

February 2, 2021

Tēnā koutou,

With January 2021 now behind us I would like to reflect on our 2020 year, the AGM held in November and provide some additional updates as we move forward into 2021.

### **AGM**

In November we held our 67<sup>th</sup> AGM as a hybrid meeting with attendance by some in person in Wellington and some joining us online. With the combined in person and online attendance, it was the greatest turnout we have had at an AGM for several years. We presented our 2020 annual report and accounts and reflected on the previous 2019 season.

### **Appointment of Directors**

In accordance with the Constitution, Geoff Taylor retired by rotation and was reappointed following a poll vote at the meeting.

In accordance with the Constitution, John Foley, Terry Allen and Zoe Dryden were appointed as Directors following a poll vote at the meeting.

### **Appointment of Auditors**

Following a poll vote at the meeting the reappointment of Deloitte as auditors to the company was confirmed and the Directors were authorised to determine their remuneration.

### **Minutes**

The approved minutes of the 2020 AGM have been attached for your reference.

### **2020**

This time last year the world began to change due to the COVID-19 global pandemic. In March we decided to close our summer sightseeing operation on the Sky Waka as the different alert levels were introduced by the New Zealand Government. The Board instructed the management team to put a halt on all planning and commitments associated with winter 2020 and requested that they model several scenarios for the season.

During lockdown we modelled the potential impact that COVID-19 may have on our winter operations. The worst case scenario of not being able to open for winter would have resulted in a loss and an increase in debt for RAL that was unacceptably high for both us and our Bank. Our Bank provided support on a month by month basis and we paused as much expenditure as possible. Our teams also took a reduction in pay as we navigated through the period of uncertainty.

RAL qualified for the wage subsidy which allowed us to keep the staff that we had on board at the time.

We deferred the date for the AGM and the Board also took a reduction in their fees. Due to the work that we were doing with our bank and RAL's constitution requiring us to have no less than four directors and no more than six, we reduced the number of Directors on the Board. Duncan Fraser retired from the Board in May and Debbie Birch and Michelle Trapski resigned from the Board. I would like to thank them for their effort and support they have provided over the years.

In late May 2020 we published our annual report. At this time, the New Zealand Government confirmed that the ski industry had been given the OK to operate under COVID-19 alert level 1 and 2.

Adapting our on-mountain processes and procedures to operate in the COVID-19 environment required our teams and guests to be patient and flexible. We were extremely fortunate to be able to

operate under COVID-19 Alert Levels 1 and 2, which was something that we did not take for granted.

The start to the season saw warm weather, limited ability to make snow and minimal natural snowfall. This meant the experience was limited and it was only from August when we were able to offer top to bottom skiing and snowboarding at both ski areas.

We acknowledge that the experience at both Whakapapa and Tūroa in 2020 was very different to prior years and we thank the team on the ground for their effort in delivering this experience in what was a very challenging year.

A key change for the 2020 season was the introduction of bookable parking. DOC and Ngati Hikairo asked RAL to implement a car park booking system to control congestion, manage demand and spread arrival times for visitors to the Tongariro National Park.

We initially introduced the system to manage demand over the busiest weekend days experienced between July and September. At COVID-19 Alert Level 2 we were directed by DOC to adjust our operations to safely operate to government specifications by implementing an optimal visitor cap. This meant our daily visitation was severely reduced and we used the bookable parking system as the tool to manage this.

Under COVID-19 Alert Level 2 our on-mountain team followed risk-based Health & Safety protocols. These protocols included proactively managing capacity (through the bookable parking system), using PPE, and contact tracing systems.

During winter 2020 we welcomed over 290,000 manuhiri (guests) to the maunga. Even with the challenges faced, we were pleased with the response to our 2020 season. Of the 290,000 guests, 43,000 were Sky Waka sightseers. Even with COVID-19 and the change in alert levels during the season, these sightseeing numbers almost doubled compared to the same period in 2019. This growth is significant for RAL and our region, especially with the limited snow offering at the start of this season.

2020 taught us some invaluable lessons and the team are taking many learnings forward into our 2021 business plans. Overall, we were pleased with the result for 2020 considering the challenges we had in place. Our 2021 season pass campaign has also been a success and is a great indicator of interest for the 2021 season.

