

Registered number: 03004377

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**MILLENNIUM & COPTHORNE HOTELS LIMITED**

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**ANNUAL REPORT & ACCOUNTS**

**For the Year Ended 31 December 2021**

## CONTENTS

### STRATEGIC REPORT

- 03** Statement under section 172(1) of the Companies Act 2006
- 06** Business review
- 08** Key performance indicators
- 10** Our risks

### GOVERNANCE

- 18** Statement of Governance Arrangements for Directors' report
- 22** Directors' report
- 26** Statement of Directors' responsibilities in respect of the Strategic Report, Directors' Report and the Financial Statements
- 27** Independent auditor's report to the Members of Millennium & Copthorne Hotels Limited

### FINANCIAL STATEMENTS

- 32** Consolidated income statement
- 33** Consolidated statement of comprehensive income
- 34** Consolidated statement of financial position
- 36** Consolidated statement of changes in equity
- 37** Consolidated statement of cash flows
- 39** Notes to the consolidated financial statements
- 106** Company statement of financial position
- 107** Company statement of changes in equity
- 108** Notes to the Company financial statements

### FURTHER INFORMATION

- 111** Group financial record
- 112** Key operating statistics
- 114** Major Group properties
- 121** Millennium & Copthorne hotels worldwide

## **STRATEGIC REPORT**

- 03** Statement under section 172(1) of the Companies Act 2006
- 06** Business review
- 08** Key performance indicators
- 10** Our risks

## STATEMENT UNDER SECTION 172(1) OF THE COMPANIES ACT 2006

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

The directors understand their duties under Section 172 of the Companies Act 2006 and more specifically, their duty to "act in the way each director considers, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to -

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

During the course of 2021, The Board and management' primary focus was navigating the business through the reopening of the various regions following the evolution of the Global Covid pandemic.

When reviewing these matters, the Board had due regard for the Group's relationships with its primary stakeholders, including its employees, customers, suppliers, shareholders, regulators and the communities in which we operate. Set out below is a chart summarising these relationships, including how the Company engages with each stakeholder, what they care about and why they are important. Secondary stakeholders for the Group include trade associations, the media, non-governmental organisations and charitable organisations.

Key stakeholder	Touch points / Methods of engagement	What do they care about?	Why are they important?
<b>Employees</b>	<ul style="list-style-type: none"> <li>• Recruitment and induction</li> <li>• Internal communications (intranet sites, newsletters, email, meetings, etc.)</li> <li>• Training and development</li> <li>• Performance management</li> <li>• Relations with trade unions</li> </ul>	<ul style="list-style-type: none"> <li>• Job security</li> <li>• Reputable employer</li> <li>• Safe working environment</li> <li>• Skills training and career development</li> <li>• Operational excellence</li> <li>• Fair wages</li> </ul>	<ul style="list-style-type: none"> <li>• Serve as key brand ambassadors</li> <li>• Front-line service delivery</li> <li>• Critical to service/hospitality culture</li> <li>• Ability to create unique and memorable experiences for customers</li> </ul>
<b>Customers</b>	<ul style="list-style-type: none"> <li>• Direct sales and marketing (website, advertising campaigns, etc.)</li> <li>• Indirect sales and marketing (public relations, agencies, corporate groups, partnerships/sponsorships, etc.)</li> <li>• Booking process</li> <li>• Pre-stay communications</li> <li>• Meeting and event management</li> <li>• Stay or meetings and events (on-site use of facilities)</li> <li>• Post-stay communications (e.g., quality survey)</li> <li>• Loyalty programme</li> </ul>	<ul style="list-style-type: none"> <li>• Value for money</li> <li>• Clean and safe environment</li> <li>• Friendly and accommodating service that anticipates customer needs and wants</li> <li>• Location and proximity to relevant destinations (work and leisure)</li> <li>• Unique experiences</li> <li>• Useful facilities and technologies (gym, business centre, restaurants, WiFi access, etc.)</li> <li>• Sustainable operations</li> </ul>	<ul style="list-style-type: none"> <li>• Lifeblood of the business and driver of business growth</li> <li>• Serve as key brand ambassadors</li> <li>• Help to foster improvement and innovation through feedback regarding product and service quality</li> <li>• Support for sustainable operations</li> </ul>

Key stakeholder	Touch points / Methods of engagement	What do they care about?	Why are they important?
<b>Suppliers</b>	<ul style="list-style-type: none"> <li>Bidding/tender process with operations and procurement teams</li> <li>Provision and receipt of goods and services on-site (hotel and corporate office)</li> <li>Account management</li> </ul>	<ul style="list-style-type: none"> <li>Development and growth of a business relationship</li> <li>Safe working environment</li> <li>Fair price and payment terms</li> <li>Meeting sustainable sourcing requirements</li> </ul>	<ul style="list-style-type: none"> <li>Key part of responsible sourcing efforts and ethical business practices</li> <li>Potential business opportunities</li> <li>A component of service and product quality</li> <li>Help to support health and safety regime and operational excellence</li> </ul>
<b>Shareholders</b>	<ul style="list-style-type: none"> <li>Financial communications (annual report, results announcements and regulatory announcements)</li> <li>Investor presentations</li> <li>Investor road shows, meetings and conference calls</li> <li>Annual and Extraordinary General Meetings</li> </ul>	<ul style="list-style-type: none"> <li>Good governance</li> <li>Transparency and accountability</li> <li>Sustainable operations, strategy and business model underpinning long-term value creation</li> <li>Profitability and growth</li> <li>Access to management and relevant and accurate information</li> <li>Alignment of remuneration with the interests of shareholder</li> </ul>	<ul style="list-style-type: none"> <li>Funding for business expansion</li> <li>Promote management accountability as the owners of the company</li> <li>Provide for enhanced governance</li> <li>Support sustainable operations</li> <li>Help to drive economic development and societal change</li> </ul>
<b>Regulators</b>	<ul style="list-style-type: none"> <li>Licensing and compliance activities</li> <li>Regulatory reporting</li> <li>Voluntary and mandatory surveys and consultations</li> <li>Engagement through trade associations</li> <li>Assistance with economic development initiatives</li> </ul>	<ul style="list-style-type: none"> <li>Social and economic development (through tax revenue, creation of jobs, etc.)</li> <li>Transparency and accountability</li> <li>Regulatory compliance</li> <li>Environmentally friendly and sustainable operations</li> <li>Minimise use of state resources</li> </ul>	<ul style="list-style-type: none"> <li>Promotion of good governance leads to greater investor and customer confidence</li> <li>Develop policies to help foster growth (economic incentives, such as tax credits, subsidies, trade policies, etc)</li> <li>Support sustainability through legislation</li> <li>Help to ensure safety of employees and customers</li> </ul>
<b>Communities</b>	<ul style="list-style-type: none"> <li>Meetings and events at the hotel</li> <li>Participation in local outreach programmes</li> <li>Support of charitable organisations</li> </ul>	<ul style="list-style-type: none"> <li>Environmental impact of the business</li> <li>Good corporate citizen</li> <li>Economic development (creation and maintenance of good jobs, local sourcing, etc.)</li> <li>Minimising disruption (noise, traffic, etc.)</li> </ul>	<ul style="list-style-type: none"> <li>Source of talent and other resources</li> <li>Provide potential business opportunities and word-of-mouth marketing channels</li> <li>Assist with and support the Group's sustainability efforts</li> </ul>

Looking at each topic in turn:

### Organisational change

Following the delisting of the Company in October 2019, the Group continued the process of integrating within the wider CDL group and rationalising and streamlining its management structure.

With the evolution of the novel coronavirus, COVID-19, and following the lift of strict lockdown in various geographical regions, the Company continued to closely monitor the organisational structure to support increasing business levels as the various regions emerged from different states of national lockdown. By July 2021, a majority of the Group's hotels were functioning with limited restrictions, with all hotels previously impacted by the Covid pandemic, open and trading. The Group continued to benefit from Government support schemes, including furlough and business rates relief.

**STATEMENT UNDER SECTION 172(1) OF THE COMPANIES ACT 2006  
(continued)**

The restructuring of the Group's workforce continued, and the group benefited from the clustering of functions such as administration, finance, marketing and communications to handle multiple properties and the doubling-up of roles, such as a hotel General Manager overseeing multiple properties or a global role also taking on regional responsibilities. The Group continued to utilise coronavirus relief measures, where appropriate, such as the Coronavirus Job Retention Scheme in the UK, Paycheck Protection Program in the US and other similar programmes, to help mitigate the impact of the pandemic on the Group's workforce. During the course of 2021, as the various regions reopened, the Group faced the new industry wide challenge of a lack of suitable labour to operate the hotels, which was overcome through the multiskilling and cluster model.

**Addressing the ongoing challenges brought about by the evolution of the novel coronavirus, COVID-19**

The "We Clean, We Care, We Welcome" campaign that had been launched in February 2020, continued throughout 2021. This campaign included the introduction of 10 key hallmarks of cleanliness and hygiene to further enhance the Group's health and safety measures around the world. Further information on these can be found at <https://www.millenniumhotels.com/en/offers/global/wecleancarewelcome/>.

In 2021, the group drove 1.9 million room nights (excluding MENA region) through its Retail segment by launching various marketing campaigns throughout the year. Retail segment recovered close to 65% of 2019 Retail segment in booked revenues by end of 2021 as leisure stays started to recover faster than the corporate and MICE segments.

To support the aggressive push of Retail segment, several key initiatives were put into place. The group upgraded its revenue management capability to the IDEAS Generation 3 system. This provided the right system for the revenue management teams to aggressively capture demand and implement the right ADR strategies particularly on weekends. Remote revenue management teams were also put into place in 2021 to not only provide cost savings during the pandemic but also provide a source of solid revenue management talent bench strength to supplement the on-site talent in the regions and create a hybrid model of on-site and remote resources

The digital marketing capabilities were upgraded to reduce steps of bookings on millenniumhotels.com and helped drive share of Brand.com revenues to 74% of 2019 levels (as opposed to OTA recovery of 64% of 2019). Of all of the bookings that came from the brand website, close to 75% were through My Millennium members in 2021. Key OTA partners such as Expedia and Agoda went through contract negotiations and the group was able to reduce their commission cost at by end of 2021 to reap the benefits in 2022. The regional Sales teams in 2021 despite having had a challenge to drive corporate & MICE business, ensured the hotels were well positioned with government organizations and secured Quarantine contracts to help the portfolio to gain revenues and profit during the pandemic in 2021. A plan was also followed to exit the hotels from quarantine business as leisure demand started to come back by end of 2021 beginning of 2022.

In 2021, the group started to see business recovery from Q3 onwards in regions of United Kingdom, United States followed by Singapore. The leisure demand was the first to start recovering and the group anticipates that Corporate and MICE will follow in 2022. The Group better segmented its customer base and brand offering to ensure it was able to capture the business recovery. As an international hotel operator, it will focus on key gateway cities globally including Singapore, London and New York as well with an emphasis on the M Social brand as key opportunity to drive further brand growth for the group.

The regional management teams worked with local government agencies and other third parties, such as universities and hospitals, to accept alternative forms of business, such as turning hotels into quarantine centres for the homeless or for travellers, hospital and student housing overflow, and other similar business.

The Group adopted a financially prudent course of action to conserve cash and increase headroom. During 2021 no final dividend was proposed or approved by the board.

Having received numerous expressions of interest for various assets globally, the Board and executive management team have assessed several offers. Some of those offers are subject to re-zoning and other regulatory approvals. The list of assets that were disposed of during the year are stated in the Group results page (6).

## BUSINESS REVIEW

### GROUP RESULTS

In constant currency, hotel revenue increased by £107m or 34% (2020 : decreased by £563m or 63.7%). Reported hotel revenue in 2021 increased by £97m from £321m to £418m or 30%. Group RevPAR increased by 49.4% (2020 : decreased by 65.4%) in constant currency.

In constant currency, total revenue for the year increased by £127m or 31% (2020: decreased by £595m or 58.3%). Reported total revenue for 2021 increased by £115m or 27% (2020 : decreased by £600m or 58.5%) to £540m (2020: £425m).

Pre-tax profit for 2021 was £50m (2020 : reported a loss of £70m) and included net valuation and impairment profit of £108m (2020: a charge of £74m). After removing the effects of impairment gain, net revaluation gain and one-off other operating expense relating to disposal of Millennium Hilton Seoul, the Group's adjusted loss before tax was £14m (2020: £4m profit).

### DISPOSALS

#### Copthorne Hotel Birmingham

In December 2013 the Group entered various commercial arrangements with Birmingham City Council and Paradise Circus Limited Partnership, the developer of Birmingham's Paradise Circus redevelopment scheme ("PCLP"), now known as Paradise Birmingham, as a result of a compulsory purchase order by Birmingham City Council that covered the Copthorne Hotel Birmingham and other properties in its vicinity. Those arrangements included put and call options that provided for the sale of the existing hotel to PCLP for £17.2m. The arrangements also included a call option for the Group to acquire an alternate site in the scheme for the development of a new 250-room hotel. In December 2018, the Group exercised that option, subject to the parties agreeing to the preliminary design and costing for the new hotel and the execution of a development agreement by the parties. As the parties had not entered into the development agreement by the required deadline, on 2 April 2020 the Group terminated its option to acquire the alternative site, and on 24 August 2020, the Group exercised its put option to sell the property to PCLP. Completion of the sale was completed in August 2021 for £17m. Until this date, the Group continued to operate the hotel. Refer to Note 34 for further detail.

#### Millennium Hotel Glasgow

In March 2017 Scottish Ministers approved a compulsory purchase order impacting the Millennium Hotel Glasgow pursuant to which Network Rail Infrastructure Limited ("Network Rail") subsequently acquired and demolished the 1970s-built, 51-room extension of the hotel as part of the redevelopment of Queen Street Station. In November 2018, Network Rail paid to the Group, on a without prejudice basis, an interim compensation payment of £2.52m. Negotiations are ongoing with Network Rail regarding the full level of compensation payable to the Group in connection with the taking. As no agreement on the compensation had been reached by the parties, the matter has now been sent to the Lands Tribunal. Meanwhile, the Group continues to consider its options with respect to the refurbishment and repositioning of the existing hotel.

#### Millennium Hilton Seoul

The disposal of Millennium Hilton Seoul was completed in Feb 2022. The property is held under the "Rest of Asia" segment as disclosed in note 5 but was not classified as an Asset held for Sale at year-end. M&C Group have provided £39.1m (KRW 61.5b) to cover the Employee Union compensation costs and termination of the current management contract. As part of the contract for sale these costs will be re-imbursed by the purchaser.

#### Christchurch Land

The sale of Christchurch Land was completed in May 2021 for NZD18m (£9m).

Refer to Note 7 of the financial statements for further detail.

Whilst the outcome of these initiatives has reduced the Group's global room inventory, which stood at over 45,000 at the end of 2021, the revised footprint and inventory will sharpen the focus of the Group and conserve human and financial resources to better position the Group for recovery in 2022 and beyond.

**BUSINESS REVIEW (continued)****COVID-19**

The COVID-19 pandemic continued to disrupt global travel and impact the hospitality industry, with varying degrees of restriction measures remaining in place across the world throughout 2021. On a brighter note, the rising vaccination rates have led to the progressive easing of border restrictions across some countries which has revived interest in travel and accommodation. While the operating environment remains challenging during this transition period, we look forward to a more sustained recovery of hospitality industry. In 2020, we implemented proactive measures to contain costs and conserve cashflows, and pursued alternative revenue channels to mitigate the impact of the pandemic. Throughout 2021, we have maintained the same approach as we continue to navigate through the pandemic.

We anticipate seeing the return of corporate demand for hotels to commence in Q2 2022, albeit from a low base. We are of the view that the leisure segment will remain the greatest source of demand for hotels in 2022; however, we expect the domestic tourism boom to lose steam as travellers return to holidays abroad when there are less concerns over the new variant. In general, the speedy vaccine rollout programme in the UK has helped to boost confidence in travel in 2021. In addition, the strong pent-up demand for staycations during the summer period has driven a significant growth in ADR of hotels across the UK, with some regional UK hotels' ADR (Average Daily Rate) exceeding pre-COVID-19 levels. However, there are various headwinds which are expected to impact hotel profitability. As a result of both Brexit and the pandemic, the hospitality sector is now experiencing a significant skills shortage, particularly in terms of housekeeping, kitchen staff and chefs. This is resulting in increased staff costs in these departments to recruit and to retain experienced staff. Additional use of agency staff is also resulting in cost increases for hotel operators.

Whilst the financial impact of the pandemic on the current financial year ending 31 December 2022 is still difficult to predict with a high degree of certainty, 2022 is likely to be the first year of a multi-year recovery to pre-COVID-19 levels with momentum expected in the second half of the year through to the first half of 2022. Similar scenarios, although not as severe, to that of 2020 have been considered to further understand the extended impact on our business and continue to implement the appropriate mitigation measures.

In addition, the rising energy costs will undermine hoteliers' profit margins. Nevertheless, these trends will not impact all hotels equally. For example, limited-service hotels will be less exposed to rising operational costs, whereas full-service hotels will need to offset increasing expenses through strategic revenue growth albeit it is likely that the profit margin of full-service hotels in the UK will not fully recover to pre-COVID-19 levels.

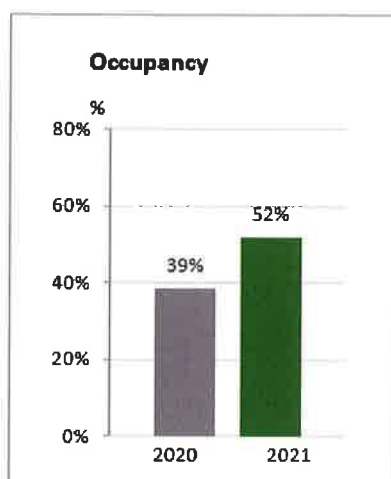
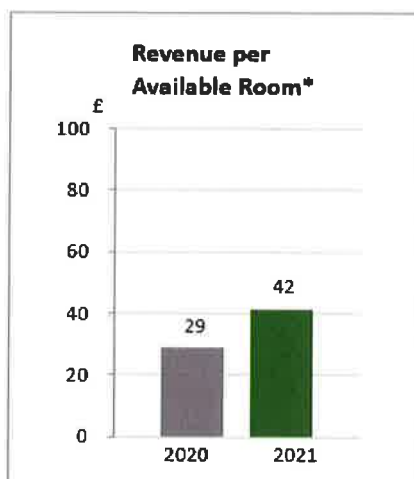


## KEY PERFORMANCE INDICATORS

We use a set of carefully selected key performance indicators (“KPIs”) to monitor our success. These KPIs are used to measure the Group’s progress year-on-year against those strategic priorities, and are set out below:

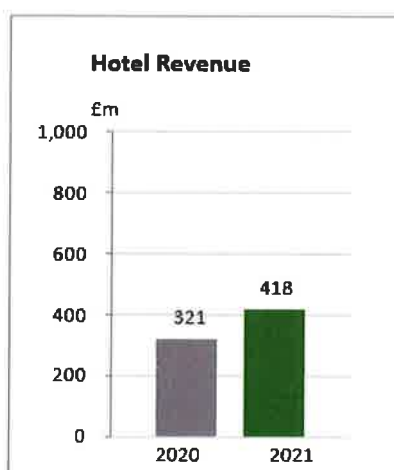
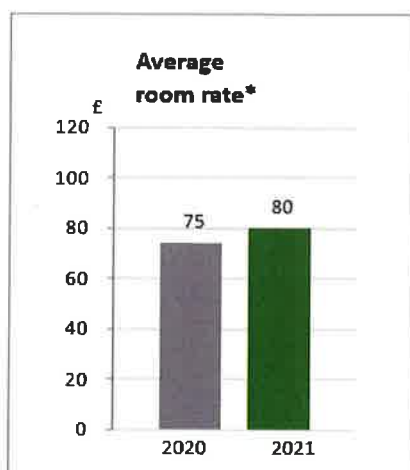
### GROWTH

To achieve profitable growth and improved asset returns for our hospitality business.



**Revenue per Available Room** - Average room rate multiplied by occupancy percentage.

**Occupancy** – Percentage of rooms available for sale that were actually sold to our guests.



**Hotel revenue** – Includes room, food & beverage and meetings & events.

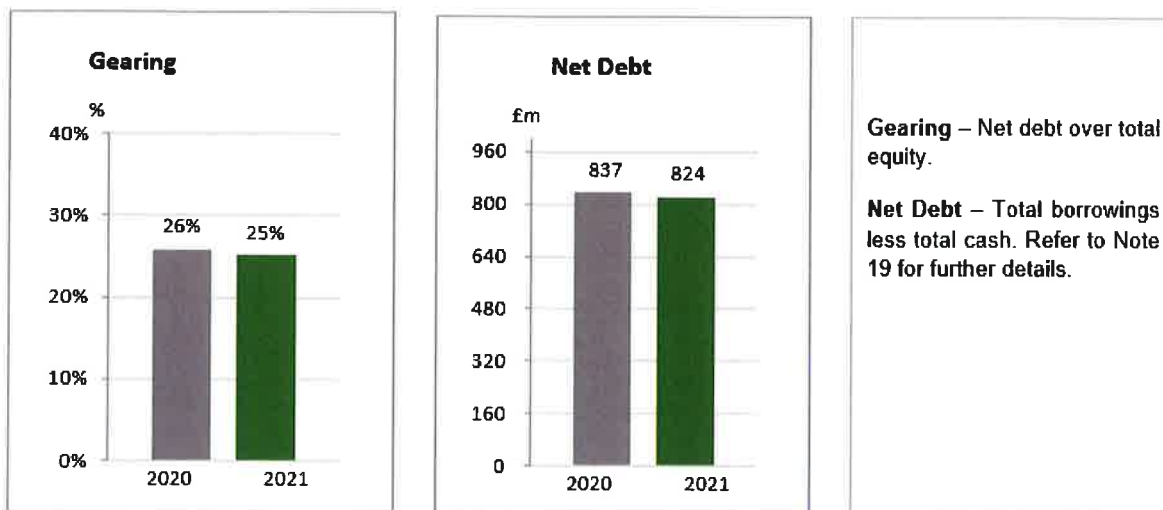
**Average room rate** – Revenue from sales, divided by number of room nights sold.

\*These are shown at constant rate of exchange.

**KEY PERFORMANCE INDICATORS (continued)**

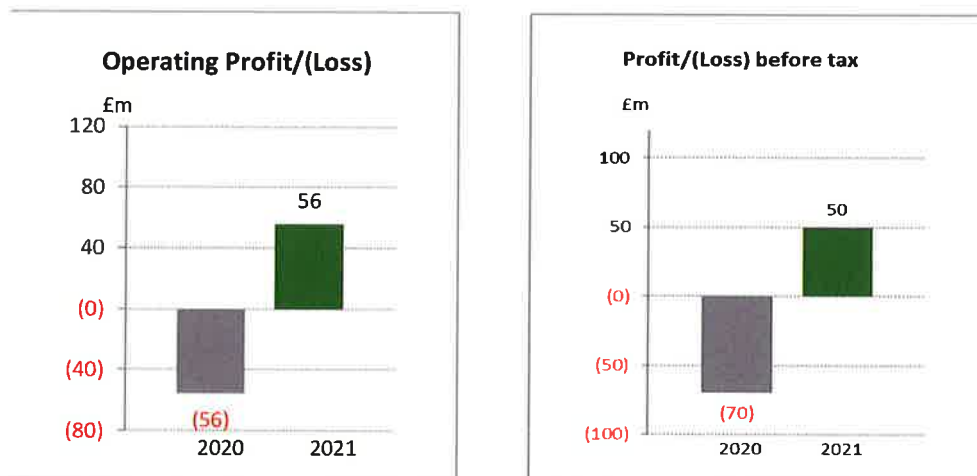
**FINANCIAL LEVERAGE**

To ensure a sound financial base in order to provide a solid platform for the development and growth of the Group.



**COST CONTROL**

To ensure costs remain in line with revenue movements through a decentralised model, technological enhancements to drive efficiencies and rigorous monitoring of spending.



The Group believes that the KPIs provide useful and necessary information on the underlying trends and are used by the Group for internal performance analysis. Given the decentralised model of the Group, regional management focuses on operational KPIs. 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 the comparison numbers for the local competitive set of each hotel. The hotel performance numbers are then consolidated into regional and Group-wide figures.

## KEY PERFORMANCE INDICATORS (continued)

The Group has a flexible and robust business model that generates profit predominately through its portfolio of owned and managed hospitality assets. These assets are diversified by brand, market, geography and customer offering according to what we judge to be the most appropriate means of optimising their earnings. We aim to hold our assets for the long term, especially those in key gateway cities. We employ complementary business models in certain circumstances. For example, we may engage third party operators on a selective basis to manage our brand assets that we own. We also may operate through a licensing model, through joint ventures or through arrangements where we manage hotels on behalf of other third-party owners. We regard the flexibility of our business models as an essential strength in a varied and rapidly changing global hospitality market.

Our strategy is to maximise returns on shareholder's capital through the ownership and operation of hospitality assets in key gateway cities and other prime locations across the world that naturally attract large numbers of business and leisure travellers. Underpinning this strategy are the twin aims of operational excellence and prudent asset management. We seek to increase returns through quality service and efficient operations—by developing our people, processes and technology—as well as through investment in the material fabric of our hotel estate. We also look to grow the business through asset acquisition in strategic locations.

## OUR RISKS

Given the volatility and uncertainty of the pandemic on top of the already inherently volatile markets, the Group recognises that risk management is even more crucial now, in terms of helping management make well informed business decisions, minimising impact of various risks and optimising opportunities, and as such the Group is committed to maintaining risk management practices as an integral part of the business and operations of the Group. The Group will continue to proactively monitor developments related to the impact of the virus and adjust our measures accordingly.

### Enterprise Risk Management Framework

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

#### Four (4) pillars that serve as the foundation of ERM execution and implementation

Risk Strategy

Risk Culture

Risk Governance

Risk Appetite

#### A systematic & interactive process to manage and report risk throughout the Group

Risk Identification

Risk Assessment

Risk Response

Risk Monitoring

### Risk Strategy

The Directors follow a review process which is consistent with the principles set out in the "Guidance on Risk Management, Internal Control and Related Financial and Business Reporting 2014" published by the Financial Reporting Council. The Group has adopted a risk management strategy that is aligned with CDL's risk management framework. It is based on the conviction that risk management is the responsibility of everyone and that it must be integrated into strategy formulation, capital allocation, decision making, and day-to-day operations. With a focus on cultivating a strong and sustainable 'self-driven' risk culture, the defined guiding principles are to be adopted by everyone within the Group:

## OUR RISKS (continued)

- **Regional and Functional Heads & Hotel General Managers are to own their risk registers and are accountable for them.**
  - At a strategic level, the M&C MRC focuses on the identification and management of key enterprise risks associated with the pursuit of M&C Group's strategic and business objectives. Regional and Functional Heads are to own their respective risks and implement quarter risk review and reporting to M&C MRC through Group ERMC.
  - At an operational level, the respective regional and functional heads and hotel general managers are responsible for identifying and managing their financial, operational, compliance and reputational related risks and for assessing the adequacy and effectiveness of mitigating measures, and addressing of all gaps identified.
- **Risk management activities to hinge not only on processes and systems, but equally on a right mindset and attitude.**
- **Practice of risk management is to be benchmarked against global, industry, and/or other relevant best practices.**

### Risk Culture

Having a 'risk aware' culture within an organisation is key for effective risk management, in order to promote and reinforce the right ERM practices. The Board is committed to building a strong 'risk aware' culture through setting the appropriate tone-at-the-top and demonstrating strong support for risk management. These are supported by risk management principles, which are then embedded within business decision making, as well as operational and governance structures to ensure appropriate oversight and accountability throughout the Group.

### Risk Governance

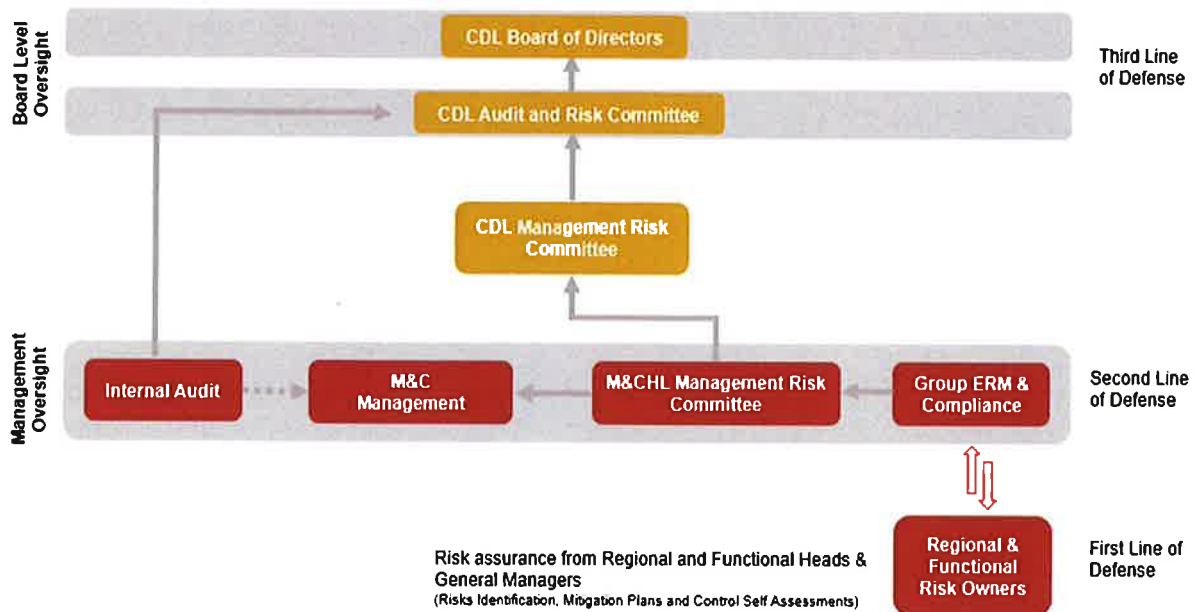
The Group is a wholly owned subsidiary of CDL. As part of the integration process, the Board and management team members have embarked on aligning the Group's risk management framework and practices with those of CDL, ensuring that material risks are identified and duly considered at the appropriate level.

