



Friday, July 9, 2021

Tēnā koutou,

With the first month of winter behind us and with Tūroa opening the Alpine Meadow for the first time since 2019 on the 2nd July, I would like to provide an update on the AGM held in May and provide some further information as we head into the new season.

AGM

In May we held our 68th AGM as a hybrid meeting with attendance by some in person in Wellington and some joining online. We reflected on a headline loss of \$22m, comprising a material non-cash write down in the book value of the Turoa lifts and an operating loss of \$4m, which was reduced with \$2m of wage subsidies and government support. A tough year for all of us and we acknowledged further Government support (since the November 2020 year end we were reporting on) that has allowed us to invest in some catch up maintenance capex on Turoa across summer. Of course, that maintenance capex just buys us time and we spoke to a review of the capital structure of RAL and the conclusion that a new company structure is in our best interests. A "NEWCO " would allow new external investors to invest and access profits, and put us all in a better position to enjoy skiing and recreation on the mountain in a sustainable way. We briefed shareholders that the RAL Trust, as the controlling shareholder of RAL, had been consulted on the NEWCO intentions, and indicated their support would be conditional on:

- Transparency with shareholders
- Life pass benefits being preserved
- Any new capital being introduced at fair value
- A shareholder vote being required
- Staff being protected in any transaction.

It is with the above guidelines in mind that we will update you with any capital raise and restructuring news.

Murray Gribben stepped down as the RAL Chair and as a Director of the RAL Board at the AGM. Across 12 years Murray contributed significantly to the milestone events of rolling over the leases on both Whakapapa and then Turoa, and following on from that, the on-mountain investments after securing those long term leases. Murray will continue to be engaged to keep momentum going on the current capital raise project. With Murray's retirement and after a vote from the RAL Board I can confirm that I will be taking on the Chair position for RAL.

The full AGM minutes are attached for your information including the outcome of all of the resolutions put forward to shareholders.



Winter 2021

Whakapapa opened Happy Valley for skiing and snowboarding and the Sky Waka for sightseeing on the 5th June. Tūroa opened the Alpine Meadow for skiing and snowboarding on the 2nd July with the Parklane open for sightseeing. This year sees a welcome return to all facilities on both sides of the mountain, all chairlifts are in a great state of readiness to open up when the snow and terrain allows. Saturdays from August 7th we will also see Night Skiing back at Whakapapa.

We look forward to welcoming you to Mt Ruapehu this winter.

Nāku noa, nā
Geoff Taylor
Chair
Ruapehu Alpine Lifts Limited



RUAPEHU ALPINE LIFTS LIMITED
MINUTES OF THE 68TH ANNUAL GENERAL MEETING
HELD ON FRIDAY 28TH MAY 2021
AT THE WELLINGTON CLUB, LEVEL 4, 88 THE TERRACE, WELLINGTON
AT 3:00PM

Directors Present: Messers M Gribben (Chair), G. Taylor, J. Foley, C. Swasbrook, J. Tuuta, and Ms Z. Dryden

Meeting opened: 3:00pm

1.0 Welcome

The Chair welcomed everyone to the 68th RAL Annual General Meeting. He welcomed those in person and online and explained how the hybrid meeting will run. The Chair introduced the Board, CEO, CFO, COO and Turoa Ski Area Manager who were in attendance.

2.0 Notice of Meeting

The Chair confirmed that the Notice of Meeting has 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 been appointed for the purposes of this meeting in respect of approximately 92 shares representing 0.5% of the total number of shares. The Chair also noted that he and his fellow directors intend to vote all discretionary proxies they have received in favour of the Resolutions as set out in the Notice of Meeting.

5.0 Apologies

The Chair acknowledged the following apologies: David Pilkington, Scott Huppert, Timi Wi-Rutene.

