

GENERAL ANNOUNCEMENT::ANNOUNCEMENT BY SUBSIDIARY COMPANY, MILLENNIUM & COPTHORNE HOTELS NEW ZEALAND LIMITED

Issuer & Securities

Issuer/ Manager

CITY DEVELOPMENTS LIMITED

Securities

CITY DEVELOPMENTS LIMITED - SG1R89002252 - C09

Stapled Security

No

Announcement Details

Announcement Title

General Announcement

Date & Time of Broadcast

28-May-2024 12:19:39

Status

New

Announcement Sub Title

Announcement by Subsidiary Company, Millennium & Copthorne Hotels New Zealand Limited

Announcement Reference

SG240528OTHR4U7K

Submitted By (Co./ Ind. Name)

Enid Ling Peek Fong

Designation

Company Secretary

Description (Please provide a detailed description of the event in the box below)

Please refer to the Announcement released by Millennium & Copthorne Hotels New Zealand Limited ("MCK") on 28 May 2024 relating to (i) Remarks by Mr Colin Sim, MCK Chairman and Mr Stuart Harrison, MCK Managing Director, to 2024 Annual Meeting of Shareholders; and (ii) Presentation slides at the Annual Meeting of Shareholders.

Attachments

[05.28.2024 MCHNZ AGM Remarks and Presentation slides.pdf](#)

Total size =4074K MB

MILLENNIUM & COPTHORNE HOTELS NEW ZEALAND LIMITED

STOCK EXCHANGE ANNOUNCEMENT**2024 ANNUAL SHAREHOLDER MEETING – REMARKS BY MCK'S CHAIRMAN****Strategy: Revive and Thrive**

Our vision remains to be the preferred hotel choice for travellers in our region, grow our footprint and deliver value for our guests, our team and our shareholders. In the short term, our focus remains on reviving our business for tourism market momentum post-Covid.

A year of positive progress

We provided a summary of our results and 2023 operational highlights in the annual report but for those of you who have not read it, it was a busy year:

- Operationally, 2023 was our first uninterrupted year of trading since the pandemic.
- The increased number of international flights returning to New Zealand has improved the visitor numbers and translated into more demand, additional revenue and more profit but we are still short of the pre Covid level of tourists.
- Overall hotel occupancy reached 61%, which was significantly up on 2022. In line with this, Hotel profit increased nearly 400% to \$11.6m. This positive turnaround reflects not only the return to open borders and uninterrupted trading, but also the sharp focus on improving profitability across the hotel network during the year.

We continue to be on the lookout for opportunities which meet our investment criteria and will help boost our network coverage and our revenues and profits.

Completing the purchase of the Sofitel Brisbane Hotel in December was a positive way to end the year. More recently we have entered into a conditional agreement for land in Whangarei with the intention to develop a hotel there.

The results for CDL Investments, our majority-owned subsidiary, reflected a softness in the residential property markets seen from the end of 2022 which carried over into 2023. Despite this, CDLI was still able to record an operating profit after tax, although this was softer than the previous year.

FY23 Performance

MCK's total revenue in 2023 was \$145.7 million, with profit after tax of \$21.6m, similar to the prior year. Earnings per share was 13.65 cents.

The Board was pleased to declare a dividend of 3 cents per share, which was paid in May. This balances the desire of your Board to deliver value to our shareholders while retaining sufficient cash for ongoing investment needs.

At 31 December 2023, shareholders' funds excluding non-controlling interests was \$547.9 million. Total assets increased to \$746.8 million.

Looking forward

We are entering the 2024 year with a sense of optimism, with many things to look forward to. While there are definitely economic challenges which affect all of us, the good news is that tourism continues to recover and demand from overseas continue to improve. Our focus is on making sure we have the best product available to capture existing demand as the tourism market recovers. We will also have the benefit of a full year's trading from Sofitel Brisbane Central which we expect to be strong.

MCK has a strong and experienced leadership team and great people providing quality service to guests throughout our network. On behalf of the board, I would like to acknowledge and thank them for their tireless efforts.

I will now hand over to MCK's managing director, Stuart Harrison.

2024 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

Our business

Thank you all for joining our meeting today. We appreciate your engagement with our team and our business.

A brief overview for those of you who may be new shareholders....

