



**REEF CASINO TRUST (RCS)
CHAIR AND CHIEF EXECUTIVE OFFICER'S ADDRESS
ANNUAL GENERAL MEETING
23 MAY 2025**

Chair's address

Good afternoon, ladies and gentlemen, unitholders, guests and observers.

Welcome to the Reef Casino Trust's 2025 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 what is happening with your investment in the Trust.

Board Update

Since the 2024 Annual General Meeting there have been a number of changes to the board.

First, it is with pleasure that I formally welcome Mr Adrian Williams, a non-executive director appointed by Accor as a director of the Trust on 27 May 2024, to his first Annual General Meeting.

Second, effective 1 June 2024, I was appointed Chair, replacing Mr Philip Basha following Mr Basha completing his two-year tenure as Chair. The board and I would like to thank Mr Basha for his valued input during his time as Chair.

Also effective from 1 June 2024 Ms Abigail Cheadle was appointed Chair of the Compliance, Audit & Risk Committee, replacing me as Chair of that committee.

Finally, Mr Steven Lake was appointed alternate director for Mr Adrian Williams on 20 June 2024.

I expect that there may be some interest in recent media speculation regarding parties who may be interested in acquiring the Trust. Although Reef's legal obligations means that I am limited in what I can share today, I will have more to say about this in due course but first let me briefly report on the results for 2024.

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

Review and results of operations

A stable result

While being a slightly lower result than 2023, the 2024 result was in line with results achieved prior to the pandemic.

REEF CASINO TRUST
ARSN 093 156 293

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

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Total Trust revenue and other income for 2024, comprised mainly of rental income from the Reef Hotel Casino, totalled \$25.5 million. Total revenues earned by the Reef Hotel Casino complex itself were higher than the prior year primarily due to continued strong local and domestic patronage. However, higher costs, primarily payroll and regulatory-related costs, resulted in slightly lower rentals to the Trust than in 2023.

Trust operating expenses were tightly controlled and decreased marginally despite ongoing inflationary and market pressures on items such as insurance premiums and energy costs.

Distributable profit / Unit Distribution

In February this year we reported the Trust earned a distributable profit in 2024 of \$10.2 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 2024 of 11.71 cents per unit. This was paid on 12 March 2025.

A distribution for the 6 months from January to June 2024 of 8.71 cents per unit was paid on 11 September 2024.

Therefore, the total distribution for 2024 was 20.42 cents per unit and reflects the rental income received from the Reef Hotel Casino. The Trust paid out 100% of the distributable profit for 2024.

Strong and healthy balance sheet

The Trust's financial position remains healthy. The Trust has adequate working capital, meets all liquidity requirements, and continues to operate as a going concern.

During the year, the Trust's interest only term loan facility with the Bank of Queensland was renegotiated. At the end of 2024, the facility limit was \$15.0 million with an expiry date of 30 June 2028. Only \$1,000 was drawn down at year end.

Capital Investment

Capital expenditure during the year was carefully managed to meet compliance requirements, ensure the safety of patrons and staff, and ensure sustainable operations continued.

This expenditure included new gaming machines and other operational assets to enhance product offerings in respect of the casino, hotel and food and beverage outlets, and safety upgrades, energy-saving technologies and lifecycle building works.

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 Limited.

Let me now provide a summary and highlights of the Reef Hotel Casino during 2024.

Trading performance and operating conditions at the Reef Hotel Casino

Although international tourism has still not quite recovered to pre-pandemic levels, the local and domestic markets have returned to the complex.

Operations at the complex, including the Casino, Hotel and Food & Beverage outlets performed well with aggregate revenues higher at the complex in 2024 than the prior year, with total rentals paid to the Trust being \$25.2 million.

However, regulatory compliance and ongoing inflationary pressures led to increased costs, particularly in respect of the supervisory levy, compliance risk management maturity improvements and payroll.

Market segments

Visitation, which drives revenues throughout the Reef Hotel Casino, increased during 2024. The increase was primarily driven by local and domestic visitors with proportionally fewer international patrons.

Electronic Gaming is the biggest contributor to rentals paid to the Trust. Electronic gaming continued to perform well due to ongoing patron support from local and domestic markets.

Table gaming was primarily supported by local and interstate visitors. Grind table gaming results were marginally better than in 2023. However, the premium play result was lower due to a lower win rate and fewer premium players visiting.

