

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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Announcement Details

Announcement Title	General Announcement
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Announcement Sub Title	Announcement by Subsidiary Company, Millennium & Copthorne Hotels New Zealand Limited
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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 issued by Millennium & Copthorne Hotels New Zealand Limited on 3 August 2016 relating to Half Year Results Ended 30 June 2016.
Attachments	<p>08032016_MCHNZ_HalfYearResults.pdf</p> <p>Total size =1043K</p>

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Condensed Interim Income Statement

FOR THE SIX MONTHS ENDED 30 JUNE 2016		Unaudited	Unaudited
		6 months	6 months
DOLLARS IN THOUSANDS	NOTE	to 30/06/16	to 30/06/15
Revenue		91,403	69,951
Cost of sales		(38,362)	(30,689)
Gross profit		53,041	39,262
Other income		4,311	-
Administrative expenses		(9,862)	(10,500)
Other operating expenses		(6,768)	(8,598)
Operating profit before finance income		40,722	20,164
Finance income		1,473	1,984
Finance costs		(1,112)	(1,771)
Net finance income		361	213
Profit before income tax		41,083	20,377
Income tax expense		(11,372)	(4,917)
Profit for the period		29,711	15,460
Profit for the period attributable to:			
Equity holders of the parent		23,791	12,011
Non-controlling interests		5,920	3,449
Profit for the period		29,711	15,460
Basic earnings per share (cents)	4	15.04c	7.59c
Diluted earnings per share (cents)	4	15.04c	7.59c

Condensed Interim Statement of Comprehensive Income

FOR THE SIX MONTHS ENDED 30 JUNE 2016		Unaudited	Unaudited
		6 months	6 months
DOLLARS IN THOUSANDS	NOTE	to 30/6/16	to 30/6/15
Profit for the period		29,711	15,460
Other comprehensive income			
Items that are or may be reclassified to profit or loss			
Fair value movement of assets held for sale		(12)	23
Movement in exchange translation reserve			
- Recognised in equity		(727)	5,851
- Tax (expense)/credit on foreign exchange		-	(795)
Total comprehensive income for the period		28,972	20,539
Total comprehensive income for the period attributable to:			
Equity holders of the parent		23,052	17,283
Non-controlling interests		5,920	3,256
Total comprehensive income for the period		28,972	20,539
DETAILS OF SPECIFIC RECEIPTS/OUTLAYS, REVENUES/EXPENSES :			
Other income (Gain on insurance claim)	10	4,311	-
Audit fees		(146)	(129)
Depreciation		(2,922)	(3,566)
Interest income		1,399	1,984
Net foreign exchange gain/(loss)		74	(143)
Interest expense		(1,112)	(1,628)
Leasing and rental expenses		(1,154)	(1,011)
Release of provision for earthquake damage	7	2,243	-
Release of provision for FF&E	7	757	-

