



# AQUIS ENTERTAINMENT LIMITED

ABN 48 147 411 881

## NOTICE OF GENERAL MEETING AND EXPLANATORY MEMORANDUM

**Date of Meeting**

15 September 2022

**Time of Meeting**

2:00PM (AEST)

**Place of Meeting**

Lotus Room (entry via main entrance to casino), Casino Canberra, 21 Binara Street, Canberra ACT

This document is important and requires your immediate attention. Carefully read this document in its entirety and consult your stockbroker, legal adviser, accountant, licensed financial adviser or other professional adviser if you are in any doubt as to what to do.

**A Proxy Form is enclosed**

If you are unable to attend the Meeting please complete and return the enclosed Proxy Form in accordance with the specified directions.

# Importance Notices and Disclaimer

## Notice

Notice is given that a general meeting of Shareholders of Aquis Entertainment Limited ABN 48 147 411 881 will be held at the Lotus Room, Casino Canberra, 21 Binara Street, Canberra ACT 2601 (entry via main entrance to casino) on **15 September 2022 at 2:00PM (AEST)**.

The Explanatory Memorandum and Proxy Form, which accompany and form part of this Notice of Meeting, describe in more detail the matters to be considered. The Directors recommend Shareholders read this Notice of Meeting, the accompanying Explanatory Memorandum, and the Proxy Form in full before making any decision in relation to the Resolution.

## Defined terms

Capitalised terms not otherwise defined in this Notice of Meeting have the meaning given in the Glossary contained in the Explanatory Memorandum below.

## Disclaimer as to forward looking statements

This Notice of Meeting (which includes the Explanatory Memorandum and the Proxy Form) 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 the Company.

Forward looking statements are subject to inherent risks and uncertainties. Although the Company believes that the expectations reflected in any forward looking statement included in this Notice of Meeting 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.

Except as required by applicable law or the Listing Rules, the Company does not undertake to update or revise these forward looking statements, nor any other statement whether written or oral, that may be made from time to time by or on behalf of the Company, whether as a result of new information, future events or otherwise.

None of the Company (nor any of its officers, employees or advisers) or any other person named in, or involved in the preparation of, this Notice of Meeting, 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 Notice of Meeting reflect views held only as at the date of this Notice of Meeting. Forward looking information is by its very nature subject to uncertainties and can be affected by unexpected events, many of which are outside the control of the Directors of the Company. Any variation to the assumptions on which these forward looking statements have been prepared could be materially positive or negative to the actual performance of the Company.

## No account of personal circumstances and no offer of securities

This Notice of Meeting does not take into account the individual investment objectives, financial or tax situation or particular needs of any person. You should seek independent legal, financial and taxation advice before making a decision as to whether or not to vote in favour of the Resolution.

This Notice of Meeting is not an offer, invitation or recommendation to subscribe for or purchase securities in the Company and is not a disclosure document. This Notice does not constitute investment or financial product advice (nor tax, accounting or legal advice) and is not intended to be used for the basis of making an investment decision.

## **Risk factors**

Shareholders should note that there are many potential benefits to them if the Proposed Transaction proceeds, there are also a number of disadvantages or risk factors will apply if the Resolution is passed and the Proposed Transaction proceeds. Section 2.2 of the Explanatory Statement sets out some of these disadvantages and risk factors.

## **Effect of rounding**

Certain figures, amounts, percentages, prices, estimates, calculations of value and fractions in this Notice of Meeting may be subject to the effect of rounding. Accordingly, the actual calculation of these figures, amounts, percentages, prices, estimates, calculations of value and fractions may differ from the figures, amounts, percentages, prices, estimates, calculations of value and fractions set out in this Notice of Meeting.

## **Notice to persons outside Australia**

This Notice of Meeting has been prepared in accordance with Australian laws, disclosure requirements and accounting standards. These laws, disclosure requirements and accounting standards may be different to those in other countries.

The distribution of this Notice of Meeting may, in some countries, be restricted by law or regulation. Accordingly, persons who come into possession of this Notice of Meeting should inform themselves of, and observe, any such restrictions.

## **Authorisation**

No person is authorised to give any information or make any representation in connection with the Proposed Transaction, as it relates to the Resolution, which is not contained in this Notice of Meeting. Any information or representation not contained in this Notice of Meeting (other than to the extent that information has been provided by the Company), may not be relied on as having been authorised by the Company or the Board in connection with the Resolution.

## **Privacy**

To assist the Company to conduct the Meeting, the Company may collect personal information including names, contact details and shareholdings of Shareholders and the names of persons appointed by Shareholders to act as proxy at the Meeting. Personal information of this nature may be disclosed by the Company to its share registry, print and mail service providers, advisers and agents of the Company for the purposes of implementing the Resolution.

Shareholders have certain rights to access their personal information that has been collected. If you would like details of information about you held by the Company, please contact the Company on 02 6243 3700 or [allison.gallaugh@casinocanberra.com.au](mailto:allison.gallaugh@casinocanberra.com.au).

## **Responsibility for information**

The information contained in this Notice of Meeting (except in relation to Iris Capital, information regarding Iris Capital, its Associates and its intentions) has been prepared by the Company and is the responsibility of the Company. None of Iris Capital, its Associates or its advisers assumes any responsibility for the accuracy or completeness of that information.

Information concerning Iris Capital, its Associates and those parties' intentions has been provided by Iris Capital and is the responsibility of Iris Capital. None of the Company, its Associates or its advisers assumes any responsibility for the accuracy or completeness of that information.

## **ASX involvement**

A copy of this Notice of Meeting has been lodged with ASX pursuant to the ASX Listing Rules. Neither ASX, nor any of its officers, takes any responsibility for the contents of this Notice of Meeting.

