



MILLENNIUM
HOTELS AND RESORTS

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Annual General Meeting
Wednesday 26 May 2010

www.millenniumhotels.co.nz

Welcome

- Quorum
- Board of Directors
 - Wong Hong Ren (Chairman)
 - B K Chiu (Managing Director)
 - Vincent Yeo (Non-Executive Director)
 - Graham McKenzie (Independent Director)
 - Richard Bobb (Independent Director)



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Welcome


- Apologies
- Proxies
- Minutes of last Annual Meeting
- Notice of Meeting



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Annual Report and Financial Statements

- Net Profit After Tax - \$12.3 million
- Group Revenue - \$108 million
- Gross Operating Profit – \$18.8 million
- Total Assets - \$610.7 million
- Net Asset Backing – 121.6 cps



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New Zealand Operations

- Dividend 1.2 cents per share
- Expect 2010 to be less difficult compared to 2009

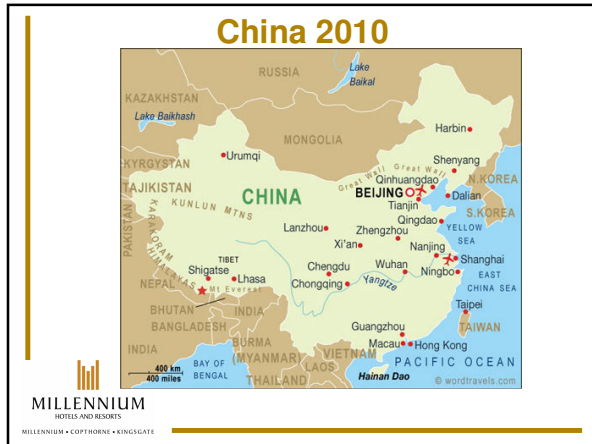


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- First Sponsor Capital Ltd
- CDL Investments
- Zenith Apartments
- MCK Hotels



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27 September 2007

MCK announced a strategic Cooperation Agreement to invest in a joint venture with Chinese property developer, Guangdong Idea Valley Group Co., Ltd. ('i-Vale')

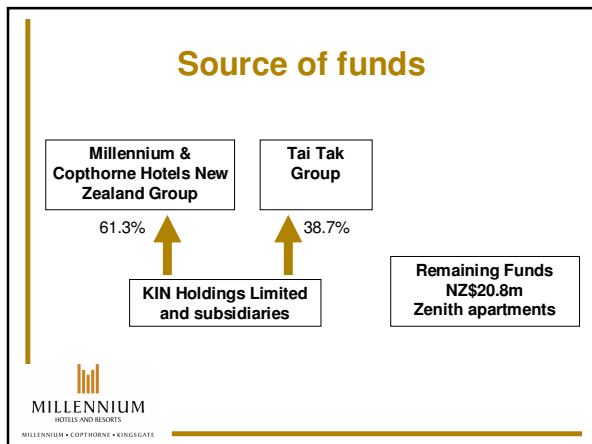
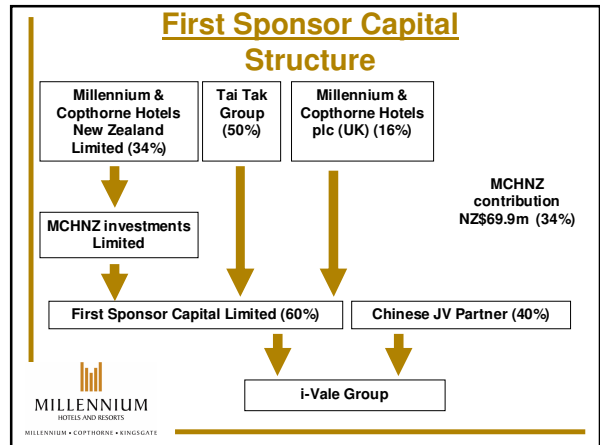
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About i-Vale

- Guangdong Idea Valley Group Co., Ltd (i-Vale) is an integrated property development, services and marketing company.
- Founded in late 2003 i-Vale is headquartered in Dongguan City, Guangdong Province in Southern China.