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

FOR THE SIX MONTHS ENDED 30 JUNE 2016	Attributable to Equity Holders of the Group									
	DOLLARS IN THOUSANDS	NOTE	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	
			Share Capital	Revaluation Reserves	Exchange Reserves	Accumulated Losses	Treasury Stock	Unaudited Total	Non-controlling Interests	Total Equity
Balance at 1 January 2015			383,266	94,110	(4,116)	(101,874)	(26)	371,360	78,347	449,707
Fair value movement of assets held for sale			-	-	-	23	-	23	-	23
Movement in exchange translation reserve			-	-	5,249	-	-	5,249	(193)	5,056
Income and expense recognised directly in equity			-	-	5,249	23	-	5,272	(193)	5,079
Profit for the period			-	-	-	12,011	-	12,011	3,449	15,460
Total comprehensive income/(loss) for the period			-	-	5,249	12,034	-	17,283	3,256	20,539
Transactions with owners, recorded directly in equity :										
Dividends paid to:										
Equity holders of the parent		5	-	-	-	(3,797)	-	(3,797)	-	(3,797)
Non-controlling interests			-	-	-	-	-	-	(2,282)	(2,282)
Movement of non-controlling interests without a change in control			-	-	-	(4,128)	-	(4,128)	(26,484)	(30,612)
Supplementary dividends		5	-	-	-	(109)	-	(109)	-	(109)
Foreign investment tax credits			-	-	-	109	-	109	-	109
Balance at 30 June 2015			383,266	94,110	1,133	(97,765)	(26)	380,718	52,837	433,555
Balance at 1 January 2016			383,266	96,548	(2,366)	(88,129)	(26)	389,293	55,552	444,845
Fair value movement of assets held for sale			-	-	-	(12)	-	(12)	-	(12)
Movement in exchange translation reserve			-	-	(727)	-	-	(727)	-	(727)
Income and expense recognised directly in equity			-	-	(727)	(12)	-	(739)	-	(739)
Profit for the period			-	-	-	23,791	-	23,791	5,920	29,711
Total comprehensive income for the period			-	-	(727)	23,779	-	23,052	5,920	28,972
Transactions with owners, recorded directly in equity :										
Dividends paid to:										
Equity holders of the parent		5	-	-	-	(4,430)	-	(4,430)	-	(4,430)
Non-controlling interests			-	-	-	-	-	-	(2,336)	(2,336)
Movement in of non-controlling interests without a change in control			-	-	-	71	-	71	480	551
Supplementary dividends		5	-	-	-	(124)	-	(124)	-	(124)
Foreign investment tax credits			-	-	-	124	-	124	-	124
Balance at 30 June 2016			383,266	96,548	(3,093)	(68,709)	(26)	407,986	59,616	467,602

Condensed Interim Statement of Financial Position

AS AT 30 JUNE 2016		Unaudited as at 30/06/16	Audited as at 31/12/15	Unaudited as at 30/06/15
DOLLARS IN THOUSANDS	NOTE			
SHAREHOLDERS' EQUITY				
Issued capital	3	383,266	383,266	383,266
Reserves		24,746	6,053	(2,522)
Treasury stock	3	(26)	(26)	(26)
Non-controlling interests		59,616	55,552	52,837
Total equity		467,602	444,845	433,555
<i>Represented by:</i>				
NON CURRENT ASSETS				
Property, plant and equipment		326,021	316,634	308,434
Development properties		140,388	140,637	143,439
Intangible assets		2,823	2,823	2,823
Investment in associates		2	2	2
Total non-current assets		469,234	460,096	454,698
CURRENT ASSETS				
Cash and cash equivalents		22,683	14,021	47,498
Short term bank deposits		70,360	59,955	38,206
Trade and other receivables		12,981	16,131	13,213
Inventories		1,192	1,252	1,159
Trade receivables due from related parties	6	-	27	-
Income tax receivable		635	-	331
Development properties		32,859	38,247	19,959
Assets held for sale		307	319	341
Total current assets		141,017	129,952	120,707
Total assets		610,251	590,048	575,405
NON CURRENT LIABILITIES				
Interest-bearing loans and borrowings		67,990	72,500	77,472
Provision for deferred taxation		43,654	42,881	41,127
Total non-current liabilities		111,644	115,381	118,599
CURRENT LIABILITIES				
Interest-bearing loans and borrowings		8	27	59
Trade and other payables		21,775	20,571	19,051
Trade payables due to related parties	6	593	667	1,141
Loans due to related parties	6	5,800	3,800	-
Provisions	7	-	3,000	3,000
Income tax payable		2,829	1,757	-
Total current liabilities		31,005	29,822	23,251
Total liabilities		142,649	145,203	141,850
Net assets		467,602	444,845	433,555