# TABLE OF CONTENTS

Importance Notices and Disclaimer	2
Notice of Meeting	5
Additional information	6
Explanatory Memorandum	9
Glossary	17

# Notice of Meeting

Notice is given that a general meeting of Shareholders of Aquis Entertainment Limited ABN 48 147 411 881 will be held at Casino Canberra, 21 Binara Street, Canberra ACT 2601 on 15 September 2022 at 2:00PM (AEST).

## Business

### Resolution – approval of the sale of all of the issued share capital in Aquis Canberra Pty Ltd

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

*“That, under and for the purposes of Listing Rule 11.2 and for all other purposes, approval is given for the disposal of the Company’s Casino Canberra business, being the main undertaking of the Company, by way of the sale of 100% of the shares on issue in Aquis Canberra to Iris Capital (or any other third party), on terms which are (in the aggregate) no less favourable to the Company than those described in the Explanatory Memorandum, including in supplementary disclosure (if any).”*

#### **Voting exclusion statement:**

*The Company will disregard any votes cast in favour of the Resolution by or on behalf of:*

- (a) Iris Capital or any of its Associates; and*
- (b) any other person who will obtain a material benefit as a result of the Proposed Transaction (except such a benefit received by a Shareholder solely in its capacity as a Shareholder) or any Associate of such a person.*

*However, the Company will not disregard a vote cast in favour of the Resolution if:*

- (c) it is cast by a person as proxy or attorney for a person who is otherwise entitled to vote on the Resolution, in accordance with the directions given to the proxy or attorney to vote on the Resolution in that way;*
- (d) it is cast by the Chairman as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chairman to vote on the Resolution as the Chairman decides; or*
- (e) it is cast by a Shareholder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary, provided that the following conditions are met:*
  - (i) the beneficiary provides written confirmation to the Shareholder that the beneficiary is not excluded from voting on the Resolution, and is not an Associate of a person excluded from voting, on the Resolution; and*
  - (ii) the Shareholder votes on the Resolution in accordance with directions given by the beneficiary to the Shareholder to vote in that way.*

## **Additional information**

### **How to vote**

The Company will hold the Meeting to consider the Resolution, in a manner that is consistent with the Corporations Act and the Constitution of the Company. Shareholders can attend in person, at Casino Canberra, 21 Binara Street, Canberra ACT 2601. Registration opens from 9:00 am on the date of the Meeting.

### **Shareholders who are entitled to vote**

In accordance with paragraphs 7.11.37 and 7.11.38 of the Corporations Regulations and ASX Settlement Operating Rule 5.6.1, the Board has determined that the persons eligible to vote at the Meeting are those people who are registered as Shareholders of the Company as at 7:00PM (AEST) on 13 September 2022.

### **Jointly held Shares**

If Shares are jointly held, only one of the joint Shareholders is entitled to vote at the Meeting. If more than one joint Shareholder votes, only the vote of the Shareholder whose name appears first on the register of Shareholders will be counted.

### **Voting by poll**

In accordance with the Company's constitution, the Chair intends to call a poll for the Resolution proposed at the Meeting. The vote for the Resolution will therefore be conducted by poll, rather than a show of hands. The Chair considers voting by poll to be in the interests of the Shareholders as a whole, and to ensure the representation of as many Shareholders as possible at the Meeting.

### **Voting in person (or by attorney) at the Meeting**

Shareholders or their attorneys who plan to attend the Meeting are asked to arrive at the venue 15 minutes prior to the time designated for the Meeting, so that their shareholding may be checked against the Company's share register and their attendance recorded. In respect of attorneys, in order for documentation to be accepted, a certified copy of the Power of Attorney, or the original Power of Attorney, must be received by the Company in the same manner, and by the same time as outlined for proxy forms below.

### **Voting by a corporation**

A body corporate which is a Shareholder, or which has been appointed as a proxy, is entitled to appoint any person to act as its representative at the Meeting. The appointment of the representative must comply with the requirements under section 250D of the Corporations Act. The representative should lodge their properly executed letter or other document confirming its authority to act as the company's representative with their Certificate of Appointment of Corporate Representative form. A Certificate of Appointment of Corporate Representative form may be obtained from the Company's share registry or online at <https://boardroomlimited.com.au/> and must be received by the registry by 2:00 PM (AEST) on 13 September 2022.

### **Voting by proxy**

If you cannot attend and vote at the Meeting, you have the right to appoint a person or body corporate to attend as your proxy.

A Shareholder entitled to attend and vote is entitled to appoint not more than two proxies. Each proxy will have the right to vote and also to speak at the Meeting.

The appointment of the proxy may specify the proportion or the number of votes that the proxy may exercise. Where more than one proxy is appointed and the appointment does not specify the proportion or number of the Shareholder's votes each proxy may exercise, the votes will be divided equally among the proxies (i.e. where there are two proxies, each proxy may exercise half of the votes). Fractions of votes will be disregarded.

A proxy need not be a Shareholder.

The proxy can be either an individual or a body corporate. A body corporate appointed as a Shareholder's proxy may appoint a representative to exercise any of the powers the body may exercise as a proxy at the Meeting (as summarised below).

To be effective, proxies must be received not less than 48 hours before the time of the Meeting, being 2:00PM (AEST) on 13 September 2022. Proxies received after this time will be invalid.

In accordance with section 250BA of the Corporations Act, the Company specifies that proxies may be lodged using any of the following methods:

- (Preferred) by voting online at: <https://www.votingonline.com.au/aqsgm2022>
- In person at:
  - Share Registry – Boardroom Pty Limited
  - Level 12, 225 George St
  - Sydney NSW
- By post at:
  - Share Registry – Boardroom Pty Limited
  - GPO Box 3993
  - Sydney NSW 2001
- By facsimile at:
  - +61 2 9290 9655

The Proxy Form must be signed by the Shareholder or the Shareholder's attorney. Proxies given by corporations must be executed in accordance with the Corporations Act. Where the appointment of a proxy is signed by the appointer's attorney, a certified copy of the Power of Attorney, or the power itself, must be received by the Company at the above address, or by facsimile, and not less than 48 hours before the time of the Meeting, being 2:00PM (AEST) on 13 September 2022. If facsimile transmission is used, the Power of Attorney must be certified.

