

GENERAL ANNOUNCEMENT::ANNOUNCEMENT BY SUBSIDIARY COMPANY, MILLENNIUM & COPTHORNE HOTELS NEW ZEALAND LIMITED

Issuer & Securities

Issuer/ Manager

CITY DEVELOPMENTS LIMITED

Securities

CITY DEVELOPMENTS LIMITED - SG1R89002252 - C09

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No

Announcement Details

Announcement Title

General Announcement

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Announcement Sub Title

Announcement by Subsidiary Company, Millennium & Copthorne Hotels New Zealand Limited

Announcement Reference

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Submitted By (Co./ Ind. Name)

Enid Ling Peek Fong

Designation

Company Secretary

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

Please refer to the Announcement released by Millennium & Copthorne Hotels New Zealand Limited on 8 August 2023 relating to (i) Half Year Results ended 30 June 2023; and (ii) Investor presentation slides.

Attachments

[08.08.2023 MCHNZ HY 2023 Financial Statements.pdf](#)

Total size =2248K MB

Condensed Interim Income Statement

FOR THE SIX MONTHS ENDED 30 JUNE 2023

DOLLARS IN THOUSANDS	NOTE	Unaudited 6 months to 30/06/23	Unaudited 6 months to 30/06/22
Revenue		60,051	83,656
Cost of sales		(28,780)	(32,015)
Gross profit		31,271	51,641
Administrative expenses		(12,981)	(10,628)
Other operating expenses		(9,564)	(8,839)
Operating profit before finance income		8,726	32,174
Finance income		3,785	1,283
Finance costs		(1,045)	(1,407)
Net finance income		2,740	(124)
Profit before income tax		11,466	32,050
Income tax expense		(3,085)	(9,113)
Profit for the period		8,381	22,937
Profit for the period attributable to:			
Equity holders of the parent		6,177	15,403
Non-controlling interests		2,204	7,534
Profit for the period		8,381	22,937
Basic earnings per share (cents)	4	3.90c	9.74c
Diluted earnings per share (cents)	4	3.90c	9.74c

Condensed Interim Statement of Comprehensive Income

FOR THE SIX MONTHS ENDED 30 JUNE 2023

DOLLARS IN THOUSANDS	Note	Unaudited 6 months to 30/06/23	Unaudited 6 months to 30/06/22
Profit for the period		8,381	22,937
Items that are or may be reclassified to profit or loss			
Foreign exchange translation movements		894	2,656
- Tax (expense)/credit on foreign exchange		(5)	(15)
		<u>889</u>	<u>2,641</u>
Total comprehensive income for the period		<u>9,270</u>	<u>25,578</u>
Total comprehensive income for the period attributable to:			
Equity holders of the parent		7,066	18,044
Non-controlling interests		2,204	7,534
		<u>9,270</u>	<u>25,578</u>

DETAILS OF SPECIFIC RECEIPTS/OUTLAYS, REVENUE/EXPENSES

Classified under:

Administrative expenses

Audit fees	(176)	(160)
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Other operating expenses

Depreciation of Property, Plant & Equipment	(3,444)	(3,383)
Depreciation of Investment Property	(511)	(98)
Depreciation of Right-Of-Use Assets	(411)	(532)
Leasing and rental expenses	(341)	(342)

Finance income

Interest income	3,785	1,250
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Finance costs

Interest expense	-	(1)
Interest expense on lease liability	(895)	(1,395)
Foreign exchange loss	(144)	(1)

Millennium & Copthorne Hotels New Zealand Limited and Subsidiaries
Condensed Interim Statement of Changes in Equity

FOR THE SIX MONTHS ENDED 30 JUNE 2023

DOLLARS IN THOUSANDS	NOTE	Attributable to Equity Holders of the Group					Unaudited Non-controlling Interests	Unaudited Total Equity
		Unaudited Share Capital	Unaudited Exchange Reserves	Unaudited Accumulated Losses	Unaudited Treasury Stock	Unaudited Total		
Balance at 1 January 2022		383,266	(2,025)	132,974	(26)	514,189	103,610	617,799
Movement in exchange translation reserve		-	2,641	-	-	2,641	-	2,641
Income and expense recognised directly in equity		-	2,641	-	-	2,641	-	2,641
Profit for the period		-	-	15,403	-	15,403	7,534	22,937
Total comprehensive income for the period		-	2,641	15,403	-	18,044	7,534	25,578
Transactions with owners, recorded directly in equity :								
Dividends paid to:								
Equity holders of the parent	5	-	-	(5,537)	-	(5,537)	-	(5,537)
Non-controlling interests		-	-	-	-	-	(3,705)	(3,705)
Movement of non-controlling interests without a change in control		-	-	26	-	26	1,349	1,375
Balance at 30 June 2022		383,266	616	142,866	(26)	526,722	108,788	635,510
Balance at 1 January 2023		383,266	(1,396)	149,175	(26)	531,019	111,682	642,701
Movement in exchange translation reserve		-	889	-	-	889	-	889
Income and expense recognised directly in equity		-	889	-	-	889	-	889
Profit for the period		-	-	6,177	-	6,177	2,204	8,381
Total comprehensive income for the period		-	889	6,177	-	7,066	2,204	9,270
Transactions with owners, recorded directly in equity :								
Dividends paid to:								
Equity holders of the parent	5	-	-	(4,747)	-	(4,747)	-	(4,747)
Non-controlling interests		-	-	-	-	-	(3,940)	(3,940)
Movement of non-controlling interests without a change in control		-	-	(374)	-	(374)	1,863	1,489
Balance at 30 June 2023		383,266	(507)	150,231	(26)	532,964	111,809	644,773

The attached notes form part of, and are to be read in conjunction with, these financial statements.