Millennium and Copthorne Hotels is one of New Zealand's largest hotel owner / operators, with a network of 18 hotels and managing ~2,250 rooms per night. Our hotels are located in New Zealand's key gateway cities and we take pride in hosting a wide variety of conferences, meetings and other gatherings at our properties.

At the end of last year, we were delighted to extend our Australian portfolio taking over ownership of the Sofitel Brisbane Central Hotel providing a further 416 rooms per night, in a highly desirable landmark property.

We also have a majority shareholding in CDL Investments NZ, an NZX-listed investment company focused on residential and commercial land development. This provides us with a diversified property portfolio and revenue stream.

In the last financial year, our hotel business provided 69% of our total revenue and 30% of profit.

What's happening in NZ's tourism market

While the international tourism market entering New Zealand is still recovering to pre-covid levels, it has shown good recovery growth in the past two years.

Currently, international visitor numbers have plateaued at around 80% of pre-covid levels with a full recovery not expected before late-2025. New Zealand took longer to open borders than many other countries, airline capacity has been restricted and the current economic climate has seen travellers looking for more affordable options.

February visitor numbers were at 87% of pre-covid 2019 numbers with the highest number of Chinese arrivals since January 2020, boosted by Chinese New Year. These numbers increased further in March. Pre-covid, China was New Zealand's largest market, behind Australia. While Australia remains our biggest market, I note that Australian visitors entering NZ are still at 83% of pre covid numbers, and NZ has been displaced for the first time in nearly 50 years as Australians are choosing Indonesia as their number 1 choice.

Domestic tourism has softened as continued pressure on consumer sentiment due to interest rates and cost of living concerns present ongoing challenges. This is reflected in the hotel industry with occupancy levels, the average daily rate and revenue per available room being lumpy.

As more airlines return to New Zealand and economic conditions improve, visitor numbers are expected to grow. Business, sports and other events also provide significant value to New Zealand and it is important that sufficient resources are provided in order to encourage organisers to hold their events here.

While the short term outlook for tourism is a bit bumpy due to economic headwinds across the globe, we believe the longer term outlook for New Zealand as an attractive tourism destination is still strong.

Strategic Roadmap: Revive and Thrive

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 profit and value for our shareholders.

People

Creating a great experience for our guests is essential to what we do and it's by having great people that we can make that happen.

Over the last 12 months we hit refresh on our recruitment processes, in an effort to attract and retain the best people possible. The labour shortages we struggled with over the last few years have now mostly resolved and our team is nearly back to full strength.

Our commitment to our people goes beyond just filling roles. For the coming year our focus is on improving our employee experience through updating our people processes and systems, rolling out a leadership development programme and redesigning our onboarding and induction activities. In doing so, we are not just retaining top talent, we're positioning our business as an employer of choice in the hospitality industry.

Product

We continue to invest in upgrading and refurbishing our hotels across our network to ensure they are first choice for visitors. In FY23, we continued the refurbishment of the Millennium Hotel Queenstown, commenced refurbishment at Millennium Hotel Rotorua and started recladding and other works at Copthorne Hotel Palmerston North.

As well as ongoing projects, this year we will also be refreshing the Copthorne Hotel & Resort Bay of Islands.

Our new Director of Property Management, Louise Borton, is developing a whole-of-network plan which will focus on investment and improvement priorities for all of our current hotels. The plan will form the basis of many of our medium term investment decisions and will help us prioritise urgent projects which will deliver the most optimal results.

We invested \$16.6m in property improvements in FY23, with a further \$11.2m committed to ongoing projects, plus budget for around \$20m of major capex to be considered for commencement in FY24.

Network Expansion and Growth

We continue to consider potential acquisitions to fill the gaps in our New Zealand hotel network; and to build on our initial entry into the Australian market.

An example of this in action is the recent conditional acquisition of land in Whangarei's CBD. This would see a return to Whangarei for our hotel business and will fit very well alongside our iconic Copthorne Hotel & Resort Bay of Islands and our popular Kingsgate Hotel Paihia.

Prior to going unconditional we are carrying out a detailed feasibility study having regards for the cost to develop within the current environment, the time it would take to complete and bring the hotel on line and what the overarching tourism demand for the location would be. These factors all feed into determining how we can deliver on reviving our business and the returns we generate for investors.