### **Directing a proxy to vote**

Sections 250BB and 250BC of the Corporations Act apply to voting by proxy. The effect of these sections is that:

- if proxy holders vote, they must cast all directed proxies as directed; and
- any directed proxies which are not voted will automatically default to the chair, who must vote the proxies as directed.

Therefore, Shareholders who return their Proxy Forms with a direction how to vote, but who do not nominate the identity of their proxy, will be taken to have appointed the Chair of the Meeting as their proxy to vote on their behalf.

If a Proxy Form is returned but the nominated proxy does not attend the Meeting, the Chair of the Meeting will act in place of the nominated proxy and vote in accordance with any instructions.

Should any resolution other than those specified in this Notice of Meeting be proposed at the Meeting, a proxy may vote on that resolution as they think fit.

If a proxy is instructed to abstain from voting on an item of business, they are directed not to vote on the Shareholder's behalf on the poll and the Shares that are the subject of the proxy appointment will not be counted in calculating the required majority.

#### **Chairman's intention**

Proxy appointments in favour of the Chair, the secretary of the Company or any Director that do not contain a direction on how to vote will be used, where possible, to support the Resolution, provided they are entitled to cast votes as a proxy under the voting exclusion rules which apply to the proposed Resolution. In exceptional circumstances, the Chair may change this voting intention, in which case an ASX announcement will be made.

#### **Technical difficulties**

Technical difficulties may arise during the course of the Meeting. The Chair has discretion as to whether and how the Meeting should proceed in the event that a technical difficulty arises. In exercising the Chair's discretion, the Chair will have regard to the number of Shareholders impacted and the extent to which participation in the business of the Meeting is affected. Where the Chair considers it appropriate, the Chair may continue to hold the Meeting and transact business, including conducting a poll and voting in accordance with valid proxy instructions.

#### **By order of the Board**

Kim Bradley-Ware  
Company Secretary

Dated: 16 August 2022

# Explanatory Memorandum

This Explanatory Memorandum is intended to provide Shareholders with sufficient information to assess the merits of the Resolution.

Certain abbreviations and other defined terms are used throughout this Explanatory Memorandum. Defined terms are generally identifiable by the use of an upper case first letter. Details of the definitions and abbreviations are set out in the Glossary to this Explanatory Memorandum.

## 1 Overview of the Proposed Transaction

### 1.1 Background

#### (a) Sale of Aquis Canberra

The Company is seeking Shareholder approval for the sale of 100% of the shares in Aquis Canberra on the terms set out in this Explanatory Memorandum (the **Proposed Transaction**).

On 12 May 2022, the Company announced that it had entered into a share purchase agreement for the sale of Aquis Canberra with Capital Leisure (as the purchaser) and Mario Gravanis (as the purchaser's guarantor) for A\$52 million (the **Capital Leisure SPA**). Capital Leisure is owned and controlled by interests associated with the Oscars Group. The Oscars Group is one of New South Wales' largest hospitality groups, operating a successful hospitality business, owned and operated by the Gravanis family for over thirty years.

On 29 June 2022, Iris Capital offered to purchase the shares in Aquis Canberra for substantially higher than A\$52 million, and on substantially the same terms as the Capital Leisure SPA. Iris Capital is a fully integrated development and hospitality group which has established many successful and development projects in Australia. Iris Capital increased its offer again on 3 July 2022.

On 6 July 2022, AQS announced that Capital Leisure agreed to increase the price under the sale agreement to A\$58.2 million. This offer was subject to AQS agreeing to pay a A\$1 million break fee (**Break Fee**) in the event that, following agreement on revised terms, AQS received a superior offer for Aquis Canberra, AQS accepts the offer and the sale under that offer completes. Such terms were set out in an amendment deed executed by AQS and Capital Leisure on 6 July 2022.

Later on 6 July, AQS announced that Iris Capital made a further offer to acquire Aquis Canberra for A\$60 million, plus or minus adjustments, and otherwise on similar terms to the Capital Leisure SPA.

Following further discussions between AQS and Iris Capital, Iris Capital made a further offer to acquire Aquis Canberra for A\$63 million, plus or minus adjustments. AQS accepted this revised proposal and has (i) entered into a new share purchase agreement with Iris CC Holdings Pty Ltd a member of the Iris Capital group (**Iris Capital SPA**) and (ii) terminated the Capital Leisure SPA.

Under the terms of the Iris Capital SPA:

- the sale to Iris Capital is conditional on Shareholders approving a disposal of the Company's main undertaking pursuant to Listing Rule 11.2, as well as obtaining the requisite casino and liquor licencing regulatory approvals, and subject to the Company's Independent Directors voting in favour of the Proposed Transaction; and
- AQS has agreed to pay Iris Capital a Break Fee (on the same terms as the Break Fee agreed with Capital Leisure).

Additionally Iris Capital sought and AQS agreed, that if AQS receives any further superior proposals to acquire Aquis Canberra, Iris Capital has the opportunity to offer a higher price than any superior proposal before AQS can terminate the Iris Capital SPA (see section 3.7 below for details).

A\$58 million of the purchase price (being A\$63 million, less the deposit of A\$2.5 million, less the A\$2.5 million escrowed amount referred to in section 3.6 below) is currently being held in escrow pending completion. At completion of the Proposed Transaction these funds will be released to AQS in satisfaction of the purchase price (other than the A\$2.5 million escrowed amount referred to in section

3.6 below). Once the sale with Iris Capital completes, AQS will be required to pay Capital Leisure the Break Fee of A\$1.0 million.

