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ASX RELEASE

EUMUNDI GROUP – COVID19 – MARKET UPDATE

Eumundi Group Limited (the “Group”), the Queensland hotel and investment property company, is pleased to provide a market update further to its announcement on 24 March 2020 in relation to the impact of COVID-19. As previously advised, the Group’s operations were significantly adversely impacted by the mandatory closure of its hotel operations on 23 March 2020, as directed by the Federal and Queensland Governments.

With the closures foreshadowed to last until at least September 2020, and to ensure improved revenue potential from the Group’s assets post COVID-19, the Board took the opportunity to bring forward planned capital works.

These works included:

- Aspley Shopping Centre amenities improvements which were completed in June 2020 at a cost of \$110,000;
- Aspley Central Tavern DOSA deck, providing secure all weather smoking area for gaming patrons, which are scheduled to be finished on 10 July 2020 at a cost of \$45,000;
- Ashmore Tavern bistro deck enclosure, providing all weather dining and able to be used as a private function room, which are scheduled to be completed on 23 July 2020 at a cost of \$404,000;
- Ashmore Tavern sports bar deck extension, increasing patron capacity, which are scheduled to be completed on 13 August 2020 at a cost of \$236,000; and
- Ashmore Tavern gaming room and bistro expansion, to provide a modern and spacious self-contained gaming lounge, with expanded bistro dining and family friendly facilities, for which documentation is now at an advanced stage.

No meaningful revenue has been derived from the Group’s hotel on-premise activities, which include bar, bistro and gaming, during the closure period. However, retail liquor operations continued throughout the COVID-19 restrictions and strong results were achieved at many of the Group’s outlets. Investment properties revenue was materially adversely impacted with rent waivers and rent deferrals being provided to impacted lessees in accordance with the Mandatory Code of Conduct.

The Group prudently took immediate steps to reduce all non-essential expenditure following the closure of the hotel operations. In addition, the Group has benefitted from the Federal Government’s “JobKeeper” and “Boosting Cash Flow for Employers” support initiatives, and the Queensland Government’s Payroll Tax refund and partial refund of Land Tax for the Group’s investment properties.

Following the Queensland Government’s easing to Stage 2 restrictions on 1 June 2020, the Aspley Central Tavern opened for limited trade on 5 June 2020, while the Ashmore Tavern reopened shortly thereafter on 15 June 2020 to allow for the progress of site works. Under the Government approved Industry COVIDSafe plan, the Group’s venues are limited to a maximum of 1 patron per 4m² throughout the bar and bistro areas, which is substantially less than pre-COVID-19 trading levels.

On 30 June 2020, the Queensland Government announced a further easing to Stage 3 restrictions which will apply to Queensland businesses from midday on Friday 3 July 2020. The Board is pleased to advise that this will allow the Group’s gaming services to recommence at that time.

However, patron limits remain in force at this time and will restrict the capacity of both the Group's taverns to approximately 50% of normal levels. Until the Queensland Government eases restrictions such that they are in line with most other states, the profitability of the Group's hotel operations will remain under pressure.

Unaudited management accounts indicate that the Group generated earnings from operations before interest, tax, depreciation and amortisation ("**EBITDA**") of approximately \$283,000 for the period April 2020 – June 2020, compared with EBITDA of approximately \$859,000 in the prior comparative period.

The Group has utilised its existing borrowing facilities to fund the accelerated capital works programme and its working capital requirements within its existing facility limits.

The Board sincerely thanks its staff for their dedication and loyalty throughout this difficult period, and for their enthusiastic support as we work together to restore the Group's business to pre COVID-19 levels.



Suzanne Jacobi-Lee
Chief Executive Officer



Ashmore bistro deck extension and enclosure works nearing completion