

**WELCOME TO
OUR WORLD OF
HOSPITALITY**

36th Annual General Meeting
25th May 2021

More than Meets the Eye



WELCOME


- Welcome to this Virtual Meeting.
- The Meeting Chair is Graham McKenzie.
- Board of Directors are attending remotely:
 - Colin Sim (Chairman)
 - B K Chiu (Managing Director)
 - Richard Bobb (Independent Director)
 - Kevin Hangchi (Director)
 - Eik Sheng Kwek (Director)
 - Leslie Preston (Independent Director)

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- Quorum.
- Apologies will be recorded in the minutes.
- Proxies.
- Minutes of the 35th Annual Meeting.
- Notice of Meeting taken as read.


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Richard Bobb retiring from the Board




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2020 – the year of the pandemic

“Bend.....don’t break”



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We saw the best of our people in 2020



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**Thank you to all MCK staff across New Zealand
for all your work in 2020**

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Summary of MCK's 2020 Results

- Our results for 2020 were better than forecast.
- Overall result was helped by a one-off non-cash tax-credit, and strong contributions from CDL Investments and from our Australian operations.
- Core hotel operations in 2020 recorded a small profit of \$1.9 million.
- Total occupancy over last year was 39.2%.
- Revenue Per Available Room (RevPAR) of \$66.17.

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Outlook for 2021

- Impact of the pandemic will continue to be felt in 2021.
- International borders will stay closed for now.
- Small pick up in Australian visitors as a result of the Trans-Tasman Bubble.
- Disruptions will lead to cancellations and impact on present and future revenue.
- Seems inevitable that our borders will remain shut for this year and for a part of 2022.

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Outlook for 2021 (cont...)

- We have the financial resources and balance sheet strength to endure these ongoing difficulties.
- We have the ability to look beyond the current situation.
- Board has approved an extension to the refurbishment plans for Millennium Hotel Queenstown and Millennium Hotel Rotorua.
- Priority now is to position MCK to be able to take every advantage of growth when it returns.

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MILLENNIUM
HOTELS AND RESORTS

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MCK 2020 Group Results

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Group Revenue (\$m):	172.0	229.7	218.8
EBITDA (\$m):	60.4	94.0	91.3
Profit Before Tax (\$m):	50.9	85.4	85.1

- Border closure and lockdowns impacted sales in hotels.
- Deferred tax credit (\$20m) from reintroduction of tax depreciation on buildings was booked into profit and loss.
- Property interests in CDL Investments and KIN Holdings, Australia cushioned the group's results.

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Hotels: April YTD Trading

	2021	2020	2019
• Hotel Revenue:	\$20.1m	\$31.6m	\$47.6m
• Occupancy:	39.9%	57.5%	89.1%
• Average Room Rate:	\$158	\$184	\$176
• RevPAR:	\$63	\$105	\$157

- April 2019 should be the benchmark.
- Two hotels remain closed.
- Revenue loss from 2 lockdowns in February and March.
- Copthorne Hotel Palmerston North, Copthorne Hotel Wellington Oriental Bay, Millennium Hotel New Plymouth and Kingsgate Hotel Dunedin all traded better than 2020.
- M Social and Grand Millennium Auckland remain managed isolation facilities.
- Trading improvement trends seen at Copthorne Hotel Bay of Islands, Millennium Hotel Rotorua and Copthorne Hotel Queenstown, Lakeview.

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Cash Management

- Positive cash flow April YTD.
- Cash / term deposits \$39m.
- Bank line of credit \$60m (\$56m unused).
- Current Ratio 1.9.
- LVR 2.03%.
- Debt to asset ratio 2.6%.
- Proceeds from sale of Christchurch land received in May.
- MCK has ability to access extra bank funding for growth opportunities.

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Recovery Runway

- Retaining experience and expertise as selective recruiting commence.
- Trans-Tasman border opening will benefit upcoming ski season and group tours in summer.
- Skills shortage an issue notably in Queenstown.
- Encouraging sales from domestic direct bookings, Away To Go vouchers and from marketing partnerships.
- More but smaller residential meetings across locations versus large conferencing events at one venue.



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Recovery Runway (cont...)

- Major Capex plan tailored to recovery by 2024. Paced approach recognising the fragility of border openings.
- Stage 1, Millennium Hotel Queenstown refurbishment to be ready for summer.
- Stage 1, Millennium Hotel Rotorua refurbishment to be ready for summer.
- Kingsgate Hotel Greymouth, demolition of 1906 wing completed. Reception, restaurant to relocate to Tower wing. Hotel to be a 4 star Copthorne.
- Copthorne Hotel Queenstown, Lakefront, roof and strengthening works completed.