**(b) About Iris Capital**

The 'Iris Capital' group is a fully integrated development and hospitality group which has established many successful development projects in Australia. The group owns and operates over 30 pubs, 20 accommodation hotels, Lasseters Casino in Alice Springs, three wineries and has numerous mixed-use developments under construction. The group's CEO is Wassim Arnaout, who will be the executive officer appointed to manage Casino Canberra following completion of the Proposed Transaction.

**(c) Sale of main undertaking**

Aquis Canberra's wholly owned subsidiary, Casino Canberra Ltd, is the entity which operates the casino, and holds the casino licence and liquor licence for Casino Canberra.

As the Proposed Transaction involves the sale of the Company's primary asset (i.e. Casino Canberra), immediately after the Proposed Transaction, the Company will cease to have an operating business and would have no material assets other than the cash proceeds from the Proposed Transaction.

**(d) Future opportunities**

The Board is currently undertaking a review as to the best use of the sale proceeds, including assessing new business opportunities, repayment of debt and a potential distribution of funds to Shareholders. The Company will update Shareholders on these matters in due course. If the Board decides to acquire a new business, such acquisition will be subject to a further Shareholder vote, if required under the Corporations Act and/or the Listing Rules.

## **1.2 Listing Rule 11.2**

Listing Rule 11.2 requires a listed company to obtain the approval of its Shareholders for a disposal of its main undertaking. Accordingly, Shareholder approval for the Proposed Transaction is being sought for the purposes of Listing Rule 11.2.

If the Resolution is passed, the Company will be able to proceed with and complete the Proposed Transaction, subject to the Company and Iris Capital obtaining the necessary casino and liquor licencing regulatory approvals, and subject to the Company's Independent Directors voting in favour of the Proposed Transaction.

If the Resolution is not passed, the Company will not be able to proceed with the Proposed Transaction, and the Iris Capital SPA will be terminated in accordance with its terms.

## **1.3 Superior Proposal and matching right**

The Independent Directors have agreed to unanimously recommend that the Company's Shareholders vote in favour of the Proposed Transaction, subject to there being no Superior Proposal (noting Iris' matching right described below) and unless their fiduciary duties require them to withdraw, change or modify their recommendation.

Since the Company and Iris Capital entered into the Iris Capital SPA, no Superior Proposal has been received by the Board (or has otherwise emerged).

If prior to the satisfaction of all conditions precedent to completion of the Proposed Transaction selling Aquis Canberra to Iris Capital, the Company was to receive a Superior Proposal from a third party that is on more favourable terms than the Proposed Transaction, the Company would consider terminating the sale to Iris Capital and entering into a binding sale agreement with the third party. Before it could do so, and as set out in detail in section 3.7 below, AQS must give Iris Capital the opportunity to offer a higher price than any Superior Proposal. If Iris Capital does not do so, AQS may enter into a binding sale agreement with such third party. In this case, provided the terms of the new sale agreement are (in the aggregate) no less favourable to the Company, the Shareholder approval of the Resolution at

the Meeting will be considered as approval for the sale under the new sale agreement. To the extent any such Superior Proposal is made prior to the Meeting being held, AQS will advise Shareholders of the Superior Proposal in advance of the Meeting, including details of how the Superior Proposal differs from the Proposed Transaction. A Break Fee of A\$1.0 million is payable to Iris Capital if the Iris Capital SPA is terminated, and a transaction completed with the alternative party making the Superior Proposal.

## **2 Reasons for the sale of main undertaking**

The Directors believe that, having considered the advantages and disadvantages of the Proposed Transaction (as set out below), on balance, the Proposed Transaction is in the best interests of the Company and its Shareholders.

### **2.1 Key advantages of the Proposed Transaction**

#### **(a) Potential benefits and future opportunities**

The Board is undertaking a review as to the best use of the sale proceeds.

One option is the acquisition of a new business. The Board is currently in the early stages of considering other business opportunities. As noted above, the acquisition of a new business will be subject to a further Shareholder vote (to the extent required by the Corporations Act and/or the Listing Rules).

#### **(b) Repayment of debt and distribution to Shareholders**

The Board of the Company 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.

AQS is also considering using the proceeds from the Proposed Transaction to repay some or all of the convertible loan between the Company and its major shareholder Aquis Canberra Holdings (Aus) Pty Ltd (the loan has a current outstanding balance of approximately A\$23.9 million (plus A\$7.3 million accrued interest) as at 31 July 2022 with a maturity date of August 2024) and the possibility of a Shareholder dividend or distribution.

Given that this loan must be repaid in any event, giving certainty to Shareholders that AQS will be able to repay the loan, with any surplus capital to be invested in a new business or returned to Shareholders, it is in the Board's view a favourable outcome for Shareholders.

#### **(c) Attractive sale price for Shareholders**

The Proposed Transaction is the most attractive option for Shareholders and the Board considers that the Proposed Transaction consideration (being the cash consideration of A\$63 million) recognises the current and inherent value of Aquis Canberra.

The Board also notes that the current Proposed Transaction has a materially higher price than the original proposed transaction with Capital Leisure and the price previously agreed following prior endeavours to sell the controlling shareholding in the Company. The Board considers the sale price to represent an outstanding price for Aquis Canberra.

Having regard to all relevant factors, on balance, the Board considers that the value inherent in the Proposed Transaction will deliver significant benefits to Shareholders.

#### **(d) Market uncertainty**

If the Proposed Transaction does not complete, the price at which Shares in the Company trade will continue to be subject to market volatility (including general stock market movements and the impact of potentially challenging economic conditions expected in the short to medium term) and Shareholders will continue to be exposed to the risks associated with the Company's business

(including Aquis Canberra). As such, if the Proposed Transaction does not complete, the price at which Shares trade may fall.