We can confirm we have committed funding in place from our bank for 2021 and planning is underway for the winter season which will allow us to provide an offering that is similar with years prior to 2020.

### **DOC Volcanic Alert Levels**

Prior to Christmas, Mt Ruapehu increased from Volcanic Alert Level 1 to Volcanic Alert Level 2 due to the combination of an increased crater lake temperature, volcanic tremors and gas output from the crater lake. In response to this change, our teams immediately implemented their Volcanic Alert Level 2 response plan that covers all the risks and operational plans associated with an escalation.

DOC, as legal authority over the Tongariro National Park make the decisions on operations for all concessionaires with respect to the Volcanic Alert levels on advice they receive from GNS. In December they made the decision to exclude any activity within 2km of the centre of the crater lake.

Our operations fall outside this exclusion, except for the High Noon Express return station and the Far West T Bar return (neither of which are operational for the summer season). We were able to continue to operate the Sky Waka for sightseeing during this period.

Earlier in January the crater lake temperature returned to stable levels, and the Volcanic Alert Level was reduced to Level 1 allowing us to reinstate our standard operational plan.

Further information on the different volcanic alert levels can be found on the Geonet website here: <https://www.geonet.org.nz/about/volcano/val>

### **Summer 2021**

Since December 2020 many guests have been enjoying summer sightseeing on the Sky Waka Gondola at Whakapapa. Guests can ride the 1.8km Sky Waka up to Knoll Ridge Chalet, New Zealand's highest restaurant while experiencing exceptional views across the central plateau.

At the Knoll Ridge Chalet guests can enjoy a buffet lunch at the Pinnacles restaurant which serves a variety of dishes, with a focus on locally sourced produce. This includes sirloin steak from Awhi farms, farmed in the foothills of Mt Ruapehu, and lamb and venison from nearby Waihi Pukawa farms. Our Sky Waka and lunch combo is proving popular with guests, who are commenting that they are impressed with the quality of food and the value.

We encourage you to come and visit the Sky Waka and spend some time in the Central North Island over the upcoming months. The Sky Waka will be open for sightseeing until early May 2021.

### **RAL moving forward**

In September I outlined a process to review our sources of capital. This process is underway, and we are seeking expressions of interest (EOI) from wholesale investors interested in investing in the business.

We are seeking to raise up to \$30 million of new equity capital, which corresponds to a 50% shareholding on a post-money basis and we are looking for a strategic partner who can help the business develop to the next level.

This investment will give the strategic partner the opportunity to own a strategic stake in an iconic business with significant exposure to domestic tourism. We currently operate the largest ski areas in Aotearoa New Zealand with a 23% share of the alpine skiing and snowboarding market.

We believe that the strategic partner will have a key governance role in helping to shape the future development of on-mountain facilities and off-mountain opportunities. Our non-standard shareholding structure has restricted our ability to pursue off-mountain opportunities and limited our ability to access equity.

The Tūroa Ski Area, Whakapapa Ski Area and Sky Waka gondola are key attractions to the Ruapehu Region throughout winter and more recently summer. The recreational activities and services provided by RAL make a significant economic contribution, up to \$6-\$7 is spent off mountain for every \$1 spent on-mountain.

We are accepting enquiries from wholesale investors (within the meaning of the Financial Markets Conduct Act) to [RAL@cubus.nz](mailto:RAL@cubus.nz).

The Board, management and I want to thank you for your continued support, we look forward to seeing out the end of the 2021 summer season, welcoming the 2021 winter season and taking Whakapapa and Tūroa forward into the future.

Nāku noa, nā

Murray Gribben  
Chair  
Ruapehu Alpine Lifts Limited

**RUAPEHU ALPINE LIFTS LIMITED**  
**MINUTES OF THE 67<sup>TH</sup> ANNUAL GENERAL MEETING**  
**HELD ON FRIDAY 27<sup>TH</sup> NOVEMBER 2020**  
**AT THE WELLINGTON CLUB, LEVEL 4, 88 THE TERRACE, WELLINGTON**  
**AT 2:00PM**

**Directors Present:** Messers M Gribben (Chair), G. Taylor, T. Allen, J. Foley and Ms Z. Dryden

Meeting opened: 2:05pm

### **1.0 Welcome**

The Chair welcomed everyone to the 67<sup>th</sup> RAL Annual General Meeting. Introduced Board, CEO, CFO and COO. He welcomed those in person and online and explained how the hybrid meeting would run.

