

**REEF CASINO TRUST**  
ARSN 093 156 293

**APPENDIX 4E**

**Preliminary final report given to the ASX under listing rule 4.3A**

This report is based on the attached accounts that have been audited and are not subject to any dispute or qualification.

**Reporting period**

Financial year ended 31 December 2020

**Previous corresponding period**

Financial year ended 31 December 2019

**1. RESULTS FOR ANNOUNCEMENT TO THE MARKET**

Revenue from ordinary activities	Down 17.8%	to	\$15,663,000
(Loss)/Profit from ordinary activities after income tax attributable to members	Down 106.3%	to	(\$209,000)
(Loss)/Net profit for the period attributable to members	Down 106.3%	to	(\$209,000)

Profit before impairment of property, plant and equipment and finance costs attributable to unitholders	Down 27.2%	to	\$4,858,000
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**2. DISTRIBUTIONS**

For the 6 months ended 31 December 2020	9.76 cents per unit
Record date for determining entitlements to distribution	31 December 2020

**3. NET TANGIBLE ASSETS PER UNIT (NTA backing)**

	Current period	Previous corresponding period
Net tangible asset backing per unit (NTA backing) <sup>1</sup>	\$1.29	\$1.30

<sup>1</sup> Excludes Right-of-use assets.

**4. EXPLANATIONS**

Additional 4E disclosures and other significant information can be found in the attached financial report for the year ended 31 December 2020.

**ANNUAL GENERAL MEETING**

The annual general meeting will be held on 21 May 2021 at the Reef Hotel Casino, 35-41 Wharf Street, Cairns Qld 4870.

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**REEF**  
CASINO TRUST  
ARSN 093 156 293

**Financial, Directors' and Auditor's Reports**

**December 2020**

# REEF CASINO TRUST

## Chairman's review

Dear Unitholders,

On behalf of the Board of Directors of Reef Corporate Services Limited, Responsible Entity of the Reef Casino Trust (the Trust), I present my review of the Reef Casino Trust for the year ended 31 December 2020.

### Key points

- **Overall Trust performance in 2020**

Despite the challenges posed by COVID-19, for financial year 2020, the Trust reported

- a small net (statutory) loss of \$209,000.

- **2020 was characterised by 2 different halves due to COVID-19**

- The first half year was severely impacted by the mandated closure of the Reef Hotel Casino complex.
- For the second half year, the Trust delivered a strong trading result.

- **Novel Coronavirus Pandemic (COVID-19)**

Shut down of Reef Hotel Casino 23 March 2020 to 2 July 2020

The Reef Hotel Casino, specifically the casino and food and beverage outlets, were shut down as directed by the Queensland Government from 23 March 2020, with hotel rooms following soon after. This shut down period represented 55% of the first half year during which time there was essentially no revenue at the Reef Hotel Casino complex.

Reopening of the Reef Hotel Casino on 3 July 2020

The Reef Hotel Casino reopened for trading on 3 July 2020 and remained opened and operational for the balance of the year. The Reef Hotel Casino traded strongly during this period.

- **Independent external valuation of the Reef Hotel Casino complex**

As noted later in the report, the Reef Hotel Casino complex was independently valued at \$132 million as at 31 December 2020. This valuation as at 31 December 2020 in part reflected the solid cash flows and operating performance of the Reef Hotel Casino since its reopening on 3 July 2020 together with a more confident outlook than that which existed at the half year.

- **Year-end reversal of half year impairment of property, plant and equipment**

The final outcome as at 31 December 2020 was no impairment for the financial year 2020.

- At 30 June 2020, due to the continuing uncertainty of COVID-19, a non-cash impairment charge of \$19.374 million was recorded in relation to the carrying value of the Reef Hotel Casino property plant and equipment.
- A reversal of \$18.894 million was made as at 31 December 2020

- **Net profit**

Net profit

For the financial year 2020, the Trust reported a net loss of \$209,000 (2019: net profit of \$3.335 million)

2 <sup>nd</sup> half	1 <sup>st</sup> half
profit \$23.481 million	loss \$23.690 million

Unitholders' distributions classified as "finance costs" were \$4.587 million. (2019: \$3.336 million)

2 <sup>nd</sup> half	1 <sup>st</sup> half
\$4.587 million	nil

# REEF CASINO TRUST

## Chairman's review (continued)

### Key points (continued)

- **Net Profit (continued)**

Before impairment/reversal of property, plant and equipment, for the financial year 2020, net profit was \$271,000. (2019: net profit of \$3.335 million)

2 <sup>nd</sup> half	1 <sup>st</sup> half
profit \$4.587 million	loss \$4.316 million

- **Unit distribution**

A unit distribution for the 6 months from July to December 2020 of 9.76 cents per unit (2019: 10.60 cents) was declared.

No unit distribution for the 6 months from January to June 2020 (2019: 3.04 cents) was declared. That was the first time in the last 20 years that no distribution was declared for any 6-month period.

- **Earnings before interest, tax, depreciation and amortisation (EBITDA)**

EBITDA for financial year 2020 was \$9.471 million (2019: \$12.133 million).

2 <sup>nd</sup> half	1 <sup>st</sup> half
\$11.207 million	Loss of \$1.736 million

before impairment of property, plant and equipment.

### Trust rental income

The Trust reported strong rental income for the 2<sup>nd</sup> half year after the reopening of the Reef Hotel Casino which traded strongly. The Federal Government's JobKeeper program accessed by the operator of the Reef Hotel Casino complex assisted the Trust's rental income by approximately \$3.2 million.

Trust income for the financial year 2020, consisting mainly of rental income from the Reef Hotel Casino, was \$15.663 million (2019: \$19.060 million).

2 <sup>nd</sup> half	1 <sup>st</sup> half
\$13.807 million	\$1.856 million

### Trust distributable profit\*

Trust distributable profit\* was \$9.174 million for the six months ended 31 December 2020 (2019: \$5.161 million).

Trust distributable profit\* was nil for the six months ended 30 June 2020 (2019: \$1.510 million) as the Trust reported a net loss for the period.

The Trust's distributable profit\* for January and February 2020 was offset by an operating loss for distribution purposes for March to June 2020. For July to December 2020, the Trust again reported distributable profit.

## Chairman's review (continued)

### Trust distributable profit (continued)

Total Trust revenue for financial year 2020 (comprising mainly of rental income from the Reef Hotel Casino) was \$15.663 million (2019: \$19.060 million). The year's trading result was heavily impacted by the enforced closure of the complex by the Queensland Government to manage the COVID-19 risk. Trust revenue in the 2<sup>nd</sup> half year was strong following the reopening of the Reef Hotel Casino complex in early July.

Prior to the closure of the facility, rental income from the Reef Hotel Casino for January and February 2020 was higher than for the same period last year. From March to June 2020 it was significantly lower, and for the period July to December 2020 was strong and higher than for the same period last year.

Operating expenses for the financial year 2020 were lower by 11.0% overall due to savings arising from the COVID-19 situation, notwithstanding the Trust faced substantially higher insurance premiums, particularly in the area of property cover. Non-Executive Directors who received directors' fees agreed to take a 50 percent reduction in their fees for the period 1 April 2020 to 30 September 2020.

Overall, Trust total expenses for the financial year 2020 were 12.8% lower than 2019 due to lower operating expenses and lower depreciation and amortisation charges.

	1 <sup>st</sup> Half \$'000	2 <sup>nd</sup> Half \$'000	2020 \$'000	2019 \$'000	
<b>REVENUE AND OTHER INCOME</b>					
Rental revenue	1,820	13,733	15,553	18,898	↓17.7%
Other revenue and interest income	36	74	110	162	
Total revenue and other income	<b>1,856</b>	<b>13,807</b>	<b>15,663</b>	<b>19,060</b>	↓17.8%
<b>EXPENSES</b>					
Operating	3,022	3,360	6,382	7,174	↓11.0%
Impairment of receivables	667	(667)	-	-	
Depreciation and amortisation	2,483	1,940	4,423	5,215	
Total expenses	<b>6,172</b>	<b>4,633</b>	<b>10,805</b>	<b>12,389</b>	↓12.8%
<b>PROFIT BEFORE IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT AND FINANCE COSTS<sup>1</sup> ATTRIBUTABLE TO UNITHOLDERS - DISTRIBUTABLE PROFIT*/(LOSS<sup>2</sup>)</b>	<b>(4,316)</b>	<b>9,174</b>	<b>4,858</b>	<b>6,671</b>	↓27.2%
Finance costs <sup>1</sup> attributable to unitholders	-	4,587	4,587	3,336	
Impairment of property, plant and equipment	19,374	-	19,374	-	
Reversal of impairment of property, plant and equipment	-	(18,894)	(18,894)	-	
<b>PROFIT/(LOSS) FOR THE PERIOD</b>	<b>(23,690)</b>	<b>23,481</b>	<b>(209)</b>	<b>3,335</b>	↓106.3%
	<b>1<sup>st</sup> Half cents per unit</b>	<b>2<sup>nd</sup> Half cents per unit</b>	<b>2020 cents per unit</b>	<b>2019 cents per unit</b>	
(Loss)/earnings per unit	<b>(95.14)</b>	<b>94.30</b>	<b>(0.84)</b>	<b>13.40</b>	
Distribution per unit	-	<b>9.76</b>	<b>9.76</b>	<b>13.64</b>	

## Chairman's review (continued)

### Trust distributable profit (continued)

<sup>1</sup> Under Australian Accounting Standards the first 50% of distributable profit is treated as "finance costs attributable to unitholders", with the remaining 50% treated as profit.

<sup>2</sup> As the Trust reported an operating loss before impairment of property, plant and equipment for the first half year there was no distributable profit.

\* Basis of preparation: Distributable profit is a non-IFRS measure that is determined in accordance with the Trust Constitution and used as the basis for determining distributions to unitholders. Distributable profit is determined as net profit for each half year, adding back distributions to unitholders which have been treated as finance costs in accordance with IFRS. The distributable profit has been audited by Grant Thornton Audit Pty Ltd. Refer to the auditor's report on page 43 of the Annual Report for the year ended 31 December 2020.

### Unit distribution

A unit distribution for the 6 months from July to December 2020 of 9.76 cents per unit (2019: 10.60 cents) was declared. The record date was 31 December 2020 and payment will be made on 10 March 2021.

This represents 53% of the 2<sup>nd</sup> half year distributable profit and 100.1% of the profit for the full year before distributions.

This reflects the requirement of the Trust Constitution to distribute at least 50% of the net income for each half and the Trust's usual distribution policy to distribute 100% of the full year profit before impairment of property, plant and equipment.

The Trust declared no distribution for the six months from 1 January to 30 June 2020 as this period was impacted by COVID-19 enforced closure of the Reef Hotel Casino.

The undistributed income account balance is 20.3 cents per unit, or \$10.118 million in total.

### Trust balance sheet

The Trust's balance sheet continues to be healthy. The Trust's cash position remains positive and the Trust has adequate working capital.

The Trust's interest only business term loan facility with the Bank of Queensland remains unchanged at \$13.500 million. This loan facility has recently been renewed with the Bank of Queensland for a further 3 years and now expires on 31 January 2025. The amount undrawn at 31 December 2020 was \$13.300 million. The Trust continues to be solvent and a going concern. At present, the Trust has determined there is no need for additional cash facilities or liquidity given the Trust's current balance sheet position and outlook.

### External valuation of the Reef Hotel Casino complex

Per the Trust's constitution, an independent external valuation (every 3 years) was carried out as at 31 December 2020 by CBRE Valuation Pty Ltd. The Reef Hotel Casino complex was valued at \$132 million.

## Chairman's review (continued)

### Trust asset carrying value

The final outcome as at 31 December 2020 was no impairment for the financial year 2020.

At 30 June 2020, the carrying value of property, plant and equipment was reduced by a non-cash impairment charge of \$19.374 million based on adjusting rental income forecasts for the probability weighted uncertainty created by COVID-19. This uncertainty included the potential for further enforced government restrictions including further shutdowns of the complex and the unknown duration of existing or new international and domestic travel bans.