## **2.2 Key disadvantages of the Proposed Transaction**

The Board is of the view that the key disadvantages of the Proposed Transaction (and the key reasons why Shareholders may vote against the Resolution) are as follows:

### **(a) Potential for Superior Proposal**

Shareholders may believe that there is the potential for a Superior Proposal to be made in the foreseeable future (however, as at the date of this Notice of Meeting, no Superior Proposal has been received by the Board or has otherwise emerged).

### **(b) Preference for the Company's current ownership structure**

If the Proposed Transaction completes, Shareholders will not be able to participate in the future financial performance of the Company's main undertaking. Shareholders may prefer for the Company to retain its holding investment in Aquis Canberra and have the opportunity to participate in the future financial performance of Aquis Canberra.

### **(c) Impact to Company's Shares**

If the Proposed Transaction completes, the Company will hold no material assets other than the cash proceeds from the Proposed Transaction, and so the liquidity of Shares will likely decrease, which may affect the market price of the Shares and the ability of Shareholders to trade their shares after completion of the Proposed Transaction.

### **(d) Uncertainty of new business venture**

After completion of the Proposed Transaction, the Company will continue to consider whether or not to acquire a new business venture. These considerations are at an early stage. Entry into any new business venture is inherently risky, and there is no guarantee this new direction will produce value for Shareholders.

## **3 Key terms**

The key terms of the Proposed Transaction are:

### **3.1 Consideration**

Iris CC Holdings Pty Ltd a member of the Iris Capital group (**Iris Capital**) will acquire 100% of the shares outstanding in Aquis Canberra for A\$63 million on a debt and cash free basis (other than a requirement that Aquis Canberra must be transferred with at least A\$3 million cash held to meet certain casino regulatory requirements). The purchase price will be subject to customary net debt and working capital adjustments.

A\$58 million of the purchase price (being A\$63 million, less the deposit of A\$2.5 million, less the A\$2.5 million escrowed amount referred to in section 3.6 below) is currently being held in escrow pending completion. At completion of the Proposed Transaction these funds (other than the A\$2.5 million escrowed amount referred to in section 3.6 below) will be released to AQS. Once the sale completes, AQS will be required to pay Capital Leisure the Break Fee of A\$1.0 million.

### **3.2 Conditions precedent**

Completion under the Iris Capital SPA is conditional upon:

- (a) **Casino regulatory approvals:** the following licence approvals being obtained:

- (i) approval required from the Minister as prescribed under the *Casino Control Act 2006* (ACT) (or his or her delegate) to allow for the change of control of Aquis Canberra's casino licence which will occur as a result of the Proposed Transaction and of each influential person (as defined in the *Casino Control Act 2006* (ACT)) connected with the Company in relation to the casino licence; and
  - (ii) approvals of the Commissioner of Fair Trading ACT and any other government agency which may be required under the *Liquor Act 2010* (ACT) to allow the change of ownership which will occur as a result of the Proposed Transaction; and
- (b) **Shareholder Approvals:** the Company obtaining all necessary Shareholder approvals required by the Corporations Act (and any other applicable law or regulations) and the ASX Listing Rules, to proceed with the Proposed Transaction including, without limitation approval in accordance with ASX Listing Rules 11.1 and 11.2.

As at the date of this Explanatory Memorandum, Iris Capital has provided various requested information to the ACT regulatory authorities in relation to the casino regulatory approvals. The review is ongoing with the present intention being to obtain regulatory approval and close the Proposed Transaction in the last quarter of the 2022 calendar year. There is no certainty that this timetable will be achieved.

### 3.3 Sunset date

The agreement is subject to a sunset date for satisfaction of all conditions precedent of 30 November 2022 (**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.

### 3.4 Deposit

Iris Capital has paid a deposit of A\$2.5 million. Iris Capital 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 Iris Capital), Iris Capital will only be entitled to A\$1.5 million of the deposit.

### 3.5 Warranties and indemnities

The Company will give limited warranties and indemnities relating to (among other things), title, capacity, tax, financial accounts, and compliance with laws. The warranties are subject to customary liability qualifications, acknowledgements and limitations, including in respect of minimum claim amounts, time limitations on claims, and exclusions for claims relating to consequential loss and reimbursements for third party payments. Additionally, the Company has a cap on total liability in respect of any claims under the Iris Capital SPA of A\$5 million.

### 3.6 Escrow

A\$58 million of the purchase price (being A\$63 million, less the deposit of A\$2.5 million, less the A\$2.5 million escrowed amount referred to below) is currently being held in escrow by Gilbert + Tobin (AQS' external lawyers) pending completion. At completion of the Proposed Transaction (assuming completion occurs) the A\$58 million, together with the A\$2.5 million deposit, will be released to AQS in part satisfaction of the purchase price.

A\$2.5 million of the purchase price will be held in escrow for 9 months following completion of the Proposed Transaction, which may be applied towards any eligible warranty claims. The escrowed amount may be withheld for a longer period if there are unresolved eligible claims at the end of the escrow period.

### 3.7 Independent Directors' recommendation

The Company or Iris Capital 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 Proposed Transaction to the Company's shareholders (subject to the conditions described below).

Under the Iris Capital SPA:

- (a) AQS must ensure that its Independent Directors recommend Iris Capital's offer to AQS Shareholders at the Meeting, unless:
  - (i) a Superior Proposal is made, AQS has provided Iris Capital with the key terms and within 3 business days of receiving those details, Iris Capital does not make an offer with an increased purchase price (which offer the Independent Directors determine, acting in good faith and after consultation with AQS' financial adviser, would produce an equivalent or better outcome for AQS) (**Counteroffer**); or
  - (ii) unless their fiduciary duties require them to withdraw, change or modify their recommendation.
- (b) If Iris Capital makes a Counteroffer before the 3 business day deadline referred to above and the Independent Directors determine that such Counteroffer would produce an equivalent or superior outcome for AQS as compared to the Superior Proposal, then Iris Capital and AQS must use reasonable endeavours to agree terms for the Counteroffer as soon as reasonably practicable.
- (c) If the Independent Directors withdraw, change or modify their recommendation, whether as a result of a Superior Proposal or because fiduciary duties require them to do so, either AQS or Iris Capital may terminate the Iris Capital SPA by notice in writing.

