



25 January 2021

**Market Announcements Office**

Australian Securities Exchange  
PO Box H224  
AUSTRALIA SQUARE NSW 1215

- **Quarterly Activity Report for the quarter 1 October 2020 to 31 December 2020**
- **Valuation of the Reef Hotel Casino complex**
- **Update on distributable profit and unit distribution**

**Quarterly Activity Report for the quarter 1 October 2020 to 31 December 2020**

**Trust Business activities**

The Reef Hotel Casino complex in Cairns is the Trust's main asset.

**Forced closure due to COVID-19 – 23 March 2020 to 2 July 2020**

**Closure of Reef Hotel Casino complex**

The Queensland Government mandated the closure of the Reef Hotel Casino complex commencing 23 March 2020 due to COVID-19. All revenue generating operations ceased.

**Reopening of Reef Hotel Casino complex**

The casino including in-casino food and beverage venues re-opened for trading on 3 July 2020 in accordance with the Queensland Government's announcement of Stage 3 of the roadmap easing COVID-19 restrictions. The complex's hotel rooms and other food & beverage venues opened throughout the following week. The operator of the Reef Hotel Casino complex, Casinos Austria International (Cairns) Pty Ltd has implemented a COVID Safe Plan approved by Queensland Health. This plan included operational restrictions including cap on capacity, social distancing measures, contract tracing measures and COVID safe cleaning. This plan has been amended over time as restrictions change and as restrictions are lifted.

**Trading during quarter ended 31 December 2020 at Reef Hotel Casino**

The operator of the Reef Hotel Casino has reported positive trading for the quarter resulting in positive rental income for the Trust. The initial JobKeeper program ended on 27 September 2020. The Reef Hotel Casino was not eligible for JobKeeper payments after 28 September 2020. However, it qualified as a legacy employer and has access to modified flexibility measures from 28 September 2020.

**Trading during quarter ended 31 December 2020 for Reef Casino Trust**

The Trust received rental income from the Reef Hotel Casino during the quarter.

The Trust had a solid start to the 2nd half year of 2020. Trust trading for the 3<sup>rd</sup> quarter (1 July to 30 September) was strong with strong rental income received from the Reef Hotel Casino. This has resulted in a strong profit for the Trust for the 3<sup>rd</sup> quarter.

Trust trading for the 4<sup>th</sup> quarter (1 October to 31 December) continued to be good with good rental income received from the Reef Hotel Casino. This has resulted in another good profit for the Trust for the 4<sup>th</sup> quarter.

**Registered Office**

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**REEF CASINO TRUST**

ARSN 093 156 293

Responsible Entity -

**Reef Corporate Services Limited**

ABN 66 057 599 621, AFSL 246699

**Addressing for invoicing**

Reef Hotel Casino  
35-41 Wharf Street  
Cairns QLD 4870  
PO Box 7320  
Cairns QLD 4870  
Telephone: +61 7 4030 8888  
Facsimile: +61 7 4030 8831

Due to the on-going COVID-19 situation, economic and trading conditions in Cairns and the region remain challenging. The outlook regarding the COVID-19 situation still remains uncertain.

### **Trust Expenditure**

Operating expenditure during the quarter totalled \$1,867,000 including property outgoings, rates and taxes, repairs and maintenance, responsible entity fees and other administrative costs.

Capital expenditure paid during the quarter was \$559,000. Capital expenditure continues to be carefully managed.

### **Related party transactions**

Payments to related parties included in item 6.1 of the attached Appendix 4C relate to:

- Non-executive director fees and related on-costs.
- Responsible Entity Fees (including GST).
- Operating expenses (including GST) paid by the Trust to the lessee (operator) of the Reef Hotel Casino.
- Reimbursements (including GST) to Casinos Austria International Limited for executives involved in the management of the Trust.

In addition, during the quarter the Trust received rental income from the lessee (operator) of the Reef Hotel Casino net of operating costs. Rental income and expenses are shown gross in item 1.1 and 1.2 of the attached Appendix 4C.

### **Valuation of the Reef Hotel Casino complex**

In accordance with the requirements of the Trust Constitution the Reef Hotel Casino complex which is owned by Reef Casino Trust has been externally valued as at 31 December 2020. The independent valuer, CBRE Valuations Pty Limited, valued the Reef Hotel Casino complex at \$132 million as at 31 December 2020 (\$150 million as at 31 December 2017).