Based on the independent external valuation by CBRE Valuation Pty Ltd of the Reef Hotel Casino complex of \$132 million, a reversal of \$18.894 million was made as at 31 December 2020 in relation to the non-cash impairment charge that was booked as at 30 June 2020. The external valuation was in part due to the good cash flows and good performance of the Reef Hotel Casino since its reopening on 3 July 2020.

The difference between the impairment and the reversal was \$480,000. This was not reversed as it represents depreciation that would have been expensed in the second half had there been no impairment in the first half. Further information on the assumptions used is included in Note 8 to the financial statements.

### Capital investment

Capital expenditure in 2020 was very carefully managed due to COVID-19 impact on the Reef Hotel Casino operations and cash generating capacity. Only essential capital items were approved which included new gaming machines, hotel operating asset requirements, and the proper maintenance and overall upkeep of the Reef Hotel Casino complex building.

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## REVIEW OF PERFORMANCE AND STRATEGY AT REEF HOTEL CASINO PROVIDED BY THE EXECUTIVE DIRECTOR OF THE OPERATOR, CASINOS AUSTRIA INTERNATIONAL (CAIRNS) PTY LTD (CAIC)

Allan Tan, the Executive Director of the operator of the Reef Hotel Casino (CAIC) which is jointly controlled by Casinos Austria International Limited and Accor Casino Investments Pty Ltd, has provided his review as follows :-

### Reef Hotel Casino Executive Director's Report

#### Trading and operating conditions

##### COVID-19 impact

Throughout the financial year 2020, the Reef Hotel Casino operated against the backdrop of COVID-19.

##### January to February 2020

International tourist numbers were generally softer especially from China, a key international source of tourists into Cairns. As China was early to be affected by COVID-19, arrivals from China was already lower than 2019. This culminated in Australia closing its border to all Chinese tourists on 1 February. Consequently, the usual "high season" Chinese New Year 25 January to 8 February did not materialise for Cairns.

##### March to June 2020

The Queensland Government mandated the closure of our complex commencing 23 March 2020 and this continued for the rest of the first half year. Our complex re-opened on 3 July 2020. During our closure, there was no trading and therefore basically no revenues. Yet expenses continued despite cut backs and savings wherever possible.

## Chairman's review (continued)

### Reef Hotel Casino Executive Director's Report (continued)

#### Trading and operating conditions (continued)

##### COVID-19 impact (continued)

###### March to June 2020 (continued)

The Federal Government's JobKeeper program meant that while most staff were stood down, there were no redundancies.

During the complex's closure, there was a skeleton staff to carry out necessary duties in maintenance and security, JobKeeper program administration, general corporate administration and planning for re-opening, including the development of a substantial site specific COVID Safe Plan as required by the Queensland Government as a condition for re-opening.

###### July to December 2020

On 3 July 2020, The Reef Hotel Casino reopened for trading and remained opened for trading throughout the rest of the year. Appropriate reorganisation and restructuring was implemented including some staff redundancies brought about by COVID-19 impacts.

The initial JobKeeper program ended on 27 September 2020. The Reef Hotel Casino was not eligible for JobKeeper payments after 28 September 2020. However, it qualified as a legacy employer and has access to modified flexibility measures from 28 September 2020.

##### Our markets

From 1 January to 22 March 2020, our local and domestic markets held up reasonably well for our complex, particularly for our casino operations. This was against a backdrop of a generally subdued local, regional and national economy with household consumption weighed down by a protracted period of low-income growth.

From 23 March 2020 to 2 July 2020, our complex was shut to all guests and patrons as mandated by the Queensland Government.

From 3 July to 31 December 2020, our local and domestic markets continued to hold up reasonably well for our complex. Our casino performed particularly well. Our hotel operations also performed relatively well. All this was achieved despite COVID-19 impacts and restrictions which included closed international borders, the closure of various state borders from time to time and restrictions on our operations.

#### Complex performance – a brief review

##### Rental to the Trust

Full year \$15.553 million (2019: \$18.898 million).

2 <sup>nd</sup> half	1 <sup>st</sup> half (net of loss for hotel operations)
\$14.400 million	\$1.153 million

Rentals to the Trust were higher for January and February 2020 compared to the same period in 2019. Rentals from March to June were significantly lower due to the closure of our complex. Rentals from July to December were higher compared to the same period in 2019.

The Federal Government's JobKeeper program received by CAIC assisted total rentals for 2020 by approximately \$3.2 million. Internal reorganisation, restructuring and cost savings assisted and contributed to the rentals to the Trust.



## Chairman's review (continued)

### Reef Hotel Casino Executive Director's Report (continued)

#### Complex performance – a brief review (continued)

##### Casino

Overall casino revenues were 31.8% lower than last year due to COVID-19.

- **Electronic games**  
Turnover was 19.2% lower than 2019. For January and February 2020, and from July to December, turnover was higher than 2019. Local and domestic market support held up well. The strong performance of electronic games in the 2<sup>nd</sup> half year played a key part in the Reef Hotel Casino delivering a strong rent to the Trust in the 2<sup>nd</sup> half year.

2 <sup>nd</sup> half	1 <sup>st</sup> half
+11.0%	-53.8%

- **Table games**  
Drop was 46.7% lower than 2019. The closure of international borders and to some extent the domestic borders impacted on activity.

2 <sup>nd</sup> half	1 <sup>st</sup> half
-34.7%	-61.0%

##### Hotel

Overall hotel revenues were 44.7% lower than 2019. COVID-19 affected the hotel throughout the first half year as the hotel depends mainly on tourists, both domestic and international to Cairns. The entire hotel operation was also closed due to COVID-19 on 30 March. It reopened soon after 3 July 2020. After reopening, while revenues were lower than 2019, the hotel's overall performance was relatively satisfactory.

- **Rooms**  
Rooms revenues were 51.5% lower than 2019.

2 <sup>nd</sup> half	1 <sup>st</sup> half
-35.9%	-68.1%

- **Food and beverage**  
Food and beverage revenues were 38.9% lower than 2019.

2 <sup>nd</sup> half	1 <sup>st</sup> half
-16.7%	-64.1%

#### Complex cost control

The Executive Leadership Team is committed to achieve the best possible outcome given the current challenging conditions including initiatives to cut operating costs wherever possible. The Executive Leadership Team each took an effective pay cut of up to 20% by utilising their earned annual leave even though they remained at work during the period of complex closure of about 3.5 months.

## Chairman's review (continued)

### Reef Hotel Casino Executive Director's Report (continued)

#### Key strategies

The following key strategies underpinned and drove our overall performance of the complex for the 2<sup>nd</sup> half of 2020 under challenging economic and uncertain COVID-19 conditions. These will be consolidated and built upon as the COVID-19 uncertainties continue. These will be coupled with the proven success of our management strategy and philosophy under our "One Complex, One Team, One Success" mantra.

#### COVID Safe Plan

Our complex re-opened on 3 July 2020 in accordance with the Queensland Government's lifting of restrictions. However, there are still restrictions on our operations and we operate by reference to our site-specific COVID Safe Plan as approved by the health authorities.

The key areas to note include:

- Cap on capacity – gaming and food and beverage outlets
- Social distancing measures
- Contact tracing measures
- COVID safe cleaning

We are committed to complying with our COVID Safe Plan which has changed from time to time as directed by the health authorities as restrictions were progressively lifted. Additional operating expenses were incurred as a result.

#### Casino operations

- Electronic Gaming  
We will continue to market in Cairns and selected domestic regions to target the markets that have a higher chance of accessing Cairns. There will be an appropriate package of promotion, marketing and entertainment programs. Electronic gaming will remain our most important source of revenues.
- Table Games  
Similarly, we will target local, regional and domestic markets that have a higher chance of accessing Cairns.

#### Hotel operations

- Rooms  
Our Pullman hotel will market to local, regional and domestic markets via a range of sales and marketing channels including the key and important Accor sales and marketing network in Australia which our hotel is part of.
- Food and beverage  
Our food and beverage offerings will also be targeted at local, regional and domestic patrons and visitors. We will be nimble as to the range of products and services that we will offer from time to time depending on the market conditions. We opened a new venue called Soy Kitchen at the end of November 2020. This new venue which serves Asian "street food" in our heritage listed Customs House annex has added to the overall appeal of our Reef Hotel Casino entertainment complex.

## Chairman's review (continued)

### Trust outlook

#### Relationship between Trust and Operator

The operator of the Reef Hotel Casino is Casinos Austria International (Cairns) Pty Limited (CAIC), jointly owned by Casinos Austria International Limited (CAIL) and Accor. This longstanding relationship between the Trust as the owner of the Reef Hotel Casino complex and CAIC as the operator continues to work well.

#### Queensland Government's Global Tourism Hub (GTH)

On 16 July 2020 the Queensland Government released a media statement announcing that the GTH process for Cairns has ended. We note that the GTH process for the Gold Coast has also ended.

As a brief recap, on 28 October 2017 the Queensland Government announced its proposed GTH policy for Cairns. The government's process continued during 2018 and during 2019. During this entire period, the Trust was in regular contact with and collaborated with the Queensland Government.

#### Risk Management

##### Reef Hotel Casino – Trust's principal asset

The Trust's sole investment is the Reef Hotel Casino and so it is exposed to the risks inherent in the ownership of a single asset located in Cairns.

The Trust remains positive regarding its longer term trading. The Reef Hotel Casino's management strategy is to drive future growth based on three key strategic areas – electronic gaming, table games including premium play, and hotel operations. The future performance of the Trust will rely on the local economy and on tourism to Cairns, the Great Barrier Reef and Far North Queensland.

The casino industry is highly regulated. A significant change in casino legislation (be it in relation to taxation changes, licence condition amendments or availability) could have a significant impact on the economic sustainability of the complex. This risk is mitigated by monitoring government policy and engagement with the Queensland Government.

There is a risk of increased oversight in relation to anti-money laundering. The Board of the Responsible Entity receives regular reporting from the operator of the Reef Hotel Casino on a range of matters including implementation and management of anti-money laundering and counter terrorism financing and the responsible conduct of gambling.

The Reef Hotel Casino is located in Cairns and is exposed to possible climate change risks affecting the region including weather events, the health of the Great Barrier Reef and the tourism industry. Whilst this risk is in part mitigated by emergency planning and local engagement, it could result in a significant increase in insurance premiums and less available insurance coverage on commercially reasonable terms for some risks.

The Reef Hotel Casino continues to operate with reference to a site specific COVID Safe plan as approved by the health authorities. However, as experienced last financial year, decisions around operating restrictions to manage pandemic risk are not always in our control.

#### A brief operational outlook for the Trust in 2021

The operator of the Reef Hotel Casino in Cairns has reported profitable trading since its reopening on 3 July 2020. This has resulted in positive rental income for the Trust and a return to Trust profitability for the financial year 2020.

Although still early days, the operator of the Reef Hotel Casino too has reported this profitable trading trend has continued into the current financial year. However, due to the on-going COVID-19 situation, economic and trading conditions in Cairns and the region remain challenging. The outlook regarding the COVID-19 situation in particular, remains uncertain. Consequently, Trust expenditure and costs will remain under tight control and capital investment will be constrained. Once again, insurance premiums have seen a slight rise compared with the prior year.

## Chairman's review (continued)

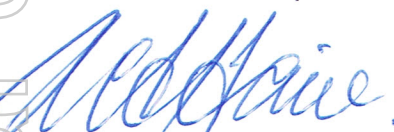
### Trust outlook (continued)

Since 2000, the Trust has consistently delivered profits, declared unit distributions and carefully managed the business and corporate risks. 2020 has presented unprecedented challenges in the form of COVID-19. The impact of this pandemic was devastating for an already softening North Queensland tourism and hospitality sector.

The first half year ended 30 June 2020 was the first half year since December 1999 that the Trust did not pay a distribution. The Trust resumed paying a distribution for the 2<sup>nd</sup> half of 2020.