Condensed Interim Statement of Financial Position

AS AT 30 JUNE 2023		Unaudited	Audited
		as at	as at
DOLLARS IN THOUSANDS	NOTE	30/06/23	31/12/22
SHAREHOLDERS' EQUITY			
Issued capital	3	383,266	383,266
Reserves		149,724	147,779
Treasury stock	3	(26)	(26)
Non-controlling interests		111,809	111,682
Total equity		644,773	642,701
Represented by:			
NON CURRENT ASSETS			
Property, plant and equipment		258,906	255,279
Development properties		201,823	205,308
Investment properties		36,156	36,381
Investment in associates		2	2
Total non-current assets		496,887	496,970
CURRENT ASSETS			
Cash and cash equivalents		58,342	61,387
Short term bank deposits		106,097	111,946
Trade and other receivables		22,491	14,436
Inventories		1,374	1,409
Income tax receivable		3,088	-
Development properties		24,848	23,038
Total current assets		216,240	212,216
Total assets		713,127	709,186
NON CURRENT LIABILITIES			
Lease liabilities		27,772	25,458
Provision for deferred taxation		9,621	9,717
Total non-current liabilities		37,393	35,175
CURRENT LIABILITIES			
Trade and other payables		28,385	28,024
Trade payables due to related parties	6	2,407	2,248
Lease liabilities		169	233
Income tax payable		-	805
Total current liabilities		30,961	31,310
Total liabilities		68,354	66,485
Net assets		644,773	642,701

The attached notes form part of, and are to be read in conjunction with, these financial statements.

Condensed Interim Statement of Cash Flows

FOR THE SIX MONTHS ENDED 30 JUNE 2023		Unaudited	Unaudited
		6 months	6 months
DOLLARS IN THOUSANDS	NOTE	to 30/06/23	to 30/06/22
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash was provided from:			
Receipts from customers		52,108	92,411
Interest received		3,673	1,058
		<u>55,781</u>	<u>93,469</u>
Cash was applied to:			
Payments to suppliers and employees		(44,449)	(41,175)
Purchase of development land		-	(19,380)
Interest paid		-	(1)
Income tax paid		(7,083)	(8,518)
		<u>(51,532)</u>	<u>(69,074)</u>
Net cash inflow from operating activities		<u>4,249</u>	<u>24,395</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash was provided from/(applied to):			
Purchase of property, plant and equipment		(5,051)	(3,565)
Purchase of investment property		(286)	(9,850)
Proceed from the sale of property, plant and equipment		3	-
(Investments in) / withdrawals from short term bank deposits		5,849	(37,374)
Net cash inflow/(outflow) from investing activities		<u>515</u>	<u>(50,789)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash was provided from/(applied to):			
Repayment of borrowings		-	(1,000)
Principal repayment of lease liability		(1,082)	(1,647)
Dividends paid to shareholders of Millennium & Copthorne Hotels New Zealand Ltd	5	(4,747)	(5,537)
Dividends paid to non-controlling interests		(3,940)	(3,705)
Net cash outflow from financing activities		<u>(9,769)</u>	<u>(11,889)</u>
Net (decrease)/increase in cash and cash equivalents		<u>(5,005)</u>	<u>(38,283)</u>
Add opening cash and cash equivalents		61,387	58,143
Exchange rate adjustment		1,960	3,103
Closing cash and cash equivalents		<u>58,342</u>	<u>22,963</u>

The attached notes form part of, and are to be read in conjunction with, these financial statements.

Condensed Interim Statement of Cash Flows

FOR THE SIX MONTHS ENDED 30 JUNE 2023

DOLLARS IN THOUSANDS	NOTE	Unaudited 6 months to 30/06/23	Unaudited 6 months to 30/06/22
RECONCILIATION OF NET PROFIT FOR THE PERIOD			
TO CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the period		8,381	22,937
Adjusted for non cash items:			
(Gain)/Loss on Sale of Fixed Assets		3	2
Foreign Exchange (Gain)/ Loss		144	(1)
Depreciation of Property, Plant & Equipment		3,444	3,383
Depreciation of Right-Of-Use Assets		411	532
Depreciation of Investment Property		511	98
Income tax expense / (credit)		3,085	9,113
Adjustments for movements in working capital:			
Decrease/(Increase) in receivables		(8,055)	8,532
Decrease in inventories		35	50
(Increase)/Decrease in development properties		1,952	(7,635)
Increase/(Decrease) in payables		1,262	(2,738)
Increase/(Decrease) in related parties		159	(1,359)
Cash generated from operations		11,332	32,914
Interest paid		-	(1)
Income tax paid		(7,083)	(8,518)
Net cash inflow from operating activities		4,249	24,395
Reconciliation of movement of liabilities to cash flows arising			
from financing activities			
As at 01 January		-	1,000
Repayment of borrowings		-	(1,000)
Financing cash flows		-	(1,000)
As at 30 June		-	-

The attached notes form part of, and are to be read in conjunction with, these financial statements.

Millennium & Copthorne Hotels New Zealand Limited and Subsidiaries
Notes to the Condensed Interim Financial Statements
for the six months ended 30 June 2023 (unaudited)

1. Significant accounting policies

Millennium & Copthorne Hotels New Zealand Limited is a company domiciled in New Zealand, registered under the Companies Act 1993 and listed on the New Zealand Stock Exchange. Millennium & Copthorne Hotels New Zealand Limited (the "Company") is a Financial Markets Conduct Reporting Entity in terms of Financial Markets Conduct Act 2013 and the Financial Reporting Act 2013. The condensed interim financial statements of the Company for the six months ended 30 June 2023 comprise the Company and its subsidiaries (together referred to as the "Group"). The registered office is located at level 7, 23 Customs Street East, Auckland, New Zealand.

The principal activities of the Group are ownership and operation of hotels in New Zealand; residential development and sale of land in New Zealand; ownership and leasing of investment properties in New Zealand and development and sale of residential units in Australia.

The condensed interim financial statements were authorised for issuance on 08 August 2023.

(a) Statement of compliance

The condensed interim financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice (NZ GAAP). They comply with NZ IAS 34 *Interim Financial Reporting*. The condensed interim financial statements do not include all of the information required for full annual financial statements.

The accounting policies and methods of computation applied by the Group in these condensed interim financial statements are the same as those applied by the Group in its financial statements for the year ended 31 December 2022.

2. Segment reporting

Segment information is presented in the condensed interim financial statements in respect of the Group's reporting segments. Operating segments are the primary basis of segment reporting. The Group has determined that its chief operating decision maker is the Board of Directors on the basis that it is this group which determines the allocation of resources to segments and assesses their performance.

Inter-segment pricing is determined on an arm's length basis. Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Segment capital expenditure is the total cost incurred during the period to acquire segment assets that are expected to be used for more than one period.