Condensed Interim Statement of Cash Flows

FOR THE SIX MONTHS ENDED 30 JUNE 2016		Unaudited	Unaudited
		6 months	6 months
DOLLARS IN THOUSANDS	NOTE	to 30/06/16	to 30/06/15
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash was provided from:			
Receipts from customers		94,703	74,105
Interest received		1,323	1,466
		<u>96,026</u>	<u>75,571</u>
Cash was applied to:			
Payments to suppliers and employees		(47,812)	(58,360)
Interest paid		(1,121)	(1,774)
Income tax paid		(10,188)	(6,795)
		<u>(59,121)</u>	<u>(66,929)</u>
Net cash inflow from operating activities		<u>36,905</u>	<u>8,642</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash was provided from/(applied to):			
Purchase of property, plant and equipment		(12,490)	(2,850)
Purchase of development property		-	(1,409)
Purchase of investment in subsidiaries		-	(31,000)
Proceed from material damage claim		4,492	-
Reduction in short term bank deposits		(10,405)	45,366
Net cash inflow/(outflow) from investing activities		<u>(18,403)</u>	<u>10,107</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash was provided from/(applied to):			
Drawdown of borrowings		-	16,000
Repayment of borrowings		(4,529)	(6,890)
Advance of loan from Parent company	6	2,000	-
Dividends paid to shareholders of Millennium & Copthorne Hotels New Zealand Ltd	5	(4,430)	(3,797)
Dividends paid to non-controlling interests		(2,336)	(2,282)
Net cash inflow from financing activities		<u>(9,295)</u>	<u>3,031</u>
Net increase in cash and cash equivalents		9,207	21,780
Add opening cash and cash equivalents		14,021	24,022
Exchange rate adjustment		(545)	1,696
Closing cash and cash equivalents		<u>22,683</u>	<u>47,498</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 2016		Unaudited	Unaudited
		6 months	6 months
DOLLARS IN THOUSANDS	NOTE	to 30/6/16	to 30/6/15
RECONCILIATION OF NET PROFIT FOR THE PERIOD TO CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the period		29,711	15,460
Depreciation		2,922	3,566
Income tax expense		11,372	4,917
Gain on Insurance claim	10	(4,311)	-
Adjustments for movements in working capital:			
Decrease in receivables		3,150	3,636
Decrease in inventories		60	97
(Increase)/Decrease in development properties		6,032	(10,917)
Decrease in payables		(684)	(288)
Increase/(Decrease) in related parties		(47)	637
Increase in assets held for sale		-	(43)
Cash generated from operations		48,205	17,065
Interest expense		(1,112)	(1,628)
Income tax paid		(10,188)	(6,795)
Net cash inflow from operating activities		36,905	8,642

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 2016 (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 an 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 2016 comprise the Company and its subsidiaries (together referred to as the "Group"). The registered office is located at level 13, 280 Centre, 280 Queen Street, 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; and development and sale of residential units in Australia.

The condensed interim financial statements were authorised for issuance on 3 August 2016.

(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.

From 1 April 2014, the new Financial Reporting Act 2013 ("FRA 2013") came into force replacing the Financial Reporting Act 1993. This is effective for all for-profit entities with reporting periods beginning on or after 1 April 2014 and this became effective for the Group's 31 December 2015 year end. The change in legislation has no material impact on the Group's obligation to prepare general purpose financial statements. The Group is subject to the Financial Markets Conduct Act 2013.

In addition to the change in legislation the External Reporting Board of New Zealand ("XRB") has released a new accounting standards framework which established the financial standards to be applied to entities with statutory financial reporting obligations. The Group is currently reporting under NZ IFRS. Under the new XRB framework the Group continues to apply NZ IFRS as applicable for Tier 1 for-profit entities. This has no material impact on the preparation and disclosures included in the 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 2015.

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 land.
- Residential property development, comprising the development and sale of residential apartments.