Notwithstanding the promising start to our year already flagged, we remain cautious about the prospects ahead and acutely aware of the uncertainty our region, our broader hospitality industry and our own facility must confront. We will continue to be vigilant in our management of costs and the elimination of waste, and we will be prudent with capital management. Having said that, we have great confidence in the quality of our product offering, the commitment of our people, and the future of our region and I am optimistic that the Trust will be a vibrant participant in the inevitable recovery in our area when it happens.

In closing, I would like thank my fellow board directors and the management and staff of the Trust and the operator of the Reef Hotel Casino for their efforts and contributions during financial year 2020. It was indeed a year like no other we have faced and the discretionary effort, individual sacrifice, and enthusiasm which all applied to the task at hand reflects wonderfully well on the enduring culture of the Trust.



**Richard Haire**

Chairman

Reef Corporate Services Limited

Responsible Entity of Reef Casino Trust

24 February 2021

## Directors' report

The directors of Reef Corporate Services Limited, ABN 66 057 599 621, the Responsible Entity of Reef Casino Trust (the Trust) present their report together with the financial statements of the Trust for the year ended 31 December 2020 and the auditor's report thereon.

### Directors

The directors of Reef Corporate Services Limited during the financial year or since the end of the financial year (except as otherwise stated) are:

Mr Richard Haire (Chairman)  
Mr Benjamin W Macdonald  
Mr Keith DeLacy  
Mr Christoph Zurucker-Burda  
Mr Michael Issenberg  
Mr Allan Tan (director and alternate for Mr Macdonald)  
Mr Simon McGrath  
Mr Philip Basha (director appointed 23 November 2020 and alternate for Mr Issenberg)

### Principal activities

The Trust is the owner and lessor of the Reef Hotel Casino complex which is located in Cairns, North Queensland, Australia.

### Review and results of operations

Information on the operations and financial position and business strategies and prospects for future financial years is contained in the Chairman's Review commencing on page 1.

### Distributions

Distributions are paid on a half yearly basis.

The distribution of \$5.279 million (10.60 cents per unit) in respect of the six month period ended 31 December 2019 as reported in the 2019 annual report was paid on 11 March 2020.

No distribution was paid in respect of the six month period ended 30 June 2020.

The directors have declared a distribution of \$4.861 million (9.76 cents per unit) in respect of the six month period ended 31 December 2020 to be paid on 10 March 2021 (note 12).

### Significant changes in the state of affairs

There was no significant change in the nature of the activity of the Trust that occurred during the financial year under review.

### Environmental regulation

The Trust's operations are not subject to any significant environmental regulations under either Commonwealth or State legislation. The Responsible Entity believes that the Trust has adequate systems in place for the management of its environmental requirements and is not aware of any material breach of those environmental requirements as they apply to the Trust.

## Directors' report (continued)

### Events subsequent to balance date

On 24 February 2021 the board of directors of the Responsible Entity, Reef Corporate Services Limited, declared a distribution of 9.76 cents per unit payable on 10 March 2021. This distribution totals \$4.861 million.

Effective 31 January 2021 the term of the \$13.5 million loan with the Bank of Queensland has been extended until 31 January 2025.

Other than as identified in this report, there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect significantly the operations of the Trust, the results of those operations, or the state of affairs of the Trust, in future financial years.

### Interests of the Responsible Entity

Reef Corporate Services Limited holds no units either directly or indirectly in Reef Casino Trust. Associates of the Responsible Entity hold 36,408,411 units at 31 December 2020 (2019: 36,408,411 units).

### Units on issue

Units on issue and movements in issued units are detailed in note 11 to the financial statements.

### Assets

The Trust had total assets of \$100.287 million as at 31 December 2020 (2019: \$101.553 million). The basis of valuation of the Trust's property, plant and equipment which comprises the majority of the value of the total assets is disclosed in note 8 to the financial statements.

### Responsible Entity's remuneration

In accordance with the Trust Constitution, Reef Corporate Services Limited is entitled to receive:

- (i) Half yearly fees calculated as 0.375% of the value of net assets of the Trust (as defined in the Trust Constitution) as at the last day of the half year period just completed, paid quarterly, plus
- (ii) Half yearly fees calculated as the greater of \$37,500 indexed and a fee calculated on a sliding scale by reference to the value of gross assets (as defined in the Trust Constitution), payable within two months of the end of each half yearly period.

Reef Corporate Services Limited is also entitled to reimbursement of Trust expenses incurred on behalf of the Trust.

Set out below are the fees paid or payable by the Trust to the Responsible Entity during the year:

	<b>Dec 2020</b>	<b>Dec 2019</b>
	<b>\$</b>	<b>\$</b>
Responsible Entity fees	<b>1,179,246</b>	1,242,738
Reimbursement of Trust expenses	<b>97,996</b>	132,064

## Directors' report (continued)

### Directors' interests

The relevant interests of each director of Reef Corporate Services Limited in the unit capital of the Trust at the date of this report are set out below:

	<b>Number of units held</b>
Mr Benjamin W Macdonald	263,750
Mr Keith DeLacy	5,000
Mr Richard Haire	-
Mr Michael Issenberg	221,000
Mr Christoph Zurucker-Burda	-
Mr Allan Tan	79,950
Mr Simon McGrath	-
Mr Philip Basha	-

### Likely developments

The Trust will continue as owner and lessor of the Reef Hotel Casino complex located in Cairns. The Trust will also consider appropriate opportunities similar to its current investment in the Reef Hotel Casino complex.

### Indemnities and insurance premiums for officers or auditors

#### Indemnification

Under the Trust Constitution, Compliance, Audit and Risk Committee members are entitled to be indemnified out of the Trust fund in respect of liabilities incurred in good faith through acting as a member of the Compliance, Audit and Risk Committee in successfully defending proceedings against them. The Responsible Entity is also entitled to be indemnified out of the Trust fund in accordance with the Trust Constitution. Since the end of the previous financial year, the Trust has not indemnified or made a relevant agreement for indemnifying against a liability any person who is or has been an officer of the Responsible Entity or an auditor of the Trust.

#### Insurance premiums

During the financial year the Trust has paid premiums to insure current and former directors and officers of the Responsible Entity against liabilities arising as a result of work performed in their capacity as directors or officers of the Responsible Entity.

The insurance policy prohibits disclosure of the nature of the liability insured against and the amount of the premium.

### Other assurance services

During the year, Grant Thornton, the Trust's auditors, performed certain other services in addition to their statutory audit duties. Details are shown in note 16 and are referred to as other assurance services.

The Board has considered these other assurance services provided during the year by the auditor and is satisfied that the provision of those other assurance services during the year is compatible with, and did not compromise, the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- All other assurance services were subject to the corporate governance procedures adopted by the Trust and have been reviewed by the Compliance, Audit and Risk Committee to ensure they do not impact upon the impartiality and objectivity of the auditor.

## Directors' report (continued)

### Other assurance services (continued)

- The other assurance services do not undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Trust, acting as an advocate for the Trust or jointly sharing risks and rewards.

### Information on directors

#### **Richard Haire – Non-executive Chairman since 24 August 2018, Independent non-executive director since 1 October 2013**

Mr Haire is a member of the Compliance, Audit and Risk Committee.

Prior to pursuing a career as a Non-executive Director, Mr Haire had an executive career in Investment Banking and in the international cotton and agribusiness industries. He was the Chief Executive Officer of Queensland Cotton Corporation Pty Ltd from 1989 to 2007 and Managing Director and Regional Head, Australia and New Zealand of Olam International from 2007 to 2012.

Mr Haire is a non-executive director of Tassal Limited, BEC Feed Solutions Limited, and the Chairman of the Cotton Research and Development Corporation (CRDC) and Chairman of Endeavour Foundation and Chairman of McLeans Farms Limited.

He served as a director on the board of BOQ Limited from 2012 to 2020 where he chaired the Audit Committee for 6 years.

Mr Haire holds a Bachelor of Economics Degree from the University of New England. He is a fellow and former State President of the Australian Institute of Company Directors.

#### **Ben Macdonald AM – Non-executive director; director since 20 September 1995**

Mr Macdonald was born in Brisbane and educated at Geelong Grammar School Victoria. He joined Macdonald Hamilton & Co Ltd in 1952, retiring in 1985 as joint Managing Director of the company.

Since 1985, he has served as a director of a number of Australian public companies, some of which were Perpetual Trustees Australia Ltd (Chairman), AMP Society (Australia board), CSR Limited, Placer Pacific Ltd, Allgas Energy Ltd, Bank of Queensland Ltd (Deputy Chairman), Casinos Austria International Limited (Chairman), Queensland Cotton Holdings Ltd (Chairman), FKP Ltd (Chairman) and AP Eagers Ltd (Chairman). He was a founding director and deputy Chairman of Brisbane's first FM radio station (Four Triple M Ltd).

Mr Macdonald served as the Honorary Consul for Uruguay in Queensland and served on the Committee of the Royal Automobile Club of Queensland and the Salvation Army (Brisbane Division).

For service to business and commerce through executive roles with a range of investment, banking and agricultural organisations, and to the community as a supporter of charitable and sporting bodies he has been awarded an AM.



## Directors' report (continued)

### Information on directors (continued)

#### **Keith DeLacy AM – Independent non-executive director; director since 1 December 1999**

Mr DeLacy is the Chairman of the Compliance, Audit and Risk Committee.

Mr DeLacy is a past president of the Queensland Division of the Australian Institute of Company Directors (AICD).

Mr DeLacy was born in Cairns and until recently still lived there with his family. He was the State Member for Cairns for fifteen years and Treasurer of Queensland from 1989 to 1996.

Over the years he has been Chairman of Macarthur Coal, Australia's largest cotton producer Cubbie Group, COFCO Australia, Queensland Sugar (QSL) and the Global Sugar Alliance, Ergon Energy and the Trinity Group, as well as a range of not-for profits.

For services to the community Mr DeLacy has been awarded an AM, the Centenary Medal, honorary doctorates from both James Cook University (HonDLitt) and Central Queensland University (DUniv), the Gatton Gold medal from the University of Queensland and the Company Directors Gold Medal for service to Corporate Governance.

#### **Christoph Zurucker-Burda – Non-executive director; director since 14 November 2018**

Mr Zurucker-Burda studied Business Administration at Vienna University of Economics and Business, where he specialised in Business Taxation and Investment Banking and Capital Market Communication. He also spent one semester abroad at the University of South Australia in Adelaide. After graduating, he joined the tax consultancy TPA Horwath in Vienna as a Tax Advisor, moved in 2007 to BDO Auxilia as an Auditor and Certified Tax Advisor and subsequently assumed the position of Senior Fund Manager with a large real estate property fund.

Mr Zurucker-Burda joined Casinos Austria International as Executive Vice President Finance in 2011, was appointed Chief Financial Officer in December 2013 and Chief Executive Officer in July 2018.

Mr Zurucker-Burda is a qualified auditor and certified tax advisor.

#### **Michael Issenberg – Non-executive director; director since 21 January 2002**

Mr Issenberg has had an impressive background in the hotel industry, and for the past 25 years was with Accor, most recently holding the position of Chairman and Chief Executive Officer of AccorHotels Asia Pacific. Prior to joining AccorHotels, Mr Issenberg spent five years as Chief Executive Officer, Mirvac Hotels. This was following a successful career at Westin Hotels and Resorts, Laventhol & Horwath and Horwath & Horwath Services Pty Limited in San Francisco and Sydney.

Mr Issenberg, holds a degree in hotel administration from Cornell University, USA and is a Lifetime Member of the Cornell Hotel Society. Mr Issenberg is also a Lifetime Member of Tourism and Transport Forum in Australia.

Mr Issenberg was awarded the Ordre National du Mérite from the French Government for his work in forging strong links between France and the world and for showcasing the best standards in French hospitality, innovation and savoir faire. He was named Asia Pacific Hotelier of the Year 2019, 2015 and 2012 in the Hotel Management Awards and International Hotelier of the Year 2014 at the China Hotel Investment Conference.