Operating segments

The Group consisted of the following main operating segments:

- Hotel operations, comprising income from the ownership and management of hotels.
- Residential land development, comprising the development and sale of residential land sections.
- Investment property, comprising rental income from the ownership and leasing of retail shops and industrial properties.
- Residential and commercial property development, comprising the development and sale of residential apartments.

Geographical segments

The Group operates in the following main geographic segments:

- New Zealand
- Australia

Segment revenue is based on the geographical location of the asset. The Group has no major customer representing greater than 10% of the Group's total revenue.

Millennium & Copthorne Hotels New Zealand Limited and Subsidiaries
Notes to the Condensed Interim Financial Statements
for the six months ended 30 June 2023 (unaudited)

2. Segment reporting - continued

(a) Operating Segments

	Hotel Operations		Residential Land Development		Investment Property		Residential Property Development		Group	
	6 months to 30/06/23	6 months to 30/06/22	6 months to 30/06/23	6 months to 30/06/22	6 months to 30/06/23	6 months to 30/06/22	6 months to 30/06/23	6 months to 30/06/22	6 months to 30/06/23	6 months to 30/06/22
<i>Dollars in thousands</i>										
External revenue	47,452	27,260	10,749	47,730	1,219	84	631	8,582	60,051	83,656
Earnings before interest, depreciation & amortisation	7,702	876	4,600	31,414	1,199	(14)	(409)	3,911	13,092	36,187
Finance income	1,195	482	1,713	513	-	-	877	288	3,785	1,283
Finance expense	(1,038)	(1,404)	(6)	(2)	-	-	(1)	(1)	(1,045)	(1,407)
Depreciation and amortisation	(3,438)	(3,378)	(3)	(1)	(511)	(98)	(3)	(4)	(3,955)	(3,481)
Depreciation of Right-of-use assets	(392)	(521)	(14)	(7)	-	-	(5)	(4)	(411)	(532)
Profit before income tax	4,029	(3,945)	6,290	31,917	688	(112)	459	4,190	11,466	32,050
Income tax expense	(992)	1,049	(1,761)	(8,937)	(193)	31	(139)	(1,256)	(3,085)	(9,113)
Profit after income tax	3,037	(2,896)	4,529	22,980	495	(81)	320	2,934	8,381	22,937
Cash & cash equivalents and short term bank deposits	51,926	50,451	65,097	75,076	-	-	47,416	56,306	164,439	181,833
Tax receivable	2,696	-	372	-	-	-	20	-	3,088	-
Other segment assets	267,497	257,403	204,920	198,586	36,156	33,084	37,025	29,107	545,598	518,180
Investment in associates	-	-	2	2	-	-	-	-	2	2
Total assets	322,119	307,854	270,391	273,664	36,156	33,084	84,461	85,413	713,127	700,015
Segment liabilities	(56,428)	(48,440)	(921)	(1,804)	-	-	(1,384)	(1,923)	(58,733)	(52,167)
Tax liabilities	(8,955)	(6,824)	(339)	(4,352)	-	-	(327)	(1,162)	(9,621)	(12,338)
Total liabilities	(65,383)	(55,264)	(1,260)	(6,156)	-	-	(1,711)	(3,085)	(68,354)	(64,505)
Property, plant and equipment expenditure	7,470	10,625	6	-	-	-	13	40	7,489	10,665
Investment property expenditure	-	-	-	-	285	9,850	-	-	285	9,850
Residential land development expenditure	-	-	2,420	5,996	-	-	-	-	2,420	5,996
Purchase of land for residential land development	-	-	-	19,380	-	-	-	-	-	19,380

Millennium & Copthorne Hotels New Zealand Limited and Subsidiaries
Notes to the Condensed Interim Financial Statements
for the six months ended 30 June 2023 (unaudited)

2. Segment reporting - continued

(b) Geographic Segments

Dollars in thousands

	New Zealand		Australia		Group	
	6 months to 30/06/23	6 months to 30/06/22	6 months to 30/06/23	6 months to 30/06/22	6 months to 30/06/23	6 months to 30/06/22
External revenue	59,420	75,074	631	8,582	60,051	83,656
Earnings before interest, depreciation & amortisation	13,510	32,285	(418)	3,902	13,092	36,187
Finance income	2,908	995	877	288	3,785	1,283
Finance expense	(1,044)	(1,406)	(1)	(1)	(1,045)	(1,407)
Depreciation and amortisation	(3,952)	(3,477)	(3)	(4)	(3,955)	(3,481)
Depreciation of Right-of-use assets	(406)	(528)	(5)	(4)	(411)	(532)
Profit before income tax	11,016	27,869	450	4,181	11,466	32,050
Income tax expense	(2,949)	(7,860)	(136)	(1,253)	(3,085)	(9,113)
Profit after income tax	8,067	20,009	314	2,928	8,381	22,937
Cash & cash equivalents and short term bank deposits	117,023	125,527	47,416	56,306	164,439	181,833
Tax receivable	3,068	-	20	-	3,088	-
Other segment assets	508,573	489,073	37,025	29,107	545,598	518,180
Investment in associates	2	2	-	-	2	2
Total assets	628,666	614,602	84,461	85,413	713,127	700,015
Segment liabilities	(57,349)	(50,244)	(1,384)	(1,923)	(58,733)	(52,167)
Tax liabilities	(9,294)	(11,176)	(327)	(1,162)	(9,621)	(12,338)
Total liabilities	(66,643)	(61,420)	(1,711)	(3,085)	(68,354)	(64,505)
Property, plant and equipment expenditure	7,476	10,625	13	40	7,489	10,665
Investment property expenditure	285	9,850	-	-	285	9,850
Residential land development expenditure	2,420	5,996	-	-	2,420	5,996
Purchase of land for residential land development	-	19,380	-	-	-	19,380

Millennium & Copthorne Hotels New Zealand Limited and Subsidiaries
Notes to the Condensed Interim Financial Statements
for the six months ended 30 June 2023 (unaudited)

3. Share capital

	Ordinary shares		Redeemable preference shares	
	Shares	\$ 000s	Shares	\$ 000s
Total shares issued – fully paid				
Balance at 30 June 2022	105,578,290	350,048	52,739,543	33,218
Balance at 30 June 2023	105,578,290	350,048	52,739,543	33,218
Ordinary shares repurchased and held as treasury stock				
Balance at 30 June 2022	(99,547)	(26)	-	-
Balance at 30 June 2023	(99,547)	(26)	-	-
Shares issued – fully paid				
Balance at 30 June 2022	105,478,743	350,022	52,739,543	33,218
Balance at 30 June 2023	105,478,743	350,022	52,739,543	33,218

At 30 June 2023, the authorised share capital consisted of 105,578,290 ordinary shares (2022: 105,578,290 ordinary shares) with no par value and 52,739,543 redeemable preference shares (2022: 52,739,543) with no par value.