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Chengdu

- **Capital** of Sichuan Province
- **Population** over 11,000,000 people

(Source: Wikipedia)

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Chengdu Research Base of Giant Panda Breeding



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City Spring, Chengdu

- Total Construction area: 232k sq. m. (2.5m sq. ft)
- 30 – 31 Floors of 726 residential units
- 1136 SOHO units
- 107 service apartments

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Aerial View of City Spring Chengdu Project



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Aerial view of City Spring Chengdu Project



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View from the south (Service apartment and SOHO blocks)



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SOHO Block – view from the east



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Residential



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- China diversification rationale
- Sound asset acquisitions
 - value appreciation
- Profit growth in past two years
 - self funding
- March 2010 events and setback

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i-Vale CEO: Mr Zhang

- Mr Zhang Bingguan (51)
- Mr Zhang is a property developer over several years.
- Worked in Shanghai, Hong Kong and Dongguan.

广东慧谷集团

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Actions taken to date

- Legal advice sought from lawyers in Hong Kong, Guangzhou and Dongguan regarding Cheung's actions.
- Have initiated criminal and civil proceedings (including HK court injunction).
- Focus is on criminal proceedings – fraud and breach of trust.
- Desired end result is voiding of all illegal sale contracts and assets returned to IVGL group.
- Out of USD55 million assets purportedly sold, particular focus is on the Hainan hotel and Dongguan Zhenbiao.

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Police reports filed

- Police report formally filed in Hainan on 16 April 2010 and informally submitted in Dongguan on 19 April 2010.
- Hainan police report details Cheung's actions in Hainan:
 - seizure of hotel corporate and finance seals by force,
 - depressed sale consideration,
 - unauthorised transfer of part of sale proceeds to an unknown Xi'an company and a company controlled by Cheung's sister.
- Dongguan police report covers the purported sale of the 3 Guangdong assets in addition to the Hainan hotel.

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Police reports filed (cont'd)

- Once either police report is accepted, the security bureau may take steps to arrest and interrogate Cheung and his accomplices. They also have the power to freeze all assets to prevent any further dealing in them.
- The court can order the return of those affected assets to the IVGL group.
- Target obtaining of judgment by end of calendar year.

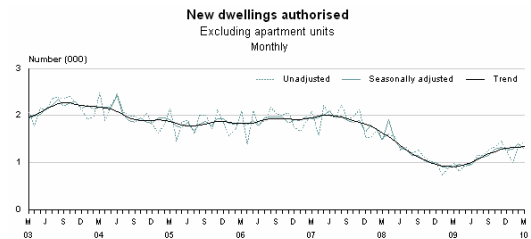
Financial implications

MCK's effective interest is approximately NZ\$26.1m

CDLI

- Building consents upturn
- Interest rates stable; higher deposits required
- 2009 Results
- YTD April 2010 Results

Building Consents, New Zealand March 2010



CDLI

- Building consents upturn
- Interest rates stable; higher deposits required
- 2009 Results
- YTD April 2010 Results

CDLI

- Strong Balance Sheet
 - Debt free, cash flow / cash balance
 - No land purchase in 2009
- No fire sale

CDLI

- Diversified land holdings
 - Auckland: *Harrowglen*
 - Hamilton: *Ashmore; Magellan Heights*
 - Hastings: *Northwood*
 - Rolleston: *Millgate*
 - Queenstown: *Morning Star Terrace*
 - Auckland: *Don Buck Road*
 - Havelock North: *Brookvale Road*
 - Nelson: *Washbourn Terraces*



CDLI

- 2009 Results
 - Sections sold 34 (23)
 - Sales Revenue \$5.2m (\$4.3m)
NPAT \$1.3m (\$1.7m)
 - Portfolio valuation \$171.6m (\$169.7m)
 - Cash Balance \$5.5m (\$5.2m)
 - Titled and Ready to title sections

