REEF
CASINO TRUST

25 March 2014

The Manager
Company Announcements Office
ASX Limited

Dear Sir/Madam

Reef Casino Trust (ASX: RCT) – takeover bid by Aquis Casino Acquisitions Pty Ltd ACN 166 108 701
Target's Statement

We attach, by way of service pursuant to item 14 of section 633(1) of the *Corporations Act 2001* (Cth):

- a copy of the target's statement of Reef Casino Trust (**RCT**) in response to the off-market takeover bid by Aquis Casino Acquisitions Pty Ltd ACN 166 108 701 for all the units in RCT; and
- all additional information sent to offerees (as required by section 633(7) of the *Corporations Act 2001* (Cth)).

The target's statement has today been lodged with the Australian Securities and Investments Commission and sent to Aquis Casino Acquisitions Pty Ltd.

Yours sincerely

Alison Galligan
Company Secretary
Reef Corporate Services Limited

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Reef Casino Trust
ARSN 093 156 293

Dear Reef Casino Trust Unitholder

Takeover bid by Aquis Casino Acquisitions Pty Ltd

By now hopefully you have received a copy of a Bidder's Statement issued by Aquis outlining its takeover offer for Reef Casino Trust.

I enclose for your attention the Target's Statement in response to Aquis' offer.

I would like to let you know that:

- your Board has received a recommendation from the Independent Directors who considered Aquis' offer;
- the Independent Expert appointed to review Aquis' offer has determined that Aquis' offer is fair and reasonable. The Independent Expert's report is included as a schedule to the Target's Statement;
- your Directors unanimously recommend that you **ACCEPT** Aquis' offer in the absence of a superior offer; and
- each of your Directors also intends to **ACCEPT** Aquis' offer in respect of their unitholdings in the absence of a superior offer.

Further detail about Aquis' offer and the Directors' reasons for recommending Aquis' offer are included in the Target's Statement.

I encourage you to read the Target's Statement carefully before deciding whether or not to accept Aquis' offer. You should seek independent legal and financial advice if you are in doubt about whether to accept Aquis' offer.

To **ACCEPT** Aquis' Offer you need to take the steps in section 9.3 of the Bidder's Statement. To **REJECT** Aquis' offer, you do not need to take any action.

If you have any questions regarding the Target's Statement, the Bidder's Statement or Aquis' offer, please contact the RCT Offer information line on 1300 559 817 (for calls made within Australia) or +61 3 9415 4613 (for calls made from outside Australia).

Yours sincerely

B Macdonald

Ben Macdonald
Chairman, Reef Corporate Services Limited

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This is an important document and requires your immediate attention. If you are in any doubt about how to deal with this document, you should contact your broker, financial adviser or legal adviser immediately.

Reef Casino Trust

Reef Corporate Services Limited ABN 66 057 599 621
as responsible entity for Reef Casino Trust ARSN 093 156 293

Target's Statement

YOUR DIRECTORS, INDEPENDENT AND NON-INDEPENDENT, **UNANIMOUSLY RECOMMEND** THAT YOU ACCEPT THE TAKEOVER OFFER FROM AQUIS (IN THE ABSENCE OF A SUPERIOR PROPOSAL).

This Target's Statement has been issued in response to the off-market takeover bid made by Aquis Casino Acquisitions Pty Ltd ACN 166 108 701.

HERBERT
SMITH
FREEHILLS

Australian legal adviser to Reef Corporate Services Limited, responsible entity for Reef Casino Trust

Important notices

Nature of this document

This document is a Target's Statement issued by Reef Corporate Services Limited ABN 66 057 599 621 (**RCSL**) as responsible entity for Reef Casino Trust ARSN 093 156 293 (**RCT**) under Part 6.5 Division 3 of the Corporations Act in response to the off-market takeover bid made by Aquis Casino Acquisitions Pty Ltd ACN 166 108 701 (**Aquis**) for all the Units in RCT.

A copy of this Target's Statement was lodged with ASIC and given to ASX on 25 March 2014. Neither ASIC nor ASX nor any of their respective officers take any responsibility for the content of this Target's Statement.

Key dates

Date of Aquis' Offer	24 March 2014
Date of this Target's Statement	25 March 2014.
Close of Aquis' Offer Period (unless extended or withdrawn)	7pm (Sydney time) on 31 October 2014.

RCT Unitholder information

RCT has established a Unitholder information line which Unitholders may call if they have any queries in relation to Aquis' Offer. The telephone number for the Unitholder Information Line is 1300 559 817 (for calls made from within Australia) or +61 3 9415 4613 (for calls made from outside Australia). Please note that calls to the Unitholder Information Line may be recorded.

Further information relating to Aquis' Offer can be obtained from RCT's website at www.reefcasino.com.au/trust.

Defined terms

A number of defined terms are used in this Target's Statement. These terms are capitalised and explained in section 11 of this Target's Statement. In addition, unless the contrary intention appears or the context requires otherwise, words and phrases used in the Corporations Act have the same meaning and interpretation as in the Corporations Act.

No account of personal circumstances

This Target's Statement does not take into account your individual objectives, financial situation or particular needs. It does not contain personal advice. Your Directors encourage you to seek independent financial and taxation advice before making a decision as to whether or not to accept the Offer.

Disclaimer as to forward looking statements

Some of the statements appearing in this Target's Statement (including in the Independent Expert's Report) may be in the nature of forward looking statements. You should be aware that such statements are only predictions and are subject to inherent risks and uncertainties. Those risks and uncertainties include factors and risks specific to the industry in which RCT operates as well as general economic conditions, prevailing exchange rates and interest rates and conditions in the financial markets.

Actual events or results may differ materially from the events or results expressed or implied in any forward looking statement. None of RCT, RCT's officers and employees, any persons named in this Target's Statement with their consent or any person involved in the preparation of this Target's Statement, makes any representation or warranty (express or implied) as to the accuracy or likelihood of fulfilment of any forward looking statement, or any events or results expressed or implied in any forward looking statement, except to the extent required by law. You are cautioned not to place undue reliance on any forward looking statement. The forward looking statements in this Target's Statement (including in the Independent Expert's Report) reflect views held only as at the date of this Target's Statement.

Disclaimer as to information

The information on Aquis, including its related parties, contained in this Target's Statement has been prepared by RCT using publicly available information and information contained in the Bidder's Statement. The information in the Target's Statement concerning Aquis, including Aquis' assets and liabilities, financial position, funding and performance, profits and losses and prospects and information about its related parties, has not been independently verified by RCT. Accordingly RCT does not, subject to the Corporations Act, make any representation or warranty, express or implied, as to the accuracy or completeness of such information.

Foreign jurisdictions

The release, publication or distribution of this Target's Statement in jurisdictions other than Australia may be restricted by law or regulation in such other jurisdictions and persons who come into possession of it should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable laws or regulations. This Target's Statement has been prepared in accordance with Australian law and the information contained in this Target's Statement may not be the same as that which would have been disclosed if this Target's Statement had been prepared in accordance with the laws and regulations outside Australia.

Maps and diagrams

Any diagrams, charts, maps, graphs and tables appearing in this Target's Statement are illustrative only and may not be drawn to scale. Unless stated otherwise, all data contained in diagrams, charts, maps, graphs and tables is based on information available at the date of this Target's Statement.

Privacy

RCT has collected your information from the register of Unitholders for the purpose of providing you with this Target's Statement. The type of information RCT has collected about you includes your name, contact details and information on your unitholding in RCT. Without this information, RCT would be hindered in its ability to issue this Target's Statement. The Corporations Act requires the name and address of Unitholders to be held in a public register. Your information may be disclosed on a confidential basis to RCT's Related Bodies Corporate and external service providers (such as the Unit registry of RCT and print and mail service providers) and may be required to be disclosed to regulators such as ASIC.

If you would like details of information about you held by RCT, please contact Computershare Investor Services Pty Limited at:

Computershare Investor Services Pty Limited
117 Victoria Street
West End Queensland Australia 4101

Telephone:

(within Australia) 1300 850 505

(outside Australia) +61 3 9415 4000

RCT's privacy policy is available at www.reefcasino.com.au/trust.

The registered address of RCT is:

C/o Reef Corporate Services Limited
Level 1 Mercure Hotel
85-87 North Quay Brisbane Queensland Australia 4000.

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CASINO TRUST

25 March 2014

Takeover bid by Aquis Casino Acquisitions Pty Ltd

Dear Unitholders

On behalf of the Board I am pleased to provide you with the Reef Casino Trust (**RCT**) Target's Statement in response to the takeover offer from Aquis Casino Acquisitions Pty Ltd (**Aquis**) (**Offer**), for the acquisition of all Units in RCT.

If you accept the Offer (having been first announced as a potential offer on 13 November 2013) you will receive $4.354 cash for each Unit, subject to the satisfaction of the Conditions to the Offer.

Aquis is ultimately wholly-owned by Mr Tony Fung, a Hong Kong resident private investment banker, financier and investor. Mr Fung has more than 40 years' experience in global financial services and investment, including more than 15 years as an active investor in Queensland. Aquis has made the Offer after having completed due diligence, including visiting the Reef Hotel Casino and meeting with Queensland government officials.

The Board has carefully considered the Offer and the Directors (Independent and Non-Independent) unanimously recommend that Unitholders accept the Offer in the absence of a Superior Proposal, for the reasons set out in this Target's Statement. As at the date of this Target's Statement, no Superior Proposal has emerged.

Each of the Directors has advised they intend to accept the Offer in respect of the Units they hold or control within two weeks of the Offer opening, in the absence of a Superior Proposal.

The Offer price of $4.354 represents:

- a premium of 53.3% to the closing price of Units on 12 November 2013 of $2.84, being the last trading day that Units traded on the ASX prior to the announcement on 13 November 2013;
- a premium of 58.9% to the volume weighted average price of Units on ASX of $2.74 over the 5 trading days to and including 12 November 2013;
- a premium of 63.1% to the 1 month volume weighted average price of Units to 12 November 2013 of $2.67;
- a premium of 63.7% to the 3 month volume weighted average price of Units to 12 November 2013 of $2.66; and
- a premium of 69.4% to the 6 month volume weighted average price of Units to 12 November 2013 of $2.57.

The Offer provides all Unitholders with the opportunity to dispose of their entire holding in RCT for certain cash consideration of $4.354 per Unit. The Directors consider this to be a significant premium to the historical price of Units. Accepting the cash consideration offered by Aquis mitigates the risks of remaining a Unitholder in the current uncertain macroeconomic environment.

The Offer also has the support of RCT's two largest Unitholders, Casinos Austria International Ltd (**CAIL**) and Accor Casino Investments (Australia) Pty Ltd (**Accor**) (and entities related to them) (together, the **Major Unitholders**) who collectively have a relevant interest in more than 70% of the Units in RCT. The Major Unitholders have confirmed that they intend to accept the Offer in respect of all of their Units within two weeks of the Offer opening, in the absence of a Superior Proposal.

The detailed terms and conditions of the Offer are contained in the Bidder's Statement which has been prepared by Aquis. This Target's Statement includes a discussion of the reasons for the Directors' recommendation as well as other considerations in relation to the Offer. Both the Bidder's Statement and the Target's Statement are important documents, and I encourage you to review them carefully and consider your own risk profile, investment strategy and taxation position. If, having done so, you have any questions, please contact the Unitholder Information Line on 1300 559 817 (for calls made within Australia) or +61 3 9415 4613 (for calls made from outside Australia).

Your Directors will continue to update Unitholders on all developments as they occur in respect of the Offer.

Yours sincerely

Ben Macdonald,
Chairman, Reef Corporate Services Limited

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CASINO TRUST

25 March 2014

Takeover bid by Aquis Casino Acquisitions Pty Ltd

Dear Unitholders

You will have received a Bidder's Statement and an offer from Aquis Casino Acquisitions Pty Ltd (**Aquis**) to acquire all your Units in RCT (**Offer**).

I am writing to you on behalf of myself and Richard Haire in our capacity as Independent Directors of Reef Corporate Services Limited (**RCSL**), the responsible entity of Reef Casino Trust (**RCT**). The other Directors of RCSL are Non-Independent by reason of connections with Accor Casino Investments (Australia) Pty Ltd (**Accor**), Casinos Austria International Ltd (**CAIL**) and entities related to them, which together form RCT's Major Unitholders. As noted in the Chairman's letter, the Major Unitholders have indicated their support for the Offer.

The Major Unitholders also jointly own and control the Operator of The Reef Hotel Casino and RCSL. The Major Unitholders have entered into contracts to sell their shares in the Operator and RCSL to companies related to Aquis. These contracts and the Offer are inter-conditional. CAIL has also entered into a contract to sell its shares in Casino Canberra to another Aquis Group company. The Offer is not conditional on that contract proceeding. These transactions are described in more detail in section 10.7 of this Target's Statement.

For the above reasons, the Board established an Independent Board Committee, comprising myself as chair and Richard Haire, to consider the Offer. The Independent Board Committee also appointed PricewaterhouseCoopers Securities Ltd (**Independent Expert**) to opine on whether the Offer is fair and reasonable to Unitholders and whether the Major Unitholders will receive collateral benefits by reason of the sale of RCSL, the Operator and Casino Canberra. A copy of the Independent Expert's Report is set out in Attachment 1 to this Target's Statement.

The Independent Expert has concluded that the Offer is **fair and reasonable** to Unitholders. The Independent Expert also concluded that neither of the Major Unitholders will receive a collateral benefit as a result of the sale of RCSL, the Operator and Casino Canberra. We encourage you to read the Independent Expert's Report which contains a range of information in relation to the Offer as well as RCT and Aquis.

The Independent Board Committee has carefully considered the Offer and endorses the statements in the Chairman's letter. The Independent Directors unanimously recommend that Unitholders accept the Offer in the absence of a Superior Proposal. As at the date of this letter, no Superior Proposal has emerged.

In forming our unanimous recommendation, the Independent Directors have carefully considered the following:

- in the opinion of the Independent Expert, the Offer is fair and reasonable and the Major Unitholders will not receive a collateral benefit as a result of the sale of RCSL, the Operator and Casino Canberra;

- having regard to RCT's circumstances, including the low level of liquidity of Units, the Offer price represents a significant premium to the trading price of Units immediately before the announcement of the Offer;
- the Offer is for 100% certain cash consideration, and provides Unitholders with the opportunity to crystallise cash value and realise their investment upon successful completion of the Offer;
- the price of Units may fall below current levels if the Offer does not proceed and no Superior Proposal emerges; and
- a Superior Proposal is considered to be unlikely to emerge as none has emerged since RCT announced the approach by Aquis and the potential Offer on 13 November 2013.

Further details about these reasons are set out in section 2 of this Target's Statement. The Independent Directors strongly recommend that you read this Target's Statement in its entirety and in conjunction with the Bidder's Statement that you have received from Aquis. You should consider the Offer having regard to your own investment objectives, financial situation and taxation position and, if in doubt about what to do, consult your independent legal, financial or other professional adviser.

If you have any questions, please call the Unitholder Information Line that has been established, the details of which are set out in this Target's Statement.

Yours sincerely

Keith DeLacy AM,
Chairman, Independent Board Committee
Reef Corporate Services Limited

Contents of this Target's Statement

1 Frequently asked questions

This section answers some commonly asked questions about the Offer. It is not intended to address all relevant issues for Unitholders. This section should be read together with all other parts of this Target's Statement.

Question	Answer
Why have I received this document?	You have received this Target's Statement because you are a Unitholder in RCT. This Target's Statement is RCT's formal response to Aquis' Bidder's Statement which contains the Offer. It contains important information prepared by RCT to help you determine whether to accept or reject the Offer.
What is Aquis' Offer for my Units?	Aquis is offering $4.354 for each Unit that you hold.
What choices do I have as a Unitholder?	As a Unitholder, you have the following choices in respect of your Units: • accept the Offer; • sell your Units on the ASX (unless you have previously accepted the Offer and you have not validly withdrawn your acceptance); or • do nothing. There are several implications in relation to each of the above choices. A summary of these implications is set out in section 5 of this Target's Statement.
What are the Directors recommending?	Each Director (both Independent and Non-Independent) recommends that you accept the Offer (in the absence of a Superior Proposal).
What do the Directors intend to do with any Units that they hold?	Each Director that owns or controls Units has advised that they will accept the Offer within two weeks of the Offer opening, in the absence of a Superior Proposal.
How do I accept the Offer?	Details of how to accept the Offer are set out in section 9.3 of the Bidder's Statement.
How do I reject the Offer?	To reject the Offer you do not need to do anything. Simply do not respond to the Bidder's Statement sent by Aquis.

Question	Answer
What are the consequences of accepting the Offer now?	If you accept the Offer while it is conditional and unless withdrawal rights are available (see below), you will give up your right to sell your Units on the ASX or otherwise deal with your Units while the Offer remains open. If you accept the Offer and it becomes Unconditional you will receive consideration of $4.354 for each Unit.
Will the Offer affect my entitlement to receive my September 2014 distribution?	No. Unitholders will remain entitled to receive a distribution in September 2014 in accordance with RCT's policy of distributing 100% of distributable profits, provided the Offer completes after the record date in June 2014. (See section 4.6 of this Target's Statement for further details in relation to distributions.)
If I accept the Offer, can I withdraw my acceptance?	Once you accept the Offer you will not be able to withdraw your acceptance of the Offer or otherwise dispose of your Units, except in certain circumstances described in the Corporations Act and as set out in section 6.8 of this Target's Statement.
Can I accept the Offer for some of my Units?	No. You cannot accept the Offer for part of your unitholding. You can only accept the Offer for all of your Units.
When does the Offer close?	The Offer is scheduled to close at 7pm (Sydney time) on 31 October 2014 (unless extended). (See section 6.5 of this Target's Statement for details of the circumstances in which the Offer Period can be extended.)
What are the conditions to the Offer?	There are a number of conditions to the Offer. These are set out in section 9.7 of the Bidder's Statement (and included in Attachment 4 of this Target's Statement) and include: • 90% minimum acceptance; • no other outstanding securities, or offers of securities on issue; • casino and liquor licensing approvals, including Ministerial approval required under clause 30 of the Trust Deed; • all approvals and consents required under the Foundation Agreement being obtained; • approvals from FIRB and ACCC;

Question	Answer
	• all Regulatory Approvals; • no Prescribed Occurrences; • no regulatory action which would prohibit the Offer from proceeding; • no acquisition or disposal of material assets and no material capex; • no event or change occurs that is likely to have a materially adverse effect on RCT or RCSL or the Operator; • Operator Share Purchase Agreement and Responsible Entity Share Purchase Agreement become unconditional; • no distributions outside of distributions on the Units in accordance with RCT's distribution policy; • no persons entitled to exercise rights under material agreements; and • no material litigation against RCSL. (See section 6.2 of this Target's Statement for further details.)
What will happen to RCSL and the Operator?	Certain members of the Aquis Group have entered into agreements with the Major Unitholders to purchase: • RCSL, the responsible entity of RCT; and • Casinos Austria International (Cairns) Pty Limited, the Operator of the Reef Hotel Casino. These agreements are referred to as the Responsible Entity Share Purchase Agreement and the Operator Share Purchase Agreement respectively. The Responsible Entity Share Purchase Agreement and the Operator Share Purchase Agreement are inter-conditional with the Offer. A member of the Aquis Group has also entered into an agreement with CAIL to purchase Casino Canberra. The Offer is **not** conditional on this purchase proceeding. The Independent Expert has determined that the Major Unitholders will not receive a collateral benefit as a result of the sale of RCSL, the Operator and Casino Canberra. (See section 10.7 of this Target's Statement and section 8.3 of the Bidder's Statement for further details.)
What happens if the Conditions of the Offer are not satisfied or waived?	If the Conditions are not satisfied or waived before the Offer closes, the Offer will lapse. You would then be free to deal with Units even if you had accepted the Offer.

