

Millennium & Copthorne Hotels New Zealand Limited

Consolidated Income Statement

For the year ended 31 December 2025

DOLLARS IN THOUSANDS	Note	<u>Group</u> 2025	<u>Group</u> 2024
Hotel revenue		130,854	109,486
Rental income		4,390	4,028
Property sales		51,489	62,670
Revenue		186,733	176,184
Cost of sales	3,10	(87,805)	(78,328)
Gross profit		98,928	97,856
Administration expenses	2,3	(33,734)	(29,795)
Other operating expenses	2,3	(34,569)	(25,600)
Operating profit		30,625	42,461
Finance income	4	3,175	5,347
Finance costs	4	(3,393)	(2,235)
Net finance income		(218)	3,112
Share of profit of joint venture, net of tax	22	2,639	1,508
Profit before income tax		33,046	47,081
Income tax expense	5	(8,250)	(38,293)
Profit for the year		24,796	8,788
Attributable to:			
Owners of the parent		20,218	2,762
Non-controlling interests		4,578	6,026
Profit for the year		24,796	8,788
Basic and diluted earnings per share (cents)	8	12.78	1.75

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2025

DOLLARS IN THOUSANDS	<u>Group</u> 2025	<u>Group</u> 2024
Profit for the year	24,796	8,788
Other comprehensive income		
Items that are or may be reclassified to profit or loss		
Foreign exchange translation movements	4,010	2,226
Total comprehensive income for the year	28,806	11,014
Total comprehensive income for the year attributable to:		
Owners of the parent	24,228	4,988
Non-controlling interests	4,578	6,026
Total comprehensive income for the year	28,806	11,014

Millennium & Copthorne Hotels New Zealand Limited

Consolidated Statement of Changes in Equity

For the year ended 31 December 2025

Group

Attributable to equity holders of the Group

DOLLARS IN THOUSANDS	Share Capital	Exchange Reserve	Retained Earnings	Treasury Stock	Total	Non-controlling Interests	Total Equity
Balance at 1 January 2025	383,266	1,246	163,429	(26)	547,915	116,990	664,905
Movement in exchange translation reserve	-	4,010	-	-	4,010	-	4,010
Total other comprehensive income	-	4,010	-	-	4,010	-	4,010
Profit for the year	-	-	20,218	-	20,218	4,578	24,796
Total comprehensive income for the year	-	4,010	20,218	-	24,228	4,578	28,806
Transactions with owners, recorded directly in equity:							
Dividends paid to:							
Owners of the parent	-	-	(4,747)	-	(4,747)	-	(4,747)
Non-controlling interests	-	-	-	-	-	(4,619)	(4,619)
Supplementary dividends	-	-	(29)	-	(29)	-	(29)
Foreign investment tax credits	-	-	29	-	29	-	29
Movement in non-controlling interests without a change in control	-	-	(150)	-	(150)	824	674
Balance at 31 December 2025	383,266	5,256	178,750	(26)	567,246	117,773	685,019

Millennium & Copthorne Hotels New Zealand Limited

Consolidated Statement of Changes in Equity

For the year ended 31 December 2024

Group

Attributable to equity holders of the Group

DOLLARS IN THOUSANDS	Share Capital	Exchange Reserve	Retained Earnings	Treasury Stock	Total	Non-controlling Interests	Total Equity
Balance at 1 January 2024	383,266	(980)	165,656	(26)	547,916	114,536	662,452
Movement in exchange translation reserve	-	2,226	-	-	2,226	-	2,226
Total other comprehensive income	-	2,226	-	-	2,226	-	2,226
Profit for the year	-	-	2,762	-	2,762	6,026	8,788
Total comprehensive income for the year	-	2,226	2,762	-	4,988	6,026	11,014
Transactions with owners, recorded directly in equity:							
Dividends paid to:							
Owners of the parent	-	-	(4,747)	-	(4,747)	-	(4,747)
Non-controlling interests	-	-	-	-	-	(4,537)	(4,537)
Supplementary dividends	-	-	(94)	-	(94)	-	(94)
Foreign investment tax credits	-	-	94	-	94	-	94
Movement in non-controlling interests without a change in control	-	-	(242)	-	(242)	965	723
Balance at 31 December 2024	383,266	1,246	163,429	(26)	547,915	116,990	664,905

Millennium & Copthorne Hotels New Zealand Limited

Consolidated Statement of Financial Position

As at 31 December 2025

DOLLARS IN THOUSANDS	Note	<u>Group</u> 2025	<u>Group</u> 2024
SHAREHOLDERS' EQUITY			
Issued capital	7	383,240	383,240
Reserves		184,006	164,675
Equity attributable to owners of the parent		567,246	547,915
Non-controlling interests		117,773	116,990
TOTAL EQUITY		685,019	664,905
Represented by:			
NON CURRENT ASSETS			
Property, plant and equipment	9	321,711	283,430
Development properties	10	257,854	228,634
Investment properties	11	35,525	36,301
Investment in associates		2	2
Investment in joint venture	22	51,209	46,554
Total non-current assets		666,301	594,921
CURRENT ASSETS			
Cash and cash equivalents	12	20,361	39,726
Short term bank deposits		3,872	1,571
Trade and other receivables	13	22,212	23,497
Advances to related parties	20	64,821	65,326
Inventories		1,045	1,771
Development properties	10	21,851	35,454
Total current assets		134,162	167,345
Total assets		800,463	762,266
NON CURRENT LIABILITIES			
Lease liability	21	26,483	26,726
Deferred tax	15	32,331	32,718
Interest-bearing loans and borrowings	14, 26	20,000	3,000
Total non-current liabilities		78,814	62,444
CURRENT LIABILITIES			
Trade and other payables	16	33,502	30,524
Trade payables due to related parties	20	789	1,767
Lease liability	21	444	370
Income tax payable		1,895	2,256
Total current liabilities		36,630	34,917
Total liabilities		115,444	97,361
NET ASSETS		685,019	664,905

For and on behalf of the board



LS PRESTON, DIRECTOR,
24 February 2026



SNB HARRISON, MANAGING DIRECTOR,
24 February 2026

Millennium & Copthorne Hotels New Zealand Limited

Consolidated Statement of Cash Flows

For the year ended 31 December 2025

DOLLARS IN THOUSANDS	Note	<u>Group</u> 2025	<u>Group</u> 2024
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash was provided from:			
Receipts from customers		188,015	172,358
Interest received		1,882	5,196
Cash was applied to:			
Payments to suppliers and employees		(138,790)	(126,244)
Purchases of development land	1	(14,811)	(23,720)
Interest paid		(1,422)	(175)
Income tax paid		(9,136)	(13,738)
Net cash inflow from operating activities		25,738	13,677
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash was (applied to)/provided from:			
Proceeds from the sale of property, plant and equipment		40	30
Purchases of property, plant and equipment	9	(52,252)	(28,448)
Purchases of investment property	11	(535)	(1,017)
Repayment from joint venture	20	2,301	-
Divestments in short term bank deposits		(2,301)	62,504
Net cash (outflow)/inflow from investing activities		(52,747)	33,069
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash was (applied to)/provided from:			
Drawdown/(Repayment) of borrowings	14	17,000	(8,968)
Lease payments	21(c)	(2,302)	(2,174)
Dividends paid to shareholders of Millennium & Copthorne Hotels New Zealand Ltd	7	(4,747)	(4,747)
Dividends paid to non-controlling shareholders		(4,619)	(4,537)
Net cash inflow/(outflow) from financing activities		5,332	(20,426)
Net increase/(decrease) in cash and cash equivalents		(21,677)	26,320
Add opening cash and cash equivalents		39,726	11,256
Exchange rate adjustment		2,312	2,150
Closing cash and cash equivalents	12	20,361	39,726

Millennium & Copthorne Hotels New Zealand Limited

Consolidated Statement of Cash Flows - continued

For the year ended 31 December 2025

DOLLARS IN THOUSANDS	Note	<u>Group</u> 2025	<u>Group</u> 2024
RECONCILIATION OF NET PROFIT FOR THE YEAR TO CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the year		24,796	8,788
Adjusted for non-cash items:			
Share of profit from joint venture		(2,639)	(1,508)
Loss/(Gain) on sale of property, plant and equipment	2	30	(1)
Depreciation of property, plant and equipment and investment property	9, 11	9,656	7,751
Depreciation of Right-Of-Use assets	9	901	895
Impairment loss of property, plant and equipment	9	3,789	-
Unrealised foreign exchange losses		(1,208)	(659)
Interest expense		3,304	2,017
Income tax expense	5	8,250	38,293
		46,879	55,576
Adjustments for movements in working capital:			
Decrease/ (Increase) in trade & other receivables		1,285	(3,106)
Decrease/ (Increase) in inventories		726	(131)
(Increase) in development properties		(15,421)	(19,618)
(Decrease)/ Increase in trade & other payables		2,975	(1,770)
(Decrease) in related parties		(148)	(3,361)
Cash generated from operations		36,296	27,589
Interest paid		(1,422)	(175)
Income tax paid		(9,136)	(13,738)
Cash inflows from operating activities		25,738	13,677
Reconciliation of movement of liabilities to cash flows arising from financing activities			
External borrowings as at 1 January		3,000	11,968
Proceeds from borrowings		17,000	3,000
Repayment of term loans		-	(11,968)
Financing cash flows		17,000	(8,968)
External borrowings as at 31 December		20,000	3,000

Millennium & Copthorne Hotels New Zealand Limited

Notes to the Consolidated Financial Statements for the year ended 31 December 2025

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 the Financial Markets Conduct Act 2013 and the Financial Reporting Act 2013. The financial statements of the Company for the year ended 31 December 2025 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; development and sale of residential land in New Zealand; investment properties comprising commercial warehousing and retail shops in New Zealand; and development and sale of residential units in Australia.

(a) Statement of compliance

The financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice (NZ GAAP). They comply with New Zealand equivalents to International Financial Reporting Standards (NZ IFRSs) as appropriate for Tier 1 profit-oriented entities. The financial statements also comply with International Financial Reporting Standards (IFRSs).

The financial statements were authorised for issuance on 24 February 2026.

(b) Basis of preparation

The financial statements are presented in the Company's functional currency of New Zealand Dollars, rounded to the nearest thousand, unless otherwise indicated. They are prepared on the historical cost basis except where IFRS requiring fair value to be used and on a going concern basis.

The preparation of financial statements in conformity with NZ IFRSs requires management to make judgments, estimates and assumptions that affect the application of the Group's policies and reported amounts of assets and liabilities, income and expenses. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future period affected.

In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in Note 21 - Accounting Estimates and Judgements.

(c) New standard and interpretations issued but not yet adopted

The accounting policies have been applied consistently to all periods presented in the consolidated financial statements. The Group adopted all new and amended standards that became effective during the reporting period, specifically FRS-44 New Zealand Additional Disclosures of Fees for Audit Firms' Services and Amendment to NZ IAS 1 Non-current Liabilities with Covenants. The accounting policies are now included within the relevant notes to the consolidated financial statements.

