



MILLENNIUM & COPTHORNE HOTELS NEW ZEALAND LTD

# INTERIM REPORT 2023

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Dear Valued Shareholder,

## **YOUR 2023/2024 SHAREHOLDER DISCOUNT CARD**

At Millennium, Copthorne and Kingsgate Hotels and Resorts we are proud of the staff, hotels and locations we have within New Zealand. As a shareholder we would also like for you to be able to experience first-hand the experience of staying at, dining at or meeting at one of our participating hotel locations.

To encourage you to utilise this I am pleased to enclose your 2023/2024 Shareholder Discount Card along with our 2023 Half Year Report. The shareholder discount is for up to 2 rooms per stay at **20% off our Best Available Fully Flexible Rate**. If you decide to cancel the booking before the date of arrival there are no cancellation fees.

In order to receive the discount, please make your bookings through our website [www.millenniumhotels.com](http://www.millenniumhotels.com) using promo code MCKSHR, by e-mail ([central.reservations@millenniumhotels.co.nz](mailto:central.reservations@millenniumhotels.co.nz)) or via our Central Reservations Office on 0800 808 228 (within New Zealand only). Bookings cannot be made via the hotel directly.

In addition to the Shareholder Discount, we have a range of other special offers and promotions available. You can find these on **[www.millenniumhotels.com](http://www.millenniumhotels.com)**.

To subscribe to our e-newsletter, please email [marketing@millenniumhotels.co.nz](mailto:marketing@millenniumhotels.co.nz).

Thank you for your continued support of our Millennium, Copthorne and Kingsgate Hotels and Resorts and we look forward to hosting you in the near future.

Yours faithfully,

**MILLENNIUM & COPTHORNE HOTELS NEW ZEALAND LIMITED**

Stuart Harrison  
Managing Director

## **2023/2024 SHAREHOLDER DISCOUNT CARD**



As a valued shareholder of Millennium & Copthorne Hotels New Zealand Limited, we are pleased to offer a shareholder discount of 20% off our Best Available Fully Flexible Rate applicable at the time of booking and **12.00pm check-out (subject to availability)** at participating Millennium, Copthorne and Kingsgate hotels in New Zealand.

Please note: the participating hotels are **M Social Auckland Millennium Hotel** New Plymouth / Queenstown / Rotorua **Copthorne Hotel** Auckland City / Bay of Islands / Greymouth / Palmerston North / Queenstown Lakefront / Queenstown Lakeview / Rotorua / Wellington Oriental Bay **Kingsgate Hotel** Dunedin / Te Anau

**Terms and Conditions:** Shareholder Discount is available to current shareholders of Millennium & Copthorne Hotels New Zealand Limited for private bookings (maximum 2 rooms) only. The discount is 20% off the Best Available Fully Flexible Rate applicable at time of booking and does not apply to any other previously discounted / special rate. Where available, a check-out time of 12.00pm may be requested. Reservations must be made via the internet ([www.millenniumhotels.com](http://www.millenniumhotels.com)), by e-mail to [central.res@millenniumhotels.co.nz](mailto:central.res@millenniumhotels.co.nz) or by telephone (0800 808 228 within New Zealand). The promo code MCKSHR must be used.

Please present this card upon check-in. Card is valid until 30 September 2024 or when you cease to be a shareholder, whichever is the earlier.

# 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 \$60.05m (2022: \$83.66m)
- Profit before income tax and non-controlling interests \$11.47m (2022: \$32.05m)
- Profit after tax and non-controlling interests \$6.18m (2022: \$15.40m)

New Zealand hotel owner / operator, Millennium & Copthorne Hotels New Zealand Limited (NZX:MCK), has 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”.

*... our performance and improving results confirm that we are on the right track.*

“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: \$32.05m). Group revenue for the period was \$60.05 million (2022: \$83.66m), with profit after tax and non-controlling interests of \$6.18 million (2022: \$15.40m). 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 \$11.97 million (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).

#### NZ HOTEL OPERATIONS

- Positive recovery as borders open
- Returned to profit HY23

#### AUSTRALIA

- Ongoing apartment rental income

#### CDL INVESTMENTS

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

#### **REFURBISHMENTS UNDERWAY:**

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



#### **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.”

# LOOKING FORWARD: REVIVE & 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 and 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.

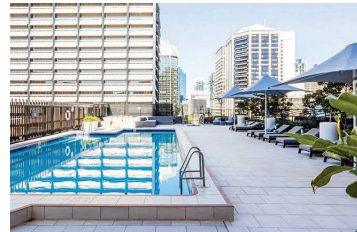
## MEDIUM TO LONG TERM

Growth of our hotel network in New Zealand and Australia.

# 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) and 8 meeting rooms
- 220 undercover parking lots
- Outdoor swimming pool and 2 gyms



<b>LOCATION</b>	<b>249 TURBOT STREET, BRISBANE CITY, AUSTRALIA</b>
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)



Luxury Room



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



Cuvée Lounge Bar  
(200 pax)

# REVIVE & THRIVE FY23–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





# MANAAKI

## Protect & Care

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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.

