

**WELCOME TO
OUR WORLD OF
HOSPITALITY**

37th Annual General Meeting
24th May 2022

More than
Meets the Eye



MILLENNIUM
HOTELS AND RESORTS

WELCOME

- Welcome to this Hybrid Meeting.
- This meeting is being held in person and is being webcast.
- The Meeting Chair is Graham McKenzie.
- Directors who are attending in person:
 - B K Chiu (Managing Director)
 - Eik Sheng Kwek (Director)
 - Leslie Preston (Independent Director)
- Directors who are attending remotely:
 - Colin Sim (Chairman)
 - Kevin Hangchi (Director)

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How to Participate in Virtual/Hybrid Meetings (Q&A)

Shareholder & Proxyholder Q&A Participation

Written Questions: Questions may be submitted ahead of the meeting. If you have a question to submit during the live meeting, please select the Q&A tab on the right hand of your screen at anytime. Type your question into the field and press submit. Your question will be immediately submitted.

Help: The Q&A tab can also be used for immediate help. If you need assistance, please submit your query in the same manner as typing a question and a Computershare representative will respond to you directly.



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How to Participate in Virtual/Hybrid Meetings (Voting)

Shareholder & Proxyholder Voting

Once the voting has been opened, the resolutions and voting options will allow voting.

To vote, simply click on the Vote tab, and select your voting direction from the options shown on the screen. You can vote for all resolutions at once or by each resolution.

Your vote has been cast when the tick appears. To change your vote, select 'Change Your Vote'.



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- Quorum.
- Apologies will be recorded in the minutes.
- Proxies.
- Minutes of the 36th Annual Meeting.
- Notice of Meeting taken as read.

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Summary of MCK's 2021 Results

- The efforts of our team members in 2021 were no less extraordinary than in 2020.
- The last two years have been nothing short of an existential crisis for tourism.
- MCK has survived.

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Outlook for 2022

- The announcement earlier this month that the international borders will reopen from the end of July is very welcome.
- Nevertheless, the situation can change very rapidly.
- New surge of Covid could see the re-imposition of restrictions on gatherings and on travel.

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Outlook for 2022 (cont.)

- 2022 would be another difficult year and this is proving to be the case.
- Managing Director’s presentation to outline current challenges.

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Outlook for 2022 (cont.)

- Light at the end of the tunnel.
- Our land development operations through CDL Investments are doing well, the reopening of the international border should help our performance towards the end of this year.
- We are working on refurbishments to key properties.
- Major sporting events will be coming to New Zealand soon.

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Outlook for 2022 (cont.)

- Thank you for your continued confidence in MCK.
- We remain well positioned for recovery.
- Demand for travel remains strong globally.

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HOTELS AND RESORTS

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MCK 2021 Group Results

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Group Revenue (\$m):	164.8	172.0	229.7
EBITDA (\$m):	72.8	62.2	94.0
Profit Before Tax (\$m):	64.6	54.4	85.4

- Group revenue reduction from hotel operations. Border closure & lockdown impacts.
- Ebitda \$ PBT increase from sale of land in Christchurch.
- CDL Investments and KIN Holdings, Australia continue to “soft-land” group’s results.

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Hotels: April 2022 YTD Trading

	2022	2021	2020	2019
• Hotel Revenue (\$m):	16.6	20.1	31.6	47.6
• Occupancy (%):	35.8	39.9	57.5	89.1
• Average Room Rate (\$):	171	158	184	176
• RevPAR (\$):	61	63	105	157

- Border closure and trading restrictions continued to impact hotel occupancy and revenue.
- Four hotels practically closed.
- M Social Auckland and Grand Millennium remained managed isolation facilities.
- Hotels with corporate guests fared better. Domestic leisure improved except in Queenstown.

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State of the Industry

- Unprecedented setback, even existential.
- Stop-start disruptions.
- Border now open to visa-waiver countries, August for visa countries.
- Staffing challenges continue.
- Cost-price squeeze; crisis mutation to food, fuel, energy inflation, debt servicing storm?
- Ongoing cash flow challenges.
- MIQ/MIF ends with room supply increasing, notably in Auckland.

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Tourism Expenditure (Tourism Satellite Account 2019)

- Tourism spend : \$41 billion
- GST : \$3.9 billion
- Value added : 67 cents per dollar spent
- Contribution to GDP : \$16 billion
- Direct employment : 230,000
- Percentage of total people employed: 8.4%

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Economic (& social) Linkages from Tourism

- Tourism spend (%) of total by Product Category

	%
Transport	: 31
Retail	: 28
F&B	: 13
Accommodation	: 9
Others	: 19
- Only 9 cents in every dollar spend were on accommodation.
- But linkages go well beyond accommodation services, into & across communities.

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Economic (& social) Linkages from Tourism

- NZ has more motels, 3 & 4 star hotels, B&Bs, farm stays, holiday parks, backpackers than luxury lodges and five star hotels.
- A strategy centered on high end visitors is questionable in generating optimum economic & social linkages for NZ.