A number of amended standards are effective for annual periods beginning after 1 January 2026 and earlier application is permitted. The Group has not early adopted any new or amended standards in preparing the consolidated financial statements.

The Group is currently finalising its assessment of the financial reporting impacts arising from these forthcoming changes, including the significant new presentation and disclosure requirements introduced by NZ IFRS 18 Presentation and Disclosure in Financial Statements, which becomes effective for periods beginning on or after 1 January 2027. These standards are not expected to have a material financial impact on the Group; however, they may result in changes to the presentation and disclosures within the consolidated financial statements as the Group applies the revised requirements.

- Amendments to NZ IFRS 9 and NZ IFRS 7 Classification and Measurement of Financial Instruments.
- Annual Improvements to NZ IFRS Accounting Standards - Volume 11.
- NZ IFRS 18 Presentation and Disclosure in Financial Statements.
- IFRS 19 Subsidiaries without Public Accountability: Disclosures.
- Amendments to NZ IFRS 10 and NZ IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

(d) Foreign currency

Foreign currency transactions

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance date are translated to New Zealand dollars at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to New Zealand dollars at foreign exchange rates ruling at the dates the fair value was determined.

(e) Insurance proceeds

Compensation from third parties for items of property, plant and equipment that were damaged, impaired, lost or given up is included in the profit or loss when the compensation becomes virtually certain. Any subsequent purchase or construction of replacement assets are separate economic events and are accounted for separately.

Millennium & Copthorne Hotels New Zealand Limited

Notes to the Consolidated Financial Statements for the year ended 31 December 2025

Significant accounting policies - continued

(f) Revenue

Revenue from sale of goods and services in the ordinary course of business is recognised when the Group satisfies a performance obligation by transferring control of a promised good or service to the customer. The amount of revenue recognised is the amount of the transaction price allocated to the satisfied performance obligation.

Revenue represents amounts derived from:

- The ownership, management and operation of hotels: revenue from sale of goods is recognised at the point control is transferred to the customer (point of sale) and for services provided, over the period the service is provided.
- Income from property rental: recognised on an accruals basis, straight line over the lease period. Lease incentives granted are recognised as an integral part of the total rental income.
- Income from development property sales: recognised when the customer obtains control (when the title is transferred) of the property and is able to direct and obtain the benefits from the property. The Group grants settlement terms of up to 12 months on certain sections as part of the Sale and Purchase agreement for unconditional sales. In some instances, the acquirers are permitted access to the residential sections for building activities prior to settlement. However, the acquirer does not obtain substantially all of the remaining benefits of the asset until final settlement of the land and title has passed.

(g) Pillar 2

The Group has adopted the International Tax Reform - Pillar Two Model Rules - Amendments to NZ IAS 12 approved by the New Zealand External Reporting Board from the issuance date of 10 August 2023. The amendments provide a temporary mandatory exception from deferred tax accounting and require new disclosures in the annual financial statements in relation to the implementation of the Pillar Two Model Rules published by the Organisation for Economic Co-operation and Development. The Group has applied the exception with immediate effect. The mandatory exception applies retrospectively. The group has a presence in jurisdictions that have enacted or substantively enacted legislation in relation to the Pillar Two model rules. The ultimate parent of the group also being captured under the said rule in their country of operation. Refer to income tax note 5 for detailed discussion.

(h) Significant judgements and estimates

Management discussed with the Audit Committee the development, selection and disclosure of the Group's critical accounting policies and estimates and the application of these policies and estimates. Certain critical accounting judgements in applying the Group's accounting policies are described below.

Development property

The Group is exposed to a risk of impairment to development properties should the carrying value exceed the net realisable value due to market fluctuations in the value of development properties. However, there is no indication of impairment as the net realisable value determined by an independent registered valuer exceeds the carrying value of development properties.

The valuer adopts the Sales Comparison Approach to determine rates per hectare/per square metre for block land holdings in addition to recent section sales to derive the gross realisation values. The net realisable values are determined from gross realisation values after deducting appropriate selling costs.

For residential land under development or is due to commence development in the short term, the valuer adopts the Residual Subdivision Approach. This approach considers the gross realisation values of the sections less costs associated with development including GST, sales commissions, legal fees, civil and development costs including Council contributions, professional fees, and contingency allowances. In addition, holding costs are deducted for the estimated timing of development and sell down periods.

In both valuation approaches, the valuer makes assumptions relating to section prices, sell down periods, consumer confidence, unemployment rates, interest rates, and external economic factors. These assumptions are sensitive to economic factors such as net migration, Official Cash Rate set by the Reserve Bank, inflation, residential market activity, and business confidence.

Investment property

The Group is also exposed to a risk of impairment to investment properties should the carrying value exceed the recoverable amount due to market fluctuations in the value of investment properties. However, there is no indication of impairment as the recoverable amount determined by an independent registered valuer exceeds the carrying value of investment properties (see Note 9). In determining the recoverable amount, the valuer adopted primarily the income capitalisation approach with discounted cash flow and depreciated replacement cost approaches used to corroborate. The income capitalisation approach assessed market rent for each asset is capitalised in perpetuity from the valuation date at an appropriate capitalisation rate. The adopted capitalisation rate reflects the nature, location, and tenancy profile of the property together with current market investment criteria as evidenced by recent sales. The recoverable amount is sensitive to movements in the adopted capitalisation rate and the market rent.

Property, plant, and equipment

The Group determines whether tangible fixed assets are impaired when indicators of impairments exist or based on the annual impairment assessment. The annual assessment requires an estimate of the recoverable value of the cash generating units to which the tangible fixed assets are allocated, which is predominantly at the individual hotel site level. The recoverable amounts of the Group's cash generating units or individual assets are based on fair value less cost of disposal or value in use determined by an independent valuer. The valuation methods used require the independent appraiser to make a number of assumptions including estimating the future cash flows expected to arise from the cash-generating units, suitable discount, capitalisation and square meter rates, as well as value per room, to determine the recoverable value.

Millennium & Copthorne Hotels New Zealand Limited

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Millennium & Copthorne Hotels New Zealand Limited

Notes to the Consolidated Financial Statements for the year ended 31 December 2025

1. Segment reporting

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.
- Residential and commercial property development, comprising the development and sale of residential apartments.
- Investment property, comprising rental income from the ownership and leasing of retail shops and industrial warehouses.

The Group has no major customer representing greater than 10% of the Group's total revenue.

(a) Operating Segments

<i>Dollars in thousands</i>	Hotel Operations		Residential Land Development		Investment Property		Residential Property Development		Group	
	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024
External revenue	130,854	109,486	34,989	46,313	3,147	2,746	17,743	17,611	186,733	176,184
Earnings before interest, tax, depreciation & amortisation	22,111	17,356	12,493	22,255	3,140	2,731	7,229	8,765	44,973	51,107
Finance income	1,281	2,180	407	2,381	-	-	1,487	786	3,175	5,347
Finance expense	(3,386)	(2,224)	(8)	(9)	-	-	(1)	(2)	(3,395)	(2,235)
Depreciation and amortisation	(9,076)	(7,183)	(7)	(8)	(554)	(550)	(17)	(10)	(9,654)	(7,751)
Depreciation of Right-of-use assets	(856)	(846)	(37)	(39)	-	-	(10)	(10)	(903)	(895)
Impairment loss of PP&E	(3,789)	-	-	-	-	-	-	-	(3,789)	-
Share of profit of Joint venture	2,639	1,508	-	-	-	-	-	-	2,639	1,508
Profit before income tax	8,924	10,791	12,848	24,580	2,586	2,181	8,688	9,529	33,046	47,081
Income tax expense	(1,588)	(24,547)	(3,644)	(6,852)	(724)	(4,528)	(2,294)	(2,366)	(8,250)	(38,293)
Profit after income tax	7,336	(13,756)	9,204	17,728	1,862	(2,347)	6,394	7,163	24,796	8,788
Cash & cash equivalents and short term bank deposits	3,808	2,599	13,924	33,287	-	-	6,502	5,411	24,234	41,297
Investment in associates	-	-	2	2	-	-	-	-	2	2
Investment in joint venture	51,209	46,555	-	-	-	-	-	-	51,209	46,555
Other segment assets	400,543	364,960	282,174	259,032	35,525	36,301	6,776	14,119	725,018	674,412
Total assets	455,560	414,114	296,100	292,321	35,525	36,301	13,278	19,530	800,463	762,266
Segment liabilities	(74,525)	(58,256)	(5,068)	(2,362)	-	-	(1,626)	(1,769)	(81,219)	(62,387)
Tax liabilities	(26,312)	(27,720)	(884)	(2,229)	(4,495)	(4,379)	(2,534)	(646)	(34,225)	(34,974)
Total liabilities	(100,837)	(85,976)	(5,952)	(4,591)	(4,495)	(4,379)	(4,160)	(2,415)	(115,444)	(97,361)
Property, plant and equipment expenditure	52,226	27,830	25	2	-	-	1	616	52,252	28,448
Investment property expenditure	-	-	-	-	535	1,017	-	-	535	1,017
Residential land development expenditure	-	-	26,424	22,458	-	-	-	-	26,424	22,458
Purchase of land for residential land development	-	-	14,811	23,720	-	-	-	-	14,811	23,720

Millennium & Copthorne Hotels New Zealand Limited

Notes to the Consolidated Financial Statements for the year ended 31 December 2025

1. Segment reporting - continued

(b) Geographical areas

The Group operates in the following main geographical areas:

- New Zealand.
- Australia.

Segment revenue is based on the geographical location of the asset.

<i>Dollars In Thousands</i>	New Zealand		Australia		Group	
	2025	2024	2025	2024	2025	2024
External revenue	168,990	158,573	17,743	17,611	186,733	176,184
Earnings before interest, tax, depreciation & amortisation	39,856	42,360	5,115	8,747	44,971	51,107
Finance income	640	3,381	2,535	1,966	3,175	5,347
Finance expense	(3,392)	(2,233)	(1)	(2)	(3,393)	(2,235)
Depreciation and amortisation	(9,638)	(7,741)	(17)	(10)	(9,655)	(7,751)
Depreciation of Right-Of-Use Assets	(892)	(885)	(10)	(10)	(902)	(895)
Impairment loss of PP&E	(3,789)	-	-	-	(3,789)	-
Share of profit of joint venture	-	-	2,639	1,508	2,639	1,508
Profit before income tax	22,785	34,882	10,261	12,199	33,046	47,081
Income tax (expense)/credit	(5,962)	(35,931)	(2,288)	(2,362)	(8,250)	(38,293)
Profit after income tax	16,823	(1,049)	7,973	9,837	24,796	8,788
Cash & cash equivalents and short-term bank deposits	17,732	35,886	6,502	5,411	24,234	41,297
Investment in associates	2	2	-	-	2	2
Investment in joint venture	-	-	51,209	46,555	51,209	46,555
Investment properties	35,525	36,301	-	-	35,525	36,301
Segment assets	618,637	560,240	70,856	77,871	689,493	638,111
Total assets	671,896	632,429	128,567	129,837	800,463	762,266
Segment liabilities	(79,592)	(60,618)	(1,626)	(1,769)	(81,218)	(62,387)
Tax liabilities	(31,692)	(34,328)	(2,534)	(646)	(34,226)	(34,974)
Total liabilities	(111,284)	(94,946)	(4,160)	(2,415)	(115,444)	(97,361)
Material additions to segment assets:						
Property, plant and equipment expenditure	52,251	27,832	1	616	52,252	28,448
Investment property expenditure	535	1,017	-	-	535	1,017
Residential land development expenditure	26,424	24,236	-	-	26,424	24,236
Purchase of land for residential land development	14,811	23,720	-	-	14,811	23,720

An operating segment is a distinguishable component of the Group:

- that is engaged in business activities from which it earns revenues and incurs expenses;
- whose operating results are regularly reviewed by the Group's chief operating decision maker to make decisions on resource allocation to the segment and assess its performance; and
- for which discrete financial information is available.

