



## Proposed sale of Casino Canberra update Aquis to sell Aquis Canberra to Iris Capital for \$63 million

**11 July 2022**

Further to the announcement made on 6 July 2022, Aquis Entertainment Limited ACN 147 411 881 (**Aquis** or the **Company**) (ASX:AQS) advises that following discussions with Iris CC Holdings Pty Ltd (**Iris**), Iris made a further proposal to acquire 100% of the shares in the Company's wholly owned subsidiary, Aquis Canberra Pty Ltd (**Aquis Canberra**) for A\$63 million, plus or minus customary completion adjustments (the **Transaction**). Aquis has accepted this revised proposal and has now entered into a new share purchase agreement to sell Aquis Canberra to Iris for such price.

Other than the matters specified in this announcement (including the sale price) the sale to Iris is otherwise on substantially the same terms and conditions as the share purchase agreement Aquis had previously entered into with Capital Leisure & Entertainment Pty Ltd, which is owned and controlled by interests associated with the Oscars Group (**Oscars**). See the Aquis announcements of 12 May 2022 and 6 July 2022 for the terms of the agreement with Oscars.

As with the share purchase agreement with Oscars:

- the sale to Iris is conditional on Aquis shareholder approval and ACT casino and liquor licensing regulatory approvals
- Aquis has agreed to pay Iris a break fee of A\$1 million in the event that a superior offer for Aquis Canberra is received by Aquis, Aquis accepts such offer and enters into a sale agreement with the person making the superior proposal, the sale agreement with Iris is terminated and the superior proposal completes.

In connection with the price increase, Iris sought, and Aquis agreed, that if Aquis receives any further superior proposals to acquire Aquis Canberra, Iris have the opportunity to match any such superior proposal before Aquis can terminate the share purchase agreement with Iris for a superior proposal.

The agreement with Iris requires the full purchase price to be paid by Iris into an escrow account. Aquis intends to terminate the share purchase agreement with Oscars once the Iris purchase price moneys are received in the escrow account (which is expected to occur this week). The purchase price will be held in the escrow account until completion of the sale. Once the sale to Iris completes, Aquis will be required to pay Oscars a \$1.0 million break fee.

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

### **Superior Proposal**

The Independent Directors of Aquis consider the proposed Transaction with Iris to be superior to the terms of the proposed sale to Oscars. In particular, the proposed Transaction:

- represents a material premium to the Oscars transaction which valued Aquis Canberra at A\$58.2 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)
- enhances execution certainty through the receipt of 100% of the purchase price into a trust account ahead of completion.

### **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 in July 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 revised Transaction represents a considerable value uplift to the Company and its shareholders and recognises the continued strong operating performance and potential of the business. I am very excited to work with Iris on the continual improvement of our business.”*

Sam Arnaout, Sole Director of Iris, said, *“We are excited about the opportunity to acquire Casino Canberra and look forward to working collaboratively with the Aquis 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 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.

### **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 August 2022.

The Independent Directors of Aquis<sup>Error! Bookmark not defined.</sup> 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 later this month, and the shareholder meeting is expected to be held in August 2022.

Subject to satisfaction of all conditions, completion is expected to occur by the end of CY2022.

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 Iris**

Iris is a fully integrated development and hospitality group who has established many successful hotels and development projects in Australia.

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

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### **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

- Iris CC Holdings Pty Ltd will acquire 100% of the shares 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 \$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 January 2023, 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 Iris 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.
- If a superior proposal is made, Iris has 3 business days after receiving notice of the superior proposal from Aquis, to make an irrevocable counterproposal. If the Independent Directors of Aquis determine that the Iris counterproposal would produce an equivalent or superior outcome for Aquis, the parties must use reasonable endeavours to agree the transaction documentation required to implement the Iris counterproposal.
- 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.
- Iris is required to pay a deposit of \$2.5 million. Iris 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), Iris will only be entitled to \$1.5 million of the deposit. If the regulatory approvals condition is not satisfied due to the inability of Iris or persons associated with Iris to obtain probity, the full \$2.5m deposit is forfeited to the benefit of Aquis.
- Iris will pay the full Purchase Price into a trust account held by Gilbert+Tobin. Funds will be released to Aquis upon Transaction completion
- 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, Iris 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).