4. Earnings per share

The basic earnings per share of 3.90 cents (30 June 2022: 9.74 cents) is based on the profit attributable to ordinary shareholders of \$6.18 million (30 June 2022: \$15.40 million) and weighted average number of ordinary shares and redeemable preference shares outstanding during the period ended 30 June 2023 of 158,218,286 (30 June 2022: 158,218,286).

The redeemable preference shares are included in the computation of earnings per share as they rank equally with ordinary shares in respect of distributions made by the Company except any distribution in the case of liquidation.

The calculation of diluted earnings per share of 3.90 cents (30 June 2022: 9.74 cents) is the same as basic earnings per share.

5. Dividends

The following dividends were paid during the interim periods:

<i>Dollars In Thousands</i>	Group	
	Unaudited 30/06/23	Unaudited 30/06/22
Ordinary dividend: 3.0 cents per qualifying share (2022: 3.5 cents)	4,747	5,537
Supplementary dividend: 0.529412 cents per qualifying share (2022: 0.617647 cents)	98	112
	4,845	5,649

Millennium & Copthorne Hotels New Zealand Limited and Subsidiaries
Notes to the Condensed Interim Financial Statements
for the six months ended 30 June 2023 (unaudited)

6. Related party transactions

Millennium & Copthorne Hotels New Zealand Limited is a 75.78% (2022: 75.78%) (economic interests from both ordinary and preference shares) owned subsidiary of CDL Hotels Holdings New Zealand Limited which is a wholly owned subsidiary of Millennium & Copthorne Hotels Ltd in the United Kingdom. The ultimate parent company is Hong Leong Investment Holdings Pte Limited in Singapore.

At balance date there were related party advances owing from/(owing to) the following related companies:

<i>Dollars In Thousands</i>	Nature of balance	Group	
		Unaudited 30/06/23	Unaudited 30/06/22
Trade payables and receivables due to related parties			
Millennium & Copthorne Hotels Limited	Recharge of expenses	(2,096)	(3,144)
Millennium & Copthorne International Limited	Recharge of expenses & provision of management and marketing support	(102)	33
CDL Hotels Holdings New Zealand Limited	Recharge of expenses	(51)	157
CDLH (BVI) One Limited	Rent payment	(158)	336
		(2,407)	(2,618)

No debts with related parties were written off or forgiven during the period. No interest was charged on these payables during 2023 and 2022. There are no set repayment terms.

7. Capital commitments

As at 30 June 2023, the Group has entered into contractual commitments for capital expenditure and development expenditure.

<i>Dollars In Thousands</i>	Group	
	Unaudited 30/06/2023	Unaudited 30/06/2022
Capital expenditure on property, plant and equipment	2,072	1,559
Development expenditure	21,471	15,451
Capital expenditure on investment properties	60	3,100
Land purchases	20,407	-
	44,010	20,110

As at 30 June 2023, the Group had entered into contractual commitments for development expenditure, and construction of investment properties. Contractual agreements for the purchase of land are subject to a satisfactory outcome of the Group's due diligence process, board approval, and OIO approval. Development expenditure represents amounts contracted and forecast to be incurred in the remainder of 2023 in accordance with the Group's development programme.

8. Changes in contingent liabilities and contingent assets since last annual balance sheet date

The Group's subsidiaries, CDL Investments New Zealand Limited and subsidiary, were named as respondents in a High Court judicial review proceeding which was brought by the Applicant, Winton Property Investments Limited, in relation to a recent decision relating to the Group's acquisition of land in Havelock North which was advised to the market on 21 July 2021 and which has settled. The Applicant sought, inter alia, an order setting aside the decision of the Overseas Investment Office in respect of the approval and/or a declaration that Ministers erred at law in making their decision to grant consent. The matter was heard in the High Court in February 2022 and a decision against the Applicant was handed down in March 2022. Winton has appealed to the Court of Appeal and the appeal hearing was held in May 2023. A decision has yet to be handed down by the Court of Appeal. The Group still considers the likelihood of the Applicant being successful as low. It is not possible to determine what the financial effect would be, if any, should the appeal be successful.

Millennium & Copthorne Hotels New Zealand Limited and Subsidiaries
Notes to the Condensed Interim Financial Statements
for the six months ended 30 June 2023 (unaudited)

9. COVID-19 employer support

The Group has applied for and received \$42,708 in respect of COVID-19 Leave Support Scheme for employees who were self-isolating and were unable to work from home. In the previous period, the Group received \$189,796 in respect of COVID-19 Short-term Absence payment and Leave Support Scheme.

The employer support payments were applied as a deduction against payroll costs in personnel expenses in accordance with NZ IAS 20. The personnel expenses are included in cost of sales, administration expenses and other expenses in the income statement.

Personnel expenses

<i>Dollars In Thousands</i>	Group	
	Unaudited 6 months to 30/06/23	Unaudited 6 months to 30/06/22
Wages and salaries	20,599	14,169
COVID-19 employer support	(31)	(150)
Employee related expenses and benefits	1,891	908
Contributions to defined contribution plans	310	198
Increase/(decrease) in liability for long-service leave	103	(3)
	22,872	15,122

10. Australian acquisition

On 22 March 2023 the Company and its parent company, Millennium & Copthorne Hotels Limited, through a 50:50 joint venture, entered into a conditional sale and purchase agreement to acquire the Sofitel Brisbane Central hotel in Australia at a purchase price of \$190.59 million (A\$177.70 million). The acquisition is subject to various conditions, including Australian Foreign Investment Review Board approval (granted in June 2023), liquor licence transfer, and landlord's consent. The acquisition is expected to complete in the second half of 2023.