Segment information is presented 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.

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.

Millennium & Copthorne Hotels New Zealand Limited

Notes to the Consolidated Financial Statements for the year ended 31 December 2025

2. Administration and other operating expenses

<i>Dollars In Thousands</i>	Note	Group	
		2025	2024
Depreciation	9, 11	10,557	8,646
Fees incurred for services received from audit firm			
Audit fees		436	475
Out of scope audit fees relating to prior year		-	22
Tax Compliance		43	42
Tax Advisory		21	2
Green House Gas reporting assurance		21	119
Agreed upon procedures		-	7
Directors' fees	19	458	392
Rental expenses		774	722
Provision for bad debts			
Debts written off		63	25
Movement in doubtful debt provision		(62)	(112)
Net loss/ (gain) on disposal of property, plant and equipment		30	1

3. Personnel expenses

<i>Dollars In Thousands</i>	Group	
	2025	2024
Wages and salaries	54,926	49,057
Employee related expenses and benefits	2,049	2,004
Contributions to defined contribution plans	832	697
Increase in liability for long-service leave	82	30
	57,889	51,788

Employee long-term service benefits

The Group's net obligation in respect of long-term service benefits, is the amount of future benefit that employees have earned in return for their service in the current and prior periods. The obligation is calculated using their expected remuneration and an assessment of the likelihood that the liability will arise.

4. Net finance income

Recognised in the income statement

<i>Dollars In Thousands</i>	Group	
	2025	2024
Interest income	1,879	4,476
Foreign exchange gain	1,296	871
Finance income	3,175	5,347
Interest expense	(3,304)	(2,022)
Foreign exchange loss	(89)	(212)
Finance costs	(3,393)	(2,234)
Net finance (costs)/income recognised in the income statement	(218)	3,112

Finance income and expenses

Finance income comprises interest income on funds invested, dividend income and foreign currency gains that are recognised in profit or loss. Interest income is recognised as it accrues, using the effective interest method. Dividend income is recognised in the income statement on the date the entity's right to receive payments is established which in the case of quoted securities is the ex-dividend date.

Finance expenses comprise interest payable on borrowings calculated using the effective interest rate method, interest costs on lease liability and foreign exchange losses that are recognised in the income statement.

Millennium & Copthorne Hotels New Zealand Limited

Notes to the Consolidated Financial Statements for the year ended 31 December 2025

4. Net finance income - continued

Recognised in other comprehensive income

<i>Dollars In Thousands</i>	Group	
	2025	2024
Foreign exchange translation movements	4,010	2,226

Exchange translation of financial statements of foreign operations

The assets and liabilities of foreign operations are translated to New Zealand dollars at foreign exchange rates ruling at the balance date. The revenues and expenses of foreign operations are translated to New Zealand dollars at rates approximating the foreign exchange rates ruling at the dates of the transactions. Foreign exchange differences arising on re-translation are recognised directly as a separate component of equity. When a foreign operation is disposed of, in part or in full, the relevant amount in the exchange reserve is released into the income statement.

5. Income tax expense

Recognised in the income statement

<i>Dollars In Thousands</i>	Group	
	2025	2024
Current tax expense		
Current year	8,973	12,820
Adjustments for prior years	(305)	(229)
	8,668	12,591
Deferred tax expense		
Origination and reversal of temporary difference	(418)	(58)
Changes in treatment of building depreciation	-	25,760
	(418)	25,702
Total income tax expense in the income statement	8,250	38,293

Reconciliation of tax expense

<i>Dollars In Thousands</i>	Group	
	2025	2024
Profit before income tax	33,046	47,081
Income tax at the company tax rate of 28% (2024: 28%)	9,253	13,183
Adjusted for:		
Non-deductible expenses	90	37
Tax rate difference (if different from 28% above)	206	189
Tax exempt income	(994)	(647)
Removal of deductibility of tax depreciation for industrial and commercial buildings	-	25,760
(Over)/Under - provided in prior years	(305)	(229)
Total income tax expense	8,250	38,293
Effective tax rate (excluding off-one changes on tax depreciation impact)	25%	27%

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in other comprehensive income or equity, in which case it is recognised in other comprehensive income or equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of the temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes; the initial recognition of assets or liabilities that neither affect accounting nor taxable profit; and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance date.

Millennium & Copthorne Hotels New Zealand Limited

Notes to the Consolidated Financial Statements for the year ended 31 December 2025

5. Income tax expense - continued

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax assets and deferred tax liabilities are offset only if the Group has a legally enforceable right to set off current tax assets against current tax liabilities; the Group intends to settle net; and the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority.

Removal of tax depreciation on commercial and industrial buildings

From the 2020/21 tax year, the Group has been depreciating its commercial and industrial buildings on a 2% diminishing value basis, following the reinstatement of tax depreciation for buildings with a useful life of 50 years or more as part of the government's COVID-19: Economic Response Package.

Effective from 1 April 2024, the tax depreciation rate reverted to 0%, impacting the tax value of buildings held from the 2024/25 tax year onwards. The Group recognises deferred tax on temporary differences at the tax rates expected to apply when these differences reverse, using the tax rates enacted or substantively enacted at the balance sheet date. The change in tax legislation effective from 1 April 2024 eliminates the tax base of commercial and industrial buildings, thereby creating a temporary difference that leads to a deferred tax liability. This liability is recognised unless the initial recognition exemption (IRE) under NZ IAS 12 applies, which precludes the recognition of deferred tax on initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction affects neither accounting nor taxable profit and is a non cash item.

Deferred Tax on Buildings

The impact of the removal of tax depreciation on commercial and industrial buildings, which reduced the tax base to nil creating a significant taxable temporary difference for all the Group's hotel assets and commercial buildings, classified as either Property, Plant and Equipment or investment properties, irrespective of their date of acquisition. The recognition of this temporary difference as a deferred tax liability depends on whether the buildings were acquired through business combination and whether the initial recognition exemption (IRE) in NZ IAS 12 was previously applied.

The change in tax legislation effective from 1 April 2024 eliminates the tax base for these assets, thereby creating a temporary difference that leads to a deferred tax liability (DTL). As part of recognising the DTL, a one-off tax expense of \$25.8m was recognised within the year ended 31 December 2024.

Pillar 2

The Group operates in multiple jurisdictions, some of which have enacted or substantively enacted tax legislation to implement the Pillar Two Model Rules from a date commencing on or after 1 January 2024. Based on the assessment carried out, management concluded that there is no current tax impact in the Group's financial statements for the year ended 31 December 2025. The Group has applied a temporary mandatory exception from deferred tax accounting in respect of the Pillar Two Model Rules and will account for any top-up tax liabilities arising from the application of the rules as a current tax when it is incurred. Under the Pillar Two Model Rules, the Group will be required to pay a top-up tax if the effective tax rate per jurisdiction (calculated using the prescribed approach) is below the 15% minimum rate.

The group continues to monitor and evaluate the domestic implementation of the Pillar Two rules in the jurisdictions in which it operates. The group's potential exposure to Pillar Two taxes, based on legislation that is enacted or substantively enacted, is not expected to be material.

6. Imputation credits

<i>Dollars In Thousands</i>	Group	
	2025	2024
Imputation credits available for use in subsequent reporting periods	144,731	140,351

The KIN Holdings Group has A\$16.64 million (2024: A\$16.13 million) franking credits available as at 31 December 2025.

Millennium & Copthorne Hotels New Zealand Limited

Notes to the Consolidated Financial Statements for the year ended 31 December 2025

7. Capital and reserves

Share capital

	Group		Group	
	2025 Shares	2025 \$000's	2024 Shares	2024 \$000's
Ordinary shares issued 1 January	105,578,290	350,048	105,578,290	350,048
Ordinary shares issued at 31 December - fully paid	105,578,290	350,048	105,578,290	350,048
Redeemable preference shares 1 January	52,739,543	33,218	52,739,543	33,218
Redeemable preference shares issued at 31 December - fully paid	52,739,543	33,218	52,739,543	33,218
Ordinary shares repurchased and held as treasury stock 1 January	(99,547)	(26)	(99,547)	(26)
Ordinary shares repurchased and held as treasury stock 31 December	(99,547)	(26)	(99,547)	(26)
Total shares issued and outstanding	158,218,286	383,240	158,218,286	383,240

At 31 December 2025, the authorised share capital consisted of 105,578,290 ordinary shares (2024: 105,578,290 ordinary shares) with no par value and 52,739,543 redeemable preference shares (2024: 52,739,543 redeemable preference shares) with no par value.

The non-voting redeemable preference shares rank equally with ordinary shares with respect to all distributions made by the Company (including without limitation, to dividend payments) except for any distributions made in the context of a liquidation of the Company. The Company reserves the right to the redemption of these preference shares as well as any distributions relating to these shares and makes no guarantee that these preference shares will be redeemed or that dividends will be paid in respect of these preference shares.

Repurchase of share capital

When share capital recognised as equity is repurchased, the amount of the consideration paid, including directly attributed costs, is recognised as a change in equity. Repurchased shares are classified as treasury stock and presented as a deduction from total equity.

Exchange reserve

The exchange reserve comprises the foreign exchange differences arising from the translation of the financial statements of foreign operations.

Dividends

The following dividends were declared and paid during the year ended 31 December:

<i>Dollars In Thousands</i>	Company	
	2025	2024
Ordinary Dividend - 3.0 cents per qualifying share (2024: 3.0 cents)	4,747	4,747
Supplementary Dividend - 0.0053 cents per qualifying share (2024: 0.053 cents)	29	94
	4,776	4,841

After 31 December 2025, the following dividends were declared by the directors. The dividends have not been provided for and there are no income tax consequences.