### **2.0 Notice of Meeting**

The Chair confirmed that the Notice of Meeting had been sent to shareholders and other persons entitled to receive it.

### **3.0 Quorum**

The Chair confirmed that there was a quorum.

### **4.0 Proxies**

The Chair confirmed that the proxies have appointed the Chair for the purposes of this meeting in respect of approximately 61 shares.

### **5.0 Apologies**

The Chair acknowledged the following apologies: David Pilkington, Mary-Rose Blackley, Jannette McLeod, Cathy Mclean, Steven Huish, Gill and Warren Press, Stuart Ewington, Scottie Barry, and Scott Huppert.

### **6.0 Presentation of Annual Report for the year ended 30 November 2019**

In presenting the Annual Report the Chair noted that it was a tough season with some big achievements:

- We constructed and opened the Sky Waka Gondola;
- We refurbished several food and beverage facilities on the maunga;
- We completed repairs to the High Noon Express following the 2018 avalanche; and
- We welcomed just under 400k guests to the mountain.

Some of the challenges we encountered included:

- Warm July;
- Lots of storms in August and high winds;
- Increased deicing hours;
- Multiple days where the wind was over 100km/hr;
- Higher than average precipitation because of warm July; and
- Significant avalanche risk, resulting in large avalanches triggered through standard control procedures. Several large avalanches at Turoa.

Even with the challenges during the year the business still delivered an EBITDA of \$3.3m.

The number of Directors on the Board was reduced. Duncan Fraser retired from the Board in May and Debbie Birch and Michelle Trapski resigned from the Board. The Chair, on behalf of the Board thanked all three of them for the effort and support they have provided over the years.

The Chair took questions on annual report and accounts:

Paul Carrad questioned if all the shares have equal voting rights and noted that the Constitution doesn't specify this. Chair confirmed yes. Jo Bouchier referenced section 96 of the Companies Act *copied below for information along with section 8.6 of the RAL Constitution*

*Extract of the Companies Act 1993:*

Part 7: Shareholders and their rights and obligations

96 Meaning of shareholder

In this Act, the term shareholder, in relation to a company, means—

- (a) a person whose name is entered in the share register as the holder for the time being of 1 or more shares in the company;
- (b) until the person's name is entered in the share register, a person named as a shareholder in an application for the registration of a company at the time of registration of the company;
- (c) until the person's name is entered in the share register, a person who is entitled to have that person's name entered in the share register under a registered amalgamation proposal as a shareholder in an amalgamated company.

*In addition to the above 8.6 of the constitution references how a poll is conducted:*

8.6 If a poll is taken votes must be counted according to the votes attached to the shares of each Shareholder present in person or by proxy and voting.

Craig Ewington:

- Noted that content in the Annual report was reduced because of circumstances. Next year he requested RAL goes back to full reporting. Chair agreed that will have full reporting for the 30 November 2020 financial year.
- Note 9 – note that this was the best explanation of how the funding works including the coupon rate to Tourism infrastructure Bonds. Questioned whether the 390k visitors for 2019 triggers costs with the funding. Chair clarified that the 300k trigger is for non-ski visitors at Whakapapa on an annual basis. It was requested that this split is provided in the reports moving forward. Chair agreed this will be reported on.
- Note 1.2 – Going Concern. Noted that going concern issues became apparent not because of COVID but instead at end of November 2020 where under stress with the bank. Chair clarified that RAL had working capital support with ANZ for the 2020 season but didn't have funding for future capex on the mountain. Chair clarified that RAL was able to trade.
- 18<sup>th</sup> September 2020 update referenced access to future capital required. Asked if this would be addressed, Chair confirmed an update will be provided in the next section of the meeting.
- RAL Trust – noted now the majority shareholder. Requested that the Trust report annually at least and requested that it should report in the context of the Company. Chair noted with change in legislation around Trusts in January 2021 it was expected that the Trust would report back to their beneficiaries.