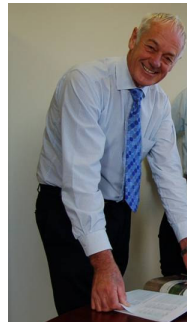


CDLI

- YTD April 2010
 - Sections sold 15 (1)
 - Millgate
 - Washbourn Terraces
 - Northwood
 - Ashmore
 - Magellan
 - Brookvale Road
 - Don Buck Road



CDLI



▪ John Lindsay – Director,
CDL Land New Zealand



▪ Jason Adams - General
Manager, Projects



▪ Natasha Johnstone –
Company Accountant

CDLI

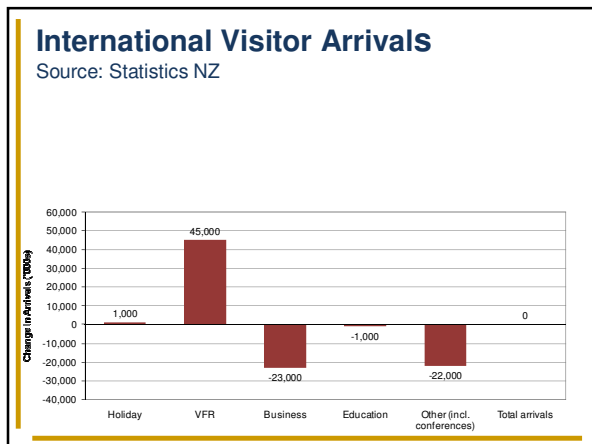
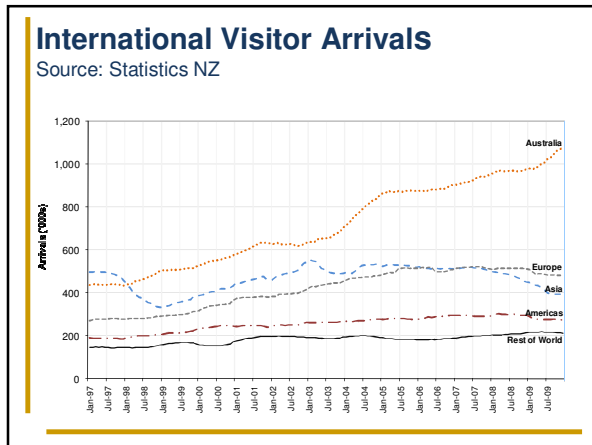
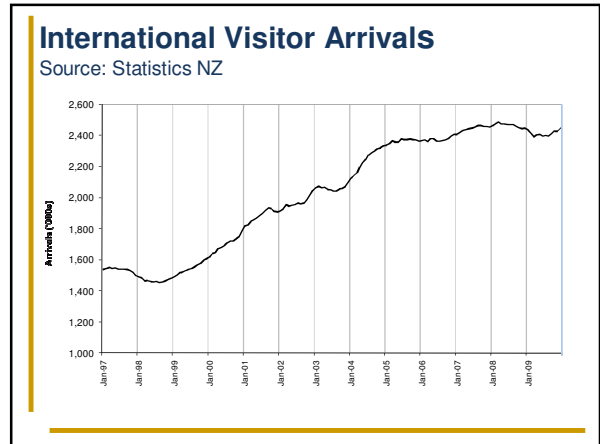
Ready for upturn



Zenith Apartments, Sydney

- 96.8% Occupancy
- Quiet property market
- Valuation: A\$58.4m (A\$57.5m)





Occupancy, Average Rate, RevPar (Indexed)

Occupancy Rates (%)				
	3 – 3.5 Stars	4 Stars	4.5 – 5 Stars	All Hotels
2005	70.5	75.1	72.4	72.5
2006	68.4	74.9	73.5	72.2
2007	68.3	72.5	71.6	70.8
2008	68.3	69.3	70.6	69.6
2009	65.1	67.4	67.3	66.9

