CHAIRMAN'S ADDRESS
TO THE ANNUAL GENERAL MEETING OF SHAREHOLDERS
FRIDAY 18 OCTOBER 2019

It is a pleasure to welcome all shareholders and visitors back to Event Cinemas George Street for this Annual General Meeting of Event Hospitality & Entertainment Limited.

The 2019 Annual Report, which includes the financial statements for the year ended 30 June 2019, was released to shareholders in September 2019. The Group's total net profit after tax for the year was $111.9 million, consistent with the prior year, whilst the normalised result after tax decreased 7% to $104.3 million.

The Board was pleased to approve a final fully franked dividend for the year of 31 cents per share. The total fully franked dividend was 52 cents per share, consistent with the prior year. Shareholders will note that, since 2001, the total dividend has increased from 10 cents to the current 52 cents per share. The Board has chosen to maintain a dividend policy that is mindful of the needs and expectations of shareholders, and also provides for expansion opportunities for the businesses and continuity of earnings for both shareholders and the Group.

The Group's total cash balance excluding discontinued operations at 30 June 2019 was $72 million with total debt of $377 million which positions us with a modest gearing level and with significant headroom in terms of available facilities, which at 30 June 2019 was $168 million. The Board continues to review, assess and monitor appropriate capital management initiatives and strategies. This program is managed within the context of maintaining a strong balance sheet and maximising sustainable and long-term total return to shareholders.

In line with this strategy the Group has lodged development applications for major redevelopments of the properties located at 458-472 George Street and 525 George Street in Sydney. Subject to Council approval, the planned redevelopment of 458-472 George Street will integrate with the State Theatre and Gowings buildings and include ground floor retail, an extension of the QT Sydney hotel, and a new commercial office tower. The planned redevelopment of 525 George Street will include ground floor retail, a seven-screen cinema, a new 450-room Atura hotel and conference centre, and 72 residential apartments.

In addition to the Group's major property developments, a number of upgrades and improvements are planned at the Group's Thredbo Alpine Resort and other identified cinema and hotel properties. The Group continues the process previously outlined in regard to the disposal of the German cinema business and Jane will have more to say about these matters later in the meeting.

The Group has been guided by the third edition of the ASX Corporate Governance Council's Principles and Recommendations, and the Corporate Governance Statement has been published on the Group's website. This statement sets out the corporate governance practices and procedures and should assist shareholders in understanding and appreciating the importance placed by the Board upon good corporate governance.

The Board, and committees of the Board, remain committed to ensuring that the Group's corporate governance practices are consistent with the Principles and Recommendations.

The Board also focuses on maintaining an appropriate approach to remuneration, and details of this approach are dealt with in the Annual Report. In particular, the Group's policies are designed to, as far as possible, ensure that the remuneration package is reflective of an employee's duties and responsibilities and enable the Group to attract, motivate and retain high calibre executives.

As mentioned in previous years, the business segments in which the Group operates are at times volatile and always subject to varying degrees of change. Your Board and management continue to focus on optimising the Group's position so it can take advantage of appropriate opportunities as they arise. I should mention that, as the Company continues its growth through a significant pipeline of property initiatives, the returns on these investments will be longer coming by virtue of the nature of the developments. The Company may also be undertaking some of these activities in partnerships where we believe such an approach brings benefits both financial and in access to industry experience. The Group has always prided itself on the strength of its balance sheet which is underpinned by premium property holdings. Our upcoming developments will further enhance this key attribute of our Company.

I and the Board acknowledge the considerable efforts of the CEO since her appointment in July 2017 and the many exciting developments that have been implemented over the last two years and the further opportunities for future growth identified by Jane. To the rest of the executive team and all Group employees I extend our thanks for their collective and personal efforts. We are proud to have such a depth of experience and recognise the contribution you have made which has enabled our growth. This growth would not have been possible without your contribution.

I would also like to thank my co-directors for their efforts during the year and particularly thank Ken Chapman for his contribution to the Board over the last 9 years. In particular to our 6,800 shareholders, thank you for your on-going support.

I will now ask Jane to present her address. Thank you.

Alan Rydge
Chairman

CHIEF EXECUTIVE OFFICER'S ADDRESS
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Thanks Alan and good morning.

Elaborating further on the results for the 2019 year, Group revenue from our continuing operations was up 2% year on year to $998 million and Group EBITDA was down 3% to $229 million. Normalised profit from continuing operations before interest, tax, and individually significant items was down 6.7% year on year to $159 million and total reported profit was flat with prior year. A very pleasing result compared to a record year in 2017/18, and in a more competitive market.