<i>Dollars In Thousands</i>	Company
Ordinary Dividend - 3.0 cents per qualifying share (2024: 3.0 cents)	4,747
Supplementary Dividend - 0.0053 cents per qualifying share (2024: 0.0053 cents)	29
Total Dividends	4,776

Dividends and tax

Dividends are recognised as a liability in the period in which they are declared. Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend.

8. Earnings per share

Basic earnings per share

The calculation of basic earnings per share at 31 December 2025 was based on the profit attributable to ordinary and redeemable preference shareholders of \$20,218,000 (2024: \$2,762,000) and weighted average number of shares outstanding during the year ended 31 December 2025 of 158,218,286 (2024: 158,218,286), calculated as follows:

Millennium & Copthorne Hotels New Zealand Limited

Notes to the Consolidated Financial Statements for the year ended 31 December 2025

8. Earnings per share - continued

Profit attributable to shareholders

<i>Dollars In Thousands</i>	Group	
	2025	2024
Profit for the year	24,796	8,788
Profit attributable to non-controlling interests	(4,578)	(6,026)
Profit attributable to shareholders	20,218	2,762

Weighted average number of shares

	Group	
	2025	2024
Weighted average number of shares (ordinary and redeemable preference shares)	158,317,833	158,317,833
Effect of own shares held (ordinary shares)	(99,547)	(99,547)
Weighted average number of shares for earnings per share calculation	158,218,286	158,218,286

Diluted earnings per share

The calculation of diluted earnings per share is the same as basic earnings per share.

	Group	
	2025	2024
Basic and Diluted Earnings per share (cents per share)	12.78	1.75

9. Property, plant and equipment

<i>Dollars In Thousands</i>	Group						
	Freehold Land	Buildings	Plant, Equipment, Fixtures & Fittings	Motor Vehicles	Work In Progress	Right Of Use Asset	Total
Cost							
Balance at 1 January 2024	46,661	221,865	112,614	76	8,039	28,823	418,078
Acquisitions	-	616	2	-	27,830	79	28,527
Disposals	-	(15)	(107)	-	-	(63)	(185)
Transfers between categories	-	13,603	4,886	-	(18,489)	-	-
Movements in foreign exchange	-	-	15	-	-	-	15
Balance at 31 December 2024	46,661	236,069	117,410	76	17,380	28,839	446,435
Balance at 1 January 2025	46,661	236,069	117,410	76	17,380	28,839	446,435
Acquisitions	3,100	24,800	4,000	-	20,352	288	52,540
Disposals	-	(952)	(359)	(10)	-	(175)	(1,496)
Transfers between categories	3,836	20,876	7,818	16	(32,546)	-	-
Movements in foreign exchange	-	-	20	-	-	2	22
Balance at 31 December 2025	53,597	280,793	128,889	82	5,186	28,954	497,501
Depreciation and impairment losses							
Balance at 1 January 2024	-	(55,624)	(97,234)	(76)	-	(2,093)	(155,027)
Depreciation charge for the year	-	(3,735)	(3,466)	-	-	(895)	(8,096)
Disposals	-	-	93	-	-	32	125
Movements in foreign exchange	-	-	(7)	-	-	-	(7)
Balance at 31 December 2024	-	(59,359)	(100,614)	(76)	-	(2,956)	(163,005)
Balance at 1 January 2025	-	(59,359)	(100,614)	(76)	-	(2,956)	(163,005)
Depreciation charge for the year	-	(5,097)	(4,004)	(1)	-	(901)	(10,003)
Impairment	-	(3,789)	-	-	-	-	(3,789)
Disposals	-	586	279	10	-	141	1,016
Movements in foreign exchange	-	-	(7)	-	-	(2)	(9)
Balance at 31 December 2025	-	(67,659)	(104,346)	(67)	-	(3,718)	(175,790)
Carrying amounts							
At 1 January 2024	46,661	166,241	15,380	-	8,039	26,730	263,051
At 31 December 2024	46,661	176,710	16,796	-	17,380	25,883	283,430
At 31 December 2025	53,597	213,134	24,543	15	5,186	25,236	321,711

Millennium & Copthorne Hotels New Zealand Limited

Notes to the Consolidated Financial Statements for the year ended 31 December 2025

9. Property, plant and equipment - continued

Initial recording

Items of property, plant and equipment are initially stated at cost. The cost of purchased property, plant and equipment is the value of the consideration given to acquire the assets and the value of other directly attributable costs, which have been incurred in bringing the assets to the location and condition necessary for their intended service. Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Capital expenditure on major projects is recorded separately within property, plant and equipment as capital work in progress. Once the project is complete the balance is transferred to the appropriate property, plant and equipment categories. Capital work in progress is not depreciated.

Subsequent measurement

Property, plant and equipment is subsequently measured at cost less accumulated depreciation and impairment losses. The Group recognises the cost of replacing part of such an item of property, plant and equipment when that cost is incurred if it is probable that the future economic benefits embodied within the item will flow to the Group and the cost of the item can be measured reliably. All other costs are recognised in the income statement as an expense as incurred.

Impairment

Impairment assessment approach

The Group assesses impairment of non-financial assets at each reporting date when there are indicators of impairment. If an impairment indicator exists, the recoverable amount is estimated at the cash generating unit ("CGU") or individual asset level. A CGU is the smallest asset group that generates cash inflows from continuing use that are independent of other assets or cash generating units. Management has determined that each hotel property constitutes a separate cash-generating unit (CGU) for impairment testing purposes. Where spare land is held under a separate legal title and does not contribute to the hotel's operating cash inflows, it is assessed separately. Otherwise, the CGU comprises the hotel's property, plant and equipment recorded for that site. The recoverable amount of assets or CGU is the greater of their fair value less disposal costs and their value in use. An impairment loss is recognised in the income statement whenever the carrying amount of an asset or CGU exceeds its estimated recoverable amount.

Market capitalisation is lower than the net assets indicating potential impairment. In response management used judgement to identify impairment indicators at the CGU or individual material asset level including using thresholds to identify hotels with smaller headroom based on prior valuations, and the hotels performance being below expectation among other factors.

Recognition of impairment loss

An impairment loss of \$3.8 million was recognised during the year (2024: nil). This impairment relates to hotel PP&E assets whose carrying amounts exceeded their recoverable amounts using the valuation methodologies listed in the table below. The impairment is recognised within "Administration and Other Operating Expenses - Depreciation and Impairment" in the consolidated income statement. The impairment was allocated to the affected CGUs on a pro-rata basis across buildings, plant & equipment and related PP&E categories in accordance with NZ IAS 36.

Determination of recoverable amount

The recoverable amounts of the Group's CGUs or individual assets are based on fair value less cost of disposal or value in use determined by an independent valuer. In 2025 the recoverable amount of the CGU was determined by independent appraiser Colliers and in 2024 both Colliers and Bower Valuations Limited were used.

The valuation methods used require the independent appraiser to make a number of assumptions including estimating the future cash flows expected to arise from the cash-generating units, suitable discount, capitalisation and square meter rates, as well as value per room, to determine the recoverable value.

Valuation methodologies used are explained below:

Income capitalisation method	Capitalisation methodology converts short term earnings derived from a property into value. The central premise of this approach is that the adopted capitalisation rate is derived from the yields indicated by sales of similar property investments. The yields derived from comparable sales evidence are purported to reflect any expectations of future growth in income and capital value.
Discounted cash flow method	The discounted cashflow analysis (DCF) is based on the concept that an investment value is the time adjusted value of future cashflows which can be obtained from an asset. This requires explicit assumptions to be made regarding prospective income and expenses, including occupancy and average daily rate, as well as timing and duration of cash flows over the holding period. A five (5) year horizon with a terminal value has been adopted by Colliers and Bower Valuations Limited to reflect the sustainable earnings profile of the asset.
Sales comparison approach	Fair value is determined by applying positive and negative adjustments to recently transacted assets of a similar nature

The property valuations require the use of judgements specific to the properties, as well as consideration of prevailing market conditions. As at 31 December 2025, the hotel property market and broader economy continued to experience uncertainty influenced by high interest rates earlier in the year, inflationary pressures, and geopolitical tensions, alongside slower global growth and a subdued domestic economy. Although monetary policy easing and improving international visitor arrivals have provided some optimism, risks remain. Significant assumptions used in the valuation are inherently subjective. Key estimates and judgements are influenced by these uncertainties. At the valuation date, there remains a limited number of recent hotel sales transactions, which

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Notes to the Consolidated Financial Statements for the year ended 31 December 2025

9. Property, plant and equipment - continued

increases the uncertainty around valuation conclusions. A difference in the key assumptions, when aggregated, could result in a significant change to the valuation of a property.

The assumptions and judgements applied in the estimation of the recoverable amounts of all CGUs correspond to Level 3 category of NZ IFRS 13 fair value hierarchy. The key unobservable inputs that required significant estimation and judgements are presented below:

Key valuation input	Range of valuation input value		Measurement of sensitivity on valuation	
	2025	2024	Increase in the input	Decrease in the input
Occupancy rate	58% - 81%	59% - 83%	Higher	Lower
Average daily rate	\$180 - \$223	\$185 - \$214	Higher	Lower
Rev PAR*	\$125 - \$176	\$121 - \$177	Higher	Lower
Discount rate	10% - 12%	10% - 12%	Lower	Higher
Capitalization rate	8% - 10%	9% - 11%	Lower	Higher
SQM rate	\$439	\$449	Lower	Higher

* Revenue per Available Room - a hospitality metric combining average room rate and occupancy rate.

CGUs sensitive to impairment

Two hotel assets were considered sensitive to impairment:

- The recoverable amount of one of the hotel assets was determined on a highest and best use, being fair value of the land less demolition costs using comparative land sales data. The fair value of this hotel asset exceeded its carrying value by \$1.4 million and is considered to be sensitive to impairment from a reasonably possible change in square metre rate.
- The recoverable amount of one hotel asset with a carrying value of \$5.1 million was close to its recoverable amount. Any material change in key assumptions (listed in the above table) would therefore result in an impairment.

Conclusion

Management and the directors believe that the key assumptions used, and estimates made, represent the most realistic assessment of each CGU.

Depreciation

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

- Building core 50 years or lease term if shorter
- Building surfaces and finishes 30 years or lease term if shorter
- Plant and machinery 15 - 20 years
- Furniture and equipment 10 years
- Soft furnishings 5 - 7 years
- Computer equipment 5 years
- Motor vehicles 4 years

No residual values are ascribed to building surfaces and finishes. Residual values ascribed to building core depend on the nature, location and tenure of each property. Depreciable values ascribed to building core range between 10% to 24% of the building core.

Disposal or retirement

Gains or losses arising from the disposal or retirement of property, plant and equipment are determined as the difference between the actual net disposal proceeds and the carrying amount of the asset and are recognised in the income statement on the date of retirement or disposal.

Right of use assets

The accounting policy for right of use asset is disclosed in Note 21.

Pledged assets

A total of three (2024: three) hotel properties with a total book value of \$90.89 million (2024: \$83.25 million) are pledged to the bank as security against the loan facility disclosed in Note 14.

