
MILLENNIUM & COPTHORNE HOTELS NEW ZEALAND LIMITED

STOCK EXCHANGE ANNOUNCEMENT**2025 ANNUAL SHAREHOLDER MEETING – REMARKS BY MCK'S CHAIRMAN****Growth in 2024 provides a platform for the future**

After two years of hard work, it was really pleasing to report a significant uplift in revenue and a continued improvement in profit. We were pleased with the 21 percent increase to \$176.2 million which has come off the back of a turnaround in our core hotels business as well as CDL Investments returning to stronger level of sales from increased confidence in the residential property markets.

Taking out the effect of the one-off non-cash deferred tax adjustment, the increases in operating profit and profit before tax of 32.1 percent and 25.6 percent respectively says a lot about how we have been able to succeed with an intense focus on performance management throughout the business.

In addition to adding to our revenue and profit, we were pleased to complete the acquisition of The Mayfair Hotel in Christchurch for \$31.9 million earlier this year. Returning to Christchurch has been a key strategic imperative for us and The Mayfair Hotel provides us with the ability to target new market segments and customers which we have not had access to.

FY24 was the first full year of ownership in the 50% joint venture in Sofitel Brisbane. Overall, the hotel has seen consistent demand following a soft Q1, and we expect an increased profit contribution this year despite the impact of severe weather events earlier on. Stuart will provide more detail on its operations shortly.

We have also continued to build the value of our hotel and property portfolio, which when taking into account the company ownership proportions, had an assessed fair market value of \$911.0m as at 31 December 2024.

With all that, we believe that MCK continues to be in a strong position operationally and from an asset perspective. It has strengthened its platform for future growth and despite recent global turmoil, we continue to be positive on the medium to longer term prospects for MCK.

Takeover offer from CDL Hotels Holdings New Zealand Limited

I would now like to say a few (brief) words about the takeover offer from CDL Hotels Holdings New Zealand Limited from the perspective of the company.

As you know, the offer put to shareholders from CDL Hotels Holdings New Zealand Limited expired on 8 May. CDL HHNZ now holds approximately 84 percent of MCK's ordinary shares which is below the 90 percent threshold required under the Takeovers Code to undertake compulsory acquisition.

CDL HHNZ is therefore unable to put forward any new offer to shareholders until January 2026. Whether they do so is a matter for them but is not something that is up for discussion today.

I would emphasise that this meeting is about MCK and not CDL HHNZ and therefore not the forum to discuss the merits of the now-expired offer. Any questions about it are for CDL HHNZ and should be put to them outside of this meeting.

At our Board Meeting yesterday, all directors considered the immediate future of the company and what is in the best interests of all shareholders. We reached a number of conclusions by consensus:

- As a Board, we still believe that MCK should remain listed on the NZX for the moment – this will allow public trading of MCK shares which we believe is in the best interests of all shareholders;
- The Board will continue to function as it has. As stated in the amended Notice of Meeting, Graham McKenzie is retiring by rotation and is standing for re-election. As we said in our announcement, after the original Notice of Meeting was despatched, one of MCK's larger minority shareholders requested Graham reconsider his position and seek re-election. That shareholder believes that it will be beneficial to minority shareholders for MCK to retain three independent directors (of a board of directors of six) and also Mr McKenzie's experience with the Company. As you know, Graham was part of the Independent Directors' Committee which led the Company's response to the recent takeover offer. Graham has therefore agreed to seek re-election today and if re-elected, his intention would be to serve through until the Company's 2026 annual meeting of shareholders.

This morning, the Board resolved to declare a dividend for 2024 of three (3) cents per share to all MCK shareholders holding ordinary or redeemable preference shares. The dividend will be fully imputed and paid to shareholders on 19 June. The Board felt that it was appropriate to declare a dividend for 2024 now that there are no restrictions on doing so. We also took into account shareholder feedback in making our decision.

Management is strongly focused on delivering as profitable a result as it can in 2025. It is therefore very much business as usual. On that note, I will now hand over to MCK's Managing Director, Stuart Harrison.

2025 ANNUAL SHAREHOLDER MEETING – REMARKS BY MCK’S MANAGING DIRECTOR

E ngā mana, E ngā waka, E ngā reo,

Ko Stuart Harrison ahau E rau Rangitira ma

Tēnā koutou Tēnā koutou Tēnā koutou katoa

Thank you all for joining our meeting today. We appreciate the time that you are giving to our team and our business with your attendance. This year marks our 30th Anniversary – both as a Hotel Group and as a NZX Listed entity – so for reference you will see some of the Annual Report covers spanning those years.

Colin has spoken about our 2024 annual results and I therefore want to look at some of the things that helped us deliver those results as well as focusing on the current year, some of the challenges we are facing and how we are dealing with them.