11. Subsequent event

Subsequent to the six month period ended 30 June 2023, the Group settled the purchase of a parcel of land in Hamilton for approximately \$4.0 million. The capital committed is included in Note 7.



WELCOME TO OUR WORLD OF HOSPITALITY

Looking Forward: Revive and Thrive Strategy

Our performance and improving results confirm that we are on the right track

Goal: Be the preferred hotel choice for travellers in our region, grow our footprint and deliver value for our guests, our team and our shareholders

People

Deliver memorable experiences for our guests

Build careers that our people love to talk about

Product

Protect and expand our hotel presence in New Zealand & Australia

Invest in a portfolio of real estate or development projects - and manage our investment in CDL Investments

Profit

Drive improving revenue and profit

Leverage our strong balance sheet to achieve growth

Deliver long term value to our shareholders

Short term: Reviving our business for tourism market momentum post-Covid

Medium to long term: Growth of our hotel network in New Zealand and Australia

Results at a Glance

FINANCIAL PERFORMANCE - CONSOLIDATED	Unaudited HY 2023	Unaudited HY 2022	Change	Change
	\$000's	\$000's	\$	%
Hotel revenue	47,452	27,260	20,192	74.1%
Rental income	1,973	1,003	970	96.7%
Property sales	10,626	26,366	(15,740)	(59.7%)
One-Off Commercial land Sale		29,027	(29,027)	(100.0%)
REVENUE	60,051	83,656	(23,605)	(28.2%)
Operating Profit	8,726	32,174	(23,448)	(72.9%)
Net Finance income	2,740	(124)	2,864	(2309.7%)
Profit before income Tax	11,466	32,050	(20,584)	(64.2%)
Profit for the year	6,177	15,403	(9,226)	(59.9%)
Earnings per share (cents)	3.90	9.74		

NZ Hotel Operations

- Positive recovery as borders open
- Returned to profit HY23

CDL Investments

- Long term positive macro trends but short term rapid cool down on property sales
- Muted HY23 contribution

Australia

- Ongoing apartment rental income

Strong Balance Sheet



BALANCE SHEET - CONSOLIDATED	Unaudited HY2023 \$000's	Audited FY2022 \$000's	Change \$	Change %
Property plant & equipment	258,906	255,279		
Development properties	226,671	228,346		
Investment properties	36,156	36,381		
Non-current assets	496,887	496,970	(83)	(0.0%)
Cash and bank deposits	164,439	173,333		
TOTAL ASSETS	713,127	709,186	3,941	0.6%
Bank Debt	0	0		
Other Liabilities	68,354	66,485		
NET ASSETS	644,773	642,701	2,072	0.3%
NTA per quoted equity security	\$ 3.37	\$ 3.35		

Balance Sheet positioned to execute on strategy and drive growth

- Ongoing pipeline of refurbishments and development
- Continuing to look for acquisition opportunities

Bank Facilities

- HSBC Facility \$25.0m headroom
- Utilised \$ nil
- Expiry 31-Jan-24
- Secured Property \$37.7m

Positive Recovery in New Zealand Hotel Operations



On track for return to profitability in FY23

NEW ZEALAND HOTELS	Unaudited HY2023	Unaudited HY2022	Change	Change YoY
Occupancy (%)	59.8%	38.3%	21.5%	56.1%
Revenue per available room	\$ 113.62	\$ 64.35	\$ 49.27	76.6%
Hotel Revenue	47,452	27,260	20,192	74.1%

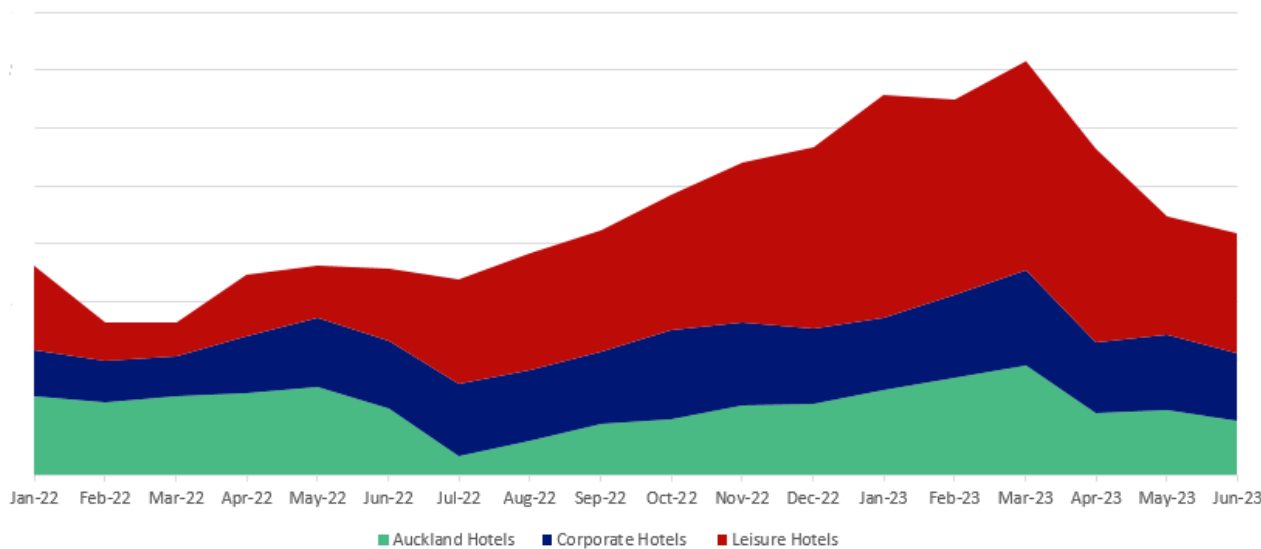
Refurbishments underway:

- Millennium Hotel Queenstown – rooms
- Millennium Hotel Rotorua – rooms
- Copthorne Hotel & Resort Bay of Islands – rooms, incl. accessible
- Copthorne Hotel Palmerston North - recladding

Revenue Tracking Towards Pre-pandemic Levels



Hotels Revenue
Jan 2022 to June 2023



1H23 (January to June 2023):

- Moving to 'business as usual' environment, albeit impacted by staffing shortages
- Still below 2019 base line levels

