

**WELCOME TO
OUR WORLD OF
HOSPITALITY**

33rd Annual General Meeting

31st May 2018

*More than
Meets the Eye*



WELCOME

- Apologies
- Proxies
- Minutes of the 32nd Annual Meeting
- Notice of Meeting

More than Meets the Eye



WELCOME

- Quorum
- Board of Directors
 - Colin Sim (Chairman)
 - B K Chiu (Managing Director)
 - Kian Seng Tan (Director)
 - Kevin Hangchi (Director)
 - Richard Bobb (Independent Director)
 - Graham McKenzie (Independent Director)

More than Meets the Eye



Annual Report and Financial Statements

For 2017, MCK reported:

- A profit of \$43.1 million
- Increased revenue to \$187.3 million
- Increased earnings per share to 27.25 cps
- An increase in RevPAR of 8.2% over 2016.

More than Meets the Eye



Annual Report and Financial Statements

- **Another strong result from CDL Investments**
- **Dividend increased to 6.0 cents per share.**

More than Meets the Eye



MCK 2017 Results

- Hotel Revenue: \$105.6m (\$94.6m in 2016)
- Occupancy: 79.0% (80.7% in 2016)
- RevPar: 8.2% increase
- Average Daily Rate: \$148.25 (\$134.07 in 2016)
- Trading growth in Auckland, Rotorua and Queenstown
- Grand Millennium Auckland trading well
- M Social Auckland opened in October 2017

More than Meets the Eye



MCK Hotels

More than Meets the Eye



March 2018 YTD Trading

- Revenue increase 27%
- Occupancy 90.5%
- 14% increase in ADR
- 15% increase in RevPar
- M Social Auckland trading well
- Acquired Millennium Hotel New Plymouth, Waterfront in February 2018

More than Meets the Eye



Visitor Arrivals

	Year ended March			Change from 2017	
	2016	2017	2018	Number	Percent
Total	1,652,560	1,841,728	2,010,992	169,264	9.2%
Australia	538,112	561,120	598,160	37,040	6.6%
China	290,928	303,984	332,688	28,704	9.4%
USA	158,880	202,592	224,720	22,128	10.9%
UK	91,520	96,464	119,696	23,232	24.1%
South East Asia	80,128	107,456	113,088	5,632	5.2%
Germany	67,344	75,936	76,464	528	0.7%
Japan	61,968	70,000	68,496	-1,504	-2.1%
Korea	49,968	59,648	68,192	8,544	14.3%
ROW	184,464	217,888	247,440	29,552	13.6%

Source: Stats NZ

More than Meets the Eye

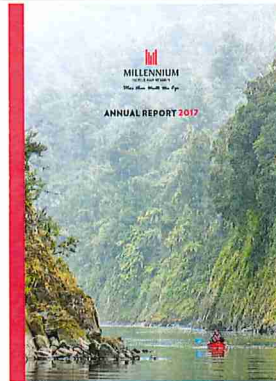


- International visitor spend \$14.5 billion
- \$1.5b GST collected
- Increased international flights
- First country to give a river (Whanganui River) legal status –sustainability landmark
- International Visitor Survey: 93.4% said expectations met or exceeded

More than Meets the Eye



2017 Annual Report



More than Meets the Eye




Many positive developments

So why are we “beating up” tourism and accommodation providers?


More than Meets the Eye





Wednesday Letter: Why are we 'beating up' the tourism industry?
21 Mar 2018 By Contributor


Dr Anthony Brien, senior lecturer in business and hotel management at Lincoln University, asks why, with a visitor 'met or exceeded satisfaction' rate of 93.4%, are some people 'beating up' the New Zealand tourism industry?



A lot of people visit New Zealand, but you would have to wonder why when all we hear in the media is that New Zealand is too expensive (accommodation, food and beverage, public transport and activities), access to the internet is terrible – and expensive, and there are issues with the quality of accommodation and food and beverage (MBIE IVS 2017). All the aforementioned is what makes up the total New Zealand tourism industry. Is the New Zealand industry really that bad? Apparently not – as 93.4% of respondents in the International Visitor Survey (2017) say their expectations were either met or exceeded! Fantastic. But why doesn't this statistic get prime billing? Why is it buried as a one-liner in the recently published New Zealand Tourism State of the Industry 2017 report? We should be proud of this result, but all we hear is our shortcomings, generalised and often factually incorrect.

Dr Anthony Brien


More than Meets the Eye



tourismticker Article...

