)	(2)	(17)	(3)	-	(66)
Hotel operating profit/(loss)	(11)	-	8	2	22	12	18	-	51
Property operating profit	-	1	-	-	1	5	18	-	25
REIT operating profit/(loss)	-	-	-	5	(2)	2	3	-	8
Central costs	-	-	-	-	-	-	-	(17)	(17)
Other operating income - REIT [2]	-	-	-	-	-	-	3	-	3
Operating profit/(loss)	(11)	1	8	7	21	19	42	(17)	70
Share of joint ventures and associates profit	-	-	-	3	-	5	-	-	8
Add: Depreciation and amortisation	5	6	3	1	6	10	2	1	34
EBITDA [3]	(6)	7	11	11	27	34	44	(16)	112
Less: Depreciation and amortisation									(34)
Net finance expense									(13)
Profit before tax									65

[1] Hotel fixed charges include depreciation, property rent, taxes, insurance and management fees.

[2] See Note 4 for details of other operating income and expense.

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

Notes to the condensed consolidated financial statements

3. Operating segment information (continued)

Segmental assets and liabilities

At 30 June 2019	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	**638**	**324**	**544**	**237**	**61**	**668**	**191**	**2,663**
REIT operating assets	**-**	**-**	**-**	**263**	**638**	**141**	**154**	**1,196**
Hotel operating liabilities	**(61)**	**(63)**	**(30)**	**(39)**	**(26)**	**(83)**	**(17)**	**(319)**
REIT operating liabilities	**-**	**-**	**-**	**(11)**	**(8)**	**(14)**	**(5)**	**(38)**
Investment in joint ventures and associates	**-**	**-**	**-**	**-**	**-**	**159**	**-**	**159**
Total hotel operating net assets	**577**	**261**	**514**	**450**	**665**	**871**	**323**	**3,661**
Property operating assets	**-**	**52**	**-**	**-**	**91**	**202**	**119**	**464**
Property operating liabilities	**-**	**(2)**	**-**	**-**	**(2)**	**(4)**	**(2)**	**(10)**
Investment in joint ventures and associates	**-**	**-**	**-**	**74**	**-**	**173**	**-**	**247**
Total property operating net assets	**-**	**50**	**-**	**74**	**89**	**371**	**117**	**701**
Deferred tax liabilities								**(167)**
Income taxes payable								**(12)**
Net cash								**(806)**
Net assets								**3,377**

At 30 June 2018	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	619	324	505	235	21	659	179	2,542
REIT operating assets	-	-	-	207	595	119	153	1,074
Hotel operating liabilities	(32)	(45)	(14)	(43)	(20)	(62)	(9)	(225)
REIT operating liabilities	-	-	-	(5)	(6)	(3)	(4)	(18)
Investment in joint ventures and associates	-	-	-	-	-	158	-	158
Total hotel operating net assets	587	279	491	394	590	871	319	3,531
Property operating assets	-	37	-	-	84	185	104	410
Property operating liabilities	-	(1)	-	-	(3)	(3)	(2)	(9)
Investment in joint ventures and associates	-	-	-	67	-	144	-	211
Total property operating net assets	-	36	-	67	81	326	102	612
Deferred tax liabilities								(188)
Income taxes payable								(16)
Net cash								(674)
Net assets								3,265

4. Other operating income and expense

	Notes	**First Half 2019 £m**	First Half 2018 £m	Full Year 2018 £m
Net revaluation gain of investment properties	(a)	**-**	-	23
Impairment of assets	(b)	**-**	-	(59)
Gain from disposal of investment properties	(c)	**-**	3	3
Fair value gain from FSGL's PCCS	(d)	**2**	-	-

(a) Net revaluation gain of investment properties
Based on external valuations, the revaluation gain or deficit was recorded as considered appropriate by the Directors.

(b) Impairment of assets
The total impairment charge for the first half of 2019 was £nil (H1 2018: £nil).