## Directors' report (continued)

### Information on directors (continued)

#### **Allan Tan – Executive director; director since 28 March 2006. Alternate for Mr Macdonald; alternate director since 10 July 1997**

Mr Tan is the Executive Director of the Trust. He is also the Executive Director of Casinos Austria International (Cairns) Pty Ltd (CAIC), the operator of the Reef Hotel Casino. He was also the CEO of CAIC until 21 August 2020. He is the Executive Director of Casinos Austria International Limited.

Mr Tan joined Casinos Austria International Limited in 1995 as Chief Financial Officer and Company Secretary. Since this time, he has held several positions within the group, including Chief Financial Officer and Company Secretary for Reef Casino Trust and Regional Manager (Australia, Asia Pacific) for Casinos Austria Group.

Mr Tan holds an honours degree in Commerce (Accounting) from the University of Birmingham, England. He is a member of the Institute of Chartered Accountants in England and Wales, Governance Institute of Australia and the Chartered Governance Institute.

Mr Tan also holds a number of executive directorships within the Casinos Austria Group. Prior to joining Casinos Austria, Mr Tan held positions as an auditor with (now) global audit firm Deloitte Touche Tohmatsu in London and Brisbane, as hotel-casino internal auditor with Hilton Hotels Inc. at Jupiters on the Gold Coast, Financial Controller and Company Secretary of Bond University on the Gold Coast.

#### **Simon McGrath AM – Non-executive director; director since 23 August 2011**

Mr McGrath is a member of the Compliance, Audit and Risk Committee.

Mr McGrath is the Chief Executive Officer for Accor Pacific, responsible for over 385 hotels, 53,000 rooms and 21,000 employees in the region.

He has had an extensive and highly respected career having worked in executive management positions in both main cities and iconic leisure destinations throughout Australia. He has also worked throughout Asia in key locations including Malaysia and Thailand.

Mr McGrath is also a Director of AAPC Limited, Allegiance, and Accor Vacation Club. He also holds positions on the following industry Boards: Deputy Chairman, Tourism and Transport Forum (TTF); Deputy President, Accommodation Association of Australia (AAoA). Simon participated in a special Taskforce for the NSW Government – Visitor Economy Taskforce in 2018.

Outside of tourism and hospitality, he holds the position of Independent Director of GenesisCare (leading healthcare company).

Mr McGrath has played a major advocacy role in advancing Indigenous employment in hospitality and wider economic employment. He has also championed and taken a lead role to greatly improve gender diversity in the tourism sector.

Mr McGrath has been recognised for his contribution to the hospitality industry with numerous awards including Australasian Hotelier of the Year at the HM (Hotel Management) Awards in 2009, in 2017 and in 2018. He was awarded a Gold Bernache in 2012, the highest accolade for performance for Accor globally.

For his significant work in promoting Australian tourism on the world stage Mr McGrath was recognised in the Queen's Birthday Honours List as a Member of the Order of Australia (AM) in June 2019.

## Directors' report (continued)

**Philip Basha – Non-executive director; director since 23 November 2020. Alternate for Mr Issenberg; alternate director since 23 August 2011**

Mr Basha joined the Accor finance team in 2003 and is currently the Senior Vice President Corporate Finance AccorHotels Pacific. He commenced his accounting career at KPMG in 1999 and spent five years as an auditor in its Consumer and Industrial Markets group. He holds a Bachelor of Economics (Accounting) from Macquarie University and is a member of Chartered Accountants Australia and New Zealand.


### Lead auditor's independence declaration under section 307C of the Corporations Act 2001

The lead auditor's independence declaration is set out on page 46 and forms part of the directors' report for the year ended 31 December 2020.

### Rounding off

The Trust is of a kind referred to in ASIC Corporations (Rounding in Financials/Directors' Reports) Instrument 2016/191 dated 24 March 2016 and in accordance with that Corporations Instrument, amounts in the financial statements and the directors' report have been rounded off to the nearest thousand dollars, unless otherwise stated.

Signed in accordance with a resolution of the directors of Reef Corporate Services Limited.



**Richard Haire**  
**Director**

Brisbane  
24 February 2021



**Keith DeLacy**  
**Director**

# REEF CASINO TRUST

## Statement of profit or loss and other comprehensive income For the year ended 31 December 2020

	Note	Dec 2020 \$'000	Dec 2019 \$'000
<b>REVENUE AND OTHER INCOME</b>			
Revenue and other income	4	<b>15,663</b>	19,060
<b>TOTAL REVENUE AND OTHER INCOME</b>		<b>15,663</b>	19,060
<b>EXPENSES</b>			
Depreciation and amortisation	5	<b>4,423</b>	5,215
Property outgoing		<b>881</b>	1,254
Rates and taxes		<b>747</b>	794
Responsible Entity fees		<b>1,179</b>	1,243
Repairs and maintenance		<b>942</b>	1,531
Insurance		<b>1,493</b>	962
Responsible Entity director fees		<b>257</b>	344
Impairment of property, plant and equipment	8	<b>19,374</b>	-
Reversal of impairment	8	<b>(18,894)</b>	-
Other expenses		<b>693</b>	799
<b>TOTAL EXPENSES</b>		<b>11,095</b>	12,142
<b>RESULTS FROM OPERATING ACTIVITIES</b>		<b>4,568</b>	6,918
Finance costs attributable to unitholders		<b>4,587</b>	3,336
Interest expense on financial liabilities measured at amortised cost		<b>190</b>	247
<b>TOTAL FINANCE COSTS</b>	6	<b>4,777</b>	3,583
<b>PROFIT / (LOSS) FOR THE YEAR</b>		<b>(209)</b>	3,335
<b>OTHER COMPREHENSIVE INCOME / (LOSS) FOR THE YEAR</b>		<b>-</b>	-
<b>TOTAL COMPREHENSIVE INCOME / (LOSS) FOR THE YEAR</b>		<b>(209)</b>	3,335
Basic and diluted earnings / (loss) per unit (cents)	17	<b>(0.84)</b>	13.40

The statement of profit or loss and other comprehensive income is to be read in conjunction with the accompanying notes.

# REEF CASINO TRUST

## Statement of financial position As at 31 December 2020

	Note	Dec 2020 \$'000	Dec 2019 \$'000
<b>ASSETS</b>			
Cash and cash equivalents	14	4,079	2,957
Receivables	7	2,578	1,828
<b>TOTAL CURRENT ASSETS</b>		<b>6,657</b>	4,785
Receivables	7	750	750
Property, plant and equipment	8	92,775	95,864
Intangible assets		105	154
<b>TOTAL NON-CURRENT ASSETS</b>		<b>93,630</b>	96,768
<b>TOTAL ASSETS</b>		<b>100,287</b>	101,553
<b>LIABILITIES</b>			
Payables	9	6,222	4,207
Lease liabilities		-	71
<b>TOTAL CURRENT LIABILITIES</b>		<b>6,222</b>	4,278
Loans and borrowings	10	200	500
Deferred income		10	13
Issued units – liability portion	11	85,051	85,051
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>85,261</b>	85,564
<b>TOTAL LIABILITIES</b>		<b>91,483</b>	89,842
<b>EQUITY</b>			
Issued units – equity portion	11	85,051	85,051
Distribution account	12	274	2,698
Undistributed income		10,118	5,805
Accumulated losses		(86,639)	(81,843)
<b>TOTAL EQUITY</b>		<b>8,804</b>	11,711
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>100,287</b>	101,553
<b>MEMORANDUM NOTE – ISSUED UNITS</b>			
Issued units – liability portion		85,051	85,051
Issued units – equity portion		85,051	85,051
		<b>170,102</b>	170,102

The statement of financial position is to be read in conjunction with the accompanying notes.

# REEF CASINO TRUST

## Statement of changes in equity For the year ended 31 December 2020

	Issued units \$'000	Distribution account \$'000	Undistributed income \$'000	Accumulated losses \$'000	Total \$'000
1 JANUARY 2019	85,051	2,632	5,927	(81,843)	11,767
Profit for the year	-	-	-	3,335	3,335
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the year	-	-	-	3,335	3,335
Transfer to distribution account	-	3,335	-	(3,335)	-
Transfer from undistributed income account	-	122	(122)	-	-
Distributions paid	-	(3,391)	-	-	(3,391)
31 DECEMBER 2019	85,051	2,698	5,805	(81,843)	11,711
1 JANUARY 2020	<b>85,051</b>	<b>2,698</b>	<b>5,805</b>	<b>(81,843)</b>	<b>11,711</b>
Profit / (loss) for the year	-	-	-	(209)	(209)
Other comprehensive income / (loss)	-	-	-	-	-
Total comprehensive income / (loss) for the year	-	-	-	(209)	(209)
Transfer to distribution account	-	<b>4,587</b>	-	<b>(4,587)</b>	-
Transfer to undistributed income account	-	<b>(4,313)</b>	<b>4,313</b>	-	-
Distributions paid	-	<b>(2,698)</b>	-	-	<b>(2,698)</b>
31 DECEMBER 2020	<b>85,051</b>	<b>274</b>	<b>10,118</b>	<b>(86,639)</b>	<b>8,804</b>

The statement of changes in equity is to be read in conjunction with the accompanying notes.

# REEF CASINO TRUST

## Statement of cash flows For the year ended 31 December 2020

	Note	Dec 2020 \$'000	Dec 2019 \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash receipts in the course of operations		<b>16,378</b>	21,424
Cash payments in the course of operations		<b>(7,834)</b>	(8,712)
Interest received		<b>53</b>	72
Interest and other finance costs paid		<b>(193)</b>	(253)
<b>NET CASH FROM OPERATING ACTIVITIES</b>	14	<b>8,404</b>	12,531
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for property, plant and equipment		<b>(1,631)</b>	(2,204)
Proceeds of disposal of property, plant and equipment		-	8
Payments of loans to other entities		<b>(1,000)</b>	-
Proceeds of loans to other entities		<b>1,000</b>	-
<b>NET CASH FROM INVESTING ACTIVITIES</b>		<b>(1,631)</b>	(2,196)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Drawdown of loan		<b>6,000</b>	5,000
Repayment of loan		<b>(6,300)</b>	(8,700)
Principal elements of lease payments		<b>(72)</b>	(68)
Distributions paid (equity portion and liability portion)		<b>(5,279)</b>	(6,779)
<b>NET CASH FROM FINANCING ACTIVITIES</b>	14	<b>(5,651)</b>	(10,547)
Net increase/(decrease) in cash held		<b>1,122</b>	(212)
Cash and cash equivalents at 1 January		<b>2,957</b>	3,169
<b>CASH AND CASH EQUIVALENTS AT 31 DECEMBER</b>	14	<b>4,079</b>	2,957

The statement of cash flows is to be read in conjunction with the accompanying notes.

## Notes to the financial statements For the year ended 31 December 2020

### 1. The Trust

Reef Casino Trust (the Trust) was established by a Trust Constitution dated 2 July 1993 as amended by supplemental deeds dated 30 November 1993, 19 September 1999, 31 May 2000, 8 August 2001, 14 April 2004 and 29 June 2005. The Trust is a registered managed investment scheme under the *Corporations Act 2001*. Reef Corporate Services Limited, a company domiciled in Australia, is the Responsible Entity of the Trust. The Trust is the owner and lessor of the Reef Hotel Casino complex in Cairns, North Queensland, Australia. The Trust is a for profit entity.

### 2. Basis of preparation

#### (a) Statement of compliance

The financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards (AASBs) adopted by the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*. The financial statements of the Trust comply with International Financial Reporting Standards (IFRSs) adopted by the International Accounting Standards Board (IASB).

The financial statements were approved by the board of directors of the Responsible Entity on 24 February 2021.

#### (b) Basis of measurement

The financial statements are prepared on the historical cost basis.

#### (c) Functional and presentation currency

The financial statements are presented in Australian dollars, which is the Trust's functional currency.

The Trust is of a kind referred to in ASIC Corporations (Rounding in Financials/Directors' Reports) Instrument 2016/191 dated 24 March 2016 and in accordance with that Corporations Instrument, amounts in the financial statements and the directors' report have been rounded off to the nearest thousand dollars, unless otherwise stated.

