



**REEF CASINO TRUST
CHAIRMAN'S AND CHIEF EXECUTIVE OFFICER'S ADDRESS
ANNUAL GENERAL MEETING
17 MAY 2024**

Chairman's address

Good afternoon, ladies and gentlemen, unitholders and guests.

Welcome to the Reef Casino Trust's 2024 Annual General Meeting held at the Reef Hotel Casino in Cairns.

I hope you find this address informative, and it provides you with a good understanding of your investment in the Trust.

Board Update

Since last year's Annual General Meeting, there have been several changes to the board.

It is with pleasure that I welcome Ms Abigail Cheadle, a non-executive director appointed by unitholders, to this, her first Annual General Meeting since her appointment as a director of the Trust in March this year.

Earlier this year, we farewelled Ms Sarah Derry who was appointed by Accor to the board in March 2023. Sarah left the board in January this year.

Mr Adrian Williams has been appointed by Accor as a director pending Ministerial approval.

Executive Update

In August last year, Mr Brad Sheahon commenced his employment with the Trust. Brad was formally appointed Chief Executive Officer on 29 September 2023, immediately after Ministerial approval was granted.

Mr Allan Tan, formerly the Executive Director of the Trust, became non-executive director at this time.

A little later, I will ask Brad to provide the Chief Executive Officer address.

REEF CASINO TRUST
ARSN 093 156 293

Responsible Entity -
Reef Corporate Services Limited
ABN 66 057 599 621, AFSL 246699

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A solid result

The Trust delivered a solid result for 2023, similar to results derived in pre-pandemic years. The 2023 result is lower than the prior year, which was a record year driven by pent-up post-pandemic demand.

The Trust reported healthy rental income for the 2023 financial year as the Reef Hotel Casino continued to trade well. Local and domestic patronage at the Reef Hotel Casino was strong during the year, especially in the second half. International visitation continues to be subdued but there are positive signs this market will continue to strengthen during 2024.

Whilst rental income to the Trust remained strong, it was impacted by a payment made by Reef Hotel Casino to the tenant of the Dome to surrender their lease early to allow necessary maintenance works to be scoped and initiated.

Property repair and maintenance expenses were higher than 2022 due to the stage of the life cycle of the property, whilst increased insurance premiums and energy costs were higher than the prior year due to prevailing market conditions.

Distributable profit / Unit Distribution

In February this year we reported the Trust produced a distributable profit in 2023 of \$10.742 million. This distributable profit is before finance costs attributable to unitholders.

We were pleased to declare and pay a distribution for the second half of 2023 of 12.25 cents per unit. This was paid on 13 March 2024.

A distribution for the 6 months from January to June 2023 of 9.44 cents per unit was paid on 13 September 2023.

Therefore, the total distribution for 2023 was 21.69 cents per unit and reflects the rental income received from the Reef Hotel Casino.

Independent external valuation of the Reef Hotel Casino complex

In accordance with the Trust's Constitution, the Reef Hotel Casino was independently valued at \$161.0 million as at 31 December 2023. This valuation is a \$29.0 million, or 22% increase compared to the valuation completed as at 31 December 2020. The new valuation is, in part, reflective of the solid cash flows and operating performance of the Reef Hotel Casino in the last several years, together with a more confident outlook than that which existed immediately post-pandemic when the previous valuation was conducted.

Borrowings

The Trust's interest only business term loan facility with the Bank of Queensland remains unchanged at \$13.5 million and expires on 31 January 2025. As at 31 December 2023 the facility was drawn down to only \$1,000. Importantly, the Trust continues to be solvent and a going concern.

As the facility will expire early next year, it is in the process of being renewed, and new terms and conditions are being negotiated.

Capital Investment

Capital expenditure in 2023 was carefully managed to meet compliance requirements, ensure the safety of patrons and staff and to ensure continued operations. This included new gaming machines, hotel operating asset requirements and routine building maintenance.

I will now ask Brad Sheahon, the Chief Executive Officer of the Trust, to deliver his address.

Chief Executive Officer's address

Thank you, Chair. Good afternoon unitholders, ladies and gentlemen.

The operator of the Reef Hotel Casino is Casinos Austria International (Cairns) Pty Ltd.

Let me now provide a brief summary and highlights of the Reef Hotel Casino during 2023.

Trading and operating conditions at the Reef Hotel Casino

Domestic patronage held up well during the year, whilst international visitation was still below pre-pandemic levels.

Our complex operations - both casino and hotel - performed well, with the inflationary impacts upon insurance and energy costs and repairs and maintenance costs being appropriately managed to ensure the complex was properly maintained in the most cost-effective manner possible.