Kerry McDonald questioned the Chair's introduction and questioned the intent of the Trust and whether they would vote in favour of resolutions or against shareholders if necessary. The Trust confirmed that they will vote in favour of the resolutions. Kerry McDonald noted that previously the Trust had declared that they wouldn't vote against shareholders in a resolution. The Trust noted that was a few years ago and that they aren't voting against shareholders and confirmed they will vote as a shareholder on the resolutions put forward.

6.0 Presentation of Annual Report for the year ended 30 November 2020



In presenting the Annual Report the Chair noted that it was an interesting year to report on with the events of 2020 going down as some of the most significant to impact RAL in its history.

The Chair spoke to the challenging baseline conditions with a warm June and July.

The Chair acknowledged the additional challenges from a global pandemic, inability to get key staff from offshore, requirements to restrict access and people on the mountain and no overseas visitors. He noted the financial statements tell the story with a headline loss of \$22m comprising a \$20m write-down of the book value of assets and an operating loss of \$4m, which was reduced with \$2m of wage subsidies and government support.

The Chair noted that the write-down of assets is solely attributed to the Turoa Ski Area and it reflects the limited economic life of those assets.

The Chair spoke to the 2021 maintenance capex programme with a significant portion of this being invested at Turoa. Maintenance capex only buys time and the focus for the business is on increasing the profitability of the summer tourism business and sourcing new capital to enable upgrades across the mountain.

Summer 2019/20

The Chair spoke to the summer of 2019/20 and noted it was the Sky Waka's debut summer season. Before having to suspend operations in March 2020 25,000 sightseers were welcomed to the Gondola. The Chair highlighted that this asset is critical to the company's growth strategy and integral in the introduction of new revenue streams to the Company and mitigating the warm start to the winter season.

COVID-19

The Chair noted that the business faced unprecedented uncertainty around the future due to COVID-19. The management team instigated an immediate closure and suspension of the summer business operations, paused the summer maintenance programme, reduced payroll to 60% of normal and progressed to running the company from their respective 'home offices'. The RAL Board also reduced in size from six directors to four with the remaining directors not taking fees.

The Chair spoke to working closely with the bankers with their financial support being provided on a month by month basis.

The Chair noted that due to the COVID-19 Alert Level 4 lockdown, and month by month support provided by the bank, it was not possible to undertake the necessary maintenance to ensure we could open all assets for the season.



The Chair acknowledged the following external parties that came to the company's aide and ensured operations for the 2020 season:

- The bank extended their funding out to November
- The Gondola bond holders allowed deferral of their coupon payments
- Government support through the Wage Subsidy
- DOC waiving the company's licencing fees throughout this period

Winter 2020

The Chair highlighted how tough COVID-19 has been on tourism businesses and how much worse it is when running a ski business that relies on 4 months of revenue.

The Chair outlined that prior to COVID-19 Ngāti Hikairo (a hapu of Ngāti Tuwharetoa) and DOC asked RAL to implement a car booking system to manage congestion and arrival times on the mountain. This was accelerated with COVID-19 as was the need to manage peak level demand relative to the COVID-19 alert levels imposed on the country.

The Chair spoke to the warm start of the 2020 season and it wasn't until August when top to bottom skiing and riding was available on both sides of the mountain.

Overall, the business welcomed 301,000 guests. A key factor driving this performance was the Sky Waka guests. Over winter 47,000 sightseers rode the Sky Waka which mitigates the risk associated with the lack of early snow.

Capital Review

The Chair spoke to the capital review, and that the Board have signalled a process to look for a long term strategic partner, the recognition that we need capital to manage the business through the next period, and have had 9 parties' express interest.

Have had to pause the process for a technical reason within the Companies Act around notification to shareholders about changes to corporate structure. Chair noted that would normally send notice by mail, but this doesn't work when shareholders have no contact details (i.e. gone, no address). Have had to go to the High Court to get approval to notify shareholders via the media. The Chair noted that the interested parties aren't interested in investing into a company that under its constitution cannot return cashflows via dividends or coupons, and there is an expectation that the corporate structure will be changed to accommodate for this.