(c) Gain from disposal of investment properties
On 11 January 2018, CDLHT completed the divestment of two hotels in Australia, the Mercure Brisbane and Ibis Brisbane for A$77m (£45m) and a gain of £3m was recognised by the Group.

Notes to the condensed consolidated financial statements

4. Other operating income and expense (continued)

(d) Fair value gain from FSGL's PCCS

On 3 June 2019, the Group took up its full entitlement of FSGL's rights issue of new Perpetual Convertible Capital Securities ("PCCS") for a total cost of S$53m (£30m). As part of the capital funding exercise, 1 new free warrant was issued for every 1 new PCCS subscribed for; in addition, 1 new bonus warrant was issued for every 10 existing ordinary shares held in FSGL. For the period ended 30 June 2019, a fair value gain of £2m was recorded by the Group from the holding of new PCCS and warrants.

5. Income tax expense

The Group recorded a tax expense of £8m for the first half of 2019 (H1 2018: £12m) excluding the tax relating to joint ventures and associates.

Income tax expense for the period is the expected income tax payable on the taxable income for the period, calculated at the estimated average underlying annual effective income tax rate applied to the pre-tax income for the period, and further adjusted to take into account the impact of over or under-provision adjustments for prior years.

6. Earnings per share

Earnings per share are calculated using the following information:

	First Half 2019	First Half 2018	Full Year 2018
(a) Basic			
Profit for the period attributable to holders of the parent (£m)	**22**	28	43
Weighted average number of shares in issue (m)	**325**	325	325
Basic earnings per share (pence)	**6.7p**	8.5p	13.1p
(b) Diluted			
Profit for the period attributable to holders of the parent (£m)	**22**	28	43
Weighted average number of shares in issue (m)	**325**	325	325
Potentially dilutive share options under the Group's share option schemes (m)	**-**	-	-
Weighted average number of shares in issue (diluted) (m)	**325**	325	325
Diluted earnings per share (pence)	**6.7p**	8.5p	13.1p

7. Dividends

	First Half 2019 pence	First Half 2018 pence	Full Year 2018 pence
Final ordinary dividend paid	**2.15**	4.42	4.42
Interim ordinary dividend paid	**-**	-	2.08
	2.15	4.42	6.50

Dividends paid to equity holders in the first half of 2019 totalled £7m (H1 2018: £14m).

Notes to the condensed consolidated financial statements

8. Significant related parties' transactions

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 material 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, controlling shareholder and with its Directors and executive officers.

Significant 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 is deemed to have an interest of approximately 65.2% (31 December 2018: 65.2%) of the Company's shares via City Developments Limited ("CDL"), the intermediate holding company of the Group. During the half year ended 30 June 2019, the Group had the following significant transactions with those subsidiaries:

The Group deposited certain surplus cash with Hong Leong Finance Limited, a subsidiary of Hong Leong, on normal commercial terms. As at 30 June 2019, £2m (December 2018: £2m) of cash was deposited with Hong Leong Finance Limited.

Fees paid/payable by the Group to CDL and its other subsidiaries were £1m (H1 2018: £1m) which included rentals paid for the Grand Shanghai restaurant and Kings Centre; property management fees for Tanglin Shopping Centre; charges for car parking, leasing commission and professional services.

9. Risks and uncertainties

The Directors have assessed the Company's emerging and principal risks and believe that the principal risks and uncertainties facing the Group are consistent with those outlined in the Annual Report and Accounts for the year ended 31 December 2018.

The Group, led by its Audit & Risk Committee, continues to monitor the emerging and principal risks and work with the Group's Management Risk Committee, chaired by the Group Chief Executive Officer, to ensure that the Company's risk management framework remains effective.

10. Financial commitments, contingencies and subsequent events

Except as stated below, there have been no material changes to commitments, contingencies and subsequent events as disclosed in the annual report and accounts for the year ended 31 December 2018:

Capital commitments
Contracts placed for future capital expenditure not provided in the financial statements amount to £147m at 30 June 2019 (31 December 2018: £94m).