“Here’s one example of how bad the unqualified reporting is getting. Repeatedly commentators (ITO's, travel writers, MBIE, etc.) appear in the media stating ‘accommodation is expensive’. MBIE’s conclusion is drawn from the IVS data where ‘accommodation’ covers everything from luxury lodges to backpackers to Airbnb, and reports that of the 3510 people who made a comment under ‘accommodation satisfaction rating’, only 10.2% said it was too expensive.”


More than Meets the Eye



tourismticker Article

“The ‘beat-ups of the moment’ are that New Zealand is an expensive tourist destination with poor service. Apparently everything - coffee, whiskey, activities and accommodation are all expensive, service is poor and we don't offer value for money. Amazing commentary given the 93.4% visitor satisfaction rate. But let's get specific. Expensive compared to what? Who defines expensive? We all have different perspectives on the word.”


More than Meets the Eye



tourismticker Article...

“This 10.2% is held up as a major issue - really? **The biggest visitor concern regard accommodation was no free internet. Why is reporting not specific to individual accommodation sectors? Who's not providing free internet - is it hotels, backpackers, Airbnb's?** Is one accommodation sector more expensive than the other? Generalisations are unhelpful and misleading.”

More than Meets the Eye



tourismticker Article...

“The (fragmented) New Zealand tourism industry needs to lift its play in terms of gathering appropriate data and engage in robust research and analysis that can then be used to inform future strategic decisions and planning.

In summary, commentators need to stop beating-up our industry with mostly unqualified and at worst factually incorrect, negative ‘thoughts’”.

More than Meets the Eye



- **Global Economy**
 - Globalisation; polarisation
 - Quantitative easing
 - Geopolitics
- **Technology**
 - Are humans being farmed?
- **Concentration of market/countervailing power**

More than Meets the Eye



tourismticker Article...

“What is needed is constructive comment from detailed information and robust research that will enable us to increase the visitor experience and grow our businesses.”

“Remember, a **93.4% met or exceeded expectation rating is a damn good result** in anyone's books! Let's celebrate that.”

More than Meets the Eye



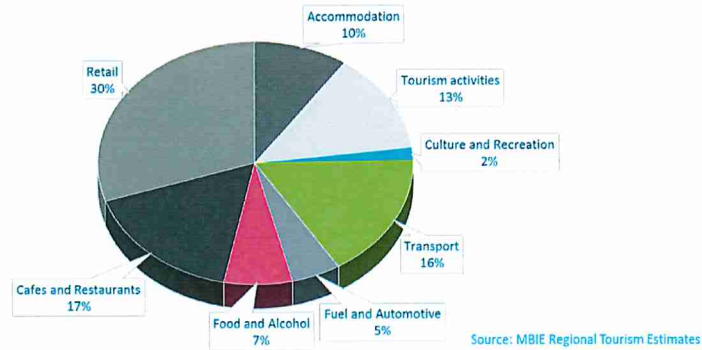
Cost escalations

- minimum & living wage
- compliance costs
- Targeted rates

More than Meets the Eye



Auckland Total Tourism Spend 2016



More than Meets the Eye



"32 by 17"

More than Meets the Eye



Powerless?

