

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 |
| Stapled Security | No |

Announcement Details

| | |
|--|---|
| Announcement Title | General Announcement |
| Date & Time of Broadcast | 02-Aug-2018 17:22:18 |
| Status | New |
| Announcement Sub Title | Announcement by Subsidiary Company, Millennium & Copthorne Hotels New Zealand Limited |
| Announcement Reference | SG180802OTHRQDEA |
| Submitted By (Co./ Ind. Name) | Enid Ling Peek Fong |
| Designation | Company Secretary |
| Description (Please provide a detailed description of the event in the box below) | Please refer to the Announcement released by Millennium & Copthorne Hotels New Zealand Limited on 2 August 2018 relating to Half Year Results Ended 30 June 2018. |
| Attachments | 08022018 MCHNZ Half Year Result.pdf Total size =142K |

Condensed Interim Income Statement

| FOR THE SIX MONTHS ENDED 30 JUNE 2018 | | Unaudited | Unaudited |
|---|------|----------------|----------------|
| | | 6 months | 6 months |
| DOLLARS IN THOUSANDS | NOTE | to 30/06/18 | to 30/06/17 |
| Revenue | | 127,506 | 104,141 |
| Cost of sales | | (49,850) | (41,815) |
| Gross profit | | 77,656 | 62,326 |
| Administrative expenses | | (12,408) | (9,742) |
| Other operating expenses | | (11,413) | (9,661) |
| Operating profit before finance income | | 53,835 | 42,923 |
| Finance income | | 1,687 | 1,900 |
| Finance costs | | (858) | (911) |
| Net finance income | | 829 | 989 |
| Profit before income tax | | 54,664 | 43,912 |
| Income tax expense | | (15,043) | (12,071) |
| Profit for the period | | 39,621 | 31,841 |
| Profit for the period attributable to: | | | |
| Equity holders of the parent | | 30,147 | 24,233 |
| Non-controlling interests | | 9,474 | 7,608 |
| Profit for the period | | 39,621 | 31,841 |
| Basic earnings per share (cents) | 4 | 19.05c | 15.32c |
| Diluted earnings per share (cents) | 4 | 19.05c | 15.32c |

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

Condensed Interim Statement of Comprehensive Income

| | | |
|---------------------------------------|-------------|-------------|
| FOR THE SIX MONTHS ENDED 30 JUNE 2018 | Unaudited | Unaudited |
| | 6 months | 6 months |
| DOLLARS IN THOUSANDS | to 30/06/18 | to 30/06/17 |

| | | |
|------------------------------|---------------|---------------|
| Profit for the period | 39,621 | 31,841 |
|------------------------------|---------------|---------------|

Other comprehensive income

Items that are or may be reclassified to profit or loss

Movement in exchange translation reserve

| | | |
|------------------------|---------|-----|
| - Recognised in equity | (1,535) | 330 |
|------------------------|---------|-----|

| | | |
|--|---------------|---------------|
| Total comprehensive income for the period | 38,086 | 32,171 |
|--|---------------|---------------|

Total comprehensive income for the period attributable to:

| | | |
|------------------------------|--------|--------|
| Equity holders of the parent | 28,612 | 24,563 |
|------------------------------|--------|--------|

| | | |
|---------------------------|-------|-------|
| Non-controlling interests | 9,474 | 7,608 |
|---------------------------|-------|-------|

| | | |
|--|---------------|---------------|
| Total comprehensive income for the period | 38,086 | 32,171 |
|--|---------------|---------------|

DETAILS OF SPECIFIC RECEIPTS/OUTLAYS,

REVENUES/EXPENSES :

| | | |
|------------|-------|-------|
| Audit fees | (158) | (154) |
|------------|-------|-------|

| | | |
|--------------|---------|---------|
| Depreciation | (4,186) | (3,048) |
|--------------|---------|---------|

| | | |
|-----------------|-------|-------|
| Interest income | 1,687 | 1,895 |
|-----------------|-------|-------|

| | | |
|----------------------------------|------|-----|
| Net foreign exchange gain/(loss) | (15) | (5) |
|----------------------------------|------|-----|

| | | |
|------------------|-------|-------|
| Interest expense | (843) | (901) |
|------------------|-------|-------|

| | | |
|-----------------------------|---------|---------|
| Leasing and rental expenses | (1,208) | (1,168) |
|-----------------------------|---------|---------|