2H22 (June to December 2022):

- Borders re-opened June 2022
- Resurgence of leisure and conference business
- Re-opening of M Social Auckland

1H22 (January to June 2022):

- Impact of Covid – Omicron lockdowns & underpinned by MIQ

Australia Update

STRATEGIC FOCUS

- Apartment vacancy to allow for apartment sales
- Maximise sales of remaining Sydney apartments
- Brisbane central hotel settlement pending consents

FINANCIAL PERFORMANCE - Australia (Owned 100%)	Unaudited HY2023 \$000's	Audited FY2022 \$000's	Change \$	Change %
Units Available (Open)	36	41		
Number of units sold this year	0	5		
Units Available (Close)	36	36		
Currently rented out	30	32		
Rental & Sales Income	631	11,607	(10,976)	(94.6%)
Profit before income Tax	450	5,487	(5,037)	(91.8%)

BALANCE SHEET - Australia	Unaudited HY2023 \$000's	Audited FY2022 \$000's	Change \$	Change %
Development properties	25,475	25,198		
Investment in Subsidiary	9,694	0		
Cash and bank deposits	47,416	56,439		
TOTAL ASSETS	84,461	83,873	588	0.7%
Bank Debt	0	0		
Other Liabilities	1,711	2,505		
NET ASSETS	82,750	81,368	1,382	1.7%

Building a beachhead in Australia

Sofitel Brisbane Central Hotel

- Unique opportunity, landmark property prominently located in the heart of Brisbane CBD
- Funded via cash reserves (mostly held in AUD post Sydney apartment sales)
- 416 Rooms including 37 suites
- Grand Ballroom (798sqm) & 8 meeting rooms
- 220 undercover parking lots
- Outdoor swimming pool & 2 gyms

Location	249 Turbot Street, Brisbane City, Australia
Tenure	99-year leasehold (~97 years remaining)
Acquisition Price	A\$177.7m plus acquisition costs
Interest	50% ownership alongside M&C Hotels (UK)
Settlement	Second half of 2023 (subject to FIRB and landlord consents)



Grand Ballroom (798 sqm) – Level 2
Caters up to 1,100 people



Luxury Room



Heated pool – Level 3



Cuvée Lounge Bar (200 pax)

CDL Investments

Impacted by residential market headwinds

Prestons Park, Christchurch



Stonebrook Local Centre, Rolleston



Warehouse #2 (Boundaryline), Wiri Auckland



Tram Valley Rd Subdivision

BALANCE SHEET - CDLI (NZX:CDL - Owned 65.54%)

	Unaudited HY2023 \$000's	Audited FY2022 \$000's	Change \$	Change %
Development properties	201,196	203,148		
Investment properties	36,156	36,381		
Non-current assets	218,581	223,209	(4,628)	(2.1%)
Cash and bank deposits	65,097	71,742		
TOTAL ASSETS	306,548	313,698	(7,150)	(2.3%)
Bank Debt	0	0		
Other Liabilities	888	4,817		
NET ASSETS	305,286	308,881	(3,595)	(1.2%)

STRATEGIC FOCUS

- Maximise sales in areas with strong demand
- Develop section inventory & pipeline of developments
- Increased focus on commercial areas to add value

FINANCIAL PERFORMANCE - CDLI

	Unaudited HY 2023 \$000's	Unaudited HY 2022 \$000's	Change \$	Change %
REVENUE	11,968	18,739	(6,771)	(36.1%)
One-Off Commercial land Sale	-	29,075	(29,075)	
Operating Profit	5,271	31,294	(26,023)	(83.2%)
Net Finance income	1,707	511	1,196	234.1%
Profit before income Tax	6,978	31,805	(24,827)	(78.1%)

Revive and Thrive FY23 to FY26

Key initiatives

FY23

Revival

- Bring all rooms back online
- Build occupancy back to former levels
- Attract and retain full complement of staff
- Marketing and sales activity to drive guest visits
- Continued investment in refurbishment and upgrades

FY23 - 24

Early Stage Growth

- Identify opportunities to fill the gaps in the New Zealand hotel network
- Build beachhead in Australia
- Formalise strategy for sustainable operations
- Continued investment in refurbishment and upgrades

FY25 - 26

Accelerate Growth

- Optimise hotel network and under-utilised land and buildings
- Expand footprint in Australia
- Continued investment in refurbishment and upgrades

Sustainability in Action — joining forces to protect NZ's Iconic Kiwi




MANAAKI Protect & Care

Millennium Hotels and Resorts New Zealand have partnered with Save the Kiwi to keep our kiwi chicks safe and support their growth in the Save the Kiwi crèche in Napier.

During the 3-4 months stay at the crèche, they are given a burrow in a safe enclosure and learn to forage for food until they are large enough to defend themselves and be released into the wild.

For details about how you can help, please ask a member of staff or discover more information in your room.











I'm giving a
kiwi a meal!

PLEASE
DON'T SERVICE
MY ROOM TODAY

MANAAKI Protect & Care

Opting out of having your room serviced for a single night, helps us conserve water and energy resources which we can then redirect into feeding a kiwi with Save the Kiwi.









Save the Kiwi works alongside iwi, local kiwi conservation groups and the Department of Conservation Te Papa Atawhai to reverse the decline of the national kiwi population by creating more kiwi-safe habitat.

www.savethekiwi.nz

DID YOU KNOW?

Millennium Hotels and Resorts is supporting Save the Kiwi's crèche in Napier.

After kiwi chicks have hatched, they are reared in the crèche for 3-4 months. During their stay, they are given a burrow in a safe enclosure where they can forage for food until they are large enough to be released into the wild.

Raising kiwi in a crèche increases their survivability in the wild from 5% to 65%.

This makes a real difference because 95% of kiwi chicks that hatch in areas where there is no predator control are killed by predators like stoats before they reach breeding age. Kiwi chicks are particularly vulnerable because they're small and flightless, making them easy prey for ground-based predators like stoats.

Kiwi are raised in the crèche until they reach a 'stoat-proof' weight of around 1kg.

When kiwi reach 1kg, they are released into wild places that have rigorous predator control. At this weight, kiwi will have a fighting chance if they come face to face with a stoat.