As tourism in New Zealand continues to revive, this is another sign that we are looking to grow our network once again. The proposed acquisition is in line with our strategy to fill the gaps in our network, enabling us to be the hotel of choice for visitors travelling around New Zealand.

Sofitel performance/Australia strategy

The Sofitel Brisbane Central is another example of our expansion strategy.

Millennium and Copthorne has held property assets within Australia for over 30 years with that more recently being limited to ownership of apartments in the Zenith Residences (previously the Kingsgate International Hotel) in Sydney. With the selling down of the apartments – 5 sold in FY23 and a further 3 sold/settled so far this year – we have 33 remaining apartments. The proceeds held within Australia were utilised in December last year for the 50% joint acquisition of the Sofitel Brisbane Central Hotel.

As we have said previously, Australia has long been of interest and we have evaluated a number of opportunities over the years as we sought the right property from which to create a beachhead for our hotel group into this country.

Brisbane is a world class tourist and event destination and Sofitel Brisbane Central is well located, has a very strong reputation and has unique strengths in the conference and incentives sector.

We are pleased to be able to say that the hotel has had a strong start to the FY24 year with occupancy at 72% (up 7% YoY) assisting rooms revenue to track ahead of budget. The Hotel is a strong Meetings and Events venue with utilisation of their recently renovated Ballroom scheduled to lift noticeably in the remaining months of the year. As part of our due diligence on the hotel we were aware of the need to refurbish rooms and we are currently scoping out the details for this work. We are looking forward to seeing the synergies this hotel can bring to our portfolio starting from this year.

CDL Investments NZ contribution

Earlier today CDL Investments held its annual meeting in which they outlined a number of land acquisitions which have recently completed and will, following master planning and consents, provide a pipeline for future development and sales. The current environment continues to provide acquisition opportunities and has also required that the company be cognisant of recent legislation introduced which has materially impacted acquisition feasibility. This has caused CDI to pause, assess and rethink their development delivery timeframes.

That said the company has had a positive start to the year with \$4.6m of settled sales YTD and a further \$30.7m of unconditional sales yet to settle. This has come from a surge in sales from Prestons Park (Christchurch) and high interest shown in Iona (Havelock North/Hawkes Bay) Stage 1 sections.

CDI is continuing to progress their new Christchurch, Nelson and Richmond projects, and continuing to plan for the future both operationally and strategically.

Profit

We were particularly pleased with the return to profit for our hotel operations. While revenue and profit have yet to recover to pre-covid levels, we are making good progress under our Revive and Thrive strategy.

This time last year we were seeing through a first quarter of Hotel operations impacted by weather events – Auckland flooding and Cyclone Gabrielle – along with restrictions on hotel occupancies based on staffing numbers available in key locations around the country (and particularly within Queenstown).

It is pleasing to see this returning to a more normal position and for the first time in five years, we have been able to close out the first quarter without the impact of Covid restrictions, weather related impacts or large staffing shortages.

This has enabled a positive start to the year where hotels and our revenue team were able to seize the initiative to more actively manage the hotels revenue sources. One notable location was Te Anau where there has been a series of days with ~100% occupancy.

Doing good

Our approach has always been to contribute to the betterment of our team, our guests, our communities and the wider environment.

One of the initiatives we are proud to support is Save the Kiwi. We have created a unique opportunity for hotel guests to donate a meal or 'kiwi room' for a night to this leading conservation charity. It's simple for guests to participate, simply by opting out of their daily room servicing during a multi-night stay. We then redirect the costs saved towards Save the Kiwi. In the first six months of operation, we were very pleased to donate more than 14,000 meals to feed a kiwi.

Delivering on our strategy in 2024

The work we have been doing under our Revive and Thrive strategy will propel us forward in 2024. While we are still in the Revive phase of our strategy, we are laying the groundwork to truly Thrive from 2025 onwards.

Over the next two years, we will be accelerating 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.

Our growth is not just about bricks and mortar. Our most valuable asset is our people and we'll be introducing new ways we can add value for both our team and the communities where our hotels reside.

At the heart of all we do lies our unwavering commitment to delivering the perfect guest experience. By investing in growth, our products and our people, we'll ensure our guests continue to choose us as their preferred hotel provider.