Hotel revenue increased compared to the prior year, with strong bookings from intra and interstate visitors continuing and room rates holding up well.

Food & beverage revenues increased during the year due to the increased visitation, driven by ongoing promotions, functions and live entertainment.

Management Strategies

Due to the interlinked nature of the activities conducted at the Reef Hotel Casino complex, management subscribe to the “One Complex, One Team, One Success” mantra.

The complex is a flagship attraction for the tourist destination of Cairns. Management’s strategy is to promote the complex as a “must see, must visit” destination, working with other members of the local tourism, events and entertainment industries to achieve an attractive offering to locals and visitors alike.

Marketing activities are also focused upon premium players, both local and visitors, for both electronic and table games. Promotion of the hotel is leveraged via the Accor network and destination promotions.

Whilst there have been cost increases in relation to new regulatory requirements, wages, insurance premiums and energy costs, management has a disciplined approach to managing its controllable costs.

Regulatory environment and risk management

It is well documented that the regulatory environment with respect to casinos in Queensland is changing. Management is adapting business practices to the new regulatory environment to ensure compliance with the requirements of the new legislation.

Enhanced business processes with respect to harm minimisation and compliance are in the process of being implemented. New gaming products and gaming-related technologies will also need to be acquired to meet these compliance requirements.

Unfortunately, related regulatory fees and other costs are also increasing.

The Reef Hotel Casino remains committed to the delivery of positive outcomes in respect of compliance and risk management in areas such as:

- casino regulatory compliance;
- harm minimisation and responsible service of gambling and alcohol;
- anti-money laundering and counterterrorism financing; and,
- improvements in risk management maturity.

Trading update

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

The first half of the year is historically the low season for Cairns. During the first four months of this year, the complex has earned similar revenues to 2024. However, increases in costs have impacted the rent paid to the Trust.

We expect the results for the second half of the year will continue in line with what is expected to be the high season for Cairns, although this will be against a backdrop of continuing economic and geopolitical uncertainty.

The Executive Leadership Team remains committed to exploring all opportunities to deliver the best outcome for the complex, and as a result, the Trust.

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

Chair's address continues

Thank you, Brad.

Ladies and gentlemen, I will continue with a summary of 2024.

The Trust delivered a stable 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 handled regulatory change and economic uncertainty well, delivering a positive result in 2024 in line with pre-pandemic profits.

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

I refer to the ASX announcement that we made earlier today regarding our forecast for the first six months of 2025. The Reef Casino Trust's distributable profit for the half year from 1 January 2025 to 30 June 2025 is estimated to be between \$3.2 million and \$3.8 million (compared to \$4.336 million for the same period in 2024).

So far in 2025, the Trust continues to trade profitably in the period January to April inclusive. To summarise the Trust's trading activity for this period:

- Revenues at the Reef Hotel Casino complex are comparable to the same period in 2024.
- Costs at the Reef Hotel Casino complex are primarily higher due to ongoing regulatory and compliance costs.
- Trust costs are primarily higher due to costs associated with the potential control transaction previously announced on 26 February 2025 and 30 April 2025.
- The board of the Responsible Entity expects that May will be another profitable month for the Trust.

The rest of 2024

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

Despite the ongoing economic and geopolitical uncertainties, the board anticipates the Trust's operating performance will be such that it will pay a unit distribution, which it has achieved every year since 1999.

Possible takeover proposal by interested parties

The Trust announced on 26 February 2025 that it had received a confidential, non-binding and highly conditional proposal from Iris Hotel Group Pty Ltd to acquire 100% of the units in the Trust. The proposal also includes the acquisition of the Trust's responsible entity, Reef Corporate Services Limited, and Casinos Austria International (Cairns) Pty Limited, the operator of the Reef Hotel Casino.

The board established an Independent Board Committee comprising the two independent directors, myself and Ms Abigail Cheadle, to consider the proposal.

Later, as announced on 30 April 2025, an indicative, non-binding and highly conditional proposal was received from the Morris Group.

Discussions remain confidential and incomplete. At this time there remains no certainty that the discussions will lead to a transaction, nor as to the terms and conditions (including price) of any such transaction (if agreed). However, you can rest assured the Independent Board Committee will use its best endeavours to seek to achieve the most successful outcome for all unitholders.

We will continue to keep the market informed in accordance with our continuous disclosure requirements.

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 2024. 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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