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Auckland Council Rates

1. Uniform Annual General Charge
2. General Rates – Urban Business
3. Waste Management – Base Service Targeted Rate
4. Waste Management – Standard Refuse Targeted Rate
5. Natural Environment Targeted Rate – Business
6. Waste Quality Targeted Rate – Business
7. Business Improvement District Heart of the City Targeted Rate
8. Swimming Spa Pool Compliance Targeted Rate
9. City Centre Targeted Rate
10. Accommodation Provider Targeted Rate

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Auckland Accommodation Provider Targeted Rate (APTR)

- 2017 – Targeted rate (based on Capital Value) on accommodation providers to raise \$28.7m pa. introduced by Auckland Council.
- 2018 – Group of hotel owners' challenged validity of the targeted rate through a Judicial Review at the High Court – Unsuccessful.
- 2020 – Notice of appeal to the Court of Appeal against the High Court judgement.
- 2021 – Court of Appeal reversed the High Court decision that the APTR was legal/fair and reasonable.



Court of Appeal Judgement (10 November 2021)

- "We (Court of Appeal) make declarations to impose the APTR in the 2017/2018 and 2018/2019 rating years were invalid. Those decisions are set aside."
- The Auckland Council had not complied with the Local Government Act.
- Council should have conducted an assessment of the benefits to the targeted group or how the benefit was distributed across other ratepayers and the Auckland community.



Court of Appeal Judgement (10 November 2021 (cont.))

- Council conducted the assessment at the end of the process to "reverse engineer a justification for a scheme that had been formulated without regard to those criteria in an attempt to achieve an outcome that was beyond the scope of a rating mechanism,"
- Auckland Council's appeal to Supreme Court to be heard on 20/21 July 2022.



MCK WHAT MATTERS NOW



Cash Management

- Cash / term deposits: \$50m (\$39m 2020).
- Current Ratio: 2.0 (1.9 in 2020).
- Debt to asset ratio: 7.5%* (3.0% in 2020).
- Bank line of credit: \$25m (\$55m in 2020)
- MCK has ability to access extra bank funding for growth opportunities.

* Accounting policy on measurement of land and buildings changed from revaluation to historical cost.



What Matters Now- the Recovery Runway

- Cash flow management.
- Maintain operating margins.
- Do not over-extend, optimize, live with not wish for.
- Re-organise for flexibility in staffing movements, multi-task.
- Promote, Promote, Promote.
- Fish where the fish are.
- Protect and enhance assets.



Millennium Hotels and Resorts New Zealand

It's your winter. Your way! It's all the snow or escape the snow. Done with family and friends or recharge in the spa. Explore a new destination or head back to a favourite. With 16 hotels nationwide, the choice is yours.

2 NIGHTS BED & BREAKFAST
YOUR WINTER YOUR WAY

ADD A 3RD NIGHT HOTEL BREAKFAST \$50
A \$30 FOOD & BEVERAGE Credit included

WINTER 2021

Are you being served?

2 NIGHTS STAY
INCLUDING BREAKFAST AND ONE \$20 FAB CREDIT

Simple Joys

At \$30 FOOD & BEVERAGE Credit included

2 NIGHTS BED & BREAKFAST
SPRING / SUMMER 2021/2022

1279 1309 1339 1369

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What matters now - the Recovery Runway

- Cash flow management.
- Maintain operating margins.
- Do not over extend, optimize, live with not wish for.
- Re-organise for flexibility in staffing movements, multi-task.
- Promote, Promote, Promote.
- Fish where the fish are.
- **Protect and enhance assets.**

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Kingsgate to Copthorne Conversions

Copthorne Oriental Bay

Copthorne Palmerston North

Copthorne Rotorua

Copthorne Lakeview

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Fifth Kingsgate to Copthorne Conversion

Copthorne Greymouth

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Millennium Hotel Queenstown

MILLENNIUM HOTEL QUEENSTOWN

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Millennium Hotel Rotorua

MILLENNIUM HOTEL

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Copthorne Hotel Palmerston North



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Copthorne Hotel Bay of Islands

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Corridor Carpets - DONE

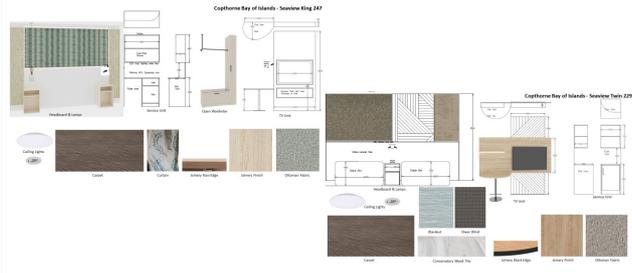


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Mock-up Rooms for Refurbishment of Hotel (ongoing)



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Redesign and Refurbish Waitaha Conference Centre