If you choose not to have your room serviced during your stay,

Millennium Hotels and Resorts New Zealand will donate a meal for the day to a kiwi at the Save the Kiwi crèche in Napier.



Supporting Loyalty




MyMILLENNIUM



BOOK DIRECT TO WIN...
A LATE CHECKOUT
10% OFF DINING
FREE BUFFET BREAKFAST
...AND MUCH MORE!



Gain exclusive benefits from the moment you join My Millennium!

	SAVE	10% off room rates
	EARN	Gain member points to spend on rooms
	SHOP	Redeem member points in My Millennium Mall

Join Now



Our business

NZ Hotel brands:

- Leng's Collection – M Social
- Millennium Collection
- Copthorne Collection – incl Kingsgate

Australia:

- Zenith Residences – Exit Strategy
- Conditional JV - Sofitel Brisbane Central

CDL Investments New Zealand:

- Land developments
- Projects in progress across New Zealand

- Own and operate hotels across New Zealand; building beachhead in Australia
- Experienced executive team with new leadership
- ~1,007 team members across New Zealand and Australia
- Own 66% shareholding in CDL Investments NZ – residential and commercial land development
- NZX-listed. Board with independent Chairman, as well as representation from majority shareholder
- MCK is 71% owned by CDL Hotels Holdings, a 100% subsidiary of Hong Leong Group

Our Hotel Networks

18 hotels in NZ

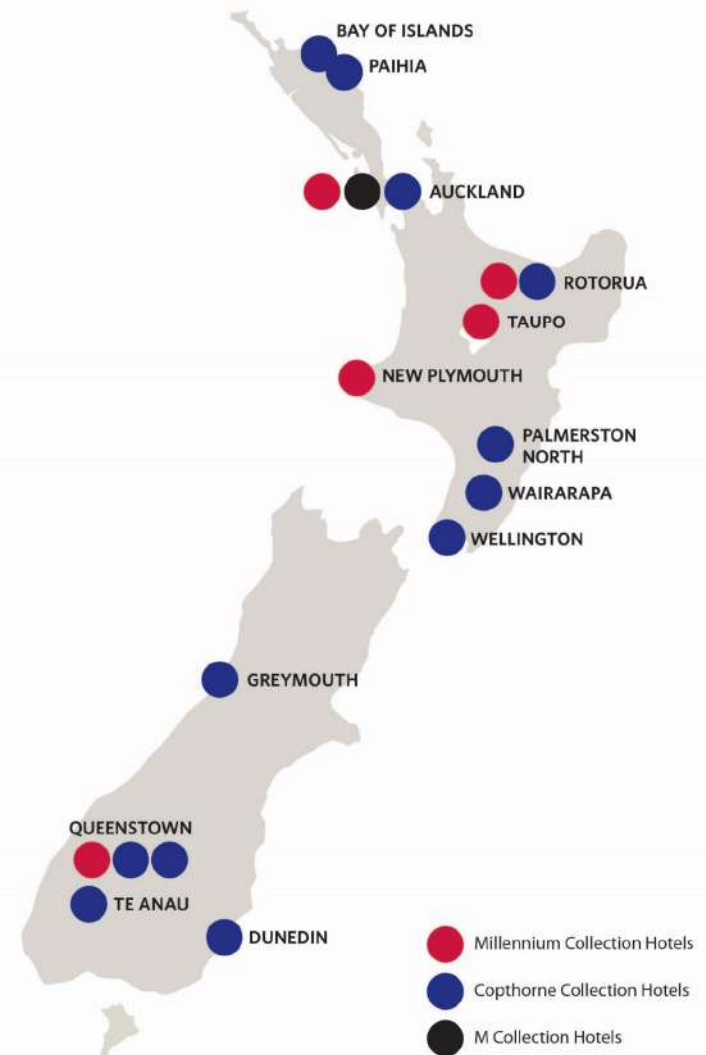
Opportunity to fill in the network

2,250 rooms per night owned and managed

1 hotel in Australia*

Beachhead being established.
Significant opportunity to build footprint

*Conditional acquisition of Brisbane Central Hotel





EXPLORE OUR COLLECTIONS



LENG'S COLLECTION

Unique hotels with powerfully distinct personalities – from historic properties to trendy urban escapes. The Leng's Collection hotels represent the legacy of our founders, the Leng generation of the Kwek family.

Brands in the Leng's Collection include: The Bailey's Hotel, The Chelsea Harbour Hotel, Grand Hotel Palace Rome, M Hotels, Studio M Hotels, M Social.



MILLENNIUM COLLECTION

The global travellers' choice in gateway cities. The Millennium Collection hotels are created with timeless elegance and famed for their conference and banquet offerings, world-class facilities and the ultimate in personalized, gracious service. They are perfect for corporate, leisure, meetings and conventions.

Brands in the Millennium Collection include: Grand Millennium Hotels and Millennium Hotels.



COPTHORNE COLLECTION

Comfortable hotels at a comfortable price. The Copthorne Collection hotels are firmly established as a true global brand recognized across the world as the preferred choice for both business and leisure travellers in providing comfortable service.

Brands in the Copthorne Collection include: Copthorne Hotels and Kingsgate Hotels.



LENG'S COLLECTION



M Social Hotel Auckland



M Social Hotel Auckland



M Social Hotel Auckland



MILLENNIUM COLLECTION



Grand Millennium Hotel Auckland



Millennium Hotel Queenstown



Millennium Hotel New Plymouth



COPTHORNE COLLECTION

Copthorne Hotel Greymouth



Copthorne Hotel & Resort Waitangi



Copthorne Hotel Palmerston North



Kingsgate Hotel Dunedin



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All references to \$ are to New Zealand dollars unless otherwise indicated. Percentages may be subject to rounding.

This announcement may contain forward-looking statements. Forward-looking statements can include words such as "expect", "intend", "plan", "believe", "continue" or similar words in connection with discussions of future operating or financial performance or conditions. The forward-looking statements are based on management's and directors' current expectations and assumptions regarding the M&C Hotels business, assets and performance and other future conditions, circumstances and results. As with any projection or forecast, forward-looking statements are inherently susceptible to uncertainty and to any changes in circumstances. M&C Hotels actual results may vary materially from those expressed or implied in the forward-looking statements. M&C Hotels and its directors, employees and/or shareholders have no liability whatsoever to any person for any loss arising from this announcement or any information supplied in connection with it. M&C Hotels are under no obligation to update this announcement or the information contained in it after it has been released. Past performance is no indication of future performance.