Outlook

We now have good staffing levels, more room capacity and while some regions have seen a dampening in demand, other areas such as Queenstown remain extremely strong.

We recognise that there are still challenges in the market – ongoing cost inflation, lower consumer confidence, business cost cutting and job losses, including in the public sector which is being reflected in lower demand for Wellington accommodation. We are also entering a winter period without any major tourist attractions such as the FIFA Womens World Cup which occurred last year attracting teams and supporters.

This has highlighted the need for Central and Local government to get behind the promotion of NZ Inc in attracting people and events – and NO Targeted Rates in its previous form are not the funding source. NZ is struggling to attract people with many overseas locations being heavily promoted – witness Australians heading to Indonesia ahead of NZ, and Chinese doing long-haul destinations such as UK, US and EU with those markets aggressively promoting themselves in the China market.

On a positive note, we are putting runs on the board and are confident in our continued progress under our Revive and Thrive strategy.

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

MCK 2024 ANNUAL MEETING

1

WELCOME

2

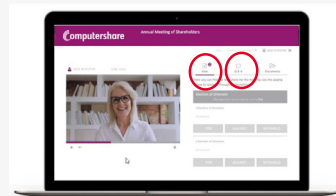
VOTING AND Q&A

Today's meeting is being held both in-person and online through Computershare's online meeting platform.

For online attendees, the Q&A is always open - please feel free to submit questions throughout the meeting.

Voting today will be conducted by way of a poll. Online voting for all resolutions will be open shortly.

Please cast your vote under the Vote tab. You can change your vote, up until the time voting is declared closed.



3

OUR BOARD



4

AGENDA

- Chair and Managing Director's Addresses
- Resolutions
- Shareholder Discussion
- General Business
- Close of the Meeting

5

Salt Restaurant, Millennium Hotel New Plymouth, Waikaiti

STRATEGY: REVIVE AND THRIVE

OUR VISION REMAINS:

- to be the preferred hotel choice for travellers in our region;
- grow our footprint; and
- deliver value for our guests, our team and our shareholders.

PRIORITY FY23 – FY24 FOCUS:

Reviving our business for tourism market momentum post-Covid.

6

Millennium Hotel Queenstown

2023 WAS A YEAR OF POSITIVE PROGRESS

- First uninterrupted year of trading since the pandemic
- Increased number of international flights to New Zealand has improved visitor numbers – however still short of the pre-Covid level of tourists
- Overall hotel occupancy reached 61%, hotel profit increased nearly 400% to \$11.6m
- Completed the purchase of the Sofitel Brisbane Hotel in December 2023.
- CDL Investments' results reflected continued softness in the residential property markets but still recorded an operating profit after tax

Millennium Hotel Queenstown

FY23 PERFORMANCE SNAPSHOT

Revive and Thrive strategy delivering value

TOTAL REVENUE \$145.7m FY23: \$144.2m	PROFIT After Tax and non-controlling interests \$21.6m FY23: \$21.7m	EARNINGS PER SHARE 13.65 cents FY23: 13.72 Cents
DIVIDEND 3 cents FY23: 3 cents	TOTAL ASSETS \$746.8m FY23: \$709.2m	SHAREHOLDERS' FUNDS \$547.9m FY23: \$531.0m

- Strong turnaround in hotel business
- CDL Investments feeling the pressure of the short term cooldown in property sales
- Australia apartment sales muted
- Continue to invest in property refurbishments and network expansion

Indoor Pool, Millennium Hotel Rotorua

LOOKING FORWARD

Optimistic outlook for continued recovery in 2024

- Tourism continues to recover and demand from overseas continue to improve
- Benefit of full year trading from Sofitel Brisbane Central
- Strong and experienced leadership team
- Committed and passionate team across the hotel network
- Current economic headwinds expected to continue for at least 1H 2024, impacting on demand.

Focus on making sure we have the best product available to capture existing demand as the tourism market recovers.

