



## **TRUST CHAIRMAN'S AND REEF HOTEL CASINO EXECUTIVE DIRECTORS' ADDRESS TO THE ANNUAL GENERAL MEETING 27 MAY 2022**

### **Chairman's address**

Good afternoon ladies and gentlemen, unitholders and guests and welcome again to the Reef Casino Trust's 2022 annual general meeting held at the Reef Hotel Casino in Cairns.

A little later, I will ask Allan Tan, Reef Hotel Casino's Executive Director, to provide his address. I hope you will find both our addresses informative and that you take away with you a good understanding regarding your investment in the Trust.

### **Director Renewal**

It is with pleasure that I welcome Ms Wendy Morris, a director appointed by unitholders, and Mr Fritz Pühringer, a director appointed by Casinos Austria, to this, their first Annual General Meeting since their appointment as directors of the Trust earlier in 2022.

Ms Sarah Derry who unfortunately could not be here today will, once Ministerial approval is granted, be a board member as a director appointed by Accor.

The board is currently progressing with the appointment of one further director, one that falls under the "appointed by all unitholders" category.

### **COVID-19**

#### **2021**

During 2021, the Reef Hotel Casino stayed open with the exception of 3 days between 8 August and 10 August inclusive due to Queensland Government mandated COVID-19 lockdown. It operated under varying restrictions as imposed by the Queensland Government. Towards the last 2 months in 2021, Omicron cases started to take hold in Queensland.

#### **2022**

Higher Omicron cases continued in January and February and then eased off after that. Consequently, over March and April, COVID-19 restrictions in Queensland have been progressively lifted such that the Reef Hotel Casino is basically operating under very few or close to nil COVID-19 restrictions.

The 2021 annual report sets out the Trust financial statements in detail. Let me briefly mention a few key points

**Registered Office**  
Level 3 Sofitel Hotel  
249 Turbot Street  
Brisbane QLD 4000  
PO Box 12072 George Street  
Brisbane QLD 4003  
Telephone: +61 7 3211 3000  
Facsimile: +61 7 3211 4777

**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

## Strong trading performance in 2021

Despite being a COVID-19 year, the Trust reported a strong, near-record trading result.

- The Reef Hotel Casino traded strongly throughout the 2021. Local and domestic markets held up well.
- Since just before Easter in 2021, Cairns saw a return of interstate visitors in good numbers with some impact from the Melbourne, Sydney and Greater Brisbane lockdowns at various times during the year.
- In the last quarter of 2021, interstate visitors did ease off due to imposition of and delayed lifting of Queensland border restrictions and then due to increased COVID-19 Omicron cases in Australia.

## Distributable profit

We reported in February this year that the Trust produced a distributable profit in 2021 of \$14.722 million compared to \$4.858 million in the previous year. This distributable profit is before any impairment costs and finance costs attributable to unitholders.

## Unit distribution

We were pleased to declare and pay a unit distribution in the second half of 2021 of 17.29 cents per unit. This was paid on 9 March 2022.

A unit distribution for the 6 months from January to June 2021 of 12.29 cents per unit was paid on 15 September 2021.

Therefore, the total distribution for 2021 was 29.58 cents per unit. This compares to a total distribution for 2020 of 9.76 cents per unit reflecting the COVID-19 impacts of 2020.

## A strong and healthy balance sheet

The Trust's interest only business term loan facility with the Bank of Queensland remains unchanged at \$13.500 million. The amount undrawn at 31 December 2021 was \$13.300 million. Importantly, the Trust continues to be solvent and a going concern.

At present, the Trust has determined there is no need for additional cash facilities or liquidity given the Trust's current balance sheet position and outlook.

## Capital Investment

Despite strong cash flows in the period, capital expenditure in 2021 was very carefully managed due to the on-going COVID-19 pandemic. Essential capital items were approved which included new gaming machines, hotel operating asset requirements, and the on-going proper maintenance and overall upkeep of the Reef Hotel Casino complex building.

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

## **Executive Director's address**

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

### Overview of Reef Hotel Casino in 2021

#### Overall performance

The Reef Hotel Casino performed strongly in 2021 due to:

- Strong complex revenues especially from casino activities
- Proper management of costs

For the financial year, total rentals paid to the Trust were \$26.76 million, 72% above 2020. \$12.20 million in the 1<sup>st</sup> half, and \$14.56 million in the 2<sup>nd</sup> half, overall a pleasingly strong result for what was still a COVID-19 year.