The risk governance structure details the processes and escalation procedures for making decisions about key risks and how those decisions are to be implemented and monitored – at the operational and functional levels, at the management level, by CDL's Audit & Risk Committee and ultimately by CDL's Board of Directors.

The risk governance structure focuses on three lines of defence. The first line of defence involves functional and regional risk Owners who identify, mitigate, monitor and report hotel-level and function-level risks upwards. The second line of defence oversees the internal controls and risk management framework, ensuring that a sound system is maintained. Supported by the Group's ERM resources, principal risks are identified, assessed, and discussed during quarterly Management Risk Committee meetings, or more frequently when required, and they are then reported to the Company's Board of Directors as well as CDL's Audit Risk Committee and its Board of Directors, which is referred to as the third line of defence. The Board of Directors of the Company retains overall responsibility and accountability for the effectiveness of the risk management framework and internal control systems of the Group, with the support of the management team, while CDL's Board of Directors oversees the risk management framework and internal control systems of the wider CDL group, including the Company.

**OUR RISKS (continued)**

**Risk Governance Structure**



**Principal Risks**

The following table identifies the principal risks that are regarded as the most relevant and material to the Group. The table includes a description of each risk and how it could impact the business, a summary of controls and mitigating activities being undertaken and the 'trend' for the risk. This trend represents the forward-looking view of the net risk exposure for each risk, taking into account changes in the external risk environment and the Group's internal mitigation activities. The risks have been loosely categorised as being strategic, tactical or operational in nature.

The order in which risks are presented below is not indicative of the relative potential impact to the Group. The risks may, to varying degrees, impact the Group's revenues, profits, net assets, operations, guests, employees, partners and/or reputation.

Not all potential risks are listed below; some risks have been excluded because the Board does not consider them to be material to the Group's long-term strategy, performance or viability. In general, the diversity and geographical spread of the Group's assets provide natural hedges against many of the principal risks identified below and our processes aim to provide reasonable, not absolute, assurance that the principal risks that are significant to our business have been identified and addressed. Additionally, there may be risks that are not reasonably foreseeable as at the date of this report.

The principal risks in the table below were reviewed and revised over the course of 2021 as part of the Group's alignment with CDL's risk management framework.

**OUR RISKS (continued)**

Risk	Potential Impact	Mitigation Activities	Trend
Hotel demand	<p>Competition in the hotel industry is increasing. Continued sector consolidation and the growth of alternative business models, such as sharing economy platforms like Airbnb, also are impacting supply and demand dynamics within the industry, while online travel agencies, such as Booking.com and Expedia.com, which compete against direct booking channels, are taking market share and are influencing consumer preference. All of these trends could impact demand for the Group's products, the cost of customer acquisition and the supply of product within the market, all of which could negatively impact the performance and profitability of the Group.</p> <p>In addition, trading can be directly affected by localised or regional events—such as natural catastrophes, country or regional geo-political matters and pandemics—as well as global, macro-economic trends impacting travel and hotel stays. In 2020, for instance, the coronavirus pandemic greatly impacted the demand for hotel accommodation globally.</p>	<ul style="list-style-type: none"> <li>• The diverse nature of the Group's portfolio, both geographically and in respect of its breadth of brands, provides a natural hedge against various external risks.</li> <li>• The Group maintains a flexible operating structure that allows it to align its sales and marketing activities and spend to target relevant customer segments and adapt to changing hospitality trends.</li> <li>• The Group continues to refresh its digital marketing strategy and invest in its e-commerce, customer relationship management, revenue management, loyalty programme and reservations systems in order to help increase market share and revenue and retain existing customers.</li> <li>• The Group is aggressively managing its portfolio of distribution channel partners, including established online travel agencies and new, niche or local players, to optimise revenue, gain access to new customers and minimize commission costs.</li> <li>• The Group selectively affiliates with international hotel chains with respect to certain properties where it has been determined that doing so would help to optimize management and/or distribution capabilities.</li> </ul>	↑
Credit liquidity risk	<p>Since the Group operates in numerous jurisdictions and trades in various international currencies, but reports its financial results in pounds sterling, fluctuations in currency exchange rates and interest rates may be either accretive or dilutive to the Group's reported trading results and net asset value.</p> <p>Also, hotels generally require significant capital expenditure at regular intervals in order to remain competitive and as real estate assets, labour and other operating expenses can be significant. As such, the Group may need to borrow funds from time to time to cover these capital expenditures and working capital requirements, where unhedged or rising interest rates may result in increased borrowing costs and impact the Group's profits.</p>	<ul style="list-style-type: none"> <li>• Colleagues in the Group's Treasury team monitor and address treasury matters, including the Group's borrowing headroom and borrowing requirements, in accordance with the Group's treasury policy.</li> <li>• The Group conducts business with a diversified set of lenders so that it is not overly reliant on a particular lender.</li> <li>• Foreign exchange exposure primarily is managed through the funding of purchases and repayment of borrowings from income generated in the same currency.</li> <li>• Interest rate hedges and fixed-rate lending facilities are used from time to time to help manage the risk of interest rate fluctuations.</li> <li>• The Group generally does not borrow on a secured basis, and as such, its real estate assets could serve as significant collateral should secured borrowings be required in the future.</li> </ul>	→

Risk	Potential Impact	Mitigation Activities	Trend
<p>Operational efficiency risk</p> <p>Operational efficiency risk</p>	<p>Hotels are “people” businesses. The Group’s brands and ability to deliver consistent service quality in an efficient manner are dependent on its ability to attract, develop and retain employees with the appropriate skills, experience and aptitude. Failure of the Group to do so may impact service quality, consistency and/or delay the execution of the Group’s strategies.</p>	<ul style="list-style-type: none"> <li>• The Group has strong regional and local management structures underpinned by a common commitment to ensuring a rewarding and empowering work environment. These structures are supported by lean corporate offices in Singapore, China, New Zealand, the US and Europe to help drive operational efficiencies.</li> <li>• The Group’s brand and operational standards are designed to maintain a level of product and service consistency whilst allowing flexibility in order to maintain the personality of each property.</li> <li>• Although bonus schemes were suspended in some cases as a result of how the Group had been impacted by the coronavirus pandemic, the Group historically has utilised incentive mechanisms, often with personal and financial key performance objectives, to help ensure that employees interests are aligned with the objectives of promoting efficient and effective operations and growing the top and bottom lines.</li> </ul>	<p>↑</p>
<p>Health and safety risk</p>	<p>The health, safety and security of guests, visitors and employees is a fundamental expectation and there is a breadth of regulatory requirements across different jurisdictions relating to health and safety matters. Failure to implement and maintain sufficient controls regarding health and safety issues could result in serious injury or loss of life, lead to regulatory investigations and expose the Group to significant claims, sanctions or fines, both civil and criminal, as well as reputational damage.</p> <p>The outbreak of the novel coronavirus, COVID-19, in late 2019 and its continued spread throughout 2021, including new strains in certain jurisdictions, have given rise to a serious global health crisis and this has impacted the travel and hospitality sectors and the Group in particular.</p>	<ul style="list-style-type: none"> <li>• The Group has health, safety and environmental management systems in place, which include policies, procedures, testing, self and third-party audits, training and reporting.</li> <li>• Management proactively monitors geopolitical developments and seeks to identify emerging risks at the earliest opportunity to ensure clear roles and responsibilities are defined and internal controls and other steps are taken to minimize these exposures to the greatest extent possible.</li> <li>• To help mitigate the risks associated with the coronavirus outbreak, the Group’s regionalised crisis response plans were updated in line with guidance issued by health authorities, such as the World Health Organization and local governmental authorities, and new hygiene protocols were developed and tailored to address the pandemic.</li> <li>• As the well-being of the Group’s guests, colleagues and other stakeholders is one of its top priorities, the Group’s management team has implemented robust precautionary measures, including an enhanced cleaning and sanitization programme, to help ensure that Group’s hotels and corporate offices remain safe places to visit.</li> </ul>	<p>↑</p>
<p>IT infrastructure risk</p>	<p>Increasing reliance on online distribution channels and transactions over the internet and mobile applications, and the aggregation and storage of guest and other information electronically, both on company-controlled servers and networks and in cloud-based environments, present heightened risks</p>	<ul style="list-style-type: none"> <li>• The Group’s regional IT teams conduct periodic security and penetration testing, often using external consultants, and any recommendations or enhancements are implemented where necessary.</li> </ul>	<p>↑</p>

Risk	Potential Impact	Mitigation Activities	Trend
	<p>of attacks affecting the operation of those systems and networks and a potential loss or misuse of confidential, personal and/or proprietary information. The hospitality sector in particular is becoming a more frequent target for cyberattacks as hotel companies often handle large volumes of customer and credit card information. The occurrence of a cyber security event or loss of data could disrupt business, the ability of the Group to take or fulfil bookings or lead to reputational and monetary damages, litigation or regulatory fines.</p> <p>Employees working from home during coronavirus lockdowns has given rise to an increased threat of cyber-attacks against those employees.</p> <p>In addition, various aspects of the Group's operations are required to achieve compliance with the payment card industry security standards ("PCI-DSS"), and failure to do so could result in penalties and/or withdrawal of credit card payment facilities.</p>	<ul style="list-style-type: none"> <li>• Software systems are regularly updated to allow for the latest security updates and patches to be installed.</li> <li>• Where the Group outsources critical information technology systems, including its point of sale and property management systems, the Group utilises reputable suppliers that have industry-standard or best-in-class data security protocols.</li> <li>• The regional IT teams have developed disaster recovery plans and guides with regard to their high-priority systems that need to be up-and-running, and tests are conducted on select mission-critical systems annually to verify their recoverability offline.</li> <li>• A global information security policy was rolled out in 2019 and other IT policies and procedures were updated over the course of 2020 to reflect the latest standards and requirements.</li> <li>• Reinforcing IT security awareness training, phishing test simulations, and implementation of robust monitoring tools, such as Microsoft's "Cloud App Security," data lost mitigation measures, and other utilities to mitigate against potential attacks.</li> <li>• The Group's critical CRM system was migrated from an on-premises data centre to a cloud-based service with enhanced monitoring to enable rapid detection and response.</li> <li>• The Group continues to deploy credit card tokenization when available.</li> </ul>	
Litigation risk	<p>The Group has contractual relationships in place with various counterparties, including customers, suppliers, employees and other parties, and provides goods and services to customers. As such, a breakdown in any of these relationships could lead to disputes and ultimately litigation, which in turn could give rise to reputational damages, management distraction and/or the Company having to incur significant costs or damages, particularly where claims are not insured or are not fully insured.</p>	<ul style="list-style-type: none"> <li>• The Group has controls in place to manage and help mitigate the risks associated with its various contractual relationships, from execution through to termination, insured and uninsured litigation and other disputes.</li> <li>• The Group General Counsel oversees significant disputes globally, with input from external counsel and other experts when required, and regular litigation reports are provided to the MRC and other Board members as appropriate.</li> </ul>	↑



Risk	Potential Impact	Mitigation Activities	Trend
Regulatory compliance risk	The Group operates in many jurisdictions and is exposed to the risk of non-compliance with increasingly complex statutory and regulatory requirements, including competition law, anti-bribery and corruption and data privacy compliance regimes. Non-compliance with such regulations, which differ by jurisdiction and are areas of increasing 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.	<ul style="list-style-type: none"> <li>• The Group continues to monitor regulatory changes in the jurisdictions in which it operates in order to identify its obligations and implement appropriate compliance and training programmes. The Group has comprehensive global and, where applicable, regional policies and procedures in place to address competition law, data privacy, ethical business conduct, whistleblowing, anti-corruption and bribery, gifts and hospitality and charitable donations, among others.</li> <li>• The Group maintains in place industry standard insurance cover to mitigate many potential litigation risks, such as employment practices liability, workers</li> <li>• Compensation and general liability policies.</li> <li>• A dedicated Global Director Risk and Compliance is tasked with enhancing the Group's compliance and risk management efforts.</li> </ul>	↑

The Strategic Report was approved by the Board of Directors of the Company on 22 June, 2022 and signed on its behalf by



Kwek Eik Sheng  
Director

**GOVERNANCE**

- 18** Statement of Governance Arrangements for Directors' report
- 22** Directors' report
- 26** Statement of Directors' responsibilities in respect of the Strategic Report, Directors' Report and the Financial Statements
- 27** Independent auditor's report to the Members of Millennium & Copthorne Hotels Limited

## STATEMENT OF GOVERNANCE ARRANGEMENTS FOR DIRECTORS' REPORT

The Company is indirectly wholly owned and controlled by CDL, through various CDL subsidiary companies. CDL, which is listed on the Singapore Exchange, is, in turn, considered to be controlled by Hong Leong Investment Holdings Pte. Ltd.

Similar to last year, the Board once again has decided to report on its governance in accordance with Wates Corporate Governance Principles for Large Private Companies (December 2018 edition).

### Purpose and Leadership

The strategy and business model for the Company are outlined in the Strategic Report on page 10. 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. Our commitment is to hospitality and creating memorable experiences in distinctive environments. We strive to recognise not only the faces of our guests, but also their individual needs and desires.

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

As part of the Group's integration with CDL following the delisting of the Company in October 2019, the Board decided to adopt CDL's values, set out below, as they are consistent with the ethos of the organization and the adoption of them within the Company will help to ensure alignment of values across the wider CDL group.

**Innovation** – Because this is crucial to our success

**Collaboration** – Because this is the best way to achieve exponential results

**Integrity** – Because this is at the core of everything that we do

In 2022, the Board intends to review the ways in which the purpose and values are embedded throughout the organisation. As part of this review, the Board will continue to examine the culture of the Company and will seek to reinforce a culture of accountability where employees take into account the views of, and are responsible to, the Company's stakeholders, including our guests and customer, other employees, suppliers, the communities in which we operate.

Whilst the Company engages with its employees and other stakeholders, as outlined further in this Directors' Report and elsewhere, the Board also will look for ways to improve its stakeholder engagement going forward. This may involve the implementation of a global intranet, for instance, and more frequent communications from the management team.

The Group has elected to participate in CDL's group-wide whistleblowing program. This allows employees to raise serious matters of concern—via email or a dedicated whistleblowing hotline—through an independent channel, being CDL's Internal Audit function. This program is, in turn, overseen by the Audit & Risk Committee of CDL. In addition, the Group's Slavery and Human Trafficking statement, which is updated annually, includes a method for suppliers to raise matters of concern for investigation by the Company (via email to [supplychain@millenniumhotels.co.uk](mailto:supplychain@millenniumhotels.co.uk)).

### Board Composition

As of 31 December 2021, the Board comprised of four directors (consisting of two executive directors and two non-executive directors). This includes Mr Kwek Leng Beng, who has served as the Chairman of the Company since it initially listed in 1996 and as an executive director from 2020. Mr Kwek Eik Sheng, served as an executive director, Mr Jonathon Grech, served as a non-executive director and Mr Jonathan David Ashcroft, joined the Board on 30 June 2021 and served as a non-executive director. During the course of the year, Ms Tanya Chiaranussati resigned as a director effective as of 30 June 2021.

The Board believes there is a depth of diversity in its current composition with regard to varied backgrounds, experience and knowledge which is aimed at providing stability and allows the Company to take a long-term view as it seeks to grow its business and pursue investment opportunities. Board gender diversity remains a focus of the Board's attention, particularly following Ms Chiaranussati departure in June 2021 and the Company is committed to further progress in this regard. The Directors believe that the current composition of the Board is

**STATEMENT OF GOVERNANCE ARRANGEMENTS FOR DIRECTORS' REPORT  
(continued)**

appropriate for now however they will continue to give full consideration as to whether any further appointments or changes to the composition of the Board, including the addition of any independent directors, would help to enhance the diversity and complement the Board's existing skills and experience.

The Board is responsible for ensuring that the Group is appropriately managed and achieves the strategic objectives set by it, supported by the right culture, values and behaviours throughout the Group. The directors have the full power to manage the business of the Company.

The Board held two formal meetings in 2021 and a number of informal meetings followed by written resolutions. It is anticipated that the Board will meet at least twice a year, at a minimum, one meeting to approve the annual financial statements of the Group and one to approve the annual budget and strategy plan for the ensuing financial year, with other meetings to be called on an ad-hoc basis as required.

The day-to-day operation of the Group has been delegated to an Executive Committee which includes the Company's executive directors and such other senior executives of the Company that the Board may appoint. The regional and functional heads report to the Executive Committee members. The Executive Committee members, together with other members of the senior management team, provide regular reports to the Board as well as updates on other significant matters from time to time, including material transactions, significant litigation, proposals to enter into new business lines or markets, strategic alliances and so forth.

A set of reserved matters, approved by the Board, governs what matters require approval by the Board versus those that are delegated to the Executive Committee. The Executive Committee operates pursuant to formal terms of reference.

**Director Responsibilities**

All directors have access to the advice and services of the Company Secretary, who is responsible for ensuring that Board procedures are followed and that compliance with applicable corporate governance rules and regulations is observed. Directors may take independent professional advice in furtherance of their duties, if deemed necessary, at the Company's expense.

The Chairman, in liaison with the Company Secretary, is responsible for keeping the Board briefed on relevant regulatory changes and external training. All directors have access to a Board compendium detailing matters relating to Board procedures and their duties as directors. On joining the Board, each new director undertakes an induction programme covering subject areas relevant to the requirements of their role, which is tailored to his or her needs and experience.

The Directors are required to avoid a situation in which they have, or could have, a direct or indirect conflict with the interests of the Company. The Board has established a procedure whereby the directors are required to notify the Company Secretary of all potential new outside interests and actual or perceived conflicts of interest that may affect them in their roles as directors of the Company. All potential conflicts of interest are authorised by the Board and the register of Directors' interests, together with the Directors' Conflicts of Interest Policy, is reviewed by the Board on an annual basis. The policy was reviewed in April 2021 with no changes recommended. The Board concluded that the policy continued to operate effectively

As the Company has integrated within the wider CDL group, the Board has sought to ensure that the Group maintains a level of operational independence

**Opportunity and Risk**

When assessing a potential business opportunity, in addition to assessing whether it is aligned with the strategic priorities of the Group and its impact on the Group's stakeholders, the Board members and executive management

## STATEMENT OF GOVERNANCE ARRANGEMENTS FOR DIRECTORS' REPORT (continued)

team also consider the risks associated with the opportunity and whether it is likely to create and preserve value over the long term. The directors understand that whilst the Group must remain nimble and entrepreneurial to tackle the challenges facing the Company and industry more generally, the directors also are keenly aware that the Group must operate in a sustainable manner in order to be successful.

The areas over which the members of the Executive Committee have responsibility have been clearly defined. As at the end of 2021, Kwek Eik Sheng, who is an Executive Director and also serves as Group Chief Strategy Officer for CDL, is tasked with overseeing global marketing efforts, regional operations and the Group's asset management function. John Chang, the Group Chief Financial Officer, on the other hand, is responsible for managing the global information technology, capital projects and the technical services functions, in addition to his leadership of the finance department.

In terms of oversight, each year management prepares an annual strategic plan and budget for the Group for the ensuing year. These are submitted first to the Executive Committee, for its review and approval, and then to the Board for its consideration. Subsequently, the Executive Committee and Board review management's progress in executing against the strategic plan and budget. This process includes a periodic assessment of the Group's performance and how it tracks against the plan and budget.

Additionally, a delegation of authority policy applies to the regional and functional heads and their reporting lines. This policy includes different layers of approval for transactions and capital investments, such as the purchase or sale of a hotel or a major refurbishment project, for instance, and other matters. In the case of capital investments, the most material ones, involving an expenditure of S\$10m or more, must be escalated to the Executive Committee of the Company. Above this level, approval is required to be obtained at the shareholder level.

As noted above, decisions are not made in a vacuum. The Board is working on developing "risk appetite" parameters to help guide its decision making and the decision making of the Executive Committee. A Management Risk Committee, chaired by the Group Chief Financial Officer, sits below the Executive Committee and helps to ensure that the Group has appropriate internal control and risk management systems in place to allow the management team, and ultimately the Board, to monitor and assess the Group's principal risks and uncertainties on a continual basis, to be informed about emerging risks, as and when appropriate, and to develop and institute proportionate measures and controls to mitigate these risks to acceptable levels. A Group Enterprise Risk Management & Compliance Manager supports the enterprise risk management and global compliance programme of the Group and the Group's Internal Audit function, which has been merged into CDL's Internal Audit function and reports to CDL's Audit & Risk Committee, regularly reviews the effectiveness of the Group's internal control environment, particularly in respect of the Group's financial controls.

The operation of the Management Risk Committee is described further on page 11 of the Strategic Report.

### Remuneration

The Group utilizes clear remuneration structures for its employees and directors. Positions are banded to provide for consistency across similar-level positions whilst giving the management team sufficient flexibility to vary remuneration arrangements in certain contexts in order attract or retain talent for key positions. To the extent possible, the Company's incentive structures are aligned among the regions to provide for uniformity in the Group's performance management processes.

Remuneration is based on personal performance and the performance of the Company, region, hotel and/or business unit, depending on the role. Generally, personal objectives and key financial performance targets are agreed with an employee at the beginning of each year and are assessed by the employee's supervisor at the end of each year. Objectives relating to achievement of satisfactory Internal Audit assessment scores have been added to General Manager and Financial Controller bonus plans to incentivize the maintenance of adequate controls and the management team is reviewing the addition of risk management and sustainability metrics to further strengthen accountability to the Group's stakeholders. The Company's bonus plans and share scheme rules include malus and clawback provisions that can be utilized as necessary, in an effort to align employee interests with the long-term interests of the Company.

## STATEMENT OF GOVERNANCE ARRANGEMENTS FOR DIRECTORS' REPORT (continued)

### Stakeholder Relationships and Engagement

The following sections of this Annual Report and Accounts and the Group's 2021 Corporate Responsibility Report, published on its website (at <https://investors.millenniumhotels.com/corporate-responsibility>) describe how the Company has engaged with its stakeholders over the course of the year and how it plans to continue to engage with them in the future.

Section	Location
Section 172(1) Statement	Pages 3 to 5 in the Strategic Report
Employee Involvement and Engagement with Employees	Page 22 of this Directors' Report
Engagement with Suppliers, Customers and Others in a Business Relationship with the Company	Page 23 of this Directors' Report
Our Employees	Corporate Responsibility Report

## DIRECTORS' REPORT

The directors present their annual report and financial statements for the Group and Company for the year ended 31 December 2021.

### Registered name and corporate status

Millennium & Copthorne Hotels Limited is registered in England and Wales as a private limited company, under Company Number 03004377.

### Strategic report

The Strategic Report is found on pages 3 to 16. Pursuant to the Companies Act 2006, that report must provide a fair review of the Company's business, together with a description of the principal risks and uncertainties facing the Company. It includes an analysis of the development and performance of the Company's business during the year and the position of its business at the end of the year, as well as a description of the Company's strategy and business model.

### Board of Directors

The names of those who served as a Director of the Company during the course of the 2021 financial year, up to the date of this report, include:

Name	Role	Service Dates
Kwek Leng Beng	Executive Chairman	1 January 2021 to date
Kwek Eik Sheng	Executive director	1 January 2021 to date
Tanya Chiaranussati	Non-executive director	1 January 2021 to 30 June 2021
Jonathon Grech	Non-executive director	1 January 2021 to date
Jonathan David Ashcroft	Non-executive director	30 June 2021 to date

### Dividends

The directors do not recommend the payment of a dividend in respect of the year ended 31 December 2021.

### Political donations and expenditure

No donations were made by the Group for political purposes and the Group did not incur any political expenditure during the year (2020: £0m). The Company operates a politically neutral policy with regard to any political donations and expenditure it may elect to make. See the Group's Corporate Responsibility Report, located at <https://investors.millenniumhotels.com/corporate-responsibility>, for details of the Company's non-political charitable activities.

### Financial instruments

An indication of the Group's financial risk management objectives and policies in respect of the use of financial instruments and exposure of the Company to price risk, credit risk, liquidity risk and cash flow risk are set out in Note 20 to the Company's consolidated financial statements.

### Employment of disabled persons

We value highly the rich diversity of our colleagues around the world. As of the end of 2021, the Group operated in over 25 countries and employed approximately 6,358 employees worldwide. The Company is an equal opportunity employer and has an objective to ensure that no employee or other worker or job applicant receives less favourable treatment, directly or indirectly, on the grounds of age, disability, gender reassignment, marital or civil partner status, pregnancy or maternity, race, colour, nationality, ethnic or national origin, religion or belief, sex or sexual orientation.

The Group's diversity and inclusion policy acknowledges the importance of fostering an environment where colleagues are free to share different perspectives and the view that greater diversity allows the Group to better understand and serve the communities in which we operate. Regional policies that address local requirements also are in place in various jurisdictions. Together these policies encourage the employment, training and advancement of disabled persons, having regard to their particular aptitudes and abilities, 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.

### Employee involvement and engagement with employees

The Board considers employee engagement to be critical to the Company's success. As such, the Group's management team endeavours to keep employees informed about matters of concern to them, whether through management presentations, updates from regional and functional heads, regional intranet sites and other communications. Likewise, the Group seeks to consult with employees through various means and on a regular basis so that their views can be taken into account. Over the course of the year, these efforts included regular

## DIRECTORS' REPORT (continued)

meetings at the regional, functional and hotel levels, as well as exit interviews with departing colleagues. These meetings allowed the management team to communicate important updates throughout the workforce, provide training on existing and new policies and procedures and hear from colleagues around the world.

Communications with employees was particularly important in 2021 in light of the challenges brought about by the coronavirus pandemic and its long-term impact on the business. Regrettably, the Group has had to implement unprecedented organisational change, including a reduction of the Group's workforce by more than 45%, oftentimes after lengthy consultation processes and engagement with trade unions and even government regulators in certain jurisdictions. During this process, the Board and management team heard and considered feedback from employees at all levels of the organisation.

Prior to the delisting, the Company operated different share schemes for the benefit of the Group's eligible employees, including a Long Term Incentive Plan, an Executive Share Plan an Annual Bonus Plan and a Sharesave scheme. Participants remain in two of the schemes, the Executive Share Plan and the Annual Bonus Plan, since the participants held unvested shares in those schemes when the Company delisted. Further information on those two schemes is provided below. However, no further grants have been or will be made under those schemes and they will be wound down once all existing awards have vested or lapsed.

- **Executive Share Plan** – Under this plan, conditional share awards were granted each year to members of the Group's executive management team based on the historical performance of the Group. These awards vested in tranches over a period of three years, subject to the participant's continued employment within the Group.
- **Annual Bonus Plan** – Under this plan, which applied to eligible senior managers globally (except for certain jurisdictions), including hotel General Managers as well as Director-level and Vice President-level employees, a portion of each participant's annual cash bonus was converted into a deferred conditional share award that would vest in tranches over a period of three years, subject to the participant's continued employment within the Group.

The objectives of these plans differed, but in general they served to award strong performance—both at an employee and Group level—over a reasonable period of time, retain talent and better align the interests of employees with the interests of shareholders.

### Engagement with suppliers, customers and others in a business relationship with the Company

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

With the coronavirus pandemic raging around the world, the Group adopted many measures for the benefit of its stakeholders. These are outlined in the Section 172(1) Statement and include, among other initiatives, the "We Clean, We Care, We Welcome" campaign that was launched in February 2020 and introduced the 10 key hallmarks of cleanliness and hygiene to further enhance the Group's health and safety measures around the world. In addition, with local and regional travel restrictions and other lockdown measures impacting international travel, many of the Group's hotels engaged with their local communities in an effort to attract local business or alternative forms of business. Some hotels, such as the Millennium Minneapolis hotel in the United States, for instance, took on homeless customers as part of the community's efforts to battle the spread of the virus, while other hotels took on student housing or hospital overflow business, remained open to cater to healthcare and other critical workers or served as quarantine hotels for travellers.

Similar to last year, in 2021 the Group utilised a third-party agency to send post-stay service quality emails to over 15% of the guests who stayed at Millennium Hotels & Resorts branded hotels globally. This agency also regularly reviewed popular online hotel review sites to collect guest feedback submitted through those forums. The regional management and hotel teams used the feedback received to improve the Group's service, brand and product offerings.

Turning to the Group's suppliers, the management team engaged with its procurement partners and suppliers to ensure the safety of its supply chain during the coronavirus pandemic. The regions, meanwhile, continued to look for ways to use local food suppliers and reduce the amount of packaging and single-use plastics used by the Group.

For details on how the Group engaged with its communities, please refer to the Corporate Responsibility Report, which can be found at <https://investors.millenniumhotels.com/corporate-responsibility>.



**DIRECTORS' REPORT (continued)****Share capital**

As at the date of this Directors' Report the Company's share capital consists of 324,950,812 ordinary shares of 30 pence each. As noted above, all of these shares are owned by direct or indirect subsidiaries of CDL. The Company did not purchase or acquire any of its own shares during the year and no other disclosures are required pursuant to Schedule 7, Part II of The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008.