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

Condensed Interim Statement of Changes in Equity

FOR THE SIX MONTHS ENDED 30 JUNE 2018

| 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 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 | |
| Balance at 30 June 2017 | | 383,266 | 161,370 | (2,993) | (35,822) | (26) | 505,795 | 68,069 | 573,864 | |
| Balance at 1 January 2018 | | 383,266 | 222,465 | 114 | (16,939) | (26) | 588,880 | 74,810 | 663,690 | |
| Movement in exchange translation reserve | | - | - | (1,535) | - | - | (1,535) | - | (1,535) | |
| Income and expense recognised directly in equity | | - | - | (1,535) | - | - | (1,535) | - | (1,535) | |
| Profit for the period | | - | - | - | 30,147 | - | 30,147 | 9,474 | 39,621 | |
| Total comprehensive income for the period | | - | - | (1,535) | 30,147 | - | 28,612 | 9,474 | 38,086 | |
| Transactions with owners, recorded directly in equity : | | | | | | | | | | |
| Dividends paid to: | | | | | | | | | | |
| Equity holders of the parent | 5 | - | - | - | (9,493) | - | (9,493) | - | (9,493) | |
| Non-controlling interests | | - | - | - | - | - | - | (3,655) | (3,655) | |
| Movement of non-controlling interests without a change in control | | - | - | - | 99 | - | 99 | 454 | 553 | |
| Supplementary dividends | 5 | - | - | - | (242) | - | (242) | - | (242) | |
| Foreign investment tax credits | | - | - | - | 242 | - | 242 | - | 242 | |
| Balance at 30 June 2018 | | 383,266 | 222,465 | (1,421) | 3,814 | (26) | 608,098 | 81,083 | 689,181 | |

Condensed Interim Statement of Financial Position

| AS AT 30 JUNE 2018 | | Unaudited | Audited | Unaudited |
|--|------|----------------|----------------|----------------|
| | | as at | as at | as at |
| DOLLARS IN THOUSANDS | NOTE | 30/06/18 | 31/12/17 | 30/06/17 |
| SHAREHOLDERS' EQUITY | | | | |
| Issued capital | 3 | 383,266 | 383,266 | 383,266 |
| Reserves | | 224,858 | 205,640 | 122,555 |
| Treasury stock | 3 | (26) | (26) | (26) |
| Non-controlling interests | | 81,083 | 74,810 | 68,069 |
| Total equity | | 689,181 | 663,690 | 573,864 |
| Represented by: | | | | |
| NON CURRENT ASSETS | | | | |
| Property, plant and equipment | | 514,355 | 505,908 | 427,016 |
| Development properties | | 174,747 | 145,751 | 130,461 |
| Investment in associates | | 2 | 2 | 2 |
| Total non-current assets | | 689,104 | 651,661 | 557,479 |
| CURRENT ASSETS | | | | |
| Cash and cash equivalents | | 28,976 | 34,195 | 22,035 |
| Short term bank deposits | | 98,749 | 88,890 | 104,060 |
| Trade and other receivables | | 14,257 | 17,729 | 12,282 |
| Trade receivables due from related parties | 6 | 15 | - | - |
| Inventories | | 1,493 | 1,646 | 1,417 |
| Income tax receivable | | 163 | - | 656 |
| Development properties | | 29,229 | 34,104 | 28,522 |
| Total current assets | | 172,882 | 176,564 | 168,972 |
| Total assets | | 861,986 | 828,225 | 726,451 |
| NON CURRENT LIABILITIES | | | | |
| Interest-bearing loans and borrowings | | 66,000 | 66,000 | 66,000 |
| Provision for deferred taxation | | 70,596 | 70,245 | 58,986 |
| Total non-current liabilities | | 136,596 | 136,245 | 124,986 |
| CURRENT LIABILITIES | | | | |
| Trade and other payables | | 21,715 | 22,442 | 20,371 |
| Trade payables due to related parties | 6 | 1,612 | 1,981 | 1,254 |
| Loans due to related parties | 6 | 7,100 | - | 2,800 |
| Income tax payable | | 5,782 | 3,867 | 3,176 |
| Total current liabilities | | 36,209 | 28,290 | 27,601 |
| Total liabilities | | 172,805 | 164,535 | 152,587 |
| Net assets | | 689,181 | 663,690 | 573,864 |