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CDL Investments 2020 Sales

Increased demand for residential sections saw more sales in Christchurch.

	2020	2019	2018
Sales (\$m)	88.8	91.8	85.0
Profit before tax (\$m)	41.8	47.3	46.7

Section sales were from:

- Prestons Park, Christchurch
- Magellan Heights, Hamilton
- Kewa Road & Dominion Road, Auckland

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April 2021 YTD Sales

Sections developed in late 2020 enabled a large lift in sales in first four months of 2021.

- Sales \$35.7m (\$18.8m in 2020)
- Sales were from:
 - Prestons Park, Christchurch
 - Dominion Road, Papakura
 - Kewa Road, Auckland
- Last section sold at Magellan Heights, Hamilton.

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- Cash & term deposits: \$122m
(as at 30 April 2021)
- Quick ratio* 10.7
- No bank borrowings

* $\frac{\text{Total current assets less inventory}}{\text{Total current liabilities}}$

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WORK IN PROGRESS

<p>Christian Tram Valley Road, Swanson, Auckland</p> <ul style="list-style-type: none"> ▪ Earthworks drainage & utility services completed. ▪ Subdivision roads being constructed ▪ Titles to issue in Q1, 2022 	<p>▪ Stage 4: - C1-C2, construction completed. Titles in July 2021. All sold pre-title. - D1-D3, construction underway. Titles in September 2021.</p>
<p>Prestons Park, Marshlands / Burwood, Christchurch</p> <ul style="list-style-type: none"> ▪ Stage 5: Earthworks underway 	
<p>Prestons Commercial (15 units, F&B + Retail)</p> <ul style="list-style-type: none"> ▪ Construction progressing. ▪ Completion Q4, 2021 	
<p>Stonebrook, Rolleston, Selwyn</p> <ul style="list-style-type: none"> ▪ Last stage 27 all sold bar 1 	
<p>Stonebrook Commercial (5 units F&B)</p> <ul style="list-style-type: none"> ▪ Construction completed. ▪ 3 units leased 	
<p>Roscommon Road, Wiri</p> <ul style="list-style-type: none"> ▪ Lot 1: Warehouse under construction. Leased. ▪ Lot 2: Sold. ▪ Lot 3: Sold. 	
<p>South Auckland Commercial site</p> <ul style="list-style-type: none"> ▪ Lot 3: Sold. 	

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CDL Hamilton Subdivisions

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<p>Gordonton Road, Hamilton</p> <ul style="list-style-type: none"> ▪ Awaiting Hamilton Council decisions. 	
<p>Hobsonville Road, Auckland</p> <ul style="list-style-type: none"> ▪ Awaiting Whenuapai plan change by Auckland Council. 	
<p>Arataki Road, Havelock North</p> <ul style="list-style-type: none"> ▪ Final decision from Hastings Council forthcoming. 	

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- Low mortgage rates and availability have increased demand for property including sections.
- New housing policies, border closure and migration policies will temper housing demand going forward.
- CDI pipeline supply development will continue with works in progress for 2022 sales.
- Progress at Auckland, Hamilton and Havelock North development dependent on speed of local council consents.
- Continue to increase land portfolio for development.
- CDI to deliver a profitable 2021.

CDL INVESTMENTS
NEW ZEALAND LIMITED

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Summary

- Hotel financials stable.
- Cash flow positive results.
- Cost price squeeze and fragility of open borders call for optimising versus maximising strategies.
- Trans-Tasman border opening positive for Queenstown.
- Growth trend in smaller but more domestic business meetings across regions, positive for MCK.
- Recovery plan with hiring and refurbishments paced to a 2024 recovery.
- Lift in CDL Investment section sales April YTD will assist MCK group earnings in 2021.

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Election of Directors

- Election of **Leslie Preston** as a Director
- Re-election of **Kevin Hangchi** as a Director
- Re-election of **Colin Sim** as a Director

➢ Each Director needs to be individually elected.
➢ All resolutions are being conducted by way of poll.

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Election of Director

Election of **Leslie Preston** as a Director



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Election of Director

Election of **Kevin Hangchi** as a Director




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Election of Director

Election of **Colin Sim** as a Director



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AUDITORS APPOINTMENT & REMUNERATION

- No other nomination received - KPMG are reappointed as the Company's auditors.
- Resolution that the Directors be empowered to fix the remuneration of the Auditors for the year ending 31 December 2021.



CLOSE OF MEETING

Thank you for attending