**Streamlined energy and carbon reporting**

The UK government's Streamlined Energy and Carbon Reporting (SECR) regime was implemented on 1 April 2019 and requires organisations that are within the scope of the SECR regulations to report details of energy usage and carbon emissions for which they are responsible together with actions taken to address energy efficiency.

Under the new regulations, neither the Company, by itself, nor any of its UK subsidiaries, individually, exceed the qualification thresholds of at least two of the three criteria (employee numbers, turnover or balance sheet total). M&C therefore is exempt from reporting under the SECR framework in the Directors' Report; however the Group's greenhouse gas emissions and energy consumption will continue to be reported in its Corporate Responsibility Report, located at <https://investors.millenniumhotels.com/corporate-responsibility>.

**Qualifying indemnities**

The Articles of Association of the Company permit it to indemnify the directors of the Company against any liability incurred by or attaching to a Director in connection with any negligence, default, breach of duty or breach of trust in relation to the Company or an associated company; any liability incurred by or attaching to the Director in connection with the activities of the Company or an associated company in its capacity as a trustee of an occupational pension scheme; and/or any other liability incurred by or attaching to the Director as an officer of the Company or an associated company.

The Company has provided each of its directors and certain directors of its affiliated companies, including the trustee of the Group's UK pension plan, with qualifying indemnities as permitted under Sections 234 and 235 of the Companies Act 2006. The indemnities do not apply in circumstances where indemnification is prohibited by the Companies Act 2006 or other applicable law, and these indemnities remain in force as at the date of this Directors' Report.

In 2021, the Company renewed its directors' and officers' liability insurance coverage, which is intended to be renewed again in 2022. No claim was made under any such indemnity or insurance policy during the year.

**Future developments**

A discussion of the likely future developments in the business of the Group can be found in the Strategic Report, on page 7.

**Research and development**

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

**Company branches**

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

**Statement of the directors as to disclosure of information to the auditor**

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

- so far as he or she is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- he or she has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

## DIRECTORS' REPORT (continued)

### Auditor

In accordance with Section 485 of the Companies Act 2006, the directors intend to put forth to the Company's shareholder a resolution for the appointment of the Company's auditors for the 2022 financial year.

The Directors' Report and Corporate Governance Statement were approved by the Board of Directors of the Company on 22 June, 2022.

On behalf of the Board



Kwek Eik Sheng  
Director

## STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE STRATEGIC REPORT, DIRECTOR'S REPORT AND THE FINANCIAL STATEMENTS

The directors are responsible for preparing the strategic report, the director's report and the group and parent company financial statements in accordance with applicable law and regulations.

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

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

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

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

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

### *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; and
- the strategic report includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

We consider that the annual report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the group's position and performance, business model and strategy.

On behalf of the Board

  
Kwek Eik Sheng  
Director

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

We have audited the financial statements of Millennium & Copthorne Hotels Limited ("the company") for the year ended 31st December 2021 which comprise the Consolidated Income Statement, the Consolidated statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Consolidated Statement of Changes in Equity, the Consolidated Statement of Cash Flows, the Company Statement of Financial Position, the Company Statement of Changes in Equity and related notes, including the accounting policies in note 2.2 of the Group Financial Statements and note B of the Company Financial Statements.

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31<sup>st</sup> December 2021 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with UK-adopted international accounting standards;
- the parent company financial statements have been properly prepared in accordance with UK accounting standards, including FRS 101 *Reduced Disclosure Framework*; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

**Basis for opinion**

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

**Going concern**

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

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

Our conclusions based on this work:

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

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

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

### Fraud and breaches of laws and regulations – ability to detect, identify and respond to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud (“fraud risks”) we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Inquiry of directors, management and key personnel along with inspection of policy documentation in relation to the Group’s entity-level policies and procedures to prevent and detect fraud. This included inspection of the Group’s Whistleblowing report, as well as direct inquiry whether they have knowledge of any actual, suspected or alleged fraud.
- Review of the internal audit reports
- Review of Board minutes.
- Performing walkthroughs and obtaining understanding of key processes.
- Consideration of remuneration incentive schemes and performance targets for directors.
- Using analytical procedures to identify any unusual movements or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit. This included communication of the relevant fraud risks identified at the Group level to all in-scope audit teams, and a request to these teams to report back to the Group audit team should any instances of fraud that could give rise to a material misstatement at group.

As required by auditing standards, we perform procedures to address the risk of management override of controls. We performed procedures including:

- Testing the design and implementation of controls relating to manual journal entry postings.
- Test high risk journal entries (as determined by the engagement team), including select entries made throughout the period.

On this audit we do not believe there is a fraud risk related to revenue recognition because Revenue transactions are typically not complex and revenue recognition, which in most cases is linked directly to bookings through various channels, requires minimal judgement.

### *Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations*

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

In addition, the Group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation.

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general and sector experience, and through discussion with the directors and other management (as required by auditing standards), and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations. We identified the following areas where non-compliance could have a more material effect: health and safety regulations, employment law and anti-bribery and corruption legislation acknowledging the Group’s business activities.

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

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

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

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

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

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

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

### **Strategic report and directors' report**

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

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

### **Matters on which we are required to report by exception**

Under the Companies Act 2006, we are required to report to you if, in our opinion:

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

We have nothing to report in these respects.

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

As explained more fully in their statement set out on page 23, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

**Auditor's responsibilities**

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

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

**The purpose of our audit work and to whom we owe our responsibilities**

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

**Andrew Simpson (Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**  
*Chartered Accountants*  
15 Canada Square  
London  
E14 5GL  
22 June, 2022

**FINANCIAL STATEMENTS**

<b>32</b>	Consolidated income statement
<b>33</b>	Consolidated statement of comprehensive income
<b>34</b>	Consolidated statement of financial position
<b>36</b>	Consolidated statement of changes in equity
<b>37</b>	Consolidated statement of cash flows
<b>39</b>	Notes to the consolidated financial statements
<b>106</b>	Company statement of financial position
<b>107</b>	Company statement of changes in equity
<b>108</b>	Notes to the Company financial statements



**CONSOLIDATED INCOME STATEMENT****For the year ended 31 December 2021**

	NOTES	2021 £M	2020 £M
Revenue	5	540	425
Cost of sales		(255)	(236)
<b>Gross profit</b>		<b>285</b>	189
Administrative expenses	6	(308)	(316)
Other operating income	7	65	162
Other operating expense	7	14	(91)
<b>Operating profit/(loss)</b>		<b>56</b>	(56)
Share of profit of joint ventures and associates	13	17	12
Finance income		15	19
Finance expense		(38)	(45)
<b>Net finance expense</b>	9	<b>(23)</b>	(26)
<b>Profit /(Loss) before tax</b>	5	<b>50</b>	(70)
Income tax credit	10	39	–
<b>Profit/(Loss) for the year</b>		<b>89</b>	(70)
Attributable to:			
Equity holders of the parent		73	(116)
Non-controlling interests		16	46
		<b>89</b>	<b>(70)</b>

The financial results above derive from continuing activities.

The notes on pages 39 to 105 are an integral part of these consolidated financial statements.

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

**For the year ended 31 December 2021**

	NOTE	2021 £M	2020 £M
<b>Profit/(Loss) for the year</b>		<b>89</b>	<b>(70)</b>
<b>Other comprehensive income/(expense):</b>			
<b>Items that are not reclassified subsequently to income statement:</b>			
Remeasurement of defined benefit plan actuarial net gains, net of tax	21	2	(1)
Net change in fair value of equity investment		–	(1)
		<b>2</b>	<b>(2)</b>
<b>Items that may be reclassified subsequently to income statement:</b>			
Foreign currency translation differences – foreign operations		<b>(44)</b>	<b>(10)</b>
Foreign currency translation differences – equity accounted investees		<b>12</b>	<b>(5)</b>
Net gain on hedge of net investments in foreign operations		<b>(1)</b>	<b>7</b>
Exchange differences reclassified to profit or loss on disposal of business of foreign operations		–	4
		<b>(33)</b>	<b>(4)</b>
<b>Other comprehensive expense for the year, net of tax</b>		<b>(31)</b>	<b>(6)</b>
<b>Total comprehensive income/(expense) for the year, net of tax</b>		<b>58</b>	<b>(76)</b>
Total comprehensive income/(expense) attributable to:			
Equity holders of the parent		<b>31</b>	<b>(125)</b>
Non-controlling interests		<b>27</b>	<b>49</b>
<b>Total comprehensive income/(expense) for the year, net of tax</b>		<b>58</b>	<b>(76)</b>

The notes on pages 39 to 105 are an integral part of these consolidated financial statements.

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2021

	NOTES	2021 £M	2020 £M
<b>Non-current assets</b>			
Property, plant and equipment	11, 35	3,287	3,252
Investment properties	12, 35	700	664
Investment in joint ventures and associates	13	465	440
Other financial assets	14	26	21
Deferred tax assets	24	5	6
		<b>4,483</b>	<b>4,383</b>
<b>Current assets</b>			
Inventories	15	5	4
Development properties	16	109	104
Trade and other receivables	17	83	64
Cash and cash equivalents	18	390	350
		<b>587</b>	<b>522</b>
Assets held for sale	34	17	31
		<b>604</b>	<b>553</b>
<b>Total assets</b>		<b>5,087</b>	<b>4,936</b>
<b>Non-current liabilities</b>			
Interest-bearing loans, bonds and borrowings	19	(674)	(802)
Employee benefits	21	(13)	(16)
Provisions	22	(9)	(9)
Other non-current liabilities	23	(38)	(24)
Lease liabilities	35	(131)	(133)
Deferred tax liabilities	24	(77)	(130)
		<b>(942)</b>	<b>(1,114)</b>
<b>Current liabilities</b>			
Interest-bearing loans, bonds and borrowings	19	(540)	(385)
Trade and other payables	25	(262)	(172)
Provisions	22	(43)	(3)
Lease liabilities	35	(4)	(5)
Income taxes payable		(21)	(19)
		<b>(870)</b>	<b>(584)</b>
<b>Total liabilities</b>		<b>(1,812)</b>	<b>(1,698)</b>
<b>Net assets</b>		<b>3,275</b>	<b>3,238</b>

The notes on pages 39 to 105 are an integral part of these consolidated financial statements.

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

	NOTES	2021 £M	2020 £M
<b>Equity</b>			
Issued share capital	27	97	97
Share premium		843	843
Translation reserve	28	392	436
Treasury share reserve	28	(4)	(4)
Fair value reserve	28	-	-
Retained earnings		1,364	1,287
<b>Total equity attributable to equity holders of the parent</b>		<b>2,692</b>	<b>2,659</b>
Non-controlling interests		583	579
<b>Total equity</b>		<b>3,275</b>	<b>3,238</b>

The notes on pages 39 to 105 are an integral part of these consolidated financial statements.

These financial statements were approved by the Board of Directors on 22 June 2022 and were signed on its behalf by:



Kwek Eik Sheng  
Director

Registered No: 03004377

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

**For the year ended 31 December 2021**

	SHARE CAPITAL £M	SHARE PREMIUM £M	TRANSLATION RESERVE £M	TREASURY SHARE RESERVE £M	FAIR VALUE RESERVE £M	RETAINED EARNINGS £M	TOTAL EXCLUDING NON- CONTROLLING INTERESTS £M	NON- CONTROLLING INTERESTS £M	TOTAL EQUITY £M
<b>Balance at 1 January 2021</b>	<b>97</b>	<b>843</b>	<b>436</b>	<b>(4)</b>	<b>–</b>	<b>1,287</b>	<b>2,659</b>	<b>579</b>	<b>3,238</b>
Profit	–	–	–	–	–	73	73	16	89
Other comprehensive (expense)/income	–	–	(44)	–	–	2	(42)	11	(31)
<b>Total comprehensive (expense)/income</b>	<b>–</b>	<b>–</b>	<b>(44)</b>	<b>–</b>	<b>–</b>	<b>75</b>	<b>31</b>	<b>27</b>	<b>58</b>
<b>Transactions with owners, recorded directly in equity</b>									
<b>Contributions by and distributions to owners</b>									
Dividends – equity holders	–	–	–	–	–	–	–	–	–
Dividends – non-controlling interests	–	–	–	–	–	–	–	(14)	(14)
<b>Changes in ownership interests</b>									
Change in interests in subsidiaries without loss of control	–	–	–	–	–	2	2	(2)	–
Return of capital to non-controlling interests	–	–	–	–	–	–	–	(7)	(7)
<b>Total transactions with owners</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>2</b>	<b>2</b>	<b>(23)</b>	<b>(21)</b>
<b>Balance at 31 December 2021</b>	<b>97</b>	<b>843</b>	<b>392</b>	<b>(4)</b>	<b>–</b>	<b>1,364</b>	<b>2,692</b>	<b>583</b>	<b>3,275</b>

	SHARE CAPITAL £M	SHARE PREMIUM £M	TRANSLATION RESERVE £M	TREASURY SHARE RESERVE £M	FAIR VALUE RESERVE £M	RETAINED EARNINGS £M	TOTAL EXCLUDING NON- CONTROLLING INTERESTS £M	NON- CONTROLLING INTERESTS £M	TOTAL EQUITY £M
<b>Balance at 1 January 2020</b>	<b>97</b>	<b>843</b>	<b>443</b>	<b>(4)</b>	<b>1</b>	<b>1,402</b>	<b>2,782</b>	<b>566</b>	<b>3,348</b>
(Loss)/Profit	–	–	–	–	–	(116)	(116)	46	(70)
Other comprehensive (expense)/income	–	–	(7)	–	(1)	(1)	(9)	3	(6)
<b>Total comprehensive (expense)/income</b>	<b>–</b>	<b>–</b>	<b>(7)</b>	<b>–</b>	<b>(1)</b>	<b>(117)</b>	<b>(125)</b>	<b>49</b>	<b>(76)</b>
<b>Transactions with owners, recorded directly in equity</b>									
<b>Contributions by and distributions to owners</b>									
Dividends – equity holders	–	–	–	–	–	–	–	–	–
Dividends – non-controlling interests	–	–	–	–	–	–	–	(30)	(30)
<b>Changes in ownership interests</b>									
Change in interests in subsidiaries without loss of control	–	–	–	–	–	2	2	(2)	–
Return of capital to non-controlling interests	–	–	–	–	–	–	–	(4)	(4)
<b>Total transactions with owners</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>2</b>	<b>2</b>	<b>(36)</b>	<b>(34)</b>
<b>Balance at 31 December 2020</b>	<b>97</b>	<b>843</b>	<b>436</b>	<b>(4)</b>	<b>–</b>	<b>1,287</b>	<b>2,659</b>	<b>579</b>	<b>3,238</b>

The notes on pages 39 to 105 are an integral part of these consolidated financial statements.

## CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2021

	NOTES	2021 £M	2020 £M
<b>Cash flows from operating activities</b>			
Profit/(loss) for the year		89	(70)
Adjustments for:			
Depreciation	11	75	80
Share of profit of joint ventures and associates	13	(17)	(12)
Other operating income	7	(65)	(162)
Other operating expense	7	(14)	91
Finance income	9	(15)	(19)
Finance expense	9	38	45
Income tax credit	10	(39)	–
<b>Operating profit/(loss) before changes in working capital and provisions</b>		<b>52</b>	<b>(47)</b>
Movement in inventories, trade and other receivables		(21)	29
Movement in development properties		(7)	15
Movement in trade and other payables		102	(43)
<b>Cash generated from/(used in) operations</b>		<b>126</b>	<b>(46)</b>
Interest paid		(19)	(22)
Interest received		2	4
Income tax paid		(16)	(18)
<b>Net cash generated from/(used in) operating activities</b>		<b>93</b>	<b>(82)</b>
<b>Cash flows from investing activities</b>			
Dividends received from joint ventures and associates		2	9
Proceeds from sale of property, plant and equipment and investment properties (net of expenses)		30	276
Acquisition and additions of property, plant and equipment and investment properties		(88)	(262)
<b>Net cash (used in)/generated from investing activities</b>		<b>(56)</b>	<b>23</b>
<b>Balance carried forward (page 38)</b>		<b>37</b>	<b>(59)</b>

The notes on pages 39 to 105 are an integral part of these consolidated financial statements.

**CONSOLIDATED STATEMENT OF CASH FLOWS (continued)**

	NOTES	2021 £M	2020 £M
<b>Balance brought forward (Page 37)</b>		<b>37</b>	<b>(59)</b>
<b>Cash flows from financing activities</b>			
Repayment of borrowings		(467)	(505)
Drawdown of borrowings		501	545
Payment of lease liabilities		(10)	(10)
Dividends paid to non-controlling interests		(15)	(30)
Return of capital to non-controlling interests		(7)	(4)
<b>Net generated from/(used in) financing activities</b>		<b>2</b>	<b>(4)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>39</b>	<b>(63)</b>
Cash and cash equivalents at beginning of the year		350	409
Effect of exchange rate fluctuations on cash held		1	4
Cash and cash equivalents at end of the year		390	350
<b>Reconciliation of cash and cash equivalents</b>			
Cash and cash equivalents shown in the consolidated statement of financial position		390	350
Bank overdrafts included in borrowings		–	–
<b>Cash and cash equivalents for consolidated statement of cash flows</b>	<b>18</b>	<b>390</b>	<b>350</b>

The notes on pages 39 to 105 are an integral part of these consolidated financial statements.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 1. REPORTING ENTITY

Millennium & Copthorne Hotels Limited (the "Company") is a private company incorporated in England and Wales. The registered office is located at Corporate Headquarters, Scarsdale Place, Kensington, London W8 5SY. These consolidated financial statements comprise the Company and its subsidiaries (collectively the "Group"). The consolidated financial statements of the Group for the year ended 31 December 2021 were authorised for issue in accordance with a resolution of the Directors on 22 June 2022.

#### 2.1 BASIS OF PREPARATION

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

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

#### BASIS OF ACCOUNTING

The Group financial statements have been prepared and approved by the directors in accordance with international accounting standards in accordance with UK-adopted international accounting standards ("UK-adopted IFRS"). The Company has elected to prepare its parent company financial statements in accordance with FRS 101; these are presented on pages 39 to 105.

#### ADOPTION OF NEW AND REVISED STANDARDS

There were no new accounting standards issued and adopted by the Group during the current year.

#### BASIS OF CONSOLIDATION

##### (I) SUBSIDIARIES

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

##### (II) INTERESTS IN EQUITY-ACCOUNTED INVESTEEES

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

An associate is an entity in which the Group has significant influence but not control or joint control, over the financial and operating policies. A joint venture is an arrangement in which the Group has joint control, and where the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

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

##### (III) TRANSACTIONS ELIMINATED ON CONSOLIDATION

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



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)****GOING CONCERN**

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report on page 3 to 16. Note 20 of the financial statements includes the Group's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and hedging activities and its exposures to credit risk and liquidity risk.

While the ongoing pandemic situation remains fluid and the emergence of the Omicron variant has led to subsequent waves of infections globally, the market sentiments and outlook remain positive.

The measures adopted by the directors in 2021 and 2022 in order to further reduce costs and optimise the group's cash flow and liquidity have enabled the group to offset the impact of rising inflation. These mitigating actions include reducing capital expenditure through postponing or pausing refurbishment and property development activities, tight monitoring of manpower planning, monitoring of controllable variable expenses and negotiation of discounts with suppliers. These initiatives will continue to support the Group's recovery.

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

Despite the uncertainty caused by the evolution of the COVID-19 crisis and associated risks, the Group continues to prepare its accounts on a going concern basis given that trading has improved significantly in recent months across the global estates with many hotels returning to pre-pandemic levels.

Cashflow forecasts have been prepared for a period of eighteen months from the date of approval of the financial statements. The directors continue to review and adapt these cashflow forecasts in the light of the changing circumstances associated with the evolution of the COVID-19 pandemic and other business risks. These forecasts include downside scenario assumptions such as restrictions on the renewal of loan facilities during the period or failure to dispose of assets held for sale whilst still incurring significant capital improvement costs.

Having reviewed the forecasts and the available committed debt facilities, the Directors have a reasonable expectation that the Group and Company have adequate resources including external credit facilities to continue in operational existence up to at least 31 December 2023. Accordingly, they continue to adopt the going concern basis in preparing the financial statements of the Group and the Company.

**2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Group has consistently applied the following accounting policies to all periods presented in these consolidated financial statements.

**A BUSINESS COMBINATIONS AND GOODWILL**

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

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.

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

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

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

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

**B FOREIGN CURRENCY**

The financial statements of each of the Group's businesses are prepared in the functional currency applicable to that business.

**(I) FOREIGN CURRENCY TRANSLATION**

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 holds derivative financial instruments to hedge its foreign currency and interest rate risk exposures.

Derivatives are initially measured at fair value; any directly attributable transaction costs are recognised in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognised in profit or loss.

**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 above policy, 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.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

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.

**(I) CASH FLOW HEDGES (CONTINUED)**

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 were measured on the basis of their deemed cost, being their UK GAAP carrying value, including revaluations, as at 1 January 2004 being the effective date of the Group's conversion to IFRS.

**(II) DEPRECIATION**

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

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

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

**(III) SUBSEQUENT COSTS**

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

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

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

**F LEASES**

Effective 1 January 2019, the Group adopted IFRS 16 'Leases' using the modified retrospective approach allowed under which the cumulative effect of initial application is recognised in accumulated profits as at 1 January 2019. The details of the current and prior years accounting policies are disclosed separately below. Further information on the adoption and initial application of IFRS 16 can be found in Note 35.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)***Policy applicable prior to 1 January 2019*

Rentals payable under operating leases were charged to the income statement on a straight-line basis over the term of the relevant lease. Benefits received and receivable (and costs paid and payable) as an incentive to enter into an operating lease were also spread on a straight-line basis over the lease term.

*Policy applicable from 1 January 2019*

For contracts entered into on or after 1 January 2019, the Group assesses at inception whether the contract is, or contains, a lease. A lease exists if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Group assessment includes whether:

- the contract involves the use of an identified asset;
- the Group has the right to obtain substantially all of the economic benefits from the use of the asset throughout the contract period; and
- the Group has the right to direct the use of the asset.

**(I) THE GROUP AS A LESSEE**

At the commencement of a lease, the Group recognises a right-of-use asset along with a corresponding lease liability.

The lease liability is initially measured at the present value of the remaining lease payments, discounted using the applicable incremental borrowing rate (single discount rate applied to a portfolio of leases with similar characteristics). 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 based on operational needs and contractual terms. Subsequently, the lease liability is measured at amortised cost by increasing the carrying amount to reflect interest on the lease liability, and reducing it by the lease payments made. The lease liability is remeasured either when the Group changes its assessment of whether it will exercise an extension or termination option (if expected to be terminated early then any applicable penalties due will also be factored in the remeasurement) or if there is a change in the Group's estimate of the amount expected to be payable under the residual value guarantee.

Right-of-use assets are initially measured at cost, comprising the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date, estimated asset retirement obligations, lease incentives received and initial direct costs. Subsequently, right-of-use assets are measured at cost, less any accumulated depreciation and any accumulated impairment losses, and are adjusted for certain remeasurements of the lease liability. Depreciation is calculated on a straight-line basis over the length of the lease.

The Group has elected to apply exemptions for short-term leases (less than 12 months) and leases for which the underlying asset is of low value (£5,000 or less). For these leases, payments are charged to the income statement on a straight-line basis over the term of the relevant lease.

Right-of-use assets are presented within non-current assets on the face of the balance sheet, and lease liabilities are shown separately on the balance sheet in current liabilities and non-current liabilities depending on the length of the lease term. 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.

**(II) THE GROUP AS A LESSOR**

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or operating lease. Rents 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 basis. Costs, including depreciation incurred in earning the lease income, are recognised as an expense. Rents receivable under a finance lease are recognised on the statement of financial position as a finance lease receivable and the corresponding asset is subsequently disposed of with a profit or loss if applicable recognised in the income statement.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)****G IMPAIRMENT**

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

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

The Group recognises loss allowances for expected credit losses (ECL) on:

- financial assets measured at amortised cost;
- debt investments measured at FVOCI or FVTPL; and
- contract assets.

Loss allowances of the Group are measured on either of the following bases:

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

*Simplified approach*

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

*General approach*

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

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

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

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

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

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

*Measurement of ECLs*

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

*Credit-impaired financial assets*

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

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

*Presentation of ECL in the statement of financial position*

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

*Write-off*

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

**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 gain or loss 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.

**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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

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.

**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 TAXATION**

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

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

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

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the 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 operates a number of defined benefit pension plans. As set out in Note 21, the calculation of the present value of the Group's defined benefit obligations at each period end is subject to significant estimation. An appropriately qualified, independent actuary is used to undertake this calculation. The assumptions made by the actuary are the best estimates chosen from a range of possible actuarial assumptions, which due to the timescale covered may not necessarily be borne out in practice. The valuation of scheme assets is based on their fair value at the balance sheet date. As these assets are not intended to be sold in the short term, their values may be subject to significant change before they are realised. In reviewing the work of the independent actuary, management is required to exercise judgement to satisfy themselves that appropriate weight has been afforded to macro-economic factors. Details of the assumptions used are set out in Note 21.

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

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

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

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

**(III) LONG-TERM SERVICE BENEFITS**

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

**(IV) SHARE-BASED PAYMENT TRANSACTIONS**

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

The cost of equity-settled transactions with employees for awards granted after 7 November 2002 is measured by reference to the fair value at the date on which they are granted. The fair value is determined by using an appropriate pricing model, further details of which are given in Note 21.

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.

**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 22.



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)****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;
- Income from property rental – recognised on a straight-line basis over the lease term, lease incentives granted are recognised as an integral part of the total rental income; and
- Development property sales – recognised when the transfer of control of the property has passed to the buyer, which is usually when legal title transfers depending on jurisdictions. The trigger for revenue recognition depends on the laws within each jurisdiction.

**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 Group Chief Executive Officer and Chairman of the CODM to discuss the operational and financial performance. The CODM makes decisions about allocation of resources to the regions managed by the COOs. No operating segments have been aggregated to form the reportable operating segments.

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

**S NON-CURRENT ASSETS HELD-FOR-SALE**

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

**T OTHER FINANCIAL ASSETS AND LIABILITIES**

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

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)****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.

**V GOVERNMENT GRANTS**

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

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

**3. ACCOUNTING ESTIMATES AND JUDGEMENTS**

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

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

**3.1 JUDGEMENTS**

The key judgements are:

**CLASSIFICATION OF INVESTMENT PROPERTIES**

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

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

**CONSOLIDATION OF ENTITIES IN WHICH THE GROUP HOLDS LESS THAN A MAJORITY OF VOTING RIGHTS (DE FACTO CONTROL)**

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

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)****BUSINESS COMBINATION**

For each acquisition, the Group has to make a judgement whether to account the transaction as an asset purchase or a business combination, which results in a different accounting treatment. In particular, under business combination accounting, goodwill and additional intangible assets may arise and the valuation of acquired assets is complex. In addition, transaction costs can be capitalised in an asset acquisition, but have to be charged through the income statement for a business combination. The classification of each acquisition and related accounting is highly judgemental. There were no acquisitions undertaken by the Group during 2021.

**LAND LEASES CLASSIFICATION**

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

**3.2 ESTIMATES**

The key estimates are:

**IMPAIRMENT OF TANGIBLE ASSETS**

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

**4. NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED**

The following standards and interpretations, which have been issued by the IASB, become effective after the current year end and have not been early adopted by the Group:

- IFRS 17 Insurance Contracts (effective date 1 January 2023).

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

**5. OPERATING SEGMENT INFORMATION**

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

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

**GEOGRAPHICAL SEGMENTS**

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

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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 Group Chief Executive Officer and Chairman of the CODM to discuss the operational and financial performance. The CODM makes decisions about allocation of resources to the regions managed by the COOs.

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

### SEGMENT RESULTS

	2021								
	NEW YORK £M	REGIONAL US £M	LONDON £M	REST OF UK/EU £M	SINGAPORE £M	REST OF ASIA £M	AUSTRALASIA £M	CENTRAL COSTS £M	TOTAL GROUP £M
<b>Revenue</b>									
Hotel	68	70	59	36	54	83	48	–	418
Property operations	–	4	–	–	2	4	56	–	66
REIT <sup>4</sup>	–	–	–	19	19	13	5	–	56
<b>Total revenue</b>	<b>68</b>	<b>74</b>	<b>59</b>	<b>55</b>	<b>75</b>	<b>100</b>	<b>109</b>	<b>–</b>	<b>540</b>
<b>Hotel gross operating profit/(loss)</b>	<b>(18)</b>	<b>19</b>	<b>22</b>	<b>7</b>	<b>22</b>	<b>10</b>	<b>23</b>	<b>–</b>	<b>85</b>
Hotel fixed charges <sup>1</sup>	(30)	(17)	(12)	(6)	(5)	(27)	(6)	–	(103)
<b>Hotel operating profit/(loss)</b>	<b>(48)</b>	<b>2</b>	<b>10</b>	<b>1</b>	<b>17</b>	<b>(17)</b>	<b>17</b>	<b>–</b>	<b>(18)</b>
Property operating profit	–	1	–	–	(1)	3	26	–	29
REIT operating profit/(loss)	–	–	–	5	(11)	1	(1)	–	(6)
Central costs	–	–	–	–	–	–	–	(28)	(28)
Other operating income <sup>2</sup>	–	46	–	4	1	4	8	–	63
Other operating expense <sup>2</sup>	26	15	–	5	(2)	(28)	(5)	–	11
Other operating income – REIT <sup>2</sup>	–	–	–	–	1	1	–	–	2
Other operating expense – REIT <sup>2</sup>	–	–	–	(2)	3	4	(2)	–	3
<b>Operating profit/(loss)</b>	<b>(22)</b>	<b>64</b>	<b>10</b>	<b>13</b>	<b>8</b>	<b>(32)</b>	<b>43</b>	<b>(28)</b>	<b>56</b>
Share of joint ventures and associates profit	–	–	–	4	–	13	–	–	17
Add: Depreciation and amortisation	11	9	9	6	15	18	4	3	75
Add: Net revaluation gain/deficit & impairment	–	(4)	(26)	(61)	(2)	(22)	7	–	(108)
<b>EBITDA<sup>3</sup></b>	<b>(11)</b>	<b>69</b>	<b>(7)</b>	<b>(38)</b>	<b>21</b>	<b>(23)</b>	<b>54</b>	<b>(25)</b>	<b>40</b>
Less: Depreciation, amortisation, net revaluation gain/deficit & impairment									33
Net finance expense									(23)
<b>Profit before tax</b>									<b>50</b>

<sup>1</sup> Hotel fixed charges include depreciation, property rent, taxes and insurance, and management fees.

