

**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

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New

Announcement Sub Title

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

Announcement Reference

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Submitted By (Co./ Ind. Name)

Enid Ling Peek Fong

Designation

Company Secretary

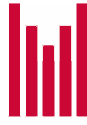
Description (Please provide a detailed description of the event in the box below)

Please refer to the Announcement released by Millennium & Copthorne Hotels New Zealand Limited on 24 May 2022 relating to (i) Remarks by Chairman of the Meeting, Mr. Graham McKenzie, to Annual Meeting of Shareholders; and (ii) Presentation slides at the Annual Meeting of Shareholders.

Attachments

[05.24.2022 MCHNZ Chairman Remarks and Presentation slides.pdf](#)

Total size =5524K MB



# MILLENNIUM

HOTELS AND RESORTS

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## MILLENNIUM & COPTHORNE HOTELS NEW ZEALAND LIMITED

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### STOCK EXCHANGE ANNOUNCEMENT

#### **2022 ANNUAL SHAREHOLDER MEETING – REMARKS BY THE MEETING CHAIR**

On behalf of the Directors, I present the Annual Report and the Statement of Financial Accounts to 31 December 2021.

#### **Review of 2021:**

In our annual report, I said that the effort put in by our team members in 2021 was no extraordinary than in 2020 and I meant it.

The last two years have been nothing short of an existential crisis for tourism and accommodation globally and while many companies have struggled to keep going and have had to exit these industries, we have survived.

That is a testament to the dedication and resilience our people have shown and continue to show every day. On behalf of the Board and all MCK shareholders, I would like to offer my sincere thanks to all of our employees at both our hotels and our corporate offices.

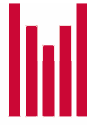
While the announcement earlier this month that the international borders will reopen from the end of July is very welcome, we still remain cautious.

What we have learned over the last two years is that the situation can change very rapidly. At the same time, we have learned to react to such changes very quickly.

Despite a highly vaccinated population in New Zealand and the majority of developed countries, we know that a new surge of cases could see the re-imposition of restrictions on gatherings and on travel.

If that happens, and we hope it doesn't, we will likely see yet another round of cancellations and a consequential impact on our revenue and forward bookings.

We know what the likely impact of that lost business will be but the reality is that each time we try to build back our business is usually more difficult than the last.



# MILLENNIUM

HOTELS AND RESORTS

In our 2021 annual report, I noted that 2022 would be another difficult year and this is proving to be the case. Mr. Chiu will provide more detail about our trading to date in his presentation but I note that our half year results for the hotel operations will reflect the ongoing challenges all accommodation and tourism providers continue to face.

We do, however, feel there is light at the end of the tunnel. Our land development operations through CDL investment are doing well, the reopening of the international border will help our performance towards the end of this year and we are working on refurbishments to key properties.

Major sporting events will be coming to New Zealand soon such as the Women's Rugby World Cup later this year and the FIFA Women's World Cup in late 2023. We are really looking forward to welcoming supporters from across the globe to New Zealand for those events and we believe that they will be well attended and well supported.

To sum up, we thank all of our shareholders for the continued confidence in this company. As a Board, we want to convey our belief that we have great confidence in MCK and its people across all our hotels and other business divisions now and into the future.

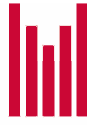
We remain well positioned for recovery and we expect things to improve over the next few years as New Zealand tourism starts to grow once again. The demand for travel remains strong globally and New Zealand remains a very desirable destination.

We look forward to having you join us on our recovery journey and to your future support both as shareholders and as guests at our Millennium, Grand Millennium, M Social, Copthorne and Kingsgate hotels across New Zealand. You can be assured of a warm and friendly welcome at any of our hotels.

### **Managing Director succession:**

BK, as this is your last annual meeting, on behalf of the Board and, I am sure on behalf of all MCK shareholders, I would like to thank you for your service to the Company over the past seventeen years.

You have led our group through very interesting and challenging times, not least after the GFC and after the Canterbury Earthquakes as well as during the pandemic. You have provided the Management Team with excellent leadership and I know that your presentations at these annual meetings are something that our shareholders have looked forward to.



# MILLENNIUM

HOTELS AND RESORTS

I'm sure that everyone will want me to thank you on their behalf and wish you well for the future.

We are pleased to have appointed Stuart Harrison as the new Managing Director and I am told that he will be a familiar face to some of you here today. Stuart's appointment has been warmly welcomed by our operational and corporate office teams and the Board is looking forward to working with him when he starts with us fully in June.

