

**Condensed Interim Income Statement**

FOR THE SIX MONTHS ENDED 30 JUNE 2017		Unaudited	Unaudited
		6 months	6 months
DOLLARS IN THOUSANDS	NOTE	to 30/06/17	to 30/06/16
<b>Revenue</b>		<b>104,141</b>	<b>91,403</b>
Cost of sales		(41,815)	(38,362)
<b>Gross profit</b>		<b>62,326</b>	<b>53,041</b>
Other income		-	4,311
Administrative expenses		(9,742)	(9,862)
Other operating expenses		(9,661)	(6,768)
<b>Operating profit before finance income</b>		<b>42,923</b>	<b>40,722</b>
Finance income		1,900	1,473
Finance costs		(911)	(1,112)
<b>Net finance income</b>		<b>989</b>	<b>361</b>
<b>Profit before income tax</b>		<b>43,912</b>	<b>41,083</b>
Income tax expense		(12,071)	(11,372)
<b>Profit for the period</b>		<b>31,841</b>	<b>29,711</b>
<b>Profit for the period attributable to:</b>			
Equity holders of the parent		24,233	23,791
Non-controlling interests		7,608	5,920
<b>Profit for the period</b>		<b>31,841</b>	<b>29,711</b>
Basic earnings per share (cents)	4	15.32c	15.04c
Diluted earnings per share (cents)	4	15.32c	15.04c

**Condensed Interim Statement of Comprehensive Income**

FOR THE SIX MONTHS ENDED 30 JUNE 2017	Unaudited	Unaudited
	6 months	6 months
DOLLARS IN THOUSANDS	to 30/6/17	to 30/6/16

<b>Profit for the period</b>	<b>31,841</b>	<b>29,711</b>
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**Other comprehensive income****Items that are or may be reclassified to profit or loss**

Fair value movement of assets held for sale	-	(12)
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Movement in exchange translation reserve		
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- Recognised in equity	330	(727)
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<b>Total comprehensive income for the period</b>	<b>32,171</b>	<b>28,972</b>
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**Total comprehensive income for the period attributable to:**

Equity holders of the parent	24,563	23,052
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Non-controlling interests	7,608	5,920
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<b>Total comprehensive income for the period</b>	<b>32,171</b>	<b>28,972</b>
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## DETAILS OF SPECIFIC RECEIPTS/OUTLAYS,

## REVENUES/EXPENSES :

Other income (Gain on insurance claim)	-	4,311
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Audit fees	(154)	(146)
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Depreciation	(3,048)	(2,922)
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Interest income	1,895	1,399
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Net foreign exchange gain/(loss)	(5)	74
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Interest expense	(901)	(1,112)
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Leasing and rental expenses	(1,168)	(1,154)
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Release of provision for earthquake damage	-	2,243
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Release of provision for FF&E	-	757
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**Condensed Interim Statement of Changes in Equity**

FOR THE SIX MONTHS ENDED 30 JUNE 2016

DOLLARS IN THOUSANDS	NOTE	Attributable to Equity Holders of the Group							Unaudited Non-controlling Interests	Unaudited Total Equity
		Unaudited Share Capital	Unaudited Revaluation Reserves	Unaudited Exchange Reserves	Unaudited Accumulated Losses	Unaudited Treasury Stock	Unaudited Total			
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/(loss) 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 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	
<b>Balance at 30 June 2016</b>		<b>383,266</b>	<b>96,548</b>	<b>(3,093)</b>	<b>(68,709)</b>	<b>(26)</b>	<b>407,986</b>	<b>59,616</b>	<b>467,602</b>	
Balance at 1 January 2017		383,266	161,370	(3,323)	(52,224)	(26)	489,063	63,218	552,281	
Movement in exchange translation reserve		-	-	330	-	-	330	-	330	
Income and expense recognised directly in equity		-	-	330	-	-	330	-	330	
Profit for the period		-	-	-	24,233	-	24,233	7,608	31,841	
Total comprehensive income for the period		-	-	330	24,233	-	24,563	7,608	32,171	
Transactions with owners, recorded directly in equity :										
Dividends paid to:										
Equity holders of the parent	5	-	-	-	(7,911)	-	(7,911)	-	(7,911)	
Non-controlling interests		-	-	-	-	-	-	(3,142)	(3,142)	
Movement of non-controlling interests without a change in control		-	-	-	80	-	80	385	465	
Supplementary dividends	5	-	-	-	(221)	-	(221)	-	(221)	
Foreign investment tax credits		-	-	-	221	-	221	-	221	
<b>Balance at 30 June 2017</b>		<b>383,266</b>	<b>161,370</b>	<b>(2,993)</b>	<b>(35,822)</b>	<b>(26)</b>	<b>505,795</b>	<b>68,069</b>	<b>573,864</b>	