- 2 See Note 7 for details of other operating income and expense.  
 3 EBITDA is earnings before interest, tax, depreciation and amortisation.  
 4 CDLHT operates the REIT business.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### SEGMENT RESULTS

	2020								
	NEW YORK £M	REGIONAL US £M	LONDON £M	REST OF UK/EU £M	SINGAPORE £M	REST OF ASIA £M	AUSTRALASIA £M	CENTRAL COSTS £M	TOTAL GROUP £M
Revenue									
Hotel	39	49	25	18	61	80	49	–	321
Property operations	–	4	–	–	2	4	55	–	65
REIT <sup>4</sup>	–	–	–	14	15	5	5	–	39
Total revenue	39	53	25	32	78	89	109	–	425
Hotel gross operating profit/(loss)	(43)	–	(5)	(7)	25	3	24	–	(3)
Hotel fixed charges <sup>1</sup>	(31)	(20)	(17)	(4)	(7)	(31)	(6)	–	(116)
Hotel operating profit/(loss)	(74)	(20)	(22)	(11)	18	(28)	18	–	(119)
Property operating profit	–	–	–	–	1	3	25	–	29
REIT operating profit/(loss)	–	–	–	(1)	(7)	(5)	–	–	(13)
Central costs	–	–	–	–	–	–	–	(24)	(24)
Other operating income <sup>2</sup>	–	15	–	–	22	2	–	–	39
Other operating expense <sup>2</sup>	(29)	(15)	(2)	(4)	–	18	(1)	–	(33)
Other operating income – REIT <sup>2</sup>	–	–	–	–	124	–	–	–	124
Other operating expense – REIT <sup>2</sup>	–	–	–	(20)	(22)	(12)	(5)	–	(59)
Operating profit/(loss)	(103)	(20)	(24)	(36)	136	(22)	37	(24)	(56)
Share of joint ventures and associates profit	–	–	–	4	–	8	–	–	12
Add: Depreciation and amortisation	11	11	10	6	14	21	4	3	80
Add: Net revaluation gain/deficit & impairment	29	14	2	24	9	(7)	2	1	74
EBITDA <sup>3</sup>	(63)	5	(12)	(2)	159	–	43	(20)	110
Less: Depreciation, amortisation, net revaluation gain/deficit & impairment									(154)
Net finance expense									(26)
Loss before tax									(70)

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

SEGMENTAL ASSETS AND LIABILITIES

	2021							
	NEW YORK £M	REGIONAL US £M	LONDON £M	REST OF UK/EU £M	SINGAPORE £M	REST OF ASIA £M	AUSTRALASIA £M	TOTAL GROUP £M
Hotel operating assets	568	269	559	200	36	669	177	2,478
REIT operating assets	–	–	–	256	705	121	100	1,182
Hotel operating liabilities	(55)	(38)	(35)	(44)	(42)	(182)	(19)	(415)
REIT operating liabilities	–	–	–	(15)	(43)	(15)	(3)	(76)
Investment in joint ventures and associates	–	–	–	13	–	122	–	135
<b>Total hotel operating net assets</b>	<b>513</b>	<b>231</b>	<b>524</b>	<b>410</b>	<b>656</b>	<b>715</b>	<b>255</b>	<b>3,304</b>
Property operating assets	–	179	–	–	92	172	124	567
Property operating liabilities	–	(1)	–	–	(1)	(3)	(4)	(9)
Investment in joint ventures and associates	–	–	–	101	–	228	1	330
<b>Total property operating net assets</b>	<b>–</b>	<b>178</b>	<b>–</b>	<b>101</b>	<b>91</b>	<b>397</b>	<b>121</b>	<b>888</b>
Deferred tax liabilities								(72)
Income taxes payable								(21)
Net debt								(824)
<b>Net assets</b>								<b>3,275</b>

SEGMENTAL ASSETS AND LIABILITIES

	2020							
	NEW YORK £M	REGIONAL US £M	LONDON £M	REST OF UK/EU £M	SINGAPORE £M	REST OF ASIA £M	AUSTRALASIA £M	TOTAL GROUP £M
Hotel operating assets	531	261	546	217	45	667	190	2,457
REIT operating assets	–	–	–	245	718	120	106	1,189
Hotel operating liabilities	(52)	(42)	(23)	(38)	(20)	(78)	(18)	(271)
REIT operating liabilities	–	–	–	(13)	(51)	(17)	(2)	(83)
Investment in joint ventures and associates	–	–	–	20	–	127	–	147
<b>Total hotel operating net assets</b>	<b>479</b>	<b>219</b>	<b>523</b>	<b>431</b>	<b>692</b>	<b>819</b>	<b>276</b>	<b>3,439</b>
Property operating assets	–	95	–	–	95	198	106	494
Property operating liabilities	–	(1)	–	–	(1)	(4)	(2)	(8)
Investment in joint ventures and associates	–	–	–	98	–	196	(1)	293
<b>Total property operating net assets</b>	<b>–</b>	<b>94</b>	<b>–</b>	<b>98</b>	<b>94</b>	<b>390</b>	<b>103</b>	<b>779</b>
Deferred tax liabilities								(124)
Income taxes payable								(19)
Net debt								(837)
<b>Net assets</b>								<b>3,238</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

## GEOGRAPHIC INFORMATION

	2021 £M	2020 £M
<b>Revenue from external customers</b>		
United States	142	92
United Kingdom	105	48
New Zealand	95	95
Singapore	76	78
Taiwan	29	36
South Korea	26	20
Australia	14	15
China	14	10
Maldives	11	3
Philippines	5	5
Malaysia	4	6
Italy	3	2
Indonesia	2	1
France	1	1
Other	13	13
<b>Total revenue per consolidated income statement</b>	<b>540</b>	<b>425</b>

The revenue information above is based on the location of the business. The £540m (2020: £425m) revenue is constituted of £418m (2020: £321m) of hotel revenue, £66m (2020: £65m) of property operations revenue and £56m (2020: £39m) of REIT revenue. The property operations revenue comprises £56m (2020: £55m) from Australasia, £2m (2020: £2m) from Singapore and £8m (2020: £8m) from other countries.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

	2021 £M	2020 £M
<b>Non-current assets</b>		
United States	988	868
Singapore	822	842
United Kingdom	804	771
China	331	299
Taiwan	311	313
New Zealand	241	244
Japan	217	238
South Korea	174	179
Hong Kong	102	108
Netherlands	101	117
Germany	101	96
Maldives	79	76
Italy	71	75
Malaysia	50	52
Australia	42	41
France	22	39
Indonesia	12	12
Philippines	10	7
<b>Total non-current assets per consolidated statement of financial position</b>	<b>4,478</b>	<b>4,377</b>

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

**6. ADMINISTRATIVE EXPENSES**

The following items are included within administrative expenses:

	2021 £M	2020 £M
Included in administrative expenses is the auditor's remuneration, for audit and non-audit services as follows:		
Auditor's remuneration		
Statutory audit services:		
– Annual audit of the Company and consolidated financial statements	1	1
– Audit of subsidiary companies	2	2
	<b>3</b>	<b>3</b>
Non-audit related services:		
– Tax advisory	–	–
<b>Total</b>	<b>3</b>	<b>3</b>



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

	2021 £M	2020 £M
Repairs and maintenance	45	43
Depreciation		
– property, plant and equipment	67	71
– right-of-use assets	8	9
Rental paid/payable under operating leases*		
– land and buildings	–	–
– plant and machinery	1	1

\* Under IFRS 16 'Leases', which the Group adopted in 2019, payments under operating leases are not charged to the income statement except for those where a recognition exemption has been applied.

## 7. OTHER OPERATING INCOME AND EXPENSE

	NOTES	2021 £M	2020 £M
Revaluation gain/(deficit) of investment properties	(A)		
– REIT properties		(2)	(26)
– Millennium Mitsui Garden Hotel Tokyo		–	(4)
– Biltmore Court & Tower		19	1
– Tanglin Shopping Centre		–	8
– Sunnyvale		27	–
Impairment of property, plant & equipment	(B)	64	(53)
		108	(74)
Gain on disposal of property, plant and equipment	(C)	12	135
Loss on disposal of investment property	(D)	–	(8)
Fair value gain from FSGL's warrant	(E)	–	15
Net property grant income	(F)	–	3
Other operating expense relating to disposal	(G)	(44)	–
Other operating income	(H)	3	–
		79	71

**(A) REVALUATION GAIN/(DEFICIT) OF INVESTMENT PROPERTIES**

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

**(B) IMPAIRMENT OF PROPERTY, PLANT & EQUIPMENT**

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 obtained. As a result of this review, the total impairment reversal for the year ended 31 December 2021 was £64m consisting of £26m in New York, £15m in Rest of US, £7m in Rest of UK/EU, £3m in Singapore and £21m in the rest of Asia. This was offset by charge of £7m in Australasia and £1m in Singapore.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

For 2020, a total impairment charge of £53m was recognised consisting of £29m in New York, £17m in Rest of US, £2m in London, £18m in rest of UK/EU, £1m in Australasia, £13m in Singapore and £8m in the rest of Asia. This was offset by reversals of £3m in US, £7m in UK and £25m in Asia.

Further information is given in Note 11.

**(C) GAIN ON DISPOSAL OF PROPERTY, PLANT & EQUIPMENT**

The Copthorne Hotel Birmingham was sold on 19 August 2021 for £17m with a gain on disposal of £4m.

Christchurch Land was disposed in May 2021 by New Zealand Group with sales proceeds of NZD18m (£9m) Realising a gain of NZD16m (£8m).

**(D) LOSS ON DISPOSAL OF INVESTMENT PROPERTY**

For the year ended 31 December 2021, there was no loss on disposal of investment property,

For the year ended 31 December 2020. CDLHT completed its divestment of Novotel Brisbane on 30 October 2020 and had recorded a loss on disposal of £8m.

**(E) FAIR VALUE GAIN FROM FSGL'S WARRANT**

For the year ended 31 December 2021, a fair value loss of £0m (2020: fair value Gain of £15m) was recorded by the Group from the holding of warrants.

**(F) NET PROPERTY GRANT INCOME**

The Group recognised £0m of net grant income during the year as section 6(8) of the Property Tax Act (Cap. 254) to qualifying non-residential properties was applicable for the period from 1 January 2020 to 31 December 2020 in response to the COVID-19 pandemic only.

**(G) OTHER OPERATING EXPENSE RELATING TO DISPOSAL**

The Group has entered into the Sales & Purchase Agreement (SPA) with YD427 PFV Co. Ltd. on 10 December 2021. In this regard, it is expected that the management agreement with Hilton International Co. (HIC) entered on 1 September 2019 would no longer be continued. As it is highly probable that the Group will pay a penalty from the early termination of this agreement, and the amount can be reliably estimated, the Group recognised KRW16b (£10m) of provision for the year ended 31 December 2021.

The Group has entered into the Master Lease Agreement (MLA) with YD427 PFV Co. Ltd. on 10 December 2021. The hotel operation will continue until 31 December 2022 and succession and compensation of the employment (the compensation) will be preceded accordingly. As it is highly probable that the Company will pay the compensation and the amount can be reliably estimated, the Group recognised KRW 46b (£29m) of provision for the year ended 31 December 2021. Due to the expiration of the building permit scheduled in January 2022 and the SPA with YD427 PFV Co. Ltd., the construction-in-progress amounting to KRW7b (£5m) that has been accounted for incurred costs relating to building design and government license for a new hotel extension project was written off during the year.

**(H) OTHER OPERATING INCOME**

The agreement entered for the sale of Copthorne Orchid Penang was terminated in December 2021. The deposit and the deferment fee of MYR 18m (£3m) was recognised as other operating income.

**8. PERSONNEL EXPENSES**

	2021 £M	2020 £M
Wages and salaries*	171	157
Compulsory social security contributions	25	31
Contributions to defined contribution schemes	11	13
Defined benefit pension (gain)/cost – recorded in the statement of comprehensive income	(2)	1
Defined benefit pension cost – recorded in the income statement	1	2
	<b>206</b>	<b>204</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

\*In response to the COVID-19 pandemic, in March 2020 the government of the United Kingdom introduced the Job Retention Scheme for companies that had to shut their operations and furlough staff. Under the scheme, an eligible company could apply for the government grant in an amount of up to 80% of each employee's salary, subject to a maximum of £2,500 per employee, to continue paying monthly salaries to its furloughed employees. Subsequent to the approval of the application, the UK based operations received a total of £2m subsidised by the scheme during 2020 which has been offset against existing wages and salaries per the Group's policy set out in Note 2.2(V). The scheme has been extended to 30 September 2021 and the decision has been made by management to continue benefitting from the scheme during this period.

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

	2021 NUMBER	2020 NUMBER
Hotel operating staff	4,744	4,308
Management/administration	962	1,004
Sales and marketing	211	248
Repairs and maintenance	441	426
	<b>6,358</b>	<b>5,986</b>

### DIRECTORS' REMUNERATION

	2021 £M	2020 £M
Directors' remuneration	–	–
Amounts receivable under long term incentive plans	–	–
Company contributions to money purchase pension plans	–	–
	–	–

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

The aggregate of remuneration and amounts receivable under long term incentive schemes of the highest paid director was £0m (2020: £0.2m), and Company pension contributions of £0m (2020: £0.02m) were made to a money purchase scheme on his/her behalf. They are a member of a defined benefit scheme, under which their accrued pension at the year end was £0m (2020: £0m), and their accrued lump sum was £0m (2020: £0m).

	2021 £M	2020 £M
Retirement benefits are accruing to the following number of directors under:		
– Money purchase schemes	–	–
The number of directors who exercised share options was	–	2
The number of directors in respect of whose qualifying services shares were received or receivable under long term incentive schemes was	–	1

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

## 9. NET FINANCE EXPENSE

	2021 £M	2020 £M
Interest income	2	3
Foreign exchange gain	13	16
Finance income	15	19
Interest expense		
– Overdrafts, bank and other loans	(24)	(24)
– Recognised under IFRS 16 'Leases'	(5)	(5)
Foreign exchange loss	(9)	(16)
Finance expense	(38)	(45)
Net finance expense	(23)	(26)

## 10. INCOME TAX

	2021 £M	2020 £M
<b>Current tax</b>		
Corporation tax charge for the year	16	23
Adjustment in respect of prior years	1	2
Total current tax expense	17	25
<b>Deferred tax (Note 24)</b>		
Origination and reversal of timing differences	25	6
Benefits of tax losses recognised	(31)	(21)
Over provision in respect of prior years	(50)	(10)
Total deferred tax credit	(56)	(25)
<b>Total income tax credit in the consolidated income statement</b>	<b>(39)</b>	<b>–</b>
UK	–	(11)
Overseas	(39)	11
<b>Total income tax credit in the consolidated income statement</b>	<b>(39)</b>	<b>–</b>

For the year ended 31 December 2021, the Group has a tax credit of £39m (2020: tax charge of £0m) excluding the tax relating to joint ventures and associates.

The effective tax rate relating to the tax credit of £39m is -52.2% (2020: 0.1%). The Group's underlying effective tax rate is 12.4% (2020: 0.07%). The effective tax rate has been affected primarily by the mix of Group regional profits and tax adjustments in respect of previous years.

For the year ended 31 December 2021, a charge of £12m (2020: £4m) relating to joint ventures and associates is included in the profit before tax.

## ADJUSTMENTS IN RESPECT OF SETTLEMENT OF PRIOR YEARS' TAX LIABILITIES

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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.

### ADJUSTMENT IN RESPECT OF CHANGE IN TAX LEGISLATION

The deferred tax credit of £10m was recognised in 2020 as a result of the re-introduction of tax depreciation on building core in New Zealand as part of the tax reform measures introduced by the New Zealand government in 2020. This reform is no longer required in the current year.

#### Income tax reconciliation

	2021 £M	2020 £M
<b>Profit/ (Loss) before income tax in consolidated income statement</b>	<b>50</b>	<b>(70)</b>
Less share of profits of joint ventures and associates	<b>(17)</b>	<b>(12)</b>
<b>Profit/ (Loss) on ordinary activities excluding share of joint ventures and associates</b>	<b>33</b>	<b>(82)</b>
Income tax on ordinary activities at the standard rate of UK tax of 19.00% (2020: 19.00%)	<b>6</b>	<b>(16)</b>
Tax exempt income	<b>(33)</b>	<b>(16)</b>
Non-deductible expenses	<b>27</b>	<b>3</b>
Unrecognised tax losses arising during the year	<b>2</b>	<b>36</b>
Other effect of tax rates in foreign jurisdictions	<b>7</b>	<b>–</b>
Other adjustments to tax charge in respect of prior years	<b>(48)</b>	<b>(7)</b>
<b>Income tax credit per consolidated income statement</b>	<b>(39)</b>	<b>–</b>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

11. PROPERTY, PLANT AND EQUIPMENT

	LAND AND BUILDINGS £M	CAPITAL WORK IN PROGRESS £M	PLANT AND MACHINERY £M	FIXTURES, FITTINGS AND EQUIPMENT AND VEHICLES £M	RIGHT-OF-USE ASSETS £M	TOTAL £M
<b>Cost</b>						
Balance at 1 January 2020	3,282	47	343	424	209	4,305
Acquisitions	179	–	9	5	–	193
Additions – Others	–	2	13	13	32	60
Reclassification between asset categories	6	(16)	10	–	–	–
Transfer to assets held for sale	(46)	(1)	(5)	(6)	–	(58)
Disposals	–	–	–	(1)	(1)	(2)
Written off	(1)	–	–	–	–	(1)
Foreign exchange adjustments	(36)	–	(6)	(3)	(3)	(48)
<b>Balance at 31 December 2020</b>	<b>3,384</b>	<b>32</b>	<b>364</b>	<b>432</b>	<b>237</b>	<b>4,449</b>
<b>Balance at 1 January 2021</b>	<b>3,364</b>	<b>32</b>	<b>364</b>	<b>432</b>	<b>237</b>	<b>4,449</b>
<b>Additions – Others</b>	<b>3</b>	<b>12</b>	<b>6</b>	<b>7</b>	<b>4</b>	<b>32</b>
<b>Reclassification between asset categories</b>	<b>1</b>	<b>(4)</b>	<b>–</b>	<b>3</b>	<b>–</b>	<b>–</b>
<b>Transfer from investment property</b>	<b>34</b>	<b>–</b>	<b>7</b>	<b>–</b>	<b>–</b>	<b>41</b>
<b>Disposals</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>(2)</b>	<b>(5)</b>	<b>(7)</b>
<b>Written off</b>	<b>(8)</b>	<b>(5)</b>	<b>–</b>	<b>(2)</b>	<b>–</b>	<b>(15)</b>
<b>Foreign exchange adjustments</b>	<b>(24)</b>	<b>–</b>	<b>(1)</b>	<b>(2)</b>	<b>1</b>	<b>(26)</b>
<b>Balance at 31 December 2021</b>	<b>3,390</b>	<b>35</b>	<b>376</b>	<b>436</b>	<b>237</b>	<b>4,474</b>
<b>Accumulated depreciation and impairment losses</b>						
Balance at 1 January 2020	640	–	136	328	7	1,111
Charge for the year	22	–	14	35	9	80
Impairment	49	–	4	–	–	53
Disposals	–	–	–	(1)	–	(1)
Transfer to assets held for sale	(21)	–	(1)	(5)	–	(27)
Written off	(1)	–	–	–	–	(1)
Foreign exchange adjustments	(13)	–	(4)	(1)	–	(18)
<b>Balance at 31 December 2020</b>	<b>676</b>	<b>–</b>	<b>149</b>	<b>356</b>	<b>16</b>	<b>1,197</b>
<b>Balance at 1 January 2021</b>	<b>676</b>	<b>–</b>	<b>149</b>	<b>356</b>	<b>16</b>	<b>1,197</b>
<b>Charge for the year</b>	<b>22</b>	<b>–</b>	<b>14</b>	<b>31</b>	<b>8</b>	<b>75</b>
<b>Impairment</b>	<b>(62)</b>	<b>–</b>	<b>(2)</b>	<b>–</b>	<b>–</b>	<b>(64)</b>
<b>Disposals</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>(2)</b>	<b>(2)</b>	<b>(4)</b>
<b>Reclassification between asset categories</b>	<b>21</b>	<b>–</b>	<b>–</b>	<b>(21)</b>	<b>–</b>	<b>–</b>
<b>Written off</b>	<b>(8)</b>	<b>–</b>	<b>–</b>	<b>(2)</b>	<b>–</b>	<b>(10)</b>
<b>Foreign exchange adjustments</b>	<b>(3)</b>	<b>–</b>	<b>(1)</b>	<b>(3)</b>	<b>–</b>	<b>(7)</b>
<b>Balance at 31 December 2021</b>	<b>648</b>	<b>–</b>	<b>160</b>	<b>359</b>	<b>22</b>	<b>1,187</b>
<b>Carrying amounts</b>						
<b>At 31 December 2021</b>	<b>2,744</b>	<b>35</b>	<b>216</b>	<b>77</b>	<b>215</b>	<b>3,287</b>
<b>At 31 December 2020</b>	<b>2,708</b>	<b>32</b>	<b>215</b>	<b>76</b>	<b>221</b>	<b>3,252</b>

The carrying value of property, plant and equipment held under finance leases at 31 December 2021 was £nil (2020: £nil).

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)****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 derived with the reference to fair value through creation of discount cash flow models. Under this methodology, the fair value measurement reflects current market expectations about the third-party efficient operator's future cash flows, discounted to their present value. The underlying basis for the impairment model involves each hotel's projected cash flow for the financial year ending 31 December 2021, 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. Where appropriate, the Directors sought guidance on value from 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 external valuations in 2021, the Group recorded a net impairment reversal of £64m consisting of £26m in New York, £15m in Rest of US, £7m in Rest of UK/EU, £3m in Singapore and £21m in the rest of Asia. This was offset by charge of £7m Australasia and £1m in Singapore.

For 2020, a total impairment charge of £53m was recognised consisting of £29m in New York, £17m in Rest of US, £2m in London, £18m in Rest of UK/EU, £1m in Australasia, £13m in Singapore and £8m in the rest of Asia. This was offset by reversals of £3m in US, £7m in UK and £25m in Asia.

Circumstances and events that led to impairment are largely due to the performance of the hotels as a result of COVID-19. The fair values assumed through the impairment assessment are considered to fall within level 3 of the fair value hierarchy. Refer to Note 20(D) for more detail.

**B 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 7.50% to 11.75% in the US, 6.60% to 12.5% in UK/EU, 6.10% to 11.82% in Asia and 6.50% to 7.75% New Zealand.

The forecasts cover a five to ten year period, and cash flows beyond this period are extrapolated using a growth rate ranging between 1.70% and 3.12%, which is based upon the expected trading growth for each hotel and inflation in the country.

**C SENSITIVITIES**

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

**D LAND AND BUILDINGS**

Interest of £0m (2020: £0m) was capitalised within land and buildings during the year. The cumulative capitalised interest within land and buildings is £7m (2020: £7m).

**E PLEDGED ASSETS**

At year-end, the net book value of assets pledged as collateral for secured loans was £662m (2020: £707m). The security for the loans is by way of charges on the properties of the Group companies concerned.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

**12. INVESTMENT PROPERTIES**

Completed investment properties comprise Tanglin Shopping Centre, Biltmore Court & Tower, CDLHT properties, Millennium Mitsui Garden Hotel Tokyo and Sunnyvale.

Investment properties under construction represents Prestons Road and Roscommon Road in New Zealand.

Movements in the year analysed as:

	COMPLETED INVESTMENT PROPERTIES £M	INVESTMENT PROPERTIES UNDER CONSTRUCTION £M	RIGHT- OF-USE ASSETS £M	TOTAL £M
Balance at 1 January 2020	640	33	7	680
Disposals	(39)	–	–	(39)
Net revaluation deficit	(21)	–	–	(21)
Additions	2	39	–	41
Foreign exchange adjustment	7	(4)	–	3
<b>Balance at 31 December 2020</b>	<b>589</b>	<b>68</b>	<b>7</b>	<b>664</b>
Balance at 1 January 2021	589	68	7	664
Written off	(2)	–	–	(2)
Net Revaluation gain	44	–	–	44
Transfer to property, plant and equipment	(41)	–	–	(41)
Transfer from development properties	2	–	–	2
Reclassification	103	(103)	–	–
Additions	16	43	–	59
Foreign exchange adjustment	(28)	2	–	(26)
<b>Balance at 31 December 2021</b>	<b>683</b>	<b>10</b>	<b>7</b>	<b>700</b>

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.



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

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

<b>PROPERTIES</b>	<b>VALUERS 2021</b>
Lakeside Apartments, Sunnyvale, California	Colliers International Valuation & Advisory Services
Tanglin Shopping Centre, Singapore	Knight Frank Pte Ltd
Biltmore Court & Tower, Los Angeles	Colliers International Valuation & Advisory Services
Millennium Mitsui Garden Hotel Tokyo	JLL Morii Valuation & Advisory K.K
Stonebrook Commercial Centre	Extensor Advisory Limited
CDLHT – Singapore	CBRE Pte. Ltd
CDLHT – Australia	CIVAS (NSW) Pty Limited (trading as Colliers International)
CDLHT – Maldives	CBRE Pte. Ltd
CDLHT – Germany	CBRE GmbH
CDLHT – Italy	CBRE Valuation S.p.A
CDHLT- New Zealand	Jones Lang LaSalle Incorporated

Based on these valuations together with such considerations as the Directors consider appropriate, Millennium Mitsui Garden Hotel Tokyo, Biltmore Court & Tower, Tanglin Shopping Centre and Lakeside Apartments, Sunnyvale recorded a revaluation deficit of £0m (2020: revaluation deficit £4m), a revaluation gain of £19m (2020: revaluation gain £1m), a revaluation gain of £0m (2020: revaluation gain £8m) and a revaluation gain of £27m (2020: £0m) respectively. In addition, the REIT properties recorded a net revaluation deficit of £2m (2020: net revaluation deficit of £26m). All the other investment properties recorded no change and no impairment was identified.

**FAIR VALUE HIERARCHY**

The fair value measurement for investment properties not under construction of £683m (2020: £589m) has been categorised as a Level 3 fair value based on inputs to the valuation technique used.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

VALUATION TECHNIQUE AND SIGNIFICANT UNOBSERVABLE INPUTS

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

VALUATION 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.	<b>Tanglin Shopping Centre</b> Open market values for other properties.	The estimated fair value would increase/ (decrease) if:
Millennium Mitsui Garden Hotel Tokyo was valued using a discounted cash flow technique based on expected rental income and discount rate appropriate for the property.	<b>Biltmore Court &amp; Tower</b> Discount rate of between 7% and capitalisation rate of 6%.	Expected market rental growth were higher/(lower); and
Biltmore Court & Tower was valued using As Is Market Value and Prospective Value Upon Stabilization of the subject property's leased fee interest.	<b>Millennium Mitsui Garden Hotel Tokyo</b> Discount rate of 3.7% and capitalisation rate of 3.9%.	Risk adjusted discount rate was lower/ (higher), capitalisation rate was higher/ (lower) and terminal yield was lower/ (higher).
Investment properties held by the REIT were valued using the discounted cash flow, capitalisation or comparison techniques.	<b>CDLHT investment properties</b> Discount rate of between 4.85% and 12.00%, capitalisation rate of 3.5% to 8.75% and terminal yield of 3.75% to 9.00%.	
Lakeside Apartments,Sunnyvale, California was valued based on the identifications required in USPAP relating to the intended use, intended users, definition and date of value, relevant property characteristics and assignment conditions. Direct Capitalization and PGIM (Potential Gross Income Multiplier Method) analysis are used to value the property.	<b>Lakeside Apartments,Sunnyvale, California</b> Capitalization rate of 3.75%	

Further details in respect of investment property rentals are given in Note 35.

13. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES

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

	PRINCIPAL PLACE OF BUSINESS	FAIR VALUE OF OWNERSHIP INTEREST £M	EFFECTIVE GROUP INTEREST	
			2021	2020
<b>Joint ventures</b>				
New Unity Holdings Limited ("New Unity")	Hong Kong	–	50%	50%
Ferguson Hotel Management Limited	Hong Kong	–	50%	50%
New York Sign LLC	New York	–	50%	50%
<b>Associate</b>				
First Sponsor Group Limited ("First Sponsor")	People's Republic of China	251	35%	36%
Prestons Road Limited	New Zealand	–	17%	17%
CDL Hotels Japan Pte. Ltd.	Singapore	–	40%	40%

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

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

	JOINT VENTURES £M	ASSOCIATES £M	TOTAL £M
<b>Share of net assets/cost</b>			
Balance at 1 January 2020	121	293	414
Share of (loss)/profit for the year	(9)	21	12
Additions	–	28	28
Dividends received	–	(9)	(9)
Foreign exchange adjustments	(6)	1	(5)
<b>Balance at 31 December 2020</b>	<b>106</b>	<b>334</b>	<b>440</b>
Balance at 1 January 2021	106	334	440
Share of (loss)/profit for the year	(7)	24	17
Disposals	–	(1)	(1)
Dividends received	–	(2)	(2)
Foreign exchange adjustments	1	10	11
<b>Balance at 31 December 2021</b>	<b>100</b>	<b>365</b>	<b>465</b>

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

	FIRST SPONSOR		NEW UNITY	
	2021 £M	2020 £M	2021 £M	2020 £M
Non-current assets	1,256	1,044	372	382
Current assets	1,109	857	36	55
Non-current liabilities	(579)	(434)	(113)	(131)
Current liabilities	(698)	(497)	(29)	(24)
<b>Total assets less total liabilities</b>	<b>1,088</b>	<b>970</b>	<b>266</b>	<b>282</b>
Less: Non-controlling interest	(64)	(42)	(67)	(71)
<b>Net assets (100%)</b>	<b>1,024</b>	<b>928</b>	<b>199</b>	<b>211</b>
<b>Group's share</b>	<b>365</b>	<b>334</b>	<b>100</b>	<b>106</b>
<b>Revenue</b>	<b>319</b>	<b>115</b>	<b>50</b>	<b>36</b>
Operating profit/(loss)	140	31	(23)	(28)
Interest income/(expense)	(30)	40	(1)	(1)
Income tax (expense)/credit	(39)	(14)	5	2
<b>Profit/(Loss) for the year</b>	<b>71</b>	<b>57</b>	<b>(19)</b>	<b>(27)</b>
Non-controlling interests	(5)	1	5	8
Profit/(loss) for the year after non-controlling interests	66	58	(14)	(19)
Other comprehensive income	46	21	–	–
<b>Profit/(loss) and total comprehensive income/(expense) (100%)</b>	<b>112</b>	<b>79</b>	<b>(14)</b>	<b>(19)</b>
<b>Group's share of profit/(loss) and total comprehensive income/(expense)</b>	<b>40</b>	<b>29</b>	<b>(7)</b>	<b>(10)</b>
<b>Dividends received by the Group</b>	<b>2</b>	<b>9</b>	<b>–</b>	<b>–</b>

At 31 December 2021, the Group's share of the total capital commitments of joint ventures and associates amounted to £108m (2020: £54m). At 31 December 2021, the Group's joint ventures and associates had no contingent liabilities (2020: £0m).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 14. OTHER FINANCIAL ASSETS

	2021 £M	2020 £M
Equity investments	21	19
Derivative financial assets	3	–
Deposits receivable	2	2
	<b>26</b>	<b>21</b>

### 15. INVENTORIES

	2021 £M	2020 £M
Consumables	5	4

### 16. DEVELOPMENT PROPERTIES

	2021 £M	2020 £M
Development properties comprise:		
Development land for resale		
– New Zealand residential sections	95	85
Development properties		
– Zenith Residences	14	19
	<b>109</b>	<b>104</b>

### 17. TRADE AND OTHER RECEIVABLES

	2021 £M	2020 £M
Trade receivables	39	23
Other receivables	25	20
Prepayments and accrued income	19	17
Trade receivables due from holding and associate companies	–	4
	<b>83</b>	<b>64</b>

Trade receivables are shown net of an impairment allowance of £8m (2020: £12m) relating to the likely insolvencies of certain customers and non-recoverability of debts.

The Group's exposure to credit and currency risks and impairment losses related to trade and other receivables are disclosed in Note 20.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

## 18. CASH AND CASH EQUIVALENTS

	2021 £M	2020 £M
Cash at bank and in hand	325	246
Short-term deposits	157	191
Cash pool overdrafts	(92)	(87)
Cash and cash equivalents on the statement of financial position	390	350
Overdrafts included in borrowings	–	–
Cash and cash equivalents shown in the cash flow statement	390	350

The Group's exposure to interest rate risk and a sensitivity analysis for financial assets are disclosed in Note 20. As at 31 December 2021, £72m (2020: £3m) of the cash balance was restricted.

## 19. INTEREST-BEARING LOANS, BONDS AND BORROWINGS

	2021 £M	2020 £M
Included within non-current liabilities:		
Bank loans	590	710
Bonds payable	84	92
	674	802
Included within current liabilities:		
Bank loans and overdrafts	540	311
Bonds payable	–	74
	540	385

Net debt of £824m (2020: £837m) is the total of the interest-bearing loans, bonds and borrowings of £1,214m (2020: £1,187m) less cash and cash equivalents of £390m (2020: £350m). Further details in respect of financial liabilities are given in Note 20.

## 20. 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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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	
	2021 £M	2020 £M
Cash at bank and in hand (see Note 18)	325	246
Short-term deposits (see Note 18)	157	191
Cash pool overdrafts (see Note 18)	(92)	(87)
Trade receivables (see Note 17)	39	23
Other current receivables (see Note 17)	25	20
Equity investments (see Note 14)	21	19
Deposits receivable (see Note 14)	2	2
Derivative financial assets (see Note 14)	3	–
Trade receivables due from holding and associate companies (see Note 17)	–	4
	<b>480</b>	<b>418</b>

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

	CARRYING VALUE	
	2021 £M	2020 £M
New York	5	–
Regional US	3	3
Rest of UK/EU	14	3
Singapore	4	6
Rest of Asia	9	6
Australasia	4	5
	<b>39</b>	<b>23</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

The ageing of trade receivables at the reporting date was:

	GROSS RECEIVABLE		IMPAIRMENT ALLOWANCE		CARRYING VALUE	
	2021 £M	2020 £M	2021 £M	2020 £M	2021 £M	2020 £M
Not past due	17	15	–	–	17	15
Past due 0 – 30 days	8	4	–	–	8	4
Past due 31 – 60 days	1	2	–	–	1	2
Past due 61 – 90 days	1	1	–	–	1	1
More than 90 days	20	13	(8)	(12)	12	1
	<b>47</b>	<b>35</b>	<b>(8)</b>	<b>(12)</b>	<b>39</b>	<b>23</b>

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

	2021 £M	2020 £M
Balance at 1 January	12	7
Impairment losses(reversal)/recognised	(1)	5
Bad debts written off	(3)	–
Balance at 31 December	8	12

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

	CONTRACTUAL MATURITIES OF FINANCIAL ASSETS 2021				
	TOTAL £M	6 MONTHS OR LESS £M	6 MONTHS - 1 YEAR £M	1 - 5 YEARS £M	MORE THAN 5 YEARS £M
<b>Financial Assets</b>					
<b>Fixed Rate</b>					
US dollar	4	4	—	—	—
Korean Won	—	—	—	—	—
Singapore dollar	55	31	—	24	—
New Taiwan dollar	21	21	—	—	—
Australian dollar	23	23	—	—	—
New Zealand dollar	74	74	—	—	—
Malaysian Ringgit	2	2	—	—	—
Euro	2	—	—	2	—
Others	2	2	—	—	—
<b>Non-Interest Bearing</b>					
US dollar	33	33	—	—	—
Sterling	17	17	—	—	—
Korean won	71	71	—	—	—
Singapore dollar	31	31	—	—	—
Australian dollar	25	25	—	—	—
New Zealand dollar	11	11	—	—	—
Malaysian Ringgit	3	3	—	—	—
Chinese Renminbi	5	5	—	—	—
Euro	10	10	—	—	—
Japanese Yen	10	10	—	—	—
Others	5	5	—	—	—
<b>Interest Bearing Cash Pool deposits</b>					
Singapore dollar	97	97	—	—	—
<b>Non-Interest Bearing Cash Pool deposits</b>					
Sterling	7	7	—	—	—
US dollar	—	—	—	—	—
<b>Total cash and other financial assets</b>	<b>508</b>	<b>482</b>	<b>—</b>	<b>26</b>	<b>—</b>
<b>Interest Bearing Cash Pool Overdrafts</b>					
US dollar	(41)	(41)	—	—	—
Euro	(37)	(37)	—	—	—
Hong Kong dollar	(14)	(14)	—	—	—
<b>Non-Interest Bearing Cash Pool Overdrafts</b>					
Sterling	—	—	—	—	—
<b>Total overdrafts (Note 18)</b>	<b>(92)</b>	<b>(92)</b>	<b>—</b>	<b>—</b>	<b>—</b>
	<b>416</b>	<b>390</b>	<b>—</b>	<b>26</b>	<b>—</b>
<b>Represented by:</b>					
Cash and cash equivalents (Note 18)	390				
Financial assets (Note 14)	26				
	<b>416</b>				



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

	CONTRACTUAL MATURITIES OF FINANCIAL ASSETS 2020				
	TOTAL £M	6 MONTHS OR LESS £M	6 MONTHS - 1 YEAR £M	1 - 5 YEARS £M	MORE THAN 5 YEARS £M
<b>Financial Assets</b>					
<b>Fixed Rate</b>					
US dollar	3	3	—	—	—
Korean Won	17	17	—	—	—
Singapore dollar	55	35	—	20	—
New Taiwan dollar	24	24	—	—	—
Australian dollar	18	18	—	—	—
New Zealand dollar	86	86	—	—	—
Malaysian Ringgit	10	10	—	—	—
Euro	2	—	—	2	—
Chinese Renminbi	5	5	—	—	—
<b>Non-Interest Bearing</b>					
Sterling	2	2	—	—	—
US dollar	33	33	—	—	—
Korean won	3	3	—	—	—
Singapore dollar	36	36	—	—	—
Australian dollar	33	33	—	—	—
New Zealand dollar	9	9	—	—	—
Malaysian Ringgit	2	2	—	—	—
Euro	10	10	—	—	—
Chinese Renminbi	1	1	—	—	—
Japanese Yen	11	11	—	—	—
Others	3	3	—	—	—
<b>Interest Bearing Cash Pool deposits</b>					
Singapore dollar	90	90	—	—	—
<b>Non-Interest Bearing Cash Pool deposits</b>					
Sterling	6	6	—	—	—
<b>Total cash and other financial assets</b>	<b>459</b>	<b>437</b>	<b>—</b>	<b>22</b>	<b>—</b>
<b>Interest Bearing Cash Pool Overdrafts</b>					
US dollar	(31)	(31)	—	—	—
Euro	(41)	(41)	—	—	—
Hong Kong dollar	(14)	(14)	—	—	—
<b>Non-Interest Bearing Cash Pool Overdrafts</b>					
Sterling	(1)	(1)	—	—	—
<b>Total overdrafts (Note 18)</b>	<b>(87)</b>	<b>(87)</b>	<b>—</b>	<b>—</b>	<b>—</b>
	<b>372</b>	<b>350</b>	<b>—</b>	<b>22</b>	<b>—</b>
<b>Represented by:</b>					
Cash and cash equivalents (Note 18)	350				
Financial assets (Note 14)	22				
	<b>372</b>				

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

**(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 2021	CONTRACTUAL MATURITIES OF FINANCIAL LIABILITIES						
	CARRYING AMOUNT £M	CONTRACTUAL CASH FLOWS £M	6 MONTHS OR LESS £M	6-12 MONTHS £M	1-2 YEARS £M	2-5 YEARS £M	MORE THAN 5 YEARS £M
<b>Floating rate financial liabilities</b>							
Secured loans	38	38	38	–	–	–	–
Unsecured loans	740	759	119	314	60	266	–
Secured bonds	17	18	–	–	–	18	–
Unsecured bonds	–	–	–	–	–	–	–
<b>Fixed rate financial liabilities</b>							
Unsecured loans	314	327	3	114	70	140	–
Secured loans	38	40	1	–	1	38	–
Secured bonds	67	68	–	–	–	68	–
<b>Trade and other payables</b>							
Trade payables	37	37	37	–	–	–	–
Other creditors	49	49	49	–	–	–	–
<b>Non-current liabilities</b>							
Other non-current liabilities	38	39	–	–	2	26	11
	<b>1,338</b>	<b>1,375</b>	<b>247</b>	<b>428</b>	<b>133</b>	<b>556</b>	<b>11</b>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

31 DECEMBER 2020	CONTRACTUAL MATURITIES OF FINANCIAL LIABILITIES						
	CARRYING AMOUNT £M	CONTRACTUAL CASH FLOWS £M	6 MONTHS OR LESS £M	6-12 MONTHS £M	1-2 YEARS £M	2-5 YEARS £M	MORE THAN 5 YEARS £M
<b>Floating rate financial liabilities</b>							
Secured loans	41	44	1	1	42	–	–
Unsecured loans	605	611	53	262	167	129	–
Secured bonds	19	19	–	–	–	19	–
Unsecured bonds	74	76	2	74	–	–	–
<b>Fixed rate financial liabilities</b>							
Unsecured loans	315	336	3	4	117	212	–
Secured loans	60	63	–	–	21	42	–
Secured bonds	73	76	–	–	–	76	–
<b>Trade and other payables</b>							
Trade payables	19	19	19	–	–	–	–
Other creditors	48	48	48	–	–	–	–
<b>Non-current liabilities</b>							
Other non-current liabilities	24	24	–	–	2	10	12
	1,278	1,316	126	341	349	488	12

Undrawn committed borrowing facilities

At 31 December 2021, the Group had £258m (2020: £283m) of undrawn and committed facilities available, comprising committed revolving credit facilities which provide the Group with financial flexibility.

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

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

	2021 £M	2020 £M
Expiring in one year or less	119	39
Expiring after more than one year but not more than two years	45	169
Expiring after more than two years but not more than five years	94	75
Expiring after more than five years	–	–
Total undrawn committed borrowing facilities	258	283
Total undrawn uncommitted borrowing facilities	365	137
Total undrawn borrowing facilities	623	420

**SECURITY**

Included within the Group's total bank loans and overdrafts of £1,130 m (2020: £1,021m) are £76m (2020: £101m) of secured loans and overdrafts. Total bonds and notes payable of £84m (2020: £166m) consist of £0m unsecured (2020: £74m).

Loans, bonds and notes are secured on land and buildings with a carrying value of £662m (2020: £707m) and an assignment of insurance proceeds in respect of insurances over the mortgaged properties.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

Of the Group's total facilities of £1,841m, £1,025m matures within 12 months comprising of £219m committed revolving credit facilities, £505m uncommitted facilities and overdrafts subject to annual renewal, £258m unsecured term loans and £43m secured term loans. Plans for refinancing the 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\$283m (2020: US\$259m) US dollar loans and €45m (2020: €45m) Euro loans designated as hedges of corresponding respective proportions of its net investment in foreign operations whose functional currencies are US dollars and Euros. The risk being hedged is the foreign currency exposure on the carrying amount of the net assets of the foreign operation upon consolidation. The fair value of the hedging instruments as at 31 December 2021 was £231m (2020: £231m).

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

	31 DECEMBER 2021		31 DECEMBER 2020	
	BOOK VALUE £M	FAIR VALUE £M	BOOK VALUE £M	FAIR VALUE £M
Sterling	240	240	245	245
Singapore dollar	221	221	205	205
US dollar	570	570	518	518
New Zealand dollar	1	1	20	20
Chinese renminbi	6	6	7	7
Japanese yen	105	105	116	116
Korean Won	31	31	34	34
Euro	40	40	42	42
	<b>1,214</b>	<b>1,214</b>	<b>1,187</b>	<b>1,187</b>

Exchange differences arising on foreign currency loans during each accounting period are recognised as a component of equity, to the extent that the hedge is effective. The foreign exchange exposure arising on the Group's net investment in its subsidiaries is expected to be highly effective in offsetting the exposure arising on the Group's foreign currency borrowings. However, during the year an immaterial amount (2020: immaterial) was recognised in the consolidated income statement that arose from hedges of net investments in foreign operations that were considered to be ineffective.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

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.

The following significant exchange rates applied during the year:

	AVERAGE RATE		CLOSING RATE	
	2021	2020	2021	2020
US dollar	<b>1.375</b>	1.282	<b>1.344</b>	1.357
Singapore dollar	<b>1.847</b>	1.769	<b>1.820</b>	1.801
New Taiwan dollar	<b>38.389</b>	37.801	<b>37.139</b>	38.139
New Zealand dollar	<b>1.946</b>	1.973	<b>1.973</b>	1.901
Malaysian ringgit	<b>5.696</b>	5.390	<b>5.617</b>	5.495
Korean won	<b>1,570.153</b>	1,510.76	<b>1,596.316</b>	1,486.22
Chinese renminbi	<b>8.882</b>	8.863	<b>8.560</b>	8.865
Euro	<b>1.162</b>	1.126	<b>1.187</b>	1.109
Japanese yen	<b>150.122</b>	137.140	<b>154.351</b>	140.398

**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 2021 (31 December 2020: 10%) would have increased/(decreased) equity and profit before tax by the amounts shown below:

	31 DECEMBER 2021		31 DECEMBER 2020	
	EQUITY £M	PROFIT BEFORE TAX £M	EQUITY £M	PROFIT BEFORE TAX £M
US dollar	<b>35</b>	<b>(3)</b>	18	14
Australian dollar	<b>(4)</b>	–	(5)	–
Singapore dollar	<b>6</b>	–	6	(12)
New Taiwan dollar	–	1	–	(1)
New Zealand dollar	<b>(1)</b>	<b>(3)</b>	(1)	(3)
Euro	<b>(3)</b>	–	(4)	2
Chinese renminbi	<b>(4)</b>	<b>(2)</b>	(4)	(1)
Korean won	–	4	–	1
Hong Kong dollar	–	–	–	1
Japanese yen	<b>4</b>	–	2	–
	<b>33</b>	<b>(3)</b>	12	1

A 10% weakening of sterling against the above currencies at 31 December 2021 (31 December 2020: 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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

## (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 2021 are provided hereafter.

## 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.

	2021 BOOK VALUE £M	2021 FAIR VALUE £M	2020 BOOK VALUE £M	2020 FAIR VALUE £M
<b>Financial assets</b>				
<b>Cash and cash equivalents</b>				
Cash at bank and in hand	325	325	246	246
Short-term deposits	157	157	191	191
Cash pool overdrafts	(92)	(92)	(87)	(87)
<b>Loans and receivables</b>				
Trade receivables	39	39	23	23
Trade receivables due from holding and associate companies	–	–	4	4
Other receivables	25	25	20	20
<b>Other financial assets</b>				
Equity investments	21	21	19	19
Derivative financial assets	3	3	–	–
Deposits receivable	2	2	2	2
	480	480	418	418
<b>Financial liabilities</b>				
Overdrafts and borrowings	(1,214)	(1,214)	(1,187)	(1,187)
Trade payables	(37)	(37)	(19)	(19)
Other creditors	(49)	(49)	(48)	(48)
Other non-current liabilities	(38)	(38)	(24)	(24)
	(1,338)	(1,338)	(1,278)	(1,278)

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 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.

### FAIR VALUE HIERARCHY

As at 31 December 2021, the Group held certain financial instruments measured at fair value.

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

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities

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

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

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

	2021				2020			
	LEVEL 1 £M	LEVEL 2 £M	LEVEL 3 £M	TOTAL £M	LEVEL 1 £M	LEVEL 2 £M	LEVEL 3 £M	TOTAL £M
Equity investment at FVOCI	–	–	–	–	–	–	–	–
Equity investment at FVTPL	–	18	–	18	–	19	–	19
Cross-currency interest rate swaps	–	2	–	2	–	–	–	–
<b>Assets</b>	<b>–</b>	<b>20</b>	<b>–</b>	<b>20</b>	<b>–</b>	<b>19</b>	<b>–</b>	<b>19</b>
Cross-currency interest rate swaps	–	–	–	–	–	6	–	6
Interest rate swap	–	–	–	–	–	2	–	2
<b>Liabilities</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>8</b>	<b>–</b>	<b>8</b>

During the year ended 31 December 2021 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.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)****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 19, cash and cash equivalents disclosed in Note 18 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.

One of the Group's subsidiaries, CDLHT which is a stapled group comprising CDL Hospitality Real Estate Investment Trust ("H-REIT") and CDL Hospitality Business Trust ("HBT"), a business trust, is required to maintain certain minimum base capital and financial resources.

H-REIT is subject to the aggregate leverage limit as defined in the Property Fund Appendix of the Code on Collective Investment Schemes ("CIS Code") issued by Monetary Authority of Singapore (MAS). The CIS Code stipulates that the total borrowings and deferred payments (together the "Aggregate Leverage") of a property fund should not exceed 50.0% under a single-tier leverage limit.

For this financial year, H-REIT has a credit rating of BB+ (2020: BB+) from Fitch Ratings. The Aggregate Leverage of H-REIT as at 31 December 2021 was 39.1% (2020: 36.2%) of H-REIT Group's Deposited Property. This complied with the aggregate leverage limit as described above.

HBT, H-REIT and CDLHT have complied with the borrowing limit requirements imposed by the relevant Trust Deeds and all externally imposed capital requirements for the financial years ended 31 December 2021 and 2020.

Except for the above, neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

**21. EMPLOYEE BENEFITS  
PENSION ARRANGEMENTS**

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

**UNITED KINGDOM**

The pension arrangements in the United Kingdom operate under the 'Millennium & Copthorne Pension Plan', which was set up in 1993. The plan operates a funded defined benefit arrangement together with a defined contribution plan, both with different categories of membership. The defined benefit section of the plan was closed to new entrants in 2001 and at the same time rights to a Guaranteed Minimum Pension ("GMPs") under the defined contribution scheme also ceased. The plan entitles a retired employee to receive an annual pension payment.

The contributions required are determined by a qualified actuary on the basis of triennial valuations using the projected unit credit method. The last full actuarial valuation of this scheme was carried out by a qualified independent actuary as at 5 April 2020 and this has been updated on an approximate basis to 31 December 2021. The contributions of the Group during the year were about 11% (2020: 11%) of pensionable salary.

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

**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 2021. 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.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

## 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 2021. The contributions of the Group were no less than 6% (2020: 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:

	2021 UK	2021 SOUTH KOREA	2021 TAIWAN	2020 UK	2020 SOUTH KOREA	2020 TAIWAN
Inflation rate	3.5%	–	–	3.0%	2.0%	–
Discount rate	1.7%	2.75%	0.5%	1.3%	2.0%	0.5%
Rate of salary increase	4.0%	0.0%	3.0%	3.5%	0.0%	3.0%
Rate of pension increases	3.3%	–	–	2.9%	–	–
Rate of revaluation	2.95%	–	–	2.45%	–	–

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

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

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

	DEFINED BENEFIT OBLIGATION			
	2021 INCREASE £M	2021 DECREASE £M	2020 INCREASE £M	2020 DECREASE £M
Discount rate (1% movement)	(12)	15	(13)	16
Rate of salary increase (1% movement)	1	(1)	1	(1)

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.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

Amounts recognised on the balance sheet are as follows:

	2021 UK £M	2021 SOUTH KOREA £M	2021 TAIWAN £M	2021 OTHER £M	2021 TOTAL £M	2020 UK £M	2020 SOUTH KOREA £M	2020 TAIWAN £M	2020 OTHER £M	2020 TOTAL £M
Present value of funded obligations	77	3	5	1	86	79	4	6	2	91
Fair value of plan assets	(67)	(3)	(3)	–	(73)	(67)	(4)	(4)	–	(75)
Plan deficit	10	–	2	1	13	12	–	2	2	16

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

	2021 UK £M	2021 SOUTH KOREA £M	2021 TAIWAN £M	2021 OTHER £M	2021 TOTAL £M	2020 UK £M	2020 SOUTH KOREA £M	2020 TAIWAN £M	2020 OTHER £M	2020 TOTAL £M
Balance at 1 January	79	4	6	2	91	74	4	9	2	89
Current service cost	–	–	–	–	–	–	–	–	–	–
Past service cost	–	–	–	(1)	(1)	–	–	–	–	–
Interest cost	1	–	–	–	1	1	–	–	–	1
Benefits paid, death in service insurance premiums and expenses	(1)	(1)	(1)	–	(3)	(2)	–	(2)	–	(4)
Remeasurement losses/(gains) arising from:										
– Financial assumptions	(3)	–	–	–	(3)	8	–	–	–	8
– Experience adjustment	–	–	–	–	–	(2)	–	(1)	–	(3)
– Demographic assumptions	1	–	–	–	1	–	–	–	–	–
Balance at 31 December	77	3	5	1	86	79	4	6	2	91

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

	2021 UK £M	2021 SOUTH KOREA £M	2021 TAIWAN £M	2021 TOTAL £M	2020 UK £M	2020 SOUTH KOREA £M	2020 TAIWAN £M	2020 TOTAL £M
Balance at 1 January	67	4	4	75	64	4	6	74
Interest income	1	–	–	1	1	–	–	1
Group contributions	–	–	–	–	–	–	–	–
Benefits paid	(1)	(1)	(1)	(3)	(2)	–	(2)	(4)
Remeasurement gains arising from:								
– Return/(loss) on plan assets excluding interest income	–	–	–	–	4	–	–	4
Balance at 31 December	67	3	3	73	67	4	4	75
Actual return/(loss) on plan assets	1	–	–	1	5	–	–	5

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

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

	2021 UK £M	2021 SOUTH KOREA £M	2021 TAIWAN £M	2021 TOTAL £M	2020 UK £M	2020 SOUTH KOREA £M	2020 TAIWAN £M	2020 TOTAL £M
Quoted equities	9	–	–	9	15	–	–	15
Bonds	11	3	–	14	5	4	–	9
Property	–	–	–	–	–	–	–	–
Cash and cash equivalents	47	–	3	50	47	–	4	51
	67	3	3	73	67	4	4	75

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

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

The expense recognised in the income statement is as follows:

	2021 UK £M	2021 SOUTH KOREA £M	2021 TAIWAN £M	2021 OTHER £M	2021 TOTAL £M	2020 UK £M	2020 SOUTH KOREA £M	2020 TAIWAN £M	2020 OTHER £M	2020 TOTAL £M
Current service cost	–	–	–	–	–	–	–	–	–	–
Interest cost	1	–	–	–	1	1	–	–	–	1
Interest income	(1)	–	–	–	(1)	(1)	–	–	–	(1)
	–	–	–	–	–	–	–	–	–	–

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

	2021 £M	2020 £M
Administrative expenses	–	–

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

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

	2021 UK £M	2021 SOUTH KOREA £M	2021 TAIWAN £M	2021 OTHER £M	2021 TOTAL £M	2020 UK £M	2020 SOUTH KOREA £M	2020 TAIWAN £M	2020 OTHER £M	2020 TOTAL £M
Actual return less expected return on plan assets	-	-	-	-	-	4	-	-	-	4
Remeasurement (losses)/ gains arising from										
- Financial assumptions	3	-	-	-	3	(8)	-	-	-	(8)
- Experience adjustment	-	-	-	-	-	2	-	1	-	3
- Demographic assumptions	(1)	-	-	-	(1)	-	-	-	-	-
Defined benefit plan remeasurement gains/(losses)	2	-	-	-	2	(2)	-	1	-	(1)

Actuarial losses recognised directly in equity are as follows:

	2021 £M	2020 £M
Cumulative as at 1 January	21	20
Remeasurement gains recognised during the year	(2)	1
Cumulative as at 31 December	19	21

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

	2021 YEARS	2020 YEARS
Males	22	22
Females	24	24

The weighted-average duration of the defined benefit obligations as at 31 December 2021 was 17 years (2020: 17). The Group expects about £2.6 m in contributions to be paid to the defined benefit plans in 2022.

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

**SHARE-BASED PAYMENTS**

The Group used to operate a number of share option schemes; a majority being designed to link remuneration to the future performance of the Group. In accordance with the Group's accounting policy 2.2N(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 £0m (2020: £0m).

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

There were no options granted during 2021 in line with the Final Offer made by CDL in 2019 and any outstanding options are to close out per the final vesting dates.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

**(I) MILLENNIUM & COPTHORNE HOTELS LIMITED 2006 LONG-TERM INCENTIVE PLAN ("LTIP")**

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

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

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

**(iii) ANNUAL BONUS PLAN ("ABP")**

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

- 25% after years one and two; and
- 50% after three years.

DATE OF AWARDS	AWARDS OUTSTANDING AS AT 1 JAN 2021	AWARDS AWARDED DURING THE YEAR	AWARDS VESTED DURING THE YEAR	AWARDS FORFEITED/ EXPIRED DURING THE YEAR	AWARDS OUTSTANDING AS AT 31 DEC 2021	CREDITED TO SHARE CAPITAL £M	CREDITED TO SHARE PREMIUM £M	VESTING DATES
13.05.2016	196	–	–	(196)	–	–	–	13.05.2017/18/19
14.12.2018	12,990	–	(12,599)	(391)	–	–	–	14.12.2019/20/21
13.08.2019	17,551	–	(6,816)	(695)	10,040	–	–	13.08.2020/21/22
	<b>30,737</b>	–	<b>(19,415)</b>	<b>(1,282)</b>	<b>10,040</b>	–	–	

**(IV) EXECUTIVE SHARE PLAN ("ESP")**

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

DATE OF AWARDS	AWARDS OUTSTANDING AS AT 1 JAN 2021	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 2021	CREDITED TO SHARE CAPITAL £M	CREDITED TO SHARE PREMIUM £M	VESTING DATES
04.12.2018	7,341	–	(7,341)	–	–	–	–	–	04.12.2019/20/21
09.08.2019	9,367	–	(7,287)	–	–	2,080	–	–	09.08.2020/21/22
	<b>16,708</b>	–	<b>(14,628)</b>	–	–	<b>2,080</b>	–	–	

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

AWARDS/OPTIONS GRANTED

The following awards/options were granted in the year ended 31 December 2019:

2019 AWARDS	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
		DIRECTOR	NON-DIRECTOR							
Executive Share Plan	09.08.2019	–	7,538	6.80	–	6.85	1.00	–	–	–
Executive Share Plan	09.08.2019	–	7,538	6.80	–	6.85	2.00	–	–	–
Executive Share Plan	09.08.2019	–	15,075	6.80	–	6.85	3.00	–	–	–
Sharesave Scheme (3 year)	09.04.2019	–	93,436	4.44	3.75	1.11	3.31	26.0%	0.95%	0.72%
Sharesave Scheme (5 year)	09.04.2019	–	1,040	4.44	3.75	1.28	5.31	26.0%	0.95%	0.82%
Deferred Share Awards	13.08.2019	–	8,931	6.80	–	6.85	1.00	–	–	–
Deferred Share Awards	13.08.2019	–	8,931	6.80	–	6.85	2.00	–	–	–
Deferred Share Awards	13.08.2019	–	17,862	6.80	–	6.85	3.00	–	–	–

MEASUREMENT OF FAIR VALUE

The Sharesave awards in 2019 were valued using the Black-Scholes valuation method.