Question	Answer
How will I know when the Offer is Unconditional?	Aquis must inform Unitholders as soon as the Conditions have been satisfied or waived. Notices from Aquis will be available at our website (www.reefcasino.com.au/trust) or on the ASX website (www.asx.com.au).
When will I be sent my consideration if I accept the Offer?	If you accept the Offer, you will have to wait for the Offer to become Unconditional before you will be sent your consideration from Aquis. Subject to the Offer becoming Unconditional, Aquis will pay the consideration under the Offer on or before the later of: • one month after the Offer is accepted or one month after all of the Conditions have been waived or fulfilled (whichever is later); and • 21 days after the End Date. (See section 6.9 of this Target's Statement for further details on when you will be sent your consideration.)
Will I be forced to sell my Units?	Aquis has indicated that if 90% of Unitholders accept the Offer and the Offer becomes Unconditional, Aquis intends to compulsorily acquire any outstanding Units as permitted under the Corporations Act. If your Units are compulsorily acquired by Aquis, you will be required to make a claim to RCT in order to receive the cash for your Units. In these circumstances, you would be paid later than if you had accepted the Offer prior to its close.
What are the tax implications of accepting the Offer?	A general outline of the tax implications of accepting the Offer is set out in the taxation report provided by Ernst & Young which is included in Attachment 2 of this Target's Statement as referred to in section 9.1 of this Target's Statement. As the outline is a general outline only, Unitholders are encouraged to seek their own specific professional advice as to the taxation implications applicable to their circumstances. (See also section 7 of the Bidder's Statement.)
How do I sell my Units on-market?	To sell your Units on-market at the ASX, you should contact your broker. If you sell your Units on-market, you will receive cash and may incur a brokerage fee.

1 Frequently asked questions

Question	Answer
Is there a number that I can call if I have further queries in relation to the Offer?	If you have any further queries in relation to the Offer, you can call 1300 559 817 (for calls made from inside Australia) or +61 3 9415 4613 (for calls made from outside Australia). Calls to these numbers may be recorded.

2 Why you should accept the Offer and reasons why you may consider not accepting the Offer

2.1 Why you should accept the Offer, in the absence of a Superior Proposal

✓	**The Directors unanimously recommend that you accept the Offer, in the absence of a Superior Proposal.**
✓	**The Independent Expert has concluded that the Offer is fair and reasonable to Unitholders and the Major Unitholders will not receive a collateral benefit as a result of the sale of RCSL, the Operator and Casino Canberra.**
✓	**The Offer price represents a significant premium to the recent trading history of Units.**
✓	**The Offer provides Unitholders with certainty of value and cash consideration.**
✓	**The Offer is supported by RCT's Major Unitholders, who collectively account for 71.96% of Units.**
✓	**The price of Units may fall below current levels if the Offer does not proceed and a Superior Proposal does not emerge.**
✓	**A Superior Proposal is considered unlikely to emerge and none has emerged as at the date of this Target's Statement.**

(a) **The Directors unanimously recommend that you accept the Offer, in the absence of a Superior Proposal**

Each Director unanimously recommends that you accept the Offer, in the absence of a Superior Proposal.

Each Director who has a relevant interest in Units has confirmed to RCT that he intends to accept the Offer in relation to those Units, within two weeks of the commencement of the Offer Period, in the absence of a Superior Proposal. As at the date of this Target's Statement, the Offer is the only offer available for your Units and no Superior Proposal has emerged.

(b) **The Independent Expert has concluded that the Offer is fair and reasonable to Unitholders and the Major Unitholders will not receive a collateral benefit as a result of the sale of RCSL, the Operator and Casino Canberra.**

The Independent Directors appointed the Independent Expert to prepare an independent assessment of the Offer. The Independent Expert has concluded that the Offer is fair and reasonable to Unitholders.

The Independent Expert has assessed the value per Unit to be in the range of $3.23 to $3.99. The Offer Price of $4.354 is at a 20% premium to the Independent Expert's valuation mid-point of $3.61 per Unit.

The Independent Directors also requested the Independent Expert to assess the Offer in the context of the sale of RCSL, the Operator and Casino Canberra to determine whether collateral benefits will be received by the Major Unitholders as a result of members of the Aquis Group acquiring the Operator, RCSL and Casino Canberra.

The Independent Expert concluded that:

- the amounts paid directly as consideration to the Major Unitholders arising from the sale of RCSL, the Operator and Casino Canberra will not result in any collateral benefits being received; and
- it was not aware of any other mechanisms which exist that would constitute receipt of a collateral benefit by a Unitholder.

A complete copy of the Independent Expert's Report is contained in Attachment 1 to this Target's Statement.

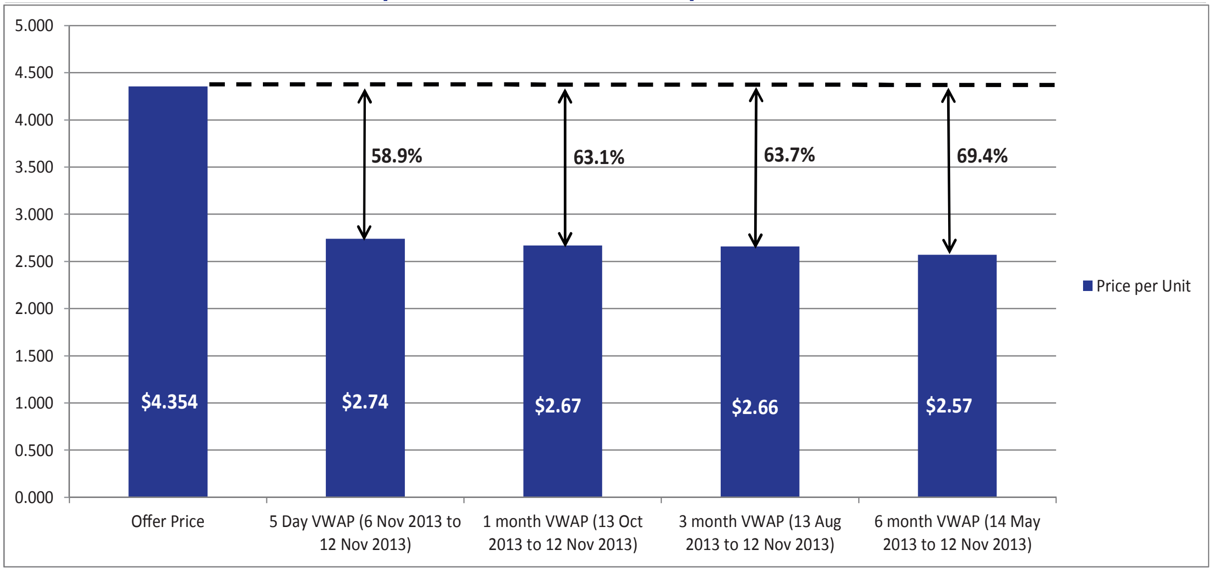
The Directors encourage you to read the Independent Expert's opinion in full.

(c) **The Offer price represents a significant premium to the recent trading history of Units**

The Offer price of $4.354 per Unit is materially above the trading price of Units on the ASX prior to the Announcement Date. The Offer Price is also at a significant premium to the historic trading performance of RCT. As shown in Chart 1 below, the Offer price of $4.354 cash per Unit represents:

- a premium of 53.3% to the closing price of Units on 12 November 2013 of $2.84, being the last trading day that Units traded on the ASX prior to the announcement on 13 November 2013;
- a premium of 58.9% to the volume weighted average price of Units on ASX of $2.74 over the 5 trading days to and including 12 November 2013;
- a premium of 63.1% to the 1 month volume weighted average price of Units to 12 November 2013 of $2.67;
- a premium of 63.7% to the 3 month volume weighted average price of Units to 12 November 2013 of $2.66; and
- a premium of 69.4% to the 6 month volume weighted average price of Units to 12 November 2013 of $2.57.

Chart 1 Premium to the RCT pre-announcement Unit price



Source: Thomson Reuters. Thomson Reuters has not consented to the use of any trading data in this Target's Statement.

(d) **The Offer provides Unitholders with certainty of value and cash consideration**

The Offer is to acquire all of your Units for cash. The Offer provides Unitholders with the opportunity to crystallise cash value and realise their investment upon successful completion of the Offer.

By accepting the Offer:

– you will receive $4.354 in cash for each Unit in respect of which you accept the Offer (subject to the Offer becoming Unconditional);

– in the usual case, if you accept the Offer, you will be paid your consideration within one month after the later of the date:

  – you accept the Offer if the Offer is, at the time of acceptance, Unconditional; or

  – the Offer becomes or is declared Unconditional,

  but, in any event (assuming the Offer becomes or is declared Unconditional), no later than 21 days after the end of the Offer Period; and

– you may not incur any brokerage charges.

The Offer provides you with the opportunity to receive a certain cash return relative to your Units. The Offer is not subject to any financing arrangements and should be contrasted with the risks and uncertainties of remaining a Unitholder. These risks include general economic conditions such as volatility in equity markets. The risks of remaining a Unitholder are discussed further in sections 4.1, 4.5 and 4.8.

Historically, RCT has been a relatively illiquid security with low volumes of Units being traded. The average daily trading volume for Units in the 12 months up to the Announcement Date was approximately 5298, representing approximately 0.01% of securities on issue.

The limited trading liquidity has a negative impact on the trading price of Units, making it difficult for Unitholders to sell Units on the market.

(e) **The Offer is supported by RCT's Major Unitholders, who collectively account for 71.96% of Units**

RCT's Major Unitholders, who collectively have a relevant interest in more than 70% of the Units, have advised RCT of their support for the Offer. RCT's Major Unitholders have confirmed that they intend to accept the Offer in respect of all of their Units within two weeks of the Offer opening, in the absence of a Superior Proposal.

The Major Unitholders have also confirmed that once they accept, they will not exercise any withdrawal rights if the Offer Period is extended because of the non-satisfaction of the gaming regulatory approvals or minimum acceptance conditions at the date the Offer is scheduled to close, subject to there being no Superior Proposal at any time while the withdrawal right is available. The Major Unitholders do not waive any other withdrawal rights that might arise in connection with the Offer.

(f) **The price of Units may fall below current levels if the Offer does not proceed and a Superior Proposal does not emerge**

The price of Units increased on ASX following RCT's announcement on 13 November 2013 that it had received a non-binding indicative proposal from Aquis for the purchase of all Units.

A significant period has elapsed since that time and other factors will have influenced the price of Units. However, it is possible that the price of Units may fall below current levels if the Offer does not proceed and no Superior Proposal emerges.

(g) **A Superior Proposal is considered to be unlikely to emerge and none has emerged as at the date of this Target's Statement**

As at the date of this Target's Statement, no alternative proposals are currently under consideration by RCT and your Directors are not currently aware of any Superior Proposal that might be made.

Given the time that has elapsed since the announcement of the Offer the Directors believe that a Superior Proposal is unlikely to emerge.

However, there remains the possibility that a third party may make an alternative proposal prior to the close of the Offer which is a Superior Proposal.

As is usual for transactions of this nature, RCT agreed in the BIA to certain restrictions on RCT in relation to seeking out competing proposals from third parties and taking steps to facilitate such proposals. However, these restrictions do not prevent RCT from receiving and responding to a proposal that is considered by the Board, acting in good faith and after taking advice, to be a Superior Proposal (or which could be reasonably considered to become a Superior Proposal) and where failing to respond would be likely to constitute a breach of the Directors' fiduciary or statutory duties.

Aquis has a right to be notified of the details of approaches to RCT that may lead to a competing proposal and a right to match any Superior Proposal, which must be exercised within a period of 5 Business Days from notification. If the Board decides that Aquis' counter proposal would be as favourable to Unitholders, then RCT and Aquis are required to use their best endeavours to enter into an amended BIA and propose the counter proposal to Unitholders.

If no counter proposal is received from Aquis, or the Board determines that Aquis' counter proposal is less favourable to the Unitholders, then the Superior Proposal may be recommended by the Board instead.

2.2 Reasons why you may consider not accepting the Offer

Key reasons why you may consider not accepting the Offer are set out below:

(a) **You may not agree with the recommendations of the Directors**

You may disagree with the recommendation of the Directors to accept the Offer, in the absence of a Superior Proposal.

You may also disagree with the views of the Independent Expert who has concluded that the Offer is fair and reasonable to Unitholders.

(b) **You may wish to remain a Unitholder**

If you accept the Offer and the Offer becomes Unconditional you will no longer be entitled to participate in the future financial performance of RCT (or exercise the rights of being a Unitholder). This will mean that you will not participate in any potential upside as a result of the Offer, including any increase in the Unit price.

Aquis has indicated in section 6.3 of its Bidder's Statement that if it satisfies the 90% threshold (being that the Offer is declared or becomes Unconditional and Aquis achieves a relevant interest of 90% or more of all Units) it intends to compulsorily acquire any outstanding Units. As noted in section 2.1(e), subject to certain conditions, the Offer is supported by RCT's Major Unitholders who together hold 71.96% of the issued Units.

If your Units are compulsorily acquired by Aquis, at the conclusion of the compulsory acquisition process, you will be required to make a claim to RCT, as trustee of your consideration, in order to be paid the consideration available under the Offer. In these circumstances, you would have received the Offer consideration sooner if you had accepted the Offer before the End Date.

(c) **You may consider there is the possibility of a Superior Proposal emerging**

You may believe that a Superior Proposal for all Units could emerge in the future. Although it is possible that a Superior Proposal could emerge, the Directors consider that this is unlikely and as of the date of this Target's Statement, there is no Superior Proposal that is available to be accepted by Unitholders.

As is usual for transactions of this nature, RCT agreed in the BIA to certain restrictions on RCT seeking out competing proposals from third parties and taking steps to facilitate such proposals. However, these restrictions do not prevent RCT from receiving and responding to a proposal that is considered by the Board, acting in good faith and after taking advice, to be a Superior Proposal or which could be reasonably considered to become a Superior Proposal and where failing to respond would be likely to constitute a breach of the Directors' fiduciary or statutory duties.

Aquis has a right to be notified of the details of approaches to RCT that may lead to a competing proposal and a right to match any Superior Proposal, which must be exercised within a period of 5 Business Days from notification. If the Board decides that Aquis' counter proposal would be as favourable to Unitholders, then RCT and Aquis are required to use their best endeavours to enter into an amended BIA and propose the counter proposal to Unitholders.

If no counter proposal is received from Aquis, or the Board determines that Aquis' counter proposal is less favourable to the Unitholders, then the Superior Proposal may be recommended by the Board instead.

(d) **The taxation consequences of accepting the Offer may not be favourable given your financial position**

Acceptance of the Offer may result in taxation consequences (potentially including capital gains tax (**CGT**) for Unitholders), which will arise earlier than may otherwise have been the case. A general outline of the Australian taxation considerations of accepting the offer are set out in the taxation report provided by Ernst & Young which is included in Attachment 2 of this Target's Statement as referred to in section 9.1 of this Target's Statement. See also section 7 of the Bidder's Statement.

2.3 Other material considerations

(a) **You will lose the flexibility to deal with your Units**

Unitholders may wish to consider the timing of their acceptance of the Offer. The Offer can be accepted at any time up until the close of the Offer.

If you accept the Offer, then unless withdrawal rights are available (see below) and you exercise those rights, you will lose the ability to sell your Units on market or to any other person that may make a takeover bid, or deal with them in any manner.

(b) **If a Superior Proposal is announced, Unitholders who accept the Offer may not be able to withdraw their acceptance of the Offer and accept a Superior Proposal**

If a Superior Proposal is announced, Unitholders who accept the Offer will be able to withdraw their acceptance and accept a Superior Proposal, at any time, only while the Condition referred to in section 6.2(e) of this Target's Statement remains unfulfilled. When the Condition referred to in section 6.2(e) of this Target's Statement has been fulfilled, Unitholders will not be able to withdraw their acceptance of the Offer and accept a Superior Proposal unless:

- the Conditions to the Offer have not, at the End Date, been fulfilled or waived; or
- Aquis varies the Offer in a way that postpones, for more than one month, the time when Aquis needs to meet its obligations under the Offer. This will occur if Aquis extends the Offer Period by more than one month and the Offer is still subject to conditions.

At the date of this Target's Statement, the Directors are not aware of any Superior Proposal.

2.4 Further developments

Should there be any further developments during the Offer Period (for example, the emergence of a Superior Proposal) which would alter the Directors' recommendations in relation to the Offer, Unitholders will be notified through a supplementary Target's Statement.

3 Directors' recommendation

3.1 Directors of Reef Corporate Services Limited

As at the date of this Target's Statement, the Directors of RCSL include Directors that represent RCT's Major Unitholders and who accordingly are considered Non-Independent. The table below lists the Directors of RCSL as at the date of this Target's Statement and their position and status.

Name	Position	Status
Mr Benjamin Macdonald	Chairman	Non-Independent
The Hon. Keith DeLacy	Director	Independent
Mr Richard Haire	Director	Independent
Mr Michael Issenberg	Director	Non-Independent
Mr Simon McGrath	Director	Non-Independent
Mr Kim Mooney	Director	Non-Independent
Dr Karl Stoss	Director	Non-Independent
Mr Allan Tan	Director, Alternate Director	Non-Independent
Mr Philip Basha	Alternate Director	Non-Independent
Mr Alexander Tucek	Alternate Director	Non-Independent

3.2 Directors' recommendations

After taking into account each of the matters in this Target's Statement (including the Independent Expert's Report) and in the Bidder's Statement, each of your Directors (Independent and Non-Independent) recommend that you accept the Offer (in the absence of a Superior Proposal).

In considering whether to accept the Offer, your Directors encourage you to:

- read the whole of this Target's Statement (including the Independent Expert's Report) and the Bidder's Statement;

- have regard to your individual risk profile, portfolio strategy, tax position and financial circumstances;
- consider the alternatives noted in section 5 of this Target's Statement; and
- obtain financial advice from your broker or financial adviser upon the Offer and obtain taxation advice on the effect of accepting the Offer.