#### (d) Use of estimates and judgements

The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

#### Impairment assessments and the impact of COVID-19

The effects of COVID-19 have required significant judgments and estimates to be made, including calculating the recoverable amount for the cash generating unit that exhibited indicators of impairment as at the end of the first half year, determining the amount of impairment attributable to that cash generating unit and determining that reversal of a previously recognised impairment may be required at the year end. An independent valuer was engaged to value the Trust's interest in the Reef Hotel Casino complex at 31 December 2020. The valuer notes in their valuation report that there is significant valuation uncertainty as a result of COVID-19 at the date of the valuation. Consequently, less certainty and a higher degree of caution should be attached to the valuation than would otherwise be the case. Further details are provided in note 8.



# REEF CASINO TRUST

## Notes to the financial statements For the year ended 31 December 2020

### 3. Significant accounting policies

The significant and other accounting policies are set out below and throughout the notes to the financial statements and have been applied consistently to all periods presented in these financial statements unless otherwise stated.

#### (a) Income tax

Under current Australian income tax legislation, the Trust is not subject to income tax, provided that certain legislative requirements regarding distribution are satisfied. Tax allowances for building and plant and equipment depreciation are distributed in the form of tax deferred amounts.

#### (b) Standards issued but not yet effective

There are no new standards, amendments to standards and interpretations effective for annual periods beginning after 1 January 2020 that would have a material impact.

### 4. Revenue and other income

	Dec 2020 \$'000	Dec 2019 \$'000
RENTAL		
Base rent	844	1,156
Contingent rent	14,709	17,742
	<b>15,553</b>	18,898
INTEREST RECEIVED AND RECEIVABLE FROM		
Other persons	3	7
Related parties	50	65
	<b>53</b>	72
OTHER REVENUE		
Sundry	57	90
	<b>15,663</b>	19,060

Rental revenue is determined in accordance with the lease agreements relating to the Reef Hotel Casino and is made up of two components: a base rent and a contingent rental component. The base rental component is indexed on a yearly basis and recognised on a straight-line basis over the lease term. The contingent rental component is based on the performance of the lessee and is recognised when contractually due.

The Queensland Government mandated the closure of the Reef Hotel Casino and food and beverage outlets on 23 March 2020 due to COVID-19 with hotel rooms closing the following week. The casino including in-casino food and beverage venues re-opened for trading on 3 July 2020 in accordance with the Queensland Government's announcement of Stage 3 of the roadmap easing COVID-19 restrictions. The complex's hotel rooms and other food and beverage venues opened throughout the following week.

The Trust abated the base rent for the period of closure in accordance with the lease terms.

# REEF CASINO TRUST

## Notes to the financial statements For the year ended 31 December 2020

	Dec 2020 \$'000	Dec 2019 \$'000
<b>5. Expenses</b>		
Net profit includes the following specific expenses:		
DEPRECIATION		
Building	1,292	1,457
Plant and equipment	2,361	2,914
	<u>3,653</u>	<u>4,371</u>
AMORTISATION		
Computer software	67	67
Site lease	633	707
Carpark lease	70	70
	<u>770</u>	<u>844</u>
	<u>4,423</u>	<u>5,215</u>
Net loss on disposal of plant and equipment	-	9

## 6. Finance income and expense

RECOGNISED IN PROFIT OR LOSS		
Interest income on bank deposits	3	7
Interest income on financial assets measured at amortised cost	50	65
FINANCE INCOME	<u>53</u>	<u>72</u>
Interest expense on financial liabilities measured at amortised cost	(190)	(247)
Finance costs attributable to unitholders	(4,587)	(3,336)
FINANCE EXPENSE	<u>(4,777)</u>	<u>(3,583)</u>
NET FINANCE INCOME AND EXPENSE	<u>(4,724)</u>	<u>(3,511)</u>

The above finance income and expenses are in respect of assets and liabilities not at fair value through profit or loss.

Finance income comprises interest income on funds invested. Interest income is recognised as it accrues in profit or loss using the effective interest method.

Finance costs comprise interest expense on borrowings calculated using the effective interest method, and the portion of distributions comprising 50% of net income (note 12).

## 7. Receivables

### CURRENT

Rent and interest receivable from lessee	2,530	1,766
Prepayments and other debtors	48	62
	<u>2,578</u>	<u>1,828</u>

### NON-CURRENT

Financial assets - Loan to lessee	<u>750</u>	<u>750</u>
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Financial assets represents a loan to the lessee which is measured initially at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. The loan is interest bearing at a rate of 7.08% (2019: 8.33%). For exposure to credit risk, see note 18.

# REEF CASINO TRUST

## Notes to the financial statements For the year ended 31 December 2020

### 8. Property, plant and equipment

#### (a) Reconciliation of carrying amount

	Site lease \$'000	Building & integral plant \$'000	Plant & equipment \$'000	Carpark Lease right- of- use \$'000	Work in progress \$'000	Total \$'000
AT 1 JANUARY 2019						
At cost or deemed cost	53,000	74,007	61,482	-	160	188,649
Accumulated depreciation/amortisation	(17,696)	(22,386)	(49,959)	-	-	(90,041)
Net carrying amount	35,304	51,621	11,523	-	160	98,608
YEAR ENDED 31 DECEMBER 2019						
Opening net carrying amount	35,304	51,621	11,523	-	160	98,608
Recognition of right-of-use asset on initial application of AASB 16	-	-	-	142	-	142
Adjusted balance at 1 January 2019	35,304	51,621	11,523	142	160	98,750
Index adjustment	-	-	-	3	-	3
Additions	-	-	763	-	1,513	2,276
Disposals	-	-	(17)	-	-	(17)
Transfers from WIP	-	629	863	-	(1,492)	-
Depreciation/amortisation charge	(707)	(1,457)	(2,914)	(70)	-	(5,148)
Closing net carrying amount	34,597	50,793	10,218	75	181	95,864
AT 31 DECEMBER 2019						
At cost or deemed cost	53,000	74,573	62,791	145	181	190,690
Accumulated depreciation/amortisation	(18,403)	(23,780)	(52,573)	(70)	-	(94,826)
Net carrying amount	34,597	50,793	10,218	75	181	95,864
YEAR ENDED 31 DECEMBER 2020						
Opening net carrying amount	34,597	50,793	10,218	75	181	95,864
Index adjustment	-	-	-	1	-	1
Additions	-	-	594	-	1,162	1,756
Transfers from WIP	-	-	1,213	-	(1,223)	(10)
Depreciation/amortisation charge	(633)	(1,292)	(2,361)	(70)	-	(4,356)
Impairment loss	(7,072)	(10,343)	(1,959)	-	-	(19,374)
Reversal of impairment loss	6,999	10,198	1,697	-	-	18,894
Closing net carrying amount	33,891	49,356	9,402	6	120	92,775
AT 31 DECEMBER 2020						
At cost or deemed cost	53,000	74,573	63,397	147	120	191,237
Accumulated depreciation/amortisation & impairment	(19,109)	(25,217)	(53,995)	(141)	-	(98,462)
Net carrying amount	33,891	49,356	9,402	6	120	92,775
<b>Operating leases as lessor</b>						
The Trust leases out the building and integral assets that comprise the Reef Hotel Casino to the operator, CAIC, under separate operating leases. The net carrying value of the assets covered by the leases are as follows:						
Subject to operating lease						
2019	34,597	50,793	10,218	-	181	95,789
2020	33,891	49,356	9,402	-	120	92,769

# REEF CASINO TRUST

## Notes to the financial statements For the year ended 31 December 2020

### 8. Property, plant and equipment (continued)

#### (a) Reconciliation of carrying amount (continued)

Included in the net carrying amount of property, plant and equipment are right-of-use assets as follows:

	Dec 2020 \$'000	Dec 2019 \$'000
Site lease	33,891	34,597
Carpark lease	6	75
Total right-of-use assets	<u>33,897</u>	<u>34,672</u>
<b>Capital expenditure commitments</b>		
Contracted but not provided for and payable:		
Not longer than one year	<u>284</u>	<u>221</u>

#### (b) Accounting policy

##### (i) Recognition and measurement

Site lease, buildings, integral plant, plant and equipment and work in progress are measured at cost or deemed cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

##### (ii) Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Trust.

##### (iii) Depreciation

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognised in profit or loss (note 5).

The estimated useful lives for the current and comparative periods are as follows:

▪ Site lease	75 years
▪ Buildings and integral plant	15 – 73 years
▪ Plant and equipment	2 – 20 years

Depreciation methods, useful lives and residual values are reassessed at each annual reporting date and adjusted if appropriate. During 2019, the Trust reviewed the useful lives of certain fire safety equipment. As a result of this review, these assets have had their expected useful lives decreased. The effect of these changes on actual and expected depreciation expense, included in 'Depreciation and amortisation', was as follows:

	2019 \$'000	2020 \$'000	2021 \$'000	2022 \$'000	Later \$'000
(Decrease) increase in depreciation expense	106	(30)	(30)	(30)	(16)

## Notes to the financial statements For the year ended 31 December 2020

### 8. Property, plant and equipment (continued)

#### (c) External valuation

At 31 December 2020 an independent valuation of the Trust's interest in the Reef Hotel Casino Complex was carried out by CBRE Valuations Pty Limited. The complex was valued at \$132 million. The valuation was determined in line with the process set out below. The current use is considered to be the highest and best use. The Trust's interest in the complex, which is considered to be a single cash generating unit, comprises the building, site lease, casino licence and plant and equipment. The casino licence has an amortised cost of nil (2019: nil).

#### Valuation process

The Trust Constitution requires the Trust to obtain independent valuations of the complex at least once during every 3 years, by an independent valuer, under the instructions given by the Responsible Entity. The valuation is used for disclosure purposes, and also assists the Trust in determining whether there is any impairment of the cash generating unit or reversal of a previously recognised impairment.

The Trust Constitution requires that the valuation is based on the price, at which a property might reasonably be expected to be sold at the date of valuation, assuming:

- i) a willing, but not anxious, buyer and seller; and
- ii) a reasonable period in which to negotiate the sale, having regard to the nature and situation of the property and the state of the market for property of the same kind; and
- iii) that the property was reasonably exposed to that market; and
- iv) that, except in relation to the Casino Licence, no account is taken of the value or other advantage or benefit, additional to market value, to the buyer incidental to ownership of property being valued; and
- v) that the Trust has sufficient resources to allow a reasonable period for the exposure of the property for sale; and
- vi) that the Trust has sufficient resources to negotiate an agreement for the sale of the property.

The valuer utilises industry recognised valuation methodologies. The discounted cash flow method derives the net present value by applying a selected discount rate to the five year cash flow forecast. The market capitalisation method capitalises the present value of the stabilised year forecast net income at a stabilised yield and deducts the present value of the income shortfall from the first year until the year of stabilisation.

As some of the inputs used in these valuation techniques are not based on 'observable market data' the valuation is classified as a level 3 in the fair value hierarchy.

#### (d) Impairment testing

The carrying amount is reviewed at each reporting date to determine whether there is any indication of impairment or that reversal of a previously recognised impairment may be required. If any such indication exists, then the asset's recoverable amount is estimated. This supplements the external valuation in the intervening years.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash generating units (CGU). The recoverable amount of an asset or (CGU) is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. Fair value less costs to sell is based on the external valuation.

Impairment losses are recognised in profit and loss if the carrying amount of the asset or its CGU exceeds the recoverable amount. Impairment losses recognised in respect of CGUs are allocated to reduce the carrying amount on a pro rata basis. An impairment loss is reversed only to the extent that the carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognised.

## Notes to the financial statements For the year ended 31 December 2020

### 8. Property, plant and equipment (continued)

#### (d) Impairment testing (continued)

##### Impairment loss and subsequent reversal

At 30 June 2020, due to the continuing uncertainty of COVID-19, a non-cash impairment charge of \$19.374 million was recorded in relation to the carrying value of the Reef Hotel Casino property, plant and equipment. At 31 December 2020 following an independent valuation \$18.894 million of the loss was reversed.