Increased casino regulatory oversight due to relevant legislation continues to be well managed and closely monitored to ensure compliance.

Complex performance – a brief review

The Reef Hotel Casino performed well in 2023 due to:

- Strong complex revenues, especially in the casino; and
- Appropriate management of costs.

Total rentals paid to the Trust in 2023 were \$25.931 million.

Our market segments

The local and domestic markets held up well for our complex throughout the year in most areas of the business, particularly in respect of the casino operations.

Electronic gaming is our biggest revenue segment and the biggest contributor to the rentals paid to the Trust. In 2023 it continued to perform well.

Table gaming also recorded a strong overall result, with increased patronage from local and interstate visitors.

Overall, main floor table gaming performed similarly to the previous year. Premium play was more muted as there were fewer international table games players in 2023.

Hotel revenues were similar to the previous year. Hotel bookings from intra and inter-state remained healthy and room rates and occupancy held up well.

Sales throughout our various food and beverage outlets increased compared to the previous year due to increased visitation and having more outlets open for the whole year.

Management strategy

Management has a targeted marketing strategy and a disciplined approach to managing cost. The *“One Complex, One Team, One Success”* mantra continued to drive the overall performance of the complex in 2023.

In addition to the Casino and Hotel, the complex offered an array of entertainment choices including live acts and shows, restaurants and bars, making it the most attractive *“must see, must visit”* venue in the region.

Regulatory environment

The regulatory environment in respect of the gaming industry is changing due to the introduction of the *Casino Control and Other Legislation Amendment Bill 2023*, which passed through the Queensland parliament in late March this year.

Implementation of this legislation will require the acquisition and implementation of new gaming products and technologies. Management already has plans in place to adapt new business practices to ensure compliance with the requirements of the new legislation.

Complex regulatory compliance, risk management

The Reef Hotel Casino remains committed to the proper delivery of successful outcomes in compliance and risk management including:

- Casino regulatory compliance;
- Responsible service of gaming and alcohol; and
- Anti-money laundering and counter-terrorism financing.

Initiatives in this regard during the year included:

- Enhancing compliance programs and protocols;
- Investment in systems, tools and staff;
- Regular reviews and audits; and
- Monitoring the latest developments regarding compliance and working closely with the relevant regulators.

Trading Update

Let me now provide a brief trading update of the complex.

In the first 4 months of this year, the complex has traded similar to 2023, which compares well to the years immediately preceding the pandemic.

The first half of the year is historically the low season for Cairns. We expect the second half of the year will continue to be the high season for Cairns, albeit against a backdrop of continuing economic and geopolitical uncertainty.

The Executive Leadership Team remains committed to achieving the best possible outcome for the complex.

Ladies and gentlemen, this concludes my address and I now hand back to the Chair.

Chairman's address continues

Thank you, Brad.

Ladies and gentlemen, I will continue with a summary of 2023.

The Trust delivered a strong profit and continued to adhere to its policy of paying 100% of distributable profit. The Trust balance sheet remains strong and healthy. The board and executive have dealt well with the challenges of regulatory change and economic uncertainty, delivering a positive outcome in 2023.

Relationship between Trust and Operator

I would like to take this opportunity to thank the operator of the Reef Hotel Casino which is jointly owned by Casinos Austria International and Accor. This longstanding relationship between the Trust as the owner of the Reef Hotel Casino complex and the Operator continues to work well.

A brief update of Trust trading

Brad earlier provided an update of trading at the Reef Hotel Casino for the first 4 months of this year.

- Each of the 4 months from January to April was profitable.
- Revenues at the Reef Hotel Casino complex are comparable to the same period last year.
- Costs at the Reef Hotel Casino complex and at the Trust are higher compared to the same period last year because:
 - Insurance costs have increased.
 - Increased essential building maintenance works required due to lifecycle of the complex.
- May is expected to be another profitable month for the Trust.
- The Trust will update the market regarding its trading for the first 6 months of 2024 and its estimated distribution in mid to late June 2024.

Remainder of 2024

The Trust performance reflects the rentals paid by the Reef Hotel Casino. The high season in Cairns is usually in the second half of the year which we expect to impact positively.

Despite the continuing economic and geopolitical uncertainty, the board anticipates its operating performance will be such that it will pay a unit distribution, which it has achieved continuously each year since 1999.

In closing, I would like to thank my fellow board members, management and staff of the Trust and Operator of the Reef Hotel Casino for their efforts and contributions during 2023. I would also like to thank all unitholders for their support.

Ladies and gentlemen, that concludes my address to the meeting.

Thank you.

Authorised by the Board

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