The reasons for your Directors' recommendation are set out in section 2.1 of this Target's Statement. The matters considered by your Directors in making their recommendation are as follows:

- the reasons Unitholders should accept the offer as set out in section 2.1;
- the potential disadvantages and risks of the Offer, including those set out in section 2.2 and section 2.3 of this Target's Statement; and
- the report of the Independent Expert, set out in Attachment 1.

The BIA restricts your Directors from withdrawing or changing their recommendation unless either:

- a Superior Proposal emerges; and
  - that Superior Proposal was not procured or obtained by RCT through a breach of the BIA;
  - it is not matched by Aquis in accordance with the BIA; and
  - the Board receives legal advice to the effect that the Directors' statutory duties require them to withdraw or change their recommendation; or
- the casino and liquor licensing approvals, approvals required under the Foundation Agreement for the Major Unitholders to transfer their Founder Units to Aquis and ACCC approvals have not been obtained by the End Date.

3.3 Intentions of your Directors in relation to the Offer

Each Director who has a relevant interest in Units has confirmed to RCT that he intends to accept the Offer in relation to those Units within 2 weeks of the commencement of the Offer Period in the absence of a Superior Proposal.

Details of the relevant interests of each Director in Units are set out in section 8 of this Target's Statement.

4 Important matters for RCT Unitholders to consider

4.1 Profile of RCT

(a) **Overview**

RCT is a single purpose trust that was formed in Queensland on 2 July 1993 and is a registered managed investment scheme under the Corporations Act, its responsible entity being RCSL. RCSL holds an Australian Financial Services Licence.

Units in RCT have been listed on the ASX since 11 February 1994. The closing price of the Units as at 24 March 2014 was $4.00 giving a market capitalisation of approximately $199.2 million.

(b) **RCT's main assets**

RCT's main asset is The Reef Hotel Casino Complex in Cairns, North Queensland (the **Complex**) and comprises:

- the Reef Casino;
- the Pullman Reef Hotel Casino, a 5 star 128 room hotel; and
- other facilities including bars, restaurants, conference facilities and car parking.

On 9 December 1993, the State of Queensland, Perpetual Trustee Company Limited (then trustee of RCT) and RCSL (then the manager of RCT) entered into the Cairns Casino Agreement. This agreement foreshadowed the grant of a casino licence as required for the operation of the Reef Casino. The Casino Licence was granted on 24 January 1996 and has been in force since that date.

The Cairns Casino Agreement also provided for the grant of a special lease over the site on which the Complex is located for a term of 75 years. The form of the special lease was included as the seventh schedule to the agreement. RCT paid $53 million as a lump sum prepayment for the term of the special lease.

At 31 December 2013, the remaining term of the site lease was 55 years. Negotiations for a further lease can take place during the last 10 years. The special lease cannot be assigned or sublet without the consent of the Minister.

As at 31 December 2011, the Complex was valued at $125 million.

RCT (or the then responsible entity of RCT) leased out the Complex to the Operator under casino, hotel and ancillary facilities lease agreements the terms of which expire on 23 January 2016, with an option to renew the term until 26 October 2029, with possible further limited extensions.

The Casino Licence will continue until the expiry of the special lease unless surrendered, cancelled or suspended. In RCT's accounts the Casino Licence has an amortised cost of nil.

(c) **Related parties**

CAIL and Accor jointly own and control both the Operator and RCSL.

Reef Casino Investments Pty Ltd (jointly owned by CAIL and Accor) directly owns 50.2% of the Units of RCT.

Casinos Austria International Holding GmbH (the parent company of CAIL) is incorporated in Austria and directly owns 11.37% of the Units of RCT.

CAIL directly owns 5.53% of the Units in RCT and Accor directly owns 4.86% of the Units in RCT. Of these holdings, each owns 370,000 Founders Units which are not listed and which are subject to restrictions on disposal.

CAIL wholly-owns Casino Canberra Limited which owns the Canberra Casino.

(d) **Information about regulation of casinos in Queensland**

Casinos in Queensland are heavily regulated. The Government regulation includes the following:

- the *Casino Control Act 1982* (Qld) (**Casino Control Act**), which is the principal governing statute in Queensland;
- the Casino Control Regulation 1999 (Qld), which supplements the Casino Control Act;
- the Casino Gaming Rule 2010 (Qld) (**Gaming Rules**), which regulates players and licensed gaming operators in the conduct of gaming. The Gaming Rules supplement the associated gaming legislation; and
- the *Liquor Act 1992* (Qld), which regulates the liquor industry in Queensland and provides for the grant of related licences.

A casino cannot be operated in Queensland without a casino licence. The Governor in Council is entitled to grant a casino licence pursuant to the Casino Control Act, subject to the Governor in Council first approving an agreement in writing between the Minister for and on behalf of the State and the casino licensee or other persons whom the Governor in Council considers to be the appropriate person to be a party to the agreement. The agreement does not have any force or effect until it is ratified by Parliament. In the case of RCT, this is the Cairns Casino Agreement.

Before an agreement is signed, a proposed casino licensee and any persons associated or connected with the ownership, administration or management of the operations or business of the casino licensee is required to satisfy the probity process and demonstrate that they are a suitable person to be associated or connected with the management and operations of a casino. The probity process can be lengthy, particularly if the applicant does not hold existing casino licences.

In making its assessment of suitability, the Governor in Council has regard to, among others, the following matters:

- whether the person is of good repute, having regard to character, honesty and integrity;
- whether each person is of sound and stable financial background; and
- whether the casino licensee has or is able to obtain the services of persons who have sufficient experience in the management and operations of a casino.

A casino licence may only be granted to a person if the person is the owner of the freehold, or the lessee from the State, of the land used for the particular casino.

Where a casino licensee enters into a management agreement with a separate entity to act as the operator of the casino, the operator will be required to satisfy the probity process before being able to act as operator.

(e) **Other information about RCT**

RCT is a 'disclosing entity' under the Corporations Act and is subject to regular reporting and disclosure obligations under the Corporations Act and the Listing Rules. RCT is obliged to notify ASX of any information about specific matters and events, in particular, those matters which a reasonable person would expect to have a material effect on the price or value of Units.

Unitholders seeking further information on RCT are directed to the list of publicly available announcements on the ASX (www.asx.com.au, code 'RCT') or on RCT's website (www.reefcasino.com.au/trust).

(f) **Risk factors relating to RCT**

In considering this Target's Statement, Unitholders should be aware that there are a number of risks, both general and specific, which may affect the future operating and financial performance of RCT and the RCT Unit price. Many of these are relevant to Unitholders as at the date of this Target's Statement, and will remain relevant to those who remain as Unitholders and elect not to accept the Offer.

Whilst some of these risks can be mitigated by the use of safeguards and appropriate systems and actions, some are outside the control of RCT and cannot be mitigated. The principal risks include, but are not limited to, those detailed below. The information and risks set out below does not purport to be, nor should it be construed as representing, an exhaustive list of the risks that may affect RCT.

Unitholders should read this Target's Statement in its entirety and carefully consider the following risk factors in deciding whether to accept the Offer.

Exposure to gaming and tourism market

RCT and the Complex are exposed to the gaming and tourism markets and any uncertainty in relation to the economic conditions and future outlook for that industry.

If economic and industry conditions deteriorate, including casino patronage, vacancy rates and industry pricing, RCT's financial performance may be adversely affected.

Competition

Increased competition in the Queensland casino market, which may arise if further casino licences are made available by the Queensland Government, could result in, amongst other things, pressure on industry rates and reduced patronage. This, in turn, could adversely affect the financial and operational performance of RCT.

Reliance on key personnel

The continued success of RCT and the Reef Hotel Casino Complex depends on key personnel. Whilst efforts are made to retain key personnel, and to recruit new personnel as the need arises, loss of a number of key personnel could have a material adverse impact on RCT's operational and financial performance.

Reputational risk

RCT has invested in its brand and intends to continue to do so. Damage to RCT's reputation or brand may have an impact on the future performance of RCT.

Regulatory risks

RCT operates in a regulated industry. Changes to licensing legislation or failure to strictly adhere to prescribed practices may adversely affect RCT's operations or expose RCT to penalties under relevant legislation.

Equity market fluctuations

Equity market conditions may affect the value of Units regardless of RCT's performance. The market price of Units can fall and rise and be subject to varied and unpredictable influences on the market for equities in general. Neither RCT nor the Directors warrant the future performance of Units or any return on an investment in RCT.

Economic risks

General economic conditions, movements in interest, inflation and currency exchange rates may have an adverse effect on RCT's operations and its ability to fund its operations.

4.2 Profile of Aquis

Aquis is ultimately wholly-owned and controlled by Mr Tony Fung, a Hong Kong resident, private investment banker, financier and investor. Mr Fung has operated as a private investor focussing primarily on Hong Kong commercial property and other property-linked investments. He has investments in two major Chinese property development projects as well as other investments in other parts of the world.

Mr Fung has a number of significant investments in Australia, has been an active investor in Queensland for more than 15 years and is currently pursuing investments in casinos and the tourism industry in Australia.

Mr Justin Fung is Tony Fung's son. He is an Australian resident and represents the Fung family's interests in Australia. The Bidder's Statement indicates that it is intended that Mr Justin Fung play a lead role in day to day operational, management and strategic decisions of the Reef Hotel Casino.

A related entity of Aquis (also wholly-owned by Mr Tony Fung), Aquis Resort at The Great Barrier Reef Pty Ltd, is applying for a wide range of necessary approvals to build a large scale first class integrated tourism resort containing a casino at Yorkey's Knob in North Queensland, subject to obtaining the relevant approvals.

Aquis has stated in the Bidder's Statement that the acquisition of RCT is a separate transaction to the development of Aquis' proposed integrated resort development at Yorkey's Knob in North Queensland. Aquis has also stated in the Bidder's Statement that the Offer is not conditional on this development proceeding and that such proposal is far from certain of proceeding at this stage.

Aquis has stated that it believes the Reef Hotel Casino is an attractive investment and that the Reef Hotel Casino property and the right to manage and operate it are attractive assets.

If the Offer and each of the acquisitions of RCSL, the Operator and Casino Canberra proceed, Aquis (or its related bodies corporate or other companies incorporated in Australia which carry the branding of 'Aquis') will have casinos and/or hotel investments in both North Queensland and the Australian Capital Territory.

The Bidder's Statement indicates that Aquis will have sufficient funds to enable it to fund the cash consideration payable under the Offer.

Section 4 of the Bidder's Statement provides, in summary, that:

- the consideration for the acquisition of Units under the Offer and the acquisitions of RCSL, the Operator and Casino Canberra will be paid by Aquis, having been funded by borrowings and equity subscriptions from entities within the Aquis Group. Each of these entities will in turn be funded by Aquis' ultimate parent entity, TF-Reef Canberra Holdings Limited (**TF-Reef**), a company incorporated in the British Virgin Islands. TF-Reef is wholly-owned by Mr Tony Fung, who has agreed to provide to TF-Reef, by shareholder loan, such funds up to A$300 million as may be required for TF-Reef to provide to its subsidiaries to pay:
  - (i) the consideration payable under the Offer and for the purchases of RCSL, the Operator and Casino Canberra;
  - (ii) refinancing of any existing borrowings of RCT and the entities to be acquired under the acquisitions of RCSL, the Operator and Casino Canberra; and
  - (iii) associated transaction costs, and any other costs relating to the above matters.
- TF Reef is not permitted under the terms of the shareholder loan to apply those funds for any other purpose.
- Mr Fung has, through group companies which Mr Fung or his family trusts own and control, cash reserves deposited at The Bank of East Asia and at The Wing Hang Bank (both of which are Hong Kong stock exchange listed entities) and other assets readily convertible into cash, significantly in excess of the amount of up to A$300 million that may be required. The funds committed by Mr Fung to TF-Reef are internally allocated for this Transaction and are not required for any other arrangements or obligations of Mr Fung or his group of companies.

Further information in relation to Aquis and its funding arrangements is set out in sections 2 and 4 of the Bidder's Statement.

4.3 Value of Aquis' Offer

Aquis' Offer represents a significant premium to the historical trading price of Units.

The volume weighted average price of a Unit in the month before the Announcement Date (13 October 2013 to 12 November 2013 inclusive) was $2.67. The Offer Price of $4.354 represents a 63.1% premium to the volume weighted average Unit price of $2.67.

The average volume of Units traded over the past 12 months (25 March 2013 to 24 March 2014 inclusive) was 13,178 Units per day.

In the month before the Announcement Date (13 October 2013 to 12 November 2013 inclusive) the average volume of Units traded per day was 5,987 Units.

In the period since the Announcement Date (13 November 2013 to 24 March 2014 inclusive) the average volume of Units traded per day was 27,290.

4.4 Independent Expert's Report

This Target's Statement includes, in Attachment 1, a copy of a report by PricewaterhouseCoopers Securities Ltd (**Independent Expert**) (an independent expert not associated with either RCT or Aquis) stating whether, in its opinion, the Offer is fair and reasonable and giving reasons for forming that opinion.

Your Directors recommend that you read the report in full.

By way of summary, the Independent Expert, has concluded that the Offer is fair and reasonable.

The Independent Directors also requested the Independent Expert to assess the sale of RCSL, the Operator and Casino Canberra to determine whether collateral benefits will be received by the Major Unitholders as a result of members of the Aquis Group acquiring the three other entities.

The Independent Expert concluded that:

- the amounts paid directly as consideration to the Major Unitholders arising from the sale of RCSL, the Operator and Casino Canberra will not result in any collateral benefits being received; and
- it was not aware of any other mechanisms which exist that would constitute receipt of a collateral benefit by a Unitholder.

4.5 Minority ownership consequences

Aquis' Offer is presently subject to a 90% minimum acceptance Condition which, if fulfilled (and all the other Conditions are fulfilled or freed), will entitle it to compulsorily acquire all outstanding Units. Aquis has the right to free its Offer from the 90% minimum acceptance Condition, although it has not yet indicated whether it will do so.

If Aquis frees the Offer from the 90% minimum acceptance Condition and acquires more than 50% but less than 90% of the Units then, assuming all other Conditions to the Offer are fulfilled or freed, Aquis will acquire a majority unitholding in RCT.

Accordingly, Unitholders who do not accept the Offer would become minority Unitholders in RCT. This has a number of possible implications, including:

- Aquis will be in a position to cast the majority of votes at a general meeting of RCT;
- the Unit price may fall immediately following the end of the Offer Period and it is unlikely that RCT's Unit price will contain any takeover premium;
- liquidity of Units may be lower than at present, and there is a risk that RCT could be fully or partially removed from certain S&P/ASX market indices due to lack of free float and/or liquidity; and
- Aquis has indicated in the Bidder's Statement that it will, together with the RCSL Board, consider if it is appropriate for RCT to remain on the official list of the ASX and may seek de-listing. If RCT is de-listed, Units will not be able to be bought or sold on the ASX.

4.6 Distribution issues for Unitholders

Unitholders have received a Unit distribution each half year since the half year ending 30 June 2000. Chart 2 below sets out the distributions paid to Unitholders over the last four years. Provided that the Offer completes after the record date in June 2014, Unitholders will remain entitled to receive a distribution in September 2014 in accordance with RCT's policy of distributing 100% of distributable profits to Unitholders registered on the record date in June.

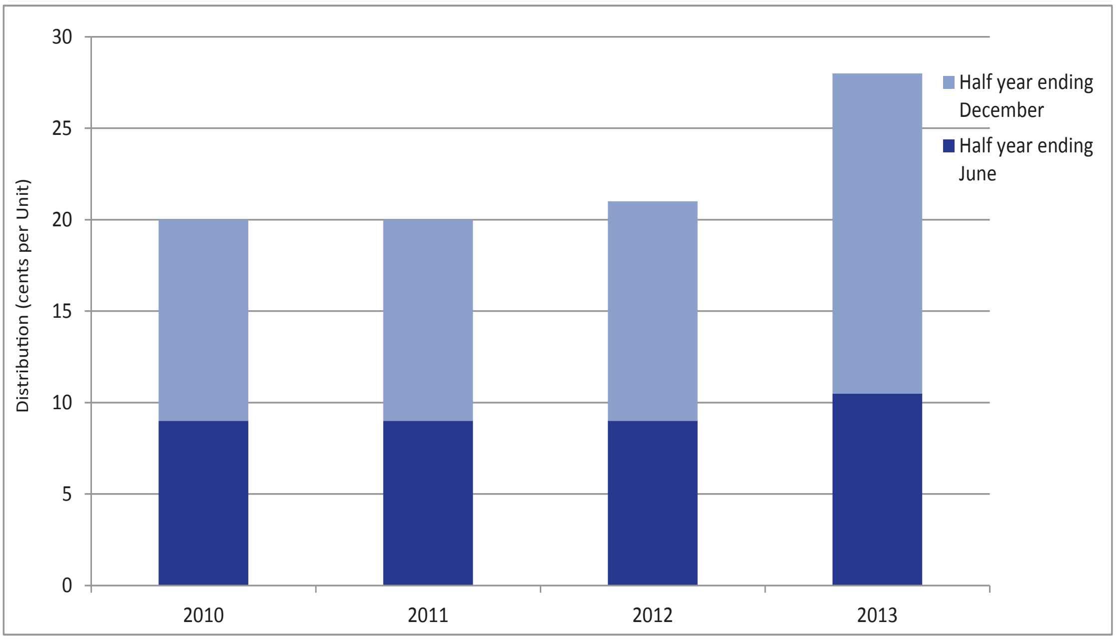
Section 6.5 sets out the circumstances in which Aquis may extend the Offer Period (and the circumstances in which the Offer Period will be automatically extended) up to the maximum Offer Period of 12 months. If the Offer Period is extended such that the End Date falls after 31 December 2014, the BIA prohibits RCT from making a distribution without Aquis' consent. If Aquis does not consent to such distribution, then either:

- if RCT does not make a distribution in respect of the December record date, RCT will be in breach of the Trust Deed (assuming the Trust Deed is not amended); or
- if RCT does make a distribution, RCT will be in breach of the BIA and one of the Conditions to the Offer would need to be waived by Aquis.

The Directors are of the view that, as this circumstance would only arise if Aquis is continuing to proceed with the Offer, a commercial resolution would be agreed by the parties.

Your Directors will continue to update Unitholders on all developments as they occur in respect of the Offer.

Chart 2 Distributions paid to Unitholders since 2010



Source: RCT Annual Report 2010, 2011, 2012 and 2013.

4.7 Other alternatives to the Offer

Since the Announcement Date no Superior Proposal has emerged.

Given the time that has elapsed since the announcement of the Offer the Directors believe that a Superior Proposal is unlikely to emerge.

