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**TRUST CHAIRMAN'S AND REEF HOTEL CASINO CEO'S
ADDRESS TO THE ANNUAL GENERAL MEETING
25 MAY 2015**

Chairman's address

Firstly, I would like to again welcome all unit holders and observers to the Reef Casino Trust's 2015 annual general meeting. During my address, I will ask our CEO, Allan Tan, to provide his address. I hope you will find our remarks informative and that you will take away with you a good understanding regarding your investment in the Reef Casino Trust.

Lapsed Aquis takeover bid proposal

Let me start with some comments on the now lapsed Aquis takeover bid.

Aquis formally made a bid for the Reef Casino Trust in February 2014 following an announcement in November 2013 of its intention to do so. The Trust and Aquis entered into a takeover bid implementation agreement under which an Integration Planning Committee was set up to assist Aquis.

At this point, I would like to remind unit holders that the two major shareholders, namely Casinos Austria International and Accor together with the Trust directors had indicated to Aquis that they would accept the Aquis offer of \$4.35 per unit for all the units that they own in the Trust provided the bid received all the necessary approvals. Regrettably, Aquis was unable to satisfy all of these conditions.



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In November 2014, the Trust announced that the offer made by Aquis under an off market takeover bid for all the units in the Trust had lapsed. The offer was subject to various defeating conditions, including Queensland gaming regulatory approvals. Those conditions were not met at that time and Aquis' decision not to extend the offer for a further period meant the offer lapsed.

Let me assure you that the Trust Board and members of the Independent Board Committee used their best endeavours in accordance with the Takeover Bid Implementation Agreement to achieve a successful outcome. Due to the lapse of the proposed takeover, the Takeover Bid Implementation Agreement with Aquis was terminated.

The 2014 Financial Year

Despite the interruptions to day to day operations of the Trust and at the Reef Hotel Casino, due to the Aquis takeover bid proposal, the Trust produced a distributable profit of \$12.1 million. This compared to \$13.9 million in 2013 with the difference due to lower casino premium play revenues and Aquis transaction costs.

Distributable profit is determined as net profit for the year, which was \$6.03 million, plus distributions to unitholders which have been treated as finance costs in accordance with International Financial Reporting Standards (IFRS), which was also \$6.03 million.

Total Trust revenue for 2014 comprised mainly of rental income from the Reef Hotel Casino totalled \$22.9 million, compared to \$24.3 million in 2013. Premium play revenues were lower in 2014 due to a lower win rate compared to 2013 and less activity.

The Aquis takeover bid proposal transaction costs in 2014 were \$602,000, however the Trust's other expenses were well controlled.



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Unit distribution for 2014 of 26.02 cents per unit

The total unit distribution in 2014 was 26.02 cents per unit, compared to 28 cents per unit for the 2013 financial year. This total unit distribution comprised 100% of 2014 distributable profit and 1.8 cents per unit from the undistributed income account.

Independent valuation of Trust property

In accordance with the requirements of the Trust Constitution an independent valuation of the Reef Hotel Casino complex was commissioned as at 31 December 2014.

The independent valuer, JLL Hotels and Hospitality Group, valued the Reef Hotel Casino complex at \$136 million as at 31 December 2014, up from \$125 million as at 31 December 2011. As the Reef Hotel Casino complex is measured at depreciated cost (which was \$100 million as at 31 December 2014), this latest independent valuation is shown as a note to the financial statements.

The Trust will continue to obtain an independent valuation of the Reef Hotel Casino complex at least once every 3 years in accordance with the requirements of the Trust Constitution.

A strong and healthy balance sheet

The Trust has just received regulatory approval and is now finalising an extension of the loan facility and foresees no difficulties in doing so given the strong relationships the Trust has with its existing bank, the value of the security provided and its strong and reliable operating cash flows.

The Trust's balance sheet remains strong and healthy with positive cash flows and the Trust continues to have adequate working capital.



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Capital Investment

Despite the Aquis takeover bid proposal, the Trust continued to invest in operational capital expenditure in the Reef Hotel Casino complex in Cairns to properly maintain its facilities and performance. However, "special" projects were suspended in 2014. Following the lapse of the Aquis takeover bid, the Trust will revert to its normal program of capital investment which the CEO will outline.

I will now ask Allan Tan, the CEO of the Reef Hotel Casino to deliver his address.

CEO's address

Thank you Chairman. Good morning unitholders, ladies and gentlemen.

Aquis in the background throughout 2014

Because of its takeover bid, Aquis featured prominently in the background of our day to day operations throughout 2014. Specifically, the Aquis takeover bid implementation agreement called for my management team to devote significant resources for most of the year to assist Aquis in "integration and planning" which otherwise would have been devoted wholly to the day to day operations of the Reef Hotel Casino

Performance highlights of 2014

The Reef Hotel Casino achieved a commendable and solid outcome given the interruptions to day to day operations because of the Aquis takeover bid proposal.

In 2014, we were faced with a soft and flat local economy, a competitive local market, and the cessation of year round direct flights from China into Cairns. These were contributing factors leading to casino visitations being 16.1% lower than the previous year.



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Despite this, our most important source of revenue, electronic gaming performed strongly. Turnover was up 10.8% on the previous year and revenues were up 12.5%. In addition, electronic gaming set a new record in turnover and revenue in 2014. Patron support from local, domestic and international markets was strong throughout the year. Our casino's electronic gaming's strong performance was underpinned by the introduction of new games and machines and a full program of promotions and entertainment.

