CDL Hotels NZ Limited Full Year Results

March 5, 2003

CDL Hotels New Zealand Limited ("CDL") recorded another sound earnings performance with profit after tax increasing by 60% from $10.7 million to a record $17.1 million for the year ended 31 December 2002. A satisfactory contribution was made from all three of our operations – the New Zealand Hotel business, the Australian operations of Kingsgate International Corporation Limited("KIC") and the property investment and development of CDL Investments New Zealand Limited("CDLI"). The earnings increase was achieved despite a 6.0 % fall in revenue, from $202.3 million to $190.1 million, due primarily to revenue attributable from the sale of a larger number of apartments at Birkenhead Quays in 2001.

Shareholders' funds including minority interest improved to $325.9 million on 31 December 2002, compared to $320.3 million a year earlier. Net asset backing per share (excluding minority interests) increased to 63.9 cents per ordinary share (2001: 62.5cents). Total assets amounted to $455.8 million compared to $478.8 million a year earlier. The reduction was due to the usage of cash funds received from the sale of apartments to reduce bank borrowings and a reduction in development property stock. Total liabilities reduced by 18.1% to $129.9 million (2001: $158.5 million).

CDL Hotels is the largest hotel operator in New Zealand with a portfolio of 28 hotels with 3,576 rooms in 15 locations. It employs approximately 2,400 staff. The Group continues to look for opportunities to expand its current portfolio.

OPERATING RESULTS

New Zealand Hotel Operations

CDL is a subsidiary of Millennium & Copthorne Hotels plc (M&C), which owns, operates or manages hotels in Europe, Asia, the United States of America as well as the recently opened hotels in the Middle East and North Africa. CDL owns, leases, franchises and manages a portfolio of 28 hotels in this region under the Millennium, Copthorne and Quality Hotel brands. The New Zealand hotels continue to benefit from the international relationship with the parent company, as it provides a key strategic link to M&C's global distribution and promotional network.

Turnover from the New Zealand hotel operations rose 8.5% over the 2002 calendar year to $114.2 million. Average occupancy increased by 5.9% over the 2001 levels, whilst the average room rate increased by 4.5%. In combination, this produced an overall 10.4% increase in yield, endorsing our policy of focusing on the higher yielding end of the market.

The overall trading activity of the New Zealand hotel sector was generally steady throughout the year, although the industry had to cope with the major disruption caused by the aftermath of the September 11 tragedy during the first quarter. International visitors constituted 62.9% of our guest profile for the year (2001: 65.0%). This reflects a deliberate policy to manage our exposure to the international market by continuing to develop the New Zealand domestic market. It should be noted that the pickup in domestic activity was not at the expense of international visitors.

Overall, the New Zealand hotel operations recorded positive revenue growth with all regions – particularly Queenstown, Rotorua, Christchurch and the provinces – performing well. This is despite the absence of any significant international events being hosted outside the Auckland region during this period. The Louis Vuitton Cup provided a major fillip to Auckland during the last quarter. Wellington maintained its occupancy levels and average room rate.

From the brand perspective, the Millennium and Copthorne branded hotels improved their position and recorded increased revenues and profits well in excess of 2001 levels. The Quality branded hotels continued to operate profitably in an increasingly competitive environment. Choice Hotels International(“CHI”), the Licensor of the Quality brand, have advised us that the Master Franchise Agreement with CDL would not be renewed when it comes for review in August 2006. Instead CHI will franchise the properties directly through their operations in Australia.

Some major renovation works were completed during the year. These included the refurbishment and airconditioning of 142 guestrooms at the Copthorne Hotel Central Christchurch, the upgrade of 30 rooms at the Quality Hotel Rotorua and the installation of airconditioning in some of the guest rooms at the Quality Hotel Palmerston North. These projects are already contributing to the improved revenue and profitability of the group. Major refurbishment programmes for Copthorne Durham Street Christchurch and Quality Hotel Oriental Bay are planned for the first half of this year. The position of Millennium Queenstown and Millennium Christchurch are presently under review.

Kingsgate International Corporation Limited (KIC)

Kingsgate International Corporation Limited, a 50.74% owned subsidiary of the company, reported a net operating profit before tax of $12.5 million for the twelve months ended 31 December 2002, compared with $10.8 million for the equivalent period the previous year. For many years KIC has had considerable income tax losses available to it and hence has not paid income taxes. However, during 2002, all Australian income tax losses available to the group were fully utilised, thus bringing KIC into a tax payable position. KIC’s operating profit after tax of $10.2 million compares with $10.8 million last year. Total operating revenue of $50.9 million was down 33% from

$76.4 million in 2001. Revenue attributable to the sale of apartments and land at Birkenhead Quays was $12.6 million (2001: $37.2 million). With the sale of the last unit in February 2003, Stages 1, 2 and 3 of the residential development project are essentially complete.

The gross revenue of The Millennium Hotel Sydney for the year ended 31 December 2002 was up 3.2% compared to last year. Although occupancy of 77.7% for 2002 was down on last year's 80.4%, the average room rate increased 6.4% to bring in more revenue per room.

