



Aquis Entertainment Limited

Proposed sale of Casino Canberra subject to shareholder vote and regulatory approvals

12 May 2022

Aquis Entertainment Limited ACN 147 411 881 (**Aquis** or the **Company**) (ASX:AQS) is pleased to announce that it has signed a share purchase agreement with Capital Leisure & Entertainment Pty Ltd, which is owned and controlled by interests associated with the Oscars Group (**Oscars**) for the sale of 100% of the shares in the Company's wholly owned subsidiary, Aquis Canberra Pty Ltd (**Aquis Canberra**) for A\$52 million, plus or minus customary completion adjustments (the **Transaction**). The sale is conditional on Aquis shareholder approval and ACT casino and liquor licensing regulatory approvals.

Aquis Canberra owns 100% of the shares in Casino Canberra Limited (**Casino Canberra**). Casino Canberra holds the casino license required to operate Casino Canberra. The sale of Aquis Canberra to Oscars will be a sale of all assets comprising Casino Canberra, the Company's primary asset.

Key transaction terms

- Oscars to acquire 100% of the shares in Aquis Canberra for A\$52 million on a debt and cash free basis (other than a requirement that Aquis Canberra must be transferred with at least \$3 million cash held to meet certain casino regulatory requirements).
- The purchase price will be subject to customary completion adjustments.
- The Transaction is subject to limited conditions precedent, being ACT Government casino and liquor licencing regulatory approvals, any consents required for the change of control of Casino Canberra's casino licence, and Aquis obtaining shareholder approval. The shareholder meeting is expected to be held in late July or August 2022.

The Transaction is not conditional on Oscars obtaining acquisition finance.

Further details of the transaction terms are set out in the schedule to this announcement.

Benefits and future opportunities

The proposed Transaction involves the sale of Aquis' primary business undertaking – Casino Canberra. The Aquis board is considering potential new business opportunities and expects to be able to provide an update to shareholders by the end of June 2022 in conjunction with the preparation of the notice of meeting for the shareholder vote.

Allison Gallagher, CEO of Aquis and Casino Canberra, said, *"The Transaction provides considerable value to the Company and its shareholders. It recognises the attractive operating performance of the business which has continued to trade well since reopening post the Covid-19 lockdowns. As an*

employee of Casino Canberra, I am also very excited about the future and working with Oscars on the continual improvement of our business.”

Mario Gravanis, Director of Oscars, said, *“We are excited by the opportunity to acquire the Casino Canberra business. We will be working closely with Aquis over the coming months to satisfy the necessary conditions precedent with minimal disruption to the business and look forward to working with the Casino Canberra team in the future.”*

Uses of Transaction proceeds

The board of Aquis is undertaking a review as to the best use of the sale proceeds, including assessing alternative business opportunities, repayment of debt and a potential distribution of funds to shareholders.

As part of this review Aquis is also considering using the proceeds from the Transaction to repay some or all of the convertible loan between the Company and its major shareholder Aquis Canberra Holdings Pty Ltd (the loan has a current outstanding balance of approximately \$33 million as at 30 April 2022 with a maturity date of August 2024) and the possibility of a shareholder dividend or distribution.

Further details on these matters will be included in a notice of meeting to be sent to shareholders in due course to approve the Transaction.

Effect of the Transaction on the Company’s total assets, total equity interests, annual revenue, annual expenditure and annual profit

As the Transaction involves the sale of the Company’s primary asset, immediately following the Transaction, the Company would cease to have an operating business and would have no material assets (other than the cash proceeds). As noted above, the board is reviewing other potential business opportunities and will provide further updates to shareholders in due course. The Board expects that any acquisition of a new business would be subject to a separate shareholder vote.

Details of changes to the board or senior management proposed as part of the Transaction

Subject to the outcome of the review of other opportunities, Russell Shields (Chairman) and Mark Purtill (Independent Non-Executive Director) may continue as directors of the Company. Mr Purtill and Mr Shields are expected to remain directors of Aquis Canberra and Casino Canberra following completion of the Transaction. Allison Gallagher, as an employee of Casino Canberra, is expected to resign from the board of Aquis by the completion of the transitional services period (see schedule). Ms Gallagher will continue as a director of Aquis Canberra and Casino Canberra, as well as CEO of Casino Canberra.

Oscars has confirmed that all employees of Casino Canberra will continue their employment unaffected by the Transaction.

Aquis Independent Directors unanimously recommend the Transaction

Given that the Transaction involves the Company disposing of its main undertaking Aquis is required under the ASX listing rules to obtain approval from its shareholders to proceed with the Transaction. Accordingly, the Transaction is conditional on Aquis obtaining the necessary shareholder approval. It is currently expected that shareholder approval will be sought in a general meeting in late July or August 2022.

The Independent Directors of Aquis¹ unanimously recommend that Aquis shareholders vote in favour of the proposed Transaction subject to there being no superior proposal and unless their fiduciary duties require them to withdraw, change or modify their recommendation.

Indicative timetable and next steps

Aquis shareholders do not need to take any action at the present time.

Aquis is preparing a notice of meeting which will contain information in relation to the Transaction, including reasons for the Independent Directors' recommendation and details of the shareholder meeting.

The notice of meeting is expected to be sent to shareholders in July 2022, and the shareholder meeting is expected to be held in late July or August 2022.