Geographical segments

The Group operates in the following main geographical 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 2016 (unaudited)

2. Segment reporting - continued

(a) Operating Segments	Hotel Operations		Residential Land Development		Residential and Commercial Property Development		Group	
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited
	6 months to 30/06/16	6 months to 30/06/15	6 months to 30/06/16	6 months to 30/06/15	6 months to 30/06/16	6 months to 30/06/15	6 months to 30/06/16	6 months to 30/06/15
<i>Dollars in thousands</i>								
External revenue	47,147	44,679	42,780	23,888	1,476	1,384	91,403	69,951
Finance income	1,046	1,071	347	603	80	310	1,473	1,984
Finance expense	(1,112)	(1,771)	-	-	-	-	(1,112)	(1,771)
Depreciation and amortisation	(2,918)	(3,559)	(1)	(1)	(3)	(6)	(2,922)	(3,566)
Segment profit before income tax	18,474	8,074	22,157	11,703	452	600	41,083	20,377
Income tax expense	(5,039)	(1,552)	(6,204)	(3,192)	(129)	(173)	(11,372)	(4,917)
Gain on insurance claim	4,311	-	-	-	-	-	4,311	-
Segment assets	387,784	361,704	155,569	132,490	66,261	80,878	609,614	575,072
Tax assets	-	841	-	(915)	635	405	635	331
Investment in associates	-	-	2	2	-	-	2	2
Total assets	387,784	362,545	155,571	131,577	66,896	81,283	610,251	575,405
Segment liabilities	(85,865)	(92,456)	(3,007)	(199)	(7,295)	(8,068)	(96,167)	(100,723)
Tax liabilities	(46,282)	(42,968)	(1,843)	(49)	1,643	1,890	(46,482)	(41,127)
Total liabilities	(132,147)	(135,424)	(4,850)	(248)	(5,652)	(6,178)	(142,649)	(141,850)
Capital expenditure	27,930	2,845	7,892	1	-	4	35,822	2,850

Millennium & Copthorne Hotels New Zealand Limited and Subsidiaries
Notes to the Condensed Interim Financial Statements
for the six months ended 30 June 2016 (unaudited)

2. Segment reporting - continued

(b) Geographic Segments	<u>New Zealand</u>		<u>Australia</u>		<u>Group</u>	
	Unaudited 6 months to 30/06/16	Unaudited 6 months to 30/06/15	Unaudited 6 months to 30/06/16	Unaudited 6 months to 30/06/15	Unaudited 6 months to 30/06/16	Unaudited 6 months to 30/06/15
<i>Dollars in thousands</i>						
External revenue	89,927	68,567	1,476	1,384	91,403	69,951
Finance income	1,393	1,714	80	270	1,473	1,984
Finance expense	(1,112)	(1,771)	-	-	(1,112)	(1,771)
Depreciation and amortisation	(2,919)	(3,560)	(3)	(6)	(2,922)	(3,566)
Segment profit before income tax	40,610	19,982	473	395	41,083	20,377
Income tax expense	(11,251)	(4,801)	(121)	(116)	(11,372)	(4,917)
Gain on insurance claim	4,311	-	-	-	4,311	-
Segment assets	548,596	496,264	61,018	78,808	609,614	575,072
Tax assets	-	(91)	635	422	635	331
Investment in associates	2	2	-	-	2	2
Total assets	548,598	496,175	61,653	79,230	610,251	575,405
Segment liabilities	(88,900)	(92,681)	(7,267)	(8,042)	(96,167)	(100,723)
Tax liabilities	(48,126)	(43,017)	1,644	1,890	(46,482)	(41,127)
Total liabilities	(137,026)	(135,698)	(5,623)	(6,152)	(142,649)	(141,850)
Capital expenditure	27,930	2,846	7,892	4	35,822	2,850

Millennium & Copthorne Hotels New Zealand Limited and Subsidiaries
Notes to the Condensed Interim Financial Statements
for the six months ended 30 June 2016 (unaudited)

