

EVENT

HOSPITALITY & ENTERTAINMENT

23 July 2021

ASX ANNOUNCEMENT

PROGRESS ON DIVESTMENT STRATEGY AND CINESTAR UPDATE

EVENT Hospitality & Entertainment Limited (the “Group”) today provided information relating to the progress on the divestment of non-core property assets and an update on the Entertainment division. In summary:

- Good progress has been made with the strategy to divest non-core property assets, realising \$79.6 million of gross proceeds (before selling costs and tax). \$49.3 million of gross proceeds was settled during the year and \$30.3 million is to settle before September 2021. The total gross proceeds exceeded most recent valuations by \$29.8 million, a 60% increase.
- CineStar Germany remained closed throughout the second half due to German government mandates and reopened on 1 July 2021. German government support will help to offset losses during the closure period from November 2020 to June 2021. Applications have been lodged for €27.5 million (\$43.5 million) of support to date. Further ongoing support has also been announced by the German government.

Divestment of non-core property assets

The CEO, Jane Hastings commented: “Since announcing our strategy in February 2021 to divest non-core property assets, we have made excellent progress realising prices significantly above previous independent valuations. The sale of \$79.6 million in assets to date has recognised close to \$30 million in incremental value above the pre-COVID valuations representing a 60% increase on independent valuations. This has enabled us to reduce net debt levels, progress major developments and undertake key asset upgrades. We are also in the process of obtaining updated independent valuations for the property portfolio as at 30 June 2021 and expect a positive uplift in value.”



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The assets sold were the Forum Building in Brisbane (retail and commercial office), the Double Bay property (commercial and serviced office), 201-203 Port Hacking Road Miranda (warehouse and light industrial), Rydges Plaza Cairns Hotel, Cairns City Cinema (cinema operations ceased in 2019) and Mt Maunganui Cinemas (cinema operations ceased in 2020).

Further non-core properties have been identified and are being prepared for sale in FY22 targeting in excess of \$150 million based on independent valuations, with additional non-core properties being contemplated for potential sale in FY23.

Entertainment Update

Ms Hastings continued: “Whilst government mandated temporary lockdowns and restrictions have continued to impact our business, we have seen a strong return to cinemas when we have quality films, and customers are spending more than they were pre-COVID-19. We are very pleased with the results from our ‘Future of Cinema’ strategy initiated three years ago, delivering strong growth in all of our key operating metrics”.

In relation to the recent lockdowns and government support strategy, Ms Hastings noted: “The expectation was that an effective vaccine rollout program would mean that the impact of snap lockdowns would be mitigated, and government support would no longer be required. In light of the current lockdowns resulting in restrictions that are now impacting most of Australia, further support is required. We are pleased that the Business Support packages are being offered to small and medium businesses, however, they are currently not applicable to large businesses with the most employees. We are actively pursuing all options via our Industry Bodies and through direct contact with government. The Group continues to take all actions within its control to mitigate the impact of lockdowns.

“We were pleased to re-open our cinemas in Germany on 1 July following an eight-month closure period. Initial trading results have been encouraging notwithstanding various capacity



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restrictions applicable across the various German states. We welcome the strategic business support initiatives from the German government to help businesses mitigate the financial damage during the extended closure period and continued support whilst government mandated operating restrictions are imposed. As a large employer, this support is essential so we can do all we can to take care of our employees in uncertain times.”

Given the extended lockdown period in Germany, the Group has mitigated some of the financial impact with active cost management initiatives and has continued to pursue available German government subsidies and support for our German personnel and operations. The German government has implemented a damage compensation program for affected businesses (including CineStar) for the November and December 2020 lockdown period, and a subsidy program for the January to June 2021 period referred to as Bridging Aid III. Applications for these subsidies are currently being prepared and assessed. Applications for the German government’s November and December 2020 damage compensation program have been lodged with a total value of €27.5 million (\$43.5 million). To date, part-payments of €10.8 million (\$17.1 million) have been received.

Key dates

The Group expects to release its Appendix 4E Preliminary Final Report on or around 23 August 2021.

The Annual General Meeting will be held at 10am (Sydney time) on Friday 22 October 2021. The date of the close of nominations for election as a director at the AGM is 2 September 2021.

Authorised for release by the Board



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Further information

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