



MILLENNIUM

HOTELS AND RESORTS

MILLENNIUM & COPTHORNE HOTELS NEW ZEALAND LIMITED

STOCK EXCHANGE ANNOUNCEMENT

2019 ANNUAL SHAREHOLDER MEETING – REMARKS BY THE CHAIR

On behalf of the Directors, I present the Annual Report and the Statement of Financial Accounts to 31 December 2018.

As I said in the annual report, the Board was pleased to see increases in revenue and profit which reflected tourism growth and MCK's continued competitiveness. In summary:

- MCK recorded an increased profit after tax of \$49.4 million;
- increased revenue of \$218.8 million; and
- a 21.7% increase gross operating profit.

These results allowed the Board to increase the dividend to shareholders to 7.5 cents per share which was paid to you on 17 May.

While we are pleased with the performance of the group in 2018, we cannot ignore more difficult trading conditions ahead in 2019. There are challenges ahead in the form of increasing numbers of hotel rooms in major cities, a very tight labour market which shows no sign of improving and the after effects of the tragic events in Christchurch in March of this year.

We do expect growth in the next two years to be slower than what we have seen in the past two or three years. This will translate through to our results but the Board remains confident that MCK can sustain its current level of earnings and market share in key segments.

MCK is also in a sound position to seek out opportunities to add to its portfolio and as I stated last year, I am keen to see MCK seek out appropriate opportunities in Australia if these are feasible.

As you know, the board has a long-term vision and we are mindful of shareholder feedback. I want to assure shareholders that we will not embark on any acquisition or transaction that will not bring significant long-term value to MCK and shareholders. The management team monitors the hotel and property markets closely on both sides of the Tasman and has looked at potential acquisitions for MCK. Nothing to date has met our investment criteria or our strategic requirements.

Our immediate focus in Australia therefore is the sale of our apartments at the Zenith Residences in Sydney and ensuring that we get the best possible returns for those.