The Reef Hotel Casino complex is measured at depreciated cost for financial reporting purposes. As this latest independent valuation exceeds the carrying book value of property, plant and equipment, \$18.894 million (out of the total impairment of \$19.374 million of impairment at 30 June 2020) will be reversed in the financial statements for the year ended 31 December 2020.

### **Update on distributable profit and unit distribution**

The estimated distributable profit\* for the second half year 2020 has been revised upwards from \$8.5 million to approximately \$9.17 million as the rental income for the month of December was more than estimated. The estimated distribution for the six months 1 July 2020 to 31 December 2020 has been revised upwards from 8.54 cents per unit to 9.76 cents per unit (from \$4.25 million to approximately \$4.86 million in total).

For the full year 2020, the estimated net profit before impairment is now approximately \$271,000 (previous estimated loss of \$66,000).

The actual distribution will be decided and approved at the Reef Casino Trust board meeting to be held at the end of February 2021 following the approval of the audited results.

### **Authorised by the Board**

#### **Enquiries/further information please contact**

**Allan Tan**

**Executive Director**

Reef Corporate Services Limited

Responsible Entity, Reef Casino Trust

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*\* Distributable profit is a non-IFRS measure that is determined in accordance with the Trust Constitution and used as the basis for determining distributions to unitholders. Distributable profit is determined as net profit for the period, adding back distributions to unitholders which have been treated as finance costs in accordance with IFRS. The estimated distributable profit has not been audited.*

## Appendix 4C

### Quarterly cash flow report for entities subject to Listing Rule 4.7B

**Name of entity**

Reef Casino Trust

**ABN**

90 464 324 877

**Quarter ended ("current quarter")**

31/12/2020

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (12 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	6,088	16,378
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	-	-
(c) advertising and marketing	-	-
(d) leased assets	-	-
(e) staff costs	-	-
(f) administration and corporate costs	(1,768)	(7,834)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	14	53
1.5 Interest and other costs of finance paid	(29)	(193)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>4,305</b>	<b>8,404</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(559)	(1,631)
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	1,000
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material): Loan advanced to other entities	-	(1,000)
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(559)</b>	<b>(1,631)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	-	6,000
3.6	Repayment of borrowings	(3,800)	(6,300)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	(5,279)
3.9	Other (provide details if material)	(18)	(72)
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>(3,818)</b>	<b>(5,651)</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	4,151	2,957
4.2	Net cash from / (used in) operating activities (item 1.9 above)	4,305	8,404
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(559)	(1,631)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(3,818)	(5,651)
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	<b>Cash and cash equivalents at end of period</b>	<b>4,079</b>	<b>4,079</b>

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	4,079	4,151
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>4,079</b>	<b>4,151</b>

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	538
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i>		

<b>7.</b>	<b>Financing facilities</b> <i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i> <i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
7.1	Loan facilities	13,500	200
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	<b>Total financing facilities</b>	13,500	200
7.5	<b>Unused financing facilities available at quarter end</b>		13,300
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		
	Bank loan from BOQ Limited (expires 31 January 2022*) secured by a registered first and second mortgage over the Special Lease (a Crown lease for a term of 75 years under which the Trust occupies the site on which the complex is built) and a first ranking fixed and floating equitable charge over the whole of the assets and undertakings of the Trust. Interest is payable at a fixed margin over Bank of Queensland's cost of funds and is calculated daily on the drawn down value.  * Effective 31 January 2021 the term of the \$13.5 million loan with the Bank of Queensland has been extended until 31 January 2025.		

<b>8.</b>	<b>Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1	Net cash from / (used in) operating activities (item 1.9)	4,305
8.2	Cash and cash equivalents at quarter end (item 4.6)	4,079
8.3	Unused finance facilities available at quarter end (item 7.5)	13,300
8.4	Total available funding (item 8.2 + item 8.3)	17,379
8.5	<b>Estimated quarters of funding available (item 8.4 divided by item 8.1)</b>  <i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i>	N/A
8.6	If item 8.5 is less than 2 quarters, please provide answers to the following questions:	
8.6.1	Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
	Answer: N/A	
8.6.2	Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
	Answer: N/A	
8.6.3	Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
	Answer: N/A	
	<i>Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.</i>	

## Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: ...25 January 2021.....

Authorised by: .The board.....  
(Name of body or officer authorising release – see note 4)

## Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.