Winter 2021

The Chair noted that there was a strong season pass campaign with a strategy of 'less is more'. 300% increase in mid-week season passes positive. Happy Valley is scheduled to open on 5th June, Turoa on 3rd July.

Governance changes



The Chair noted that Duncan Fraser, Debbie Birch and Michelle Trapski resigned from the Board, he thanked them for contribution. At the last AGM held in November 2020 John Foley, Terry Allen and Zoe Dryden were all appointed to the Board as Directors.

In March 2021, the Board appointed Christopher Swasbrook and Jamie Tuuta was appointed to fill Murray Gribben's position on the Board.

The RAL Board will appoint a new Chair of the Board at the meeting following the AGM.

Acknowledgement and Thanks

The Chair thanked guests, shareholders and stakeholders for their committed support over the past year.

The Chair acknowledged the contribution the Directors and most importantly the entire staff. It was the team at RAL that managed to deliver the 2020 season for the guests. Their dedication and commitment to ensuring the mountain would open was fantastic.

Financial Results

The Chair invited Geoff Taylor as Chair of the Audit and Finance Subcommittee to speak to the financial results. In presenting the financials Geoff Taylor noted:

- The closing position was a lot better than expected.
- Acknowledged that the auditor has qualified their opinion.
- Confidence has been provided from events following the Balance Sheet date being the investment from MBIE of \$5m to allow investment to occur at Turoa. Provides comfort of RAL operating as a going concern and Turoa assets are now in a slightly better state than they are at the date in the report.
- The bank and Directors had concerns about solvency. This time last year was at its worst as worked through the worst-case scenarios. Once were solvent there were issues about whether RAL was a going concern.
- At Balance Date RAL had cash in the bank due to a combination of events with main factor being a well-supported season pass campaign. The Board continue to work with the bank on conditions of getting towards a more committed bank facility. The bank facilities at date of this report were due inside 12 months, and ordinarily this would be beyond 12 months. That's the underlying reason for the qualified audit opinion and disclosures around RAL not being a going concern.

Questions on Annual Report and Financial Statements:

The Chair took questions on the annual report and accounts and firstly addressed some questions that were submitted online by Craig and Stewart Ewington:

- How many of the 25,000 summer visitors are paying customers?
 - o The Chair noted that during the year we had close to 75,000 paying sightseers across summer and winter. This meant bond holders received a return of approximately 4.5%.

- Is the summer operation profitable (at least on a cash basis)?
 - o The Chair confirmed that the summer operation is profitable.
- Note 15 – what does the increase in professional fees from \$82k in 2019 to \$235,000 in 2020 relate to? How much was for expenses in relation to the search for a Strategic Partner?
 - o The Chair noted that professional fees for FY2020 related to general legal support with the majority relating to legal fees for the coronial inquest of the 2019 Turoa bus accident. Costs associated with the capital raise for FY20 amounted to approx. \$20k and since then probably been another \$25k.
- Why are the directors comfortable that RAL is still a going concern (noting Deloitte refused to give an unqualified audit opinion)?
 - o The Chair noted that Geoff Taylor addressed this previously in the meeting.
- What is the update on the search for a strategic partner?
 - o The Chair noted that the process is still ongoing as previously discussed.
- What was the cost of holding the AGM in Wellington in 2020? Of that, what was the fee paid to Link Market Services Limited?
 - o The Chair noted that the fees paid to LINK were \$18k. Last year's attendance was they largest we've had at an AGM. For the Board it's important that shareholders can come to the AGM either online or personally and vote. Hybrid meeting would have been run regardless of location. Wellington was decided as convenient location Directors, Trustees, cost effective location to travel to. Also, where a lot of our shareholders reside.
- Questions were raised on the Trust, quarterly meetings with Directors, RAL Trust report which was discussed at last years AGM
 - o The Chair noted questions for the Trust should be addressed to the Trust, not for this meeting.
- Did quarterly meetings with the Trust occur even remotely with COVID restrictions? What were the outcomes of those meetings?
 - o The Chair confirmed that did have meetings and the focus was around the Company's corporate/capital structure. The Chair spoke to the bank requirements that the Board change corporate/capital structure of RAL and establish a new entity. One of their requirements on the company was that the Board received letters of support from the Crown (MBIE) and the Trust. The meetings that were held with the Trust over the past year have been about gaining that support.
 - o The Chair noted that the Trustees spoke to this at last years AGM and read out the terms of that letter of support. The Chair re-read out the letter from the Trustees and noted this was given to both the bank and MBIE. The letter stated the following:
 - The Trustees support changes subject to:
 - The constitution of NEWCO should include the requirement to preserve skiing and other forms of recreation on the mountain