MCK INTERIM RESULTS FOR SIX MONTHS TO 30 JUNE 2023

Summary of Unaudited 1H23 results:

- Strong progress on Revive and Thrive strategy; Hotel operations on track for profit
- Average hotel occupancy across the Group 59.8% (2022: 38.3%)
- Group revenue \$60.05 million (2022: \$83.66 million)
- Profit before income tax and non-controlling interests \$11.47 million (2022: \$32.05 million)
- Profit after tax and non-controlling interests \$6.18 million (2022: \$15.40 million)

New Zealand hotel owner / operator, Millennium & Copthorne Hotels New Zealand Limited (NZX:MCK), has today announced its unaudited results for the six months to 30 June 2023, with its New Zealand hotel operations showing a positive recovery to near pre-pandemic levels, and currently on track for a return to profit in FY23.

MCK Chairman Colin Sim said that this was encouraging after a very challenging environment over the last three years.

“A tremendous amount of work is being done on the hotels’ side of the business as part of our Revive and Thrive strategy, and our performance and improving results confirm that we are on the right track. We have seen a healthy increase in hotel occupancy over the past year as tourism has resurged. While various challenges remain, we are expecting our hotel operations to return to profitability this year. We are continuing to progress the acquisition of Sofitel Brisbane Central Hotel, with a number of conditions now met. This will provide MCK with a beachhead into Australia which we have sought for some time and we consider it to be an important part of our future growth strategy.”

“On the property development side, CDL Investments (CDI) did not have the benefit of any uplift from land sales as it did last year. Our prior year results included a one-off contribution from CDI from a high value land sale which boosted the results by \$29.0 million. CDI’s results for 2023 reflect the downturn which started last year and has continued into 2023.”

MCK Managing Director Stuart Harrison said that MCK’s New Zealand hotel operations were on track to be independently profitable by the end of the year.

“Ensuring that our hotels are able to make and maintain consistent profitability is a key pathway to our success over the next two years. Pleasingly, we are seeing increases in our revenues and occupancy, however, ongoing staff shortages continue to limit our ability to maximise occupancy and parts of our

food and beverage operations. Our expectation is that there will be some improvement of these constraints by the end of the year”.

“We saw a further resurgence of business into leisure locations such as the Bay of Islands, Rotorua, Queenstown and Te Anau, and we expect to see an additional uplift across our hotel network as we head towards summer. Considering the effects of the severe weather incidents which affected our Auckland and Northland hotels in January and February, the 1H23 performance was a good result in unexpectedly challenging circumstances”, he said.

Highlights for the six months include the conditional acquisition of Sofitel Brisbane Central hotel, for AUD\$177.7 million as a 50:50 joint venture with MCK’s parent company, Millennium & Copthorne Hotels Limited; and continued investment into the refurbishment of the New Zealand hotel network. While there were no new sales of the Zenith Apartments in Sydney in the last six months, contracts have been exchanged for the sale of one sub-penthouse apartment with settlement scheduled for September 2023. MCK’s aim is to complete sales of the remaining apartments over the next two years as the operational focus shifts towards the Brisbane investment.

Results Snapshot

For the six month period ended 30 June 2023, MCK has reported an unaudited profit before tax and non-controlling interests of \$11.47 million (2022: \$32.05 million). Group revenue for the period was \$60.05 million (2022: \$83.66 million), with profit after tax and non-controlling interests of \$6.18 million (2022: \$15.40 million). The reductions are primarily due to lower sales activity recorded by MCK’s majority-owned subsidiary CDL Investments New Zealand Limited (“CDI”) which reported revenue of \$11.97m (2022: \$47.81m); and no one-off apartment sales (2022: \$8.58m).

Earnings per share for the period was 3.90 cents per share (2022: 9.74 cps). Net Tangible Assets per share as at 30 June 2023 remained stable at \$3.37 per share (2022: \$3.33 per share).

Update on Sofitel Brisbane Central acquisition

In relation to its purchase agreement for the Sofitel Brisbane Central hotel, MCK notes that approval from Australia’s Foreign Investment Review Board has been obtained and that the parties are making progress towards settlement.

“There are still a number of conditions that need to be completed before we can settle the transaction but we believe that we remain on track to do so before the end of the calendar year”, said Mr. Harrison. “We are excited to complete the purchase and to provide more information when we can on how this purchase will benefit all of MCK’s shareholders”.

Outlook

MCK’s board and management remain focused on building on the positive momentum now being seen by the New Zealand hotel operations and maximising returns over the coming months.

“We are targeting our New Zealand hotel operations to be profitable in their own right for the year. This will be critical as we expect profit contributions from CDI and our Zenith Apartments sales to be softer than previous years. CDI are optimistic that sales will increase in the second half of this year but recognise that the total number of section sales for 2023 will be below the number seen in previous years. CDI are actively looking at opportunities to add to their land portfolio including projects which can be brought to market relatively quickly”.

“One-off events this year will provide a timely influx of overseas visitors across our hotel network and the addition of new air services from later this year from key destinations in North America and Asia will also help boost occupancies around the country”, he said.

“We have initiatives in place to manage market and economic challenges and we believe that shareholders should be optimistic about MCK’s future as we look to revive and grow our core business.”

ENDS

Issued by Millennium & Copthorne Hotels New Zealand Limited

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About Millennium & Copthorne Hotels New Zealand Limited

Millennium & Copthorne Hotels New Zealand Limited (NZX:MCK) is the only NZSX listed hotel owner – operator with 18 owned / leased / franchised hotels based in New Zealand under the Millennium, Grand Millennium, M Social, Copthorne and Kingsgate brands. As part of the Millennium & Copthorne Hotels group, we are proud to be part of a global network of over 120 properties in gateway cities across Asia, Europe, North America, the Middle East and New Zealand. MCK is also the majority shareholder in land developer CDL Investments New Zealand Limited (NZX:CDI) and also has property interests in Australia through its Kingsgate Group subsidiaries.

For more information, visit our website: www.millenniumhotels.co.nz