Market dynamics

I am often asked what I think of the uncertainty currently being generated from world markets and it is something that we are monitoring closely.

We know that international tourism and accommodation generally have been a critical part of the New Zealand economy for over forty years. As a country, we have seen tourism spending returning to pre-pandemic levels and the official statistics from last year showed a 14.6 percent increase year-on-year to over \$44 billion. Anything that might impact the continued growth of visitor numbers, whether it be a global economic downturn or another pandemic closing borders (hopefully not!) is something we keep a close eye on and assess regularly.

Our sales force continues to do outreach to our global and local clients and they have met with positive responses despite the current global uncertainty. I am encouraged that New Zealand’s reputation and perception as a safe and attractive market for tourism and remains strong in the current volatile climate.

As a company, MCK remains committed to investing in its infrastructure and committed to growing our market reach and market share. It was pleasing to see in last week’s Government Budget that there was some recognition of tourism’s contribution to the country and some added resources to be applied to this sector. We need an ongoing commitment from government – central and local – to work with us as an industry to promote the country and to promote locations.

Current trading

Last year, I spoke about the international visitor numbers to New Zealand and the current state of the markets. The good news is that the first quarter of this year saw a continuation of the growth we experienced last year and has resulted in positive numbers.

What is now top of mind for us are the second and third quarters of this year. As an industry, the outlook is subdued. Compared to the last two years, all market participants in tourism and accommodation are likely to see the same patterns – weaker demand, increased competition for business and heavy pressure on margins and profits due to continuing low domestic demand, a lack of any events to attract global parties to New Zealand in our winter, and due to macro economic conditions.

As an industry we have the propensity to approach this by the cutting of room rates in an effort to obtain access to the smaller pie on offer – but the reality is that this only weakens the operating performance with no

increase in the quantity of people staying but a cheaper room rate. Great for the customer, not so good for the investor!!

Our response to this is to up our game with more targeted marketing and clever management of our inventories and revenue. Earlier this year, we welcomed our new Vice President of Sales & Partnerships Mel Beattie to the company - Mel has been tasked with developing and implementing our sales strategies with a particular focus to take us through this period and deepen our already strong relationships with our key clients and customers.

My Millennium – fostering customer loyalty

An important element in attracting repeat visitors to our group, both in NZ and internationally, is our loyalty programme, My Millennium. There has been a renewed effort to align and enhance our brand across the New Zealand and global group landscape. This has seen in-room screens featuring videos with the MHR Global brand video, along with hotel-specific videos. You may also have noticed in the hotel's lobby as you came in, a screen behind reception featuring the Global My Millennium Video.

For those guests – and shareholders - that sign up, there are various benefits such as complimentary Welcome Gifts and discounts off Dining - whilst also accruing benefits for future stays here in New Zealand or across the global network. Over the course of this year, our hotels will be encouraging guests to sign-up to My Millennium at check-in so that they can start their journey of enjoying these benefits.

Product – completion of key refurbishments

Also top of my mind is the completion of our key refurbishment projects. You will recall that at previous shareholder meetings I have said that we are in a Revive phase of our strategy and it was a priority to complete projects at our key hotels in Queenstown, Rotorua and Bay of Islands to ensure that we could obtain an uplift in revenue and to secure new clients.

As we have shown in our annual report, we are well on track with our plan. Over 390 rooms have been refurbished in the last three years, and over 140 additional rooms are due to be completed in this financial year – in total, this represents over 30% of our owned rooms in NZ.

A recent milestone was completion of the first stage of room refurbishments at Millennium Hotel Rotorua and we are well advanced with the next stage. The difference has been reflected in very positive comments from our clients and guests. Earlier this month there were ~1,200 delegates in Rotorua – with many of them visiting our hotel - to attend TRENZ, a tourism event facilitating connections between New Zealand tourism operators and international buyers, aiming to boost future tourism seasons.

We have also had similar positive feedback from our completed projects at Queenstown and the Bay of Islands – where we have returned 40 rooms back into hotel operational inventory. Not only do these refurbishments lift our standing in the market but it gives our employees a positive boost that they are working for a company that is willing to invest in the hard product as well as our service.

As we continue to progress the refurbishment and upgrade of hotel properties, we are building the value of our hotel and property portfolio, which grew to \$1.1b last year.

Credit is due to our Director of Property Management Louise Borton and her team who have been looking after a wide range of projects last year and into this year.

Extending our boundary - Brisbane update

When considering our current trading, it is helpful to understand the comparison with the Brisbane market. 2024 saw us completing our first full year of operation at our 50% joint venture Sofitel Brisbane Hotel. The landscape for hotel operations within Brisbane provides a contrast to what we encounter within New Zealand and more specifically within Auckland.

