



Annual General Meeting – 28 July 2020

Chairman's Address

28 July 2020

Welcome to the 2020 Aquis Entertainment Annual General Meeting.

2019 was another significant year for us, with the influence of our management team continuing to consolidate efforts in relation to both revenue generation and expense control, with the year culminating in the termination of the share sale agreement with Blue Whale Entertainment.

CASINO CANBERRA

Refining our operation

In June 2016, we saw the completion of our \$13.6M Casino Canberra refurbishment project.

This was a significant milestone, ensuring the group's key asset was an upscale facility, with brand new VIP gaming rooms and equipment throughout the venue, as well as an enhanced product offering through the addition of LT Games – the ACT's first and only stadium gaming experience.

Throughout the 3 years since the refurbishment, our management team have continued to work on the most effective utilisation of our asset. We have continued to refine our offering, in order to gain the greatest return on our expenditure and turn the company in to a profitable business. As a boutique operation, our management are able to quickly respond to changes in the market and to continually monitor and assess the effectiveness of their decisions. During the first half of 2019, a small reduction in revenue levels was experienced due to lower than average hold and the local effects of the international VIP market reduction, however strategies were implemented to improve this throughout the second half of the year to minimize the effect on us, strategies which continued to build our revenues through to the beginning of 2020.

Our front-line management team have continued their strong focus on continual improvement in customer service standards, so that each and every visitor to our property has an excellent experience. Further strategies to improve these standards will be implemented throughout 2020.

Continuing through from prior years, expense control was again at the forefront of our decision making. Diligent consideration and review of every expense produced increased margins and contributed to our overall result for the year, as well as set up ongoing efficiencies for years to come.

Despite the challenges of lower revenues earlier in the 2019 year, control of expenditure is again a validation of the management team and initiatives we have injected into the business, delivering a phenomenal positive EBITDA for the second year in a row, at a profit of \$72,244 , after an EBITDA profit in 2018 of \$625,885. While we acknowledge the challenges now and in the future, we remain undaunted and continue to strive for excellence in every area of our Casino business.

The continued progress we made through 2019 is again impressive, when we consider the state of the property and business when we first took ownership, we continue to be so proud of how far we have come and excited by the future opportunities for further improvements.

Redevelopment Proposal

Turning now to the redevelopment proposal, which forms part of our longer-term strategy for growth in Canberra. I continue to believe our proposal for the development of an integrated entertainment precinct in Canberra's CBD offers the ACT a once in a lifetime tourism infrastructure opportunity.

Aquis previously submitted its Detailed Business Case in relation to a redevelopment; as reported last year, the ACT Government have ceased dealing with us through the unsolicited bids framework. To advance the intended redevelopment, we now need to work with the Government through the more flexible and workable Development Approval (DA) process.

Conditional approval (given November 2017) provides for us to operate 200 electronic gaming machines (EGM's) as part of the redevelopment, at this point in time, due to the effects of Covid-19 and the effect of the termination of the share sale agreement with Blue Whale Entertainment, we have not advanced our discussions with the government any further than previously reported.

We remain committed to the redevelopment of the property post Covid-19 and we can't wait to get started and deliver to Canberra the kind of world class entertainment precinct an emerging international city deserves.

Business Outlook

We finished 2019 in strong form, with ongoing marketing initiatives targeted to the various sectors of our business, growth in visitation and continued interest in our offerings resulting in profitable results in the final months of the year which continued through in early 2020. In March 2020 however, the Covid-19 pandemic hit and the effects on our business have been significant.

Our Casino Canberra business has been closed by Government direction since Monday 23 March 2020 and today, remains closed under this direction. While the ACT continues to escape much of the infections which are increasing in Victoria and NSW, we are hopeful that the situation will soon be sufficiently under control that the ACT can further ease restrictions to Stage 3, which will include a restart of gaming operations, including Casino Canberra.

In the interim, the business is in hibernation with a small crew maintaining administration and management matters and the majority of our team members on standdown, most of those on the JobKeeper scheme.

On reopening, management are prepared with strategies and improved procedures to maximise the performance of the business with a view to rebuilding to pre-Covid levels as soon as possible after the current closure direction is lifted. We have strategies to enable trading under a myriad of conditions, should they be imposed by the government, to ensure that we are able to trade.

SALE OF SHARES

Cancellation of Share Purchase Agreement with Blue Whale Entertainment

We were very pleased to announce late in 2018 that agreement had been reached with Blue Whale to become a major shareholder, and for our shareholders to approve the transaction early in 2019.

Unfortunately, sufficient information was not forthcoming from Blue Whale Entertainment and its associates during the ACT Government's probity process, nor was there any response to attempts to extend the agreement despite all of the best efforts of our Board, therefore in accordance with the contract, we had no choice but to terminate the deal.

Whilst we are not actively seeking a sale of shares now, we remain open to consider all commercial approaches which are put to us, to ensure the best outcome for our employees, our business and our shareholders alike.

CONCLUSION

My fellow shareholders, I'd like to conclude my address by thanking each and every employee – particularly Allison and the executive management team - and congratulate them on another year of progress towards realising our vision.

We are confident that despite the challenges that 2020 has thrown at us, our management team have a solid foundation upon which we can rebuild the business to pre-Covid levels to achieve sustainable and long-term success, upon which we will further capitalise with opportunities available to us in the future.

With your continued support, the Board has confidence that together we will ensure there is a bright future for Aquis Entertainment.

Authorised for release to the ASX by the Board of Directors.

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