3. Share capital

	Ordinary shares		Redeemable preference shares	
	Shares	\$ 000s	Shares	\$ 000s
Total shares issued – fully paid				
Balance at 1 January 2015	105,578,290	350,048	52,739,543	33,218
Balance at 31 December 2015	105,578,290	350,048	52,739,543	33,218
Ordinary shares repurchased and held as treasury stock				
Balance at 1 January 2015	(99,547)	(26)	-	-
Balance at 31 December 2015	(99,547)	(26)	-	-
Balance at 31 December 2015	105,478,743	350,022	52,739,543	33,218
Shares issued – fully paid				
Balance at 1 January 2016	105,478,743	350,022	52,739,543	33,218
Balance at 30 June 2016	105,478,743	350,022	52,739,543	33,218

At 30 June 2016, the authorised share capital consisted of 105,578,290 ordinary shares (2015: 105,578,290 ordinary shares) with no par value and 52,739,543 redeemable preference shares (2015: 52,739,543) with no par value.

4. Earnings per share

The basic earnings per share of 15.04 cents (30 June 2015: 7.59 cents) is based on the profit attributable to ordinary shareholders of \$23.79m (30 June 2015: \$12.01m) and weighted average number of ordinary shares and redeemable preference shares outstanding during the period ended 30 June 2016 of 158,218,286 (30 June 2015: 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 15.04 cents (30 June 2015: 7.59 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 30/06/16	Unaudited 30/06/15
Ordinary dividend: 2.8 cents per qualifying share (2015: 2.4 cents)	4,430	3,797
Supplementary dividend: 0.49412 cents per qualifying share (2015: 0.4235 cents)	124	109
	4,554	3,906

Millennium & Copthorne Hotels New Zealand Limited and Subsidiaries
Notes to the Condensed Interim Financial Statements
for the six months ended 30 June 2016 (unaudited)

6. Related party transactions

Millennium & Copthorne Hotels New Zealand Limited is a 75.20% (2015: 75.20%) owned subsidiary of CDL Hotels Holdings New Zealand Limited which is a wholly owned subsidiary of Millennium & Copthorne Hotels plc 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 30/06/16	Audited 31/12/15
Trade payables and receivables due to related parties			
Millennium & Copthorne Hotels plc Millennium & Copthorne International Limited	Recharge of expenses	(465)	(667)
	Recharge of expenses & provision of management and marketing support	(117)	2
CDL Hotels Holdings New Zealand Limited	Recharge of expenses	(11)	25
		(593)	(640)
Loans due to related parties			
CDL Hotels Holdings New Zealand Limited	Inter-company loan	(5,800)	(3,800)
		(5,800)	(3,800)

No debts with related parties were written off or forgiven during the year. No interest was charged on these payables during 2016 and 2015. There are no set repayment terms. During this period costs amounting to \$125,000 (2015: \$125,000) have been recorded in the income statement in respect of fees payable to Millennium & Copthorne International Limited for the provision of management and marketing support.

As at balance date, CDL Hotels Holdings New Zealand Limited has lent a total of \$5.80m (31 December 2015: \$3.80m) to Millennium & Copthorne Hotels New Zealand Limited. The interest rates are fixed at 2.27% (31 December 2015: 2.47% to 3.06%) until the loans are reviewed on 30 September 2016. The unsecured loans are repayable on demand.

7. Provisions

<i>Dollars In Thousands</i>	Group	
	Unaudited 30/06/16	Audited 31/12/15
Provision for earthquake damage	-	2,243
FF&E provision	-	757
	-	3,000
Non-current	-	-
Current	-	3,000

As a result of the settlement of the Group's material damage claim with the insurers, the earthquake provisions of \$2.24 million relating to Millennium Hotel Christchurch was released to other operating expenses in the income statement. In addition the FF&E provision of \$0.76 million was also released to other operating expenses in the income statement upon the termination of the lease at Millennium Hotel Christchurch.