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 2018 | | Unaudited | Unaudited |
|--|------|------------------------|------------------------|
| | | 6 months | 6 months |
| DOLLARS IN THOUSANDS | NOTE | to 30/06/18 | to 30/06/17 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Cash was provided from: | | | |
| Receipts from customers | | 130,779 | 111,329 |
| Interest received | | 1,871 | 1,123 |
| | | <u>132,650</u> | <u>112,452</u> |
| Cash was applied to: | | | |
| Payments to suppliers and employees | | (59,063) | (52,404) |
| Purchase of development land | | (36,354) | - |
| Interest paid | | (865) | (806) |
| Income tax paid | | (13,461) | (13,285) |
| | | <u>(109,743)</u> | <u>(66,495)</u> |
| Net cash inflow from operating activities | | <u>22,907</u> | <u>45,957</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Cash was provided from/(applied to): | | | |
| Purchase of property, plant and equipment | | (12,635) | (7,461) |
| Increase in short term bank deposits | | (9,859) | (18,462) |
| Net cash outflow from investing activities | | <u>(22,494)</u> | <u>(25,923)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Cash was provided from/(applied to): | | | |
| Repayment of borrowings | | - | (4) |
| Advance/(repayment) of related parties loans | 6 | 7,100 | (3,000) |
| Dividends paid to shareholders of Millennium & Copthorne Hotels New Zealand Ltd | 5 | (9,493) | (7,911) |
| Dividends paid to non-controlling interests | | (3,655) | (3,142) |
| Net cash outflow from financing activities | | <u>(6,048)</u> | <u>(14,057)</u> |
| Net (decrease)/increase in cash and cash equivalents | | <u>(5,635)</u> | <u>5,977</u> |
| Add opening cash and cash equivalents | | 34,195 | 15,520 |
| Exchange rate adjustment | | 416 | 538 |
| Closing cash and cash equivalents | | <u>28,976</u> | <u>22,035</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 2018 | | Unaudited | Unaudited |
|--|------|---------------|---------------|
| | | 6 months | 6 months |
| DOLLARS IN THOUSANDS | NOTE | to 30/06/18 | to 30/06/17 |
| RECONCILIATION OF NET PROFIT FOR THE PERIOD TO CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Profit for the period | | 39,621 | 31,841 |
| Depreciation | | 4,186 | 3,048 |
| Income tax expense | | 15,043 | 12,071 |
| Adjustments for movements in working capital: | | | |
| Decrease in receivables | | 3,457 | 6,411 |
| Decrease in inventories | | 153 | 91 |
| (Increase)/Decrease in development properties | | (25,011) | 11,249 |
| Increase/(Decrease) in payables | | 153 | (3,685) |
| Increase/(Decrease) in related parties | | (369) | (883) |
| Cash generated from operations | | 37,233 | 60,143 |
| Interest paid | | (865) | (901) |
| Income tax paid | | (13,461) | (13,285) |
| Net cash inflow from operating activities | | 22,907 | 45,957 |

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 2018 (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 2018 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 2 August 2018.

(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 2017.

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 2018 (unaudited)