**Condensed Interim Statement of Financial Position**

AS AT 30 JUNE 2017		Unaudited	Audited	Unaudited
		as at	as at	as at
DOLLARS IN THOUSANDS	NOTE	30/06/17	31/12/16	30/06/16
<b>SHAREHOLDERS' EQUITY</b>				
Issued capital	3	383,266	383,266	383,266
Reserves		122,555	105,823	24,746
Treasury stock	3	(26)	(26)	(26)
Non-controlling interests		68,069	63,218	59,616
<b>Total equity</b>		<b>573,864</b>	<b>552,281</b>	<b>467,602</b>
<b>Represented by:</b>				
<b>NON CURRENT ASSETS</b>				
Property, plant and equipment		427,016	422,603	326,021
Development properties		130,461	135,136	140,388
Intangible assets		-	-	2,823
Investment in associates	2	2	2	2
<b>Total non-current assets</b>		<b>557,479</b>	<b>557,741</b>	<b>469,234</b>
<b>CURRENT ASSETS</b>				
Cash and cash equivalents		22,035	15,520	22,683
Short term bank deposits		104,060	85,598	70,360
Trade and other receivables		12,282	18,693	12,981
Inventories		1,417	1,508	1,192
Income tax receivable		656	-	635
Development properties		28,522	34,845	32,859
Assets held for sale		-	-	307
<b>Total current assets</b>		<b>168,972</b>	<b>156,164</b>	<b>141,017</b>
<b>Total assets</b>		<b>726,451</b>	<b>713,905</b>	<b>610,251</b>
<b>NON CURRENT LIABILITIES</b>				
Interest-bearing loans and borrowings		66,000	66,000	67,990
Provision for deferred taxation		58,986	59,183	43,654
<b>Total non-current liabilities</b>		<b>124,986</b>	<b>125,183</b>	<b>111,644</b>
<b>CURRENT LIABILITIES</b>				
Interest-bearing loans and borrowings		-	4	8
Trade and other payables		20,371	24,957	21,775
Trade payables due to related parties	6	1,254	2,137	593
Loans due to related parties	6	2,800	5,800	5,800
Income tax payable		3,176	3,543	2,829
<b>Total current liabilities</b>		<b>27,601</b>	<b>36,441</b>	<b>31,005</b>
<b>Total liabilities</b>		<b>152,587</b>	<b>161,624</b>	<b>142,649</b>
<b>Net assets</b>		<b>573,864</b>	<b>552,281</b>	<b>467,602</b>