- There should be complete transparency with shareholders around this transaction at the appropriate time
- A shareholder vote is required around any transaction
- Life pass benefits should be preserved in NEWCO and where possible in any future transaction
- Staff should be protected in any transaction
- Any equity introduced should be at fair value.

The Chair took questions from the floor:

Kerry McDonald raised the following questions:

- Requested that there is a clear involvement and consultation with shareholders before deals are done?
 - The Chair noted there will be, as with any major transaction, the Companies Act requires us to bring it to shareholders and there will be an opportunity whether it's a special general meeting or annual general meeting for shareholders to take a view on that transaction. Noted that it is also a requirement by the Trust.
- Why has Turoa assets write off occurred as no indication in previous years?
 - Geoff Taylor spoke to the impairment of the Turoa assets. The Board asked the auditor to focus on the value of the assets. Noted there were issues with us being a tourism company, forecast levels of patronage and our position of having a bank contractually requiring payment within 12 months.
 - Geoff Taylor noted that the process was different than we had been through in the past. The auditors were required to look at impairment beyond normal book value and economic life – we had to support that with a discounted cashflow valuation for what cashflows those assets could generate. Both assets at Turoa and Whakapapa were valued separately and that indicated the write down of the Turoa assets.
- Kerry McDonald noted that the issue is that there has been \$20m off the investment of shareholders. Questioned if it comes back, in part or in whole, where does it come back? Highlighted if it is an over reduction it needs to come back in a way that shareholders are not disadvantaged.
 - Geoff Taylor clarified that Turoa is not a separate company or asset of RAL. Board have wanted to be transparent in highlighting the issue around the quality and economic life of the Turoa assets. The Board are not dismissing any transaction in the future here. The focus is raising capital on behalf of shareholders into RAL.
 - Christopher Swasbrook also noted that the financial statements paint a realistic picture of the status of the company at Balance Date.

Richard Darlow questioned why the Whakapapa assets that are older than those at Turoa didn't carry some of this burden?

- Geoff Taylor spoke to the weighting of the asset value at Whakapapa being on the newer assets that is the Sky Waka and Happy Valley. When looking at valuations being the cashflow generated from those assets the Whakapapa assets generate good cashflow and profits. It's those profits that are generated from guest patronage that do support higher valuation of those Whakapapa assets.
- Geoff Taylor spoke to the current position assuming no new capital is invested. Noted it is the Board's job to generate positive cashflows at Whakapapa to replace old assets on Turoa

Daniel Thomas questioned the accident rates last year noting they were significantly higher than 2019 yet patronage down due to COVID restrictions. Questioned if attributable to reduced number of staff or snow conditions or combination of two?

- Jono Dean noted early season snow was one of those factors along with lack of learning facilities at Turoa in 2020. Overall there was a combination of factors, noted that the teams map accidents and incidents and resource accordingly.

Daniel Thomas questioned the capital structure and capital raise with regards to revenue growth over next 5/10/20 years are we looking at increasing revenue in summertime other than the sky waka to other streams on the mountain?

- The Chair confirmed yes and noted that there are discussions with iwi and how we might partner with them on activities.
- Sam Clarkson spoke to several questions that he submitted in advance of the 2019 AGM. He noted that these weren't addressed at the AGM and he was said he would be given a written response by management. It was highlighted that most questions where lift opening times and operational issues. Geoff Taylor spoke to the Board being governors of the business. The board does not and will not write a policy on when lifts will open, will not ask CE to report on every operational aspect, however the Board do rate managements performance. In 2020 the Board rated management performance as very good which includes guest experience and opening lifts.