The ESP and ABP will be cash settled for a fixed price of £6.85 in line with the Final Offer executed by CDL in 2019. The fair values of these awards are therefore equal to the offer price.

22. PROVISIONS

	LEGAL £M	BEIJING INDEMNITY £M	KOREA PROVISION £M	TOTAL £M
Balance at 1 January 2021	3	9	–	12
Increase in provision	2	–	39	41
Foreign exchange adjustments	–	–	(1)	(1)
<b>Balance at 31 December 2021</b>	<b>5</b>	<b>9</b>	<b>38</b>	<b>52</b>
Analysed as:				
Non-current provision	–	9	–	9
Current provision	5	–	38	43
<b>Total provision</b>	<b>5</b>	<b>9</b>	<b>38</b>	<b>52</b>

Provision for legal fees as at 31 December 2021 of £5m (2020: £3m) relates to disputes in several hotels. The Beijing indemnity of £9m (2020: £9m) relates to the tax indemnity to the former shareholders of Grand Millennium Hotel Beijing in which the Group acquired an additional 40% interest in 2010. A decision in relation to the Beijing indemnity is expected by 2022 being 15 years from date of the acquisition, the Group will continue to assess the case until then.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

The provision in relation to Korea relates to the Group's obligations under certain contracts in respect of Millennium Hilton Seoul and represents the estimated costs to be incurred arising from the proposed sale of Millennium Hilton Seoul. The provision is based on management's best estimate of the expenditure required to settle its obligations under the relevant contracts based on its negotiation with the counterparties to-date. The estimated amount may be revised upon finalisation of the negotiations. The Group will be fully reimbursed by the buyer of Millennium Hilton Seoul for the amounts incurred in respect of its obligations under the relevant contracts. The estimated costs of £39m (2020: £ Nil) has been provided in the consolidated statement of profit or loss.

### 23. OTHER NON-CURRENT LIABILITIES

	2021 £M	2020 £M
Amount owing to intermediate holding company	25	—
Other liabilities	13	24
<b>Total non-current liabilities</b>	<b>38</b>	<b>24</b>

### 24. DEFERRED TAXATION

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

	Charged/(credited) to income statement				
	AT 1 JANUARY 2021 £M	CHANGE IN TAX RATE £M	CURRENT YEAR MOVEMENT £M	EXCHANGE ON TRANSLATION £M	AT 31 DECEMBER 2021 £M
<b>Deferred tax liabilities</b>					
Property assets <sup>1</sup>	216	1	(1)	4	220
	216	1	(1)	4	220
<b>Deferred tax assets</b>					
Tax losses	(87)	—	(52)	(3)	(142)
Others	(5)	1	(3)	2	(6)
	(92)	—	(55)	(1)	(148)
<b>Net deferred tax liabilities</b>	<b>124</b>	<b>1</b>	<b>(56)</b>	<b>3</b>	<b>72</b>

<sup>1</sup> Property assets comprise plant, property and equipment and investment properties.

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

	2021 £M	2020 £M
Deferred tax assets	5	6
Deferred tax liabilities	(77)	(130)
	<b>(72)</b>	<b>(124)</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

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

	2021 £M	2020 £M
Tax losses	(32)	36
Adjustments due to:		
– Deductible temporary differences in respect of prior year	–	(1)
– Tax losses in respect of prior year	62	25
	<b>30</b>	<b>60</b>

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:

	2021 £M	2020 £M
Expiry dates:		
– within 1 to 5 years	42	37
– after 5 years	3	27
– no expiry date	100	182
	<b>145</b>	<b>246</b>

At 31 December 2021, a deferred tax liability of £4m (2020: £4m) relating to undistributed reserves of overseas subsidiaries and joint ventures of £888m (2020: £1,000m) 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.

**25. TRADE AND OTHER PAYABLES**

	2021 £M	2020 £M
Trade payables	37	19
Other creditors including taxation and social security:		
– Social security and other taxes	16	16
– Value added tax and similar sales taxes	5	6
– Other creditors	24	23
Accruals	85	81
Deferred income	7	8
Contract liabilities	84	16
Rental and other deposits	4	3
	<b>262</b>	<b>172</b>

The Group's exposure to currency and liquidity risks related to trade and other payables are disclosed in Note 20.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

## 26. DIVIDENDS

	2021 PENCE	2020 PENCE	2021 £M	2020 £M
Final ordinary dividend paid	—	—	—	—
Interim ordinary dividend paid	—	—	—	—
Total dividends paid	—	—	—	—

No dividend was paid during 2021.

Subsequent to 31 December 2021, the Directors declared the following final dividends, which have not been provided for:

	2021 PENCE	2020 PENCE	2021 £M	2020 £M
Final ordinary dividend	—	—*	—	—*

\* The Board of Directors of the Company, after initially approving in principle the payment by the Company of a final dividend in the amount of six pence per ordinary share in respect of the 2020 financial year, subject to the results for the year being finalised and signed, subsequently approved the cancellation of that dividend payment in order to conserve cash following the impact on the Company's business of the global health crisis brought about by the novel coronavirus, COVID-19 during 2021.

## 27. SHARE CAPITAL

	NUMBER OF 30P SHARES ALLOTTED, CALLED UP AND FULLY PAID
Balance at 1 January 2021	324,950,812
Issue of ordinary shares on exercise of share options	—
<b>Balance at 31 December 2021</b>	<b>324,950,812</b>

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

At the year end, options over 10,040 and 2,080 ordinary shares remain outstanding under the ABP and ESP respectively. Holders of these options will receive a cash payment on the date of exercise, as such no shares will be awarded.

## 28. 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).

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

**TREASURY SHARE RESERVE**

No shares were held by the employee benefit trust at 31 December 2021 (2020: Nil).

**FAIR VALUE RESERVE**

The fair value reserve includes the cumulative change in the fair value of equity investments at FVOCI.

**29. FINANCIAL COMMITMENTS**

	2021 £M	2020 £M
(a) Capital commitments at the end of the financial year which are contracted but not provided for	<b>97</b>	<b>62</b>

The Group's share of the capital commitments of joint ventures and associates is shown in Note 13.

(b) Total commitments under non-cancellable operating lease rentals are payable by the Group as follows (from 1 January 2019, the Group has recognised right-of-use assets for these leases, except for short term and low-value leases - refer to Note 35 for further detail):

	2021 £M	2020 £M
– less than one year	–	–
– between one and five years	–	–
– more than five years	–	–
	–	–

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

	2021 £M	2020 £M
– less than one year	<b>17</b>	<b>26</b>
– one to two years	<b>13</b>	<b>24</b>
– two to three years	<b>12</b>	<b>14</b>
– three to four years	<b>12</b>	<b>12</b>
– four to five years	<b>11</b>	<b>11</b>
– more than five years	<b>68</b>	<b>87</b>
	<b>133</b>	<b>174</b>

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 2021, £22m (2020: £28m) was recognised as rental income in the income statement and £2m (2020: £2m) in respect of repairs and maintenance was recognised as an expense in the income statement relating to investment properties.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)****30. CONTINGENCIES AND SUBSEQUENT EVENTS**

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

In December 2021, a public tender was launched for the collective sale of Tanglin Shopping Centre, with a guide price of S\$828m ( £455m). Through King's Tanglin Shopping Pte Ltd, a wholly-owned subsidiary of M&C, the Group owns about 34.6% of Share Value and 60.2% of Strata Area in the strata-titled development. The tender closed on 22 February 2022 and received a top bid of S\$868m (£477m), at a premium of 10% over the reserve price. The sale is subject to approval of Strata Titles Board and other conditions.

In December 2021, CDL Hotel (KOREA) LTD entered into an agreement with the Buyer to dispose of Millennium Hilton Seoul and received 10% of the disposal proceeds. The completion was finalised on the 24 February 2022, the remaining balance of £620m was settled and ownership of the property was transferred to the Buyer on the same day . The carrying value at the balance sheet date was £174m.

Given the ability to sell was not wholly unconditional as at 31 December 2021, this hotel was not classified as Held for Sale at the year end. M&C Group have provided £39.1m (KRW 61.5b) to cover the Employee Union compensation costs and termination of the current management contract. As part of the contract for sale these costs will be re-imbursed by the purchaser.

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.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)****31. RELATED PARTIES****IDENTITY OF RELATED PARTIES**

Transactions between the Company and its subsidiaries have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below. All transactions with related parties were entered into in the normal course of business and at arm's length.

The Group has a related party relationship with its joint ventures, associates and with its directors and executive officers.

**TRANSACTIONS WITH ULTIMATE HOLDING COMPANY AND OTHER RELATED COMPANIES**

The Group has a related party relationship with certain subsidiaries of Hong Leong Investment Holdings Pte. Ltd ("Hong Leong") which is the ultimate holding and controlling company of Millennium & Copthorne Hotels Limited and holds 100% (2020: 100%) of the Company's shares via CDL, the intermediate holding company of the Group. During the year ended 31 December 2021, the Group had the following 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 31 December 2021, £4m (2020: £2m) of cash was deposited with Hong Leong Finance Limited.

Fees paid/payable by the Group to CDL and its other subsidiaries were £1m (2020: £1m) which included rentals paid for the Grand Shanghai restaurant and King's Centre; property management fees for Tanglin Shopping Centre; charges for car parking, leasing commission and professional services.

**TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL**

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.

The key management personnel compensation is as follows:

	2021 £M	2020 £M
Short-term employee benefits	2	3
Directors	–	–
Executives	2	3
	2	3

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

32. RELATED UNDERTAKINGS

The full list of the Company's related undertakings as at 31 December 2021 are set out below:

FULL NAME	SHAREHOLDING PERCENTAGE	TYPE	COUNTRY OF INCORPORATION	REGISTERED OFFICE ADDRESS	PRINCIPAL ACTIVITIES
Aircoa Equity Interests Inc.	100%	Indirect subsidiary	USA	7900 East Union Avenue, Suite 500, Denver, Colorado, 80237	Holding Company
Aircoa GP Corporation	100%	Indirect subsidiary	USA	7900 East Union Avenue, Suite 500, Denver, Colorado, 80237	Hotel ownership
Aircoa, LLC	100%	Indirect subsidiary	USA	7900 East Union Avenue, Suite 500, Denver, Colorado, 80237	Holding Company
All Seasons Hotels & Resorts Limited	76%	Indirect subsidiary	New Zealand	Level 13, 280 Queen Street, Auckland 1010, New Zealand	Dormant
Anchorage-Lakefront Limited Partnership	100%	Indirect subsidiary	USA	7900 East Union Avenue, Suite 500, Denver, Colorado, 80237	Hotel owner
Archyfield Limited	100%	Indirect subsidiary	United Kingdom	Corporate Headquarters, Scarsdale Place, Kensington, London W8 5SY	Hotel owner and operator
ATOS Holding GmbH	100%	Direct subsidiary	Austria	Schulhof 6/1st fl , 1010 Vienna, Austria	Investment holding
Aurora Inn Operating Partnership L.P.	100%	Indirect subsidiary	USA	7900 East Union Avenue, Suite 500, Denver, Colorado, 80237	Hotel ownership
Avon Wynfield Inn, Ltd.	100%	Indirect subsidiary	USA	7900 East Union Avenue, Suite 500, Denver, Colorado, 80237	Hotel ownership
Avon Wynfield LLC	100%	Indirect subsidiary	USA	7900 East Union Avenue, Suite 500, Denver, Colorado, 80237	Hotel owner
Beijing Fortune Hotel Co. Ltd.	70%	Indirect subsidiary	People's Republic of China	Building No. 5, 7 DongSanHuan Middle Road, Chaoyang District, Beijing, P.R.China 100020	Hotel owner and operator
Biltmore Place Operations Corp.	100%	Indirect subsidiary	USA	7900 East Union Avenue, Suite 500, Denver, Colorado, 80237	Liquor licence holder
Bostonian Hotel Limited Partnership	100%	Indirect subsidiary	USA	7900 East Union Avenue, Suite 500, Denver, Colorado, 80237	Hotel owner
Buffalo Operating Partnership L.P.	100%	Indirect subsidiary	USA	7900 East Union Avenue, Suite 500, Denver, Colorado, 80237	Hotel ownership
Buffalo RHM Operating LLC	100%	Indirect subsidiary	USA	7900 East Union Avenue, Suite 500, Denver, Colorado, 80237	Hotel owner
CDL (New York) LLC	100%	Indirect subsidiary	USA	7900 East Union Avenue, Suite 500, Denver, Colorado, 80237	Hotel owner

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FULL NAME	SHAREHOLDING PERCENTAGE	TYPE	COUNTRY OF INCORPORATION	REGISTERED OFFICE ADDRESS	PRINCIPAL ACTIVITIES
CDL (NYL) Limited	100%	Indirect subsidiary	USA	7900 East Union Avenue, Suite 500, Denver, Colorado, 80237	Investment holding
CDL Entertainment & Leisure Pte Ltd	100%	Indirect subsidiary	Republic of Singapore	9 Raffles Place #12-01 Republic Plaza Singapore 048619	Provision of management services and investment holding
CDL Hospitality Trusts <sup>1</sup>	38%	Associated undertakings	Republic of Singapore	See note below <sup>1</sup>	See note below <sup>1</sup>
CDL Hotels (Chelsea) Limited	100%	Indirect subsidiary	United Kingdom	Corporate Headquarters, Scarsdale Place, Kensington, London W8 5SY	Hotel owner and operator
CDL Hotels (Korea) Ltd.	100%	Indirect subsidiary	Republic of Korea	Jung-gu Sowolro 50, Seoul, South Korea 04637	Hotel owner and operator
CDL Hotels (Labuan) Limited	100%	Indirect subsidiary	Malaysia	Tiara Labuan, Jalan Tanjung Batu, 87000 F.T. Labuan, Malaysia	Hotel owner and operator
CDL Hotels (Malaysia) Sdn. Bhd.	100%	Indirect subsidiary	Malaysia	Level 8, Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan	Hotel owner and operator
CDL Hotels (U.K.) Limited	100%	Indirect subsidiary	United Kingdom	Corporate Headquarters, Scarsdale Place, Kensington, London W8 5SY	Hotel owner and operator
CDL Hotels Holdings Japan Limited	100%	Indirect subsidiary	Hong Kong	2803 Great Eagle Centre, 23 Harbour Road, Wanchai, Hong Kong	Investment holding
CDL Hotels Holdings New Zealand Limited	100%	Indirect subsidiary	New Zealand	Level 13, 280 Queen Street, Auckland 1010, New Zealand	Investment holding
CDL Hotels Japan Pte. Ltd.	40%	Associated undertakings	Republic of Singapore	9 Raffles Place #12-01 Republic Plaza Singapore 048619	Investment holding
CDL Hotels USA, Inc.	100%	Indirect subsidiary	USA	7900 East Union Avenue, Suite 500, Denver, Colorado, 80237	Hotel investment holding Company
CDL Investments New Zealand Limited	50%	Indirect subsidiary	New Zealand	Level 13, 280 Queen Street, Auckland 1010, New Zealand	Investment and property management company
CDL Land New Zealand Limited	50%	Indirect subsidiary	New Zealand	Level 13, 280 Queen Street, Auckland 1010, New Zealand	Property investment and Development
CDL West 45th Street LLC	100%	Indirect subsidiary	USA	7900 East Union Avenue, Suite 500, Denver, Colorado, 80237	Hotel owner
Chicago Hotel Holdings, Inc.	100%	Indirect subsidiary	USA	7900 East Union Avenue, Suite 500, Denver, Colorado, 80237	Hotel ownership
Cincinnati S.I. Co.	100%	Indirect subsidiary	USA	7900 East Union Avenue, Suite 500, Denver, Colorado, 80237	Previously hotel owner
City Century Pte. Ltd.	100%	Indirect subsidiary	Republic of Singapore	9 Raffles Place #12-01 Republic Plaza Singapore 048619	Restaurateur
City Elite Pte Ltd	100%	Indirect subsidiary	Republic of Singapore	9 Raffles Place #12-01 Republic Plaza Singapore 048619	Restaurateur
City Hotels Pte Ltd.	100%	Indirect subsidiary	Republic of Singapore	9 Raffles Place #12-01 Republic Plaza Singapore 048619	Hotel operator

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FULL NAME	SHAREHOLDING PERCENTAGE	TYPE	COUNTRY OF INCORPORATION	REGISTERED OFFICE ADDRESS	PRINCIPAL ACTIVITIES
Context Securities Limited	76%	Indirect subsidiary	New Zealand	Level 13, 280 Queen Street, Auckland 1010, New Zealand	Investment holding
Copthorne (Nominees) Limited	100%	Indirect subsidiary	United Kingdom	Corporate Headquarters, Scarsdale Place, Kensington, London W8 5SY	Investment holding
Copthorne Aberdeen Limited	83%	Indirect subsidiary	United Kingdom	Corporate Headquarters, Scarsdale Place, Kensington, London W8 5SY	Hotel management
Copthorne Hotel (Birmingham) Limited	100%	Indirect subsidiary	United Kingdom	Corporate Headquarters, Scarsdale Place, Kensington, London W8 5SY	Hotel owner and operator
Copthorne Hotel (Cardiff) Limited	100%	Indirect subsidiary	United Kingdom	Corporate Headquarters, Scarsdale Place, Kensington, London W8 5SY	Hotel owner and operator
Copthorne Hotel (Effingham Park) Limited	100%	Indirect subsidiary	United Kingdom	Corporate Headquarters, Scarsdale Place, Kensington, London W8 5SY	Hotel owner and operator
Copthorne Hotel (Gatwick) Limited	100%	Indirect subsidiary	United Kingdom	Corporate Headquarters, Scarsdale Place, Kensington, London W8 5SY	Hotel owner and operator
Copthorne Hotel (Manchester) Limited	100%	Indirect subsidiary	United Kingdom	Corporate Headquarters, Scarsdale Place, Kensington, London W8 5SY	Hotel owner and operator
Copthorne Hotel (Merry Hill) Construction Limited	100%	Indirect subsidiary	United Kingdom	Corporate Headquarters, Scarsdale Place, Kensington, London W8 5SY	Hotel owner and operator
Copthorne Hotel (Merry Hill) Limited	100%	Indirect subsidiary	United Kingdom	Corporate Headquarters, Scarsdale Place, Kensington, London W8 5SY	Hotel owner and operator
Copthorne Hotel (Newcastle) Limited	96%	Indirect subsidiary	United Kingdom	Corporate Headquarters, Scarsdale Place, Kensington, London W8 5SY	Hotel owner and operator
Copthorne Hotel (Plymouth) Limited	100%	Indirect subsidiary	United Kingdom	Corporate Headquarters, Scarsdale Place, Kensington, London W8 5SY	Hotel owner and operator
Copthorne Hotel (Slough) Limited	100%	Indirect subsidiary	United Kingdom	Corporate Headquarters, Scarsdale Place, Kensington, London W8 5SY	Hotel owner and operator
Copthorne Hotel Holdings Limited	100%	Direct subsidiary	United Kingdom	Corporate Headquarters, Scarsdale Place, Kensington, London W8 5SY	Investment holding
Copthorne Hotels Limited	100%	Indirect subsidiary	United Kingdom	Corporate Headquarters, Scarsdale Place, Kensington, London W8 5SY	Hotel investment holding
Copthorne Orchid Hotel Singapore Pte. Ltd.	100%	Indirect subsidiary	Republic of Singapore	9 Raffles Place #12-01 Republic Plaza Singapore 048619	Property owner and Developer
Copthorne Orchid Penang Sdn. Bhd.	100%	Indirect subsidiary	Malaysia	Level 8, Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan	Hotel owner
Diplomat Hotel Holding Limited	100%	Indirect subsidiary	United Kingdom	Corporate Headquarters, Scarsdale Place, Kensington, London W8 5SY	Investment holding
Durham Operating Partnership L.P.	100%	Indirect subsidiary	USA	7900 East Union Avenue, Suite 500, Denver, Colorado, 80237	Hotel ownership
Elite Hotel Management Services Pte. Ltd.	100%	Indirect subsidiary	Republic of Singapore	9 Raffles Place #12-01 Republic Plaza Singapore 048619	Hotel management consultancy services
Ferguson Hotel Management Limited	50%	Associated undertakings	Hong Kong	Unit 606, 6th Floor, Alliance Building, 133 Connaught Road Central, Hong Kong	Investment holding

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FULL NAME	SHAREHOLDING PERCENTAGE	TYPE	COUNTRY OF INCORPORATION	REGISTERED OFFICE ADDRESS	PRINCIPAL ACTIVITIES
First 2000 Limited	100%	Indirect subsidiary	Hong Kong	2803 Great Eagle Centre, 23 Harbour Road, Wanchai, Hong Kong	Investment holding
First Sponsor Group Limited	36%	Associated undertakings	Cayman Islands	190 Elgin Avenue, George Town, KY1-9005 Grand Cayman, Cayman Islands	Investment Holding
Five Star Assurance, Inc.	100%	Indirect subsidiary	USA	1401 Eye St., NW, Suite 600, Washington D.C. 20005	Captive insurance Company
Four Peaks Management Company	100%	Indirect subsidiary	USA	7900 East Union Avenue, Suite 500, Denver, Colorado 80237	Arizona condominium Management
Gateway Holdings Corporation I	100%	Indirect subsidiary	USA	7900 East Union Avenue, Suite 500, Denver, Colorado, 80237	Holding company
Gateway Hotel Holdings, Inc.	100%	Indirect subsidiary	USA	7900 East Union Avenue, Suite 500, Denver, Colorado, 80237	Hotel ownership
Gateway Regal Holdings LLC	100%	Indirect subsidiary	USA	7900 East Union Avenue, Suite 500, Denver, Colorado, 80237	Hotel owner and operator
Grand Plaza Hotel Corporation	66%	Indirect subsidiary	Philippines	10 Floor, Heritage Hotel Manila, EDSA corner Roxas Boulevard, Pasay City, Philippines 1300	Hotel owner and operator and investment holding company
Harbour Land Corporation	41%	Associated undertakings	Philippines	10 Floor, Heritage Hotel Manila, EDSA corner Roxas Boulevard, Pasay City, Philippines 1300	Land owner
Harbour View Hotel Pte. Ltd.	100%	Indirect subsidiary	Republic of Singapore	9 Raffles Place #12-01 Republic Plaza Singapore 048619	Hotel operator
Harrow Entertainment Pte Ltd	100%	Indirect subsidiary	Republic of Singapore	9 Raffles Place #12-01 Republic Plaza Singapore 048619	Investment holding
Hong Leong Ginza TMK	70%	Indirect subsidiary	Japan	4-1 Nihonbashi 1-chome, Chuo-ku, Tokyo, Japan	Property owner
Hong Leong Hotel Development Limited	84%	Indirect subsidiary	Taiwan	2 Song Shou Road, Xinyi District, Taipei 11051, Taiwan	Hotel owner and operator
Hong Leong Hotels Pte Ltd.	100%	Indirect subsidiary	Cayman Islands	PO Box 309 Uglund House, Grand Cayman, KY1-1104 Cayman Islands	Investment holding Company
Hong Leong International Hotel (Singapore) Pte. Ltd.	97%	Indirect subsidiary	Republic of Singapore	9 Raffles Place #12-01 Republic Plaza Singapore 048619	Investment holding
Hospitality Group Limited	76%	Indirect subsidiary	New Zealand	Level 13, 280 Queen Street, Auckland 1010, New Zealand	Holding company and property owner
Hospitality Holdings Pte. Ltd.	100%	Indirect subsidiary	Republic of Singapore	9 Raffles Place #12-01 Republic Plaza Singapore 048619	Investment holding Company
Hospitality Leases Limited	76%	Indirect subsidiary	New Zealand	Level 13, 280 Queen Street, Auckland 1010, New Zealand	Lessee company
Hospitality Services Limited	76%	Indirect subsidiary	New Zealand	Level 13, 280 Queen Street, Auckland 1010, New Zealand	Hotel operation/ Management
Hospitality Ventures Pte. Ltd.	100%	Indirect subsidiary	Republic of Singapore	9 Raffles Place #12-01 Republic Plaza Singapore 048619	Investment holding



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FULL NAME	SHAREHOLDING PERCENTAGE	TYPE	COUNTRY OF INCORPORATION	REGISTERED OFFICE ADDRESS	PRINCIPAL ACTIVITIES
Hotel Liverpool Limited	100%	Indirect subsidiary	United Kingdom	Corporate Headquarters, Scarsdale Place, Kensington, London W8 5SY	Property letting
Hotel Liverpool Management Limited	100%	Indirect subsidiary	United Kingdom	Corporate Headquarters, Scarsdale Place, Kensington, London W8 5SY	Operating company
Hotelcorp New Zealand Pty. Ltd.	76%	Indirect subsidiary	Australia	Suite 7B, Zenith Residences, 82-94 Darlinghurst Road, Potts Point, Sydney 2011, Australia	Holding company
KIN Holdings Limited	76%	Indirect subsidiary	New Zealand	Level 13, 280 Queen Street, Auckland 1010, New Zealand	Holding company
King's Tanglin Shopping Pte. Ltd.	100%	Indirect subsidiary	Republic of Singapore	9 Raffles Place #12-01 Republic Plaza Singapore 048619	Property owner
Kingsgate Holdings Pty. Ltd.	76%	Indirect subsidiary	Australia	Suite 7B, Zenith Residences, 82-94 Darlinghurst Road, Potts Point, Sydney 2011, Australia	Holding company
Kingsgate Hotel Pty. Ltd.	76%	Indirect subsidiary	Australia	Suite 7B, Zenith Residences, 82-94 Darlinghurst Road, Potts Point, Sydney 2011, Australia	Dormant
Kingsgate Hotels and Resorts Limited	76%	Indirect subsidiary	New Zealand	Level 13, 280 Queen Street, Auckland 1010, New Zealand	Franchise holder (Kingsgate)
Kingsgate Hotels Limited	76%	Indirect subsidiary	New Zealand	Level 13, 280 Queen Street, Auckland 1010, New Zealand	Dormant
Kingsgate International Corporation Limited	76%	Indirect subsidiary	New Zealand	Level 13, 280 Queen Street, Auckland 1010, New Zealand	Investment holding
Kingsgate Investments Pty. Ltd.	76%	Indirect subsidiary	Australia	Suite 7B, Zenith Residences, 82-94 Darlinghurst Road, Potts Point, Sydney 2011, Australia	Investment company
Lakeside Operating Partnership L.P.	100%	Indirect subsidiary	USA	7900 East Union Avenue, Suite 500, Denver, Colorado, 80237	Hotel ownership
London Britannia Hotel Limited	100%	Indirect subsidiary	United Kingdom	Corporate Headquarters, Scarsdale Place, Kensington, London W8 5SY	Hotel owner
London Tara Hotel Limited	100%	Indirect subsidiary	United Kingdom	Corporate Headquarters, Scarsdale Place, Kensington, London W8 5SY	Hotel owner and operator
M&C Asia Finance (UK) Limited	100%	Direct subsidiary	United Kingdom	Corporate Headquarters, Scarsdale Place, Kensington, London W8 5SY	Finance company
M&C Asia Holdings (UK) Limited	100%	Direct subsidiary	United Kingdom	Corporate Headquarters, Scarsdale Place, Kensington, London W8 5SY	Investment holding
M & C (CB) Limited	100%	Indirect subsidiary	United Kingdom	Corporate Headquarters, Scarsdale Place, Kensington, London W8 5SY	Investment company
M & C (CD) Limited	100%	Indirect subsidiary	United Kingdom	Corporate Headquarters, Scarsdale Place, Kensington, London W8 5SY	Investment holding