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 2017		Unaudited	Unaudited
		6 months	6 months
DOLLARS IN THOUSANDS	NOTE	to 30/06/17	to 30/06/16
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Cash was provided from:</b>			
Receipts from customers		111,329	94,703
Interest received		1,123	1,323
		<u>112,452</u>	<u>96,026</u>
<b>Cash was applied to:</b>			
Payments to suppliers and employees		(52,404)	(47,812)
Interest paid		(806)	(1,121)
Income tax paid		(13,285)	(10,188)
		<u>(66,495)</u>	<u>(59,121)</u>
<b>Net cash inflow from operating activities</b>		<b><u>45,957</u></b>	<b><u>36,905</u></b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<b>Cash was provided from/(applied to):</b>			
Purchase of property, plant and equipment		(7,461)	(12,490)
Proceed from material damage claim		-	4,492
Increase in short term bank deposits		(18,462)	(10,405)
<b>Net cash inflow/(outflow) from investing activities</b>		<b><u>(25,923)</u></b>	<b><u>(18,403)</u></b>
Net cash outflow from investing activities		(25,923)	(18,403)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
<b>Cash was provided from/(applied to):</b>			
Repayment of borrowings		(4)	(4,529)
Advance/(repayment) of related parties loans	6	(3,000)	2,000
Dividends paid to shareholders of Millennium & Copthorne Hotels New Zealand Ltd	5	(7,911)	(4,430)
Dividends paid to non-controlling interests		(3,142)	(2,336)
		<u>(14,057)</u>	<u>(9,295)</u>
<b>Net cash inflow from financing activities</b>		<b><u>(14,057)</u></b>	<b><u>(9,295)</u></b>
<b>Net increase in cash and cash equivalents</b>		<b>5,977</b>	<b>9,207</b>
Add opening cash and cash equivalents		15,520	14,021
Exchange rate adjustment		538	(545)
<b>Closing cash and cash equivalents</b>		<b><u>22,035</u></b>	<b><u>22,683</u></b>

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 2017		Unaudited	Unaudited
		6 months	6 months
DOLLARS IN THOUSANDS	NOTE	to 30/6/17	to 30/6/16
RECONCILIATION OF NET PROFIT FOR THE PERIOD TO CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the period		31,841	29,711
Depreciation		3,048	2,922
Income tax expense		12,071	11,372
Gain on Insurance claim		-	(4,311)
<b>Adjustments for movements in working capital:</b>			
Decrease in receivables		6,411	3,150
Decrease in inventories		91	60
Decrease in development properties		11,249	6,032
Decrease in payables		(3,685)	(684)
Decrease in related parties		(883)	(47)
<b>Cash generated from operations</b>		<b>60,143</b>	<b>48,205</b>
Interest expense		(901)	(1,112)
Income tax paid		(13,285)	(10,188)
<b>Net cash inflow from operating activities</b>		<b>45,957</b>	<b>36,905</b>

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 2017 (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 2017 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 4 August 2017.

**(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 2016.

**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 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 2017 (unaudited)**

**2. Segment reporting - continued**

**(a) Operating Segments**

	Hotel Operations		Residential Land Development		Residential and Commercial Property Development		Group	
	Unaudited 6 months to 30/06/17	Unaudited 6 months to 30/06/16	Unaudited 6 months to 30/06/17	Unaudited 6 months to 30/06/16	Unaudited 6 months to 30/06/17	Unaudited 6 months to 30/06/16	Unaudited 6 months to 30/06/17	Unaudited 6 months to 30/06/16
<i>Dollars in thousands</i>								
External revenue	51,626	47,147	51,039	42,780	1,476	1,476	104,141	91,403
Finance income	833	1,046	1,000	347	67	80	1,900	1,473
Finance expense	(911)	(1,112)	-	-	-	-	(911)	(1,112)
Depreciation and amortisation	(3,045)	(2,918)	(1)	(1)	(2)	(3)	(3,048)	(2,922)
Segment profit before income tax	15,193	18,474	28,316	22,157	403	452	43,912	41,083
Income tax expense	(4,028)	(5,039)	(7,928)	(6,204)	(115)	(129)	(12,071)	(11,372)
Other material/non-cash items:								
Gain on insurance claim	-	4,311	-	-	-	-	-	4,311
Release of earthquake and FF&E provisions	-	3,000	-	-	-	-	-	3,000
Segment assets	480,328	387,784	179,992	155,569	65,473	66,261	725,793	609,614
Tax assets	-	-	-	-	656	635	656	635
Investment in associates	-	-	2	2	-	-	2	2
Total assets	480,328	387,784	179,994	155,571	66,129	66,896	726,451	610,251
Segment liabilities	(86,732)	(85,865)	(2,501)	(3,007)	(1,192)	(7,295)	(90,425)	(96,167)
Tax liabilities	(59,443)	(46,282)	(3,154)	(1,843)	435	1,643	(62,162)	(46,482)
Total liabilities	(146,175)	(132,147)	(5,655)	(4,850)	(757)	(5,652)	(152,587)	(142,649)
Capital expenditure	7,461	27,930	-	7,892	-	-	7,461	35,822