Act local
+
A strong balance sheet

More than Meets the Eye

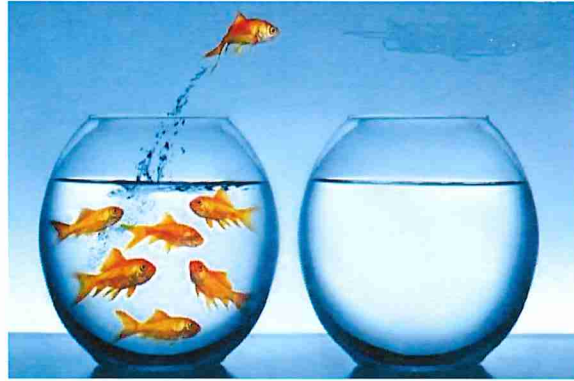


**S.W.I.M.
In
Blue Oceans**

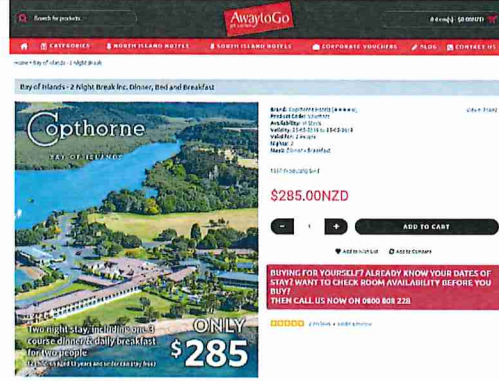
More than Meets the Eye



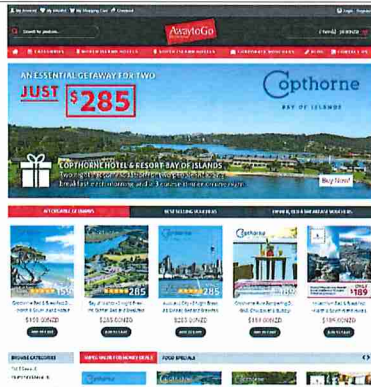
SWIMMING Lessons – Blue Ocean



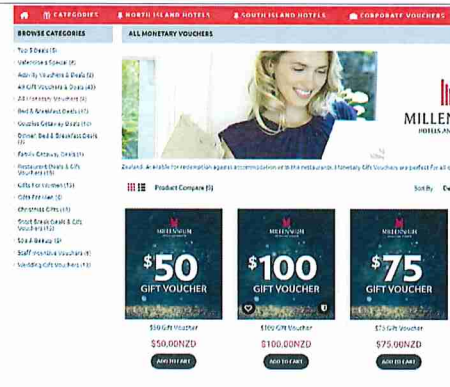
More than Meets the Eye



More than Meets the Eye



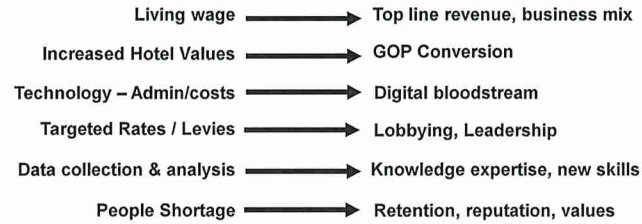
More than Meets the Eye



More than Meets the Eye



SWIM – the challenges



More than Meets the Eye



Disciplined capex investments, ownership care of people and assets underpin our financial performance and asset valuation.

More than Meets the Eye



Outstanding Service Experience

Our Vision

'Everyone Recommends Us'