#### Covid-19 impacts

Throughout the 2021 financial year, the Reef Hotel Casinos trading conditions were still impacted by certain COVID-19 restrictions imposed by the QLD Government, including:-

- border closures with Victoria and New South Wales specifically for part of the second half of 2021.
- the requirement throughout the year that guests must sign in to access our complex via the "Check in Qld" app.
- starting in the last quarter, all staff and guests had to be fully vaccinated as well.

#### Our market segments

The local and domestic markets held up very well for our complex throughout the year in most sectors of our business.

Despite the fact there were still no international visitors, the casino performed very well throughout the year and this was primarily driven by electronic gaming which resulted in a record turnover being reported.

Table gaming also recorded a strong overall result, with increased visitation from domestic patrons coming from the southern states throughout the year.

Our hotel operations also performed well with strong room, food and beverage sales growth despite the fact there were still no international visitors and some Queensland state border closures during the year.

Operating costs throughout the complex were properly managed during the year.

#### Trading Update

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

For the first 4 months of this year, the complex has traded well. Rentals paid to the Trust for this period is in line with our expectations and with just a few days to go in May, we are also expecting another strong rental to be paid to the Trust.

Mandated compulsory mask wearing started in early January but was no longer required inside the complex by early March. From mid-April, it was no longer a requirement for staff or visitors to the complex to be fully vaccinated nor is there any further requirement to sign in via the “Check in Qld” app. We noted an increase in our business since this requirement was removed.

COVID-19 uncertainties aside, looking ahead for the rest of the year, we continue to see some positives for our complex. Cairns has seen a gradual return of and indeed an increase in interstate visitors over the past couple of months and we can reasonably expect to see a further increase in those numbers for what is the traditional second half year high season for Cairns starting in June. For example, some 50 plus cruise ships are also scheduled to visit the port of Cairns in the second half.

Coupled with the above, there are also positive signs that international visitation into Australia is on the increase and knowing that Cairns has always featured strongly on international visitors’ itineraries, we can expect to see some flow-on effect into our region and the complex.

The management team remains committed to achieve the best possible outcome for the complex.

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, allow me to continue.

#### **Relationship between Trust and Operator**

The operator of the Reef Hotel Casino is Casinos Austria International (Cairns) Pty Limited (CAIC), jointly owned by Casinos Austria International Limited (CAIL) and Accor. This longstanding relationship between the Trust as the owner of the Reef Hotel Casino complex and CAIC as the operator continues to work well.

#### **Recent public enquiries into 2 Australian casino groups**

The Trust and the Reef Hotel Casino monitored the public enquiries conducted and completed in NSW, Victoria and Western Australia (all in relation to the Crown group). The Trust and the Reef Hotel Casino continue to monitor the on-going public enquiry in NSW (in relation to the Star group).

The Reef Casino Trust and Reef Hotel Casino continue to manage its programs/procedures to properly discharge its obligations to comply with the various rules and regulations.

#### **COVID-19 considerations**

The various restrictions impacting on the Reef Hotel Casino have largely been lifted and trading conditions for the Reef Hotel Casino have improved quite significantly over time.

However, COVID-19 is not over and therefore there still remains a degree of uncertainty in the economic and trading conditions in Cairns and the region.

### A brief update of Trust trading

So far in 2022, the Trust continues to trade profitably in the period January to April inclusive.

- Each of the 4 months from January to April inclusive was profitable.
- As the Omicron impact lessened, the Trust recorded higher rentals and profitability in March and April compared to January and February.
- So far in May, we can see a still continuing upward trend particularly given that many COVID-19 restrictions in Queensland have been lifted or removed.
- The Trust will provide a market update regarding its trading for the 1<sup>st</sup> 6 months of 2022 and its estimated distribution announcement in mid-June 2022.

### Outlook for the rest of 2022

Putting COVID-19 uncertainty aside, there are reasons to be optimistic in terms of trading conditions for the Trust.

- Local and domestic markets for the Reef Hotel Casino continue to hold up well.
- Hotel occupancy is picking up nicely.
- Operative costs and capital expenditure continue to be carefully managed

In closing, I would like to thank my fellow board directors and the management and staff of the Trust and the operator of the Reef Hotel Casino for their efforts and contributions during 2021. 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

**For further information please contact :**

Allan Tan  
Executive Director  
+61 7 3211 3000  
allant@reefcasino.com.au