MyMILLENNIUM

# UNLOCK A WORLD

# OF REWARDS

*The more you stay, the better it gets*

Enjoy instant membership benefits with our My Millennium loyalty programme



SAVE

Member exclusive rates & offers



EARN

Gain member points to spend on rooms



SHOP

Redeem points in My Millennium Mall



18 HOTELS

12 locations in New Zealand



Beast & Butterflies, Restaurant & Bar  
M SOCIAL AUCKLAND

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

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**  
**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME**

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
<b>Profit for the period</b>		8,381	22,937
<b>Items that are or may be reclassified to profit or loss</b>			
Foreign exchange translation movements		894	2,656
- Tax (expense)/credit on foreign exchange		(5)	(15)
		889	2,641
<b>Total comprehensive income for the period</b>		<b>9,270</b>	<b>25,578</b>
<b>Total comprehensive income for the period attributable to:</b>			
Equity holders of the parent		7,066	18,044
Non-controlling interests		2,204	7,534
<b>Total comprehensive income for the period</b>		<b>9,270</b>	<b>25,578</b>
<b>DETAILS OF SPECIFIC RECEIPTS/OUTLAYS, REVENUE/EXPENSES</b>			
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)

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**  
**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY**

FOR THE SIX MONTHS ENDED 30 JUNE 2023

NOTE	Attributable to Equity Holders of the Group							Unaudited Total Equity
	Unaudited Share Capital	Unaudited Exchange Reserves	Unaudited Accumulated Losses	Unaudited Treasury Stock	Unaudited Total	Unaudited Non-controlling Interests	Unaudited Total Equity	
<b>Balance at 1 January 2022</b>	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	-	-	(5,537)	-	(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	
<b>Balance at 30 June 2022</b>	<b>383,266</b>	<b>616</b>	<b>142,866</b>	<b>(26)</b>	<b>526,722</b>	<b>108,768</b>	<b>635,510</b>	
<b>Balance at 1 January 2023</b>	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	-	-	(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	
<b>Balance at 30 June 2023</b>	<b>383,266</b>	<b>(507)</b>	<b>150,231</b>	<b>(26)</b>	<b>532,964</b>	<b>111,809</b>	<b>644,773</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**  
**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
<b>SHAREHOLDERS' EQUITY</b>			
Issued capital	3	383,266	383,266
Reserves		149,724	147,779
Treasury stock	3	(26)	(26)
Non-controlling interests		111,809	111,682
<b>Total equity</b>		<b>644,773</b>	<b>642,701</b>
<b>Represented by:</b>			
<b>NON CURRENT ASSETS</b>			
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
<b>Total non-current assets</b>		<b>496,887</b>	<b>496,970</b>
<b>CURRENT ASSETS</b>			
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
<b>Total current assets</b>		<b>216,240</b>	<b>212,216</b>
<b>Total assets</b>		<b>713,127</b>	<b>709,186</b>
<b>NON CURRENT LIABILITIES</b>			
Lease liabilities		27,772	25,458
Provision for deferred taxation		9,621	9,717
<b>Total non-current liabilities</b>		<b>37,393</b>	<b>35,175</b>
<b>CURRENT LIABILITIES</b>			
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
<b>Total current liabilities</b>		<b>30,961</b>	<b>31,310</b>
<b>Total liabilities</b>		<b>68,354</b>	<b>66,485</b>
<b>Net assets</b>		<b>644,773</b>	<b>642,701</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**  
**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
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Cash was provided from:</b>			
Receipts from customers		52,108	92,411
Interest received		3,673	1,058
		<u>55,781</u>	<u>93,469</u>
<b>Cash was applied to:</b>			
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>
<b>Net cash inflow from operating activities</b>		<b><u>4,249</u></b>	<b><u>24,395</u></b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<b>Cash was provided from/(applied to):</b>			
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)
<b>Net cash inflow/(outflow) from investing activities</b>		<b><u>515</u></b>	<b><u>(50,789)</u></b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
<b>Cash was provided from/(applied to):</b>			
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)
<b>Net cash outflow from financing activities</b>		<b><u>(9,769)</u></b>	<b><u>(11,889)</u></b>
<b>Net (decrease) in cash and cash equivalents</b>		<b><u>(5,005)</u></b>	<b><u>(38,283)</u></b>
Add opening cash and cash equivalents		61,387	58,143
Exchange rate adjustment		1,960	3,103
<b>Closing cash and cash equivalents</b>		<b><u>58,342</u></b>	<b><u>22,963</u></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**  
**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
<b>RECONCILIATION OF NET PROFIT FOR THE PERIOD</b>			
<b>TO CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit for the period		8,381	22,937
<b>Adjusted for non cash items:</b>			
(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
<b>Adjustments for movements in working capital:</b>			
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)
<b>Cash generated from operations</b>		<b>11,332</b>	<b>32,914</b>
Interest paid		-	(1)
Income tax paid		(7,083)	(8,518)
<b>Net cash inflow from operating activities</b>		<b>4,249</b>	<b>24,395</b>
<b>Reconciliation of movement of liabilities to cash flows arising from financing activities</b>			
		Unaudited	Unaudited
		6 months	6 months
		to 30/06/23	to 30/06/22
<b>As at 01 January</b>		-	1,000
Repayment of borrowings		-	(1,000)
Financing cash flows		-	(1,000)
<b>As at 30 June</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 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.