##### Assessment of recoverable amounts and key assumptions used in assessment

The valuations used to support the carrying amounts of property, plant and equipment assets are based on forward looking key assumptions that are, by nature, uncertain.

#### 31 December 2019

The recoverable amounts were determined based on value-in-use calculations using cash flow projections covering a five-year period. The key assumptions were:

- i) Operating cash flows - projections extracted from the most recent approved budget for the existing asset base, projected for a five-year period determined based on past performance and expectations of future performance. Key assumptions in the cash flows include rental growth, operational costs and the costs of replacement capital works to maintain the facility. These assumptions were based on expectations of market demand and operational performance. Cash flow projections were based on risk-adjusted forecasts allowing for estimated changes in the business, the competitive trading environment and economic growth.
- ii) Discount rates - based on the weighted average cost of capital ('WACC') for the Trust adjusted for an asset specific risk premium assigned to the Trust. The asset-specific risk premium was determined based on risk embedded within the cash flow projections and other factors specific to the industries in which the Trust operates.  

The calculation of WACC is market-driven and key inputs include target capital structure, equity beta, market risk premium, risk free rate of return and debt risk premium and tax rates. Pre-tax equivalents of the adopted discount rates are derived iteratively. The pre-tax rates used were 10.55%.
- iii) Terminal growth rates - cash flows beyond the projection period are extrapolated indefinitely using estimated long-term growth rates applicable to the trading environment in which the Trust operates. A terminal growth rate of 2.5% was applied to the terminal growth cashflows, which was consistent with the growth in revenue forecast over the first 5 years.

#### 30 June 2020 half year

The Trust considered that the ongoing uncertainty regarding COVID-19 which had resulted in trading restrictions as indicators of impairment and therefore determined the recoverable amount of its cash generating unit. In determining the recoverable amount of its cash generating unit, the Trust considered the accounting standards, which state that the recoverable amount is the higher of the cash generating unit's fair value less costs of disposal and its value in use. The Trust determined the recoverable amount using a value in use approach, and considered that the value in use, approximates the fair value less costs of disposal as at the end of that half year.

The recoverable amounts were determined based on value-in-use calculations using cash flow projections covering a five-year period. The key assumptions were:

Operating cash flows - The cash flows were probability weighted based on the following scenarios:

- i) Best case (25% weighting): the complex is open throughout and experiences some trading peaks with increased spend per visitor from pent up demand and government stimulus measures. Queensland domestic borders are open to some states gradually increasing to include all states and New Zealand, domestic tourists replace some international tourists. Consumer demand not returning to pre-pandemic levels until international travel resumes which is estimated to be from mid 2021. International premium players resume from mid 2021. Consumer demand returning to pre-pandemic levels by 2022 and then growing year on year.

## Notes to the financial statements For the year ended 31 December 2020

### 8. Property, plant and equipment (continued)

#### (d) Impairment testing (continued)

##### 30 June 2020 half year (continued)

- ii) Base case (25% weighting): the complex is open throughout. Domestic tourists replace some international tourists. Queensland domestic borders are open to some states with a more gradual increase to include all states and New Zealand, domestic tourists replace some international tourists. International borders open in 2022. No revenue from international premium players in 2021. Consumer demand returning to pre-pandemic levels by 2022 and gradually increasing year on year.
- iii) Negative case (25% weighting): the complex is open throughout, consumer demand is soft. Domestic tourists replace some international tourists. International borders open in 2022. Consumer demand returning to pre-pandemic levels in 2025.
- iv) Worst case (25% weighting): the complex is mandated to close for a second period of 3 months followed by soft consumer demand. International borders open in 2022. Consumer demand returning to pre-pandemic levels after 2025.

Discount rates - pre-tax rates used were 12.27%.

Terminal growth rates - 2.5% was applied to the terminal growth cashflows.

##### 31 December 2020

The recoverable amounts were determined based on the fair value less costs of disposal based on the independent valuation. The key assumptions were:

- Discount rate - 10.75% as independently assessed by CBRE.
- Terminal yield and capitalisation rate - 9%.
- Cash flows were based on forecast revenues as independently assessed by CBRE and operational costs and expenses varied in accordance with visitation and occupancy and inflationary effects.
- To make allowances for the uncertainty of how soon and how strong the recovery from COVID-19 will be the stabilised year used in the market capitalisation method was year 4 (2024).

Due to the uncertainty related to COVID -19 that has led to a reduction in the number of real estate transactions and has impacted the availability of market data as at 31 December 2020, the independent valuation as at 31 December 2020 includes a 'significant valuation uncertainty' declaration, meaning less certainty and a higher degree of caution should be applied to the valuation. The opinion of value has been determined at 31 December 2020 based on a certain set of assumptions used by the valuer, however these could change in a short period of time.

The recoverable amount of \$132 million exceeds the carrying amount of property, plant and equipment measured at cost or deemed cost less accumulated depreciation and accumulated impairment losses of \$92.8 million. The excess provides headroom against changes in key assumptions. The impact on the recoverable amount of changes in key assumptions is:

	Capitalisation rate %	Discount rate %	Terminal yield %
Sensitivity to .5% increase in rate/yield	-\$6.7 million	-\$2.5 million	-\$4.5 million
Sensitivity to .5% decrease in rate/yield	+\$7.5 million	+\$2.5 million	+\$5.0 million

#### (e) Leased assets

##### (i) Trust as lessee accounting policy

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Trust. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

## Notes to the financial statements For the year ended 31 December 2020

### 8. Property, plant and equipment (continued)

#### (e) Leased assets (continued)

##### (i) Trust as lessee accounting policy (continued)

At the commencement date, the Trust measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Trust's incremental borrowing rate. Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised. Additional rentals based on financial performance are not included in the measurement of lease liability and are recognised on a straight-line basis as an expense in profit or loss.

Subsequent to initial measurement, the lease liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in future lease payments resulting from a change in index or rate. When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

Right-of-use assets are measured at cost comprising the amount of the initial measurement of lease liability, any lease payments made at or before the commencement date less any lease incentives received, any initial direct costs, and restoration costs.

The Trust depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Trust also assesses the right-of-use asset for impairment when such indicators exist.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

In the statement of financial position right-of-use assets have been included in property, plant and equipment in the same line items as underlying assets of the same nature that are owned.

##### (ii) Site lease

The Trust paid \$53 million to the Queensland Government by way of a lump sum prepayment of the rental payable for the term of the lease (75 years) for the site on which the Reef Hotel Casino complex is situated. At 31 December 2020, the remaining term of the site lease was 48 years. The conditions of the lease are set out in the Cairns Casino Agreement which forms part of the Cairns Casino Agreement Act 1993. Negotiations for a further lease can take place during the last 10 years. The lease cannot be assigned or sublet without consent of the Minister. The site is required to be used for commercial purposes only.

##### (iii) Operating leases as lessor

The Trust leases out the Reef Hotel Casino under casino, hotel and ancillary facilities operating lease agreements which expire on 26 October 2029 and will automatically extend from year to year until 16 June 2054 subject to certain ownership conditions being met. Base rent is set out in the lease (and is indexed annually) and additional rent is based on financial performance.

The future minimum lease payments shown do not include rentals which are contingent on revenue of the operator, and do not include recovery of outgoings. The future minimum lease payments receivable under non-cancellable leases are as follows:



# REEF CASINO TRUST

## Notes to the financial statements For the year ended 31 December 2020

### 8. Property, plant and equipment (continued)

(iv) Operating leases as lessor (continued)

	Dec 2020 \$'000	Dec 2019 \$'000
Less than one year	1,179	1,156
Between one and two years	1,179	1,156
Between two and three years	1,179	1,156
Between three and four years	1,179	1,156
Between four and five years	1,179	1,156
More than five years	33,652	34,142
	<b>39,547</b>	<b>39,922</b>

#### (f) Lease liabilities

Future minimum lease payment were as follows:

	2020 \$'000	2019 \$'000
Less than one year	-	72
Between one and two years	-	-
<b>Future minimum lease payments</b>	-	72
Interest	-	1
<b>Present value of minimum lease payments</b>	-	71

#### (g) Lease payments recognised in the statement of profit or loss

Interest on lease liabilities (included in finance cost)	2	5
Expenses relating to short-term leases (included in other expenses)	11	11
Expenses relating to variable lease payments not included in lease liabilities (included in other expenses)	-	3
	<b>13</b>	<b>19</b>

Total cash outflow for leases in 2020 was \$85,223 (2019: \$86,933).

### 9. Payables

Trade creditors and accruals – unsecured	1,635	1,627
Accrued distributions (note 12)	4,587	2,580
	<b>6,222</b>	<b>4,207</b>

Payables are measured initially at fair value and subsequently measured at amortised cost using the effective interest method.

# REEF CASINO TRUST

## Notes to the financial statements For the year ended 31 December 2020

### 10. Loans and borrowings

	Facility available		Facility used		Facility unused	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
NON-CURRENT						
Bank loan – BOQ Limited (expires 31 January 2022*)	13,500	13,500	200	500	13,300	13,000
	<b>13,500</b>	13,500	<b>200</b>	500	<b>13,300</b>	13,000

The Trust's loans and borrowings are measured at amortised cost. For more information about the Trust's exposure to interest rate and liquidity risk, see note 18.

The bank loan is secured by a registered first and second mortgage over the Special Lease (a Crown lease for a term of 75 years under which the Trust occupies the site on which the complex is built) and a first ranking fixed and floating equitable charge over the whole of the assets and undertakings of the Trust.

Interest is payable at a fixed margin over Bank of Queensland's cost of funds and is calculated daily on the drawn down value.

\* Effective 31 January 2021 the term of the \$13.5 million loan with the Bank of Queensland has been extended until 31 January 2025.

### 11. Issued units

	Dec 2020 \$'000	Dec 2019 \$'000
49,801,036 (December 2019: 49,801,036) units		
Issued units – equity portion	85,051	85,051
Issued units – liability portion	85,051	85,051
	<b>170,102</b>	170,102

The number of issued units includes 740,000 (December 2019: 740,000) restricted founder units.

Founder units can only be transferred with consent of the founders and the Governor of Queensland and by making a binding covenant to be bound by the Foundation Agreement. Founder units cannot be encumbered.

#### Compound financial instruments – issued units

The Trust Constitution contains a contractual obligation to distribute at least 50% of Trust income for any income period. The issued units have therefore been classified as a compound financial instrument containing both a liability and an equity component. The liability component is measured at amortised cost using the effective interest method. As the fair value of future distributions cannot be ascertained with any certainty, the directors of the Responsible Entity have determined that the liability component comprises 50% of the value of total issued units with the equity component comprising the other 50% in line with the obligation to distribute 50% of Trust income.

# REEF CASINO TRUST

## Notes to the financial statements For the year ended 31 December 2020

### 12. Distributions

#### Distributable income

The Trust Constitution requires calculation of distributable income for each half yearly period commencing either on the first day of January or July and the amount transferred to a distribution account on the last day of such period. As the Trust must distribute at least 50% of net income for the period, this 50% is classified as a liability, and shown as an accrued liability on the statement of financial position (note 9). The remaining portion of the distribution is debited directly to equity and recognised as a liability in the period it is declared.

