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

25-May-2021 12:17:48

Status

New

Announcement Sub Title

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

Announcement Reference

SG210525OTHRRRZY

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 25 May 2021 relating to (i) Remarks by Chairman of the Meeting to Annual Meeting of Shareholders; and (ii) Presentation slides at the Annual Meeting of Shareholders.

Attachments

MCHNZ-2021 AGM Chairman Remarks and Presentation slides.pdf

Total size = 1682K MB



MILLENNIUM & COPTHORNE HOTELS NEW ZEALAND LIMITED

STOCK EXCHANGE ANNOUNCEMENT

2021 ANNUAL SHAREHOLDER MEETING - REMARKS BY THE CHAIR

Retirement of Richard Bobb:

Before I turn to the main business of the meeting, I would like to mention that this will be Richard Bobb's last annual meeting as a director of MCK.

Richard advised the Board of his decision to retire last week. As Colin noted in the announcement we made, Richard has made some very important contributions in the time he has been with MCK.

He has been the Chair of the Audit Committee since he was appointed and has brought his extensive knowledge of accounting and taxation to the Committee and to the Board.

Richard has also been a director of our Australian subsidiaries as well. He has helped us weather a number of difficult events internationally and in both New Zealand and Australia.

Thank you, Richard, for your service as an Independent Director since 2004 and we all wish you well for the future.

Presentation of Annual Report and Financial Statrements:

On behalf of the Directors, I present the Annual Report and the Statement of Financial Accounts to 31 December 2020

All of us have our own memories and experiences from a year that we have called both "unforgettable", "abominable" and "devastating" in the same breath. While I am sure that most of us would like to put the past year behind us, I would like to recap a few of the good things from the Board's perspective in 2020.

We all saw the best of our people during the worst of times. In our annual report, we featured a few of the stories from 2020 and you saw the "can do" attitude, the positive spirit and the determination to provide the best possible service with warmth and professionalism.

On behalf of the Board, I would like to publicly thank all of our staff at all of our hotels and our corporate office once again for all of their work during 2020 and now. I am sure all of our shareholders feel the same way and would like to extend their thanks as well.

Our results for 2020 were better than forecast when you consider that when the initial impact of the pandemic was felt, we were certain that the outcome at half year and year end would be a substantial loss. As we have pointed out before, the overall result was helped by a one-off non-cash tax-credit and strong contributions from CDL Investments and from our Australian operations.

Our core hotel operations in 2020 were in fact profitable and recorded a small profit of \$1.9 million. Our total occupancy over last year was 39.2% and we managed to maintain a Revenue Per Available Room (RevPAR) of \$66.17 which we think is a very positive achievement and the result of careful and targeted domestic marketing.

All of this is good news. But we need to remember that even though New Zealand might be mostly back to "normal", industries such as tourism are not yet out of the woods.

In our results announcement and in the Annual Report, we noted that the impact of the pandemic will continue to be felt in 2021 given the fact that our international borders will stay closed to all except those within the Trans-Tasman and Pacific Travel Bubbles. We still think that will be the case now.

We have seen a small pick up in Australian visitors as a result of the Trans-Tasman Bubble, most noticeably in Queenstown, but the reality is that the Bubble is fragile and travel between Australia and New Zealand could be, and has been, suspended at a moment's notice.



HOTELS AND RESORTS

While the reasons for any suspension are completely understandable, there will inevitably be disruptions during a suspension period and those disruptions will lead to cancellations and impact on present and future revenue. If those suspensions get more frequent, it will impact on public confidence and we believe that even if things go smoothly over the coming months, it will still be some time before there is enough trust amongst the public to resume travelling as they did pre-pandemic.

We therefore cannot see a resumption of long-haul international travel to New Zealand until some time next year at the earliest and we have made our forecasts on that basis. With COVID-19 still very much a major issue around the world, it seems inevitable that our borders will remain shut for this year and for a part of 2022.

MCK's conservative approach means that we have the financial resources and balance sheet strength to endure these ongoing difficulties. This strength does allow your Board to focus on the path ahead.

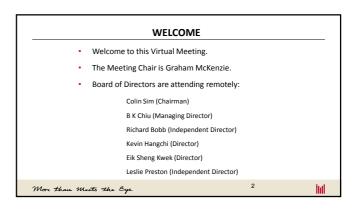
We are therefore asking a lot of questions of our management team about future revenue, our strategies, our refurbishment plans and how they see the markets post-pandemic. As we have our operational expenditure under control, we have the ability to look beyond the current situation and to see how we can build our core business back.