Auckland has seen a significant increase in the quantity of hotel rooms (+35% in 4 years) as we saw a market preparing for the opening of the NZ International Convention Centre and increased underlying demand. We also see a seasonal drop in visitor arrivals over the winter months, hence the need to drive business and attract visitors during this time.

Brisbane CBD, however, has consistent demand throughout the year – usually soft in Q1 during the holiday season before settling into a consistency over the balance of the year and culminating in the hotel's strong conferencing facilities being fully utilised over the Q4 / Christmas lead up.

Earlier this year, the Sofitel Brisbane Hotel braced itself for Cyclone Alfred that was forecast to hit the Queensland coastline. This saw a significant drop off in business as conferences and guests cancelled their trips. Fortunately the storm didn't hit the hotel or cause any significant property damage and many of the conferences have rebooked.

One aspect the hotel (& Queensland Government) does well at is engagement with the multiple sporting events that occur over the winter months with Super Rugby, A-League, NFL and AFL teams and supporters frequenting the Hotel. This year is expected to be no different – and will have the heightened demand from events such as NRL Magic Round, British & Irish Lions Rugby Tour and finishing with the England Cricket Ashes Tour of Australia.

Expanding our footprint - The Mayfair Hotel, Christchurch

I do want to spend a bit of time talking about our acquisition of The Mayfair Hotel and how it fits into our overall strategy.

Christchurch has always been an important market for us. At our peak before the Canterbury earthquakes, we were obtaining around 20% of our overall revenue from our three Christchurch hotels, and, at one point, we had five owned/ leased/ franchised hotels within the city. Not having a presence in Christchurch for a long time was something that was affecting our business as a national chain.

Over the years, we had been exploring many options to return to Canterbury and The Mayfair is, in our view, the right opportunity for us.

Already established in the luxury segment of the market and having a vibrant café in a sought-after location, The Mayfair has already allowed us to talk to new clients who might not have considered MCK as their preferred hotel partner previously but are keen to engage now.

We are very excited about the prospects and opportunities that this acquisition will give us. Work is being done on rebranding the hotel to fit within our current brand portfolio and we are definitely looking forward to showcasing the hotel in due course. Watch this space.

Celebrating our people

Last year I spoke of improving and redesigning certain key elements of our employee experience. We have since launched a vibrant set of key values that speak to what we are about, with this involving our staff in the process of their development. Our Director of Human Resources, Lisa Maclean, and her team have succeeded in expressing who we are and what is important to us as a hospitality business.

Our energy, passion and attention to detail are things that often make a difference to the guest experience and in an exceptionally competitive market, these can be what makes and breaks a stay. The level of employee engagement is pleasingly high and I hope you will take an opportunity to stay at one of our hotels to see what makes MCK stand apart from the competition.

Australia update

Whilst I have already mentioned Brisbane, I would also like to mention Sydney. Long-time shareholders will be pleased to note that we continue to sell down our interest at the Zenith Apartments in Sydney. During the 2024 year we sold 9 apartments leaving us with 22. These units are predominantly on the lower levels and 1-bedroom units so more likely targeted toward first home buyers. Our remaining units are actively being marketed and we expect to report 1 unit sold for the half year and are targeting a further 8 by the end of this year.

OTHER

CDL Investments

CDL Investments New Zealand Limited (CDI), is 65% owned by MCK, and earlier today held its annual meeting in which they outlined land acquisitions which have recently completed.

CDI have been carefully building up their development portfolio with work currently in progress with subdivision consents, earthworks and titling of properties for sale which will provide a pipeline for future sales. This includes 3 stages at Iona & Iona Terraces (Havelock North), Worsleys Road (Christchurch) and Highlands Drive & Lucas Terrace (Nelson) – with these supplementing sections available in Prestons Park (Christchurch). CDI is continuing to progress their work on the two Fast Track Projects at R2 Growth Cell in Hamilton and Arataki Road in Havelock North.

The current environment continues to produce acquisition opportunities but the lack of infrastructure capacity and new legislation impacts acquisition and development feasibilities.

Their update confirms that year to date the property market in New Zealand has been subdued and management is implementing strategies to improve sales throughout the year.

Sustainability

Over a number of years we have made a concerted effort to focus on some base elements of sustainability where guests can work with us in our sustainability initiatives. This has included encouraging guests to re-use towels, removing single-use plastic bottles from conference facilities and hotel rooms. Increasingly there has been a focus on replacing lightbulbs with LEDs and the providing of guest EV charging carparks.

Other highlights included our continued support of the Save the Kiwi Charity through our room servicing opt out programme and 12 of our hotels maintaining their Qualmark Sustainable Business Silver status.