### 3.8 Break Fee

If:

- (a) the Iris Capital SPA is terminated by AQS as a result of AQS entering or proposing to enter into binding transaction documentation for the direct or indirect sale of Aquis Canberra (or its business) with a person making a Superior Proposal; and
- (b) completion occurs under the Superior Proposal,

the Company must pay the Break Fee to Iris Capital. The Break Fee would only be payable following completion of the Superior Proposal out of the sale proceeds. In this case, a break fee would not be payable to Capital Leisure.

### 3.9 Transitional services

For a period beginning at completion of the Proposed Transaction until 31 July 2023, certain Casino Canberra Ltd employees (including Allison Gallagher, current Executive Director) will provide services to the Company (e.g. assistance with preparation of accounts and management of the Company's ASX listing). AQS will pay Iris Capital A\$10,000 per month including GST (or a pro rata amount for any part month), for the duration of the transitional service period, in consideration for these transitional services.

### 3.10 Guarantee

Radayla Pty Ltd ACN 115 366 384, a related entity of Iris Capital, has provided a guarantee, guaranteeing the obligations of Iris Capital under the Iris Capital SPA. Radayla is the ultimate holding company of the 'Iris Capital' group.

#### **4 Effect of the Proposed Transaction on the Company**

As the Proposed Transaction involves the sale of the Company's primary asset, immediately after the Proposed Transaction, the Company would cease to have an operating business and would have no material assets other than the cash proceeds from the Proposed Transaction.

The Board is currently undertaking a review as to the best use of the sale proceeds, including assessing new business opportunities, repayment of debt and a potential distribution of funds to Shareholders.

#### **5 Details of changes to Board and senior management**

Subject to completion occurring, Iris Capital's intention with respect to Casino Canberra's management is to maintain the status quo (including retaining all key employees) initially, while it considers the options available to revitalize and enhance the casino's offerings.

Allison Gallagher, as an employee of Casino Canberra Ltd, is expected to resign from the board of AQS by the completion of the transitional services period (see section 3.9 above). It is expected that Ms Gallagher will continue as a Director of Aquis Canberra and Casino Canberra Ltd, as well as CEO of Casino Canberra.

The composition of AQS' board following completion of the Proposed Transaction will be subject to the assessment of alternative business opportunities.

#### **6 Tax impact**

This summary has been prepared for inclusion in this Notice of Meeting and should be read in conjunction with the remainder of this Notice and the disclaimers set out therein. The summary below is general in nature and is not intended to be a comprehensive analysis of taxation laws that may be applicable. This is a general statement as to the likely Australian tax consequences for Shareholders. However, it is not intended to provide taxation advice in respect of the particular circumstances of any particular Shareholder. All Shareholders should obtain their own taxation advice.

The disposal of shares in Aquis Canberra will result in capital gains tax implications for AQS on the basis that AQS is an Australian tax resident, the shares are held on capital account and were acquired after 19 September 1985. A capital gain will be derived by AQS where the capital proceeds received on the proposed sale are greater than the cost base of the interests. Conversely, a capital loss is made where the capital proceeds are less than the reduced cost base. The cost base of the interests will be determined under the tax consolidation exit rules. Any resulting capital gain can be offset by tax losses carried forward by AQS, subject to satisfaction of the loss recoupment rules.

There should be no Australian capital gains tax consequences for the shareholders of AQS if the proposed sale is implemented, as AQS shareholders will continue to hold their shares, unless they elect to dispose of them.

#### **7 Intentions if the Proposed Transaction proceeds**

As noted above, the Board is undertaking a review as to the best use of the sale proceeds, including assessing new business opportunities, repayment of debt and a potential distribution of funds to Shareholders. A decision as to what should be done with the cash proceeds is expected to be made later this year. The Board will make an ASX announcement once any decisions are made.

#### **8 Intentions if the Proposed Transaction does not proceed**

If the Resolution is not passed by the required majority at the Meeting, the Company will not be able to proceed with the Proposed Transaction, the Iris Capital SPA may be terminated (by either the Company or Iris Capital) in accordance with its terms, and Casino Canberra will continue to operate under AQS ownership.

## 9 Indicative timetable

Assuming all conditions are satisfied, completion of the Proposed Transaction is expected to occur in the last quarter of 2022.

These dates are indicative, dependant on the conditions precedent under the Iris Capital SPA (as listed in section 3.2 above) being satisfied and are subject to change.

It is currently uncertain as to the precise timing of the satisfaction of the conditions precedent. However, as at the date of this Notice, the Directors anticipate that completion will take place in the last quarter of 2022.

An indicative timetable for Proposed Transaction is set out below:

	<b>Event</b>	<b>Date</b>
<b>1</b>	Execution of Iris Capital SPA	<b>11 July 2022</b>
<b>2</b>	Announcement of Proposed Transaction	<b>12 July 2022</b>
<b>3</b>	Date of this Notice of Meeting	<b>16 August 2022</b>
<b>4</b>	Shareholders Meeting	<b>15 September 2022</b>
<b>5</b>	Completion	<b>As soon as gaming regulatory approvals obtained</b>

## 10 Directors' recommendation and voting intention

After carefully considering all aspects, benefits and risks of the Proposed Transaction, the Independent Directors unanimously support the Proposed Transaction and each of them recommends that Shareholders vote in favour of the Resolution in the absence of a Superior Proposal.