2. Segment reporting - continued

(a) Operating Segments

| | Hotel Operations | | Residential Land Development | | Residential Property Development | | Group | |
|---|--------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|
| | Unaudited 6 months to 30/06/18 | Unaudited 6 months to 30/06/17 | Unaudited 6 months to 30/06/18 | Unaudited 6 months to 30/06/17 | Unaudited 6 months to 30/06/18 | Unaudited 6 months to 30/06/17 | Unaudited 6 months to 30/06/18 | Unaudited 6 months to 30/06/17 |
| <i>Dollars in thousands</i> | | | | | | | | |
| External revenue | 64,267 | 51,626 | 60,226 | 51,039 | 3,013 | 1,476 | 127,506 | 104,141 |
| Earnings before interest, depreciation & amortisation | 22,534 | 18,316 | 34,652 | 27,317 | 835 | 338 | 58,021 | 45,971 |
| Finance income | 877 | 833 | 726 | 1,000 | 84 | 67 | 1,687 | 1,900 |
| Finance expense | (858) | (911) | - | - | - | - | (858) | (911) |
| Depreciation and amortisation | (4,184) | (3,045) | - | (1) | (2) | (2) | (4,186) | (3,048) |
| Profit before income tax | 18,369 | 15,193 | 35,378 | 28,316 | 917 | 403 | 54,664 | 43,912 |
| Income tax expense | (4,883) | (4,028) | (9,908) | (7,928) | (252) | (115) | (15,043) | (12,071) |
| Profit after income tax | 13,486 | 11,165 | 25,470 | 20,388 | 665 | 288 | 39,621 | 31,841 |
| Segment assets | 587,430 | 480,328 | 210,625 | 179,992 | 63,766 | 65,473 | 861,821 | 725,793 |
| Tax assets | - | - | - | - | 163 | 656 | 163 | 656 |
| Investment in associates | - | - | 2 | 2 | - | - | 2 | 2 |
| Total assets | 587,430 | 480,328 | 210,627 | 179,994 | 63,929 | 66,129 | 861,986 | 726,451 |
| Segment liabilities | (92,477) | (86,732) | (2,766) | (2,501) | (1,184) | (1,192) | (96,427) | (90,425) |
| Tax liabilities | (70,766) | (59,443) | (5,438) | (3,154) | (174) | 435 | (76,378) | (62,162) |
| Total liabilities | (163,243) | (146,175) | (8,204) | (5,655) | (1,358) | (757) | (172,805) | (152,587) |
| Property, plant and equipment expenditure | 12,635 | 7,461 | - | - | - | - | 12,635 | 7,461 |
| Residential land development expenditure | - | - | 12,568 | 10,159 | - | - | 12,568 | 10,159 |
| Purchase of land for residential land development | - | - | 36,354 | - | - | - | 36,354 | - |

Millennium & Copthorne Hotels New Zealand Limited and Subsidiaries
Notes to the Condensed Interim Financial Statements
for the six months ended 30 June 2018 (unaudited)

2. Segment reporting - continued

| (b) Geographic Segments | New Zealand | | Australia | | Group | |
|--|--------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|
| | Unaudited 6 months to 30/06/18 | Unaudited 6 months to 30/06/17 | Unaudited 6 months to 30/06/18 | Unaudited 6 months to 30/06/17 | Unaudited 6 months to 30/06/18 | Unaudited 6 months to 30/06/17 |
| <i>Dollars in thousands</i> | | | | | | |
| External revenue | 124,493 | 102,665 | 3,013 | 1,476 | 127,506 | 104,141 |
| Earnings before interest, depreciation & amortisation | 57,163 | 45,609 | 858 | 362 | 58,021 | 45,971 |
| Finance income | 1,603 | 1,833 | 84 | 67 | 1,687 | 1,900 |
| Finance expense | (858) | (911) | - | - | (858) | (911) |
| Depreciation and amortisation | (4,184) | (3,046) | (2) | (2) | (4,186) | (3,048) |
| Profit before income tax | 53,724 | 43,485 | 940 | 427 | 54,664 | 43,912 |
| Income tax expense | (14,793) | (11,963) | (250) | (108) | (15,043) | (12,071) |
| Profit after income tax | 38,931 | 31,522 | 690 | 319 | 39,621 | 31,841 |
| Segment assets | 798,164 | 660,320 | 63,657 | 65,473 | 861,821 | 725,793 |
| Tax assets | - | - | 163 | 656 | 163 | 656 |
| Investment in associates | 2 | 2 | - | - | 2 | 2 |
| Total assets | 798,166 | 660,322 | 63,820 | 66,129 | 861,986 | 726,451 |
| Segment liabilities | (95,280) | (89,265) | (1,147) | (1,160) | (96,427) | (90,425) |
| Tax liabilities | (76,199) | (62,600) | (179) | 438 | (76,378) | (62,162) |
| Total liabilities | (171,479) | (151,865) | (1,326) | (722) | (172,805) | (152,587) |
| Property, plant and equipment expenditure | 12,635 | 7,461 | - | - | 12,635 | 7,461 |
| Residential land development expenditure | 12,568 | 10,159 | - | - | 12,568 | 10,159 |
| Purchase of land for residential land development | 36,354 | - | - | - | 36,354 | - |

Millennium & Copthorne Hotels New Zealand Limited and Subsidiaries
Notes to the Condensed Interim Financial Statements
for the six months ended 30 June 2018 (unaudited)