Table games were down 25.7% on last year mainly due to cessation of year round direct flights from China and a change in the mix of the Chinese tourist market (with a bias towards the lower end of the market). Compared to 2013, premium play revenues were lower in 2014 due to a lower win rate and less activity.

Hotel room revenues were 6.2% higher compared to last year due to good yield management.

Food and beverage revenues held up well and were down just 1.1% on last year – reflecting lower casino visitations.

We are one of Cairns' largest employers with a current total staff complement of 465. Industrial relations remain harmonious. Cost control and risk management were well executed.

Operational strategies and capital investment

The following key management strategies will continue to underpin the solid performance at the Reef Hotel Casino. These are:

1. "One Complex One Team One Success"
 - We offer a seamless entertainment complex under one roof and one team
2. "Must See Must Visit"
 - Marketing our complex as "The Only Place to Play" which underpins our locals and domestic strategy"



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- Marketing our complex as “Reef by Day, Reef by Night” which underpins our international and Chinese tourist strategy
3. “Employer of Choice”
 - This underpins our strength in the hospitality business
 4. “The best gaming venue in Cairns”
 - We offer an international class casino run to the highest standards
 5. “The best hotel in Cairns”
 - We offer the best 5 star accommodation
 6. “Superior cost control, and risk management”
 - Best practice throughout complex

The Board has given me clear instructions – post Aquis, to press on and continue to build our business (without deviating from our long held strategic ambition of delivering consistent and reliable earnings growth). So, let me now briefly highlight some new key management initiatives.

We will continue to leverage off the good momentum in electronic gaming and plan to introduce a new tiered Reef Club loyalty program around the middle of this year. This is aimed at providing our Reef Club members with an improved value proposition and more reasons to visit our casino.

Our VIP gaming team is taking steps to market our casino to players in Singapore and South East Asia to leverage off the new direct flight service from Singapore to Cairns on Silkair which will start in May. Silkair is a premium full service airline owned by Singapore Airlines.

Our 5 star Pullman branded hotel will leverage off Accor’s Le Club and Advantage Plus loyalty programs to improve room revenues.

A complete repainting of the exterior of the complex building has been completed earlier this year and our complex now presents well and fresh.



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A brand new car park system has recently been installed and will provide our guests and patrons with an improved level of service.

Our award winning signature restaurant, Tamarind will be refreshed in the middle of this year with a general makeover including new furniture.

A 2 year staff uniform project will see new uniform designs being rolled out in the middle of this year.

Our complex will have a new energy efficient air conditioning system installed in the middle of the year following the placement of an order for the new equipment.

My management team is currently studying and considering options to renovate the public areas of on ground floor of the complex including the hotel lobby, the casino lobby and Vertigo bar and show lounge. Once we have decided on our preferred option, I will make my presentation to the Board for their consideration and approval.

Update for 1st 4 months 2015 and brief outlook

The rentals paid to the Trust for the first 4 months of the current financial year from January to April 2015 were 8% above last year.

Let me now finish up with a brief outlook for the rest of this year for the 3 most important revenue generators in our complex.

The outlook for electronic gaming continues to be positive underpinned by a full schedule of promotions and entertainment, the introduction of new games and the enhancement of our Reef Club loyalty program.

With table games, Cairns remains a very popular destination with Chinese tourists. Much will depend on the Chinese economy. The recent anti-corruption crackdown in China is not expected to affect our operations in a major way. The lower Australia dollar should attract



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more overseas visitors to Cairns. The new direct flights from Singapore to Cairns on Silkair is also a positive development. Overall, the outlook is neutral to positive.

With a stronger sales effort and being part of the Accor global network and the best hotel in Cairns, the outlook for hotel room sales is positive.

Later this year, we expect to witness 8 of our staff members achieving 20 years of service with our complex. I thank them and congratulate them in advance of reaching this wonderful milestone. Next year we can expect another 50 or so staff members attain this achievement.

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

Chairman's address continues

Thank you, Allan.

Ladies and gentlemen, let me now continue.

Trust outlook for 2015

The CEO has this morning shared with you some of his plans to continue to develop the business at the Reef Hotel Casino. The Board endorses the overall strategic direction that he is taking.



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Following the lapse of the Aquis takeover bid proposal, it has been “business as usual” for the Trust and the Reef Hotel Casino. As the CEO has noted, the Board has instructed him to press on and implement his various initiatives and to drive the business at the Reef Hotel Casino.

As the Reef Hotel Casino approaches the high tourist season in Cairns, I am pleased to report that the Trust's bottom line distributable profit to date is ahead of the same period last year, and reflects the solid performance of the Reef Hotel Casino for the first 4 months, as well as the absence of costs associated with the Aquis takeover bid.

We will update unitholders about the Trust's likely first half year results in mid June, about 3 weeks from now, when we release our unit distribution announcement.

Conclusion

Since 2000, the Trust has consistently delivered profits, declared unit distributions and carefully managed the business and corporate risks. Your Board remains committed to continue with this.

In conclusion, I would like to thank my fellow directors, especially the two independent directors, the partners of the operator, Casinos Austria International and Accor, the management team and the staff of the Trust and the Reef Hotel Casino and last but not least you, our unit holders for your support during this past financial year.

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

Thank You.