



Sale of Aquis Canberra – proposed distribution of sale proceeds

31 March 2023

Background

As announced to the market on 3 January 2023:

- Aquis Entertainment Limited (**Aquis**) (ASX:AQS) successfully completed the sale of Aquis Canberra Pty Ltd (**Aquis Canberra**) to Iris CC Holdings Pty Ltd (**Iris**) on 3 January 2023.
- On completion, Aquis received \$60,500,000 as a completion payment.
- An additional \$2.5 million of cash is being held in escrow and will be released to Aquis in 9 months from completion, subject to there being no warranty claims.
- As part of the completion arrangements, Aquis repaid the loan owing to its majority shareholder, Aquis Canberra Holdings (Aus) Pty Ltd (**ACH**). ACH agreed, in exchange for Aquis repaying the principal amount of \$20,378,683 outstanding under the loan, to forgive all accrued interest (the interest component amounting to \$7,812,679).

In accordance with the terms of the sale, Iris and Aquis are in the process of agreeing the completion accounts and corresponding purchase price adjustment. There is one item to resolve which has been referred to an independent expert for resolution. Subject to the independent expert's determination, a further amount (which Aquis expects will be under \$1 million) will be paid to Aquis as an adjustment to the purchase price. Aquis anticipates that this matter will be resolved before the end of April 2023.

Use of proceeds

As approved by shareholders, the sale of Aquis Canberra constituted the sale of Aquis' main undertaking, and as such Aquis has ceased to have an operating business and has no material assets other than the cash proceeds from the sale. As previously announced on 3 January 2023, the board of Aquis has been considering the use of funds from the sale and the future of Aquis as a listed entity.

At this stage, Aquis has not identified any new business opportunities that it considers viable for Aquis as a listed entity. Accordingly, subject to the satisfactory finalization of the purchase price adjustment and consultation with the ASX, the board intends to proceed with the following capital management initiatives:

- the board intends to declare a fully franked special dividend of approximately 11 to 13 cents per share (**Special Dividend**);
- the board intends to undertake a pro rata return of capital up to the paid up capital balance (**Capital Return**). The Capital Return will also be subject to shareholder approval, consultation with the ASX and a class ruling from the Australian Taxation Office; and
- the board intends to distribute any remaining cash to shareholders. The combined total of the Capital Return and cash distribution is expected to be approximately 4 to 5 cents per share.

The Special Dividend is expected to be paid in July 2023. Shareholders may also be able to utilise up to 4.3 cents per share in franking credits attaching to the Special Dividend. The extent to which a shareholder will be able to use the benefit of the franking credits will depend on their individual circumstances.

In respect of the Capital Return:

- Aquis expects to call a general meeting to seek shareholder approval for the Capital Return in May 2023.
- Aquis will apply to the Australian Taxation Office for a class ruling in relation to the Capital Return. The structure of this distribution is dependent on the class ruling.

If the Capital Return is approved, the total amount of the distribution (franked dividend plus capital return plus remaining cash distribution) is estimated to be approximately \$33.2m or between 15 to 18 cents per share (plus any applicable franking credits).

Aquis expects to complete the Capital Return in the 2023 calendar year. This timeframe is indicative only, and is subject to finalization of the purchase price adjustment, shareholder approval, and engagement with the ASX and the ATO. A detailed explanation of the proposal and confirmation of the timetable will be included in the notice of meeting seeking shareholder approval, which is expected to be sent to shareholders in April 2023.

In the interim, should the board identify any business opportunities it considers may be worth pursuing it will advise the market in accordance with the listing rules.

The remaining cash distribution will represent the balance of cash available and not required in the wind-up of Aquis. Once the 9 month escrow period referred to above is complete (and assuming no warranty claims are on foot), Aquis intends to distribute the amount held in escrow of \$2.5m (less any applicable costs or expenses and subject to its obligations under the Corporations Act and the listing rules) plus any other remaining funds to shareholders. Any such distribution will be paid at a time when that cash amount is able to be determined, likely sometime close to the wind-up of Aquis.

Proposed winding up and delisting

Aquis intends to seek to delist from the ASX following payment of all surplus sale proceeds, and if the delisting is approved by shareholders and the ASX, initiate a winding up process.

Authorised for release to the ASX by the board of directors.

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