3. Share capital

| | Ordinary shares | | Redeemable preference shares | |
|---|-----------------|---------|------------------------------|---------|
| | Shares | \$ 000s | Shares | \$ 000s |
| Total shares issued – fully paid | | | | |
| Balance at 30 June 2017 | 105,578,290 | 350,048 | 52,739,543 | 33,218 |
| Balance at 30 June 2018 | 105,578,290 | 350,048 | 52,739,543 | 33,218 |
| Ordinary shares repurchased and held as treasury stock | | | | |
| Balance at 30 June 2017 | (99,547) | (26) | - | - |
| Balance at 30 June 2018 | (99,547) | (26) | - | - |
| Shares issued – fully paid | | | | |
| Balance at 30 June 2017 | 105,478,743 | 350,022 | 52,739,543 | 33,218 |
| Balance at 30 June 2018 | 105,478,743 | 350,022 | 52,739,543 | 33,218 |

At 30 June 2018, the authorised share capital consisted of 105,578,290 ordinary shares (2017: 105,578,290 ordinary shares) with no par value and 52,739,543 redeemable preference shares (2017: 52,739,543) with no par value.

4. Earnings per share

The basic earnings per share of 19.05 cents (30 June 2017: 15.32 cents) is based on the profit attributable to ordinary shareholders of \$30.15 million (30 June 2017: \$24.23 million) and weighted average number of ordinary shares and redeemable preference shares outstanding during the period ended 30 June 2018 of 158,218,286 (30 June 2017: 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 19.05 cents (30 June 2017: 15.32 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 30/06/18 | Unaudited 30/06/17 |
| Ordinary dividend: 6.0 cents per qualifying share (2017: 5.0 cents) | 9,493 | 7,911 |
| Supplementary dividend: 1.0588 cents per qualifying share (2017: 0.5524 cents) | 242 | 221 |
| | 9,735 | 8,132 |

Millennium & Copthorne Hotels New Zealand Limited and Subsidiaries
Notes to the Condensed Interim Financial Statements
for the six months ended 30 June 2018 (unaudited)

6. Related party transactions

Millennium & Copthorne Hotels New Zealand Limited is a 75.78% (2017: 75.20%) (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 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 30/06/18 | Unaudited 30/06/17 |
| Trade payables and receivables due to related parties | | | |
| Millennium & Copthorne Hotels plc | Recharge of expenses | (899) | (434) |
| Millennium & Copthorne International Limited | Recharge of expenses & provision of management and marketing support | - | (135) |
| CDL Hotels Holdings New Zealand Limited | Recharge of expenses | 15 | - |
| CDLH (BVI) One Limited | Rent payment | (713) | (685) |
| | | (1,597) | (1,254) |
| Loans due to related parties | | | |
| CDL Hotels Holdings New Zealand Limited | Inter-company loan | (7,100) | (2,800) |
| | | (7,100) | (2,800) |

No debts with related parties were written off or forgiven during the period. No interest was charged on these payables during 2018 and 2017. There are no set repayment terms. During this period, costs amounting to \$125,000 (2017: \$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 \$7.10 million (30 June 2017: \$2.80 million) to Millennium & Copthorne Hotels New Zealand Limited. The interest rates are fixed at 2.07% (30 June 2017: 2.06%) until the loans are reviewed on 3 September 2018. The unsecured loans are repayable on demand.

7. Capital commitments

As at 30 June 2018, the Group has entered into contractual commitments for capital expenditure and development expenditure.

| <i>Dollars In Thousands</i> | Group | |
|-----------------------------|-------------------------|-------------------------|
| | Unaudited 30/06/2018 | Unaudited 30/06/2017 |
| Capital expenditure | 3,010 | 2,360 |
| Development expenditure | 26,830 | 8,730 |
| | 29,840 | 11,090 |

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

The Group has an outstanding claim from the main contractor of the Copthorne Hotel Harbourcity City project. The Group received the notice for an arbitration but no date has been set. The total of the claim is unknown and the outcome of the arbitration is indeterminate at present, hence no liability has been recognised in the financial statements at balance date.