Subject to satisfaction of all conditions, completion is expected to occur by the end of the third quarter of 2022.

These dates are indicative, dependant on regulatory approvals and subject to change.

Grant Samuel is acting as financial advisor and Gilbert + Tobin is acting as legal advisor to Aquis.

About Aquis

Aquis Entertainment Limited is an ASX listed gaming and hospitality company. Aquis owns and operates Casino Canberra which it acquired in 2015.

About Oscars and Capital Leisure & Entertainment Pty Ltd

Oscars is one of New South Wales' largest hospitality groups founded in 1986. The group has been owned and operated by the Gravanis brothers for over thirty years

The group operates across a variety of segments including pubs and gaming, accommodation, retail liquor, conference and events centres, chartered vessels, and both commercial and residential developments.

Capital Leisure & Entertainment Pty Ltd is owned and controlled by interests associated with Oscars.

Authorised for release to the ASX by the board of directors

For enquiries please contact:

Allison Gallagher
Chief Executive Officer
Aquis Entertainment Limited
21 Binara Street
Canberra ACT 2601
M: +61 403 014 882
T: +61 262 433 700
E: allison.gallagher@casinocanberra.com.au

DISCLAIMER AS TO FORWARD LOOKING STATEMENTS AND OTHER MATTERS

This announcement contains forward looking statements, including statements of current intention, statements of opinion and predictions as to possible future events. These forward looking statements are based on, among other things, the assumptions, expectations, estimates, objectives, plans and intentions of Aquis. Forward looking statements are subject to inherent risks and uncertainties. Although Aquis believes that the expectations reflected in any forward looking statement included in this announcement are reasonable, no assurance can be given that such expectations will prove to be correct. Actual events, results or outcomes may differ materially from the events, results or outcomes expressed or implied in any forward looking statement. None of Aquis (nor any of its officers and employees), or any other person named in this announcement, or any person involved in the preparation of this announcement makes any representation or warranty (express or implied) as to the accuracy or likelihood or fulfilment of any forward looking statement, or any events or results expressed or implied in any forward looking statement, except to the extent required by law. You are cautioned not to place undue reliance on any forward looking statement. The forward looking statements in this announcement reflect views held only as at the date of this announcement.

You are encouraged to read the notice of meeting to be dispatched to shareholders in connection with the Transaction.

This announcement does not take into account the individual investment objectives, financial or tax situation or particular needs of any person. It does not contain financial advice. You should consider seeking independent legal, financial and taxation advice in relation to the contents of this announcement.

Not a disclosure document

This announcement is not a disclosure document and should not be considered as investment advice or an offer or invitation to subscribe for or purchase any securities in Aquis, or an inducement to make an offer or invitation with respect to such securities. This announcement does not purport to cover all relevant information about any potential investment in Aquis or any decision relating to Aquis.

Schedule – terms of share purchase agreement

- Capital Leisure & Entertainment Pty Ltd which is owned and controlled by interests associated with the Oscars Group will acquire 100% of the shares in Aquis Canberra for A\$52 million on a debt and cash free basis (other than a requirement that Aquis Canberra must be transferred with at least \$3 million in cash held to meet certain casino regulatory requirements).
- The purchase price will be subject to customary completion adjustments.
- The Transaction is subject to certain conditions precedent, including ACT casino and liquor licensing regulatory approvals, any consents required for the change of control of Casino Canberra's casino licence, and Aquis obtaining shareholder approval. Aquis is discussing with the ASX the requirements for the notice of meeting for the shareholder approval as it is required to do under the ASX listing rules.
- The parties have agreed to a sunset date for satisfaction of all conditions precedent of 11 November 2022, being 6 months after the date of the agreement (**initial end date**). The sunset date may be extended by up to a further 4 months following the initial end date, if it appears that the regulatory approvals condition will soon be satisfied and all other conditions are satisfied.
- The Company or Oscars may terminate the agreement in limited circumstances, including if the conditions precedent are not satisfied by the sunset date, if one party does not complete, or the majority of the Company's Independent Directors resolve not to recommend the transaction to the Company's shareholders.
- The Independent Directors have agreed to unanimously recommend that Aquis' shareholders vote in favour of the proposed Transaction subject to there being no superior proposal and unless their fiduciary duties require them to withdraw, change or modify their recommendation.
- Oscars is required to pay a deposit of \$2.5 million. Oscars is entitled to a refund of the deposit in certain circumstances, including if the Company fails to complete when required to do so. If the regulatory approvals condition is not satisfied by the sunset date (for reasons not related to Oscars), Oscars will only be entitled to \$1.5 million of the deposit.
- The Company gives limited warranties and indemnities relating to (among other things), title, capacity, financial accounts, tax and compliance with laws. The Company has a cap on total liability in respect of any claims under the agreement of \$5 million. \$2.5 million will be held in escrow for 9 months following completion of the Transaction, which may be applied towards any eligible warranty claims.
- For a period of up to 9 months following completion, Oscars or Casino Canberra must provide the Company with transitional services at the rate of \$10,000 per month, to compensate the business for certain Casino Canberra employees (including Allison Gallagher, current Executive Director) providing services to the Company (e.g. assistance with preparation of accounts and management of the Company's ASX listing).