Millennium & Copthorne Hotels New Zealand Limited and Subsidiaries
Notes to the Condensed Interim Financial Statements
for the six months ended 30 June 2016 (unaudited)

8. Capital commitments

As at 30 June 2016, the Group has entered into contractual commitments for capital expenditure of \$27.93 million (2015: \$32.60 million) and development expenditure of \$7.89 million (2015: \$16.30 million) totalling \$35.82 million (2015: \$48.90 million).

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

There were no changes in contingent liabilities and contingent assets that would require disclosure for the six month period ended 30 June 2016 (2015: Nil). There are no contingent liabilities as at 30 June 2016 (2015: Nil).

10. Canterbury earthquake update

The Copthorne Hotel Christchurch Central suffered severe damage from the 22 February 2011 earthquake. After the material damage claim for Copthorne Hotel Central Christchurch was settled with the insurers, the hotel was demolished in October 2013. In relation to the land at Copthorne Hotel Central Christchurch, the Canterbury Earthquake Recovery Authority ("CERA") had earmarked the land as part of a performing arts precinct in its Christchurch rebuilding blueprint. CERA has since lifted the designation and there is no encumbrance on the land.

In May 2016, the insurers settled the Group's material damage claim in respect of the fixture, fittings and equipment at Millennium Hotel Christchurch. This settlement has resulted in a gain on disposal of property plant and equipment of \$4.31 million.

11. Subsequent events

In July 2016, a settlement was reached between Kingsgate Investment Pty Ltd (100% owned subsidiary within the Group) and the Owners Corporation with respect to the remedial costs of building defects at Zenith Residences, Sydney Australia. The consultancy and legal costs, and the settlement sum have been fully provided for in the accounts.

CHAIRMAN'S REVIEW

Financial Performance:

The Directors of Millennium & Copthorne Hotels New Zealand Limited ("MCK") announced an unaudited profit after tax and non-controlling interests of \$23.79 million for the six month period ended 30 June 2016 (2015: \$12.01 million). Profit before income tax and non-controlling interests was \$41.08 million (2015: \$20.38 million). The increase in profit has again been driven by demand for accommodation in New Zealand and ongoing productivity improvements at the company's New Zealand hotels. The Group's capital expenditure investments, revenue management initiatives and improvements to its overall costs of doing business all helped deliver this half-year result. Further strong sales performance also came from MCK's majority-owned land development subsidiary CDL Investments New Zealand Limited. A one-off gain of \$4.31 million was also recognized from the final insurance settlement relating to the Millennium Hotel Christchurch. This settlement now means that all matters relating to the 2010 and 2011 earthquakes are fully settled.

Group revenue and other income for the period under review increased to \$95.71 million from \$69.95 million in the first half of 2015. Gross profit for the period also increased to \$53.04 million from \$39.26 million in the same period. Earnings per share for the period increased to 15.04 cents per share (2015: 7.59 cps).

New Zealand Hotel Operations:

The New Zealand hotel operations (13 owned or leased and operated hotels [excluding 5 franchised and 1 managed hotel]) continue to perform strongly and their revenue for the period under review increased to \$47.15 million (2015: \$44.68 million). Occupancy for those owned / leased hotels for the period increased to 82.3% (2015: 78.2%). RevPAR also increased by 14.7% from \$94.75 in 2015 to \$108.72 in the same period this year.

Two significant announcements were made in the period under review – the first, made at the annual meeting of shareholders in May, confirmed the rebranding of the Copthorne Hotel Auckland Harbourcity as the MSocial Hotel Auckland. MSocial represents a new, stylish and vibrant hospitality concept and the hotel will be the second MSocial hotel in the world, the first being in Singapore.

In June, MCK announced that it had agreed on a management lease for the Rendezvous Grand Hotel Auckland from September 2016 and would rebrand this as Grand Millennium Auckland. The hotel is the largest in New Zealand and a truly international standard property with a total of 452 guestrooms. It will be the first Grand Millennium hotel in Australasia.