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**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	13,082	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)	6,230	31,917	688	(112)	459	4,190	11,466	32,050
Income tax expense	(992)	1,049	(1,761)	(8,837)	(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	5,986	-	-	-	-	2,420	5,986
Purchase of land for residential land development	-	-	-	19,380	-	-	-	-	-	19,380

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**2. Segment reporting - continued**

**(b) Geographic Segments**

<i>Dollars in thousands</i>	<b>New Zealand</b>		<b>Australia</b>		<b>Group</b>	
	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
<b>Total assets</b>	<b>628,666</b>	<b>614,602</b>	<b>84,461</b>	<b>85,413</b>	<b>713,127</b>	<b>700,015</b>
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)
<b>Total liabilities</b>	<b>(66,643)</b>	<b>(61,420)</b>	<b>(1,711)</b>	<b>(3,085)</b>	<b>(68,354)</b>	<b>(64,505)</b>
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

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**3. Share capital**

	Ordinary shares		Redeemable preference shares	
	Shares	\$ 000s	Shares	\$ 000s
<b>Total shares issued – fully paid</b>				
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
<b>Ordinary shares repurchased and held as treasury stock</b>				
Balance at 30 June 2022	(99,547)	(26)	-	-
Balance at 30 June 2023	(99,547)	(26)	-	-
<b>Shares issued – fully paid</b>				
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

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**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
<b>Trade payables and receivables due to related parties</b>			
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
		<b>(2,407)</b>	<b>(2,618)</b>

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	-
	<b>44,010</b>	<b>20,110</b>

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.

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**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**

	Group	
	Unaudited 6 months to 30/06/23	Unaudited 6 months to 30/06/22
<i>Dollars In Thousands</i>		
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)
	<b>22,872</b>	<b>15,122</b>

**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**

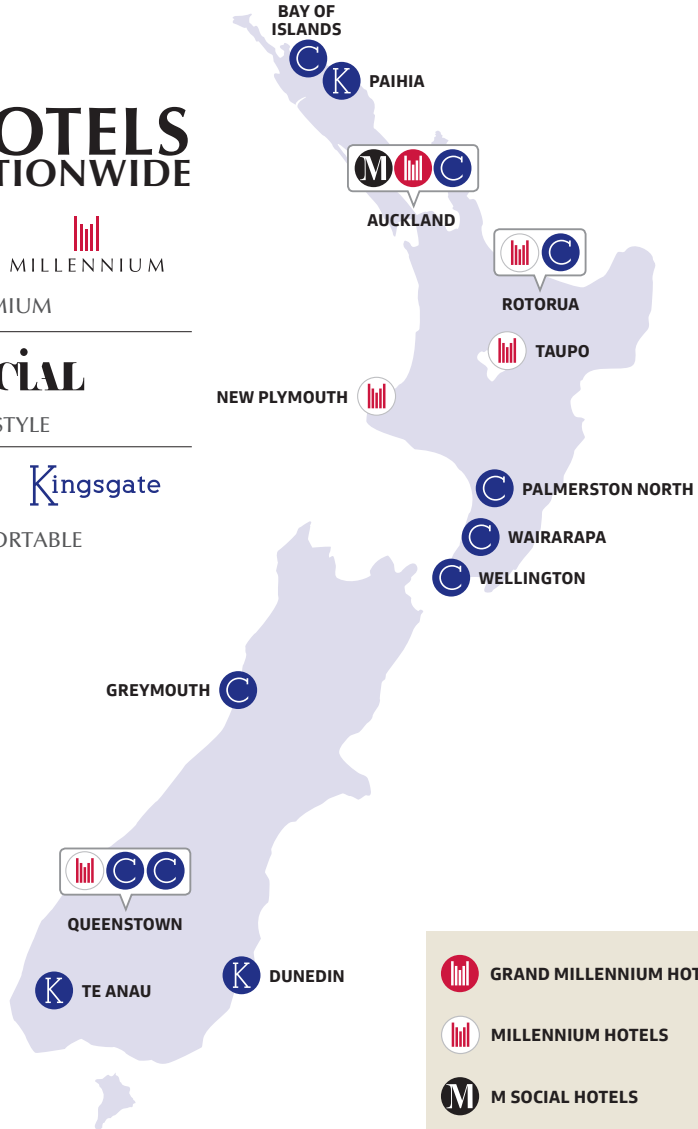
Subsequent to the six month period ended 30 June 2023, the Group settled the purchase of a parcel of land in Hamilton for approximately \$4.0 million. The capital committed is included in Note 7.

**18 HOTELS**  
NATIONWIDE

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