However, there remains the possibility that a third party may make an alternative proposal prior to the close of the Offer which is a Superior Proposal.

As is usual for transactions of this nature, RCT agreed in the BIA to certain restrictions on RCT from seeking out competing proposals from third parties and taking steps to facilitate such proposals. However, these restrictions do not prevent RCT from receiving and responding to a proposal that is considered by the Board, acting in good faith and after taking advice, to be a Superior Proposal or which could be reasonably considered to become a Superior Proposal and where failing to respond would be likely to constitute a breach of the Directors' fiduciary or statutory duties.

Aquis has a right to be notified of the details of approaches to RCT that may lead to a competing proposal and a right to match any Superior Proposal, which must be exercised within a period of 5 Business Days from notification. If the Board decides that Aquis' counter proposal would be as favourable to Unitholders, then RCT and Aquis are required to use their best endeavours to enter into an amended BIA and propose the counter proposal to Unitholders.

If no counter proposal is received from Aquis, or the Board determines that Aquis' counter proposal is less favourable to the Unitholders, then the Superior Proposal may be recommended by the Board instead.

4.8 Unit price absent the Offer

While there are many factors that influence the market price of RCT's Units, your Directors anticipate that, following the close of the Offer, the market price of RCT's Units may fall if Aquis' Offer fails, if Aquis acquires more than 50% (but less than 90%) of the Units or if the takeover is otherwise unsuccessful.

4.9 Taxation consequences

The taxation consequences of accepting the Offer depend on a number of factors and will vary depending on your particular circumstances. A general outline of the Australian taxation considerations of accepting the Offer are set out in the taxation report provided by Ernst & Young which is included in Attachment 2 of this Target's Statement as referred to in section 9.1 of this Target's Statement. See also section 7 of the Bidder's Statement.

You should carefully read and consider the taxation consequences of accepting the Offer. The outline provided in this Target's Statement and the Bidder's Statement is of a general nature only and you should seek your own specific professional advice as to the taxation implications applicable to your circumstances.

5 Your choices as a Unitholder

Your Directors recommend that you accept the Offer (in the absence of a Superior Proposal).

However, as a Unitholder you have three choices currently available to you:

(a) **Accept the Offer**

Unitholders may elect to accept the Offer. Details of the consideration that will be received by Unitholders who accept the Offer are set out in section 6.1 of this Target's Statement and in the Bidder's Statement.

Unitholders who accept the Offer may be liable for CGT on the disposal of their Units (refer the taxation report provided by Ernst & Young which is included in Attachment 2 of this Target's Statement as referred to in section 9.1 of this Target's Statement). However, they will generally not incur any brokerage charge.

The Bidder's Statement contains details of how to accept the Offer in section 9.3.

(b) **Sell your Units on market**

During a takeover, unitholders of a target entity who have not already accepted the Offer can still sell their units on market for cash.

On 12 November 2013 the Unit price closed at $2.84. Aquis' Offer Price of $4.354 per Unit represents a 53.3% premium on that value. The latest price for Units may be obtained from the ASX website at www.asx.com.au.

Unitholders who sell their Units on market may be liable for CGT on the sale (refer the taxation report provided by Ernst & Young which is included in Attachment 2 of this Target's Statement as referred to in section 9.1 of this Target's Statement) and may incur a brokerage charge.

Unitholders who wish to sell their Units on market should contact their broker for information on how to effect that sale.

(c) **Do not accept the Offer or sell their Units on market**

Unitholders who do not wish to accept the Offer or sell their Units on market should do nothing.

Unitholders should note that if Aquis and its associates have a relevant interest in at least 90% of the Units during or at the end of the Offer Period, Aquis will be entitled to compulsorily acquire the Units that it does not already own (see section 6.12 of this Target's Statement for further details).

6 Key features of Aquis' Offer

6.1 Consideration payable to Unitholders who accept the Offer

The consideration being offered by Aquis is $4.354 for each Unit.

6.2 Conditions to the Offer

Aquis' Offer is subject to a number of conditions (**Conditions**). Those Conditions are set out in full in section 9.7 of the Bidder's Statement and a copy of the Conditions is included for your reference in Attachment 4 to this Target's Statement.

By way of broad overview, the Conditions to the Offer are:

(a) a 90% (by number) minimum acceptance of all of the Units at the end of the Offer Period;

(b) no other outstanding securities, or offers of securities on issue, at the end of the Offer Period;

(c) Aquis obtaining all required casino and liquor licensing approvals, including Ministerial approval required under clause 30 of the Trust Deed;

(d) all approvals and consents required under the Foundation Agreement being obtained;

(e) FIRB approval;

(f) ACCC approval;

(g) all Regulatory Approvals have been obtained before the End Date;

(h) no Prescribed Occurrence happens in the period between the Announcement Date and the End Date (both inclusive);

(i) no regulatory action is announced, commenced or threatened by any Government Agency that would have a material adverse effect on the Offer;

(j) RCT does not acquire or dispose of any material assets, nor incur material capex;

(k) no event, change, condition, matter or thing occurs that may have or is likely to have a materially adverse effect on the assets, liabilities, financial position, performance, profitability or prospects of RCT or the Operator taken as a whole (whether individually or when aggregated with one or more other events, matters or things);

(l) before the end of the Offer Period, the Operator Share Purchase Agreement and Responsible Entity Share Purchase Agreement become unconditional;

(m) between the Announcement Date and the End Date (each inclusive), RCT does not announce, make, declare or pay any distribution (whether by way of dividend, capital reduction or otherwise and whether in cash or in specie) or agree to do any of the foregoing, except for the announcement and payment of distributions in March 2014 and September 2014 in accordance with RCT's distribution policy of distributing 100% of distributable profits to Unitholders registered on the record dates in December 2013 and June 2014 for the purpose of payment of distributions;

(n) no persons entitled to exercise or exercising rights under Material Contracts; and

(o) between the Announcement Date and the End Date, no litigation against RCT which may reasonably result in a judgement of $500,000 or more is commenced, threatened, announced or made known to RCT or Aquis and which, if successful, will or is reasonably likely to materially adversely affect RCT's business.

As at the date of this Target's Statement, RCT is not aware of any act, omission, event or fact that would result in any of the Conditions to the Offer being incapable of being satisfied.

You should note that Conditions (c), (d), (e), (f) and (g) depend on the positive outcome of the regulatory and probity process that is largely outside the control of RCT and Aquis. RCT is not in a position to state whether these particular Conditions, or any of the other Conditions, will be satisfied by the end of the Offer Period.

In this regard, your Directors note that in section 6.1 of the Bidder's Statement, Aquis indicates its expectation that the Regulatory Approvals required may not be available until at least the third quarter of 2014. RCSL's Chairman has stated in RCT's preliminary final report (given to the ASX under listing rule 4.3A on 12 February 2014) that the probity review and approval process for Aquis was expected to take some time and RCT expected that the takeover, if successful, would take not less than 6-9 months to complete.

This report can be accessed on the ASX website at www.asx.com.au.

6.3 Notice of status of Conditions

Section 9.10 of the Bidder's Statement indicates that Aquis will give a Notice of Status of Conditions to the ASX and RCT on 24 October 2014.

Aquis is required to set out in its Notice of Status of Conditions:

- whether the Offer is free of any or all of the Conditions;
- whether, so far as Aquis knows, any of the Conditions have been fulfilled; and
- Aquis' Voting Power in RCT.

If the Offer Period is extended by a period before the time by which the Notice of Status of Conditions is to be given, the date for giving the Notice of Status of Conditions will be taken to be postponed for the same period. In the event of such an extension, Aquis is required, as soon as practicable after the extension, to give a notice to the ASX and RCT that states the new date for the giving of the Notice of Status of Conditions.

If a Condition is fulfilled (so that the Offer becomes free of that Condition) during the Offer Period but before the date on which the Notice of Status of Conditions is required to be given, Aquis must, as soon as practicable, give the ASX and RCT a notice that states that the particular Condition has been fulfilled.

6.4 Offer Period

Unless Aquis' Offer is extended or withdrawn, it is open for acceptance from 24 March 2014 until 7pm (Sydney time) on 31 October 2014.

The circumstances in which Aquis may extend or withdraw its Offer are set out in section 6.5 and section 6.6 respectively of this Target's Statement.

6.5 Extension of the Offer Period

Aquis may extend the Offer Period at any time before giving the Notice of Status of Conditions (referred to in section 6.3 in this Target's Statement) while the Offer is subject to Conditions. However, if the Offer is Unconditional (that is, all the Conditions are fulfilled or freed), Aquis may extend the Offer Period at any time before the end of the Offer Period.

In addition, there will be an automatic extension of the Offer Period if, within the last 7 days of the Offer Period:

- Aquis improves the consideration offered under the Offer; or
- Aquis' Voting Power in RCT increases to more than 50%.

If either of these two events occurs, the Offer Period is automatically extended so that it ends 14 days after the relevant event occurs.

6.6 Withdrawal of Offer

Aquis may not withdraw the Offer if you have already accepted it (although the Conditions of the Offer may not be satisfied and it may lapse if those Conditions are not waived). Before you accept the Offer, Aquis may withdraw the Offer with the written consent of ASIC and subject to the conditions (if any) specified in such consent.

6.7 Effect of acceptance

The effect of acceptance of the Offer is set out in section 9.5 of the Bidder's Statement. Unitholders should read these provisions in full to understand the effect that acceptance will have on their ability to exercise the Rights attaching to their Units and the representations and warranties which they give by accepting the Offer.

6.8 Your ability to withdraw your acceptance

You only have limited rights to withdraw your acceptance of the Offer.

Once you have accepted the Offer, you will only be able to withdraw your acceptance at any time while the condition in section 6.2(e) of this Target's Statement remains unfulfilled. When the condition in section 6.2(e) of this Target's Statement has been fulfilled you may only withdraw your acceptance of the Offer if:

- by the End Date, the Conditions to the Offer have not been fulfilled or waived; or
- Aquis varies the Offer in a way that postpones, for more than one month, the time when Aquis needs to meet its obligations under the Offer.

6.9 When you will receive your consideration if you accept the Offer

In the usual case, you will be issued your consideration on or before the later of:

- one month after the date the Offer becomes or is declared Unconditional; and
- one month after the date you accept the Offer if the Offer is, at the time of acceptance, Unconditional,

but, in any event (assuming the Offer becomes or is declared Unconditional), no later than 21 days after the end of the Offer Period.

6.10 Effect of an improvement in consideration on Unitholders who have already accepted the Offer

If Aquis improves the consideration offered under its takeover bid, all Unitholders, whether or not they have accepted the Offer before that improvement in consideration, will be entitled to the benefit of that improved consideration.

6.11 Lapse of Offer

The Offer will lapse if the Conditions are not freed or fulfilled by the end of the Offer Period; in this case, all contracts resulting from acceptance of the Offer and all acceptances that have not resulted in binding contracts are void. In that situation, you will be free to deal with your Units as you see fit.

6.12 Compulsory acquisition

Aquis has indicated in section 6.3 of its Bidder's Statement that if it satisfies the required thresholds it intends to compulsorily acquire any outstanding Units.

Aquis will be entitled to compulsorily acquire any Units in respect of which it has not received an acceptance of its Offer on the same terms as the Offer if, during or at the end of the Offer Period, Aquis and its associates have a relevant interest in at least 90% (by number) of the Units.

If this threshold is met, Aquis will have one month after the end of the Offer Period within which to give compulsory acquisition notices to Unitholders who have not accepted the Offer. Unitholders have statutory rights to challenge the compulsory acquisition, but a successful challenge will require the relevant Unitholder to establish to the satisfaction of a court that the terms of the Offer do not represent 'fair value' for their Units. If compulsory acquisition occurs, Unitholders who have their Units compulsorily acquired are likely to be issued their consideration approximately 5 to 6 weeks after the compulsory acquisition notices are dispatched to them.

It is also possible that Aquis will, at some time after the end of the Offer Period, become the beneficial holder of 90% of the Units. Aquis would then have rights to compulsorily acquire Units not owned by it within 6 months of becoming the holder of 90%. Aquis' price for compulsory acquisition under this procedure would have to be considered in a report of an independent expert.

7 Financial information and related matters

RCT's last published audited financial statements are for the financial year ended 31 December 2013 and were lodged with ASX on 12 February 2014.

In the Chairman's review in the preliminary final report (given to the ASX under listing rule 4.3A on 12 February 2014), it is reported that during 2013 RCT performed strongly to report a distributable profit of $13.9 million, a 28.7% increase on the previous financial year, due to good rental income growth of 14.1% from the Reef Hotel Casino. The total Unit distribution declared for the financial year ended 31 December 2013 was 28.0 cents per Unit. The distributable earnings per Unit for the financial year ended 31 December 2013 were 28.0 cents. The actual distribution for the 2013 financial year is consistent with RCT's policy to pay out '100% of distributable profits'.

This report can be accessed on the ASX website at www.asx.com.au.

There have been no material changes to the financial position of RCT since the preliminary final report was given to the ASX under listing rule 4.3A on 12 February 2014.

On 18 March 2014, RCT published its Annual Report for the year ended 31 December 2013 which also contains the audited financial statements and Chairman's review referred to above. The Annual Report can be accessed on RCT's website at http://www.reefcasino.com.au/reefcasinotrust-en.html or on the ASX website at www.asx.com.au.

In addition, there has not been any matter or circumstance, other than those referred to in this Target's Statement that has significantly affected, or may significantly affect, the operations or the financial position of RCT, the results of operations of RCT, or the state of affairs of RCT in future financial years.

Your Directors have also considered whether a reasonable basis exists to produce meaningful forecast information. Your Directors have concluded that given the uncertain nature of the casino industry as at the date of this Target's Statement, it would be misleading to provide forecast financial information for RCT as a reasonable basis does not exist for providing forecasts that would be sufficiently meaningful and reliable as required by applicable law and market practice.

8 Information relating to your Directors

8.1 Interests and dealings in Units

(a) **Interests in Units**

As at the date of this Target's Statement, your Directors had the following relevant interests in Units and options:

Director	Number of Units held directly	Number of Units held indirectly
Mr Benjamin Macdonald	13,750	250,000
The Hon. Keith DeLacy		5,000
Mr Kim Mooney	122,463	120
Mr Michael Issenberg	220,000	1,000
Mr Allan Tan	-	76,950
Total	356,213	333,070

(b) **Dealings in Units**

No Director has acquired or disposed of a relevant interest in any Units in the 4 month period ending on the date immediately before the date of this Target's Statement.

8.2 Interests and dealings in Aquis' securities

(a) **Interests in Aquis' securities**

As at the date immediately before the date of this Target's Statement, no Director had a relevant interest in any Aquis securities.

(b) **Dealings in Aquis' securities**

No Director acquired or disposed of a relevant interest in any Aquis securities in the 4 month period ending on the date immediately before the date of this Target's Statement.

8.3 Benefits and agreements

(a) **Benefits in connection with retirement from office**

As a result of the Offer, no person has been or will be given any benefit (other than a benefit which can be given without member approval under the Corporations Act) in connection with the retirement of that person, or someone else, from a board or managerial office of RCSL or Related Body Corporate of RCSL.

(b) **Agreements connected with or conditional on the Offer**

As noted in section 10.7, Aquis Reef Operator Holdings Pty Ltd may make an offer of employment to Allan Tan conditional on completion of the Operator Share Purchase Agreement (which is, in turn, conditional on the Offer).

Other than as set out above, there are no agreements made between any Director and any other person in connection with, or conditional upon, the outcome of the Offer other than in their capacity as a holder of Units or options.

(c) **Benefits from Aquis**

None of the Directors has agreed to receive, or is entitled to receive, any benefit from Aquis which is conditional on, or is related to, the Offer, other than in their capacity as a holder of Units or options.

(d) **Interests of Directors in contracts with Aquis**

None of the Directors has any interest in any contract entered into by Aquis, other than as a Unitholder or option holder in Aquis.

9 Taxation consequences

9.1 Introduction

The taxation consequences of accepting the Offer depend on a number of factors and will vary depending on your particular circumstances. RCSL appointed Ernst & Young to prepare a taxation report in relation to the taxation implications relating to the acceptance of the Offer which is included in Attachment 2 (**Taxation Report**).

The information contained in the Taxation Report has been provided by Ernst & Young for the purposes of this Target's Statement and is based on the Australian income taxation law as at the date of this Target's Statement, noting that:

- Australian income taxation legislation may be amended at any time and therefore the taxation consequences discussed in this section may alter if there is a change in the taxation law after the date of this Target's Statement.
- The taxation consequences for a particular Unitholder may vary depending on the particular circumstances of each Unitholder. Accordingly, the information contained in the Taxation Report, being of a general nature only, does not constitute taxation advice and cannot be relied upon as such. RCSL, RCT and Ernst & Young disclaim all liability to any Unitholder for all costs, loss, damage and liability that the Unitholder may suffer or incur arising from or relating to or in any way connected with the contents of the Taxation Report or the provision of the Taxation Report to the Unitholder or the reliance on the Taxation Report by the Unitholder.
- The information contained in the Taxation Report is confined to income taxation issues which are only one of the many matters that Unitholders need to consider when making a decision about their investments. Unitholders should consider obtaining advice from an adviser holding an Australian Financial Services Licence (**AFSL**) before making a decision about their investments. Under the Corporations Act, Ernst & Young are not required to hold an AFSL in order to provide the Taxation Report.

You should carefully read and consider the taxation consequences of accepting the Offer. Unitholders should seek appropriate independent professional advice that considers the taxation implications in respect of their own specific circumstances, including foreign tax implications (if any).

See also section 7 of the Bidder's Statement.

10 Additional information

10.1 Effect of the takeover on RCT's material contracts

RCT has identified certain material contracts to which RCT is a party as containing change of control provisions which may be triggered by the other counterparty as a result of, or as a result of acceptances of, the Offer.

A brief summary of the relevant contracts is set out below:

(a) **Bank of Queensland Loans**

Under the terms of funding provided by Bank of Queensland Limited (**BOQ**) on a secured basis to RCSL an event of default will occur upon the change of shareholder of the Operator and RCSL, and a default will occur where a transfer of shares is registered as contemplated by the Operator Share Purchase Agreement and Responsible Entity Share Purchase Agreement unless consent of BOQ is obtained. It is also a condition of the terms of funding provided by BOQ that any change in the existing operator/management arrangement between CAIL and Accor Ltd requires BOQ's prior written approval. Mortgages entered into between RCSL and BOQ provide that an event of default will occur where effective control of RCSL is altered. The Bidder's Statement indicates that Aquis may seek to refinance the BOQ funding.

See section 4.2(b) of the Bidder's Statement for further information.

(b) **Casino Agreements**

The Casino Agreements include a number of approvals that are required in order for the Offer to become Unconditional (including for the Operator Share Purchase Agreement and Responsible Entity Share Purchase Agreement to become unconditional). It is the understanding of your Directors that Aquis is in the process of seeking the necessary approvals.