Millennium & Copthorne Hotels New Zealand Limited

Notes to the Consolidated Financial Statements for the year ended 31 December 2025

9. Property, plant and equipment - continued

Climate-related disclosure

The Group continues to assess the impact of climate change on its business and its tangible assets. Climate change poses significant risks and challenges for the land development industry (residential and commercial), as it affects the physical, operational, and financial aspects of land development. Extreme weather events, such as floods, storms, heatwaves, and droughts, can damage existing infrastructure, disrupt the supply chain, reduce the ability to conduct and complete works, and increase the insurance and development and acquisition costs. While property developers and landowners are increasingly cognisant of the climate-related impacts on their properties, the investment community have yet to price in the climate-related impacts on asset values. This means that the current market value of residential and commercial land may not reflect the potential losses or gains associated with their exposure to climate risks or their adoption of sustainability measures, decarbonisation initiatives, and sound environmental stewardship. While valuers have made no explicit adjustments to the recoverable amount of the selected properties in respect of climate change matters, it is anticipated that climate change may have a greater influence on valuations in the future as investment markets place a greater emphasis on climate change and a property's environmental resilience and credentials. Known climate risks are reflected in the adopted capitalisation and discount rates.

The acquisition of the Mayfair Hotel Christchurch was completed on 22 January 2025. This was a freehold acquisition of the existing hotel located at 155 Victoria Street, Christchurch. The company acquired the following assets for a total consideration of \$31.9m.

- (a) Freehold land and buildings from Centro Roydvale Limited
- (b) Furniture, fittings & plant and business as a going concern of the Mayfair Hotel from Mayfair Luxury Hotels Limited

The acquisition was accounted for as an acquisition of assets.

10. Development properties

<i>Dollars In Thousands</i>	Group	
	2025	2024
Development land	275,474	251,445
Residential development	4,231	12,643
	279,705	264,088
Less expected to settle within one year	(21,851)	(35,454)
	257,854	228,634
Development land recognised in cost of sales	17,205	19,274
Residential development recognised in cost of sales	8,932	7,381

Development properties are recognised and measured in accordance with NZ IAS 2 Inventories. They are carried at the lower of cost and net realisable value. Cost includes the cost of acquisition, development, and holding costs such as interest. Interest and other holding costs incurred after completion of development are expensed as incurred. All holding costs are written off through profit or loss in the year incurred with the exception of interest holding costs which are capitalised during the period when active development is taking place. No interest (2024: nil) has been capitalised during the year.

Residential development at balance date consists of the residential development known as Zenith Residences in Sydney, Australia.

The Group's inventory of development property is reviewed at each balance date to ensure its carrying amount is recorded at the lower of its cost and net realisable value. The net realisable value of the development property is the estimated selling price in the ordinary course of business less the estimated costs of completion and costs necessary to make the sale. The determination of net realisable value of inventory involves estimates taking into consideration prevailing market conditions, current prices and expected date of commencement and completion of the project, the estimated future selling price, cost to complete projects and selling costs. The Group's assessment for the reporting period did not identify any instances where the carrying amount of development property exceeded its net realisable value, and accordingly, no impairment loss has been recognised.

11. Investment properties

Group

<i>Dollars In Thousands</i>	Freehold Land	Buildings	Work In Progress	Total
Cost				
Balance at 1 January 2024	659	36,716	-	37,375
Transfers between categories	-	-	-	-
Additions	-	-	1,017	1,017
Balance at 31 December 2024	659	36,716	1,017	38,392
Balance at 1 January 2025	659	36,716	1,017	38,392
Transfers between categories	-	118	(118)	-
Reclassify to other assets	-	-	(757)	(757)
Additions	-	-	535	535
Balance at 31 December 2025	659	36,834	677	38,170

Millennium & Copthorne Hotels New Zealand Limited

Notes to the Consolidated Financial Statements for the year ended 31 December 2025

11. Investment properties - continued

<i>Dollars In Thousands</i>	Freehold Land	Buildings	Work In Progress	Total
Carrying amounts				
Depreciation				
Balance at 1 January 2024	-	1,541	-	1,541
Depreciation charge for the year	-	550	-	550
Balance at 31 December 2024	-	2,091	-	2,091
Balance at 1 January 2025	-	2,091	-	2,091
Depreciation charge for the year	-	554	-	554
Balance at 31 December 2025	-	2,645	-	2,645
At 1 January 2025	659	34,625	1,017	36,301
At 31 December 2025	659	34,189	677	35,525

Investment properties are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the investment properties. Costs of self-constructed investment properties include costs of materials and direct labour, any other costs directly attributable to bringing the investment properties to a working condition for their intended use and capitalised borrowing costs. Gains and losses on disposal of investment properties (calculated as the difference between the net proceeds from disposal and the carrying amounts of the investment properties) are recognised in the profit and loss.

Land is not depreciated. Depreciation on the investment properties is computed by asset classes using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

- Building core 50 years
- Building surfaces and finishes 30 years
- Building services 20 - 30 years

No residual values are ascribed to building surfaces and finishes. Residual values ascribed to building core depend on the nature, location and tenure of each property. Depreciable values of 10% are ascribed to building core.

Investment properties consist of commercial warehousing at Wiri in Auckland, retail shops at Prestons Park in Christchurch, and retail shops at Stonebrook in Rolleston which are fully operational. The fair value of investment properties held at 31 December 2025 was determined by an independent registered valuer, DM Koomen SPINZ of Extensor Advisory Limited as \$69.9 million (2024: \$65.1 million).

The fair value measurement was categorised as Level 3 (highest of the fair value hierarchy) based on the inputs to the valuation methodology used i.e. primarily the income capitalisation approach with discounted cash flow and depreciated replacement cost approaches used to corroborate.

Investment properties are properties held either to earn rental income or capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods and services, or for administrative purposes.

Impairment

Annual reviews of the carrying amounts of investment properties are undertaken for indicators of impairment. Where indicators of impairment were identified, the recoverable amounts were estimated based on external valuations undertaken. The cash generating units (CGU) are individual properties. The recoverable amounts of the investment properties, being the higher of the fair value less costs to sell and value-in-use, were determined using the fair value less costs to sell basis and were estimated using the income capitalisation approach, discounted cash flow and comparative sales methodologies.

During the year, management did not identify any investment properties that experienced a carrying value less than its net realisable value. Average market capitalisation rates appropriate to the properties range from 4.50% to 6.88% (2024: 4.50% to 7.25%). Average market rent per square metre rates appropriate to the properties range from \$275 to \$476 (2024: \$263 to \$450). There is no impairment expense recognised in the period (2024: no impairment).

Operating lease

The Group leases out its investment property. The Group has classified these leases as operating leases, because they do not transfer substantially all of the risks and rewards incidental to the ownership of the assets.

Rental income recognised by the Group during 2025 was \$3.1 million (2024: \$2.7 million).

The following table sets out a maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date:

<i>Dollars In Thousands</i>	Group	
	2025	2024
Within 1 year	3,336	2,745
More than 1 year but within 2 years	3,377	2,793
More than 2 years but within 3 years	3,339	2,835
More than 3 years but within 4 years	2,359	2,784
More than 4 years but within 5 years	814	1,947
After 5 years	787	708
	14,012	13,812

Millennium & Copthorne Hotels New Zealand Limited

Notes to the Consolidated Financial Statements for the year ended 31 December 2025

12. Cash and cash equivalents

<i>Dollars In Thousands</i>	Group	
	2025	2024
Cash	17,658	35,638
Call deposits	2,703	4,088
	20,361	39,726

Cash and cash equivalents comprise cash balances and call deposits with a maturity of three months or less. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

13. Trade and other receivables

<i>Dollars In Thousands</i>	Group	
	2025	2024
Trade receivables	10,204	9,594
Less provision for doubtful debts	(22)	(86)
Other trade receivables and prepayments	12,030	13,989
	22,212	23,497

Trade and other receivables are stated at their cost less impairment losses. The carrying amounts of the trade receivables, other trade receivables, and prepayments are reviewed at each balance date to determine whether there is any indication of impairment. The Group applies the simplified approach to providing for expected credit losses prescribed by NZ IFRS 9, which permits the use of the lifetime expected credit loss provision for all trade receivables. The allowance for doubtful debts on trade receivables are either individually or collectively assessed based on number of days overdue. The Group takes into account the historical loss experience and incorporates forward looking information and relevant macroeconomic factors

14. Interest-bearing loans and borrowings

This note provides information about the contractual terms of the Group's interest-bearing loans and borrowings. For more information about the Group's exposure to interest rate and foreign currency risk, see Note 17.

Group				31 December 2025		31 December 2024	
<i>Dollars in Thousands</i>	Currency	Interest Rate	Facility Total	Face Value	Carrying Amount	Face Value	Carrying Amount
Revolving credit	NZD	3.46%	75,000	17,000	17,000	3,000	3,000
Overdraft	NZD	3.46%	5,000	4,000	4,000	-	-
TOTAL			80,000	20,000	20,000	3,000	3,000
Current				-	-	-	-
Non-current				20,000	20,000	3,000	3,000

Terms and debt repayment schedule

The Group has adopted classification of liabilities as current or non-current (amendments to NZ IAS 1) from 1 January 2024. The bank facilities are secured over hotel properties with a carrying amount of \$90.89 million (2024: \$83.25 million) - refer to Note 9. The Group's facilities were renewed on 22 December 2023 with a facility limit of \$120 million. A further amendment was executed on 6 October 2025 to reduce the facility limit from \$120 million to \$80 million and to extend the maturity date to 30 July 2027. The Group has complied with the bank covenants. The interest-bearing borrowings were classified as non-current as the Group has an existing right to defer settlement of the loan for at least 12 months after the reporting period.

Interest-bearing loans and borrowings

Interest-bearing loans and borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing loans and borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the income statement over the period of the borrowings on an effective interest basis.

15. Deferred tax assets and liabilities

Deferred tax is recognised in respect of the temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes; the initial recognition of assets or liabilities that neither affect accounting nor taxable profit; and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Millennium & Copthorne Hotels New Zealand Limited

Notes to the Consolidated Financial Statements for the year ended 31 December 2025

15. Deferred tax assets and liabilities - continued

Deferred tax assets and deferred tax liabilities are offset only if the Group has a legally enforceable right to set off current tax assets against current tax liabilities; the Group intends to settle net; and the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority.

Impact of change in tax depreciation

In 2020 as part of the response to the Covid-19, all components of commercial buildings were able to be depreciated for tax purposes. On 28 March 2024, the Taxation (Annual Rates for 2023-24, Multinational Tax, and Remedial Matters) legislation was enacted, encompassing a range of changes to tax legislation including the removal of the tax deduction for depreciation on building core of commercial buildings. As a result of the change in legislation, income tax expense and deferred tax liability has increased by \$25.8m for 2024.