Richard Darlow – commented on the improved annual report. Requested that the version online is formatted to be one page viewing next year.

The Chair took questions submitted online. It was noted that 96 people were online, and the following questions were submitted:

Paul Viskivoc questioned with the change in ownership structure it's likely that this may remove the charitable purpose of the company, how will it also impact the impact sustainability of company?

- Geoff Taylor clarified that RAL is a public benefit entity. In a financial sense that doesn't mean we are not for profit. The Board set annual targets to make a profit and

holds management accountable to that. RAL borrows money and it's with the generation of profits that we can service creditors and continue to borrow.

- Geoff noted that we will be asking shareholders to allow for a change in corporate structure that means new investors can access profits. Currently shareholders don't have claim on those profits and they go back to service creditors or reinvest profits or be invested into the mountain.
- Geoff Taylor spoke to the sustainability of the company and highlighted that the job is to maintain high quality long term assets to be financially sustainable.

Craig Ewington – questioned the relationship with the Board and RAL Trust.

- The Chair noted that the Board's relationship with the trust is as a major shareholder in the business and that's why we meet with them on a quarterly basis. That's also why we've been meeting with them around the establishment of NEWCO.

Kerry McDonald questioned if Board met quarterly over last 12 months?

- The Chair noted that the Board didn't meet with the Trust through COVID-19. Have had three meetings more recently – and have another meeting planned late July following the outcome of the July school holidays.

The Chair confirmed there were no further questions on the annual report and financial statements.

7.0 Resolutions

7.1 Appointment of Directors

7.1.1 Terry Allen

The Chair moved, as an ordinary resolution, that Terry Allen be re-elected as a director of the Company.

Kerry McDonald – firstly commented on what Murray Gribben has achieved as Chair and acknowledged Murray's contribution to the Company. Raised an issue around the election of Directors moving forward, noted concerns around Board nominations with too much finance experience and too little operational experience. Suggested that there be no vote on Directors now, with the incoming Chair to view nominations to include two people with operational knowledge.

The Chair confirmed will go ahead today with the nomination process of the Directors within the notice of meeting.

Kerry McDonald spoke to the directors being put forward for nomination and whether he would or would not support.

Geoff Taylor addressed the shareholders on behalf of Terry Allen and spoke to his skills and experience and fit for the Board. There were no questions around the reappointment of Terry Allen. The vote was conducted.

7.1.2 Zoe Dryden

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

7.1.3 Christopher Swasbrook

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

7.1.4 Jamie Tuuta

The Chair moved, as an ordinary resolution, that Jamie Tuuta be elected as a director of the Company. Jamie Tuuta addressed the shareholders and spoke to his experience. The following questions were raised:

- Warren Press – questioned whether going to try to get RAL to be included in community in Ohakune?
 - o Jamie Tuuta disclosed that he was the Chair of Te Pae Toka, the relationship board between Ngati Rangī and RAL. He noted that throughout this process he gained insight into the opportunities that RAL has in terms of building high level of trust amongst the community.
- Sam Clarkson – noted that RAL is in a privileged position in Dual World Heritage National Park with monopoly status. Applaud wish to increase community involvement – noted will be challenging.
- Simon Wi-Rutene pleased with Jamie’s nomination. Noted RAL not just a lift company but also stewards of the mountain. Noted complexity with running ski areas on Mt Ruapehu vs elsewhere in the world. Wished Board the best and thanked Murray for his contribution.

The vote was conducted.

7.2 Reappointment of Auditors

The Chair moved, as an ordinary resolution to confirm the reappointment of Deloitte as the 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



The Chair took general business questions from the floor:

Sam Clarkson commented on timing of meeting being at 3pm on a Friday, suggested earlier in the day.

