

## **CDL HOTELS NEW ZEALAND LIMITED**

### **Chairman's Statement**

The Directors of CDL Hotels New Zealand Limited ("CDL") announce an unaudited operating profit after tax of \$4,784,000 for the six month period ended 30 June 2001. This is an increase of 41% from that for the equivalent period of the previous year. The operating profit before tax and minorities of \$9,248,000 was \$1,756,000 (23%) more than last year. Total operating revenue from normal operations showed an increase of \$5,895,000 if we exclude sales receipts of the resident units in Sydney. Shareholders funds, including minority interests, at 30 June 2001 was \$308,114,000 (June 2000: \$316,100,000) Total assets were \$515,511,000 compared to \$566,802,000 a year earlier. Net tangible asset value (excluding minority interest) as at 30 June 2001 was 60.4 cents per ordinary share (31 December 2000 : 60.0 cents).

#### **NEW ZEALAND HOTEL OPERATIONS**

The total revenue from the New Zealand Hotel operations for the first six months of the year was \$52,583,000 which was 7% higher than that of the equivalent period last year. Average occupancy was up 9% and yield gain was 7% on last year despite the positive impact of the America's Cup in year 2000. We have capitalised on the increase in visitor arrivals to New Zealand.

All three brands are performing ahead of last year.

The strategy of the Board is to enhance the value of the product through ongoing capital expenditure. 65 guest rooms at the Millennium Hotel Rotorua were refurbished and the Hotel is now fully air conditioned. The old wing of the Copthorne Lakefront consisting of 100 rooms was refurbished and completed in May. Also, the Copthorne Resort Bay of Islands is undergoing extensive refurbishment and is due to open 1 September 2001. The total expenditure for these refurbishments is approximately \$10 million.

The Millennium brand representing the prestigious first class hotels was introduced in 1995 and is now receiving recognition within New Zealand. The successful introduction of the Millennium and Copthorne brands in New Zealand and Australia also creates linkage to the bigger international group which currently operates another 78 Millennium and Copthorne hotels in other parts of the world. In April of this year a further 11 hotels in the USA were re-branded Millennium in such key locations as New York, Boston, Chicago and Los Angeles.

The contribution from the sales offices of M&C worldwide continue to benefit the New Zealand Group's worldwide exposure. These sales offices are continuing to have direct influence on the New Zealand market. Much of our improvement this year can be attributable to the performance of these sales offices.

#### **CDL INVESTMENTS NEW ZEALAND LIMITED**

The Directors of CDL Investments New Zealand Limited ("CDLI") announce an unaudited operating profit after tax for the six months ended 30 June 2001, of \$1.4 million down 40% from the corresponding period in the previous year. Total revenue was \$11.3 million, an increase of 3% from last year. The decrease in NPAT is due to the majority of sections sold were low-value, low-margin stock whereas last year's results were influenced by the sale of 18 high value, high margin Waimanu Bay sales.

Shareholders funds as at 30 June 2001 were \$40.8 million and total assets stood at \$55.1 million. The net tangible asset value was 22 cents per ordinary share.

#### **KINGSGATE INTERNATIONAL CORPORATION LIMITED**

Kingsgate International Corporation Limited ("KIC"), a 50.74% owned subsidiary, announced an unaudited operating profit after tax of \$3,379,000 for the six months ended 30 June 2001 compared with an operating profit after tax of \$3,463,000 for the equivalent period the previous year. The Group's total revenue growth as at 30 June 2001 was 4% above last year if we exclude sales of Birkenhead Quays Stage 2 apartments. In the six months to 30 June 2001, interest expense incurred by the Company was down \$770,000 when compared to last year. However, in year 2000 \$3,162,000 (2001: nil) of interest was capitalised against Birkenhead Quays residential apartments rather than expensed. This explains the fall in current year profits when compared to the equivalent period last year. Revenue of \$15,610,000 was attributable to the sales of residential apartments.

The total revenue of Millennium Hotel Sydney during the first six months of the year amounted to \$9,001,000 which was a 5.8% decrease on the same period the previous year. Food and beverage revenues account for this shortfall due to the softening of the conference and catering market in Sydney over the last four months. The average occupancy of the Hotel during the first six months of this year was 82.0% compared with 76.5% for the previous year.

The Kingsgate Shopping Centre had a 18% higher turnover for the first six months than that for the same period in the previous year although the occupancy at 81% was 7% lower. The centre achieved an 11.6% increase on the average Australian dollar rental per square metre.

Birkenhead Point Shopping Centre reported a 11% increase in gross revenue well ahead of last year. Occupancy in the retail space during the first six months ended 30 June 2001 averaged 96.1% compared to 94.6% for the previous year. The centre also achieved an excellent 12.7% increase in average Australian dollar rental rate per square metre compared to the previous half year.

For the six months ended 30 June 2001, the marina revenues decreased 17% when compared to that of the equivalent period in year 2000. This was due to a decrease in usable berths. Occupancy of operational berths is still an impressive 98%, indicating the high demand for such facilities in the Sydney harbour area.

Stage 2 of the Birkenhead Quays residential project, consisting of three waterfront luxury apartment blocks totalling 148 units was successfully completed in December 2000, on schedule and within budget. The total number of units sold to date is 112 and management are confident that the remaining 36 units will be sold before the end of this financial year.

#### **CHANGES IN SENIOR MANAGEMENT**

Mr Anthony Lee, the Chief Financial Officer of the CDL Hotels Group resigned from the company to proceed overseas. Stuart Harrison, the Financial Controller of the Hotel division has been promoted to the position of Vice President Finance for the whole group.

#### **Future Outlook**

Financial performance in the first half of 2001 has performed to our expectations with hotel operations showing a very significant profit growth. The Board expects another sound financial result in the 2001 year with likely enhancement in 2002 and beyond. We believe that the continuing new initiatives being adopted by the Company will enable CDL to continue to extend its share of the market and improve its overall profitability.

J Wilson  
Chairman  
3 September 2001