Subsequent events
There are no events subsequent to the balance sheet date which require adjustments to or disclosure within these consolidated financial statements except for those stated below:

On 26 July 2019, the Company's South Korean operating subsidiary entered into a management agreement with a subsidiary of Hilton for the operation of the Millennium Seoul Hilton for a term of 10 years. As part of the transition from a franchise agreement to a management agreement, the hotel will be renamed as the Millennium Hilton Seoul and the parties are reviewing the scope of a property improvement plan for the hotel. It is anticipated that Hilton will assume management control of the hotel on 1 September 2019.

MILLENNIUM & COPTHORNE HOTELS plc

Responsibility statement of the Directors in respect of the interim management report

We confirm that to the best of our knowledge:

- the condensed set of financial statements has been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the EU;
- the interim management report includes a fair review of the information required by:

(a) DTR 4.2.7R of the Disclosure Guidance and Transparency Rules, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and

(b) DTR 4.2.8R of the Disclosure Guidance and Transparency Rules, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the entity during that period; and any changes in the related party transactions described in the last annual report that could do so.

By order of the board

Kwek Leng Beng
Chairman

1 August 2019

INDEPENDENT REVIEW REPORT TO MILLENNIUM & COPTHORNE HOTELS PLC

Conclusion

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2019 which comprises the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of financial position, consolidated statement of changes in equity, and consolidated statement of cash flows and the related explanatory notes.

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2019 is not prepared, in all material respects, in accordance with IAS 34 Interim Financial Reporting as adopted by the EU and the Disclosure Guidance and Transparency Rules ("the DTR") of the UK's Financial Conduct Authority ("the UK FCA").

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 Review of Interim Financial Information Performed by the Independent Auditor of the Entity issued by the Auditing Practices Board for use in the UK. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. We read the other information contained in the half-yearly financial report and consider whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

The impact of uncertainties due to the UK exiting the European Union on our review

Uncertainties related to the effects of Brexit are relevant to understanding our review of the condensed financial statements. Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. An interim review cannot be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.

Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the DTR of the UK FCA.

The annual financial statements of the group are prepared in accordance with International Financial Reporting Standards as adopted by the EU. The directors are responsible for preparing the condensed set of financial statements included in the half-yearly financial report in accordance with IAS 34 as adopted by the EU.

Our responsibility

Our responsibility is to express to the company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

The purpose of our review work and to whom we owe our responsibilities

This report is made solely to the company in accordance with the terms of our engagement to assist the company in meeting the requirements of the DTR of the UK FCA. Our review has been undertaken so that we might state to the company those matters we are required to state to it in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company for our review work, for this report, or for the conclusions we have reached.