The Group delivered earnings growth across our Hotels and Resorts, Entertainment New Zealand, and Thredbo divisions, whilst Entertainment Australia was impacted by the genre mix of films, less screen advertising, new sites yet to mature and the impact of the new revenue accounting standard on gift voucher breakage revenue.

The results of our German cinema exhibition business Cinestar were reclassified to discontinued operations following the announcement of the sale of this business to Vue in October 2018. I will provide an update on the sale process later in my address.

In Entertainment Australia, revenue was relatively flat, a result that was achieved despite a less desirable genre mix of films for our audiences. Within the top 50 films, there was a lack of blockbuster and action adventure films and the line-up skewed more towards adult dramas and family films. Pleasingly, we grew our market share on both blockbuster and family films.

Average admission price increased 3% as a result of targeted demand pricing, and more customers choosing to see a film in one of our premium cinemas. Food and beverage spend per head increased as a result of new innovative merchandising layouts, the introduction of our premium brand Parlour Lane popcorn and choc tops, eCommerce enhancements, and new family targeted offers. The Group achieved five record months of spend during the second half of the year.

We also achieved strong growth in online revenue, up 16%, and importantly the power of our direct customer relationships continues to grow with almost 2.2 million active Cinebuzz members. Cinebuzz members accounted for 67% of total admissions for the year.

EBITDA for the Entertainment Australia division was $89 million, 6.6% below the prior year. Earnings were impacted by a decrease in screen advertising revenue, a change in the accounting standard relating to loyalty points and gift vouchers and an increase in rent and depreciation. The impact of increased rent largely relates to certain cinemas opened in the past five years that are yet to reach their optimal trading potential, and strategies to address the performance of these sites are being deployed. As a result, normalised profit was down 12.2% year on year.

During the year we opened two new cinemas, Coomera on the Gold Coast and Kawana on the Sunshine Coast. Both sites included some of our new concepts, the three-seat Vmax experience and our enhanced marketplace food and beverage layout that has helped to drive an increase in spend per head. These new concepts, which we shared with you at the last Annual General Meeting, have achieved an average admission price, occupancy and merchandising spend per head materially above the circuit average. Kawana, in particular, has performed well and delivered a positive result in the first month of trading. This gives us confidence that our new concepts are right.

A record box office result was achieved for Entertainment New Zealand. Revenue from our Entertainment New Zealand circuit grew 5.3% year on year, with nationwide box office up 1.4% and the Group out-performing the market. The increase in market share was driven in part by growth across existing sites from new initiatives and was also assisted by the opening of a new site in Tauranga in April 2019, which included our new three-seat concepts and has delivered a positive result since opening.

Average admission price for New Zealand increased by 4.8%, driven by the same focus on targeted demand-based variable pricing that was successful in Australia, whilst merchandising spend per head increased by 3.8% with new food and beverage initiatives in place.

After adjusting for insurance proceeds in the prior year relating to the Queensgate cinema impacted by the Wellington earthquake, the EBITDA for the New Zealand circuit was up 3.8% whilst normalised profit increased 9.6%.

The Hotels and Resorts division delivered a record earnings result within a more competitive market, with revenue up 5% to $353 million driven by new hotel openings (QT Perth and Atura Adelaide Airport), growth in conference and events, and growth in food and beverage revenues. Group like-for-like growth was achieved across all key metrics; occupancy, average room rate and revpar. This result was achieved despite closing the Rydges Queenstown wings late in February 2019 due to seismic rating issues which impacted the result by an estimated $1.7 million.

Across our key markets in Australia and New Zealand, the year was characterised by new supply and less key events. Despite these challenges, it was pleasing to see that whilst there were fewer constrained nights, there was still a high level of demand for hotel rooms particularly in major markets such as Sydney, Melbourne and Queenstown.

Despite a more competitive market, the business performed well. Occupancy in our owned hotels was in line with the record prior year result at 79.4%, whilst average room rate experienced a marginal decline to $184. As a result, revenue per available room was $146, down 0.8%. However, on a like-for-like basis, revenue per available room was up 0.5%.

Atura Adelaide Airport opened in September 2018 and is trading strongly with a positive contribution to earnings in its first 10 months of operation. QT Perth opened in August 2018 in a challenging market, and whilst it is trading ahead of expectations, it has negatively contributed to the result for the year.