**Millennium & Copthorne Hotels New Zealand Limited and Subsidiaries**  
**Notes to the Condensed Interim Financial Statements**  
**for the six months ended 30 June 2017 (unaudited)**

**2. Segment reporting - continued**

**(b) Geographic Segments**

	<b>New Zealand</b>		<b>Australia</b>		<b>Group</b>	
	Unaudited 6 months to 30/06/17	Unaudited 6 months to 30/06/16	Unaudited 6 months to 30/06/17	Unaudited 6 months to 30/06/16	Unaudited 6 months to 30/06/17	Unaudited 6 months to 30/06/16
<i>Dollars in thousands</i>						
External revenue	102,665	89,927	1,476	1,476	104,141	91,403
Finance income	1,833	1,393	67	80	1,900	1,473
Finance expense	(911)	(1,112)	-	-	(911)	(1,112)
Depreciation and amortisation	(3,046)	(2,919)	(2)	(3)	(3,048)	(2,922)
Segment profit before income tax	43,485	40,610	427	473	43,912	41,083
Income tax expense	(11,963)	(11,251)	(108)	(121)	(12,071)	(11,372)
Other material/non-cash items:						
Gain on insurance claim	-	4,311	-	-	-	4,311
Release of earthquake and FF&E provisions	-	3,000	-	-	-	3,000
Segment assets	660,320	548,596	65,473	61,018	725,793	609,614
Tax assets	-	-	656	635	656	635
Investment in associates	2	2	-	-	2	2
Total assets	660,322	548,598	66,129	61,653	726,451	610,251
Segment liabilities	(89,265)	(88,900)	(1,160)	(7,267)	(90,425)	(96,167)
Tax liabilities	(62,600)	(48,126)	438	1,644	(62,162)	(46,482)
Total liabilities	(151,865)	(137,026)	(722)	(5,623)	(152,587)	(142,649)
Capital expenditure	7,461	27,930	-	7,892	7,461	35,822

**Millennium & Copthorne Hotels New Zealand Limited and Subsidiaries**  
**Notes to the Condensed Interim Financial Statements**  
**for the six months ended 30 June 2017 (unaudited)**

**3. Share capital**

	Ordinary shares		Redeemable preference shares	
	Shares	\$ 000s	Shares	\$ 000s
<b>Total shares issued – fully paid</b>				
Balance at 1 January 2016	105,578,290	350,048	52,739,543	33,218
Balance at 31 December 2016	105,578,290	350,048	52,739,543	33,218
<b>Ordinary shares repurchased and held as treasury stock</b>				
Balance at 1 January 2016	(99,547)	(26)	-	-
Balance at 31 December 2016	(99,547)	(26)	-	-
<b>Shares issued – fully paid</b>				
Balance at 1 January 2017	105,478,743	350,022	52,739,543	33,218
Balance at 30 June 2017	105,478,743	350,022	52,739,543	33,218

At 30 June 2017, the authorised share capital consisted of 105,578,290 ordinary shares (2016: 105,578,290 ordinary shares) with no par value and 52,739,543 redeemable preference shares (2016: 52,739,543) with no par value.