Richard Darlow stated that traditionally RAL had very stable senior management, seen some move on in recent years and questioned what has happened? Chair explained some have moved onto other

opportunities and some moved on due to other reasons such as COVID.

David Biegel acknowledged the challenges faced during the 2019 season. Questioned whether the staffing levels were an issue for that season. The Chair responded and spoke to the issue of deicing of the mountain and used Turoa as an example explaining the challenges with the locations of lifts and staged approach to completing the deicing program.

The Chair confirmed that the accounts and annual report have been adopted.

## **7.0 Resolutions**

### **7.1 Appointment of Directors**

#### **7.1.1 Geoff Taylor**

The Chair moved, as an ordinary resolution, that Geoff Taylor be re-elected as a director of the Company. Geoff Taylor addressed the shareholders and spoke to his experience. There were no questions around the reappointment of Geoff Taylor. The vote was conducted.

#### **7.1.2 John Foley**

The Chair moved, as an ordinary resolution, that John Foley be elected as a director of the Company. John Foley addressed the shareholders. There were no questions around the reappointment of John Foley. The vote was conducted.

#### **7.1.3 Terry Allen**

The Chair moved, as an ordinary resolution, that Terry Allen be elected as a director of the Company. Terry Allen addressed the shareholders. There were no questions around the reappointment of Terry Allen. The vote was conducted.

#### **7.1.4 Zoe Dryden**

The Chair moved, as an ordinary resolution, that Zoe Dryden be elected as a director of the Company. Zoe Dryden addressed the shareholders. There were no questions around the reappointment of Zoe Dryden. The vote was conducted.

### **7.2 Reappointment of Auditors**

The Chair moved, as an ordinary resolution to confirm the reappointment of Deloitte as auditor and that the Directors be authorised to determine their remuneration for the ensuing year. There were no questions around the reappointment of the auditors. The vote was conducted.

## **8.0 General Business**

Ken Jackson acknowledged the passing Julian Temm who was a former RAL Board member.

Craig Ewington requested that the Board reconsider the location and time of the AGM and provide plenty of notice of the date moving forward.

Brian Pike acknowledged the passing Arthur Salek who was a former RAL Board member.

Brian Collins, Wellington Tramping Club questioned the share register and questioned the Shareholding of the Trust and the constitutional requirement of shareholders not having more than 100 shares. John Parker spoke to increase in percentage of the shareholding since forfeiture. Paul Carrad noted when researched previously it was due to bequests.

*Following the Board meeting it was confirmed the Trust's shareholding of 10,062 and the amount over their 10,000 shares is due to historic bequests.*

Jo Bouchier raised questions on behalf of Sam Clarkson. The Chair confirmed RAL will respond to him in writing regarding this and give him the chance to meet with management.

Nicky Sanders questioned the commitment made in 2019 around installing passive avalanche systems on Turoa. Was this installed in summer and what are the plans for the future? Chair noted that RAL looked at a number of avalanche systems. The issue around passive avalanche solutions are that they have to be above the 2300m line on the maunga. Not an option for RAL to have those physical structures above that limit. RAL have since been working on a solution with a drone that can carry a 10kg payload and can operate in high winds. The Chair confirmed that RAL has been in discussion with DOC around operating a drone in the National Park.

Ken Sheets requested that the questions raised by Sam were summarised. The CE noted these were operational regarding weather and timing that facilities opened. Highlighted that several of the delays experienced in 2019 were due to the challenging weather that had been outlined at the start of the meeting.

Chris Scott acknowledged Duncan Fraser, his contribution to RAL as a Director and past Chair. Also wanted to acknowledge his wife Judy. Chair also acknowledged Duncan's commitment.

Chair closed the meeting 2.46pm.

Following the meeting there was a presentation by Jono Dean, Chief Executive, providing an update on the 2020 season. The Board also discussed the work ahead of the company with regards to the capital structure and need to raise external capital.

Following the closure of the meeting LINK market services confirmed to the Chair and Company Secretary the outcome of the voting and that all resolutions were adopted.

Signed by the Chair of the meeting as a true record of the meeting.



Murray Gribben, Chair  
January 27, 2021