

food and beverage operations. Our expectation is that there will be some improvement of these constraints by the end of the year”.

“We saw a further resurgence of business into leisure locations such as the Bay of Islands, Rotorua, Queenstown and Te Anau, and we expect to see an additional uplift across our hotel network as we head towards summer. Considering the effects of the severe weather incidents which affected our Auckland and Northland hotels in January and February, the 1H23 performance was a good result in unexpectedly challenging circumstances”, he said.

Highlights for the six months include the conditional acquisition of Sofitel Brisbane Central hotel, for AUD\$177.7 million as a 50:50 joint venture with MCK’s parent company, Millennium & Copthorne Hotels Limited; and continued investment into the refurbishment of the New Zealand hotel network. While there were no new sales of the Zenith Apartments in Sydney in the last six months, contracts have been exchanged for the sale of one sub-penthouse apartment with settlement scheduled for September 2023. MCK’s aim is to complete sales of the remaining apartments over the next two years as the operational focus shifts towards the Brisbane investment.

Results Snapshot

For the six month period ended 30 June 2023, MCK has reported an unaudited profit before tax and non-controlling interests of \$11.47 million (2022: \$32.05 million). Group revenue for the period was \$60.05 million (2022: \$83.66 million), with profit after tax and non-controlling interests of \$6.18 million (2022: \$15.40 million). The reductions are primarily due to lower sales activity recorded by MCK’s majority-owned subsidiary CDL Investments New Zealand Limited (“CDI”) which reported revenue of \$11.97m (2022: \$47.81m); and no one-off apartment sales (2022: \$8.58m).

Earnings per share for the period was 3.90 cents per share (2022: 9.74 cps). Net Tangible Assets per share as at 30 June 2023 remained stable at \$3.37 per share (2022: \$3.33 per share).

Update on Sofitel Brisbane Central acquisition

In relation to its purchase agreement for the Sofitel Brisbane Central hotel, MCK notes that approval from Australia’s Foreign Investment Review Board has been obtained and that the parties are making progress towards settlement.

“There are still a number of conditions that need to be completed before we can settle the transaction but we believe that we remain on track to do so before the end of the calendar year”, said Mr. Harrison. “We are excited to complete the purchase and to provide more information when we can on how this purchase will benefit all of MCK’s shareholders”.

Outlook

MCK’s board and management remain focused on building on the positive momentum now being seen by the New Zealand hotel operations and maximising returns over the coming months.

“We are targeting our New Zealand hotel operations to be profitable in their own right for the year. This will be critical as we expect profit contributions from CDI and our Zenith Apartments sales to be softer than previous years. CDI are optimistic that sales will increase in the second half of this year but recognise that the total number of section sales for 2023 will be below the number seen in previous years. CDI are actively looking at opportunities to add to their land portfolio including projects which can be brought to market relatively quickly”.

“One-off events this year will provide a timely influx of overseas visitors across our hotel network and the addition of new air services from later this year from key destinations in North America and Asia will also help boost occupancies around the country”, he said.

“We have initiatives in place to manage market and economic challenges and we believe that shareholders should be optimistic about MCK’s future as we look to revive and grow our core business.”

ENDS

Issued by Millennium & Copthorne Hotels New Zealand Limited

Enquiries to:

Stuart Harrison Managing Director +64 21 869 216

About Millennium & Copthorne Hotels New Zealand Limited

Millennium & Copthorne Hotels New Zealand Limited (NZX:MCK) is the only NZSX listed hotel owner – operator with 18 owned / leased / franchised hotels based in New Zealand under the Millennium, Grand Millennium, M Social, Copthorne and Kingsgate brands. As part of the Millennium & Copthorne Hotels group, we are proud to be part of a global network of over 120 properties in gateway cities across Asia, Europe, North America, the Middle East and New Zealand. MCK is also the majority shareholder in land developer CDL Investments New Zealand Limited (NZX:CDI) and also has property interests in Australia through its Kingsgate Group subsidiaries.

For more information, visit our website: www.millenniumhotels.co.nz