The proposed distribution for the six months ended 31 December 2020 was declared on 24 February 2021, and accounted for as follows:

	Dec 2020 \$'000	Dec 2019 \$'000
DISTRIBUTION ACCOUNT (refer to statement of changes in equity)		
Balance relating to issued units – equity portion	274	2,698
ACCRUED DISTRIBUTION (payables – note 9)		
Balance relating to issued units – liability portion	4,587	2,580
<b>TOTAL OF DISTRIBUTION ACCOUNTS</b>	<b>4,861</b>	<b>5,278</b>

	Dec 2020		Dec 2019	
	Total \$'000	Cents per Unit	Total \$'000	Cents per Unit
Distributions paid and payable				
Half year ended 30 June paid September	-	-	1,514	3.04
Half year ended 31 December paid/payable March	4,861	9.76	5,279	10.60
	<b>4,861</b>	<b>9.76</b>	<b>6,793</b>	<b>13.64</b>

### 13. Segment information

The results and financial position of the Trust's single operating segment are prepared for the board on a basis consistent with Australian Accounting Standards and thus no additional disclosures in relation to the revenues, profit or loss, assets and liabilities and other material items have been made. Entity-wide disclosures are detailed below:

	Dec 2020 \$'000	Dec 2019 \$'000
RENTAL INCOME		
Casino operations	13,876	15,839
Hotel and other non-casino operations	1,678	3,059
	<b>15,553</b>	<b>18,898</b>

Rental income is received from the lessee of the complex, Casinos Austria International (Cairns) Pty Ltd, which is the Trust's only customer. All revenue received and non-current assets held are located in one geographical area – Australia.

# REEF CASINO TRUST

## Notes to the financial statements For the year ended 31 December 2020

	Dec 2020 \$'000	Dec 2019 \$'000
<b>14. Cash and cash equivalents</b>		
Cash (held in interest bearing accounts, at call)	<b>4,079</b>	2,957
<b>Reconciliation of cash flows from operating activities</b>		
PROFIT / (LOSS) FOR THE YEAR	<b>(209)</b>	3,335
ADJUSTMENTS FOR:		
Loss on disposal of property, plant and equipment	-	9
Finance costs attributable to unitholders	<b>4,587</b>	3,336
Depreciation and amortisation	<b>4,423</b>	5,215
Impairment	<b>19,374</b>	-
Reversal of impairment	<b>(18,894)</b>	-
NET CASH FROM OPERATING ACTIVITIES BEFORE CHANGES IN WORKING CAPITAL	<b>9,281</b>	11,895
Changes in operating assets and liabilities		
(Increase)/decrease in receivables and other assets	<b>(750)</b>	456
Increase/(decrease) in payables	<b>(124)</b>	187
Increase/(decrease) in deferred income	<b>(3)</b>	(7)
NET CASH FROM OPERATING ACTIVITIES	<b>8,404</b>	12,531

### Reconciliation of liabilities and associated equity balances arising from financing activities

	Loan	Liabilities Lease Liability	Accrued distribution	Equity Distribution account	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
AT 1 JANUARY 2019	4,200	-	2,632	2,631	9,463
Recognised on adoption of AASB 16	-	136	-	-	136
Index adjustment	-	3	-	-	3
Cashflows	(3,700)	(68)	(3,388)	(3,391)	(10,547)
Distribution paid/payable	-	-	3,336	3,458	6,794
AT 31 DECEMBER 2019	<b>500</b>	<b>71</b>	<b>2,580</b>	<b>2,698</b>	<b>5,849</b>
AT 1 JANUARY 2020	<b>500</b>	<b>71</b>	<b>2,580</b>	<b>2,698</b>	<b>5,849</b>
Index adjustment	-	1	-	-	1
Cashflows	<b>(300)</b>	<b>(72)</b>	<b>(2,580)</b>	<b>(2,698)</b>	<b>(5,651)</b>
Distribution paid/payable	-	-	4,587	274	4,861
AT 31 DECEMBER 2020	<b>200</b>	<b>-</b>	<b>4,587</b>	<b>274</b>	<b>5,060</b>

# REEF CASINO TRUST

## Notes to the financial statements For the year ended 31 December 2020

### 15. Related party information

#### The Responsible Entity

The Responsible Entity of Reef Casino Trust is Reef Corporate Services Limited (ABN 66 057 599 621) which is jointly controlled by Casinos Austria International Limited and Accor Casino Investments (Australia) Pty Ltd.

#### Key management personnel

	Short-term salary & fees	Post-employment superannuation benefits	Total
	\$	\$	\$
<b>2020</b>			
<b>Non-executive directors</b>			
Richard Haire	117,000	11,115	128,115
Benjamin Macdonald	56,250	5,344	61,594
Keith DeLacy	62,250	5,914	68,164
Christoph Zurucker-Burda	-	-	-
Michael Issenberg	-	-	-
Simon McGrath	-	-	-
Philip Basha	-	-	-
<b>Executive director</b>			
Allan Tan (Chief Executive Officer - Operator)	92,962	-	92,962
<b>Executive</b>			
Alison Galligan (Company Secretary)	130,496	-	130,496
<b>Total</b>	<b>458,958</b>	<b>22,373</b>	<b>481,331</b>
<b>2019</b>			
<b>Non-executive directors</b>			
Richard Haire	156,000	14,820	170,820
Benjamin Macdonald	75,000	7,125	82,125
Keith DeLacy	83,000	7,885	90,885
Christoph Zurucker-Burda	-	-	-
Michael Issenberg	-	-	-
Simon McGrath	-	-	-
Philip Basha	-	-	-
<b>Executive director</b>			
Allan Tan (Chief Executive Officer - Operator)	85,800	-	85,800
<b>Executive</b>			
Alison Galligan (Company Secretary)	120,485	-	120,485
<b>Total</b>	<b>520,285</b>	<b>29,830</b>	<b>550,115</b>

Only directors who are not full time executives of Casinos Austria International Limited group or Accor Asia Pacific group receive director fees which are reimbursed by the Trust.

The Trust has no employees and pays no amounts directly to executives. The amounts disclosed above have been reimbursed by the Trust to Casinos Austria International Limited, the employer of executives involved in the management of the Trust. The amount is based on an allocation of the executive's time spent on managing the affairs of the Trust (and includes on costs).

The Responsible Entity determines remuneration levels and ensures they are competitively set to attract and retain appropriately qualified and experienced directors. This is determined by given trends in other public companies in the same industry.

# REEF CASINO TRUST

## Notes to the financial statements For the year ended 31 December 2020

### 15. Related party information (continued)

#### Key management personnel (continued)

None of the directors of the Responsible Entity has or has had any interest in the promotion of the Trust or in the property acquired for the purposes of the Trust other than the directors of the Responsible Entity who are entitled to receive directors' fees which are reimbursed by the Trust, as set out above.

During the financial year the Trust has paid premiums to insure current and former directors and officers of the Responsible Entity against liabilities arising as a result of work performed in their capacity as directors or officers of the Responsible Entity.

The insurance policy prohibits disclosure of the nature of the liability insured against and the amount of the premium.

#### Unit holdings of directors of the Responsible Entity

Name	Balance at start of the year	Changes during the year	Balance at end of the year
	Number	Number	Number
Richard Haire	-	-	-
Benjamin Macdonald	263,750	-	<b>263,750</b>
Keith DeLacy	5,000	-	<b>5,000</b>
Christoph Zurucker-Burda	-	-	-
Michael Issenberg	221,000	-	<b>221,000</b>
Allan Tan	79,950	-	<b>79,950</b>
Simon McGrath	-	-	-
Philip Basha	-	-	-

#### Responsible Entity's remuneration

	Transactions value		Balance outstanding	
	Dec 2020	Dec 2019	Dec 2020	Dec 2019
	\$	\$	\$	\$
Fees paid or payable by the Trust to Reef Corporate Services Limited during the year				
Responsible Entity fee	<b>1,179,246</b>	1,242,738	563,675	623,085
Reimbursement of Trust expenses	<b>97,996</b>	132,064	-	-

Under the Trust Constitution, the Responsible Entity is entitled to fees amounting to:

- (i) Half yearly fees calculated as 0.375% of the value of net assets of the Trust (as defined in the Trust Constitution) as at the last day of the half year period just completed, paid quarterly, plus
- (ii) Half yearly fees calculated as the greater of \$37,500 indexed and a fee calculated on a sliding scale by reference to the value of gross assets (as defined in the Trust Constitution), payable within two months of the end of each half yearly period.

The Responsible Entity is also entitled to reimbursement of Trust expenses incurred on behalf of the Trust.

# REEF CASINO TRUST

## Notes to the financial statements For the year ended 31 December 2020

### 15. Related party information (continued)

#### Other related parties

- Casinos Austria International Limited and Accor Casino Investments (Australia) Pty Limited jointly control the lessee.
- Reef Casino Investments Pty Ltd (jointly owned by Casinos Austria International Limited and Accor Casino Investments (Australia) Pty Ltd) directly owns 50.2% (2019: 50.2%) of Reef Casino Trust.
- Casinos Austria International Holding GmbH (the parent company of Casinos Austria International Limited) is incorporated in Austria and directly owns 11.37% (2019: 11.37%) of Reef Casino Trust.
- Casinos Austria International Limited directly owns 5.53% (2019: 5.53%) of Reef Casino Trust and Accor Casino Investments (Australia) Pty Ltd directly owns 4.86% (2019: 4.86%) of Reef Casino Trust.

Each of these entities is considered to be a related party and transactions and balances with these entities are summarised below.

	Transaction value		Balance outstanding	
	Dec 2020	Dec 2019	Dec 2020	Dec 2019
	\$	\$	\$	\$
Aggregate amounts brought to account in relation to transactions with other related parties:				
Rental income received from lessee	<b>15,552,803</b>	18,898,405	<b>2,525,878</b>	1,760,394
Interest on loan to lessee	<b>50,181</b>	64,456	<b>4,498</b>	5,306
Operating expenses paid by the Trust to the lessee and entities related to the Responsible Entity	<b>1,989,242</b>	2,982,999	<b>309,845</b>	190,898
Management fee to lessee	<b>150,771</b>	146,626	<b>37,030</b>	36,368
Distribution paid or payable	<b>5,242,957</b>	4,840,746	<b>3,300,840</b>	1,856,786
Aggregate amounts receivable/payable with related parties at balance date:				
Current receivables			<b>2,530,376</b>	1,765,700
Non-current receivables			<b>750,000</b>	750,000
Current payables			<b>910,550</b>	850,351
Accrued distribution			<b>3,353,311</b>	1,886,302

All of the above transactions were conducted under normal commercial terms and conditions, and where applicable, in accordance with lease agreements.

#### Controlling entity

The ultimate chief parent entity is Reef Casino Investments Pty Ltd which is incorporated in Australia.

# REEF CASINO TRUST

## Notes to the financial statements For the year ended 31 December 2020

### 16. Remuneration of auditors

During the year the following fees were paid or payable for services provided by the auditor of the Trust:

	Dec 2020 \$	Dec 2019 \$
GRANT THORNTON AUDIT PTY LTD		
Audit of statutory financial reports	72,100	70,800
Other assurance services	29,257	25,317
	<u>101,357</u>	<u>96,117</u>

### 17. Earnings per unit

Basic earnings per unit is calculated by dividing the profit or loss attributable to unitholders of the Trust by the weighted average number of the equity component of issued units outstanding during the period.

	Dec 2020 Cents	Dec 2019 Cents
Basic and diluted earnings / (loss) per unit (cents)	<u>(0.84)</u>	13.40
WEIGHTED AVERAGE NUMBER OF UNITS (EQUITY PORTION) FOR THE YEAR (NOTE 11)	24,900,518	24,900,518
Profit / (loss) for the year	\$'000 (209)	\$'000 3,335

### 18. Financial instruments – fair values and risk management

The Trust has exposure to the following risks from its use of financial instruments: credit risk, liquidity risk, and market risk.

#### Risk management framework

The board has overall responsibility for the establishment and oversight of the risk management framework. The board has established a Compliance, Audit and Risk Committee, with responsibilities including the review of risk management policies and reports. The committee reports regularly to the board on its activities.

#### Credit risk

Credit risk is the risk of financial loss to the Trust if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Trust's receivables from customers.

The carrying amount of financial assets represents the maximum credit exposure. The Trust's most significant customer, Casinos Austria International (Cairns) Pty Ltd (lessee of the Reef Hotel Casino), accounts for \$3,280,376 of the receivables carrying amount at 31 December 2020 (2019: \$2,515,700). Details of the lease agreement are contained in note 8.

#### Liquidity risk

Liquidity risk is the risk that the Trust will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Trust's approach to managing liquidity is to use cash flow management and forecasts to ensure there is enough cash to meet liabilities when due.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements.