Average Rate (Indexed to 2005 at 100)				
	3 – 3.5 Stars	4 Stars	4.5 – 5 Stars	All Hotels
2005	100	100	100	100
2006	101	102	102	102
2007	101	103	104	104
2008	98	102	105	105
2009	92	94	98	99

Source: New Zealand Hotel Council

Occupancy, Average Rate, RevPar (Indexed)

RevPar (Indexed to 2005 at 100)				
	3 – 3.5 Stars	4 Stars	4.5 – 5 Stars	All Hotels
2005	100	100	100	100
2006	98	102	103	101
2007	98	100	103	101
2008	95	95	103	100
2009	85	84	91	91

Source: New Zealand Hotel Council

MCK 2009 Results

- Occupancy Down 4.5% from 2008
- Revenue down \$15m or 13%
- Recovery 45%
- EBITDA \$6m down
- Capex \$1.6m (\$41m)
- Bad debts F&B Inventory

Consolidated Income Statement

For the year ended 31 December 2009

DOLLARS IN THOUSANDS	Note	Group		Parent	
		2009	2008	2009	2008
Hotel revenue		100,065	116,944	47,492	53,432
Rental income		2,360	2,177	-	-
Property sales		5,306	4,559	-	-
Revenue		107,951	123,680	47,492	53,432
Cost of sales		(45,904)	(51,310)	(18,860)	(21,214)
Gross profit		62,047	72,370	28,632	32,218
Administration expenses	2	(27,501)	(32,535)	(10,410)	(12,211)
Other operating expenses	2	(15,698)	(21,095)	(6,241)	(8,599)
Operating profit		18,848	18,739	9,981	11,110
Finance income	4	2,198	12,936	499	5,694
Finance costs	4	(2,119)	(5,077)	(266)	(530)
Net finance income		79	7,859	233	5,164
Share of profit of associate	12	1,609	921	-	-
Profit before income tax		20,536	27,519	10,214	16,283
Income tax expense	5	(5,570)	(5,071)	(3,016)	(4,530)
Profit for the year		14,966	22,448	7,198	11,953
Attributable to:					
Equity holders of the parent		12,372	17,770	7,198	11,953
Non-controlling interests		2,594	4,678	-	-
Profit for the year		14,966	22,448	7,198	11,953
Basic earnings per share (cents)	8	3.54	5.09		
Diluted earnings per share (cents)	8	3.54	5.09		

Financials

- 2010 Hotel Trading Update (April YTD)
 - Hotel Revenue: 1% up
 - Occupancy: 75% (71%)
 - ARR: 3% down
 - Yield: 3% up



Trends

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2 hotel main meals for the price of 1* during your stay at participating hotel restaurants.

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Our People

- Health & Safety
- ACC Tertiary Accreditation
- Business Basics
- Hospitality Standards Institute
- EnviroGold Awards

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MCK's Class of 2009 graduating together on completion of the National Certificate in Adult Literacy Education

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Ellie Hayward, Director of HR, accepts the H.S.I Excellence in Training – Organisation Prize



H.S.I's Training Workplace of the Year (Accommodation) was awarded to Copthorne Hotel Christchurch, Durham Street. Accepted by Joanne Simpson, Regional HR Manager

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qualmark
Enviro-Gold

- Millennium Hotel Rotorua
- Millennium Hotel Queenstown
- Copthorne Hotel & Resort, Bay of Islands
- Copthorne Hotel Queenstown, Lakefront

PROJECT ISLAND SONG

GOING GREEN




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Annual Report

Annual Report and the Financial Accounts are now open for discussion

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Election of Directors

- To re-elect Mr Vincent Yeo

Election of Directors

- To re-elect Mr Richard Bobb

Auditors' Remuneration

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

"That the Board of Directors be authorised to fix the auditor's remuneration"

General Business

**Are there any items of
General Business?**

Close of Meeting

Thank you for your attendance


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