Jonathan Downer (Senior Statutory Auditor)
for and on behalf of KPMG LLP

Chartered Accountants
15 Canada Square
London
E14 5GL

1 August 2019

APPENDIX 1: KEY OPERATING STATISTICS
for the half year ended 30 June 2019

Owned or leased hotels*	**First Half 2019 Reported currency**	First Half 2018 Constant currency	First Half 2018 Reported currency	Full Year 2018 Reported currency
Occupancy (%)				
New York	**82.5**		82.3	86.3
Regional US	**56.4**		56.4	57.6
Total US	**65.0**		64.9	67.1
London	**78.1**		71.9	80.1
Rest of Europe	**68.3**		70.7	71.2
Total Europe	**72.9**		71.3	75.6
Singapore	**84.9**		84.1	85.9
Rest of Asia	**63.9**		65.0	68.1
Total Asia	**72.0**		72.4	75.0
Australasia	**84.0**		84.5	82.5
Total Group	**71.2**		71.0	73.3
Average Room Rate (£)				
New York	**179.23**	182.35	171.53	191.78
Regional US	**104.19**	104.07	97.89	103.51
Total US	**135.66**	136.72	128.60	140.96
London	**124.42**	119.69	119.69	127.22
Rest of Europe	**75.21**	77.29	77.37	78.94
Total Europe	**100.19**	99.20	99.25	104.22
Singapore	**97.28**	99.55	95.85	97.26
Rest of Asia	**98.03**	97.93	96.61	95.74
Total Asia	**97.69**	98.66	96.27	96.42
Australasia	**90.14**	88.99	88.33	88.61
Total Group	**109.25**	109.38	106.01	111.31
RevPAR (£)				
New York	**147.82**	150.01	141.11	165.49
Regional US	**58.73**	58.73	55.25	59.61
Total US	**88.18**	88.79	83.52	94.52
London	**97.11**	86.06	86.06	101.89
Rest of Europe	**51.40**	54.61	54.67	56.18
Total Europe	**73.08**	70.73	70.76	78.76
Singapore	**82.57**	83.76	80.65	83.56
Rest of Asia	**62.60**	63.61	62.75	65.17
Total Asia	**70.33**	71.41	69.68	72.29
Australasia	**75.71**	75.20	74.64	73.13
Total Group	**77.82**	77.68	75.29	81.57
Gross Operating Profit Margin (%)				
New York	**4.5**		7.6	15.6
Regional US	**17.5**		18.1	19.3
Total US	**10.8**		12.8	17.4
London	**37.7**		38.5	41.0
Rest of Europe	**16.8**		20.6	21.8
Total Europe	**29.2**		31.2	33.2
Singapore	**36.7**		39.0	39.3
Rest of Asia	**30.3**		33.8	34.5
Total Asia	**33.0**		36.0	36.5
Australasia	**48.2**		49.0	49.0
Total Group	**26.3**		28.9	30.5

For comparability, the 30 June 2018 Average Room Rate and RevPAR have been translated at average exchange rates for the period ended 30 June 2019.

** excluding managed, franchised and investment hotels.*

APPENDIX 2: KEY OPERATING STATISTICS
for the quarter ended 30 June 2019

Owned or leased hotels*	**Q2 2019 Reported currency**	Q2 2018 Constant currency	Q2 2018 Reported currency	FY 2018 Reported currency
Occupancy (%)				
New York	**88.0**		89.2	86.3
Regional US	**61.2**		62.2	57.6
Total US	**70.1**		71.1	67.1
London	**82.4**		74.5	80.1
Rest of Europe	**73.8**		76.6	71.2
Total Europe	**77.9**		75.5	75.6
Singapore	**83.3**		81.7	85.9
Rest of Asia	**65.4**		66.9	68.1
Total Asia	**72.4**		72.6	75.0
Australasia	**76.8**		77.9	82.5
Total Group	**73.3**		73.4	73.3
Average Room Rate (£)				
New York	**208.49**	208.73	196.86	191.78
Regional US	**113.08**	110.16	103.94	103.51
Total US	**152.72**	150.90	142.34	140.96
London	**134.93**	125.23	125.23	127.22
Rest of Europe	**78.03**	81.10	81.07	78.94
Total Europe	**106.59**	103.42	103.41	104.22
Singapore	**98.14**	100.48	96.74	97.26
Rest of Asia	**102.86**	100.67	99.77	95.74
Total Asia	**100.75**	100.59	98.45	96.42
Australasia	**79.31**	79.35	78.75	88.61
Total Group	**116.70**	115.31	111.74	111.31
RevPAR (£)				
New York	**183.55**	186.20	175.60	165.49
Regional US	**69.18**	68.47	64.60	59.61
Total US	**106.98**	107.23	101.15	94.52
London	**111.14**	93.32	93.32	101.89
Rest of Europe	**57.58**	62.09	62.07	56.18
Total Europe	**82.99**	78.10	78.09	78.76
Singapore	**81.74**	82.05	79.00	83.56
Rest of Asia	**67.32**	67.32	66.72	65.17
Total Asia	**72.90**	73.03	71.47	72.29
Australasia	**60.87**	61.84	61.37	73.13
Total Group	**85.55**	84.63	82.01	81.57
Gross Operating Profit Margin (%)				
New York	**18.9**		21.7	15.6
Regional US	**26.8**		26.1	19.3
Total US	**22.6**		23.7	17.4
London	**40.9**		41.9	41.0
Rest of Europe	**23.3**		26.8	21.8
Total Europe	**33.8**		35.6	33.2
Singapore	**35.8**		37.7	39.3
Rest of Asia	**32.5**		35.2	34.5
Total Asia	**33.8**		36.2	36.5
Australasia	**38.8**		42.1	49.0
Total Group	**30.0**		32.0	30.5