CHAIRMAN'S REVIEW

Financial Performance:

Millennium & Copthorne Hotels New Zealand Limited ("MCK") announced an unaudited profit after tax and non-controlling interests of \$30.15 million for the six month period ended 30 June 2018 (2017: \$24.23 million). Profit before income tax and non-controlling interests was \$54.66 million (2017: \$43.91 million). Group revenue and other income for this increased to \$127.51 million (2017: \$104.14 million) and gross profit for the period also increased to \$77.66 million (2017: \$62.33 million).

These increases in profit and revenue from the previous year reflect a steady tourism market across New Zealand as well as additional contributions from M Social Auckland and Millennium Hotel New Plymouth Waterfront. MCK's majority-owned land development subsidiary CDL Investments New Zealand Limited also saw good sales in the first half of 2018 which boosted MCK's overall results.

Earnings per share for the period increased to 19.05 cents per share (2017: 15.32 cps).

New Zealand Hotel Operations:

The New Zealand hotel operations (14 owned or leased and operated hotels (excluding 5 franchised and 2 managed hotels) continue to perform well. Revenue for the period increased in the past six months to \$64.27 million (2017: \$51.63 million). RevPAR also increased by 13.2% to \$133.12 (2017: \$117.63). Occupancy for the owned / leased hotels for the period improved to 83.2% (2017: 81.3%).

While demand for accommodation remains steady, the imminent arrival of new competitors in regions such as Auckland and Queenstown together with non-traditional accommodation supply has seen rate pressure in certain market segments.

MCK is party to a judicial review action brought by several Auckland hotel owner / operators against Auckland Council in relation to the Accommodation Provider Targeted Rate (APTR). This High Court action seeks to rescind the APTR on the basis of unfairness and lack of consultation by Auckland Council and will likely be heard some time in the first half of 2019. This will have no material impact on MCK's 2018 results.

CDL Investments New Zealand Limited ('CDL'):

CDL announced an unaudited operating profit after tax for the six months ended 30 June 2018 of \$25.47 million, (2017: \$20.39 million). Sales were recorded in Auckland, Hamilton and Canterbury. While it has noted that market conditions in some areas appear to have peaked, CDL remains on target to better its 2017 results.

Offshore investments – Australia:

Occupancy at the Zenith Residences, Sydney was steady at 88.5% across the complex. Apartment units are now being put up for sale as the leases expire and one apartment was sold in the first half of 2018.

Outlook:

The outlook for the group as a whole remains positive for the rest of 2018. MCK's hotels are expected to continue to see positive occupancy and revenue and with further sales from CDL, the Board expects MCK to better its 2017 performance this year.



Colin Sim
Chairman
2 August 2018



MCK REPORTS ANOTHER INCREASE IN REVENUE AND OPERATING PROFIT FOR THE FIRST HALF OF 2018

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 2018:

In summary:

| | |
|--|---|
| • Average hotel occupancy across the Group | 83.2% (2017: 81.3%) |
| • Group revenue and other income | \$127.51 million (2017: \$104.14 million) |
| • Operating profit before finance income | \$53.84 million (2017: \$42.92 million) |
| • Profit before income tax and non-controlling interests | \$54.66 million (2017: \$43.91 million) |
| • Profit after tax and non-controlling interests | \$30.15 million (2017: \$24.23 million) |

MCK Chairman & Independent Director Colin Sim said that the results reflected the steady tourism market in New Zealand and growth in section sales from CDL Investments.

MCK's Managing Director Mr. BK Chiu noted that the newly rebuilt and refurbished M Social Auckland and the recently acquired Millennium Hotel New Plymouth Waterfront had made contributions to the half-year result.

"We are pleased that these two hotels are performing well and making valuable contributions to our results", he said.

Mr Chiu noted that the commercial accommodation market has become more competitive over the past two years with the entry of several traditional and non-traditional suppliers.

"However, we are confident of our competitive position as we focus on the demand side of the equation in selected market segments and the guest experience", he said.

MCK also noted that it is party to a judicial review brought by several Auckland hotel owner / operators against Auckland Council in relation to the Accommodation Provider Targeted Rate (APTR). The review seeks to rescind the APTR on the basis of unfairness and lack of consultation by Auckland Council. As the matter will likely be in 2019, MCK said that it would not have any material impact on its 2018 results.

Looking at the remainder of this year, MCK's Board said that it expected to better its 2017 performance in 2018 with both its hotel and residential section sales operations.

ENDS

Issued by Millennium & Copthorne Hotels New Zealand Ltd

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