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

<i>Dollars In Thousands</i>	Group					
	Assets		Liabilities		Net	
	2025	2024	2025	2024	2025	2024
Property, plant and equipment (includes Right of use assets)	-	-	38,488	39,142	38,488	39,142
Investment property	-	-	4,495	4,379	4,495	4,379
Development properties	(1,013)	(750)	-	-	(1,013)	(750)
Accruals	(128)	(147)	-	-	(128)	(147)
Employee benefits	(1,732)	(1,999)	-	-	(1,732)	(1,999)
Lease liability	(7,540)	(7,586)	-	-	(7,540)	(7,586)
Trade and other payables	(1,196)	(1,247)	-	-	(1,196)	(1,247)
Net investment in foreign operations	-	-	957	926	957	926
Net tax (assets) / liabilities	(11,609)	(11,729)	43,940	44,447	32,331	32,718

Movement in deferred tax balances during the year

<i>Dollars In Thousands</i>	Group			
	Balance 1 Jan 24	Recognised in Income	Recognised in equity	Balance 31 Dec 24
Property, plant and equipment (includes Right of use assets)	17,481	21,661	-	39,142
Investment property	345	4,034	-	4,379
Development properties	(212)	(538)	-	(750)
Accruals	(474)	327	-	(147)
Employee benefits	(2,074)	75	-	(1,999)
Lease liability	(7,651)	65	-	(7,586)
Trade and other payables	(1,297)	50	-	(1,247)
Net investment in foreign operations	883	28	15	926
	7,001	25,702	15	32,718

Movement in deferred tax balances during the year

<i>Dollars In Thousands</i>	Group			
	Balance 1 Jan 25	Recognised in Income	Recognised in equity	Balance 31 Dec 25
Property, plant and equipment (includes Right of use assets)	39,142	(654)	-	38,488
Investment property	4,379	116	-	4,495
Development properties	(750)	(263)	-	(1,013)
Accruals	(147)	19	-	(128)
Employee benefits	(1,999)	267	-	(1,732)
Lease liability	(7,586)	46	-	(7,540)
Trade and other payables	(1,247)	51	-	(1,196)
Net investment in foreign operations	926	-	31	957
	32,718	(418)	31	32,331

16. Trade and other payables

<i>Dollars In Thousands</i>	Group	
	2025	2024
Trade payables	5,119	3,948
Employee entitlements	6,237	7,518
Non-trade payables and accrued expenses	22,146	19,058
	33,502	30,524

Trade and other payables are stated at amortised cost.

Millennium & Copthorne Hotels New Zealand Limited

Notes to the Consolidated Financial Statements for the year ended 31 December 2025

17. Financial instruments

The Group only holds non-derivative financial instruments which comprise cash and cash equivalents, trade and other receivables, trade receivables due from related parties, related party advances, secured bank loans, trade and other payables and trade payables due to related parties.

Non-derivative financial instruments are recognised initially at fair value plus, for instruments not at fair value through the income statement, any directly attributable transaction costs. Subsequent to initial recognition non-derivative financial instruments are measured as described in accounting policies below.

On initial recognition, a financial asset is classified as subsequently measured at: Amortised cost; FVOCI- debt investment; FVOCI-equity investment; or FVTPL. Financial liabilities are classified as measured at amortised cost or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and not designated at FVTPL:

- It is held within a business model whose objective is to hold assets to collect contractual cash flows: and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets are derecognised if the Group's contractual rights to the cash flows from the financial assets expire or if the Group transfer the financial asset to another party without retaining control or substantially all risks and rewards of the asset. Financial liabilities are derecognised if the Group's obligations specified in the contract expire or are discharged or cancelled.

Exposure to credit, liquidity and market risks arises in the normal course of the Group's business.

Liquidity risk

Liquidity risk represents the Group's ability to meet its contractual obligations. The Group evaluates its liquidity requirements on an ongoing basis. In general, the Group generates sufficient cash flows from its operating activities to meet its obligations arising from

its financial liabilities. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The following table sets out the undiscounted contractual and expected cash flows for all financial liabilities:

		2025						
<i>Dollars In Thousands</i>		Statement of Financial Position	Contractual Cash Out Flows	6 Months or Less	6-12 Months	1-2 Years	2-5 Years	More than 5 Years
Interest-bearing loans and borrowings	20,000	20,000	-	-	20,000	-	-	
Trade Payables	5,119	5,119	5,119	-	-	-	-	
Other payables	23,408	23,408	23,408	-	-	-	-	
Trade payables due to related parties	788	788	788	-	-	-	-	
Total non-derivative liabilities	49,315	49,315	29,315	-	20,000	-	-	

		2024*						
<i>Dollars In Thousands</i>		Statement of Financial Position	Contractual Cash Out Flows	6 Months or Less	6-12 Months	1-2 Years	2-5 Years	More than 5 Years
Interest-bearing loans and borrowings	3,000	3,000	-	-	3,000	-	-	
Trade Payables	3,948	3,948	3,948	-	-	-	-	
Other payables*	21,876	21,876	21,876	-	-	-	-	
Trade payables due to related parties	1,767	1,767	1,767	-	-	-	-	
Total non-derivative liabilities	30,591	30,591	27,591	-	3,000	-	-	

* These prior period comparative amounts have been restated to exclude non-financial liabilities such as revenue in advance.

Millennium & Copthorne Hotels New Zealand Limited

Notes to the Consolidated Financial Statements for the year ended 31 December 2025

17. Financial instruments -continued

Credit risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount. The Group does not require collateral in respect of financial assets. There are no significant aged debtors which have not been fully provided for.

Investments are allowed only in short-term financial instruments and only with counterparties (minimum rating of Moody's Aa3) approved by the Board, such that the exposure to a single counterparty is minimized.

The related party advances to Marquee Hotel Holdings Pty Ltd detailed in note 20 were part of the acquisition of the Sofitel Brisbane Central hotel in Queensland. At balance date there were no indicators of impairment of the advances based on asset condition, economic environment and trading results of the hotel.

At balance date there were no significant non-related party concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position. The maximum exposure to credit risk for non-related party advances in Australia is \$8,892 (2024: \$8,300). All other credit risk exposure relates to New Zealand.

Market risk

(i) Interest rate risk

In managing interest rate risks the Group aims to reduce the impact of short-term fluctuations on the Group's earnings with an ongoing review of its exposure to changes in interest rates on its borrowings, the maturity profile of the debt, and the cash flows of the underlying debt. The Group maintains its borrowings at fixed rates on short term which gives the Group flexibility in the context of the economic climate, business cycle, loan covenants, cash flows, and cash balances.

An increase of 1.0% in interest rates would have decreased profit before tax for the Group in the current period by \$0.29 million (2024: \$0.64 million increase), assuming all other variables remained constant.

Effective interest and re-pricing analysis

In respect of income-earning financial assets and interest-bearing financial liabilities the following table indicates their effective interest rates at the balance date and the periods in which they re-price.

Group	Note	2025				2024			
		Effective interest rate	Total	6 months or less	6 to 12 months	Effective interest rate	Total	6 months or less	6 to 12 months
Interest bearing cash & cash equivalents *	12	0.00% to 3.55%	20,361	20,361	-	0.00% to 4.25%	39,726	39,726	-
Short term bank deposits *		3.51% to 4.01%	3,872	1,571	2,301	5.25% to 5.91%	1,571	75	1,496
Secured bank loans *	14	3.46%	20,000	20,000	-	5.42%	3,000	3,000	-
Bank overdrafts *	14	3.46%	-	-	-	5.42%	-	-	-
Intercompany Loan*		4.93 %	20,362	-	20,362	5.75%	19,556	19,556	-

* These assets / (liabilities) bear interest at a fixed rate

(ii) Foreign currency risk

The Group owns 100.00% (2024: 100.00%) of KIN Holdings Limited. Substantially all the operations of this subsidiary which includes the Joint Venture is denominated in foreign currencies. The foreign currencies giving rise to this risk are Australian Dollars. The Group has determined that the primary risk affects the carrying values of the net investments and loan receivable from its foreign operations as disclosed in note 20 with the currency movements being recognised in the foreign currency translation reserves and income statement respectively. The Group has not taken any instruments to manage this risk. The Group is not exposed to any other foreign currency risks.

Capital management

The Group's capital includes share capital and retained earnings.

The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The impact of the level of capital on shareholders' return is also recognised and the Group recognises the need to maintain a balance between the higher returns that might be possible with greater gearing and the advantages and security afforded by a sound capital position.

The Group is not subject to any externally imposed capital requirements.

Millennium & Copthorne Hotels New Zealand Limited

Notes to the Consolidated Financial Statements for the year ended 31 December 2025

17. Financial instruments - continued

The allocation of capital is, to a large extent, driven by optimisation of the return achieved on the capital allocated.

The Group's policies in respect of capital management and allocation are reviewed regularly by the Board of Directors. There were no changes in the Group's capital management policies during the year.

Fair values

The fair values together with the carrying amounts shown in the statement of financial position are as follows:

Group	Note	Carrying amount		Fair value	
		2025	2025	2024*	2024*
<i>Dollars In Thousands</i>					
FINANCIAL ASSETS					
Cash and cash equivalents	12	20,361	20,361	39,726	39,726
Short term bank deposits		3,872	3,872	1,571	1,571
Trade and other receivables*		15,786	15,786	15,359	15,359
Advances to related parties	20	64,820	64,820	65,326	65,326
FINANCIAL LIABILITIES					
Secured bank loans and overdrafts	14	(20,000)	(20,000)	(3,000)	(3,000)
Trade and other payables*	16	(28,527)	(28,527)	(25,824)	(25,824)
Trade payables due to related parties	20	(789)	(789)	(1,767)	(1,767)
		55,523	55,523	91,391	91,391

* These prior period comparative amounts have been restated to exclude non-financial assets and non-financial liabilities such as prepayments, deposits paid for asset purchases, and revenue in advance.

Estimation of fair values

The following summarises the major methods and assumptions used in estimating the fair values of financial instruments reflected in the table:

- Cash, accounts receivable, accounts payable and related party balances. The carrying amounts for these balances approximate their fair value because of the short maturities of these items.
- Borrowings. The carrying amounts for the borrowings represent their fair values because the interest rates are reset to market periodically, every 1 to 2 months.

18. Capital and land development commitments

As at 31 December 2025, the Group had entered into contractual commitments for capital expenditure, development expenditure, and purchases of land. Development expenditure represents amounts contracted and forecast to be incurred in 2026 in accordance with the Group's development programme.

<i>Dollars In Thousands</i>	Group	
	2025	2024
Mayfair Hotel Christchurch	-	31,900
Capital expenditure	1,664	7,968
Development expenditure	29,949	24,269
Land purchases	4,913	13,261
	36,526	77,398

19. Related parties

Identity of related parties

The Group has a related party relationship with its parent, subsidiaries (see Note 20), joint venture and with its directors and executive officers.