(c) **Operator leases**

The leases entered into by RCSL, as responsible entity for RCT, and the Operator for the operation of the Complex require the Minister's consent to the proposed change of control of the Operator. These approvals are required in order for the Offer to become Unconditional. It is the understanding of your Directors that Aquis is in the process of seeking the necessary approvals.

Subject to the comments above, to the best of RCT's knowledge, none of the material contracts to which RCT is a party contain change of control provisions which may be triggered as a result of, or as a result of acceptances of, the Offer or which may have a material adverse effect on the assets and liabilities, financial position and performance, profits and losses and prospects of RCT so as to cause a Condition of the Offer to be incapable of being satisfied.

10.2 Material litigation

RCT does not believe that it is involved in any material litigation or dispute.

10.3 Takeover Bid Implementation Agreement

On 24 February 2014, RCT entered into the Takeover Bid Implementation Agreement (**BIA**) with Aquis. A copy of the BIA was released to the ASX on 24 February 2014 and an ASX announcement was made on the same day.

On 13 March 2014, RCT entered into an Amending Deed to the Takeover Bid Implementation Agreement with Aquis (**Amending Deed**). A copy of the Amending Deed was released to the ASX on 13 March 2014 and an ASX announcement was made on the same day.

A copy of the BIA and the Amending Deed can be obtained from RCT's website at www.reefcasino.com.au/trust or from the ASX's website at www.asx.com.au.

A summary of certain key terms of the BIA, as varied by the Amending Deed, is set out below. This is a summary only and should be read subject to the actual terms of the BIA and the Amending Deed.

(a) **Exclusivity**

The BIA contains certain exclusivity arrangements.

(1) **No shop**: During the Exclusivity Period, RCT must not, and must ensure that each of its representatives does not, solicit, invite, encourage or initiate any discussions in relation to a Competing Transaction or that may lead to a Competing Transaction.

(2) **No talk**: During the Exclusivity Period, RCT must not, and must ensure that each of its representatives does, not participate in discussions with any other person regarding, or that could reasonably be expected to lead to, a Competing Transaction being made, even if those discussions were not directly or indirectly encouraged or that person has publicly announced their Competing Transaction (except to the extent that they restrict RCT or a Director from taking or refusing to take any action with respect to a bona fide Competing Transaction that could reasonably be expected to be a Superior Proposal provided that the opinion of each Director is formed in good faith and after receipt of written advice from RCT's legal adviser).

(3) **No due diligence**: During the Exclusivity Period, RCT must not, and must ensure that each of its representatives does not, make available to any other person any non-public information relating to RCT or any of its businesses, assets or operations, in connection with such person formulating or finalisation of a Competing Transaction (except to the extent that they restrict RCT or a Director from taking or refusing to take any action with respect to a bona fide Competing Transaction that could reasonably be expected to be a Superior Proposal provided that the opinion of each Director is formed in good faith and after receipt of written advice from RCT's legal adviser).

(4) **Notification**: During the Exclusivity Period, RCT must as soon as reasonably practicable (and, in any event within three days) notify Aquis in writing if it receives notice from any person regarding, or that could reasonably be expect to lead to, a Competing Transaction. Such notice must be accompanied by all material details of the relevant event.

(5) **Matching right**: If any Director proposes to (whether or not subject to conditions) change his or her recommendation of the Offer so that he or she can recommend a Competing Transaction, RCT must give Aquis written notice of such proposed change of recommendation. Aquis will then have the right to amend the terms of the Offer within 5 business days. If Aquis exercises this right, the Directors must review Aquis' counter proposal in good faith. If the Directors determine that the counter proposal would be as favourable to Unitholders as the Competing Transaction:

(A) RCT and Aquis must use best endeavours to enter into documentation effecting the Aquis counter proposal;

(B) RCT must ensure that each Director recommends the Aquis counter proposal to Unitholders and does not recommend the Competing Transaction; and

(C) RCT must continue to comply with its obligations under the BIA.

(b) **Break fee agreement**

The break fee or cost reimbursement provisions of the BIA are contained in clause 7. The following is a high level summary of the key aspects of the break fee arrangements.

RCT has agreed to pay Aquis a break fee, or cost reimbursement fee, of $2,160,000 in the following circumstances:

(1) if any Director fails to make, or makes and then withdraws, revises, revokes, or qualifies a recommendation to Unitholders to accept the Offer;

(2) if any Director publicly endorses or otherwise publicly supports a Competing Transaction or any other third party proposal to acquire RCT's Units or assets;

(3) if RCT facilitates or consents to a person other than Aquis acquiring more than 10% of the Units;

(4) if a person, other than Aquis or a Related Body Corporate of it, acquires a legal, beneficial or economic interest in, or control of, more than 50% of Units or assets;

(5) if RCT, at any time before the End Date, enters into an agreement with a third party under which RCT agrees to implement a Competing Transaction;

(6) if RCT breaches essential clauses of the BIA in a manner that has a material adverse effect on its business;

(7) if RCT is in material breach of any clause of the BIA or if a Prescribed Occurrence occurs; or

(8) RCT or any of its Directors does (or omits to do) anything (whether or not permitted under the BIA) that results in any of the Conditions being breached or becoming incapable of being satisfied, and Aquis does not waive that Condition. For the avoidance of doubt, this will not apply to trigger the payment of the break fee in respect of the no material adverse change condition as a result of conduct in good faith of RCT or any of its Directors that is in the ordinary course of business of conducting gaming at the Casino.

10.4 Issued capital

As at the date of this Target's Statement, RCT's issued capital consisted of 49,801,036 units. Of these 49,801,036 units, 740,000 units are defined as restricted Founder Units which are held by the Major Unitholders and are not listed and are subject to restrictions on transfer as set out in the Casino Agreements.

10.5 Substantial holders

As at 24 March 2014, being the last practicable date prior to lodgement of this Target's Statement, each of the following persons was a substantial holder of Units based on information provided to RCT:

Unitholder	Number	%
Casinos Austria Group	20,916,908*	42.00
Accor Group	14,921,803*	29.96
Gary Mauric	2,507,465	5.03

* Includes 50% (12,500,000 Units) of the total Units owned by Reef Casino Investments Pty Ltd, which is jointly controlled by Casinos Austria Group and Accor Group.

10.6 Consents

This Target's Statement contains statements made by, or statements said to be based on statements made by, PricewaterhouseCoopers Securities Ltd, the Independent Expert. PricewaterhouseCoopers Securities Ltd has consented to the inclusion of each statement it has made in the form and context in which the statements appear and has not withdrawn that consent at the date of this Target's Statement.

This Target's Statement contains statements made by, or statements said to be based on statements made by, Ernst and Young, as the tax advisor. Ernst and Young consented to the inclusion of each statement it has made in the form and context in which the statements appear and has not withdrawn that consent at the date of this Target's Statement.

Herbert Smith Freehills has given, and has not withdrawn before the date of this Target's Statement, its written consent to be named in this Target's Statement as Australian legal advisers in the form and context in which it is so named. Herbert Smith Freehills has not advised on the laws of any foreign jurisdiction and has not provided tax advice in relation to any jurisdiction.

Computershare Investor Services Pty Ltd has given, and has not withdrawn before the date of this Target's Statement, its written consent to be named in this Target's Statement as the Unit registry in the form and context in which it is so named.

Neither Herbert Smith Freehills, nor Computershare Investor Services Pty Ltd:

- have caused or authorised the issue of this Target's Statement;
- make or purport to make any statement in this Target's Statement or any statement on which this Target's Statement is based; or

- take any responsibility for any part of this Target's Statement other than any reference to its name.

This Target's Statement includes statements which are made in, or based on statements made in, documents lodged with ASIC or given to the ASX, or announced on the Company Announcements Platform of the ASX. Under the terms of ASIC Class Order 13/521, the parties making those statements are not required to consent to, and have not consented to, inclusion of those statements in this Target's Statement. Any Unitholder who would like to receive a copy of any of those documents may obtain a copy (free of charge) during the Offer Period by contacting the Unitholder Information Line on 1300 559 817 (for calls made from within Australia) or +61 3 9415 4613 (for calls made from outside Australia). Please note that calls to the Unitholder Information Line may be recorded.

As permitted by ASIC Class Order 13/532, this Target's Statement may include or be accompanied by certain statements:

- fairly representing a statement by an official person; or
- from a public official document or a published book, journal or comparable publication.

In addition, as permitted by ASIC Class Order 07/429, this Target's Statement contains Unit price trading data sourced from Thomson Reuters without its consent.

10.7 Sale of RCSL, the Operator and Casino Canberra

(a) **RCSL**

CAIL and Accor have agreed to sell to Aquis Reef RE Holdings Pty Ltd (ACN 167 934 581), a related company of Aquis, all of the shares in RCSL for consideration of A$12.6 million. Completion of the sale is subject to a number of conditions, including that:

- the Offer becomes Unconditional; and
- relevant Queensland Government approvals are obtained.

(b) **The Operator**

CAIL and Accor have agreed to sell to Aquis Reef Operator Holdings Pty Ltd (ACN 167 934 572), a related company of Aquis, all of the shares in the Operator for consideration of A$30.876 million (subject to a working capital adjustment and an additional adjustment, by way of reduction in purchase price, if the actual balance of the facilities provided by BOQ is greater than the target balance stated in the Operator Share Purchase Agreement). Completion of the sale of the Operator is subject to a number of conditions, including that:

- the Offer becomes Unconditional; and
- relevant Queensland Government Approvals are obtained.

Under the terms of the Operator Share Purchase Agreement, Aquis Reef Operator Holdings Pty Ltd may make an offer of employment to Allan Tan (Chief Executive Officer and also a Director of RCSL), Alison Galligan (Executive Manager Finance) and Wayne Reynolds (Hotel General Manager) that is:

(1) conditional on the completion of the Operator Share Purchase Agreement; and

(2) effective from the completion of the Operator Share Purchase Agreement.

(c) **Conditionality**

It is a Condition of the Offer that the Operator Share Purchase Agreement and Responsible Entity Share Purchase Agreement have become unconditional before the end of the Offer Period.

(d) **Casino Canberra**

CAIL has agreed to sell to Aquis Canberra Pty Ltd (ACN 167 935 506), a related company of Aquis, all of the shares in Casino Canberra for consideration of A$8.854 million (subject to an adjustment which will be made depending on the actual net assets of Casino Canberra). Completion of the sale is subject to a number of conditions, including that:

- the Offer becomes Unconditional; and
- relevant casino licensing approvals in the ACT are obtained.

(e) **Independent Expert's Report**

In the Independent Expert's Report included in Attachment 1 of this Target's Statement the Independent Expert concludes that it does not consider that the amounts paid directly as consideration to CAIL or Accor arising from the Offer will result in any collateral benefits.

(f) **Bidder's Statement**

For more information about these transactions, please refer to sections 8.3 and 8.4 of the Bidder's Statement.

10.8 No other material information

This Target's Statement is required to include all the information that Unitholders and their professional advisers would reasonably require to make an informed assessment whether to accept the Offer, but:

- only to the extent to which it is reasonable for investors and their professional advisers to expect to find this information in this Target's Statement; and
- only if the information is known to any director of RCT.

The Directors are of the opinion that the information that Unitholders and their professional advisers would reasonably require to make an informed assessment whether to accept the Offer is:

- the information contained in the Bidder's Statement (to the extent that the information is not inconsistent with, or superseded by, information in this Target's Statement);
- the information contained in RCT's releases to the ASX, and in the documents lodged by RCT with ASIC before the date of this Target's Statement; and
- the information contained in this Target's Statement (including the information contained in the Independent Expert's Report).

The Directors have assumed, for the purposes of preparing this Target's Statement, that the information in the Bidder's Statement is accurate (unless they have expressly indicated otherwise in this Target's Statement. However, the Directors do not take any responsibility for the contents of the Bidder's Statement and are not to be taken as endorsing, in any way, any or all statements contained in it.

In deciding what information should be included in this Target's Statement, the Directors have had regard to:

- the nature of the Units;
- the matters that Unitholders may reasonably be expected to know;
- the fact that certain matters may reasonably be expected to be known to Unitholders' professional advisers; and
- the time available to RCT to prepare this Target's Statement.

11 Glossary and interpretation

11.1 Glossary

The meanings of the terms used in this Target's Statement are as defined in the BIA and as set out below.

Term	Meaning
ACCC	Australian Competition and Consumer Commission.
Accor	Accor Casino Investments (Australia) Pty Limited ACN 089 359 633.
Amending Deed	the Amending Deed to the Takeover Bid Implementation Agreement dated 13 March 2014 between RCSL, in its capacity as responsible entity of RCT, and Aquis.
Announcement Date	announcement of the receipt of Aquis' proposal to acquire all the Units in RCT made to the ASX on 13 November 2013.
Aquis	Aquis Casino Acquisitions Pty Ltd ACN 166 108 701.
Aquis Group	Aquis, its Related Bodies Corporate and other companies incorporated in Australia which carry the branding of 'Aquis' and which are wholly-owned by Mr Tony Fung.
ASIC	Australian Securities and Investments Commission.
ASX	ASX Limited (ABN 98 008 624 691).
BIA	the Takeover Bid Implementation Agreement dated 24 February 2014 between RCSL, in its capacity as responsible entity of RCT, and Aquis as varied by the Amending Deed.
Bidder's Statement	the bidder's statement of Aquis dated 21 March 2014.
Board	the board of directors of RCSL.
BOQ	Bank of Queensland Limited ACN 009 656 740.

Term	Meaning
Business Day	Monday to Friday inclusive except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day and any other day that ASX declares is not a business day.
CAIL	Casinos Austria International Ltd ACN 065 998 807.
Cairns Casino Agreement	the Cairns Casino Agreement dated 9 December 1993 between the State of Queensland, Perpetual Trustee Company Limited and RCSL as varied from time to time.
Casino	The Reef Hotel Casino.
Casino Agreements	Cairns Casino Agreement, the Foundation Agreement and the Trust Deed.
Casino Canberra	Casino Canberra Limited ACN 051 204 114.
Casino Licence	the licence in respect of RCT issued pursuant to the *Casino Control Act 1982* (Qld), as amended from time to time.
CGT	Capital gains tax.
Competing Transaction	any expression of interest, proposal, offer or transaction (or a series of transactions), which if entered into or completed, would result in a person (other than Aquis or one of its Related Bodies Corporate): (a) acquiring Voting Power in RCT of more than 10%; (b) directly or indirectly, acquiring an interest in, a relevant interest in, having the right to acquire, becoming the holder of, or entering into a cash settled equity swap or other synthetic, economic or derivative transaction connected with or relating to: (i) more than 10% of the Units or more than 10% of the securities in RCT; or (ii) the whole or a material part of the business or property of RCT; (c) acquiring control of RCT, within the meaning of section 50AA of the Corporations Act;

Term	Meaning
	(d) otherwise acquiring or merging (including by a scheme of arrangement, capital reduction, sale of assets, strategic alliance, joint venture, partnership, reverse takeover bid or dual listed company structure) with RCT; or (e) resulting in the Offer not being able to be implemented on the basis set out in the BIA.
Complex	The Reef Hotel Casino Complex in Cairns, North Queensland.
Condition	the Conditions to the Offer, as set out in section 9.7 of the Bidder's Statement a copy of which is contained in Attachment 4 to this Target's Statement.
Corporations Act	the *Corporations Act 2001* (Cth) (as modified or varied by ASIC).
Director	a member of the Board, including both Non-Independent Directors and Independent Directors.
End Date	the date on which the Offer Period ends, being 31 October 2014, unless extended.
Exclusivity Period	the period commencing on 24 February 2014 and ending on the first to occur of: (a) the date of termination of the BIA; and (b) the End Date.
Finance Documents	each of the 4 facilities provided by BOQ in respect of RCT entitled Facility Details Business Term Loan and dated 21 December 2010.
Foundation Agreement	the deed between Perpetual Trustee Company Limited, RCSL, Casinos Austria International Ges m.b.H, Perpetual Trustee Company Limited as trustee for the Country Comfort Trust No. 1, Australian Olympic Committee Incorporated and Touraust Management Pty Limited dated 9 December 1993 as amended from time to time.
Founder Units	the 740,000 founder units issued by RCT and held in equal proportions by the Major Unitholders.