# REEF CASINO TRUST

## Notes to the financial statements For the year ended 31 December 2020

### 18. Financial instruments – fair values and risk management (continued)

#### Liquidity risk (continued)

	Carrying amount \$'000	Contractual cash flows \$'000	Less than 1yr \$'000	1 to 2 years \$'000	2 to 5 years \$'000
<b>31 DECEMBER 2020</b>					
NON-DERIVATIVE FINANCIAL LIABILITIES					
Trade creditors and accruals	1,635	1,635	1,635	-	-
Accrued distribution	4,587	4,587	4,587	-	-
Bank borrowings	200	209	8	201	-
Lease liabilities	-	-	-	-	-
Issued units – liability portion*	85,051	-	-	-	-
<b>31 DECEMBER 2019</b>					
NON-DERIVATIVE FINANCIAL LIABILITIES					
Trade creditors and accruals	1,627	1,627	1,627	-	-
Accrued distribution	2,580	2,580	2,580	-	-
Bank borrowings	500	565	21	21	523
Lease liabilities	71	72	72	-	-
Issued units – liability portion*	85,051	-	-	-	-

\* Future cash flows from the liability portion of issued units are dependent on the future income of the Trust (refer to note 11). Finance costs attributable to unitholders for the year ended 31 December 2020 totalled \$4,587,000 (2019: \$3,336,000).

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

#### Market risk

Market risk is the risk that changes in market prices, such as interest rates will affect the Trust's income. The Trust generally manages interest rate exposure by considering a balance of fixed interest debt to variable interest debt with some flexibility to adjust the ratio, and investing excess cash at variable interest rates.

#### Interest rate risk

At the reporting date the interest rate profile of the Trust's interest-bearing financial instruments was:

	Dec 2020 \$'000	Dec 2019 \$'000
VARIABLE RATE INSTRUMENTS		
Financial assets	4,829	3,707
Financial liabilities	(200)	(500)
	<b>4,629</b>	<b>3,207</b>

#### Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates would increase or decrease the Trust's finance income by \$48,000 (2019: \$37,000), finance costs by \$2,000 (2019: \$5,000) and profit for the year by \$46,000 (2019: \$32,000).

# REEF CASINO TRUST

## Notes to the financial statements For the year ended 31 December 2020

### 18. Financial instruments – fair values and risk management (continued)

#### Fair values

The fair values of financial assets and liabilities, together with the carrying amounts shown in the statement of financial position, are as follows:

	31 December 2020		31 December 2019	
	Carrying amount \$'000	Fair value \$'000	Carrying amount \$'000	Fair value \$'000
<b>ASSETS CARRIED AT AMORTISED COST</b>				
Cash and cash equivalents	4,079	4,079	2,957	2,957
Receivables	3,328	3,328	2,578	2,578
	<b>7,407</b>	<b>7,407</b>	5,535	5,535
<b>LIABILITIES CARRIED AT AMORTISED COST</b>				
Payables	6,222	6,222	4,207	4,207
Loans and borrowings	200	200	500	500
Issued units – liability portion	85,051	68,476	85,051	65,986
	<b>91,473</b>	<b>74,898</b>	89,758	70,693

#### Interest rates used for determining fair value

The interest rates used to discount estimated cash flows are as follows:

	2020	2019
Receivables	7.08%	8.33%
Loans and borrowings	3.92%	4.27%

#### Fair value hierarchy

The Trust uses the following hierarchy in determining and disclosing the fair value of a financial instrument:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

#### (i) Current receivables and current payables

Due to the short-term nature of the Trust's current receivables and current payables, their carrying value is assumed to approximate their fair value.

#### (ii) Non-current receivables and loans and borrowings

The fair value of the Trust's non-current receivables and loans and borrowings is estimated as the present value of future cash flows (principal and interest), discounted at the market rate of interest at the reporting date. The inputs used are classified as level 2.

#### (iii) Issued units – liability portion

Fair value is based on the quoted market price per unit at the reporting date and is a level 1 input.

## Notes to the financial statements For the year ended 31 December 2020

### 19. Capital management

The Trust policy is to maintain the current level of issued units (2020: \$170,102,000; 2019: \$170,102,000). Capital requirements are assessed based on budgeted cash flows and capital expenditure commitments and are monitored on an ongoing basis. Should new funding be required for enhancement or for investment in new opportunities the Trust will consider an appropriate balance of new equity and/or debt funding. Surplus funds are used to repay debt.

The board sets the level of distributions to unitholders taking into account the requirements of the Trust Constitution which require that the Trust must distribute at least 50% of net distributable income for each half yearly period commencing either on the first day of January or July and the taxation legislation regarding Trust distributions. It is the board's current policy to distribute all of the Trust's distributable income.

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## Directors' declaration

- 1 In the opinion of the directors of Reef Corporate Services Limited, the Responsible Entity of Reef Casino Trust:
  - (a) the financial statements and notes that are set out in pages 18 to 41, are in accordance with the *Corporations Act 2001*, including:
    - (i) giving a true and fair view of the Trust's financial position as at 31 December 2020 and of its performance for the financial year ended on that date; and
    - (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001; and
  - (b) there are reasonable grounds to believe that the Trust will be able to pay its debts as and when they become due and payable.
- 2 The directors have been given the declarations required by Section 295A of the *Corporations Act 2001* from the chief executive officer and chief financial officer for the financial year ended 31 December 2020.
- 3 The directors draw attention to note 2(a) to the financial statements which includes a statement of compliance with International Financial Reporting Standards.

Signed in accordance with a resolution of the directors of Reef Corporate Services Limited:



**Richard Haire**  
Director

Brisbane  
24 February 2021



**Keith DeLacy**  
Director

## Independent Auditor's Report

To the Unitholders of Reef Casino Trust

### Report on the audit of the financial report

#### Opinion

We have audited the financial report of Reef Casino Trust (the Trust), which comprises the statement of financial position as at 31 December 2020, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the Directors' declaration.

In our opinion, the accompanying financial report of the Trust is in accordance with the *Corporations Act 2001*, including:

- a giving a true and fair view of the Trust's financial position as at 31 December 2020 and of its performance for the year ended on that date; and
- b complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

#### Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Trust in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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**Key audit matter**
**How our audit addressed the key audit matter**
**Determination and recognition of revenue – Note 4**

The Trust leases its facilities to a related party, Casinos Austria International (Cairns) Pty Ltd (the Lessee). Accordingly the Trust's rental revenue is determined in accordance with the lease agreements between the Trust and the Lessee.

Rental revenue comprises two components: a base rent and a contingent rent. The base rent component is indexed yearly and recognised on a straight line basis over the lease term.

The contingent rent component is based on the financial performance and results of the Lessee and is recognised when contractually due. The contingent rent component comprises the majority of total rental revenue.

This is a key audit matter given that it is material to the Trust's results and is recognised based on the financial performance and results of the Lessee.

Our procedures included, amongst others:

- Assessing the design and implementation of management's controls over the determination and recognition of rental revenue;
- Analysing management's calculation of rental revenue in accordance with the lease agreements and with the audited financial statements of the Lessee;
- Agreeing whether the inputs to management's calculation of contingent rental revenue are in accordance with the lease agreements and with the audited financial statements of the Lessee; and
- Assessing the appropriateness and sufficiency of the work performed on the Lessee's financial statements for the relevant period by the Lessee's auditor.

**Carrying value of property, plant and equipment – Note 8**

AASB 136 *Impairment of Assets* requires that an entity shall assess at the end of each reporting period whether there is any indication that an asset may be impaired, or that reversal of a previously recognised impairment may be required. If any indication exists, the entity shall estimate the recoverable amount of the asset or cash generating unit (CGU) to which the asset belongs.

The assessment of indicators of impairment and reversal of impairment is judgemental and includes an assessment of a range of external and internal factors which could impact the recoverable amount of the CGU. In determining the recoverable amount as at 31 December 2020, the Trust engaged an external party to perform an independent valuation of the Trust's Reef Hotel Casino complex. Key estimates and judgements in determining the recoverable amount of the CGU include net operating cash flows, income adjustments for uncertainty over future periods and an appropriate capitalisation rate.

As at 31 December 2020 there continues to be valuation uncertainty arising from the COVID-19 pandemic and the response of Government. Given the market conditions at balance date, the independent valuers have reported on the basis of the existence of 'significant valuation uncertainty', noting that less certainty, and a higher degree of caution, should be attached to the valuation than would normally be the case. In this situation the disclosures in the financial statements provide particularly important information about the assumptions made in the independent valuation and the market conditions at 31 December 2020.

This is a key audit matter for the reasons mentioned above, and given that property, plant and equipment is material to the Trust's Statement of Financial Position. We consider it important that attention is drawn to the information in Note 8 in assessing the recoverable amount in accordance with the independent valuation.

Our procedures included, amongst others:

- Obtaining an understanding of management's processes and controls related to the assessment of impairment or reversal of a previously recognised impairment, including the calculation of the recoverable amount for the CGU;
- Evaluating the competence, capabilities and objectivity of management's experts (including the independent valuer);
- Assessing and challenging management's experts' calculations against the requirements of AASB 136 and AASB 13, by:
  - evaluating management's past history of accurately forecasting future cash flows and assessing the use of management's cash flow forecasts in the independent valuation;
  - challenging the forecasted cash inflows and outflows (net operating income) to be derived by the CGU;
  - reviewing the capitalisation rate determined by management's experts,
  - testing the mathematical accuracy of the calculations; and
  - performing sensitivity analysis on the significant inputs and assumptions made by management's experts in determining the recoverable amount, including net operating income, capitalisation rate and discount rate.
- Assessing the accounting treatment of the impairment loss of \$19.4m recorded at 30 June 2020 and the subsequent reversal of impairment of \$18.9m recorded at 31 December 2020 in accordance with AASB 136; and
- Assessing the adequacy of related disclosures in the financial statements.

**Information other than the financial report and auditor's report thereon**

The Directors of Reef Corporate Services Limited, the Responsible Entity of the Trust, are responsible for the other information. The other information comprises the information included in the Trust's annual report for the year ended 31 December 2020, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### **Responsibilities of the Directors for the financial report**

The Directors of the Responsible Entity of the Trust are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Directors are responsible for assessing the Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Trust or to cease operations, or have no realistic alternative but to do so.

#### **Auditor's responsibilities for the audit of the financial report**

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: [https://www.auasb.gov.au/auditors\\_responsibilities/ar2.pdf](https://www.auasb.gov.au/auditors_responsibilities/ar2.pdf). This description forms part of our auditor's report.

#### **Report on the audit of non-IFRS information**

##### **Opinion on non-IFRS information**

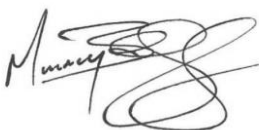
In our opinion, the non-IFRS information disclosed as distributable profit included in the chairman's review on pages 2-4 for the year ended 31 December 2020 is prepared, in all material respects, in accordance with the basis of preparation set out on page 4.

#### **Responsibilities**

The Directors of the Responsible Entity of the Trust are responsible for the preparation and presentation of the non-IFRS financial information in accordance with the basis of preparation set out on page 2 and for having regard to the guidelines set out in the ASIC Regulatory Guide 230: Disclosing Non-IFRS Financial Information. Our responsibility is to express an opinion on the non-IFRS financial information, based on our audit in accordance with auditing standards.



Grant Thornton Audit Pty Ltd  
Chartered Accountants



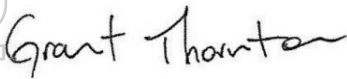
M C Bragg  
Partner – Audit & Assurance  
Brisbane, 24 February 2021

## Auditor's Independence Declaration

To the Directors of the Responsible Entity of Reef Casino Trust

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the audit of Reef Casino Trust for the year ended 31 December 2020, I declare that, to the best of my knowledge and belief, there have been:

- a no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- b no contraventions of any applicable code of professional conduct in relation to the audit.



Grant Thornton Audit Pty Ltd  
Chartered Accountants



M C Bragg  
Partner – Audit & Assurance

Brisbane, 24 February 2021