Geoff Taylor spoke to Murray's contribution to RAL. He contributed enormously to the renegotiation of the DOC licences for Whakapapa and Turoa and that triggered reinvestment into the mountain. Murray had intended to step down last year but stayed on over the last 12 months in interest in the shareholders. He has been significant to get to this point to be able to raise new capital. Thrilled to confirm that we have retained Murray to advise the company and hope execute against expressions of interest in terms of capital raise. Formally wanted appreciation for Murray Gribben recorded.

Tomas Huppert – wish to endorse everything that has been said previously with regards to Murray's contribution. Thanked Murray on behalf of Trustees.

The Chair took general business questions submitted online:

Martin Knottenbelt questioned how the Board can encourage local iwi to get into skiing.

- Jono Dean spoke to the current iwi programmes that are offered, noted we do provide local hapu season pass rates, and employment opportunities with the cadetship with local work with MSD.

Alastair Macfarlane and Aaran Birchenough questioned what can be done to enforce safer skiing on mountain?

- Jono Dean spoke to the RAL code of practice criteria which was established with the Ski Area Association of NZ. Jono noted that safety is the responsibility of every user and we encourage people to understand the code of practice and display this on mountain and on our website. We also always encourage instruction – take lessons if don't feel have capability.

Simon Dickie want it noted that he agrees with previous discussion around lifts operating and hours being forefront of the business.

Craig Ewington questioned whether there were discussions with the RAL board and RAL Trust around the nomination of directors prior to their appointments? Did the RAL Board invite the Trust to report to contingent beneficiaries and shareholders through the medium of the AGM Annual Report?

- The Chair confirmed that the Board do talk to the Trust with regards to new directors
- The Chair confirmed that the Trust weren't invited to report to shareholders through the annual report.

Nicola Sanders noted that RAL is a huge employer in the region and staff housing is an issue on the Turoa side. Questioned what is the company planning on doing in near future?

- The Chair noted that this is one of the biggest issues that RAL is facing at moment. Driven by change in house becoming nightly rentals in Ohakune and other places around the maunga.
- Jono Dean noted that there is work happening in background with Ruapehu District Council on short term rentals in the Ruapehu district and working with council to find reasonable solutions.

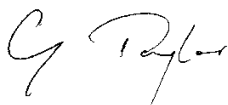
James Bell – wanted to thank all RAL and their Directors for their tireless deduction to mountain and users during the most challenging time in its history. Many large operators internally were not up to the task but RAL was – thank you.

Chair closed the meeting 4:32pm.

Following the meeting Jono Dean, Chief Executive provided an update on the 2020 season, summer 2021 and the upcoming 2021 season.

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. The summary of the Poll results have been attached in Appendix 1

Signed by Geoff Taylor, Chair of Ruapehu Alpine Lifts Limited as a true record of the meeting.



7 July 2021

Chair

Appendix 1: Poll Results of the AGM Resolutions

Poll	% of Votes Cast – based off number of shares			% of Shareholders Present		
	For	Against	Abstain	For	Against	Abstain
1. Terry Allen reappointment	10,522 votes (99.40%)	64 votes (0.60%)	13 Votes	68 Holders (75.56%)	22 Holders (24.44%)	6 Holders
2. Zoe Dryden reappointment	10,505 votes (99.19%)	86 votes (0.81%)	8 Votes	65 Holders (71.43%)	26 Holders (28.57%)	5 Holders
3. Christopher Swasbrook appointment	10,551 votes (99.60%)	42 votes (0.40%)	5 Votes	80 Holders (87.91%)	11 Holders (12.09%)	4 Holders
4. Jamie Tuuta appointment	10,574 votes (99.82%)	19 votes (0.18%)	5 votes	82 Holders (89.13%)	10 Holders (10.87%)	3 Holders
5. Deloitte reappointment	10,552 votes (99.91%)	9 votes (0.09%)	38 votes	90 Holders (95.74%)	4 Holders (4.26%)	2 Holders