Last year the board indicated it was considering whether to refurbish the hotel or restructure it to enhance its value. During the year the decision was made to convert part of the hotel into apartments. The hotel will cease operation on 31 March 2003. The tower block of the existing hotel comprising of 250 rooms have been renamed Zenith for the purposes of this development. Zenith development comprises 97 apartments. Initial expressions of interest in over 50% of the apartments have been noted and this is most encouraging.

After strong growth in recent years, the Birkenhead Point Shopping Centre continued its upward trend to report further increased revenues (4%) and profits (6%) for the twelve months ended 31 December 2002. This result was excellent considering the difficulties experienced with a flat retail market in Australia throughout 2002 and with the opening of a competitive factory outlet centre. Average occupancy in the retail space during the 12 months ended 31 December 2002 increased to 98% (2001: 97%) and the centre achieved a 6% increase in the Australian dollar average rental rate per square metre compared to the previous year.

The Kingsgate Shopping Centre at the Hotel continued to show an improved performance during the period under review. Its turnover for 2002 was 1% higher than that in the previous year, a good result notwithstanding that approximately 1,000 square meters of floor-space was held back mid-year pending redevelopment. In an environment of increased competition, the average rental rate per square metre decreased by 1%, however average occupancy increased 4.2% to 84.5%. The major anchor tenants at the shopping centre continue to perform very well.

2002 saw the completion of the sale of all the apartments of the Birkenhead Quays residential project. During the 12 months ended 31 December 2002, 11 units were sold with the last remaining unit sold in February 2003. In October 2002, the land and the Development Approval originally allocated to Stage 3 of the Project were sold to an unrelated Sydney developer.

The refurbishment of the Birkenhead Point Marina was completed in September 2002 at a cost of A$2.7 million. This has contributed to an increase in revenue for the year under review of around 20% to 25%. This flowed into the full year performance which saw revenue up 11% on last year. Occupancy remains at an excellent 98% on those 177 available berths demonstrating a high demand for such a facility in Sydney. Arising from the upgrade of the facility, the Sydney Waterways Authority has undertaken to grant an extension of the lease for a further term of 20 years.

CDL Investments New Zealand Limited

CDL Investments New Zealand Limited ("CDLI"), the 60.12% owned subsidiary of CDL, reported an operating profit before tax of $9.5 million (2001: loss of $0.3 million) for the year on a turnover of $23.88 million (2001 : $20.27 million). The turnaround in profit performance reaffirms the decision to dispose of the loss making property services subsidiary, Knight Frank (NZ) Limited. The sale of this asset was settled on 28 March 2002.

CDL Land recorded annual sales of 221 sections during the year as compared with 163 in 2001. For this period, the gross margin increased by 32.6% on the previous year. In line with the demand for residential properties, CDLI sold all but six of its available sites at Waimanu Bay (Auckland). Elsewhere, all available sections at Highfields (Waitekere City), Ranfurly Rise (Manukau) and Brookhaven (Christchurch) were all sold plus strong sales in the Hamilton developments. During the year under review, a further 10 hectares of land was acquired in Albany. This helped to replenish CDLI's land bank that totalled 252 hectares as at 31 December 2002 which has a current market value of $59.185 million.

Dividend Announcement

The Company has resolved to pay a fully imputed dividend to the shareholders of 1.4 cents per ordinay share.

Sale of Quality Hotel Willis Street

The Company has entered into an unconditional contract to sell the Quality Hotel Willis Street. The settlement date is 31 March 2003 and after that date the Hotel will continue to be managed by Hospitality Services Limited, the management company of the group.

Changes to the Board

The Board is pleased to announce that Mr Gordon Wilson has been appointed a director of the Company with effect from 28 February 2003. Mr Wilson is currently the Chief Operating Officer of Hospitality Services Limited, a subsidiary of the Company, and he has been with the Company and group since 1994.

Outlook

The Board retains its positive long-term outlook. The New Zealand hotel market has recovered from the effects of September 11 and visitor numbers are expected to remain robust. Though the hotel market continues to be highly competitive, our ongoing focus on yield growth in concert with a strategy of building our domestic sales base through inovative marketing programs should continue to bear fruits. Building up the domestic base will also provide a buffer for any fluctuations in international visitor flows. At the same time our links to the international network of our parent company, M&C, will ensure we maintain or improve market share.

Having taken the decision to close the Millennium Hotel Sydney, Kingsgate reported a very encouraging response to the sales so far and active interest has been shown in about 50% of the planned 97 apartment complex. In the immediate term this will result in a drop in revenue. With an expected completion date by the end of 2004 for the Zenith project, the full benefits from sales should begin to be realised in 2004.

The completion of the Birkenhead Point Marina refurbishment in August last year is expected to increase its revenue by between 20% and 25%. The contribution from both shopping centres in Sydney should remain steady.

Coming off a very good year, the board of CDLI are confident of another satisfactory performance. However, there are signs that the market may ease in light of world-wide political uncertainty. CDLI is on sound footing and well poised to take advantage of opportunities as they arise.

The 2003 year has started postively with good initial trading results throughout the group. Barring unforeseen circumstances, the board expects another profitable year.

John Wilson

CHAIRMAN

5 th March, 2003

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