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FULL NAME	SHAREHOLDING PERCENTAGE	TYPE	COUNTRY OF INCORPORATION	REGISTERED OFFICE ADDRESS	PRINCIPAL ACTIVITIES
M & C Management Services (USA) Inc.	100%	Indirect subsidiary	USA	7900 East Union Avenue, Suite 500, Denver, Colorado, 80237	Management services Company
M & C NZ Limited	100%	Indirect subsidiary	United Kingdom	Corporate Headquarters, Scarsdale Place, Kensington, London W8 5SY	Holding company
M & C Reservations Services Limited	100%	Indirect subsidiary	United Kingdom	Corporate Headquarters, Scarsdale Place, Kensington, London W8 5SY	Provider of reservation services to hotel owners and operators
M&C Business Trust Management Limited	100%	Indirect subsidiary	Republic of Singapore	9 Raffles Place #12-01 Republic Plaza Singapore 048619	Provision of property fund management services
M&C Capital Pte. Ltd.	100%	Indirect subsidiary	Republic of Singapore	9 Raffles Place #12-01 Republic Plaza Singapore 048619	Investment holding
M&C Colorado Hotel Corporation	100%	Indirect subsidiary	USA	7900 East Union Avenue, Suite 500, Denver, Colorado, 80237	Holding company
M&C Crescent Corporation	100%	Indirect subsidiary	USA	7900 East Union Avenue, Suite 500, Denver, Colorado, 80237	Investment holding
M&C Crescent Interests, LLC	100%	Indirect subsidiary	USA	7900 East Union Avenue, Suite 500, Denver, Colorado, 80237	Property owner
M&C Finance (1) Limited	100%	Indirect subsidiary	United Kingdom	Corporate Headquarters, Scarsdale Place, Kensington, London W8 5SY	Finance company
M&C Holdings (Thailand) Ltd.	100%	Indirect subsidiary	Thailand	75 White Group Tower II, 11th Floor, Soi Rubia, Sukhumvit 42 Road, Kwaenghotel management Phrakamong Khet Klongtoey, Bangkok 10110 Thailand	Investment holding and hotel management
M&C Holdings Delaware Partnership	100%	Indirect subsidiary	USA	7900 East Union Avenue, Suite 500, Denver, Colorado, 80237	Property investment
M&C Holdings, LLC	100%	Indirect subsidiary	USA	7900 East Union Avenue, Suite 500, Denver, Colorado, 80237	Holding company
M&C Hotel Enterprises (Asia) Limited	100%	Indirect subsidiary	Hong Kong	2803 Great Eagle Centre, 23 Harbour Road, Wanchai, Hong Kong	Investment holding
M&C Hotel Interests, Inc.	100%	Indirect subsidiary	USA	7900 East Union Avenue, Suite 500, Denver, Colorado, 80237	Hotel management services company
M&C Hotel Investments Pte. Ltd.	100%	Indirect subsidiary	Republic of Singapore	9 Raffles Place #12-01 Republic Plaza Singapore 048619	Investment holding
M&C Hotels France Management SARL	100%	Indirect subsidiary	France	12 Boulevard Haussmann, 75009 Paris, France	Management company
M&C Hotels France SAS	100%	Indirect subsidiary	France	12 Boulevard Haussmann, 75009 Paris, France	Hotel owner
M&C Hotels Holdings Japan Pte. Ltd.	100%	Indirect subsidiary	Republic of Singapore	9 Raffles Place #12-01 Republic Plaza Singapore 048619	Investment holding
M&C Hotels Holdings Limited	100%	Direct subsidiary	United Kingdom	Corporate Headquarters, Scarsdale Place, Kensington, London W8 5SY	Investment holding
M&C Hotels Holdings USA Limited	100%	Direct subsidiary	Cayman Islands	PO Box 309 Uglund House, Grand Cayman, KY1-1104 Cayman Islands	Investment holding

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FULL NAME	SHAREHOLDING PERCENTAGE	TYPE	COUNTRY OF INCORPORATION	REGISTERED OFFICE ADDRESS	PRINCIPAL ACTIVITIES
M&C Hotels Partnership France SNC	100%	Indirect subsidiary	France	12 Boulevard Haussmann, 75009 Paris, France	Investment holding
M&C Hospitality Holdings (Asia) Limited	100%	Indirect subsidiary	Hong Kong	2803 Great Eagle Centre, 23 Harbour Road, Wanchai, Hong Kong	Investment holding
M&C Hospitality International Limited	100%	Indirect subsidiary	Hong Kong	2803 Great Eagle Centre, 23 Harbour Road, Wanchai, Hong Kong	Investment holding
M&C Management Holdings Limited	100%	Direct subsidiary	United Kingdom	Corporate Headquarters, Scarsdale Place, Kensington, London W8 5SY	Investment holding
M&C REIT Management Limited	100%	Indirect subsidiary	Republic of Singapore	9 Raffles Place #12-01 Republic Plaza Singapore 048619	REIT investment management services
M&C New York (Times Square), LLC	100%	Indirect subsidiary	USA	7900 East Union Avenue, Suite 500, Denver, Colorado, 80237	Investment holding
M&C New York Finance (UK) Limited	100%	Indirect subsidiary	United Kingdom	Corporate Headquarters, Scarsdale Place, Kensington, London W8 5SY	Finance company
M&C New York (Times Square) EAT II LLC	100%	Indirect subsidiary	USA	7900 East Union Avenue, Suite 500, Denver, Colorado, 80237	Hotel owner
M&C Singapore Finance (UK) Limited	100%	Direct subsidiary	United Kingdom	Corporate Headquarters, Scarsdale Place, Kensington, London W8 5SY	Finance company
M&C Singapore Holdings (UK) Limited	100%	Direct subsidiary	United Kingdom	Corporate Headquarters, Scarsdale Place, Kensington, London W8 5SY	Investment holding
M&C Sponsorship Limited	100%	Indirect subsidiary	United Kingdom	Corporate Headquarters, Scarsdale Place, Kensington, London W8 5SY	Other service activities
McCormick Ranch Operating Partnership L.P.	100%	Indirect subsidiary	USA	7900 East Union Avenue, Suite 500, Denver, Colorado, 80237	Hotel ownership
MHM, Inc.	100%	Indirect subsidiary	USA	7900 East Union Avenue, Suite 500, Denver, Colorado, 80237	Hotel management
Millennium Bostonian, Inc.	100%	Indirect subsidiary	USA	7900 East Union Avenue, Suite 500, Denver, Colorado, 80237	Holding company
Millennium & Copthorne (Austrian Holdings) Limited	100%	Direct subsidiary	United Kingdom	Corporate Headquarters, Scarsdale Place, Kensington, London W8 5SY	Investment holding
Millennium & Copthorne (Jersey Holdings) Limited	100%	Indirect subsidiary	United Kingdom	Corporate Headquarters, Scarsdale Place, Kensington, London W8 5SY	Holding company
Millennium & Copthorne Hotel Holdings (Hong Kong) Limited	100%	Indirect subsidiary	Hong Kong	2803 Great Eagle Centre, 23 Harbour Road, Wanchai, Hong Kong	Investment and development of hotels and hotel management
Millennium & Copthorne Hotels (Hong Kong) Limited	100%	Indirect subsidiary	Hong Kong	2803 Great Eagle Centre, 23 Harbour Road, Wanchai, Hong Kong	Provision of hotel management and consultancy services
Millennium & Copthorne NZ Limited	76%	Indirect subsidiary	New Zealand	Level 13, 280 Queen Street, Auckland 1010, New Zealand	Name-holding
Millennium & Copthorne Hotels Management (Shanghai) Limited	100%	Indirect subsidiary	People's Republic of China	#1205, No. 511 Wei Hoi Road, Shanghai 200041, P.R. China	Hotel management

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FULL NAME	SHAREHOLDING PERCENTAGE	TYPE	COUNTRY OF INCORPORATION	REGISTERED OFFICE ADDRESS	PRINCIPAL ACTIVITIES
Millennium & Copthorne Hotels New Zealand Limited	76%	Indirect subsidiary	New Zealand	Level 13, 280 Queen Street, Auckland 1010, New Zealand	Hotel investment holding Company
Millennium & Copthorne Hotels Pty. Ltd.	76%	Indirect subsidiary	Australia	Suite 7B, Zenith Residences, 82-94 Darlinghurst Road, Potts Point, Sydney 2011, Australia	Name holding company
Millennium & Copthorne International Limited	100%	Indirect subsidiary	Republic of Singapore	9 Raffles Place #12-01 Republic Plaza Singapore 048619	Hotels and resorts Management
Millennium & Copthorne Pension Trustee Limited	100%	Direct subsidiary	United Kingdom	Corporate Headquarters, Scarsdale Place, Kensington, London W8 5SY	Pension trust acting on behalf of company trustees
Millennium & Copthorne Share Trustees Limited	100%	Direct subsidiary	United Kingdom	Corporate Headquarters, Scarsdale Place, Kensington, London W8 5SY	Share trustee company
Millennium CDG Paris SAS	100%	Indirect subsidiary	France	2 Allée du Verger, 95700 Roissy, France	Hotel operator
Millennium Hotel Holdings EMEA Limited	100%	Direct subsidiary	United Kingdom	Corporate Headquarters, Scarsdale Place, Kensington, London W8 5SY	Investment holding company
Millennium Hotels & Resorts Services Limited	100%	Indirect subsidiary	United Kingdom	Corporate Headquarters, Scarsdale Place, Kensington, London W8 5SY	Management contract holding company
Millennium Hotels Europe Holdings Limited	100%	Direct subsidiary	United Kingdom	Corporate Headquarters, Scarsdale Place, Kensington, London W8 5SY	Investment holding company
Millennium Hotels Italy Holdings S.r.l.	100%	Indirect subsidiary	Italy	Via Vittorio Veneto, n. 70, Roma 00187, Italy	Holding company
Millennium Hotels Limited	100%	Indirect subsidiary	United Kingdom	Corporate Headquarters, Scarsdale Place, Kensington, London W8 5SY	Investment holding company
Millennium Hotels Palace Management S.r.l.	100%	Indirect subsidiary	Italy	Via Vittorio Veneto, n. 70, Roma 00187, Italy	Hotel operator
Millennium Hotels Property S.r.l.	100%	Indirect subsidiary	Italy	Via Vittorio Veneto, n. 70, Roma 00187, Italy	Property owner
Millennium Hotels (West London) Limited	100%	Indirect subsidiary	United Kingdom	Corporate Headquarters, Scarsdale Place, Kensington, London W8 5SY	Property letting
Millennium Hotels (West London) Management Limited	100%	Indirect subsidiary	United Kingdom	Corporate Headquarters, Scarsdale Place, Kensington, London W8 5SY	Hotel operator
Millennium Hotels London Limited	100%	Direct subsidiary	United Kingdom	Corporate Headquarters, Scarsdale Place, Kensington, London W8 5SY	Investment holding company
Millennium Opera Paris SAS	100%	Indirect subsidiary	France	12 Boulevard Haussmann, 75009 Paris, France	Hotel operator
New Unity Holdings Ltd	50%	Associated undertakings	BVI	PO Box 146 Road Town, Tortola, British Virgin Islands	Investment holding company
New York Sign LLC	50%	Associated undertakings	USA	7900 East Union Avenue, Suite 500, Denver, Colorado 80237	To lease, manage, and otherwise deal with certain advertising signage space at the Novotel hotel
Newbury Investments Pte Ltd	100%	Indirect subsidiary	Republic of Singapore	9 Raffles Place #12-01 Republic Plaza Singapore 048619	Investment holding company
Park Plaza Hotel Corporation	100%	Indirect subsidiary	USA	7900 East Union Avenue, Suite 500, Denver, Colorado, 80237	Holding company

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

FULL NAME	SHAREHOLDING PERCENTAGE	TYPE	COUNTRY OF INCORPORATION	REGISTERED OFFICE ADDRESS	PRINCIPAL ACTIVITIES
Prestons Road Limited	17%	Indirect Associate	New Zealand	167 Main North Road, Christchurch 8140, New Zealand	Service provider
PT Millennium Hotels & Resorts	100%	Indirect subsidiary	Indonesia	Jalan Fachrudin 3, Jakarta 10250, Indonesia	Management services
PT, Millennium Sirih Jakarta Hotel	100%	Indirect subsidiary	Indonesia	Jalan Fachrudin 3, Jakarta 10250, Indonesia	Hotel owner
QINZ (Anzac Avenue) Limited	76%	Indirect subsidiary	New Zealand	Level 13, 280 Queen Street, Auckland 1010, New Zealand	Hotel owner
QINZ Holdings (New Zealand) Limited	76%	Indirect subsidiary	New Zealand	Level 13, 280 Queen Street, Auckland 1010, New Zealand	Holding company
Quantum Limited	76%	Indirect subsidiary	New Zealand	Level 13, 280 Queen Street, Auckland 1010, New Zealand	Holding company
Regal Grand Holdings Corporation I	100%	Indirect subsidiary	USA	7900 East Union Avenue, Suite 500, Denver, Colorado, 80237	Holding company
Regal Harvest House LP	100%	Indirect subsidiary	USA	7900 East Union Avenue, Suite 500, Denver, Colorado, 80237	Hotel ownership
Regal Hotel Management Inc.	100%	Indirect subsidiary	USA	7900 East Union Avenue, Suite 500, Denver, Colorado, 80237	Holding company
Republic Hotels & Resorts Limited	100%	Indirect subsidiary	Republic of Singapore	9 Raffles Place #12-01 Republic Plaza Singapore 048619	Hotel operator and investment holding company
Republic Iconic Hotel Pte. Ltd.	100%	Indirect subsidiary	Republic of Singapore	9 Raffles Place #12-01 Republic Plaza Singapore 048619	Hotel operator
RHH Operating LLC	100%	Indirect subsidiary	USA	7900 East Union Avenue, Suite 500, Denver, Colorado, 80237	Hotel owner
RHI Boston Holdings Corporation I	100%	Indirect subsidiary	USA	7900 East Union Avenue, Suite 500, Denver, Colorado, 80237	Holding company
RHI Boston Holdings Corporation II	100%	Indirect subsidiary	USA	7900 East Union Avenue, Suite 500, Denver, Colorado, 80237	Holding company
RHM Aurora LLC	100%	Indirect subsidiary	USA	7900 East Union Avenue, Suite 500, Denver, Colorado, 80237	Hotel ownership
RHM Holdings Corporation I	100%	Indirect subsidiary	USA	7900 East Union Avenue, Suite 500, Denver, Colorado, 80237	Holding company
RHM Management LLC	100%	Indirect subsidiary	USA	7900 East Union Avenue, Suite 500, Denver, Colorado, 80237	Hotel ownership
RHM Ranch LLC	100%	Indirect subsidiary	USA	7900 East Union Avenue, Suite 500, Denver, Colorado, 80237	Hotel owner
RHM Wynfield LLC	100%	Indirect subsidiary	USA	7900 East Union Avenue, Suite 500, Denver, Colorado, 80237	Hotel ownership
RHM-88, LLC	100%	Indirect subsidiary	USA	7900 East Union Avenue, Suite 500, Denver, Colorado, 80237	Hotel owner and operator
Richfield Holdings Corporation I	100%	Indirect subsidiary	USA	7900 East Union Avenue, Suite 500, Denver, Colorado, 80237	Holding company

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FULL NAME	SHAREHOLDING PERCENTAGE	TYPE	COUNTRY OF INCORPORATION	REGISTERED OFFICE ADDRESS	PRINCIPAL ACTIVITIES
Richfield Holdings Corporation II	100%	Indirect subsidiary	USA	7900 East Union Avenue, Suite 500, Denver, Colorado, 80237	Holding company
Richfield Holdings, Inc	100%	Indirect subsidiary	USA	7900 East Union Avenue, Suite 500, Denver, Colorado, 80237	Holding company
Rogo Investments Pte. Ltd.	100%	Indirect subsidiary	Republic of Singapore	9 Raffles Place #12-01 Republic Plaza Singapore 048619	Investment holding
Rogo Realty Corporation	24%	Associated undertakings	Philippines	10 Floor, Heritage Hotel Manila, EDSA corner Roxas Boulevard, Pasay City, Philippines 1300	Real estate owner
S.S. Restaurant Corporation	100%	Indirect subsidiary	USA	7900 East Union Avenue, Suite 500, Denver, Colorado, 80237	Liquor license holder
St. Louis Operating, Inc.	100%	Indirect subsidiary	USA	7900 East Union Avenue, Suite 500, Denver, Colorado, 80237	Dormant
Sunnyvale Partners, Ltd.	100%	Indirect subsidiary	USA	7900 East Union Avenue, Suite 500, Denver, Colorado, 80237	Hotel ownership
Tara Hotels Deutschland GmbH	100%	Indirect subsidiary	Germany	Registered at the Trade register at the local court of Hannover with the legal form of Private limited company (number HRB 209133).	Hotel investment holding Company
The Philippine Fund Limited	60%	Indirect subsidiary	Bermuda	C/o Coson Corporate Services Limited, Cumberland House 9th Floor, 1 Victoria Street Hamilton HM 11, Bermuda	Investment holding
TOSCAP Limited	100%	Indirect subsidiary	Republic of Singapore	9 Raffles Place #12-01 Republic Plaza Singapore 048619	Investment holding
Trimark Hotel Corporation	100%	Indirect subsidiary	USA	7900 East Union Avenue, Suite 500, Denver, Colorado, 80237	Hotel owner and operator
WHB Biltmore LLC	100%	Indirect subsidiary	USA	7900 East Union Avenue, Suite 500, Denver, Colorado, 80237	Hotel owner and operator
WHB Corporation	100%	Indirect subsidiary	USA	7900 East Union Avenue, Suite 500, Denver, Colorado, 80237	Holding company
Wynfield GP Corporation	100%	Indirect subsidiary	USA	7900 East Union Avenue, Suite 500, Denver, Colorado, 80237	Hotel ownership
Wynfield One, Ltd.	100%	Indirect subsidiary	USA	7900 East Union Avenue, Suite 500, Denver, Colorado, 80237	Holding company
Zatrio Pte Ltd	100%	Indirect subsidiary	Republic of Singapore	9 Raffles Place #12-01 Republic Plaza Singapore 048619	Investment holding
Zillion Holdings Limited	100%	Indirect subsidiary	Barbados	The Phoenix Centre, George Street, Belleville, St. Michael, Barbados	Investment holding

1 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 was activated in December 2013. In addition to its function as a master lessee, HBT may also undertake certain hospitality and hospitality-related development projects, acquisitions and investments which may not be suitable for H-REIT. The registered office address of M&C REIT Management Limited, Manager of H-REIT and M&C Business Trust Management Limited, Trustee-Manager of HBT is 9 Raffles Place #12-01 Republic Plaza Singapore 048619. As disclosed in Note 3 to the consolidated financial statements, the Group has concluded that under IFRS10, it has de facto control over CDL Hospitality Trusts.

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)****EXEMPTION FROM STATUTORY AUDIT**

Certain subsidiaries of the Group can take an exemption from having an audit completed. Strict criteria must be met for this exemption to apply, and it must be agreed to by the Directors of each subsidiary entity.

Listed below are subsidiaries controlled and consolidated by the Group, where the Directors have elected to take the exemption from having an audit of their financial statements for the year ended 31 December 2021. This exemption is taken in accordance with Companies Act s479A.

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

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

**33. NON-CONTROLLING INTERESTS ("NCI")**

The following subsidiaries have material NCI.

NAME	PRINCIPAL PLACE OF BUSINESS/ COUNTRY OF INCORPORATION	PRINCIPAL ACTIVITY	OWNERSHIP INTERESTS HELD BY NCI	
			2021	2020
Millennium & Copthorne Hotels New Zealand Limited ("MCHNZ")	New Zealand	Hotel investment holding company	24%	24%
CDL Hospitality Trusts ("CDLHT")	Singapore	Real estate investment trust	62%	62%

The following is summarised financial information for MCHNZ and CDLHT, prepared in accordance with local accounting standards. The information is before inter-company eliminations with other companies in the Group.

NAME	MCHNZ SUBGROUP		CDLHT SUBGROUP	
	2021 £M	2020 £M	2021 £M	2020 £M
Revenue	85	87	85	66
Profit/(Loss) after tax	26	28	37	(107)
Profit/(Loss) attributable to NCI	6	11	23	(66)
Other comprehensive income/(expense)	–	(3)	(2)	1
<b>Total comprehensive income/(expense)</b>	<b>26</b>	<b>25</b>	<b>35</b>	<b>(106)</b>
Total comprehensive income/(expense) attributable to NCI	6	10	21	(66)
Current assets	113	138	94	90
Non-current assets	232	382	1,511	1,495
Current liabilities	(19)	(17)	(262)	(194)
Non-current liabilities	(13)	(59)	(441)	(488)
<b>Net assets</b>	<b>313</b>	<b>444</b>	<b>902</b>	<b>903</b>
Net assets attributable to NCI	75	147	555	560
Cash inflow from operating activities	15	44	34	28
Cash inflow/(outflow) from investing activities	26	(33)	(24)	46
Cash outflow from financing activities	(22)	(23)	(4)	(82)
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>19</b>	<b>(12)</b>	<b>6</b>	<b>(8)</b>
Dividends paid to NCI during the year <sup>1</sup>	(2)	(2)	–	27

<sup>1</sup> Included in cash flows from financing activities.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

## 34. ASSETS HELD FOR SALE

The following were classified as assets held for sale in the statement of financial position as at 31 December 2021:

- The purchase and sale agreement for Millennium Harvest House Boulder was signed on 19 January 2021. The property has a total carrying value of US\$10m (£8m) and is held under the "Regional US" segment as disclosed in Note 5.
- The disposal of Copthorne Orchid Penang was expected to be completed during Q2 2021. The property has a total carrying value of MYR48m (£9m) and is held under the "Rest of Asia" segment as disclosed in Note 5. However, the agreement entered into for the sale of Copthorne Orchid Penang was terminated in December 2021 and the Group continues to explore the sale of the property with other prospective buyers.

The following were classified as assets held for sale in the statement of financial position as at 31 December 2020:

- The purchase and sale agreement for Millennium Harvest House Boulder was signed on 19 January 2021. The property has a total carrying value of US\$10m (£7m) and is held under the "Regional US" segment as disclosed in Note 5.
- The disposal of Copthorne Hotel Birmingham is expected to be completed in August 2021. The property has a total carrying value of £14m and is held under the "Rest of UK/EU" segment as disclosed in Note 5.
- The disposal of Copthorne Orchid Penang is expected to be completed during Q2 2021. The property has a total carrying value of MYR48m (£9m) and is held under the "Rest of Asia" segment as disclosed in Note 5.
- The land held at the property of Copthorne Hotel Christchurch is expected to be disposed of during 2021. The land has a total carrying value of NZ\$2m (£1m) and is held under the "Australasia" segment as disclosed in Note 5.

## 35. ADOPTION OF IFRS 16 'LEASES'

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

*The Group as a lessee*

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

	NOTES	2021 £M	2020 £M
<b>Amounts recognised in the income statement</b>			
Depreciation	6, 11		
– Land and buildings		7	8
– Plant and machinery		1	1
Interest on lease liabilities	9	5	5
<b>Total</b>		<b>13</b>	<b>14</b>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

	NOTES	LAND AND BUILDINGS £M	PLANT AND MACHINERY £M	FIXTURES, FITTINGS AND EQUIPMENT AND VEHICLES £M	INVESTMENT PROPERTIES £M	TOTAL £M
<b>Right-of-use assets</b>						
Carrying amount on 1 January 2020		199	2	1	7	209
Additions		32	–	–	–	32
Depreciation		(8)	(1)	–	–	(9)
Disposals		(1)	–	–	–	(1)
Foreign exchange adjustments		(2)	–	(1)	–	(3)
Carrying amount at 31 December 2020		220	1	–	7	228
Additions		4	–	–	–	4
Depreciation		(7)	(1)	–	–	(8)
Disposals		(3)	–	–	–	(3)
Foreign exchange adjustments		1	–	–	–	1
Carrying amount at 31 December 2021	11, 12	215	–	–	7	222

	2021 £M	2020 £M
<b>Lease liabilities</b>		
Current	4	5
Non-current	131	133
Total	135	138

The total cash outflow for leases during the current year was £10m (2020: £10m).

As part of the adoption in 2019, lease liabilities were determined by discounting the relevant lease payments at the Group's incremental borrowing rate of between 0.9% and 14.6% in Asia, 1.9% to 3.5% in UK/EU and 3.0% to 5.5% in the US.

## COMPANY STATEMENT OF FINANCIAL POSITION

As at 31 December 2021

	NOTES	2021 £M	2020 £M
<b>Non-current assets</b>			
Property, plant and equipment	(E)	–	–
Investments and other financial assets	(F)	2,281	2,196
Deferred tax asset		2	2
		<b>2,283</b>	<b>2,198</b>
<b>Current assets</b>			
Amounts owed by subsidiary undertakings falling due within one year		144	133
Other receivables		16	20
Cash and cash equivalents		7	8
		<b>167</b>	<b>161</b>
<b>Other current liabilities</b>	(G)	<b>(353)</b>	<b>(346)</b>
Net current liabilities		<b>(186)</b>	<b>(185)</b>
<b>Other non-current liabilities</b>	(H)	<b>(685)</b>	<b>(610)</b>
<b>Net assets</b>		<b>1,412</b>	<b>1,403</b>
<b>Equity</b>			
Called up share capital	(I)	97	97
Share premium		843	843
Retained earnings		476	467
Treasury share reserve		(4)	(4)
<b>Total equity</b>		<b>1,412</b>	<b>1,403</b>

The notes on pages 108 to 110 are an integral part of these Company's financial statements.

These financial statements were approved by the Board of Directors on 22 June 2022 and were signed on its behalf by:



Kwek Eik Sheng  
Director

Registered No: 03004377

**COMPANY STATEMENT OF CHANGES IN EQUITY**

**For the year ended 31 December 2021**

	SHARE CAPITAL £M	SHARE PREMIUM £M	TREASURY SHARE RESERVE £M	RETAINED EARNINGS £M	TOTAL EQUITY £M
Balance at 1 January 2020	97	843	(4)	468	1,404
Profit	–	–	–	2	2
Other comprehensive income	–	–	–	(3)	(3)
Total comprehensive income	–	–	–	(1)	(1)
Dividends	–	–	–	–	–
Balance at 31 December 2020	97	843	(4)	467	1,403
Balance at 1 January 2021	97	843	(4)	467	1,403
Profit	–	–	–	7	7
Other comprehensive expense	–	–	–	2	2
Total comprehensive expense	–	–	–	9	9
Dividends	–	–	–	–	–
Balance at 31 December 2021	97	843	(4)	476	1,412

The notes on pages 108 to 110 are an integral part of these Company's financial statements.

**NOTES TO THE COMPANY FINANCIAL STATEMENTS****A. AUTHORISATION OF FINANCIAL STATEMENTS AND STATEMENT OF COMPLIANCE WITH FRS 101**

The parent company financial statements of Millennium and Copthorne Hotels Limited ("the Company") for the year ended 31 December 2021 were authorised for issue by the board of Directors and signed on its behalf on 22 July 2022. The Company is incorporated and domiciled in England and Wales.

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

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

The Company's results are included in the consolidated financial statements of Millennium and Copthorne Hotels Limited which are available from the Group's website [www.millenniumhotels.com](http://www.millenniumhotels.com).

The accounting policies which follow set out those policies which apply in preparing the financial statements for the year ended 31 December 2021. The financial statements are prepared in Sterling and are rounded to the nearest million except when otherwise indicated.

**B. ACCOUNTING POLICIES**

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

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

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

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

The accounting policies adopted for the parent company been applied consistently to all periods presented and with those used for the Group which are set out on pages 39 to 50

**C. DIVIDENDS**

Details of dividends paid and proposed in the current and prior year are given in Note 26 to the consolidated financial statements.

**D. PROFIT ATTRIBUTABLE TO MEMBERS OF THE PARENT COMPANY**

The profit dealt with in the financial statements of the Company is £7m (2020: profit of £2m).

**E. PROPERTY, PLANT AND EQUIPMENT**

	SOFTWARE £M	CAPITAL WORK IN PROGRESS £M	TOTAL £M
Cost at 1 January 2021	–	–	–
Depreciation	–	–	–
<b>Cost at 31 December 2021</b>	<b>–</b>	<b>–</b>	<b>–</b>

**NOTES TO THE COMPANY FINANCIAL STATEMENTS (continued)**

**F. INVESTMENTS AND OTHER FINANCIAL ASSETS**

	SHARES IN SUBSIDIARY UNDERTAKINGS £M	LOANS TO SUBSIDIARY UNDERTAKINGS £M	GROUP SETTLED ARRANGEMENTS £M	TOTAL £M
Cost and net book value at 1 January 2021	1,889	300	7	2,196
Additions	–	169	–	169
Foreign exchange adjustments	(2)	(82)	–	(84)
<b>Cost and net book value at 31 December 2021</b>	<b>1,887</b>	<b>387</b>	<b>7</b>	<b>2,281</b>

There were no provisions made against investments in subsidiary undertakings. Reductions and additions relate to internal restructuring transactions. The loan to subsidiary undertakings are long term with interest charged at market rate and payable on demand.

The Company's subsidiary undertakings at 31 December 2021 are listed in Note 32 to the consolidated financial statements.

**G. OTHER CURRENT LIABILITIES**

	2021 £M	2020 £M
Bank loans and overdrafts	270	222
Bonds payable	-	74
Amounts owed to subsidiary undertakings	73	43
Other payables	9	7
Accruals and deferred income	1	–
	<b>353</b>	<b>346</b>

**H. OTHER NON-CURRENT LIABILITIES**

	2021 £M	2020 £M
Bank loans	317	263
Bonds payable	–	–
Amounts owed to subsidiary undertakings	360	335
Net employee defined benefit liabilities	8	12
	<b>685</b>	<b>610</b>

Other non-current liabilities are repayable as follows: -

	2021 £M	2020 £M
Between one and two years	60	132
Between two and five years	646	478
	<b>706</b>	<b>610</b>

**NOTES TO THE COMPANY FINANCIAL STATEMENTS (continued)**

**I. SHARE CAPITAL**

Details of the Company's share capital are given in Note 27 to the consolidated financial statements.

**J. RELATED PARTIES**

For the year ended 31 December 2021, fees paid/payable by the Company to Hong Leong Management Services, a subsidiary of Hong Leong Investment Holdings Pte. Ltd. amounted to £0m (2020: £0m). At 31 December 2021, £0m (2020: £0m) of fees payable was outstanding.