**4. Earnings per share**

The basic earnings per share of 15.32 cents (30 June 2016: 15.04 cents) is based on the profit attributable to ordinary shareholders of \$24.23 million (30 June 2016: \$23.79 million) and weighted average number of ordinary shares and redeemable preference shares outstanding during the period ended 30 June 2017 of 158,218,286 (30 June 2016: 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 15.32 cents (30 June 2016: 15.04 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 30/06/17	Unaudited 30/06/16
Ordinary dividend: 5.0 cents per qualifying share (2016: 2.8 cents)	7,911	4,430
Supplementary dividend: 0.5524 cents per qualifying share (2016: 0.49412 cents)	221	124
	8,132	4,554

**Millennium & Copthorne Hotels New Zealand Limited and Subsidiaries**  
**Notes to the Condensed Interim Financial Statements**  
**for the six months ended 30 June 2017 (unaudited)**

**6. Related party transactions**

Millennium & Copthorne Hotels New Zealand Limited is a 75.20% (2016: 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 30/06/17	Audited 31/12/16
<b>Trade payables and receivables due to related parties</b>			
Millennium & Copthorne Hotels plc	Recharge of expenses	(434)	(558)
Millennium & Copthorne International Limited	Recharge of expenses & provision of management and marketing support	(135)	(31)
CDL Hotels Holdings New Zealand Limited	Recharge of expenses	-	(7)
CDLH (BVI) One Limited	Rent payment	(685)	(1,541)
		<b>(1,254)</b>	<b>(2,137)</b>
<b>Loans due to related parties</b>			
CDL Hotels Holdings New Zealand Limited	Inter-company loan	(2,800)	(5,800)
		<b>(2,800)</b>	<b>(5,800)</b>

No debts with related parties were written off or forgiven during the year. No interest was charged on these payables during 2017 and 2016. There are no set repayment terms. During this period costs amounting to \$125,000 (2016: \$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 \$2.80 million (31 December 2016: \$5.80 million) to Millennium & Copthorne Hotels New Zealand Limited. The interest rates are fixed at 2.06% (31 December 2016: 2.22% to 2.47%) until the loans are reviewed on 18 August 2017. The unsecured loans are repayable on demand.

**7. Capital commitments**

As at 30 June 2017, the Group has entered into contractual commitments for capital expenditure of \$2.36 million (2016: \$27.93 million) and development expenditure of \$8.73 million (2016: \$7.89 million) totalling \$11.09 million (2016: \$35.82 million).

**8. 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 months period ended 30 June 2017 (2016: Nil). There are no contingent liabilities as at 30 June 2017 (2016: Nil).



# MILLENNIUM

HOTELS AND RESORTS

## 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 \$24.23 million for the six month period ended 30 June 2017 (2016: \$23.79 million). Profit before income tax and non-controlling interests was \$43.91 million (2016: \$41.08 million). The increase in profit has again been driven by demand for accommodation in New Zealand and ongoing operational efficiencies at the company's New Zealand hotels. Further strong sales performance also came from MCK's majority-owned land development subsidiary CDL Investments New Zealand Limited.

Group revenue and other income for the period under review increased to \$104.14 million from \$95.71 million in the first half of 2016. Gross profit for the period also increased to \$62.33 million from \$53.04 million in the same period. (In the corresponding half year of 2016, there was a non-recurring gain of \$4.31m from the Millennium Christchurch insurance settlement).

Earnings per share for the period increased to 15.32 cents per share (2016: 15.04 cps).

### **New Zealand Hotel Operations:**

The New Zealand hotel operations (13 owned or leased and operated hotels excluding 5 franchised and 2 managed hotels) continue to perform strongly in RevPAR terms with revenue for the period increasing to \$51.63 million (2016: \$47.15 million). RevPAR increased by 8.2% from \$108.72 in 2016 to \$117.63 in the same period this year. Occupancy for those owned / leased hotels for the period was steady at 81.3% (2016: 82.3%).

The half year results benefited from the company's management of its business mix and the addition of Grand Millennium Auckland with the hotel gaining from rates growth and efficiencies since joining the Millennium brand.

The final stages to the construction of M Social Auckland are underway as the M Social team gets ready to test the new building services and recruit staff for the hotel's opening in October.

