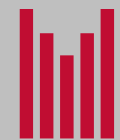


WELCOME TO OUR WORLD OF HOSPITALITY

35th Annual General Meeting

26th May 2020

*More than
Meets the Eye*



MILLENNIUM
HOTELS AND RESORTS

WELCOME

- Welcome to this Virtual Meeting
- The Meeting Chair is Graham McKenzie
- Board of Directors are attending remotely:

Colin Sim (Chairman)

B K Chiu (Managing Director)

Kevin Hangchi (Director)

Eik Sheng Kwek (Director)

Richard Bobb (Independent Director)



WELCOME

- Quorum
- Apologies will be recorded in the minutes
- Proxies
- Minutes of the 34th Annual Meeting
- Notice of Meeting taken as read



Tribute to Mr Wong Hong Ren



Annual Report and Financial Statements

2019 Annual Report presented.

For 2019, MCK reported:

- An increased profit after tax of \$49.7 million
- Increased revenue to \$229.7 million
- Increased earnings per share to 31.39 cps
- Better RevPAR of \$132.46
- Dividend maintained at 7.5 cents per share



Effect of COVID-19

- The Board has been monitoring the situation carefully.
- New Zealand's borders remain closed, will have huge impact
- Recovery will be long and slow - TransTasman bubble some time away
- Guest experience will be different
- Over 70% of MCK work force affected
- 2020 will be the most challenging year for MCK





MILLENNIUM

HOTELS AND RESORTS

More than Meets the Eye



MCK 2019 Group Results

Best year in MCK's history.

	<u>2019</u>	<u>2018</u>
Group Revenue (\$m):	229.7	218.8
EBITDA (\$m):	94.0	91.3
Profit Before Tax (\$m):	85.4	85.1

- Contributions from hotel operations, residential land development (CDL Investments New Zealand Ltd) and residential property development (KIN Holdings Ltd).



Statement of Value Added & Distribution

(Year ended 31 December 2019)

	Group	
Dollars in millions	2019	
Revenue	229.7	
(-) Less purchase of goods & services	(88.9)	
	140.8	
(+) Add interest income & dividend received	3.9	
	144.6	
		% of value
Appropriated as follows:		
To employees	46.8	32.3%
To government taxes & rates	23.5	18.7%
To suppliers of capital:		
- Dividends to shareholders	11.9	8.2%
- Interest cost, lease liabilities	2.7	1.9%
- Dividends to non-controlling interests	4.3	3.0%
Retained for future requirements	51.8	35.8%
Total Value Added	144.6	100.0%



MCK 2019 Results

- **Hotel Revenue:** \$126.6m (\$126.5m in 2018)
- **Occupancy:** 80.8% (80.9% in 2018)
- **Average Room Rate:** \$163.97 (\$161.54 in 2018)
- **RevPAR:** 1.4% increase
 - Softer trading year with lower arrivals from China
 - Domestic business & leisure is MCK's largest source of rooms revenue followed by China & Australia
 - New hotel inventory in Auckland & Wellington
 - Market share ahead of competitor set
 - Productivity challenges with cost increases



- Incorporated in August 2019.
- Represents over 100 hotels, large and small in cities, regions and resorts nationwide. MCK is a founding member.
- Only dedicated body providing leadership and advocacy for the hotel sector.
- Advocacy includes:
 - Hotel wage subsidy and extension
 - Taxation relief
 - Hotel local government rates grant
 - Removal of the Accommodation Provider Targeted Rate in Auckland and future discriminatory local government taxes e.g. bed tax in Queenstown.

Does it have to take pandemic carnage going viral to show the wide and deep linkages tourism brings to the NZ economy?

- From airlines, airports, rental vehicles, taxis, shuttles, travel agencies, tour operators, petrol stations, cafes, restaurant, retail, accommodation..... to tourist attractions in cities and rural towns.
- Employment and business losses from SMEs to large corporations in NZ.



Where is the fairness and wisdom in public policies relating to local council rates?