Transactions with key management personnel

Directors of the Company and their immediate relatives control nil (2024: Nil) of the voting shares of the Company. There were no loans (2024: \$nil) advanced to directors for the year ended 31 December 2025. Key management personnel include the Board comprising non-executive directors, executive directors and executive officers.

Total remuneration for key management personnel

<i>Dollars In Thousands</i>	Group	
	2025	2024
Non-executive directors	458	392
Executive director	642	563
Executive officers	833	894
	1,933	1,849

Non-executive directors receive director's fees only. Executive director and executive officers receive short-term employee benefits which include a base salary and an incentive plan. They do not receive remuneration or any other benefits as a director of the Parent Company or its subsidiaries. Directors' fees are included in "administration expenses" (see Note 2) and remuneration for executive director and executive officers are included in "personnel expenses" (see Note 3).

Millennium & Copthorne Hotels New Zealand Limited

Notes to the Consolidated Financial Statements for the year ended 31 December 2025

20. Group entities

Control of the Group

Millennium & Copthorne Hotels New Zealand Limited is a 86.39% (2024: 80.97%) owned (economic interests from both ordinary and preference shares) 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 Ltd 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	
		2025	2024
Trade payables and receivables due to related parties			
Millennium & Copthorne Hotels Limited	Recharge of expenses	(789)	(1,767)
Marquee Hotel Holdings Pty Ltd	Interest bearing advance	20,362	19,556
Marquee Hotel Holdings Pty Ltd	Interest free advance	43,718	44,195
CDLHT (BVI) One Ltd	Recharge of expenses	1,190	1,581
CDLHT (BVI) One Ltd	Rent	(450)	(6)
		64,031	63,559

No debts with related parties were written off or forgiven during the year. Interest at 4.93% (2024: 5.75%) was charged on interest bearing advance during 2025. No interest was charged for the other payables or on the interest free advance. The related party advances to Marquee Hotel Holdings Pty Ltd are unsecured and repayable on demand.

At the balance sheet date, there was an amount owing to CDLHT (BVI) One Ltd of \$450,000 (2024 \$6,000) being the net amount of rent payable with respect to the leasing of the property and the recoverable amount in relation to expenses paid on behalf.

During 2025, the Group had the following transactions with related parties:

<i>Dollars In Thousands</i>	Nature of balance	Group	
		2025	2024
Marquee Hotel Holdings Pty Ltd	Interest received	1,048	1,180
CDLHT (BVI) One Ltd	Management, franchise and incentive income	914	932
M&C Reservation Services Ltd (UK)	Insurance recharge, Management and marketing support*	(696)	(1,846)
CDL Hotels Holdings New Zealand Limited	Recharge of takeover offer expenses and accounting support fee received	2,181	60
Millennium & Copthorne International Limited	Recharge of expenses	495	239

*The amount recognised in profit and loss in the reporting period was \$0.66m.

Subsidiary companies

The principal subsidiary companies of Millennium & Copthorne Hotels New Zealand Limited included in the consolidation as at 31 December 2025 are:

	Principal Activity	Principal Place of Business	Group Holding % 2025	Group Holding % 2024
Context Securities Limited	Investment Holding	NZ	100.00	100.00
Copthorne Hotel & Resort Bay of Islands Joint Venture	Hotel Operations	NZ	49.00	49.00
Quantum Limited	Holding Company	NZ	100.00	100.00
100% owned subsidiaries of Quantum Limited are:				
Hospitality Group Limited	Holding Company	NZ		
100% owned subsidiaries of Hospitality Group Limited are:				
Hospitality Leases Limited	Lessee Company/Hotel Operations	NZ		
QINZ Anzac Avenue Limited	Hotel Owner	NZ		
Hospitality Services Limited	Operations/Franchise Holder	NZ		
CDL Investments New Zealand Limited	Holding Company	NZ	65.12	65.31
100% owned subsidiaries of CDL Investments New Zealand Limited are:				
CDL Land New Zealand Limited	Property Investment and Development	NZ		
KIN Holdings Limited	Holding Company	NZ	100.00	100.00
100% owned subsidiaries of KIN Holdings Limited are:				
Kingsgate Investments Pty Limited	Residential Apartment Developer	Australia		
Kingsgate Holdings Pty Limited	Investment in JV	Australia		

All of the above subsidiaries have a 31 December balance date.

Millennium & Copthorne Hotels New Zealand Limited

Notes to the Consolidated Financial Statements for the year ended 31 December 2025

20. Group entities - continued

The Group is able to control the Copthorne Hotel & Resort Bay of Islands Joint Venture through its management agreement with the Joint Venture and is exposed to variable returns accordingly. Therefore, the results of the Joint Venture are consolidated from the date control commenced until the date control ceases.

Subsidiaries

Subsidiaries are entities controlled by the Company. The Company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the financial statements from the date that control commences until the date that control ceases.

Transactions eliminated on consolidation

Intra-group balances and any unrealised gains and losses or income and expenses arising from intra-group transactions, are eliminated in preparing the financial statements. Unrealised gains arising from transactions with jointly controlled entities are eliminated to the extent of the Group's interest in the entity. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

21. Lease

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in NZ IFRS 16. This policy is applied to contracts entered into, on or after 1 January 2019.

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset was recognised at cost on initial recognition, which comprised the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right of use asset is depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

21(a) Lease Liability

The expected contractual undiscounted cash outflows of lease liabilities are as follows:

<i>Dollars In Thousands</i>	Group	
	2025	2024
Less than 6 months	1,176	1,110
More than 6 months but within 12 months	1,124	1,156
More than 1 year but within 2 years	2,163	2,227
More than 2 years but within 5 years	6,295	6,232
After 5 years	92,123	93,666
	102,881	104,391

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

Millennium & Copthorne Hotels New Zealand Limited

Notes to the Consolidated Financial Statements for the year ended 31 December 2025

21(a) Lease Liability - continued

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero. The Group presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities in the Statement of Financial Position.

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

21(b) Schedule of right-of-use assets by class

<i>Dollars In Thousands</i>	Lease term	Carrying value @ 01/01/25	Depreciation on right-of-use asset for the year	Addition during the year	Disposal during the year	Movement in foreign exchange	Carrying value @ 31/12/25
Land sites at hotels	Renewal at 21 year cycles for perpetuity	19,978	(345)	82	-	-	19,715
Corporate office building and hotel carpark	Between 5 to 23 years	5,445	(286)	-	-	-	5,159
Motor vehicles	Between 12 to 45 months	460	(270)	206	(34)	-	362
Totals		25,883	(901)	288	(34)	-	25,236

21(c) Schedule of lease liabilities by class

<i>Dollars In Thousands</i>	Lease term	Carrying value @ 01/01/25	Interest expense for the year	Addition during the year	Disposal during the year	Lease payment for the year	Carrying value @ 31/12/25
Land sites at hotels	Renewal at 21 year cycles for perpetuity	20,889	1,285	82	-	(1,330)	20,926
Corporate office building and hotel carpark	Between 5 to 23 years	5,712	546	-	-	(645)	5,613
Motor vehicles	Between 12 to 45 months	495	48	206	(34)	(327)	388
Totals		27,096	1,879	288	(34)	(2,302)	26,927

21(d) Exemptions and exclusions

Exempted were motor vehicle leases shorter than 12 months and leased assets with value below \$8,000. Excluded were variable rentals and lease payments. The following table summarizes these leases by class:

<i>Dollars In Thousands</i>	Expense recognised in the Profit & Loss	Lease commitments @ 31/12/25	Lease commitments within one year	Lease commitments between one and 5 years	Lease commitments more than 5 years
Short term leases <12 months	123	112	112	-	-
Low value leased assets	35	176	35	141	-
Variable lease payments under service and management contracts	616	21,539	896	3,586	17,057
Total	774	21,827	1,043	3,727	17,057

22. Investment in joint venture

A joint venture is an arrangement in which the Group has joint control, over the financial and operating policies. They are accounted for using the equity method. The financial statements include the Group's share of the income, expenses and reserves of the joint venture from the date that joint control commences until the date that joint control ceases. When the Group's share of losses exceeds its interest in an equity accounted investee, the carrying amount of that interest (including any long-term investments) is reduced to nil and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the joint venture.

Millennium & Copthorne Hotels New Zealand Limited

Notes to the Consolidated Financial Statements for the year ended 31 December 2025

22. Investment in joint venture - continued

In 2023, the Group through Kingsgate Holdings Pty Limited (100% subsidiary) formed a 50:50 joint venture with its Parent Company to acquire the leasehold assets and the freehold assets of the Sofitel Brisbane Central hotel in Queensland, Australia. The joint venture is Marquee Hotel Holdings Pty Limited. Within the Marquee Hotel Holdings group, there are six wholly owned entities. Marquee Hotel Holdings group completed the acquisition of the Sofitel Brisbane Central on 15 December 2023. The hotel is managed by an external hotel management group.

The Group's share of profit in its joint venture for the year was \$2.639m (2024: \$1.508m).

Principal Activity		Principal Place of Business	Group Holding % 2025
Marquee Hotel Holdings Pty Limited	Investment Holding	Australia	50.00
100% owned subsidiaries of Marquee Hotel Holdings Pty Limited are:			
Marquee Brisbane Hotel Pty Limited	Trustee Company of Marquee Brisbane Hotel Trust	Australia	
Marquee Brisbane Hotel Trust	Lessee of leasehold assets expiring 30 December 2057	Australia	
Marquee Brisbane Hotel 2 Pty Limited	Trustee Company of Marquee Brisbane Hotel 2 Trust	Australia	
Marquee Brisbane Hotel 2 Trust	Lessee of leasehold assets expiring 24 May 2120	Australia	
Marquee Hotel Operations Pty Limited	Trustee Company of Marquee Hotel Operations Pty Trust	Australia	
Marquee Hotel Operations Pty Trust	Hotel Assets and Operations	Australia	

Summary financial information for joint venture, not adjusted for the percentage ownership held by the Group:

<i>Dollars In Thousands</i>	Group	Group
	2025	2024
Non-current assets	208,686	203,903
Current assets	36,643	26,112
Non-current liabilities	(3,584)	(1,382)
Current liabilities	(139,326)	(135,525)
Net assets (100%)	102,419	93,108
Group's share (50%)	51,209	46,554

The current assets balance of the joint venture includes a cash and cash equivalents balance of \$32.23m (2024:\$21.74m). The current liabilities balance of the joint venture includes balances owing to shareholders of \$128.15m (2024:\$125.87m).

	Group	Group
	2025	2024
Revenue	58,077	53,470
Operating profit/(loss)	9,072	6,074
Interest (expense)/income	(1,013)	(1,756)
Income tax expense	(2,781)	(1,301)
Profit for the year (100%)	5,278	3,017
Group's share of profit (50%)	2,639	1,508

Movements in the carrying value of joint venture:

	Group	Group
	2025	2024
Balance at 1 January	46,554	43,943
Purchase of investment	-	-
Share of profit for the year	2,639	1,508
Foreign exchange adjustments	2,016	1,103
Balance at 31 December	51,209	46,554

Millennium & Copthorne Hotels New Zealand Limited

Notes to the Consolidated Financial Statements for the year ended 31 December 2025

23. Non-controlling interests ("NCI")

The following subsidiary has material NCI.