Each Independent Director intends to vote in favour of the Resolution in respect of any Shares they hold or control, subject to there being no Superior Proposal and unless their fiduciary duties require them to withdraw, change or modify their recommendation.

Further detail regarding the above benefits is set out in section 2.1. Shareholders should, however, also consider the disadvantages and risks of the Proposed Transaction set out in section 2.2.

## 11 Directors' interest

No Directors have a material interest in the outcome of the Resolution, other than as otherwise disclosed in this Explanatory Memorandum.

## 12 Other material information

Other than as set out in this Notice of Meeting (including in this Explanatory Memorandum), and information previously disclosed to Shareholders by the Company, there is no information known to the Directors as at the date of this Notice of Meeting which could reasonably be expected to be material to the making of a decision by a Shareholder whether or not to vote in favour of the Resolution.

## Glossary

<b>A\$</b>	means Australian dollars.
<b>AEST</b>	means Australian eastern standard time.
<b>AQS or the Company</b>	means Aquis Entertainment Limited ABN 48 147 411 881.
<b>Aquis Canberra</b>	means Aquis Canberra Pty Ltd ACN 167 935 506.
<b>Associate</b>	has the meaning given to that term in the Listing Rules.
<b>ASX</b>	means ASX Limited ABN 98 008 624 691 and, where the context permits, the Australian Securities Exchange operated by ASX Limited.
<b>Board</b>	means the board of Directors.
<b>Break Fee</b>	has the meaning given to that term in section 1.1(a) of the Explanatory Memorandum.
<b>Business Day</b>	means a day on which banks are open for business excluding Saturdays, Sundays or public holidays in Canberra, Australia.
<b>Capital Leisure</b>	means Capital Leisure & Entertainment Pty Ltd ACN 659 233 799.
<b>Capital Leisure SPA</b>	has the meaning given to that term in section 1.1(a) of the Explanatory Memorandum.
<b>Casino Canberra</b>	means the casino located in Canberra, operated by Casino Canberra Ltd.
<b>Casino Canberra Ltd</b>	means Casino Canberra Limited ACN 051 204 114.
<b>Chair or Chairman</b>	means the individual elected to chair the Meeting, which is proposed to be Russell Shields.
<b>Constitution</b>	means the Company's constitution, as amended from time to time.
<b>Corporations Act</b>	means the <i>Corporations Act 2001</i> (Cth).
<b>Counteroffer</b>	has the meaning given to that term in section 3.7(a) of the Explanatory Memorandum.
<b>Directors</b>	means the directors of the Company.
<b>Explanatory Memorandum</b>	means the explanatory memorandum accompanying this Notice of Meeting.
<b>Independent Directors</b>	means each of Russell William Shields and Mark Patrick Purtill, the current independent non-executive Directors of the Company.
<b>Iris Capital</b>	means Iris CC Holdings Pty Ltd ACN 660 398 809.
<b>Iris Capital SPA</b>	has the meaning given to that term in section 1.1(a) of the Explanatory Memorandum.
<b>Listing Rules</b>	means the ASX Listing Rules.
<b>Meeting</b>	means the general meeting convened by this Notice of Meeting.
<b>Notice or Notice of Meeting</b>	means this Notice of general meeting.

<b>Power of Attorney</b>	means a power of attorney pursuant to which an attorney of a Shareholder is permitted to attend and vote at a meeting of Shareholders on the Shareholder's behalf.
<b>Proposed Transaction</b>	has the meaning given to that term in section 1.1(a) of the Explanatory Memorandum.
<b>Proxy Form</b>	means the proxy form accompanying the Notice of Meeting and annexed to this Notice of Meeting at Attachment A.
<b>Resolution</b>	means the Shareholder resolution the subject of this Notice.
<b>Shareholder</b>	means a shareholder of the Company.
<b>Shares</b>	means fully paid ordinary shares in the capital of the Company.
<b>Superior Proposal</b>	<p>means a bona fide competing proposal in respect of the Proposed Transaction, which the Board considers, acting in good faith in order to satisfy what the Board considers to be its fiduciary or statutory duties (after taking written advice from the Company's external legal and financial advisers):</p> <ul style="list-style-type: none"> <li>(a) is reasonably likely to be implemented within 12 months, having regard to the proponent(s) and conditionality of the proposal including the ability of the proposing party to consummate the transactions contemplated by the competing proposal; and</li> <li>(b) would be reasonably likely to, if implemented in accordance with its terms, result in a more favourable outcome for Shareholders as a whole than would result from implementation of the Proposed Transaction, taking into account all of the terms and conditions of the competing proposal, including consideration, conditionality, funding, certainty and timing.</li> </ul>

## All Correspondence to:

- ✉ **By Mail:** Boardroom Pty Limited  
GPO Box 3993  
Sydney NSW 2001 Australia
- 📠 **By Fax:** +61 2 9290 9655
- 💻 **Online:** [www.boardroomlimited.com.au](http://www.boardroomlimited.com.au)
- ☎ **By Phone:** (within Australia) 1300 737 760  
(outside Australia) +61 2 9290 9600

## ATTACHMENT A: PROXY FORM

AQUIS ENTERTAINMENT LIMITED | ABN 48 147 411 881

## YOUR VOTE IS IMPORTANT

### LODGEMENT OF A PROXY FORM ONLINE

### BY SMART PHONE

**STEP 1: VISIT** <https://www.votingonline.com.au/aqsgm2022>

**STEP 2: Enter your Postcode OR Country of Residence (if outside Australia)**

**STEP 3: Enter your Voting Access Code (VAC):**



Scan QR Code using smartphone  
QR Reader App

### TO VOTE BY COMPLETING THE PROXY FORM

#### STEP 1 – APPOINTMENT OF PROXY

Indicate who you want to appoint as your Proxy.