Term	Meaning
FIRB	Foreign Investment Review Board.
Government Agency	a government or governmental, semi-governmental, administrative, fiscal or judicial body, department, commission, authority, tribunal, agency or entity whether foreign, federal, state, territorial or local in Australia, including (without limitation) any self-regulatory organisation established under a statute or otherwise discharging substantially public or regulatory functions, and in particular, ASX, ASIC and any federal or state based gaming authority.
Independent Directors	Mr Keith DeLacy and Mr Richard Haire.
Independent Expert	PricewaterhouseCoopers Securities Ltd ACN 003 311 617.
Independent Expert's Report	the independent expert's report prepared by PricewaterhouseCoopers Securities Ltd and dated 24 March 2014 which is contained in Attachment 1 to this Target's Statement.
Major Unitholder	each of Accor Casino Investments (Australia) Pty Ltd and Casinos Austria International Ltd and each of their Related Bodies Corporate.
Material Contract	each of: (a) the Foundation Agreement; (b) Section C Deed between Jupiters Limited ABN 78 010 741 045, RCSL and The State of Queensland (Queensland Treasury) dated 24 October 2002; (c) Finance Documents; and (d) any other contract to which RCT or RCSL is a party which is material to the conduct of the business of RCT and involves annual commitments or expenditure greater than $200,000.
Non-Independent Directors	Mr Benjamin Macdonald; Mr Michael Issenberg; Mr Simon McGrath; Mr Kim Mooney; Dr Karl Stoss; Mr Allan Tan; Mr Philip Basha; and

Term	Meaning
	Mr Alexander Tucek.
Notice of Status of Conditions	Aquis' notice disclosing the status of the Conditions to the Offer which is required to be given by section 630(3) of the Corporations Act.
Offer or **Aquis' Offer**	the offer by Aquis for the Units, which offer is contained in section 9.1 of the Bidder's Statement.
Offer Period	the period during which the Offer will remain open for acceptance in accordance with section 9.2 of the Bidder's Statement.
Offer Price	$4.354 for each Unit.
Operator	Casinos Austria International (Cairns) Pty Limited ABN 42 062 222 011.
Operator Share Purchase Agreement	the share purchase agreement dated 24 February 2014 pursuant to which Aquis Reef Operator Holdings Pty Ltd (ACN 167 934 572), a related company of Aquis, agrees to purchase all of the shares in the Operator.
Prescribed Occurrence	the occurrence of any of the following where that occurrence was not consented to by Aquis in writing and is not the result of RCT taking or procuring any action required to be taken or procured by it under the BIA: (a) RCT converting all or any of its securities into a larger or smaller number of securities; (b) RCT resolving to reduce its capital in any way or reclassifying, combining, splitting, redeeming or cancelling directly or indirectly any of its securities; (c) RCT entering into a buy-back agreement or resolving to approve the terms of such an agreement; (d) RCT making an issue of its securities or granting an option over its securities or agreeing to make such an issue or grant such an option; (e) RCT issuing, or agreeing to issue, convertible notes; (f) RCT disposes, or agrees to dispose of, the whole or a substantial part of its business or property; (g) RCT charging, or agreeing to charge, the whole, or a substantial part, of its business or property;

Term	Meaning
	(h) RCT resolving that it be wound up; (i) the appointment of a liquidator or provisional liquidator of RCT; (j) the making of an order by a court for the winding up of RCT; (k) RCSL being required to wind up RCT; (l) an administrator of RCT being appointed; (m) RCT executing a deed of company arrangement; (n) the appointment of a receiver or a receiver and manager in relation to the whole, or a substantial part, of the property of RCT; (o) RCT makes any change to the Trust Deed other than a change which is administrative in nature other than as required by law; (p) RCT making any change to any of its accounting policies other than as required by law; (q) RCT increases: (i) its maximum table differential for the game of baccarat; or (ii) its table limit for a single bet for any other game, above $50,000; (r) unless Aquis consents in writing, not: (i) accept from any customer any cheque or series of cheques under RCT's cheque cashing facility otherwise than in accordance with RCT's cheque cashing facility policy; or (ii) change that cheque cashing facility policy; (s) RCT creates, or agrees to create, any encumbrance over its business or any part of its property other than in the ordinary course of its business; (t) RCT incurs any financial indebtedness or issues any debt securities, other than in the ordinary course of business or pursuant to advances under its credit facilities in existence as at the date of the BIA where the funds drawn pursuant to those advances are used in the ordinary course of business; (u) RCT makes any loans, advances or capital contributions to, or investments in, any other person (other than to or in RCT in the ordinary course of business), other than in the ordinary course of business; (v) RCT ceases, or threatens to cease, to carry on business; (w) RCT is deregistered as a company or otherwise dissolved; (x) RCT is or becomes unable to pay its debts when they fall due; (y) RCT entering into any arrangement, commitment or

Term	Meaning

agreement with:

- (i) a related party (as that term is defined in section 228 of the Corporations Act); or
- (ii) any of RCSL, the Operator, or either of the Major Unitholders or any of their respective Related Bodies Corporate,

which either:

- (iii) involves any commitment or liability of $350,000 or more; or
- (iv) is other than in the ordinary course of business;

(z) RCT makes or amends any tax election, changes any method of tax accounting, settles or compromises any tax liability (other than payroll tax in respect of directors' fees), files any material amended tax return, enters into a closing agreement, surrenders any right to claim a material tax refund or consents to the extension or waiver of the limitation period applicable to any material tax claim or assessment, other than in the ordinary course of business;

(aa) RCT pays, discharges, settles, satisfies, compromises, waives, assigns or releases any claims, liabilities or obligations exceeding $350,000 other than the payment, discharge or satisfaction, in the ordinary course of business consistent with past practice, of liabilities reflected or reserved against in RCT's financial statements or incurred in the ordinary course of business consistent with past practice;

(bb) RCT authorises, recommends or proposes any release or relinquishment of any contractual right, except in the ordinary course of business consistent with past practice;

(cc) RCT:

- (i) increases the remuneration of, pays any bonus (other than in accordance with existing contractual entitlements as at the date of the BIA) to or otherwise varies the appointment arrangements of any RCT director;
- (ii) issues any securities, options or performance rights to any of the employees of RCT, or accelerates the rights of any such employee to compensation or benefits of any kind (including, without limitation, under any executive or employee share or option plan and including, without limitation, by vesting any outstanding performance rights);
- (iii) pays any RCT director termination or retention payments (otherwise than in accordance with contractual entitlements existing at the date of the BIA which were disclosed to Aquis prior to the date of the BIA);
- (iv) enters into employment arrangements with any

Term	Meaning
	individual which could involve RCT giving a commitment to such individual in excess of $150,000 per annum; (v) enters into, offers to enter into or agrees to enter into any agreement, joint venture, asset or profit share, partnership or commitment which would require expenditure, or the foregoing of revenue, by RCT of an amount which is, in aggregate, more than $350,000 other than in the ordinary course of business; (vi) enters into, amends or terminates any Material Contract other than in the ordinary course of business; or (vii) resolves, agrees, commits or announces an intention to do any of the things referred to in sub-paragraphs (a) to (cc) (inclusive) of this definition.
RCT	Reef Casino Trust ARSN 093 156 293 or, where appropriate, RCSL acting in its capacity as responsible entity of the Reef Casino Trust.
RCSL	Reef Corporate Services Limited ABN 66 057 599 621.
Register	the register of Units kept by RCT.
Regulatory Approvals	has the meaning it has in the Bidder's Statement.
Related Body Corporate	has the meaning it has in the Corporations Act.
Responsible Entity Share Purchase Agreement	the share purchase agreement dated 24 February 2014 pursuant to which Aquis Reef RE Holdings Pty Ltd (ACN 167 934 581), a related company of Aquis, agrees to purchase all of the shares in RCSL.
Rights	has the meaning given in section 10.1 of the Bidder's Statement.
Superior Proposal	a bona fide transaction or proposed transaction which, if completed substantially in accordance with its terms, would mean a person (other than Aquis or one of its Related Bodies Corporate) would become the holder of:

Term	Meaning
	(a) more than 50% of the Units; or (b) the whole or substantially the whole of the business, assets and undertakings of RCT, provided that the Directors determine, acting in good faith and in order to satisfy what the Directors consider to be their fiduciary and statutory duties (after having taken advice from RCSL's financial advisors), that the transaction or proposed transaction is capable of being valued and completed, taking into account all aspects of the transaction or proposed transaction (including its consideration (and form of consideration), conditions precedent and the person or persons making it) and is superior overall for Unitholders as compared to the Offer.
Target's Statement	this document (including the attachments), being the statement of RCT under Part 6.5 Division 3 of the Corporations Act.
Transaction	the acquisition by Aquis of all Units under the Offer.
Trust Deed	Trust Deed of RCT dated 2 July 1993, as amended from time to time.
Unconditional	in relation to the Offer means all Conditions to the Offer as set out in section 6.2 have been fulfilled or have been waived by Aquis.
Unit	a fully paid ordinary Unit in Reef Casino Trust ARSN 093 156 293.
Unitholder	each person who is registered in the register of members of RCT as a holder of Units in RCT.
Voting Power	has the meaning it has in the Corporations Act.

11.2 Interpretation

In this Target's Statement:

(1) Other words and phrases have the same meaning (if any) given to them in the Corporations Act.

(2) Words of any gender include all genders.

(3) Words importing the singular include the plural and vice versa.

(4) An expression importing a person includes any company, partnership, joint venture, association, corporation or other body corporate and vice versa.

(5) A reference to a section, clause, attachment and schedule is a reference to a section of, clause of and an attachment and schedule to this Target's Statement as relevant.

(6) A reference to any legislation includes all delegated legislation made under it and amendments, consolidations, replacements or re-enactments of any of them.

(7) Headings and bold type are for convenience only and do not affect the interpretation of this Target's Statement.

(8) A reference to time is a reference to Sydney time.

(9) A reference to dollars, \$, A\$, AUD, cents, ¢ and currency is a reference to the lawful currency of the Commonwealth of Australia.

12 Authorisation

This Target's Statement has been approved by a resolution passed by the Directors of RCSL. All Directors, including the Independent Directors, voted in favour of that resolution.

Signed for and on behalf of RCSL:

date 25 March 2014

sign here ▸

print name Benjamin Macdonald

position Chairman, Reef Corporate Services Limited

Attachment 1

Independent Expert's Report

Independent Expert's Report

Prepared for the Independent Directors of Reef Corporate Services Limited in relation to the potential takeover of Reef Casino Trust and other related transactions

24 March 2014

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The Independent Directors
Reef Corporate Services Limited
35-41 Wharf St
Cairns QLD 4870
Australia

24 March 2014

Dear Sirs

Potential takeover of all units in the Reef Casino Trust and other related transactions

1. Introduction

On 13 November 2014 Reef Corporate Services Limited (RCSL), as responsible entity for Reef Casino Trust (RCT), announced to the Australian Securities Exchange (ASX) that RCSL received an indicative proposal from Aquis Casino Acquisitions Pty Ltd (Aquis) to acquire all units in RCT. Aquis released a Bidder's Statement dated 21 March 2014 in which Aquis have offered to acquire all the units in RCT at a cash price of $4.354 per unit (the Offer or Transaction 1) subject to a number of conditions such as regulatory approval. Approximately 70% of RCT is owned collectively by Casinos Austria International Ltd (CAIL), Casinos Austria International Holding GmbH (parent company of CAIL) and Accor Casino Investments (Australia) Pty Ltd (Accor).

In addition to the Offer but forming part of the same transaction, other members of the Aquis Group also intend to acquire:

- Casinos Austria International (Cairns) Pty Ltd (CAIC), the operator of The Reef Hotel Casino, which is owned by CAIL and Accor for $30.88 million (Transaction 2);
- RCSL, the responsible entity of RCT, which is owned by CAIL and Accor for $12.60 million (Transaction 3); and
- Casino Canberra Ltd (CCL), a wholly-owned subsidiary of CAIL (Transaction 4) for $8.85 million.

The Offer is subject to the satisfaction of a number of conditions which are set out in full in the Target's Statement to be sent to Unitholders by RCT.

The Directors of RCSL, the responsible entity of RCT, are to issue a Target's Statement in response to the Offer which will include their recommendation as to whether the Offer should or should not be accepted.

In order to assist RCT Unitholders with their consideration of the Offer, the Directors of RCSL have requested PricewaterhouseCoopers Securities Limited (PwC Securities) provide an independent expert's report advising as to whether, in our opinion, the Offer is fair and reasonable to Unitholders.

In addition, whilst not required to meet the requirements of an independent expert's report as set out in the Australian Securities and Investment Commission Regulatory Guide 111, the Directors have requested that we assess the three additional transactions to determine whether collateral benefits will be received by

PricewaterhouseCoopers Securities Limited, ACN 003 311 617, ABN 54 003 311 617, Holder of Australian Financial Services Licence No. 244572,
Darling Park Tower 2, 201 Sussex Street, GPO BOX 2650, SYDNEY NSW 1171
T: +61 2 8266 0000, F: +61 2 8266 9999, www.pwc.com.au

major Unitholders CAIL and Accor as a result of members of the Aquis Group acquiring the three other entities.

2. Basis of assessment

This report has been prepared in accordance with the Corporations Act and Australian Securities and Investment Commission (ASIC) Regulatory Guide 111, Content of expert reports (RG111).

We have prepared this independent expert's report for the purpose of stating, in our opinion, whether or not the Offer is fair and reasonable for RCT Unitholders, and to set out reasons for that opinion.

Relevant guidance on the criteria for "fair" and "reasonable" is provided in ASIC's RG111. RG111.11 indicates that an offer is "fair" if the value of the offer price or consideration is equal to or greater than the value of the securities of the target. RG111.11 provides that this should be assessed assuming a knowledgeable and willing, but not anxious, buyer and a knowledgeable and willing, but not anxious, seller acting at arm's length, and 100% ownership of the target irrespective of whether the consideration is scrip or cash.

According to RG111.12, "an offer is reasonable if it is fair. It might also be reasonable if, despite being not fair, the expert believes that there are sufficient reasons for security holders to accept the offer in the absence of any higher bid before the close of the offer".

Our assessment of the value of RCT, in order to reach a conclusion over the fairness criteria has been undertaken using values on a controlling basis. Our assessment of reasonableness includes an assessment, in addition to our fairness conclusion, of factors including:

- the likely impact on unit price if the offer is rejected;
- the avenues available from which to realise value if the offer is rejected; and
- a comparison of the risk (and opportunity) of holding the RCT units as opposed to realising a certain sum by accepting the offer.

In accordance with the request of the Directors, we have considered the potential collateral benefits of the three related transactions. Under Section 623 of the Corporations Act, bidders are precluded from offering a benefit to induce a person to accept an offer under the bid if that benefit is not provided to all holders of securities (this is known as a collateral benefit). In the circumstances of the proposed transaction, Accor and CAIL may be perceived to have received a collateral benefit by virtue of Transactions 2, 3 and 4. In our view, a collateral benefit would arise from these transactions if the value paid as consideration for those assets is in excess of the fair market value of the assets vended by Accor and CAIL or on a basis inconsistent with that for the consideration of RCT.

In order to assess the potential for a collateral benefit from the direct consideration offered in Transactions 2, 3 and 4, we have considered:

- relative value of each of the Transactions compared to the consideration received for an interest of approximately 70% in RCT;
- implied earnings multiples based on the consideration offered for the various elements of Transactions 2, 3 and 4; and
- comparison of the implied multiples of Transactions 2, 3 and 4 to Transaction 1.

3. Summary of our opinion and key conclusions

We have assessed the value of the RCT units on a controlling basis for the evaluation of the proposed Transaction 1 based on a capitalisation of earnings (or comparable multiples) approach with regard to the trading multiples of comparable listed companies and multiples implied by historical transactions.

Based on RCT's CY13 EBITDA of $19 million and our selected EBITDA multiple range of 8.5-10.5x, we estimate an enterprise value for RCT within the range of $161.5 million to $199.5 million. Adjusting for debt outstanding on RCT's balance sheet as at 31 December 2013 and based on 49.8 million RCT units outstanding, we estimate the value per unit of RCT to be between $3.23 and $3.99. This is summarised in the following table.

RCT units valuation summary	Low ($m)	High ($m)
Enterprise value of RCT	161.5	199.5
Add surplus cash	4.9	4.9
Less debt and debt-like securities	(5.6)	(5.6)
Value of RCT units	160.8	198.8
Number of units on issue (m)	49.8	49.8
Value per unit ($)	**3.23**	**3.99**

Source: PwC Analysis

The offer from Aquis for the RCT units of $4.354 per unit is at a 20% premium to our valuation mid-point, and at a 53% premium to the last traded price of RCT units prior to the announcement of the proposed transaction. Based on the results of our valuation and the RG111.11 definition of a "fair" offer being consideration equal to or greater than the value of the securities of the target, we consider the Offer by Aquis for the RCT units to be fair.

RG111.12 states that "an offer is reasonable if it is fair". Based on our opinion that the consideration offered by Aquis for the RCT units is fair, the Offer is therefore also reasonable.

However, for our assessment of whether the Offer is reasonable we have also taken into consideration:

- the avenues available from which to realise value if the offer is rejected;
- the likely impact on unit price if the offer is rejected; and
- a comparison of the risk (and opportunity) of holding the RCT units as opposed to realising a certain sum by accepting the offer. We note that the Offer is open to Unitholders until 31 October 2014 reflecting the time required for appropriate regulatory approvals to be obtained. We have identified and considered the risk to Unitholders who accept the Offer well in advance of this date as, while these Unitholders will be entitled to any distributions on Units during the Offer period, they will not be able to participate in any subsequent superior offers or alternative means of divestment and in the circumstances that the Offer period is extended, as detailed in Target's Statement, RCT will be unable to declare any further distributions without the approval of Aquis.

In our opinion if the proposed transaction does not proceed and in the absence of other bidders, the Unitholders of RCT are unlikely to be able to realise value to the same magnitude as the Offer by Aquis and therefore we consider the Offer reasonable.

In order to assess whether any collateral benefits have been received as part of Transactions 2, 3 and 4, we have assessed the earnings multiples implied by the Offer price for RCT, RCSL and CAIC based on financials information as at 31 December 2013. We note that the implied multiples based on the Offer value of RCT, RCSL and CAIC are broadly consistent, providing support that the other members of the

Aquis Group have treated the consideration for each of the entities in a similar nature to RCT reflecting our assessment that the risk and expectations associated with the earnings are similar for the 3 entities as they are based on the revenue derived from casino operations.

With regards to the acquisition of CCL, we note that CCL has suffered a loss at EBITDA level in 2012 and 2013 which prevents a meaningful value assessment based on the implied earnings multiple. However based on the 2013 revenue for CCL, the implied revenue transaction multiple is 0.5x. This multiple is well below the revenue multiple implied by Transaction 1, and also below the multiple implied by the recent sale of Jupiters Townsville by Echo Entertainment Group. We consider a lower multiple appropriate given the current loss making nature of CCL and the prohibition of slot machines in the Canberra casino.

In addition, the Offer by an Aquis Group company for CCL has been broadly based on reported net assets and while the business is currently loss making we consider that there are a number of factors that could contribute to potential upside for the owner and support the utilisation of the net assets approach.

We do not consider that the amounts paid directly as consideration to CAIL or Accor arising from the Offer and related transactions will result in any collateral benefits. In addition, we are not aware of any other mechanisms which exist that would constitute receipt of a collateral benefit by a Unitholder.

4. Other matters

The decision to accept or not to accept the Offer is a matter for individual Unitholders based on each Unitholder's view as to value, their expectations about future market conditions and their particular circumstances including risk profile, liquidity preference, investment strategy, portfolio structure and tax position. In particular, taxation consequences may vary from Unitholder to Unitholder. If in any doubt as to the action they should take in relation to the Offer, Unitholders should consult their own professional advisor.

This independent expert's report has been prepared specifically for RCT Unitholders. Neither PwC Securities nor its employees, officers and agents undertake responsibility to any person, other than RCT Unitholders, in respect of the independent expert's report, including any errors or omissions howsoever caused.

RCSL has indemnified PwC Securities, PwC and its employees, officers and agents against any claim, liability, loss or expense, cost or damage, including legal costs on a solicitor client basis, arising out of reliance on any information or documentation provided by RCSL, which is false and misleading or omits any material particulars or arising from a failure to supply relevant documentation or information.

The independent expert's report contains only general financial product advice. It was prepared without taking into account individual personal objectives of RCT Unitholders, financial situation or needs. RCT Unitholders should consider their own objectives, financial situation and needs when assessing the suitability of the independent expert's report to their situation. You may wish to obtain personal financial product advice from the holder of an Australian Financial Services Licence to assist you in this assessment.

Our opinion is made at the date of this letter and reflects circumstances and conditions as at that date. This letter must be read in conjunction with the full independent expert's report attached.