### **CDL Investments New Zealand Limited (NZX:CDI):**

CDI announced an unaudited operating profit after tax for the six months ended 30 June 2017 of \$20.39 million, (2016: \$15.95 million). Sales were strongest in Auckland, Hamilton and Canterbury, in the company's Greville Road, Magellan Heights and Prestons Park subdivisions. The current level of sales activity should continue through to the end of 2017 and we expect another year of growth at CDI.

### **Offshore investments – Australia:**

Occupancy at the Zenith Residences, Sydney remains steady at 95% across the complex. Remedial balcony work and painting has commenced and all floors are expected to be completed by mid-September.

**Appointment of Kian Seng Tan and Colin Sim:**

In February we welcomed Mr Kian Seng Tan, Interim Group CEO of M&C Hotels plc to the Board as non-executive director. Mr Colin Sim also joined the Board in July following the retirement of long serving Board Chairman, Mr Hong Ren Wong. Mr Sim was elected as Board Chairman on 2 August 2017. MCK looks forward to utilizing their knowledge and expertise across the business.

**Outlook:**

The competitive environment has changed requiring different skill sets. Operational excellence, the dedication by our staff to delivering Outstanding Service Experience and the capital investments the company have made to improve and enhance our hotels will continue to benefit MCK as New Zealand continues to be a popular destination with international visitors. The Board is pleased with the financial metrics of the first half and believes that MCK is well placed to deliver another year of growth in 2017.

A handwritten signature in black ink, appearing to read 'Colin Sim', with a stylized flourish at the end.

**Colin Sim  
Chairman  
Millennium & Copthorne Hotels New Zealand Limited  
4 August 2017**



## MCK REPORTS AN INCREASE IN REVENUE AND OPERATING PROFIT FOR THE FIRST HALF OF 2017

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 2017:

MCK's key results were:

- |  |   |
|--|---|
| • Average hotel occupancy across the Group               | 81.3% (2016: 82.3%)                       |
| • Group revenue and other income                         | \$104.14 million (2016: \$95.71 million)* |
| • Operating profit before finance income                 | \$42.92 million (2016: \$40.72 million)*  |
| • Profit before income tax and non-controlling interests | \$43.91 million (2016: \$41.08 million)*  |
| • Profit after tax and non-controlling interests         | \$24.23 million (2016: \$23.79 million)*  |

\*in 2016 there was a non-recurring gain of \$4.31m from the Millennium Christchurch insurance settlement.

MCK's results in the first half of 2017 were enhanced by the consistent performance of its land development subsidiary CDL Investments New Zealand Limited (NZX:CDI).

Mr BK Chiu, Managing Director said that the Grand Millennium Auckland hotel continues to benefit from RevPAR growth. "The new addition to the Millennium brand has also added to the strength of our Conferencing and Incentive network of hotels from the Bay of Islands to Rotorua and Queenstown" noted Mr Chiu.

On the progress of the M Social Auckland hotel, he said that the hotel is now transitioning from a construction site to an operational hotel. "The recruitment and training of "M Bassadors" has brought a different energy as the team practice and perfect every detail of food and beverage tastings, to the programming of multiple technology platforms. With the full replacement of all building services and seismic strengthening to an A grade, the team will continue to test the services over the coming weeks. We are all looking forward to Aucklanders and visitors "getting Social" when the hotel opens in October" Mr Chiu added.

In July, the Auckland Council introduced the new targeted rates to be levied only on a selected group of commercial accommodation providers including hotels, motels and service apartments. This tax and spend targeted rate based on the capital value of a property is a crude and inequitable model to finance the city's infrastructure and visitor promotions.

"It is disappointing that despite the extensive submissions by the accommodation providers, the council went ahead with this short sighted approach that will not only impact the financials of targeted accommodation providers but also the long term investment decisions of an industry that has brought many benefits to the city" Mr Chiu said.

### ENDS

Issued by Millennium & Copthorne Hotels New Zealand Ltd

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