	Principal Activity	Principal Place of Business	Holding % 2025	Holding % 2024
CDL Investments New Zealand Limited "CDI"	Property Investment and Development	NZ	34.88	34.69

The following is the summarised financial information for CDL Investments New Zealand Limited and subsidiary. The information is before intercompany eliminations with other companies in the Group.

<i>Dollars In Thousands</i>	CDI Group	
	2025	2024
Revenue	38,117	49,059
Profit after tax	11,066	15,381
Profit attributable to NCI	3,860	5,336
Other comprehensive income	-	-
Total comprehensive income	11,066	15,381
Other comprehensive income attributable to NCI	3,860	5,336
Current assets	37,569	70,172
Non-current assets	294,056	258,450
Current liabilities	(5,989)	(4,593)
Non-current liabilities	(4,458)	(4,377)
Net assets	321,178	319,652
Net assets attributable to NCI	112,027	110,887

<i>Dollars In Thousands</i>	CDI Group	
	2025	2024
Cash outflow from operating activities	(9,748)	(8,129)
Cash inflow from investing activities	(560)	48,497
Cash outflow from financing activities	(9,813)	(9,724)
Net increase/(decrease) in cash and cash equivalents	(20,121)	30,644
Dividends paid to NCI during the year	3,543	3,507

24. Subsequent events

On 24 February 2026, an ordinary dividend of 3.0 cents per qualifying share and a supplementary dividend of 0.0053 cents per qualifying share were declared by the Directors. Details are in Note 7.



Independent Auditor's Report

To the shareholders of Millennium & Copthorne Hotels New Zealand Limited

Report on the audit of the consolidated financial statements

Opinion

We have audited the accompanying consolidated financial statements which comprise:

- the consolidated statement of financial position as at 31 December 2025;
- the consolidated income statement, consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended; and
- notes, including material accounting policy information and other explanatory information.

In our opinion, the accompanying consolidated financial statements of Millennium & Copthorne Hotels New Zealand Limited (the **Company**) and its subsidiaries (the **Group**) on pages 1 - 30 present fairly in all material respects:

- the Group's financial position as at 31 December 2025 and its financial performance and cash flows for the year ended on that date;
- In accordance with New Zealand Equivalents to International Financial Reporting Standards (**NZ IFRS**) issued by the New Zealand Accounting Standards Board and the International Financial Reporting Standards issued by the International Accounting Standards Board.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) (**ISAs (NZ)**). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We are independent of Millennium & Copthorne Hotels New Zealand Limited in accordance with Professional and Ethical Standard 1 International Code of Ethics for Assurance Practitioners (Including International Independence Standards) (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (**IESBA Code**), as applicable to audits of financial statements of public interest entities. We have also fulfilled our other ethical responsibilities in accordance with Professional and Ethical Standards 1 and the IESBA Code.

Our responsibilities under ISAs (NZ) are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

Our firm has provided other services to the Group in relation to tax compliance, tax advisory services as well as limited assurance work on climate related disclosure. Subject to certain restrictions, partners and employees of our firm may also deal with the Group on normal terms within the ordinary course of trading activities of the business of the Group. These matters have not impaired our independence as auditor of the Group. The firm has no other relationship with, or interest in, the Group.

Materiality

The scope of our audit was influenced by our application of materiality. Materiality helped us to determine the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and on the consolidated financial statements as a whole. The materiality for the consolidated financial statements as a whole was set at \$1.92m determined with reference to a benchmark of the Group's profit before tax. We chose the benchmark because, in our view, this is a key measure of the Group's performance.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements in the current period. We summarise below those matters and our key audit procedures to address those matters in order that the shareholders as a body may better understand the process by which we arrived at our audit opinion.

Our procedures were undertaken in the context of and solely for the purpose of our audit opinion on the consolidated consolidated financial statements as a whole and we do not express discrete opinions on separate elements of the consolidated consolidated financial statements.

The key audit matter	How the matter was addressed in our audit
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Impairment of hotel assets	
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Refer to Note 9 to the consolidated financial statements.	
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Impairment of hotel assets is a key audit matter given the magnitude of the balance (hotel assets being 40% of total assets), conditions that indicate potential impairment and the judgement required by us in assessing the Group's key valuation assumptions to determine the value of specific hotel assets.	
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The recoverable amount of hotel assets was determined by an external valuer. We focused on the key assumptions in the valuation models including the projected occupancy rates, average daily room rates (ADRs), discount rates, terminal capitalisation rates, capitalisation rates and square metre rates. Due to slower economic growth, geopolitical unrest, slower than expected recovery from COVID-19, excess supply in some markets and difficult low season trading conditions continue to affect occupancy rates and Average Daily	
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	Our audit procedures included:
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| | <ul style="list-style-type: none"> • Organising hotel visits for a sample of selected hotels and assessing if there are any impairment indicators such as physical damages and poor condition or major refurbishments. • Evaluating the Group's determination of the appropriate unit of measure for impairment testing purposes, or changes thereto, the cash-generating unit ("CGU"). • Assessing each hotel asset for impairment indicators with consideration of changes in contractual arrangements, economic conditions, financial performance, physical quality of the underlying asset and capital expenditure requirements, among other factors. Identify specific hotels with impairment indicators. • Assessing the scope of work performed, competency, professional qualifications, independence, and experience of the external valuer(s) engaged by the Group. This included direct enquiry and challenging the methods and assumptions used by external valuer(s). • Assessing the Group's key valuation assumptions aforementioned in the external valuations by: <ul style="list-style-type: none"> - comparing to externally derived data from hotel industry reports and other market data; - assessing the relevance and reasonableness of the key assumptions with reference to rates used in the prior year |
|--|--|

The key audit matter

How the matter was addressed in our audit

Rates, which could in turn impact hotel valuations.

external valuations, financial performance and recent market evidence presented by the valuer(s).

- Assessing the accuracy of the external valuer(s)' and management's previous forecasts to inform our evaluation of the forecasts incorporated into the valuation models. This included comparing actual occupancy rates, ADRs and direct costs to the assumptions projected over the forecast period and used in the prior period valuations.
- Assessing hotels that are most sensitive to impairment using sensitivity analysis over key assumptions and comparing the headroom.
- Assessing the adequacy of the disclosures made in the financial statements by using our understanding obtained from our testing and against the requirements of the relevant accounting standards.

We did not identify material exceptions from procedures performed, and the financial statement disclosure is consistent with the requirements of the accounting standards.

Capitalisation and allocation of development costs

Refer to Note 10 to the financial statements.

The Group's development property comprises land and development costs incurred to develop land into subdivisions and individual properties for sale. The development property portfolio represents 35% of total assets on the consolidated statement of financial position.

The capitalisation and allocation of development costs is a key audit matter as determining whether to capitalise or expense costs relating to development of land is subjective, as it depends on whether the costs enhance the land or maintain the current value. In addition, there is significant judgement in determining whether obligations exist for future costs and how to allocate capitalised development costs to individual properties or stages.

The key judgements used in this determination are:

Our audit procedures included:

- Evaluating the Group's accounting policy for capitalisation of development costs against NZ IAS 2;
- Testing the design and implementation, as well as operating effectiveness of internal review of allocation of costs to projects or stages;
- Testing samples of capitalised development costs and vouched to supporting documents. For each selected sample, we:
 - Considered the nature of the costs capitalised and evaluated whether they are eligible for capitalisation under NZ IAS 2;
 - Assessed the appropriateness of the allocation of cost to the individual project and stages;
 - Compared the amount capitalised against amounts per supporting documents;
 - Inspecting Sales and Purchase Agreements, settlement statements and cash payments for land acquisitions during the reporting period. We further assessed the accounting treatment for unsettled land acquisitions for which the Group has paid a deposit prior to the year-end;
- Performing analytical procedures to assess appropriateness of the margins across periods of sale;

The key audit matter

How the matter was addressed in our audit

- Whether costs are eligible for capitalisation under the relevant accounting standards.
 - The allocation of capitalised costs to the individual projects, stages and land lots and the associated recognition of cost of sales.
 - Whether a capitalised cost and the associated liability for future obligations should be recorded under the relevant accounting standard.
- Performing a retrospective review of the forecast costs and cost of sales to assess management's ability to forecast future costs accurately based on readily available information;
 - Evaluating the reasonableness of the Group's judgement to record liabilities for future obligations and that these have been appropriately measured and recorded in accordance with the applicable accounting standards;
 - Assessing the accuracy and completeness of disclosures made in the Consolidated Financial Statements of the Group against results of our testing and against the requirements of the accounting standards.

Our testing did not identify any material exceptions related to the capitalisation of development costs, the allocation of those costs to individual project stages and the recognition of future development cost obligations.

Other information

The directors, on behalf of the Group, are responsible for the other information. The other information comprises the Chairman and Managing Director's review, NZX Results Announcement, and Media Release (but does not include the consolidated financial statements and our auditor's report thereon), which we obtained prior to the date of this auditor's report, and the Group's Annual Report which is expected to be made available to us after that date.

Our opinion on the consolidated financial statements does not cover any other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements our responsibility is to read the other information and in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the Group's Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to directors and use our professional judgement to determine the appropriate action to take.

Use of this independent auditor's report

This independent auditor's report is made solely to the shareholders. Our audit work has been undertaken so that we might state to the shareholders those matters we are required to state to them in the independent auditor's report and for no other purpose. To the fullest extent permitted by law, none of KPMG, any entities directly or indirectly controlled by KPMG, or any of their respective members or employees, accept or assume any responsibility and deny all liability to anyone other than the shareholders for our audit work, this independent auditor's report, or any of the opinions we have formed.

Responsibilities of directors for the consolidated financial statements

The directors, on behalf of the Group, are responsible for:

- the preparation and fair presentation of the consolidated financial statements in accordance with NZ IFRS issued by the New Zealand Accounting Standards Board and the International Financial Reporting Standards issued by the International Accounting Standards Board;
- implementing the necessary internal control to enable the preparation of a consolidated set of financial statements that is free from material misstatement, whether due to fraud or error; and
- assessing the ability of the Group to continue as a going concern. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate or to cease operations or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objective is:

- to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error; and
- to issue an independent auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance but it is not a guarantee that an audit conducted in accordance with ISAs NZ will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

A further description of our responsibilities for the audit of the consolidated financial statements is located at the External Reporting Board (XRB) website at:

<https://www.xrb.govt.nz/standards/assurance-standards/auditors-responsibilities/audit-report-1-1/>

This description forms part of our independent auditor's report.

The engagement partner on the audit resulting in this independent auditor's report is Matthew Wilcox.

For and on behalf of:



KPMG

Auckland

24 February 2026