- **Accommodation Providers Targeted Rate (APTR), Auckland**
 - we commend the council's proposal to suspend the APTR for part of this rating year and next. But we urge it to abandon the APTR.
- **Queenstown Bed Tax**
 - an ill-advised, poorly researched & discriminatory local body tax



April 2020 YTD Trading

- **Hotel Revenue:** \$31.6m (\$47.6m in 2019)
- **Occupancy:** 57.5% (89.1% in 2019)
- **Average Room Rate:** \$183.58 (\$176.40 in 2019)
- **RevPAR:** \$105.47 (\$157.11 in 2019)



COVID-19 and Border closure impact

Month	Occupancy %		Average Room Rate (\$)	
	2019	2020	2019	2020
January	89.8	87.5	178.55	184.10
February	91.9	87.7	189.01	186.82
March	91.0	53.2	177.39	176.71
April	83.7	1.5	159.97	219.94

- 20 March 2020: Borders closed to all visitors
- 26 March 2020: Alert Level 4
- 27 April 2020: Alert Level 3
- 14 May 2020: Alert Level 2



What Matters Now and Next

MCK has sufficient cash to meet obligations.

- **Actively Conserving Cash**

Current Ratio (April 2020)	4.7
Quick Ratio	4.6
Debt Equity (%)	11.7

- **No plans to:**

Increase bank borrowings

Raise capital

Rights issue



Cash Flow Management

- **Resizing and rescaling operations**
 - Retain experience, expertise
- **Applied & received 12 week wage subsidy to June 21, 2020**
- **Debtor management**
- **Delay/Defer major capexes**
- **Actively market Zenith Apartments, Sydney**



Hotel Reopening

- Strict COVID-19 protocols at all hotels and corporate office
- Comply with all Ministry of Health requirements
- We Care. We Clean. We Welcome

- **Hotels Open:**

M Social, Auckland



Grand Millennium, Auckland



Millennium Hotel Rotorua



Millennium Hotel New
Plymouth, Waterfront



Copthorne Hotel Auckland City



Copthorne Hotel Palmerston North



Copthorne Hotel Wellington,
Oriental Bay



Copthorne Hotel and Apartments
Queenstown, Lakeview



Copthorne Hotel and Resort
Hokianga



Copthorne Hotel and Resort
Solway Park, Wairarapa



Kingsgate Hotel Dunedin



Kingsgate Hotel Wanganui



Copthorne Hotel and Resort
Queenstown, Lakefront

OPENING
1 JULY

Comply with all Ministry of Health requirements



Social Distancing Protocols in place



Contactless check in and check out



Menus available for room delivery



Qualmark certified



Increased levels of sanitation with hospital
grade solutions



Book direct or through your Travel Agent



CDL Investment 2019 Sales

Best year in CDI's history despite the softening property market in 2019.

	<u>2019</u>	<u>2018</u>
Sales (\$m)	91.8	85.0
Profit before tax (\$m)	47.3	46.7

- Section sales similar to 2018 from:
 - Greville Road, Auckland
 - Magellan, Hamilton
 - Prestons Park, Christchurch
- Lower margin sales at Northwood, Hawkes Bay



April 2020 YTD Sales

Well designed, constructed and located CDI sections meet market demand despite a sobering economic outlook.

- Sales \$18.8m (\$14.9 in 2019)

- Sales from:

Greville Road, Auckland

Magellan Heights, Hamilton

Prestons Park, Christchurch

- Steady demand for CDI sections in Christchurch and Auckland.
- Pre-titled sales at Kewa Road and Dominion Road – both in Auckland are encouraging with settlements in 2020 and 2021.



- Economic downturn and unemployment will eventually impact demand for residential property.
- However a low interest environment (OCR 0.25%), lower mortgage rates, removal of 20% LVR are all positive for home ownership aspirations.
- There is selective demand for well located and reputable subdivisions with CDI sections priced at different points.
- Manage works in progress for these markets.
- CDI organization remains at three FTEs.



SUMMARY

- MCK has sufficient cash to meet obligations.
- Resized, Rescaled model of hotel operations.
- CDI section sales tracking positively to date.
- Actively market Zenith Apartments sales.
- Hotel operation will make a loss in 2020. But overall Group will make a profit.



ELECTION OF DIRECTORS

- Election of **Mr Eik Sheng KWEK** as a Director
- Re-election of **Mr Boo Keng CHIU** as a Director
- Each Director needs to be individually elected
- All resolutions are being conducted by way of poll



Election of Director

Election of Mr Eik Sheng KWEK as a Director



Re-election of Director

Re-election of Mr Boo Keng CHIU as a Director



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 2020.





CLOSE OF MEETING

A whiteboard with a blue box containing the text "Thank you for attending".

Thank you for attending