These are all part of a transitional process and in 2023 we performed several measurements so as to determine our emissions footprint with this forming our base year. Within 2024 we saw a 6% increase in emissions across the business (compared to our 2023 base year), in part due to an increase in hotel occupancy rates. Our direct emissions (from hotel gas and electricity use) are closely linked to our operations, so an increase in guests correlates to an increase in emissions. This means we are tracking to continue to increase emissions each year unless we scope and implement sustainability projects.

Following the appointment of our first Sustainability Manager in late 2024 we have put in place management structures and groups to support internal decision-making and reporting, including a Sustainability Steering group and Hotel Sustainability Champions network.

2025 will include further development of a Sustainability Strategy to set the direction and a road map for delivering Sustainability across our business. Taking sustainability action within our business will not only reduce our emissions, and minimise climate-related financial risk, it will respond to changing guest preferences for brands who demonstrate that they care about the environment.

What's next ?

We are continuing to accelerate growth initiatives – optimising our hotel network and exploring strategic opportunities to expand our footprint in New Zealand and Australia. In addition, we will continue our programme of refurbishments and upgrades to ensure our properties meet the expectations of our guests.

- **Whangarei** – we are currently refining the development proposition for a ~85 room hotel in Whangarei. At this stage, the work has focused on the respective hotel amenity requirements as to number/mix of rooms, restaurant and meeting areas, car-parking and structural requirements. We have previously met with various local hapu representatives and Council and once we have settled on some key elements we will be able to engage further.
- **Surplus land for optionality** – as we look across our portfolio, we are conscious that there are a number of locations where we have unused buildings / hotel room blocks and surplus land. Work has been carried out to assess the options available for the use of such areas and over the course of this year we will continue to refine our thinking on these. This may lead to further development in partnership with suitable parties or potential sale. We will keep you updated as we move forward with any significant decisions.
- **M Social Auckland and the Downtown Carpark** – many people will be aware of details released by both the Auckland City Council and Precinct Properties relating to the sale of the Downtown Carpark and a pending development on that site by Precinct. Plans have been submitted to Council and are going through the consenting process. There is no doubting that this will have an impact on our M Social Hotel operations. Overall, we favour this redevelopment and believe it will have a positive impact on this quarter of the Auckland CBD, but we have concerns in relation to the impact of the project with aspects such as traffic management during development and final state, and how this could adversely affect the hotel. We will continue to monitor this situation and look to work with Precinct on the way forward.
- **Acquisition strategy** - hotels in general are increasingly being seen as an investment option. Recently there has been the confirmed acquisition of a hotel located within one of Precinct's buildings for \$180m – suggesting a value of ~\$1.0m per hotel room. This has increased various expectations as to respective hotels' valuations and investment appetite for such. We have a careful and comprehensive acquisition strategy and any hotel we add to our portfolio must meet a range of criteria including ROI, location, business market mix – drawing on our Support Office resources - and brand fit within the MHR branding.

We continue to look for opportunities for appropriate hotels which would fit into our portfolio, noting that within New Zealand there are several locations where we don't have a hotel / brand presence, or we should be looking to increase our presence.

Concluding remarks

I hope that this gives you some insights as to how we see our business and the world generally. We recognise that there are still challenges in the market – and are not back to 2019 levels of business as a country or as a business. As I highlighted earlier, the second and third quarters will be challenging for everyone in the tourism and accommodation sectors. Everyone will be competing vigorously for business, and we will certainly be doing what we can to defend our patch.

We have a clear strategy and clarity of purpose. Our focus is on ensuring that we have the best people and product in place, for both the current market and as visitor numbers grow. This will drive our revenue, our profit and value for our shareholders

My team and I remain determined to do what we need to do in order to keep our hotels front of mind and the preferred choice in their markets. At the heart of all we do lies our unwavering commitment to delivering the perfect guest experience. By investing for growth, our products and our people, we'll ensure our guests continue to choose us as their preferred hotel provider. We know what we need to do and we are focused on ensuring that we execute our plans to get the results we believe we can achieve.

Thanks to Ken Orr

Before I hand back to Colin, I would like to thank and acknowledge our Vice President Operations Ken Orr who is standing down from that position having made the decision to relocate to the South Island for family reasons.

Ken has been with MCK for over twenty years having started in Queenstown and became one of our most experienced and knowledgeable General Managers having worked across our network including at Grand Millennium Auckland at the height of the pandemic.

The Vice President Operations role is not an easy one and requires someone with an excellent knowledge of hotel management and the ability to translate the intricacies of a lot of information into things people who have no exposure to the sector need to understand.

Despite the Scottish accent, Ken has managed to corral, motivate and lead our diverse teams across the country.

I would therefore like to acknowledge his contribution as the Vice President Operations. Luckily for us, he will be staying with the group and has accepted the role of becoming the Hotel General Manager at Millennium Hotel Queenstown so we will not lose his knowledge and expertise.

Thank you for your attention. I'll now pass you back to Colin.