## WELCOME TO OUR WORLD OF HOSPITALITY

37<sup>th</sup> Annual General Meeting

24<sup>th</sup> May 2022

*More than  
Meets the Eye*



## 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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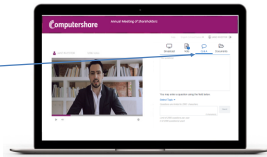


## How to Participate in Virtual/Hybrid Meetings (Q&A)

### 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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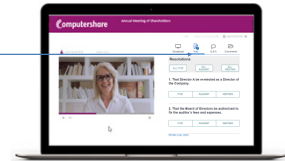
## How to Participate in Virtual/Hybrid Meetings (Voting)

### 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 36<sup>th</sup> 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.



**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.



**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.



**Outlook for 2022 (cont.)**

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



**MILLENNIUM**  
HOTELS AND RESORTS

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**MCK 2021 Group Results**

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



### 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 3<sup>RD</sup> NIGHT HOTEL BREAKFAST \$50  
A \$50 FOOD & BEVERAGE Credit included

WINTER 2021

Are you being served?

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

**Simple Joys** Redeemable

**2 NIGHTS BED & BREAKFAST** AT \$30  
FOOD & BEVERAGE Credit included

SPRING / SUMMER 2021/2022

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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

More than Meets the Eye 27

**Fifth Kingsgate to Copthorne Conversion**

Copthorne Greymouth

More than Meets the Eye 28

**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)

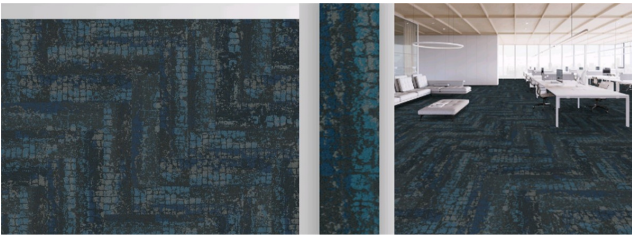


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### Redesign and Refurbish Waitaha Conference Centre



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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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*More than Meets the Eye*

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**CDL INVESTMENTS**  
NEW ZEALAND LIMITED

CDL INVESTMENTS  
NEW ZEALAND LIMITED


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### CDL Investments 2021 Sales

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

Section sales were from:

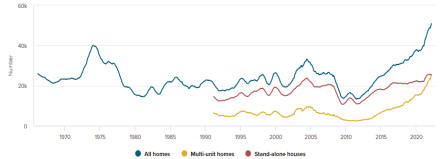
- Prestons Park, Christchurch
- Kewa Road, Auckland
- Dominion Road, Auckland

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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




● All homes   
 ● Multi-unit homes   
 ● Stand-alone homes

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)



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### 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


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



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### Completed Subdivisions and Work in Progress (cont.)

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




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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**



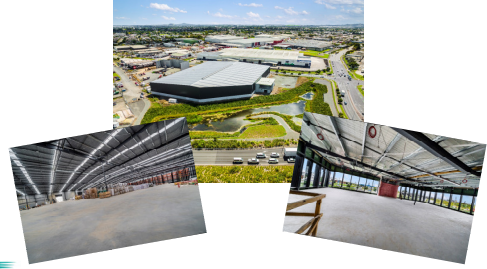
Prestons Park Commercial Centre



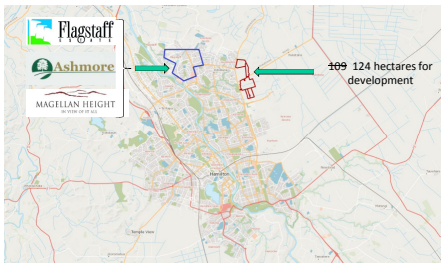
Stonebrook Commercial Centre



**Roscommon Road Warehouse**



**Hamilton Land**



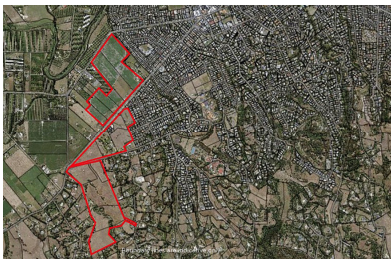
**Iona Land (69 hectares), Havelock North**



\* Google Earth Image



**Iona Land**



**Iona Land (cont.)**



**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.



**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.