Yours faithfully

Richard Stewart
Authorised representative
PricewaterhouseCoopers Securities Ltd

Table of contents

1. Introduction and scope of the Independent Expert's Report

1.1. Introduction

On 13 November 2014 Reef Corporate Services Limited (RCSL), as responsible entity for Reef Casino Trust (RCT), announced to the Australian Securities Exchange (ASX) that RCSL received an indicative proposal from Aquis Casino Acquisitions Pty Ltd (Aquis) to acquire all units in RCT. Aquis released a Bidder's Statement dated 21 March 2014 in which Aquis have offered to acquire all the units in RCT at a cash price of $4.354 per unit (the Offer or Transaction 1) subject to a number of conditions such as regulatory approval. Approximately 70% of RCT is owned collectively by Casinos Austria International Ltd (CAIL), Casinos Austria International Holding GmbH (parent company of CAIL) and Accor Casino Investments (Australia) Pty Ltd (Accor).

In addition to the Offer but forming part of the same transaction, other members of the Aquis Group also intend to acquire:

- Casinos Austria International (Cairns) Pty Ltd (CAIC), the operator of the Reef Hotel Casino complex, which is owned by CAIL and Accor for $30.88 million (Transaction 2);
- RCSL, the responsible entity of RCT, which is owned by CAIL and Accor for $12.60 million (Transaction 3); and
- Casino Canberra Ltd (CCL), a wholly-owned subsidiary of CAIL (Transaction 4) for $8.85 million.

1.2. Scope of the Independent Expert's Report

1.2.1. Purpose of the Independent Expert's Report

The purpose of the Independent Expert's Report (IER) is to provide an assessment as to whether the terms of Transaction 1 are fair and reasonable.

As requested by the Directors of RCSL, the IER will also consider whether CAIL and Accor are obtaining any collateral benefits because of the consideration they are expected to receive under Transactions 2, 3 and 4.

1.2.2. Our approach

Relevant guidance on the criteria for "fair" and "reasonable" is provided in Australian Securities and Investments Commission (ASIC) Regulatory Guide 111 – Contents of Experts Reports (RG111). RG111.11 indicates that an offer is "fair" if the value of the offer price or consideration is equal to or greater than the value of the securities of the target. RG111.11 provides that this should be assessed assuming a knowledgeable and willing, but not anxious buyer and a knowledgeable and willing, but not anxious, seller acting at arm's length, and 100% ownership of the target irrespective of whether the consideration is scrip or cash.

According to RG111.12, "an offer is reasonable if it is fair. It might also be reasonable if, despite being not fair, the expert believes that there are sufficient reasons for security holders to accept the offer in the absence of any higher bid before the close of the offer".

Our assessment of the value of RCT, in order to reach a conclusion over the fairness criteria, has been undertaken using values on a controlling basis. Our assessment of reasonableness includes an assessment, in addition to our fairness conclusion, of factors including:

- the likely impact on unit price if the Offer is rejected;
- the avenues available from which to realise value if the Offer is rejected; and
- a comparison of the risk (and opportunity) of holding the RCT units as opposed to realising a certain sum by accepting the Offer.

Under Section 623 of the Corporations Act, bidders are precluded from offering a benefit to induce a person to accept an offer under the bid if that benefit is not provided to all holders of securities (this is known as a collateral benefit). In the circumstances of the proposed transaction, Accor and CAIL may be perceived to have received a collateral benefit by virtue of Transactions 2, 3 and 4. In our view, a collateral benefit would arise from these transactions if the value paid as consideration for those assets is in excess of the fair market value of the assets vended by Accor and CAIL or if the basis for the consideration offered in these related transactions is significantly different from that of RCT.

In order to assess the potential for a collateral benefit from the direct consideration offered in Transactions 2, 3 and 4, we have considered:

- relative transaction values of the various elements of the transactions compared to the consideration received for an interest of approximately 70% in RCT;
- implied earnings multiples for the various elements of Transactions 2, 3 and 4; and
- comparison of the implied multiples of Transactions 2, 3 and 4 to Transaction 1.

1.2.3. Valuation approach

The value of RCT is driven by earnings and cash flows generated by the casino, gaming and wagering business, supplemented by modest additional earnings and cash flows from the hotel, restaurants, bars and other associated facilities. RCT's earnings historically been relatively stable and we have therefore adopted the capitalisation of earnings (or comparable multiples) approach as our primary valuation approach. It involves the application of an earnings multiple (derived from an analysis of comparable companies and/or transactions) to an assessment of the future earnings of a business.

It is conventional valuation practice to estimate the market value of casinos and other gaming and wagering businesses in this way by capitalising future EBITDA at a multiple which allows for risk and growth potential. Using EBITDA as an earnings definition removes distortions to value caused by capital structures, asset financing strategies and tax outcomes. This allows more reliable benchmarking of value to other listed casinos and comparable businesses.

In applying our primary valuation approach for RCT, we have:

- used reported EBITDA for RCT as a basis for estimating future maintainable EBITDA on a normalised basis;
- examined comparable companies and transactions in Australia and New Zealand to arrive at a range of industry EBITDA multiples;
- added a control premium to the range of comparable company multiples to reflect the takeover component of Transaction 1;
- assessed an appropriate range of EBITDA multiples to apply to RCT taking into account specific factors relating to the risks and growth potential for RCT;
- capitalised the estimated future EBITDA of RCT by applying the range of multiples reflecting a control value for RCT units, to arrive at an enterprise value;

- added surplus assets and subtracted debt and debt-like items to arrive at an equity value for RCT; and
- divided the estimated equity value by the units on issue to arrive at a value per unit of RCT.

1.2.4. Sources of information

In preparing this report, we have used and relied upon the information set out in Appendix B and representations made to us by and on behalf of the management of RCT and RCSL. Financial information set out in this report for the years ended 31 December 2010, 2011, 2012 and 2013 is based on the audited financial statements of RCT. Other information provided to us, including capital expenditure forecasts and budget for the financial year ended 31 December 2014, has also been considered in our analysis.

Information provided to us has been based on the same data room data provided to the Aquis Group, allowing us to consider the elements of the transactions on at least the same basis as the Aquis Group.

We have conducted checks, enquiries and analysis of the information provided to us which we regard as appropriate for the purposes of this report. Based on these procedures, we believe that the information used as the basis for forming the opinions in this report is accurate, complete and not misleading and we have no reason to believe that material information relevant to our report has been withheld. Whilst our work has involved an analysis of financial information and accounting records, it does not constitute an audit of RCT, CAIC, RCSL and CCL in accordance with Australian Auditing Standards, and accordingly no such assurance is given in this report.

1.2.5. Unitholders should seek personal advice

An individual Unitholder's decision in relation to the Offer may be influenced by his or her particular circumstance. In undertaking the assessment, we have considered the proposed transaction for Unitholders as a whole. We have not considered the effect of the Offer on the particular circumstances of individual Unitholders nor have we considered their individual objectives, financial situations or needs. Individual Unitholders will have varying financial and tax circumstances and it is not practical or possible to consider the implications of the Offer on individual Unitholders as their respective financial circumstances are not known to us. Due to particular circumstances, individual Unitholders may place different emphasis on various aspects of the Offer from that adopted in this independent expert's report. Accordingly, individual Unitholders should seek their own financial advice.

We have prepared a Financial Services Guide (FSG) in accordance with the Corporations Act. The FSG is included as Appendix E of this report.

1.2.6. Limitations and reliance on information

This report has been prepared solely for the purposes noted above and is not permitted to be used for any other purpose. In preparing this report, we have had regard to public and non-public information. A listing of this information has been detailed in Appendix B of this report. We have used and relied on the information set out in Appendix B and representations made to us by and on behalf of the management of RCT and RCSL.

We have conducted such checks, enquiries and analysis on the information provided which we regard as appropriate for the purposes of this report. However, such information and representations are not always capable of external verification or validation. Based on this evaluation, we believe that the information used in forming our opinions in this report is reliable, complete and not misleading and we are not aware of any reason to believe that material facts have been withheld. Preparation of this report does not in any way imply that we have audited the financial statements or other records of RCT, CAIC, RCSL and CCL. It has been assumed that the accounting information relied upon was prepared in accordance with generally accepted accounting principles.

Our assessment has been made as at the date of this report. Economic conditions, market factors and performance changes may result in the report becoming outdated. We reserve the right, but are under no obligation to review our assessments, and, if we consider it necessary, to issue an addendum to this report in light of any relevant material information which subsequently becomes known to us prior to the end of the Offer Period.

All value amounts in the report are denominated in Australian dollars ($) unless otherwise stated. Financial tables may be subject to rounding.

We provided draft copies of this independent expert's report to the independent Directors of RCSL for their comments as to factual accuracy, as opposed to opinions, which are our responsibility alone. Changes made to this independent expert's report as a result of the independent Directors' review have not changed the methodology or conclusions reached by us.

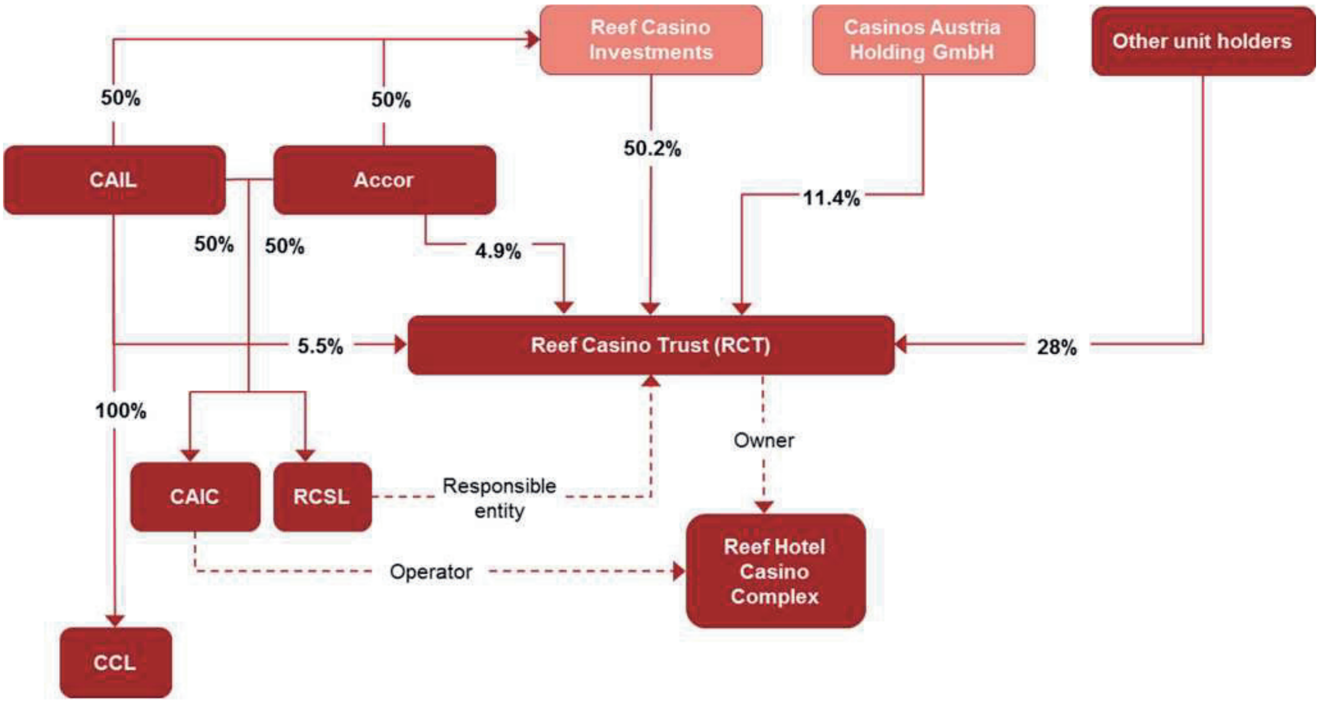
2. Details of the Offer

2.1. Details of the Offer

As set out in the Bidder's Statement Aquis have offered to acquire all of the units in RCT at a cash price of $4.354 per unit.

In addition, other members of the Aquis Group also propose to acquire a number of related entities to RCT as part of additional conditions to the proposal. These related entities are CAIC, RCSL and CCL. The relationship and ownership of these entities are shown in Figure 1 below.

Figure 1 Relationship and ownership structure of RCT and related entities



As at December 2013
Source: PwC Analysis, Public Information

2.2. Value of the Offer

The Aquis offer of $4.354 per unit of RCT is valued at $216.8 million based on 49.8 million RCT units on issue (including 740,000 unlisted founder units held by CAIL and Accor).

The offer price is at a 53% premium to RCT's closing unit price of $2.84 on 12 November 2013, the day prior to the announcement of the proposed transaction to the ASX.

The Offer is open to Unitholders until 31 October 2014. During this period, and regardless of whether the Offer is accepted or not, Unitholders will be entitled to any distributions made on Units held. However, once the Offer is accepted, a Unitholder will not be able to participate in any alternative means of divestment and in the circumstances that the Offer period is extended, as detailed in Target's Statement, RCT will be unable to declare any further distributions without the approval of Aquis.

3. Industry and company background

3.1. Background to Reef Casino Trust

3.1.1. Reef Casino Trust (RCT)

RCT is a single purpose trust listed on the ASX with approximately 49.8 million units on issue. RCT is a lessee of Crown land on which the Reef Hotel Casino complex (the Complex) in Cairns is situated. The casino license granted to RCT is used in relation to the Complex and is in place until 2068. Negotiations for a further lease can take place during the last 10 years of the existing lease.

The Complex is then sub-leased to CAIC as operator of the complex. The sub-lease to CAIC has a term of 20 years due to expire in 2016, with an option to extend to 2029 that RCT Management has indicated is likely to be exercised. CAIC is jointly owned by CAIL and Accor, as is RCSL, the responsible entity of RCT. Whilst this agreement is technically a sub-lease, the terms and conditions are more akin to a management agreement as RCT is exposed to the majority of the risks and rewards associated with owning a casino. This is discussed further in section 3.1.2 below.

The Complex is located on the waterfront overlooking the Trinity Inlet in central Cairns. It includes the Reef Hotel Casino (the Casino), the Pullman Reef Hotel Casino (the Hotel), restaurants, bars and conference facilities. The Casino offers an array of table games across 38 tables, more than 500 electronic gaming machines, TAB wagering facilities and a Keno lounge. The Hotel is a 5-star hotel offering with 128 rooms situated directly adjacent to the Casino.

Local visitors (within a day trip distance) account for around 55% of visitations to the Casino, approximately 22.5% are intrastate/ interstate visitors (predominantly from Brisbane, Sydney and Melbourne) and the remainder is accounted for by international tourists (predominantly Chinese and Japanese).

3.1.2. Sources of Revenue for RCT

RCT generates rental income from the lease of the complex to CAIC. The majority (approximately 89%) of revenue is sourced from the Casino, with the remaining 11% from the hotel and other facilities.

Rental income calculations are shown below. The rent received from CAIC is comprised of a mix of a base rent plus "*Additional Rent*" which is derived from a balance of net operating income less specific deductions. The majority of the revenue received by RCT is in relation to the Additional Rent. RCT revenue is therefore reliant upon the profitability of the Casino and the Hotel.

Casino: $500,000 base rent adjusted annually by CPI (2013 - $794,557) plus Additional Rent, which comprises the balance of net operating income from the casino after deduction of management fees payable to CAIC being 2% of Gross Revenue and 5% of Net Operating Income.

Additional Rent = NY – A

Where:

- NY is Net Operating Income less Base Rent.
- A = 2% x GR + 5% x NP
- GR is Gross Revenue
- NP is Net Operating Income.

Hotel: $150,000 base rent adjusted annually by CPI (2013- $238,367) plus Additional Rent which comprises the balance of Net Operating Income from the hotel after deduction of management fees (2% of hotel revenue + 8% of Net Operating Profit) payable to CAIC;

Additional Rent = NY – A

Where:

- NY means Net Operating Income less Base Rent
- GR is Gross Revenue
- A = 2% x GR + 8% x NP
- NP = OP – (2% x GR)
- OP is Net Operating Income.

Central Facilities – minimal base rent ($100 indexed), plus Additional Rent comprising balance of Net Operating Income less a management fee payable to CAIC of 5% of Net Operating Income (after base rent).

Further financial information is discussed in Section 3.1.4.

Casino and Hotel operations

The Casino attracts predominantly average income customers, otherwise known as grind business, with a small proportion of premium customers.

Approximately two-thirds of Casino revenue is sourced from slot machines and one-third from table games. Table games are considered less profitable than slot machines due to costs associated with operating the tables. Within table games the vast majority of revenue is sourced from grind customers.

The Complex has retail offerings as well as food and beverage outlets on site. In addition to room sales, the Complex generates fixed rentals from three tenants: an on-site Chinese restaurant and noodle bar, Velvet nightclub and the Wildlife Dome.

3.1.3. Company history

Listed below are highlights of significant events since the establishment of RCT.

Table 1 RCT company history – key events

Date	Event
Jul-93	RCT formed
Feb-94	RCT listed on the ASX
Jan-96	Casino license granted to RCT. Reef Hotel Casino commences trading
Nov-99	Recapitalisation program commences to revitalise the complex following new JV partnership between Casinos Austria and Accor
Jun-00	RCSL becomes responsible entity of RCT. Recapitalisation program complete
Dec-01	RCSL jointly owned by CAIL and Accor
Mar-04	RCSL granted an Australian Financial Services License
Dec-08	Reef Hotel Casino rebranded from a Sofitel to a Pullman hotel
Nov-13	Indicative proposal from Aquis to acquire all units in RCT

Source: RCT, public documents

3.1.4. Financial information

3.1.4.1. Financial performance

The reported operating performance for Reef Casino Trust for the four years ended 31 December 2010, 31 December 2011, 31 December 2012 and 31 December 2013 are summarised in the table below.

Table 2 RCT income statement: 2010 to 2013

Reef Casino Trust **Income statement** **A$000**	**12 months ended 31 December 2010**	**12 months ended 31 December 2011**	**12 months ended 31 December 2012**	**12 months ended 31 December 2013**
Rental revenue	17,814	21,808	21,089	24,071
Other revenue	61	66	64	98
Total revenue	**17,875**	**21,874**	**21,153**	**24,169**
Property outgoings	(1,052)	(1,104)	(1,100)	(1,176)
Rates and taxes	(679)	(686)	(690)	(759)
Responsible Entity fees	(1,108)	(1,045)	(976)	(993)
Repairs and maintenance	(705)	(867)	(896)	(825)
Insurance	(319)	(318)	(551)	(532)
Project development expenses	-	(350)	(188)	(275)
Other expenses	(831)	(715)	(841)	(774)
EBITDA	**13,181**	**16,789**	**15,911**	**18,835**
Depreciation and amortisation	(4,795)	(4,439)	(4,454)	(4,483)
EBIT	**8,386**	**12,350**	**11,457**	**14,352**
Interest revenue	206	152	152	115
Financial costs attributable to unitholders [1]	(3,828)	(5,819)	(5,409)	(6,962)
Interest expense on financial liabilities measured at amortised cost	(936)	(864)	(791)	(543)
Total finance costs attributable to unitholders	**(4,764)**	**(6,683)**	**(6,200)**	**(7,505)**
Profit for the year	**3,828**	**5,819**	**5,409**	**6,962**
Other comprehensive income for the year	-	-	-	
Total comprehensive income for the period	**3,828**	**5,819**	**5,409**	**6,962**
Weighted average number of units (equity) for the year	24,900,518	24,900,518	24,900,518	24,900,518
Basic and diluted earnings per unit	**0.154**	**0.234**	**0.217**	**0.280**
Profit before finance costs attributable to unitholders	**7,656**	**11,638**	**10,818**	**13,924**
Key performance indicators				
EBITDA margin	73.7%	76.8%	75.2%	77.9%
EBIT margin	46.9%	56.5%	54.2%	59.4%
Profit margin (before finance costs attributable to unitholders)	42.8%	53.2%	51.1%	57.6%

Source: RCT Audited Accounts, 2010-2013

Note 1: Finance costs attributable to unitholders represent 50% of RCT's distributable profits payable to Unitholders. We have valued the liability and equity components of RCT units as a whole.