For comparability, the 30 June 2018 Average Room Rate and RevPAR have been translated at average exchange rates for the period ended 30 June 2019.

** excluding managed, franchised and investment hotels.*

APPENDIX 3: HOTEL ROOM COUNT AND PIPELINE
as at 30 June 2019

Hotel and room count	Hotels 30 June 2019	Hotels 31 Dec 2018	Hotels Change	Rooms 30 June 2019	Rooms 31 Dec 2018	Rooms Change
Analysed by region:						
New York	**4**	4	-	**2,238**	2,238	-
Regional US	**15**	15	-	**4,533**	4,559	(26)
London	**7**	7	-	**2,266**	2,266	-
Rest of Europe	**24**	23	1	**4,081**	3,741	340
Middle East	**39**	36	3	**13,614**	11,980	1,634
Singapore	**7**	7	-	**3,011**	3,011	-
Rest of Asia	**27**	23	4	**9,742**	9,006	736
Australasia	**24**	24	-	**3,522**	3,522	-
Total	**147**	139	8	**43,007**	40,323	2,684
Analysed by ownership type:						
Owned or Leased	**66**	66	-	**19,410**	19,437	(27)
Managed	**17**	14	3	**4,232**	3,537	695
Franchised	**47**	44	3	**14,695**	13,062	1,633
Investment	**17**	15	2	**4,670**	4,287	383
Total	**147**	139	8	**43,007**	40,323	2,684
Analysed by brand:						
Grand Millennium	**10**	10	-	**3,985**	3,986	(1)
Millennium	**60**	57	3	**19,784**	18,108	1,676
Copthorne	**34**	34	-	**6,699**	6,700	(1)
Kingsgate	**7**	7	-	**671**	671	-
Other M&C	**15**	15	-	**5,570**	5,570	-
Third Party	**21**	16	5	**6,298**	5,288	1,010
Total	**147**	139	8	**43,007**	40,323	2,684

Pipeline	Hotels 30 June 2019	Hotels 31 Dec 2018	Hotels Change	Rooms 30 June 2019	Rooms 31 Dec 2018	Rooms Change
Analysed by region:						
Middle East	**13**	17	(4)	**5,969**	8,181	(2,212)
Asia	**2**	6	(4)	**837**	1,770	(933)
Regional US	**1**	1	-	**263**	263	-
Rest of Europe	**3**	1	2	**680**	318	362
London	**1**	1	-	**308**	308	-
Total	**20**	26	(6)	**8,057**	10,840	(2,783)
Analysed by ownership type:						
Managed	**1**	4	(3)	**295**	1,191	(896)
Franchised	**15**	18	(3)	**6,601**	8,499	(1,898)
Investment	**1**	1	-	**48**	37	11
Owned	**3**	3	-	**1,113**	1,113	-
Total	**20**	26	(6)	**8,057**	10,840	(2,783)
Analysed by brand:						
Grand Millennium	**1**	1	-	**318**	318	-
Millennium	**12**	16	(4)	**4,303**	6,479	(2,176)
Copthorne	**2**	3	(1)	**1,970**	2,396	(426)
Other M&C	**4**	5	(1)	**1,418**	1,610	(192)
Third Party	**1**	1	-	**48**	37	11
Total	**20**	26	(6)	**8,057**	10,840	(2,783)

The Group’s worldwide pipeline comprises 20 hotels offering 8,057 rooms, which are mainly franchise contracts.