If you wish to appoint the Chair of the Meeting as your proxy, mark the box. If you wish to appoint someone other than the Chair of the Meeting as your proxy please write the full name of that individual or body corporate. If you leave this section blank, or your named proxy does not attend the meeting, the Chair of the Meeting will be your proxy. A proxy need not be a securityholder of the company. Do not write the name of the issuer company or the registered securityholder in the space.

Completion of a Proxy Form will not prevent individual Shareholders from attending the Meeting in person if they wish. Where a Shareholder completes and lodges a valid Proxy Form and attends the Meeting in person, then the proxy's authority to speak and vote for that Shareholder is suspended while the Shareholder is present at the Meeting.

Should any resolution, other than those specified in this Notice of Meeting, be proposed at the Meeting, a proxy may vote on that resolution as they think fit.

#### Appointment of a Second Proxy

You are entitled to appoint up to two proxies to attend the meeting and vote. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by contacting the company's securities registry or you may copy this form.

To appoint a second proxy you must:

- complete two Proxy Forms. On each Proxy Form state the percentage of your voting rights or the number of securities applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded.
- return both forms together in the same envelope.

#### STEP 2 – VOTING DIRECTIONS TO YOUR PROXY

To direct your proxy how to vote, mark one of the boxes opposite each item of business. All your securities will be voted in accordance with such a direction unless you indicate only a portion of securities are to be voted on any item by inserting the percentage or number that you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on a given item, your proxy may vote as he or she chooses. If you mark more than one box on an item for all your securities your vote on that item will be invalid.

#### Proxy which is a Body Corporate

Where a body corporate is appointed as your proxy, the representative of that body corporate attending the meeting must have provided an "Appointment of Corporate Representative" prior to admission. An Appointment of Corporate Representative form can be obtained from the company's securities registry.

#### STEP 3 – SIGN THE FORM

The form **must** be signed as follows:

**Individual:** This form is to be signed by the securityholder.

**Joint Holding:** where the holding is in more than one name, all the securityholders should sign.

**Power of Attorney:** to sign under a Power of Attorney, you must have already lodged it with the registry. Alternatively, attach a certified photocopy of the Power of Attorney to this form when you return it.

**Companies:** this form must be signed by a Director jointly with either another Director or a Company Secretary. Where the company has a Sole Director who is also the Sole Company Secretary, this form should be signed by that person. **Please indicate the office held by signing in the appropriate place.**

#### STEP 4 – LODGEMENT

Proxy forms (and any Power of Attorney under which it is signed) must be received no later than 48 hours before the commencement of the meeting, therefore by **2:00pm (Canberra Time) on Tuesday, 13 September 2022**. Any Proxy Form received after that time will not be valid for the scheduled meeting.

Proxy forms may be lodged using the enclosed Reply Paid Envelope or:

- 💻 **Online** <https://www.votingonline.com.au/aqsgm2022>
- 📠 **By Fax** + 61 2 9290 9655
- ✉ **By Mail** Boardroom Pty Limited  
GPO Box 3993,  
Sydney NSW 2001 Australia
- 👤 **In Person** Boardroom Pty Limited  
Level 12, 225 George Street,  
Sydney NSW 2000 Australia

#### Attending the Meeting

If you wish to attend the meeting please bring this form with you to assist registration.

# Aquis Entertainment Limited

ABN 48 147 411 881

## Your Address

This is your address as it appears on the company's share register. If this is incorrect, please mark the box with an "X" and make the correction in the space to the left. Securityholders sponsored by a broker should advise their broker of any changes.

**Please note, you cannot change ownership of your securities using this form.**

## PROXY FORM

### STEP 1 APPOINT A PROXY

I/We being a member/s of **Aquis Entertainment Limited** (Company) and entitled to attend and vote hereby appoint:

the **Chair of the Meeting (mark box)**

**OR** if you are **NOT** appointing the Chair of the Meeting as your proxy, please write the name of the person or body corporate (excluding the registered securityholder) you are appointing as your proxy:

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chair of the Meeting as my/our proxy at the General Meeting of the Company to be held at the **Lotus Room (entry via main entrance to casino), Casino Canberra, 21 Binara Street, Canberra ACT on Thursday, 15 September 2022 at 2:00pm (Canberra time)** and at any adjournment of that meeting, to act on my/our behalf and to vote in accordance with the following directions or if no directions have been given, as the proxy sees fit.

This proxy is to be used in respect of  % of the ordinary Shares I/we hold.

Chair of the Meeting authorised to exercise undirected proxies on remuneration related matters: If I/we have appointed the Chair of the Meeting as my/our proxy or the Chair of the Meeting becomes my/our proxy by default and I/we have not directed my/our proxy how to vote in respect of Resolution 1, I/we expressly authorise the Chair of the Meeting to exercise my/our proxy in respect of this Resolution even though Resolution 1 is connected with the remuneration of a member of the key management personnel for the Company.

The Chair of the Meeting will vote all undirected proxies in favour of all Items of business (including Resolution 1). If you wish to appoint the Chair of the Meeting as your proxy with a direction to vote against, or to abstain from voting on an item, you must provide a direction by marking the 'Against' or 'Abstain' box opposite that resolution.

### STEP 2 VOTING DIRECTIONS

\* If you mark the Abstain box for a particular item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your vote will not be counted in calculating the required majority if a poll is called.

**Resolution 1 Approval of the sale of all of the issued share capital in Aquis Canberra Pty Ltd**

For	Against	Abstain*
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

### STEP 3 SIGNATURE OF SECURITYHOLDERS

This form must be signed to enable your directions to be implemented. If executed by a company, executed in accordance with section 127 of the Corporations Act 2001 (Cth).

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director / Company Secretary

Contact Name.....

Contact Daytime Telephone.....

Date / / 2022