M Social Auckland

MANAGING DIRECTOR'S ADDRESS

Stuart Harrison



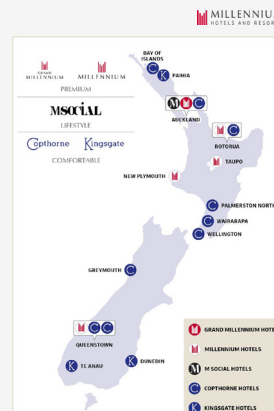
OUR HOTEL NETWORKS

18 Hotels in NZ

Opportunity to fill in the network
2,250 rooms per night owned and managed

1 Hotel in Australia

Beachhead being established.
Significant opportunity to build footprint



NZ'S TOURISM MARKET



- Good recovery in international tourism although lagging global rates
- Chinese visitor numbers continuing to increase
- Australia remains NZ's biggest market – still below pre-covid numbers
- Softer domestic tourism as fiscal conditions bite

Copthorne Hotel and Resort Queenstown Lakefront

REVIVE AND THRIVE STRATEGY

Be the preferred hotel choice for travellers in our region, grow our footprint and deliver value for our guests, our team and our shareholders

PEOPLE

Deliver memorable experiences for our guests

Build careers that our people love to talk about

PRODUCT

Protect and expand our hotel presence in New Zealand & Australia

Invest in a portfolio of real estate or development projects - and manage our investment in CDL Investments

PROFIT

Drive improving revenue and profit

Leverage our strong balance sheet to achieve growth

Deliver long term value to our shareholders

Short term: Reviving our business for tourism market momentum post-Covid
Medium to long term: Growth of our hotel network in New Zealand and Australia

13

View from Copthorne Hotel & Apartments Queenstown Lakeview

PEOPLE

Creating a great experience for our guests is essential to what we do. We need great people to make that happen.

- Recruitment to attract and retain the best people possible
- Improving our employee experience
- Leadership development programme

14

Executive Chef Chetan Pangam, One80 Restaurant

PRODUCT

Investing into upgrading and refurbishing our hotels

Current pipeline of activity:

Hotel	Size	Timing
Millennium Hotel Queenstown	132 rooms completed 70 rooms and 15 suites underway	FY23 - FY24
Millennium Hotel Rotorua	99 rooms nearing completion 127 rooms and 2 suites commencing	FY23 - FY24
Copthorne Hotel Palmerston North	Recladding and other works	FY23 - FY24
Copthorne Hotel & Resort Bay of Islands	Refresh of Seaspray Wing and reception	FY24 - FY25

Whole-of-network plan being developed which will inform medium term investment decisions

15

Copthorne Hotel and Resort Bay of Islands

NETWORK EXPANSION AND GROWTH

Filling in the gaps in our New Zealand hotel network

- Whangarei land acquisition, conditional on detailed feasibility study

Building on our initial entry into Australia

- Short term focus to deliver return on Sofitel acquisition

Settled: December 2023	50% JV Funded	YTD 2024: v 2023 v Budget
Purchase Price: A\$177.7M	Equity: \$43.9M	Revenue: A\$3.2m
	Internal Loan: \$62.2M	Occupancy: 73.0%

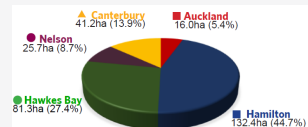
16

Ember Restaurant

CDL INVESTMENTS PIPELINE

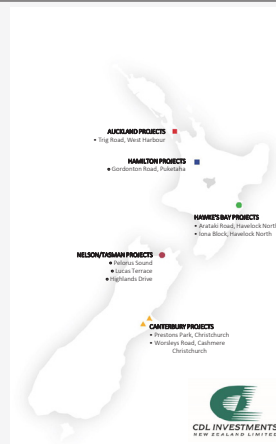
CDI have a solid Pipeline

- Total land holding **294.2Ha (an increase of 48.3Ha on 2022)**
- Estimated yield circa **3,500 sections***
- Maintained a nationwide geographical spread
- Diverse portfolio, offers flexibility for diversification
- Continually looking to grow their Portfolio



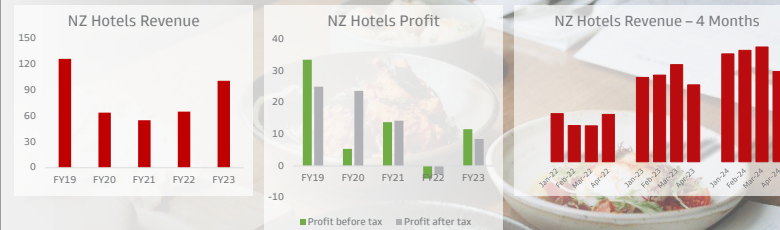
17

* Estimated section yield, subject to residential zoning/resource consents



PROFIT

Return to profit for hotel operations as recovery towards pre-covid levels continues



18

Q1 2024: Positive start to the year. First quarter in 5 years without the impact of covid, weather events or large staffing shortages.

