

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)
------------	-------	-------

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
-----------------	-------	-------

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.