Our Values

- Inspire Trust
- Respect
- Ownership

More than Meets the Eye



M Social Auckland



More than Meets the Eye



M Social Auckland



LOBBY / RECEPTION

More than Meets the Eye



M Social Auckland



RECEPTION / BAR

More than Meets the Eye



M Social Auckland



LOBBY / RECEPTION

More than Meets the Eye



M Social Auckland



BAR / LOUNGE

More than Meets the Eye



M Social Auckland



More than Meets the Eye



Beast & Butterflies



More than Meets the Eye



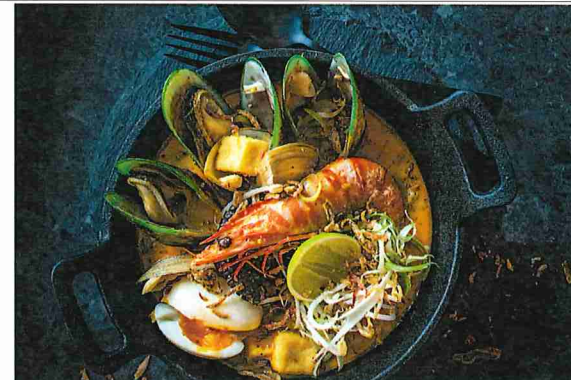
M Social Auckland



More than Meets the Eye



Beast & Butterflies



More than Meets the Eye



Beast & Butterflies



More than Meets the Eye



Meeting Rooms: Catalyst 1



More than Meets the Eye



Beast & Butterflies



More than Meets the Eye



Meeting Rooms: Catalyst 2&3



More than Meets the Eye



Meeting Rooms: Catalyst 3



More than Meets the Eye



NZ BIRDS CONCEPT



More than Meets the Eye



CONTEMPLATION CONCEPT



More than Meets the Eye



DANCE/WUSHU CONCEPT



More than Meets the Eye



M Social Auckland



GUEST ROOM - SUITE

More than Meets the Eye



M Social Auckland



More than Meets the Eye



M Social Auckland



More than Meets the Eye



M Social Auckland



GUEST ROOM - SUITE

More than Meets the Eye



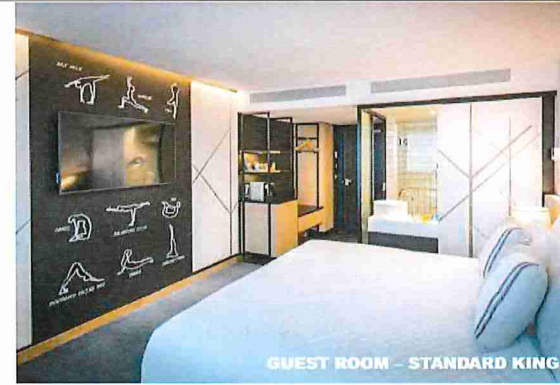
M Social Auckland



More than Meets the Eye



M Social Auckland



More than Meets the Eye



M Social Auckland



More than Meets the Eye



M Social Auckland

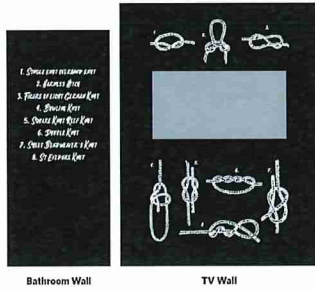


More than Meets the Eye



Guest Room Graphics

2, 5, 11 Marine



Bathroom Wall

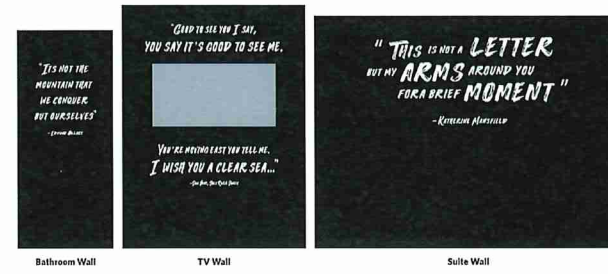
TV Wall

More than Meets the Eye



Guest Room Graphics

8, 4, 10 New Zealand



Bathroom Wall

TV Wall

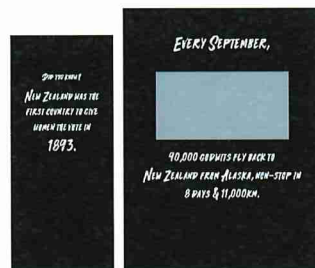
Suite Wall

More than Meets the Eye



Guest Room Graphics

8, 4, 10 New Zealand



Bathroom Wall

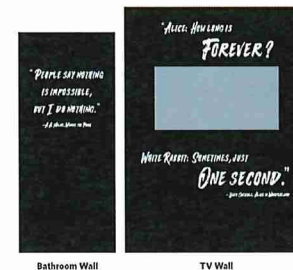
TV Wall

More than Meets the Eye



Guest Room Graphics

7 Contemplation (Yoga)



Bathroom Wall

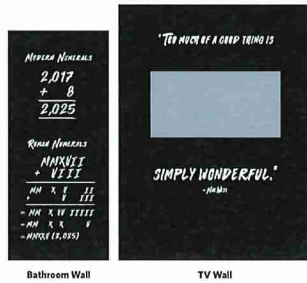
TV Wall

More than Meets the Eye



Guest Room Graphics

3, 6, 9 International



More than Meets the Eye



Millennium Hotel New Plymouth Waterfront



More than Meets the Eye



Millennium Hotel New Plymouth Waterfront



More than Meets the Eye



Location of MCK Land in Christchurch



More than Meets the Eye



CDL Investments New Zealand Limited

More than Meets the Eye



MARCH 2018 YTD TRADING

- Sales settled \$18.2m (\$24.3m in 2017)
- Sales from:
 - Magellan Heights (Hamilton)
 - Prestons Park (Christchurch)
- Property market quieter than 2017 and 2016
- Q2 sales will offset Q1 slower start

More than Meets the Eye



2017 RESULTS

- Revenue \$78.7m (\$74.5m in 2016)
- Profit before tax \$44.7m (\$37.5m in 2016)
- Sales from:
 - Greville Road, Auckland
 - Magellan, Hamilton
 - Prestons Park, Christchurch

More than Meets the Eye



Subdivision Location Map



More than Meets the Eye



Planning Ahead

- Council consents, civil works to have 2019/20 pipeline of sections for sale
- Diversify, add value to commercial land already owned
- Acquire, add to development land

More than Meets the Eye



WORK IN PROGRESS

- Magellan Heights, Hamilton Titles in November 2018.
- Northwood, Hastings Stage 8B – construction underway
Stage 8C – To start October 2018.
- Prestons Park, Christchurch Various stages underway.
Earthworks over balance of site underway.
Concept plans for Prestons Park Urban Village commercial area completed.
- Stonebrook, Rolleston Resource consent for 34 sections granted.
Concept plans for Stonebrook Commercial Area completed.