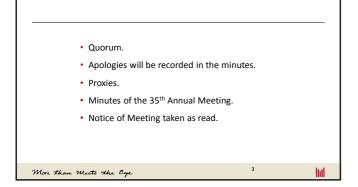
For example, at our Board Meeting yesterday, we approved an extension to the refurbishment plans for Millennium Hotel Queenstown and Millennium Hotel Rotorua. These destinations would be the first to recover when more borders are open. Initially, we had provided for a small-scale refurbishment of a small number of rooms to meet client demand but we now feel confident enough to justify increasing both projects to accommodate additional anticipated demand.

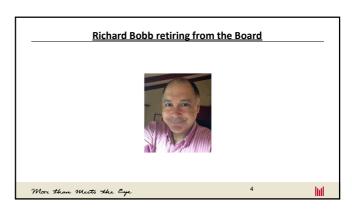
So even though times continue to be tough for now, we do believe there is reason to be positive about the future. Our priority now is to position MCK to be able to take every advantage of growth when it returns and to translate that growth into returns to shareholders.

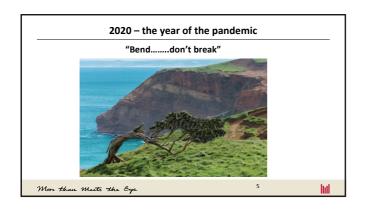
By reinvesting in our portfolio now, we will secure a competitive advantage with newer product and with our network of hotels across New Zealand, we believe that we will be ready to welcome the world once more when the time comes.













Int



Summary of MCK's 2020 Results

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

More than Meets the Eye

Outlook for 2021

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

More than Meets the Eye

li

Outlook for 2021 (cont...)

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

More than Meets the Eye

liil

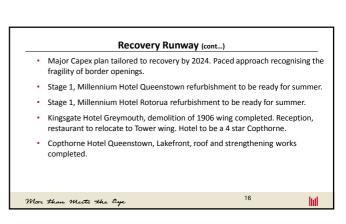


MCK 2020 Group Results 2020 2019 2018 Group Revenue (\$m): 172.0 229.7 218.8 EBITDA (\$m): 60.4 91.3 Profit Before Tax (\$m): 50.9 85.4 Border closure and lockdowns impacted sales in hotels. Deferred tax credit (\$20m) from reintroduction of tax depreciation on buildings was booked into profit and loss Property interests in CDL Investments and KIN Holdings, Australia cushioned the group's results. 12 More than Meets the Eye lul

			2021	2020	2019	
•	Hotel Revenue:		\$20.1m	\$31.6m	\$47.6m	
•	Occupancy:		39.9%	57.5%	89.1%	
•	Average Room Rate:		\$158	\$184	\$176	
	RevPAR:		\$63	\$105	\$157	
		April 2019 should be	e the benchmark			
		Two hotels remain c	losed.			
		Revenue loss from 2	lockdowns in Fe	bruary and Marc	h.	
	•				Wellington Oriental Bay, Millennium traded better than 2020.	
		M Social and Grand	Millennium Auck	land remain mar	naged isolation facilities.	
	•	Trading improvement Rotorua and Coptho			Bay of Islands, Millennium Hotel	
on the	u. Meeta	the Eye			13	Hil

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

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





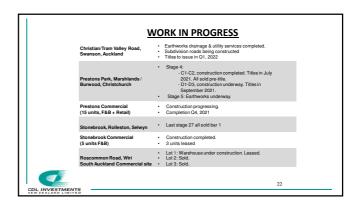


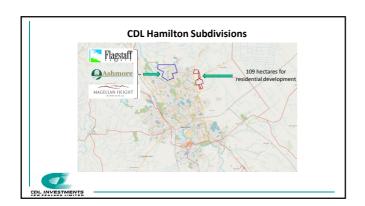


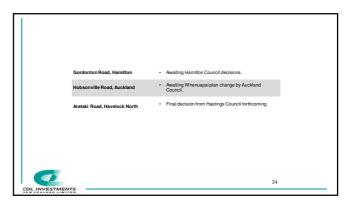


Cash & term deposits: \$122m
(as at 30 April 2021)
Quick ratio* 10.7
No bank borrowings

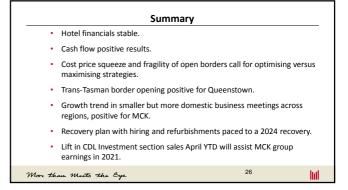
Bala correct states insection.
Total correct balaties.

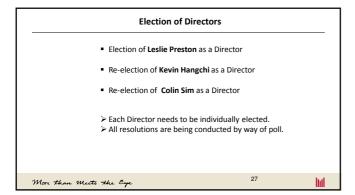


















No other nomination received - KPMG are reappointed as the Company's auditors. Resolution that the Directors be empowered to fix the remuneration of the Auditors for the year ending 31 December 2021. More than Meets the Eye.