**GROUP FINANCIAL RECORD** *(Unaudited Supplementary Information)*

**For the year ended 31 December 2021**

	2021 £M	2020 £M	2019 £M	2018 £M	2017 £M
<b>Income statement</b>					
Revenue	540	425	1,025	997	1,008
Operating profit/(loss)	56	(56)	98	105	145
Net finance expense	(23)	(26)	(32)	(28)	(20)
Income tax credit/(expense)	39	—	(8)	(13)	12
Profit/(Loss) for the year	89	(70)	94	93	159
<b>Cash flow</b>					
Cash generated from/(used in) operations	126	(46)	222	177	230
<b>Statement of financial position</b>					
Property, plant, equipment and lease premium prepayment	3,287	3,252	3,194	3,256	3,232
Investment properties	700	664	680	668	577
Investment in joint ventures and associates	465	440	414	358	324
Deferred tax assets	5	6	—	—	—
Other financial assets	26	21	40	43	—
Non-current assets	4,483	4,383	4,328	4,325	4,133
Current assets excluding cash	214	203	316	224	228
Net debt	(824)	(837)	(759)	(727)	(650)
Deferred tax liabilities	(77)	(130)	(147)	(172)	(188)
Provisions and other liabilities	(521)	(381)	(390)	(287)	(274)
<b>Net assets</b>	<b>3,275</b>	<b>3,238</b>	<b>3,348</b>	<b>3,363</b>	<b>3,249</b>
Share capital and share premium	940	940	940	940	940
Reserves	1,752	1,719	1,842	1,830	1,736
Total equity attributable to equity holders	2,692	2,659	2,782	2,770	2,676
Non-controlling interests	583	579	566	593	573
<b>Total equity</b>	<b>3,275</b>	<b>3,238</b>	<b>3,348</b>	<b>3,363</b>	<b>3,249</b>

**Key operating statistics**

Gearing	25%	26%	23%	22%	20%
Dividends per share <sup>1</sup>	—	—	—	4.23p	6.50p
Hotel gross operating profit/(loss) margin	20%	(0.9)%	28.5%	30.5%	32.2%
Occupancy	52.1%	38.8%	73.3%	73.3%	73.5%
Average room rate (£)	£80.16	£74.52	£114.52	£111.31	£112.68
RevPAR (£)	£41.74	£28.92	£83.94	£81.57	£82.78

<sup>1</sup> Dividends per share includes ordinary dividends and special dividends.



**KEY OPERATING STATISTICS** *(Unaudited Supplementary Information)***For the year ended 31 December 2021**

OWNED OR LEASED HOTELS*	YEAR ENDED 2021 REPORTED CURRENCY	YEAR ENDED 2020 REPORTED CURRENCY
<b>Occupancy (%)</b>		
New York	63.7	44.2
Regional US	50.1	34.7
Total US	55.0	38.1
London	41.9	17.6
Rest of UK/EU	44.8	23.0
Total UK/EU	43.3	20.2
Singapore	80.8	83.1
Rest of Asia	42.6	31.8
Total Asia	57.6	51.5
Australasia	48.7	45.7
<b>Total Group</b>	<b>52.1</b>	<b>38.8</b>
<b>Average Room Rate (£)</b>		
New York	123.67	104.79
Regional US	77.88	74.87
Total US	96.90	87.14
London	116.47	109.78
Rest of UK/EU	69.74	63.67
Total UK/EU	93.34	84.12
Singapore	47.07	49.70
Rest of Asia	61.65	68.31
Total Asia	53.62	56.76
Australasia	86.04	90.12
<b>Total Group</b>	<b>80.16</b>	<b>74.52</b>

**KEY OPERATING STATISTICS (continued)** *(Unaudited Supplementary Information)*

OWNED OR LEASED HOTELS*	YEAR ENDED 2021 REPORTED CURRENCY	YEAR ENDED 2020 REPORTED CURRENCY
<b>RevPAR (£)</b>		
New York	78.79	46.35
Regional US	39.04	25.97
<b>Total US</b>	<b>53.29</b>	<b>33.17</b>
London	48.78	19.34
Rest of UK/EU	31.22	14.62
<b>Total UK/EU</b>	<b>40.38</b>	<b>17.02</b>
Singapore	38.04	41.31
Rest of Asia	26.24	21.72
<b>Total Asia</b>	<b>30.87</b>	<b>29.25</b>
Australasia	41.94	41.20
<b>Total Group</b>	<b>41.74</b>	<b>28.92</b>
<b>Gross Operating Profit/(Loss) Margin (%)</b>		
New York	(26.5)	(107.5)
Regional US	26.6	(0.4)
<b>Total US</b>	<b>0.4</b>	<b>(48.3)</b>
London	38.0	(20.4)
Rest of UK/EU	19.6	(39.8)
<b>Total UK/EU</b>	<b>31.1</b>	<b>(28.6)</b>
Singapore	41.2	40.5
Rest of Asia	11.9	3.7
<b>Total Asia</b>	<b>23.4</b>	<b>19.6</b>
Australasia	46.9	48.8
<b>Total Group</b>	<b>20.2</b>	<b>(0.9)</b>

\*excluding managed, franchised and investment hotels.

**MAJOR GROUP PROPERTIES** *(Unaudited Supplementary Information)*

**For the year ended 31 December 2021**

**Asia**

HOTELS	TENURE	APPROXIMATE SITE AREA (SQ. METRES)	NUMBER OF ROOMS	EFFECTIVE GROUP INTEREST (%)
<b>Grand Millennium Beijing</b> 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	517	70
<b>New World Millennium Hong Kong Hotel</b> (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	467	50
<b>JW Marriott Hotel Hong Kong</b> (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 (Part)	455	26
<b>Millennium Hotel Sirih Jakarta</b> 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 7,084 sq. metres and 212 sq. metres, respectively	7,296	401	100
<b>Hotel MyStays Asakusabashi</b> 1-5-5, Asakusabashi, Taito-ku, Tokyo 111-0053, Japan	Freehold	564	139	38
<b>Hotel MyStays Kamata</b> 5-46-5, Kamata, Ota-ku, Tokyo 144-0052, Japan	Freehold	497	116	38
<b>Grand Millennium Kuala Lumpur</b> 160 Jalan Bukit Bintang, 55100 Kuala Lumpur, Malaysia	Freehold	7,670	468	100
<b>Angsana Velavaru</b> South Nilandhe Atoll, Republic of Maldives	50-year leasehold interest commencing from 26.08.1997	67,717	113	38
<b>Raffles Maldives Meradhoo</b> Meradhoo Island, Gaafu Alifu Atoll, Republic of Maldives	50-year leasehold interest commencing from 15.06.2006	53,576	38	38
<b>The Heritage Hotel Manila</b> Roxas Boulevard at corner of EDSA Pasay City, Metropolitan Manila, Philippines	Fee simple	9,888	450	66
<b>Copthorne King's Hotel</b> 403 Havelock Road, Singapore	99-year lease commencing from 01.02.1968	5,637	311	38
<b>Grand Copthorne Waterfront Hotel</b> 392 Havelock Road, Singapore	75-year lease commencing from 19.07.2006	10,860	574	38
<b>M Hotel Singapore</b> 81 Anson Road, Singapore	Freehold	2,134	415	38
<b>Orchard Hotel</b> 442 Orchard Road, Singapore	Freehold	8,588*	656	38
<b>Studio M Hotel</b> 3 Nanson Road, Singapore	99-year lease commencing from 26.02.2007	2,932	360	38
<b>W Singapore – Sentosa Cove</b> 21 Ocean Way, Singapore	Leasehold 99 years from 31.10.2006	17,016	240	38

\* Includes Claymore Connect

**MAJOR GROUP PROPERTIES (continued)** *(Unaudited Supplementary Information)*

HOTELS	TENURE	APPROXIMATE SITE AREA (SQ. METRES)	NUMBER OF ROOMS	EFFECTIVE GROUP INTEREST (%)
<b>Millennium Hilton Seoul</b> 50 Sowol-ro, Jung-gu, Seoul, South Korea 100-802	Freehold	18,787	680	100
<b>Land Site in Seoul</b> Located at Chung-gu, Namdaeumro 5 Ga 652-1	Freehold	1,564	–	100
<b>Grand Hyatt Taipei</b> 2, SongShou Road Taipei, Taiwan, 11051	50 years starting from 7 March 1990 The lease agreement is extendable for another 30 years.	14,193	850	84

**UK & EU**

HOTELS	TENURE	APPROXIMATE SITE AREA (SQ. METRES)	NUMBER OF ROOMS	EFFECTIVE GROUP INTEREST (%)
<b>Copthorne Hotel Aberdeen</b> 122 Huntly Street, Aberdeen AB10 1SU, Scotland	Freehold	1,302	87	83
<b>Copthorne Hotel Cardiff-Caerdydd</b> Copthorne Way, Culverhouse Cross, Cardiff CF5 6DH, Wales	Freehold	26,305	135	100
<b>Copthorne Hotel Effingham Gatwick</b> West Park Road, Copthorne, West Sussex RH10 3EU, England	Freehold	161,878	122	100
<b>Copthorne Hotel London Gatwick</b> Copthorne Way, Copthorne, West Sussex RH10 3PG, England	Freehold	404,694	227	100
<b>Copthorne Hotel Manchester</b> Clippers Quay, Salford Quays, Manchester M50 3SN, England	Leasehold to year 2135	9,800	166	100
<b>Copthorne Hotel Merry Hill-Dudley</b> The Waterfront, Level Street, Brierley Hill, Dudley, West Midlands DY5 1UR, England	Freehold	13,734	138	100
<b>Copthorne Hotel Newcastle</b> The Close, Quayside, Newcastle upon Tyne NE1 3RT, England	Freehold	9,200	156	96
<b>Copthorne Hotel Plymouth</b> Armada Way, Plymouth PL1 1AR, England	Leasehold to year 2110	1,853	135	100
<b>Copthorne Hotel Slough-Windsor</b> Cippenham Lane, Slough, Berkshire SL1 2YE, England	Freehold	6,880	219	100
<b>Copthorne Tara Hotel London Kensington</b> Scarsdale Place, Kensington, London W8 5SY, England	Freehold	7,535	833	100
<b>Hard Days Night Hotel Liverpool</b> Central Buildings North John Street Liverpool, L2 6RR, England	Leasehold to year 2129	5,275	110	100
<b>Hilton Cambridge City Centre</b> Grand Arcade 20, Downing St, Cambridge CB2 3DT, England	125-year lease commencing from 25.12.1990 and extendable for a further 50 years	3,600	198	38
<b>The Lowry Hotel</b> 50 Dearmans Place, Salford, Manchester M3 5LH, United Kingdom	150-year lease commencing from 18.03.1997	2,200	165	38

**MAJOR GROUP PROPERTIES (continued)** *(Unaudited Supplementary Information)*

HOTELS	TENURE	APPROXIMATE SITE AREA (SQ. METRES)	NUMBER OF ROOMS	EFFECTIVE GROUP INTEREST (%)
<b>The Bailey's Hotel London</b> 140 Gloucester Road, London SW7 4QH, England	Freehold	1,923	212	100
<b>Millennium Gloucester Hotel London Kensington</b> Harrington Gardens London SW7 4LH, England	Freehold	6,348	610	100
<b>Millennium Hotel Glasgow</b> George Square, Glasgow G2 1DS, Scotland	Leasehold to year 2109	5,926	65	100
<b>Millennium Hotel London Knightsbridge</b> 17 Sloane Street, Knightsbridge, London SW1X 9NU, England	Leasehold to year 2091	809	222	100
<b>The Biltmore, Mayfair – LXR Hotels &amp; Resorts</b> 44 Grosvenor Square, Mayfair, London W1K 2HP, England	Leasehold to year 2096	4,260	307	100
<b>M Social Hotel Paris Opéra</b> 12 Boulevard Haussmann, 75009 Paris, France	Freehold	1,093	163	100
<b>Millennium Hotel Paris Charles de Gaulle</b> Zone Hoteliere, Allée du Verger, 95700 Roissy-en-France, France	Freehold	11,657	239	100
<b>Pullman Hotel Munich</b> Theodor-Dombart-Strasse 4, Munich 80805, Germany	Freehold	8,189	337	36
<b>Grand Hotel Palace Rome</b> Via Veneto, 70, Rome, 00187, Italy	Freehold	801	86	100
<b>The Chelsea Harbour Hotel</b> Chelsea Harbour, London, SW10 0XG, England	Leasehold to year 2112	2,561	158	100
<b>Hotel Cerretani Firenze - MGallery</b> Via de' Cerretani, 68, 50123 Florence, Italy	Freehold	1,350	86	36

**North America**

HOTELS	TENURE	APPROXIMATE SITE AREA (SQ. METRES)	NUMBER OF ROOMS	EFFECTIVE GROUP INTEREST (%)
<b>The Bostonian Boston</b> 26 North Street At Faneuil Hall Marketplace, Boston MA 02109, USA	Freehold	2,769	204	100
<b>The Lakefront Anchorage</b> 4800 Spenard Road, Anchorage, AK 99517, USA	Hotel: Freehold Dock: Leasehold to 2040	14,159	248	100
<b>Millennium Biltmore Los Angeles</b> 506 South Grand Avenue, Los Angeles, CA 90071, USA	Freehold	11,305	683	100
<b>Millennium Buffalo</b> 2040 Walden Avenue Buffalo, NY 14225, USA	Leasehold to year 2022 (with one 10-year option)	31,726	301	100

**MAJOR GROUP PROPERTIES (continued)** *(Unaudited Supplementary Information)*

HOTELS	TENURE	APPROXIMATE SITE AREA (SQ. METRES)	NUMBER OF ROOMS	EFFECTIVE GROUP INTEREST (%)
<b>Millennium Harvest House Boulder</b> 1345 28th Street Boulder, CO 80302, USA	Freehold	64,019	269	100
<b>Millennium Knickerbocker Hotel Chicago</b> 163 East Walton Place, Chicago, IL 60611, USA	Freehold	2,007	306	100
<b>Millennium Durham</b> 2800 Campus Walk Avenue, Durham, NC 27705, USA	Freehold	42,814	324*	100
<b>Millennium Minneapolis</b> 1313 Nicollet Mall, Minneapolis, MN 55403, USA	Leasehold to year 2030	4,537	321	100
<b>Millennium Maxwell House Nashville</b> 2025 Rosa L. Parks Boulevard, Nashville TN 37228, USA	Leasehold to year 2030 (with two 10-year options)	17,140	287	100
<b>Millennium Broadway New York Times Square</b> 145 West 44th Street, New York, NY 10036, USA	Freehold	1,762	626	100
<b>Millennium Premier New York Times Square</b> 133 West 44th Street, New York, NY 10036, USA	Freehold	360	124	100
<b>Millennium Hilton New York One UN Plaza</b> 1 UN Plaza, 44th Street at 1st Avenue, New York, NY 10017, USA	East tower freehold/ West tower leasehold to year 2079	4,554	439	100
<b>The McCormick Scottsdale</b> 7421 North Scottsdale Road, Scottsdale, AZ 85208, USA	Leasehold to year 2033 (with two 10-year options)	32,819	125	100
<b>Millennium Downtown New York</b> 55 Church Street, New York, NY 10007, USA	Freehold	1,680	569	100
<b>M Social Hotel Times Square New York</b> 226 W 52nd Street, New York, NY 10019, USA	Fee simple estate, a leasehold interest, and a leased fee interest	1,977	480	100
<b>Maingate Lakeside Resort</b> 7769 W Irlo Bronson Memorial Highway, Kissimmee, FL 34747, USA	Freehold	93,796	475	100
<b>Novotel Penthouse</b> 1651-65 Broadway, New York, NY 10019, USA	Leasehold to year 2080	307	—	100
<b>Comfort Inn Near Vail Beaver Creek</b> 161 West Beaver Creek Boulevard, Avon, CO 81620, USA	Freehold	11,209	146	100
<b>Pine Lake Trout Club</b> 17021 Chillicothe Road, Chagrin Falls OH 44023, USA	Freehold	331,074	6	100

\*Currently only 290 rooms are available for sale.

**MAJOR GROUP PROPERTIES (continued)** *(Unaudited Supplementary Information)*

**Australasia**

HOTELS	TENURE	APPROXIMATE SITE AREA (SQ. METRES)	NUMBER OF ROOMS	EFFECTIVE GROUP INTEREST (%)
<b>Copthorne Hotel &amp; Apartments Queenstown Lakeview</b> 88 Frankton Road, Queenstown, New Zealand	Freehold/Strata title	4,713	85	76
<b>Copthorne Hotel &amp; Resort Bay of Islands</b> Tau Henare Drive, Paihia, New Zealand	Leasehold land to year 2021 (renewal option to May 2087)	62,834	140	37
<b>Copthorne Hotel &amp; Resort Queenstown Lakefront</b> Corner Adelaide Street & Frankton Road, Queenstown, New Zealand	Freehold	18,709	240	76
<b>Copthorne Hotel Auckland City</b> 150 Anzac Avenue Auckland, New Zealand	Perpetual leasehold land	2,495	106	76
<b>M Social Auckland</b> 196-200 Quay Street Auckland, New Zealand	Freehold	2,407	190	76
<b>Copthorne Hotel Palmerston North</b> 110 Fitzherbert Avenue, Palmerston North, New Zealand	Freehold	15,514	76	76
<b>Copthorne Hotel Rotorua</b> Fenton Street, Rotorua, New Zealand	Freehold	35,935	58	76
<b>Copthorne Hotel Wellington Oriental Bay</b> 100 Oriental Parade, Wellington, New Zealand	Freehold	3,904	118	76
<b>Ibis Perth</b> 334 Murray Street Perth, Western Australia, Australia	Freehold	1,480	192	38
<b>Kingsgate Hotel Dunedin</b> 10 Smith Street, Dunedin, New Zealand	Freehold	2,193	55	76
<b>Copthorne Hotel Greymouth</b> 32 Mawhera Quay, Greymouth, New Zealand	Freehold/Perpetual leasehold land	2,807	44	76
<b>Kingsgate Hotel Te Anau</b> 20 Lakefront Drive, Te Anau, New Zealand	Freehold	8,819	69	76
<b>Mercure Perth</b> 10 Irwin Street Perth, Western Australia, Australia	Strata freehold	757	239	38

**MAJOR GROUP PROPERTIES (continued)** *(Unaudited Supplementary Information)*

HOTELS	TENURE	APPROXIMATE SITE AREA (SQ. METRES)	NUMBER OF ROOMS	EFFECTIVE GROUP INTEREST (%)
<b>Millennium Hotel Queenstown</b> Corner Frankton Road & Stanley Street Queenstown, New Zealand	Freehold	7,453	220	76
<b>Millennium Hotel Rotorua</b> Corner Eruera & Hinemaru Streets, Rotorua, New Zealand	Freehold/Perpetual leasehold land	10,109	227	76
<b>Millennium Hotel New Plymouth, Waterfront</b> 1 Egmont St, New Plymouth, New Zealand	Freehold	1,149	42	76
<b>Grand Millennium Auckland</b> 71-87 Mayoral Drive, Auckland, New Zealand	Freehold	5,910	452	38
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INVESTMENT PROPERTIES	TENURE		APPROXIMATE LETTABLE STRATA AREA (SQ. METRES)	EFFECTIVE GROUP INTEREST (%)
<b>Tanglin Shopping Centre</b> 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		6,029	100
<b>Millennium Mitsui Garden Hotel Tokyo</b> 5-11-1 Ginza, Chuo-Ku, Tokyo 104-0061 329 bedroom hotel.	Freehold/ Leasehold – 30 years from 25 March 2009		1,040/130 (site area)	70
<b>Biltmore Court &amp; Tower</b> 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.	Freehold		34,249	100
<b>Lakeside Apartments, Sunnyvale</b> City of Sunnyvale, California, USA Comprising of two blocks of 5-storey buildings with a total of 250 apartment units.	Freehold		18,743	100



**MAJOR GROUP PROPERTIES (continued)** *(Unaudited Supplementary Information)*

OWNED BY FIRST SPONSOR GROUP LIMITED, AN ASSOCIATE OF THE COMPANY:	TENURE	APPROXIMATE LETTABLE FLOOR AREA (SQ. METRES)	EFFECTIVE GROUP INTEREST (%)
<b>Arena Towers</b> Hoogoorddreef 66 and 68, Amsterdam, the Netherlands Comprising the Holiday Inn Amsterdam and the Holiday Inn Express Amsterdam hotels with 443 hotel rooms in aggregate and 509 car park lots	Perpetual leasehold interest with ground rent paid until year 2053	17,396	35
<b>Banqiao Plywood Market</b> Dongcheng District, Dongguan, Guangdong Province, PRC Comprising plywood wholesale market and warehousing space	Leasehold interest to year 2053	17,281	32*
<b>Liaobu Fuzhushan Factory</b> Liaobu District, Dongguan, Guangdong Province, PRC Comprising a factory and warehousing facilities	Leasehold interest to year 2053	10,412	32
<b>Dongri Building</b> Guancheng District, Dongguan, Guangdong Province, PRC Comprising a 10-storey office building	Leasehold interest to year 2053	10,254	32
<b>Wentang Logistics Warehouse</b> Dongcheng District, Dongguan, Guangdong Province, PRC Comprising a 4-storey industrial building	Leasehold interest to year 2048	10,061	32
<b>Hampton by Hilton Utrecht Centraal Station &amp; Crown Plaza Utrecht Centraal Station</b> 3rd floor up to and including the 9th floor of the Poortgebouw Hoog Catharijne, Boven Catharijnepoort 4, 3511 WN, and Catharijne Esplanade 13, 3511 WK, Utrecht, Netherlands Comprising 193-room Hampton by Hilton Utrecht Centraal Station and 144- room Crowne Plaza Utrecht Centraal Station	Leasehold interest to year 2069	13,822	35
<b>Crowne Plaza Chengdu Wenjiang Hotel &amp; Holiday Inn Express Chengdu Wenjiang Hotspring Hotel</b> No. 619 A/B North Phoenix Street, Wenjiang District, Chengdu, Sichuan Province, PRC Comprising 2 hotels with 608 hotel rooms and a hotspring facility	Leasehold interest to year 2051	81,041	35
<b>Bilderberg Bellevue Hotel Dresden</b> Große Meißner straÙe 15, 01097, Dresden, Germany Comprising a 340-room heritage status hotel	Freehold	40,678	34

\*As at 31 December 2021, an effective 26% equity interest in this property has been contracted to be divested and is expected to be completed in 2022.

**MILLENNIUM & COPTHORNE HOTELS WORLDWIDE** *(Unaudited Supplementary Information)*

**For the year ended 31 December 2021**

**ASIA**

**China**

Crown Plaza Chengdu Wenjiang Hotel & Holiday Inn Express Chengdu Wenjiang Hotspring Hotel  
Grand Millennium Beijing  
Grand Millennium Shanghai Hongqiao  
Millennium Harbourview Hotel Xiamen  
Millennium Hotel Chengdu  
Millennium Hotel Fuqing  
Millennium Hotel Wuxi  
Millennium Hotel Zunyi  
Millennium Residences @ Beijing Fortune Plaza  
Millennium Resort Hangzhou  
Millennium Resort Wuyishan

**Hong Kong**

JW Marriott Hotel Hong Kong  
New World Millennium Hong Kong Hotel

**Indonesia**

Millennium Hotel Sirih Jakarta

**Japan**

Hotel MyStays Asakusabashi  
Hotel MyStays Kamata  
Millennium Mitsui Garden Hotel Tokyo

**Malaysia**

Copthorne Hotel Cameron Highlands  
Copthorne Orchid Penang (classified as an asset held for sale at year end)  
Grand Millennium Kuala Lumpur

**Maldives**

Angsana Velavaru  
Raffles Maldives Meradhoo

**Philippines**

The Heritage Hotel Manila

**Singapore**

Copthorne King's Hotel  
Grand Copthorne Waterfront Hotel  
M Hotel  
M Social Singapore  
Orchard Hotel  
Studio M Hotel  
W Singapore- Sentosa Cove

**South Korea**

Millennium Hilton Seoul

**Taiwan**

Grand Hyatt Taipei  
Millennium Hotel Taichung

**Thailand**

Millennium Resort Patong Phuket

**MILLENNIUM & COPTHORNE HOTELS WORLDWIDE (continued)** *(Unaudited  
Supplementary Information)*

**AUSTRALASIA**

**Australia**

Ibis Perth  
Mercure Perth

**New Zealand**

Copthorne Hotel & Apartments Queenstown Lakeview  
Copthorne Hotel & Resort Bay of Islands  
Copthorne Hotel & Resort Queenstown Lakefront  
Copthorne Hotel & Resort Solway Park Wairarapa  
Copthorne Hotel Auckland City  
Copthorne Hotel Palmerston North  
Copthorne Hotel Rotorua  
Copthorne Hotel Greymouth  
Copthorne Hotel Wellington Oriental Bay  
Grand Millennium Auckland  
Kingsgate Hotel Autolodge Paihia  
Kingsgate Hotel Dunedin  
Kingsgate Hotel Te Anau  
Kingsgate Hotel The Avenue Wanganui  
M Social Auckland  
Millennium Hotel & Resort Manuels Taupo  
Millennium Hotel New Plymouth, Waterfront  
Millennium Hotel Queenstown  
Millennium Hotel Rotorua

**MIDDLE EAST\***

**Iraq**

Copthorne Hotel Baranan  
Grand Millennium Hotel Sulaimani  
Millennium Kurdistan Hotel and Spa

**Kuwait**

Copthorne Al-Jahra Hotel & Resort  
Millennium Central Kuwait Downtown  
Millennium Hotel and Convention Centre Kuwait

**Oman**

Grand Millennium Muscat  
Millennium Executive Apartments Muscat  
Millennium Resort Salalah

**Palestine**

Millennium Palestine Ramallah

\*As a result of the sale of M&C's joint venture interest in the Group's Middle East operating entity, Millennium & Copthorne Middle East Holdings Limited ("MCMEHL"), to the other shareholder in December 2016, properties that were previously shown as being managed by the Group are now shown as franchised, although as of the date hereof the properties continue to be managed or franchised by MCMEHL, with support from the Group, under a master license and services arrangement.

**MILLENNIUM & COPTHORNE HOTELS WORLDWIDE (continued)** *(Unaudited  
Supplementary Information)*
**Qatar**

Kingsgate Hotel Doha by Millennium Hotels  
Millennium Central Doha  
Millennium Hotel Doha  
Millennium Plaza Doha

**Saudi Arabia**

Copthorne Makkah Al Naseem  
Grand Millennium Tabuk  
M Hotel Al Dana Makkah  
M Hotel Makkah by Millennium  
Millennium Hotel Hail  
Millennium Makkah Al Naseem  
Millennium Medina Airport

**United Arab Emirates**

Bab Al Qasr Hotel  
Copthorne Hotel Dubai  
Copthorne Hotel Sharjah  
Copthorne Lake View Hotel and Apartments  
Grand Kingsgate Waterfront  
Grand Millennium Al Wahda  
Grand Millennium Business Bay  
Grand Millennium Dubai  
Kingsgate Canal Hotel  
Kingsgate Hotel Abu Dhabi by Millennium  
Kingsgate Hotel Al Jaddaf  
Millennium Airport Hotel Dubai  
Millennium Al Barsha  
Millennium Al Rawdah Hotel  
Millennium Atria Business Bay  
Millennium Central Dubai Downtown  
Millennium Central Mafraq Hotel  
Millennium Executive Apartments Mont Rose  
Millennium Place Hotel & Apartments Barsha Heights  
Millennium Place Marina  
Millennium Place Mirdif Hotel  
Studio M Arabia Plaza

**EUROPE****France**

M Social Hotel Paris Opéra  
Millennium Hotel Paris Charles de Gaulle

**Georgia**

The Biltmore Hotel Tbilisi

**Germany**

Bilderberg Bellevue Hotel Dresden  
Pullman Hotel Munich

**Italy**

Grand Hotel Palace Rome  
Hotel Cerretani Firenze-MGallery

**MILLENNIUM & COPTHORNE HOTELS WORLDWIDE (continued)** *(Unaudited Supplementary Information)*

**Netherlands**

Hampton by Hilton Utrecht Centraal Station & Crowne Plaza Utrecht Centraal Station

**Turkey**

Millennium Istanbul Golden Horn  
Grand Millennium Konya Hotel  
Millennium West Istanbul (not open yet)

**United Kingdom**

Copthorne Hotel Aberdeen  
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 Slough-Windsor  
Copthorne Tara Hotel London Kensington  
Hard Days Night Hotel Liverpool  
Hilton Cambridge City Centre  
Millennium & Copthorne Hotels at Chelsea Football Club  
Millennium Gloucester Hotel London Kensington  
Millennium Hotel at Chelsea Football Club  
Millennium Hotel Glasgow  
Millennium Hotel London Knightsbridge  
The Bailey's Hotel London  
The Biltmore, Mayfair – LXR Hotels & Resorts  
The Chelsea Harbour Hotel  
The Lowry Hotel

**THE AMERICAS**

**USA**

Comfort Inn Near Vail Beaver Creek  
M Social Hotel Times Square New York  
Maingate Lakeside Resort  
Millennium Buffalo  
Millennium Durham  
Millennium Harvest House Boulder (classified as an asset held for sale at year end)  
Millennium Downtown New York  
Millennium Hilton New York One UN Plaza  
Millennium Broadway New York Times Square  
Millennium Knickerbocker Hotel Chicago  
Millennium Maxwell House Nashville  
Millennium Minneapolis  
Millennium Premier New York Times Square  
Pine Lake Trout Club  
The Biltmore Los Angeles  
The Bostonian Boston  
The Lakefront Anchorage  
The McCormick Scottsdale

END