We are excited that these two developments mean that MCK has secured a prominent position in the Auckland market.

CDL Investments New Zealand Limited ('CDLI'):

CDLI announced an unaudited operating profit after tax for the six months ended 30 June 2016 of \$15.95 million, (2015: \$8.51 million). Strong sales from its subdivisions in Auckland, Hamilton and Canterbury reflect the ongoing strong demand for housing in New Zealand. CDLI therefore expects to better its 2015 results in 2016.

Offshore investments – Australia :

Occupancy at the Zenith Residences, Sydney remains steady at 97%. The Board is pleased to advise that the litigation involving the Zenith Residences has settled in the last few weeks and we expect that the Owners Corporation will commence remediation works of the balconies in the near future.

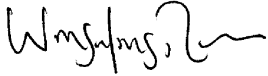
Appointment of Kevin Hangchi :

In January, we welcomed Mr. Kevin Hangchi, Senior Vice President, Hong Leong Management Services Pte Ltd to the Board as a non-executive director. As required under MCK's constitution, Mr. Hangchi was elected at the 2016 annual meeting of shareholders in May and the Board looks forward to his future contributions to MCK.

Outlook:

MCK's strong results to date reflect positive trading conditions in all of its business units and market segments. The Board believes that these trading conditions should continue in the second half of 2016 and should allow MCK to better its 2015 results.

We would, however, note that recent global events may have a limited impact on MCK's trading at some point. The Board and Management will be monitoring the situation carefully.



Wong Hong Ren
Chairman
3 August 2016



MCK REPORTS AN INCREASE IN REVENUE AND OPERATING PROFIT FOR THE FIRST HALF OF 2016

New Zealand hotel owner / operator, Millennium & Copthorne Hotels New Zealand Limited (NZX:MCK), today announced its (unaudited) results for the six months to 30 June 2016:

“As well as increased visitor arrivals and ongoing productivity improvements at our New Zealand hotels, our capital expenditure investments, revenue management initiatives and improvements to our overall costs of doing business all helped to deliver this strong half-year result”, said MCK Managing Director Mr. BK Chiu.

MCK's key results were:

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| • Average hotel occupancy across the Group | 82.3% (2015: 78.2%) |
| • Group revenue and other income | \$95.71 million (2015: \$69.95 million) |
| • Operating profit before finance income | \$40.72 million (2015: \$20.16 million) |
| • Profit before income tax and non-controlling interests | \$41.08 million (2015: \$20.38 million) |
| • Profit after tax and non-controlling interests | \$23.79 million (2015: \$12.01 million) |

MCK's results were also boosted by continued strong sales from its land development subsidiary CDL Investments New Zealand Limited (NZX:CDI) and a one-off gain from the last of the earthquake insurance settlements relating to Millennium Hotel Christchurch.

Mr. Chiu also noted that MCK had made two significant announcements in the period to date.

“At our shareholders meeting in May, we announced that the Copthorne Hotel Auckland Harbourcity would be rebranded to MSocial Auckland. This is the first MSocial Hotel in Australasia and the first outside Singapore and we hope to bring a new, stylish, vibrant approach to hospitality in 2017 when the hotel reopens”.

“In June we announced that the Grand Millennium Auckland Hotel (currently the Rendezvous Grand Hotel Auckland) will join the Millennium, Copthorne and Kingsgate portfolio of hotels as from 7th September 2016. The hotel is the largest in New Zealand and a truly international standard property with a total of 452 guestrooms. It will be the first Grand Millennium hotel in Australasia”.

“We are very excited about both hotels and delighted that we have been able to secure a significant position in New Zealand's gateway city of Auckland in this way”, he said.

Mr. Chiu said that MCK was on track to better its 2015 result in 2016.

“All of our business units are performing strongly and we certainly expect to carry this through to the end of the year”, he said.

ENDS

Issued by Millennium & Copthorne Hotels New Zealand Ltd

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