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Waitaha Conference Centre Functions



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Golf Conference (Outdoor Function)



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Swimming and Heated Spa Pool



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CDL INVESTMENTS
NEW ZEALAND LIMITED

CDL INVESTMENTS NEW ZEALAND LIMITED 40

CDL Investments 2021 Sales

	2021	2020	2019
Sales (\$m)	92.1	88.8	91.8
Profit before tax (\$m)	43.4	41.8	47.3

Section sales were from:

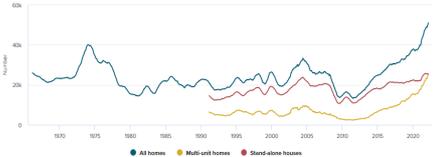
- Prestons Park, Christchurch
- Kewa Road, Auckland
- Dominion Road, Auckland

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Annual Number of Homes Consented

Year-ending March 2022

New homes consented, 12-month rolling totals, year ended March 1966-March 2022



Annual breakdown for multi-unit homes and stand-alone homes started from the year ended March 1995. Stats NZ

CDL INVESTMENTS NEW ZEALAND LIMITED

Annual Number of Homes Consented (cont.)

Year-ending March 2022

- Record 50,858 new homes consented. 24% increase.
- Multi-unit homes up 40%
- Stand-alone homes up 12%
- Auckland 21,477 (23% increase)
- Canterbury 8,557 (41% increase)



April 2022 YTD Sales

- Sales \$41.4m (\$35.7m in 2021)
- Sales were from:
 - Roscommon Road, Auckland
 - Prestons Park, Christchurch
 - Kewa Road, Auckland
- Housing market easing
- Building material supply & costs increases



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CDI Cash Position

▪ Cash & term deposits:	\$87.5m	(122.4m in 2021)
		(as at 30 April 2022)
▪ Quick ratio*	10.3	(10.7 in 2021)
▪ Bank borrowings	Nil	

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



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Completed Subdivisions and Work in Progress

<p>Christian/Tram Valley Road, Swanson, Auckland</p> <ul style="list-style-type: none"> • Construction completed • Titles in Q3, 2022 <p>Kewa Road, North Shore Auckland</p> <ul style="list-style-type: none"> • Construction completed • Titles issued • 15 lots left for sale <p>Lot 4, Roscommon Road, South Auckland</p> <ul style="list-style-type: none"> • Completed, Sold and Settled <p>Prestons Park – Stage 5 Christchurch</p> <ul style="list-style-type: none"> • 90% completed • Titles in Q3, 2022 • Balance 85 lots – earthworks and civil works under way <p>Prestons Park – Stage 6 Christchurch</p> <ul style="list-style-type: none"> • Construction of 54 lots completed. • Titles to issue in Q2, 2022 <p>Prestons Park – Commercial Christchurch</p> <ul style="list-style-type: none"> • Construction of units completed. • 10 units leased 	
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Completed Subdivisions and Work in Progress (cont.)

<p>Stonebrook, Rolleston Commercial</p> <ul style="list-style-type: none"> • Construction of 5 units completed. • All leased out <p>Lot 1, Warehouse Development Roscommon Road South Auckland</p> <ul style="list-style-type: none"> • Warehouse No. 1, 90% completed • Warehouse No. 2, 40% completed • Both fully leased <p>Arataki Road, Havelock North Hawkes Bay</p> <ul style="list-style-type: none"> • Subdivision consent lodged with council <p>Iona, Havelock North Hawkes Bay</p> <ul style="list-style-type: none"> • Stage 1 subdivision consent lodged 	
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Kewa and Tram Valley Road



Kewa Road Subdivision



Tram Valley Road Subdivision



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**Prestons Park Commercial Centre, and
Stonebrook Commercial Centre**



Prestons Park Commercial Centre



Stonebrook Commercial Centre



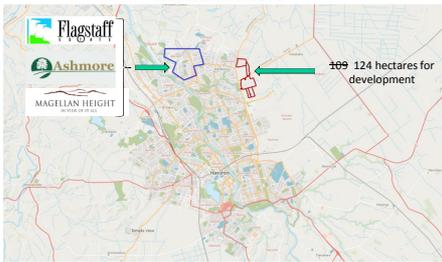
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Roscommon Road Warehouse



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Hamilton Land



Iona Land (69 hectares), Havelock North



* Google Earth Image



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Iona Land



Iona Land (cont.)



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Iona Land (cont.)



Iona Land (cont.)



Summary

- Unprecedented setbacks, hotel trading challenges continue.
- Key experienced employees retained but scaled down operations; fish where the fish are.
- Protect/enhance assets.
- Property operations in CDI & KIN to soft-land hotel.
- CDI land acquisitions set up company for growth & diversification.
- Strong financial positions for recovery runway initiatives.



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Election of Directors

- Election of **Graham McKenzie** as a Director



- All resolutions are being conducted by way of poll.



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 2022.



