

# Market Announcement

## Covid-19 Update



VBH is concerned with the unfolding global health and economic crisis facing the nation. The Board asks that its customers and shareholders follow the directives of the health officials and recognises the health and economic challenges ahead during these uncertain times.

Our hearts and thoughts go out to all those impacted by these unprecedented circumstances. We really appreciate the healthcare workers, scientists and leaders who are working hard to contain this coronavirus.

Today, I want to let you know how we're focused on supporting the communities where our associates live and work. I also want to provide you with an update on where things are.

Community is at the heart of everything we do. We've been the trusted experts in Fleet Management and a public company for the past 78 years. We will continue to deliver quality Fleet and Property Management solutions during this challenging time.

The Board has the responsibility to ensure sustainability and continuity of our business. We cannot treat this as Business as Usual. It's not. This is time for CRISIS MANAGEMENT and we have had to act fast to make changes that is in the Company's best interest !

To ensure we are doing everything we possibly can, we've also established an Emergency Response Team headed by myself, to continually evaluate and respond, in real time, to the evolving situation. Our proactive approach incorporates the guidance of the WHO (World Health Organisation) and Government health authorities.

The safety of our customers and shareholders remain our priority and we are maintaining high levels of hygiene and practicing social distancing. As VBH's business model is B2B, we are well prepared able to work from a safe distance online and avoid significant changes required in the retail space for limiting customer contact.

All businesses have been severely affected by the Covid-19 outbreak globally and it will affect businesses in Fiji, including VBH. There will be some impact that will affect our customers in both segments, property and fleet

management. However, it is too early to predict how significant the impact will be on VBH's business.

The impact on the Tourism sector (35% of GDP) will be particularly hard, as indirectly most businesses and sectors in Fiji are interrelated, which means a greater impact on all of Fiji's economic sectors.

VBH is well placed to manage its operations for the next 12 months, as it does not have any debt burden at the present period. Further, with its cash reserves VBH is in a position to provide dividend payments for the next 24 months. However, it will make that determination in July, after assessing the full impact of the crisis.

Our property management division can expect an increase in shop vacancy rates, however the overall portfolio remains less than 20% of revenue.

Our fleet management division will be impacted, and we will work closely with our customers to help manage their requirements, so as to minimise disruption to their businesses and to try and avoid repossessions.

As united members of the community, we want to openly share the additional measures we are taking to protect our customers, our people and the community in these uncertain times.

- We will take every opportunity to serve customers safely and efficiently.
- We will attend to customers inquiries for our services, accounts queries, demonstrations, deliveries and respond to emails quickly.
- We will practice improved hygiene and ensure our premises are clean and ready to serve our customers
- We will review all cost controls and STOP any wastage.
- A 20% reduction for commercial property rents for a period of 3 months (April to June), subject to review at the end of the term.
- All major renovations will be delayed for the next 6 months (April to Sept) to reduce costs and help maintain cash flow.
- Fleet leasing customers will be assisted on a case-by-case basis, with flexible payment options and extended lease terms as agreed by both parties.
- The Company will relax its initial deposit requirements, as well as offer reduced interest rates for a period of 6 months (April to Sept) to assist new fleet leasing customers.

Other measures include purchasing essential items only, tighter control on spending, and scaling back services and contracted activities. Expiring contracts will need to be reviewed as they fall due.

The actions we take — as well as ones we DON'T take — over the next weeks and months could echo for the rest of our lifetime. We are exposed to both the global and local impacts of the pandemic and we have all had to make some hard decisions.

As the months unfold, we will continue to monitor and evolve our program requirements as necessary. This is a very difficult and unprecedented crisis for us all to deal with.

**Thank you** for your support to the Company and your sacrifice during this crisis. We will rise again, and we can't wait to get back to normality. We are heartened by the moments of triumph in everyday acts of courage, humanity and love. Although these are trying times for us all, we remain optimistic that our world will thrive once again. VBH also sees positive opportunities for its fleet management business to expand over the next 24 months.

**Until that day comes, stay well.**



Nitish (Bob) Niranjana

**Managing Director & CEO**

*21<sup>st</sup> April, 2020*