In addition, six new hotels under management and licence agreements joined the Group during the year, including Rydges Darwin Central, The Ultimo Sydney, All Suites Perth, Pensione Perth, Rydges Norwest (formerly Novotel Norwest) and Rydges Wellington Airport.

Conference and events revenue increased by 9.6% as a direct result of new strategies and programs whilst total food and beverage revenue increased by 6.3% across the Group.

We launched new eCommerce websites for Rydges and Atura in April 2019, achieving improvements in conversion within the first few weeks, and we implemented new operating systems to enhance revenue management. A new rostering system was also implemented, resulting in payroll as a percentage of revenue remaining in line with the prior year despite annual pay increases for the award in both Australia and New Zealand.

EBITDA for the Hotels and Resorts division was up 2% to $98 million whilst normalised profit was up 0.3% to $69.5 million. After adjusting for the closure of the wings at Rydges Queenstown, normalised profit was up 2.8%. This record earnings result in a more competitive market reflects the strength of the Group's locations, the successful brand differentiation strategy, eCommerce enhancements and investment in operating systems.

Thredbo achieved another record result, with revenue up 12% to $81.8 million, EBITDA up 12.5% to $28.9 million and normalised profit up 14.6% to $25 million. The result reflected a strong 2018 snow season with consistent snowfall and snowmaking driving increased visitation, and improved yield. Strong food and beverage revenues also contributed to overall growth.

In the Group's Property division, whilst rental income for the year was up 6%, earnings were impacted by a comparatively lower fair value adjustment of $1.9 million in relation to the investment properties, compared to $5.7 million in the prior year.

Looking ahead, as Alan mentioned we have lodged concept development applications with the City of Sydney Council for two major property developments in Sydney's CBD including:

- 458-472 George Street, Sydney, which will include retail with 340m^2, an extension of the QT hotel incorporating 72 additional rooms and new conference and events facilities, and a commercial office tower; and
- 525 George Street, Sydney, which currently forms part of this George Street cinema complex. The concept development application includes a podium with 830m^2 prime ground floor retail space, cinema screens in the podium level, and a tower including a new Atura hotel with up to 450 rooms, a conference centre, and 72 residential apartments.

Funding options for these major developments are under review and at this stage we anticipate we will seek an appropriate partner for the commercial office tower at 458-472 George Street whilst retaining full ownership of the retail and hotel components of the development. Subject to market conditions, it is expected that these developments may take between four to six years to complete.

Looking ahead in our cinema business, over the next three years we will upgrade our best locations incorporating the new and innovative cinema concepts developed as part of our 'Future of Cinema' strategy. These concepts include:

- new premium cinema experiences founded on the principle of 'Your Cinema, Your Way' enabling customers to choose their experience and price point, including the new three-seat format of daybeds, reclining seats and premium fixed back seating; Boutique Cinemas, the next level of Gold Class with premium designer recliners and configurable spaces for events; 4DX, the first and leading 4D movie technology in the world; and the launch of our new Event Junior, designed by kids for kids;
- enhanced food and beverage marketplaces designed to increase customer spend via optimised flows, proprietary premium brands and driving an increase in impulse purchases; and
- new eCommerce functionality and technology to capture customer data, grow eCommerce revenue and streamline operations.

In Australia, screen upgrades to commence at priority locations in this financial year will include George Street, Macquarie, Chermside, Robina, Tuggerah, Shellharbour and Toowoomba Central.

In New Zealand, we will open a new cinema complex in Newmarket, Auckland, in early 2020, incorporating the Group's new Boutique premium cinema concept and multi-seating Vmax and traditional auditoria. Upgrades are underway at Event Cinemas Queen Street and Westgate in Auckland, and in Albany and Manukau, with all these due to be completed during the 2020 financial year.

In Hotels, building on the record growth in management and service agreements in 2019, we have signed a further five new management and licence agreements, including for two Rydges affiliate hotels in Armidale and Tamworth, which joined the Group in July 2019, and QT hotels in Auckland (opening mid 2020), QT Newcastle (opening late 2020) and QT Adelaide (opening early 2022). With these new management agreements, QT is Australia and New Zealand's leading boutique hotel brand, with a total of 12 locations including those in the pipeline.