More than Meets the Eye



WORK IN PROGRESS

- Greville Road, Auckland Stage 4 – Titles issued May 2018
Stage 5 – Construction completed. Titles September 2018.
- Kewa Road, Auckland Earthworks underway.
Infrastructure construction October 2018.
- Dominion Road, Papakura Resource consent granted March 2018.
Construction to start October 2018.
- Crestview, Auckland Construction nearing completion.
Titles in September 2018.
- Roscommon Road, Auckland Earthworks, stormwater work October 2018.
Titles in June 2019.

More than Meets the Eye



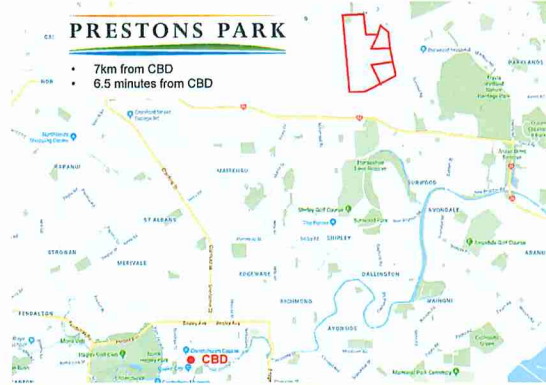
CDI Auckland Subdivisions



More than Meets the Eye



Prestons Park Subdivisions



More than Meets the Eye



More than Meets the Eye



Prestons Park Urban Village



More than Meets the Eye



More than Meets the Eye



Stonebrook Commercial Area

More than Meets the Eye



More than Meets the Eye



More than Meets the Eye

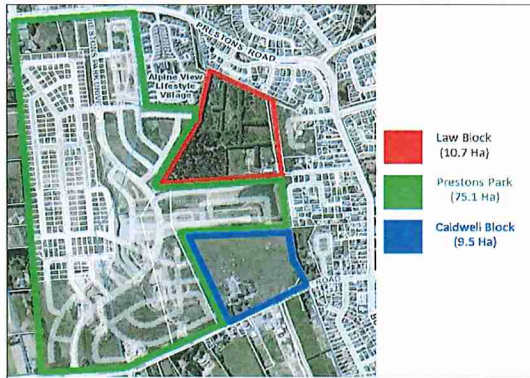


Land acquisitions

More than Meets the Eye



Prestons Park



More than Meets the Eye



ELECTION OF DIRECTORS

- Election of **Colin Sim** as a Director
- Re-election of **Richard Bobb** as a Director
- Re-election of **Kevin Hangchi** as a Director

More than Meets the Eye



SUMMARY

- Markets moderating but positive for hotels; residential sections have levelled off.
- Cost escalations; Capex investment; S.W.I.M.
- Christchurch rebuild; Acquisitions: hotel & CDI development land.
- Managing growth, profitability in 2018 & 2019.

More than Meets the Eye



Election of Director

Election of Colin Sim as a Director

More than Meets the Eye



Re-election of Director

Re-election of Richard Bobb as a Director

More than Meets the Eye



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 2018.

More than Meets the Eye



Re-election of Director

Re-election of Kevin Hangchi as a Director

More than Meets the Eye



Auditors Appointment & Remuneration

- KPMG are re-appointed as the company's auditors
- I move that the Directors be empowered to fix remuneration of the auditors for the year ending 31st December 2018.

More than Meets the Eye



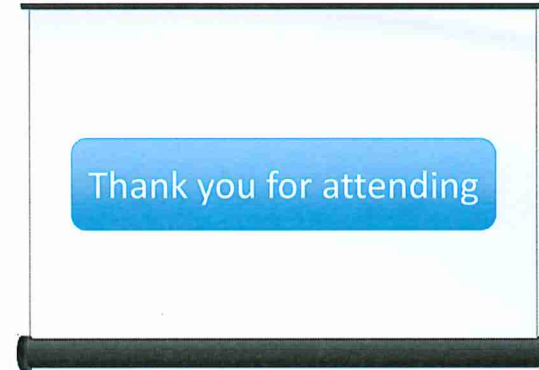
Shareholder Proposal – Special dividend and payment to staff and directors

- Mr. Howard Zingel, a shareholder, has proposed the following resolution to consider and, if thought fit, pass as an ordinary resolution:
- ***“I move that shareholders vote in favour of asking the Directors to pay a special dividend of 10 cents per share by the end of 2018, that at the same time those staff members who have served the Company for more than a year, at that date, be paid \$1,000.00 each and the Directors also at that date be awarded \$5,000.00 each”***

More than Meets the Eye



CLOSE OF MEETING



More than Meets the Eye



More than Meets the Eye