One80 Restaurant

DOING GOOD

- Save the Kiwi: A unique opportunity for hotel guests to donate a meal or 'kiwi room' for a night
- Simple for guests to participate by opting out of their daily room servicing during a multi-night stay.
- More than 14,000 meals to feed a kiwi in first six months.



Save
the
kiwi

Clarity of Choice: Save the Kiwi

19

REVIVE AND THRIVE FY23 TO FY26

Key initiatives

ACHIEVED

FY23

Revival

- Bring all rooms back online
- Build occupancy back to former levels
- Attract and retain full complement of staff
- Marketing and sales activity to drive guest visits
- Continued investment in refurbishment and upgrades

IN PROGRESS

FY23 - 24

Early Stage Growth

- Identify opportunities to fill the gaps in the New Zealand hotel network
- Build beachhead in Australia
- Formalise strategy for sustainable operations
- Continued investment in refurbishment and upgrades

FUTURE PLANNING

FY25 - 26

Accelerate Growth

- Optimise hotel network and under-utilised land and buildings
- Expand footprint in Australia
- Continued investment in refurbishment and upgrades

20

Capthorn: Hotel Greynouth

2024 OUTLOOK

Remain confident in continued progress under Revive and Thrive strategy

- Good control over the controllables - strong staffing levels and more room capacity
- Varied regional demand - some areas such as Queenstown remain extremely strong
- Ongoing challenges - cost inflation, lower consumer and business confidence, cost of living increases
- No major sporting events scheduled in 2024
- Central and local Government action and support needed to promote NZ and attract tourists, conferences and events

21

BUSINESS OF THE MEETING

22

M Social Auckland

RESOLUTIONS

DIRECTOR RE-ELECTIONS:

- Resolution 1: Re-election of Kevin Hangchi
- Resolution 2: Re-election of Colin Sim
- Resolution 3: Re-election of Leslie Preston

DIRECTOR ELECTION: Resolution 4: Election of Steven Zingel

DIRECTORS' REMUNERATION: Resolution 5: That the aggregate maximum annual remuneration for directors be increased from NZ\$200,000 to NZ\$400,000

AUDITORS' REMUNERATION: Resolution 6: That the Board of Directors be authorised to fix the auditor's fees and expenses.

The Board unanimously recommends shareholders vote in favour of resolutions 1 - 3. After due consideration, the Board has decided not to provide a recommendation to shareholders on resolution 4. Given that the Board is interested in resolution 5, it is not providing a recommendation for this resolution. The Board unanimously recommends shareholders vote in favour of resolution 6

23

Shareholder discussion

General business

Close of the Meeting

24

THANK YOU FOR
YOUR ATTENDANCE

DISCLAIMER

This announcement has been prepared by Millennium & Copthorne Hotels New Zealand Limited ("M&C Hotels"). The details in this announcement provide general information only. It is not intended as investment, legal, tax or financial advice or recommendation to any person and must not be relied on as such. You should obtain independent professional advice prior to making any decision relating to your investment or financial needs.

All references to \$ are to New Zealand dollars unless otherwise indicated. Percentages may be subject to rounding.

This announcement may contain forward-looking statements. Forward-looking statements can include words such as "expect", "intend", "plan", "believe", "continue" or similar words in connection with discussions of future operating or financial performance or conditions. The forward-looking statements are based on management's and directors' current expectations and assumptions regarding the M&C Hotels business, assets and performance and other future conditions, circumstances and results. As with any projection or forecast, forward-looking statements are inherently susceptible to uncertainty and to any changes in circumstances. M&C Hotels actual results may vary materially from those expressed or implied in the forward-looking statements. M&C Hotels and its directors, employees and/or shareholders have no liability whatsoever to any person for any loss arising from this announcement or any information supplied in connection with it. M&C Hotels are under no obligation to update this announcement or the information contained in it after it has been released. Past performance is no indication of future performance.