In Thredbo, development plans to increase capacity and continue to improve the skier experience are well advanced. A soft upgrade to the Thredbo Alpine Hotel and outdoor venues was completed in May, whilst Merritts Chairlift will be replaced with a high-speed gondola in time for the 2020 ski season. The gondola will reduce guest ride times from 23 minutes to 6 minutes and increase capacity from 520 guests to 1,600 guests per hour, enhancing the guest experience and unlocking Merritts Mountain House potential as an event destination.

To further support summer mountain biking revenue, development approval has been obtained for the new High Noon flow trail which is due to open prior to Christmas 2019. Further future developments including a chairlift replacement plan, increased car parking, and improved and extended Friday Flat facilities are also in progress, subject to all necessary approvals.

For the Group and within each division we are focussed on three strategic priorities for our operating businesses:

1. growing existing revenue, through smarter pricing, better sales practices and a focus on high margin products;
2. maximising asset performance, by innovating and upgrading priority locations, investing in key property developments and acquiring new assets which deliver immediate positive yields and have the potential to be developed into hotels; and
3. business transformation which means reducing duplication, increasing automation and increasing our digital capability and performance. In this regard, we have commenced a Source to Pay project to transform our manual inventory, supplier and purchasing management. This is a major project and is expected to take three years with the benefits including automation, reduction in costs and smarter procurement.

The regulatory approval process for the sale of our German cinema exhibition business is ongoing, with completion expected in late 2019 or early 2020. As previously reported to the market, the sale consideration includes a completion payment of €130 million, and variable consideration of between €0 and €81.8 million depending on total German market admissions in the 2019 calendar year. At this stage we expect the variable consideration to be at the low end of the range.

I will now comment on the current year and our performance over the first quarter.

Excluding the impact of the new lease accounting standard, the Group's PBIT result from continuing operations for the quarter was $48 million, 9.2% above the prior year's comparable quarter on a like-for-like basis. This pleasing result reflects a good start to the year for our Entertainment divisions, with Australian market box office up 12% year on year driven by the blockbuster success of *The Lion King* ($64 million) and *Spiderman: Far From Home* ($37 million) which also performed well in the New Zealand circuit. The Hotels division has continued to maintain a relatively flat result on prior year in a challenging market, whilst Thredbo experienced mixed conditions, but still managed to deliver a result only marginally below the prior record year.

Looking ahead, the film slate for the remainder of this half appears on paper to be good, with key titles including *Star Wars: The Rise of Skywalker*, *Frozen 2*, and *Jumanji: The Next Level*, and this blockbuster Christmas line-up should also support a relatively positive start to the 2020 calendar year after a disappointing January trading period in 2019. In the second half, whilst it is too soon to evaluate the overall line-up, the release slate includes the new James Bond film *No Time to Die*, *Fast & Furious 9*, *Wonder Woman 1984* and the new Marvel film *Black Widow*.

In Hotels, whilst the markets in which we operate remain challenging, we anticipate a similar year to 2019. The 2020 year will however be impacted by the closure of the wings of Rydges Queenstown, which will negatively impact earnings by approximately $4.5 million on an annualised basis. Redevelopment plans for Rydges Queenstown are well progressed and this remains a hotel with an exceptional location in one of the best performing markets in our network. We are also well advanced on our plans to refresh the Rydges brand and upgrade key properties in the next two to three years including Rydges North Sydney, Rydges Melbourne and Rydges Geelong which is underway.

Overall, the markets we operate in will continue to fluctuate with market and weather conditions and the strength of the film line up. However, we are focussed on continual improvement across all areas we can control.

In the short to medium term, the priority for investment is to upgrade our most profitable assets which are in need of improvement and maximise our property portfolio to ensure we build on the solid foundation we have in place.

We will continue to generate strong cash flows and maintain a strong balance sheet.

We will also be ready to acquire assets that enhance our property portfolio and complement our operating businesses including evaluating growth opportunities in new segments within the industries we operate in. We will, as we have always done, be patient in this approach and act when the value is right.

I would now like to take the opportunity to acknowledge and thank our capable and experienced team who have underpinned our growth and will continue to do so into the future.

I also want to recognise all of our staff for their commitment to delivering the best customer experiences every day as this is what counts the most.

I would also like to thank you all for your support and interest in attending this morning.

At the conclusion of the meeting, I would like to show you a video that highlights our strong pipeline of future development opportunities, provides an insight into our new cinema concepts, and presents highlights of upcoming movie titles.

Jane Hastings
Chief Executive Officer