RCT's operating performance has been steady over the period between 2010 and 2013, with revenues, EBITDA and profits broadly trending upwards.

The key driver of RCT's overall performance is the rental revenue it receives from the operator of the Casino, Hotel and other facilities which it owns. This rental income has contributed more than 99% of RCT's total revenue each year between 2010 and 2013. The rental revenue received by RCT is broken down into two components – Base Rent, which is paid by the operator irrespective of performance, and Additional Rent, which varies with the operating performance of each of the assets. Between 2011 and 2013, Additional Rent on average made up more than 94% of the total rental revenue received by RCT. As such, RCT's results are highly dependent on the operating performance of the Hotel, Casino and other facilities.

RCT's total revenue increased by approximately 22% from 2010 to 2011 despite challenging conditions in the Cairns economy as a result of natural disasters including Cyclone Yasi and the Queensland floods which impacted on Cairns' tourism. Total revenue for RCT fell marginally (3%) between 2011 and 2012, which management attributed to reduced premium play earnings and the closure of one of the Casino's gaming floors during the first half of the year for renovations. Revenue in 2013 rebounded strongly, up 14% on the prior year to $24 million. Record table and slots revenues were achieved in 2013 despite still challenging local conditions, assisted by ongoing growth in the China market.

The table below sets out the key operating metrics for the Complex.

Table 3 Reef Casino Hotel Complex key operating metrics

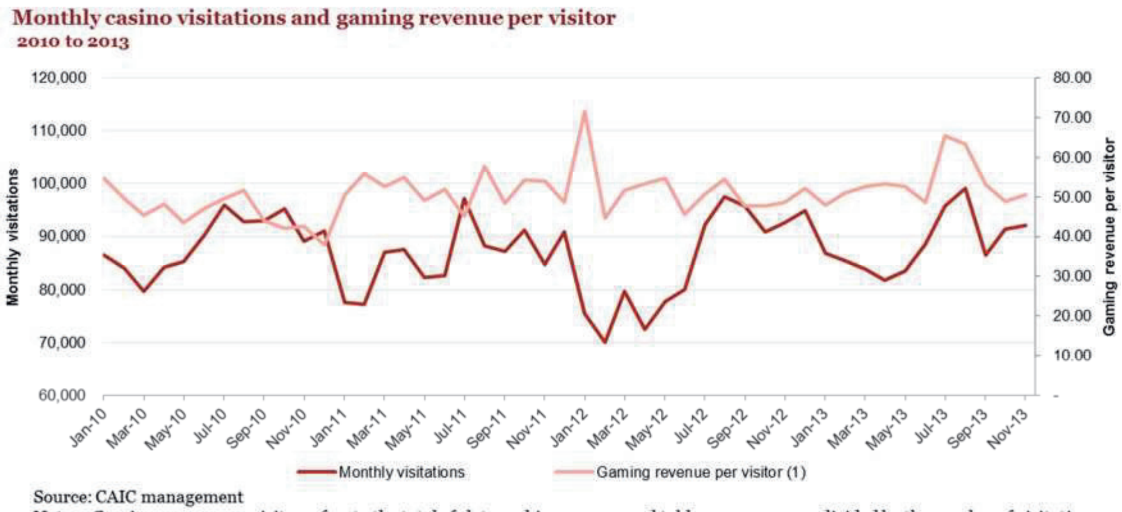
Reef Hotel and Casino Complex: Key operating metrics								
		2010		2011		2012		2013
Casino								
Total gaming revenue ($m)		49.7		54.0		53.2		57.5
Total visitations		1,066,835		1,034,083		1,019,449		1,064,325
Table games hold rate (%)		17.2%		20.3%		18.3%		19.9%
Slot machines hold rate (%)		7.2%		7.3%		7.4%		7.3%
Hotel								
Total revenues ($m)		16.2		17.0		17.3		16.9
Occupancy (%)		80.6%		80.4%		83.8%		81.8%
Average room rate ($)	$	158.2	$	170.8	$	173.3	$	169.9
Revenue per available room ($)	$	127.6	$	137.3	$	145.2	$	138.9

Source: CAIC management, CAIC Audited Accounts

Total visitations to the Casino declined slightly (2.2% per year) between 2010 and 2012, reflecting the challenging economic conditions that prevailed during the period both domestically and internationally. The table games hold rate was up by 1.1% and the slot machines increased by 0.2% over the same period. This would have helped offset the impact of falling visitation numbers on revenue. Casino revenue increased between 2010 and 2011 and held almost constant in 2012 despite a fall in number of visitations, indicating higher revenue per visit. In 2013, casino revenue increased 8.1% on 2012 and total visitations were up 4.4% with revenue per visit also higher. The increase in revenue at the Casino has directly driven the increase in EBITDA for RCT.

The chart below illustrates the Casino visitations and gaming revenue per visitor between 2010 and 2013. The drop-off in visitations in 2011 and 2012 was more than offset by an increase in revenue per visitor, which resulted in higher revenues for the Casino and subsequently RCT. 2013 saw a recovery in visitor numbers whilst revenue per visitor also increased, driving growth in revenue for the Casino and RCT in 2013.

Figure 2 Reef Casino visitations and gaming revenue per visitor



Source: CAIC management
Note 1: Gaming revenue per visitor refers to the total of slot machine revenue and table games revenue divided by the number of visitations.

The Hotel has seen strong performance in recent years, recording growth across total revenues, occupancy rates, average room rates and revenue per available room (RevPAR) between 2010 and 2012. Total revenues were up 5.3% in 2011 and slightly higher (1.3%) again in 2012. Between 2010 and 2012, occupancy rates increased by 3.2 percentage points, whilst the average room rate and RevPAR recorded annualised growth of 4.6% and 6.7% to reach $173 and $145 respectively. That said, 2013 saw a modest 2.3% decline in hotel revenue to $16.9 million with occupancy and room rates also lower than the prior year. This was attributable in part to the hotel room refurbishment during that time as well as a softer hotel market, particularly in the conferencing space.

Costs for RCT have been broadly stable between 2010 and 2013, with a compound annual growth rate of 4.4% over the period, reflecting the relatively fixed nature of RCT's cost structure. The only purely variable cost is the non-operating expense of finance costs attributable to Unitholders, which RCT incurs due to its payout of 50% of distributable profits to Unitholders in the trust.

Reflecting the above, RCT has seen strong growth in profitability between 2010 and 2013, with EBITDA and profit (before finance costs) increasing by an annualised 12.6% and 22.1% respectively. EBITDA margins have also been relatively stable at approximately 75%. The EBIT margin has grown from 46.9% in 2010 to 59.4% in 2013, whilst profit (before finance costs) margin also increased from 42.8% to 57.6% over this period.

3.1.4.2. Financial position

The audited summary financial position for RCT as at 31 December 2010, 31 December 2011, 31 December 2012 and as at 31 December 2013 is set out in the following table.

Table 4 RCT balance sheet: 2010 to 2013

Reef Casino Trust **Balance sheet** **A$000**	**31 December 2010**	**31 December 2011**	**31 December 2012**	**31 December 2013**
Assets				
Cash and cash equivalents	4,640	4,490	3,650	5,912
Receivables	1,069	1,811	2,336	1,773
Total current assets	**5,709**	**6,301**	**5,986**	**7,685**
Receivables	750	750	750	750
Property, plant and equipment	106,033	104,949	104,148	102,393
Intangible assets	108	116	123	182
Total non-current assets	**106,891**	**105,815**	**105,021**	**103,325**
Total assets	**112,600**	**112,116**	**111,007**	**111,010**
Liabilities				
Payables	3,322	4,987	4,488	5,923
Total current liabilities	**3,322**	**4,987**	**4,488**	**5,923**
Loans and borrowings	12,750	10,250	8,750	5,600
Deferred income	82	74	66	58
Issued units - liability portion	85,051	85,051	85,051	85,051
Total non-current liabilities	**97,883**	**95,375**	**93,867**	**90,709**
Total liabilities	**101,205**	**100,362**	**98,355**	**96,632**
Net assets	**11,395**	**11,754**	**12,652**	**14,378**
Equity				
Issued units - equity portion	85,051	85,051	85,051	85,051
Distribution account	3,276	1,958	2,496	4,242
Undistributed income	4,911	6,588	6,948	6,928
Accumulated losses	(81,843)	(81,843)	(81,843)	(81,843)
Total equity	**11,395**	**11,754**	**12,652**	**14,378**
Total equity and liabilities	**112,600**	**112,116**	**111,007**	**111,010**

Source: RCT Audited Accounts, 2010-2013

RCT's financial position reflects the stable nature of the business. Net assets have been steady over the past four years and based on management expectations is unlikely to change significantly in the near future. A discussion of key balances is set out below.

Assets

The key asset balances are cash and cash equivalents, and property, plant and equipment. The cash and cash equivalents balance has been relatively stable since 2010. The property, plant and equipment balance of $102.4 million is comprised of the Reef Hotel and Casino complex buildings, plant and equipment of $63.5 million and site lease rental in advance of $38.8 million.

Liabilities

The key liability balances are loans and borrowings and issued units. The loans and borrowings balance represents a loan facility with the Bank of Queensland. The loan is being gradually paid off, with the balance declining from $12.75 million as at 31 December 2010 to $5.6 million as at 31 December 2013. Issued units (liability portion) of $85.05 million represents the book value of units in RCT which were issued as a liability.

Equity

The issued units (equity portion) balance of $85.05 million represents the book value of the units in the Trust which were issued as equity. The accumulated losses of $-81.84 million represents the residual of a writedown of the Complex in June 1998 which was partially offset by a gain made on a loan restructure in 1999.

3.1.4.3. Cash flows

The audited summary cash flow statements for RCT for the four years ended 31 December 2010, 31 December 2011, 31 December 2012 and 31 December 2013 are summarised in the table below.

Table 5 RCT cash flow statement: 2010 to 2013

Reef Casino Trust **Cash flow statement** **A$000**	**12 months ended 31 December 2010**	**12 months ended 31 December 2011**	**12 months ended 31 December 2012**	**12 months ended 31 December 2013**
Cash flows from operating activities				
Cash receipts in the course of operations (predominantly rent)	20,465	23,218	22,687	27,200
Cash payments in the course of operations	(6,475)	(6,875)	(7,666)	(7,451)
Interest received	201	163	152	111
Interest and other finance costs paid	(930)	(936)	(791)	(543)
Net cash from operating activities	**13,261**	**15,570**	**14,382**	**19,317**
Cash flows from investing activities				
Payments for property, plant and equipment	(2,410)	(3,271)	(3,737)	(2,712)
Proceeds from the disposal of property, plant and equipment	4	11	(25)	12
Net cash flows from investing activities	**(2,406)**	**(3,260)**	**(3,762)**	**(2,700)**
Cash flows from financing activities				
Proceeds/(repayment) of borrowings	1,250	(2,500)	(1,500)	(3,150)
Distributions paid (equity portion and liability portion)	(10,956)	(9,960)	(9,960)	(11,205)
Net cash from financing activities	**(9,706)**	**(12,460)**	**(11,460)**	**(14,355)**
Net increase/(decrease) in cash held	1,149	(150)	(840)	2,262
Cash and cash equivalents at 1 January	3,491	4,640	4,490	3,650
Cash and cash equivalents at 31 December	**4,640**	**4,490**	**3,650**	**5,912**

Source: RCT Audited Accounts, 2010-2013

RCT's cash balance has been relatively stable between 2010 and 2013. The main source of cash inflows for RCT is its operating activities in the form of cash receipts, predominantly rental income. Cash outflows have been broadly in line with inflows historically, predominantly through investing activities in property, plant and equipment, and financing activities in the form of distributions paid to Unitholders. This has led to modest fluctuations in the cash balance each year, most recently increasing by $2.3 million during 2013 to $5.9 million as at 31 December 2013.

3.1.4.4. Capital structure and ownership

As at 21 March 2014, the issued capital of RCT comprised 49,801,036 units, of which 49,061,036 are listed on the ASX. Ownership of RCT is concentrated with the top 3 beneficial Unitholders holding 77.00% of the total units on issue. The top 3 beneficial Unitholders and their respective stakes are set out in the table below.

Table 6 RCT beneficial Unitholder summary as at 21 March 2014

Reef Casino Trust: Top 3 beneficial Unitholders			
Rank	**Name**	**Units**	**% of Units**
1.	Casinos Austria Group	20,916,908	42.00
2.	Accor Group	14,921,803	29.96
3.	Mr Gary Mauric	2,507,465	5.03
Top 3 beneficial Unitholders total		**38,346,176**	**77.00**

Source: RCT Audited Accounts 2013, Bloomberg

The RCT trust deed provides that no person (other than a Founder[1]) can, without ministerial approval, hold more than 5 percent of the total number of issued units at any time. According to the constitution, a person is taken to hold a controlling interest in a corporation if the person, alone or together with any associate or associates of the person, holds 15% or more of the units on issue or controls 15% or more of the voting rights. As at 21 March 2014, Casino Austria and Accor Group are the only Unitholders with a controlling interest by this definition.

3.1.4.5. Unit price performance

A summary of the price history of RCT units since 2009 is set out in the table below.

Table 7 RCT unit price history: 2009 to 2013

Reef Casino Trust (ASX:RCT) - Unit price history					
		Unit price ($)		**Average weekly volume (000s)**	**Average weekly turnover**
Year ended	High	Low	Close		
2009	2.15	1.65	1.93	24.9	0.05%
2010	2.08	1.70	1.85	31.8	0.06%
2011	1.96	1.60	1.75	17.2	0.03%
2012	2.61	1.78	2.33	14.5	0.03%
2013	4.10	2.24	3.77	31.9	0.06%

Source: S&P Capital IQ

RCT units have limited liquidity, with average weekly volume of less than 35,000 units and an average weekly turnover of less than 0.1% over the last 5 years of trading. This equates to an annual average number of units traded of less than 2 million, or approximately 4% of the 49.8 million units on issue.

[1] The RCT trust deed defines a Founder as "Casinos Austria International GmbH, Australian Olympic Committee Inc., Touraust Management Pty Limited and Perpetual Trustee Company Limited as trustee of the Country Comfort Trust No. 1 and any other person who at any time holds a Restricted Unit."

The chart below illustrates the unit price and trading volume history of RCT.

Figure 3 RCT unit price and trading volume history

RCT was first listed on the ASX in 1994. After experiencing difficulties in its first few years of operations, the unit price fell sharply and traded at a low level for an extended period between 1998 and 1999. However, following a recapitalisation in 1999, the unit price gradually improved in the following years and traded up towards $4.50 in late 2006 as operating performance demonstrated steady growth. The price then declined slowly through to late 2008 and subsequently traded within a range of approximately $1.50 to $2.50 between 2009 and 2012. In early 2013 it has broadly traded between $2.50 and $3.00, with the 30 day VWAP prior to the announcement date of the proposed transaction being $2.68. It then jumped from a closing price of $2.84 on the day prior to the Offer (12 November 2013) to a closing price of $3.99 on the day of the announcement (13 November 2013). RCT has since traded broadly between $3.60 and $4.00, although the midpoint of this range ($3.80) remains at a discount of approximately 15% to the offer price of $4.35 per unit.

3.2. Industry trends and outlook

3.2.1. Cairns

The Reef Hotel Casino Complex is situated on the waterfront in Cairns, Queensland. Cairns has a metropolitan area population of approximately 160,000 and is situated approximately 1,700km north of Brisbane in North Queensland. The city is serviced by an international airport which processes over 4 million passengers each year, with international flights direct from New Zealand and most major Asian centres.

The tourism industry is vital to the Cairns economy, with visitor expenditure contributing $1.9 billion per year on average between 2009 and 2012 to the $8.1 billion gross regional product (GRP) of the local economy. The majority of overnight visitors to Cairns arrive by air, and as such passenger movements through the airport are a key indicator of tourism and more broadly the regional economy. Total passenger movements through the Cairns Airport for the last 9 years are set out in the following table.

Table 8 Cairns airport total passenger movements: FY2005 to FY2013

Cairns Airport: Passenger movements						
Year	International (000s)	Change (%)	Domestic (000s)	Change (%)	Total (000s)	Change (%)
FY2005	857	-	2,761	-	3,617	-
FY2006	856	(0.0%)	2,903	5.1%	3,759	3.9%
FY2007	765	(10.7%)	3,041	4.8%	3,806	1.2%
FY2008	758	(0.8%)	3,098	1.9%	3,856	1.3%
FY2009	618	(18.5%)	3,087	(0.4%)	3,705	(3.9%)
FY2010	560	(9.4%)	3,006	(2.6%)	3,566	(3.7%)
FY2011	670	19.6%	3,188	6.1%	3,858	8.2%
FY2012	542	(19.2%)	3,389	6.3%	3,931	1.9%
FY2013	555	2.4%	3,601	6.3%	4,156	5.7%

Source: Cairns International Airport

Total passenger movements have grown at an average of 1.7% per year over the past 9 years from 3.6 million in FY2005 to 4.2 million in FY2013. The domestic market, which provides the vast majority of the passenger movements, saw strong growth through FY2006 and FY2007 before stagnating in FY2008 and declining through to FY2010. This drop reflected declining consumer confidence and expenditure in the wake of the global financial crisis, and as expected was accentuated in the international passenger movements. International passenger movements have been largely trending down, although the last 5 years have seen increased volatility. After sharp falls of 18.5% in FY2009 and 9.4% in FY2010, FY2011 saw a strong recovery as passengers jumped by 19.6%. However, FY2012 saw another steep decline by 19.2% before numbers stabilised in FY2013.

The tourism industry is expected to record steady growth over the next 5 to 10 years in regional Queensland, which bodes well for economic activity in the Cairns region. The latest forecasts from Tourism Queensland project domestic visitor growth of 0.7% per year through to FY2022 for regional Queensland, and international visitor growth of 3.3% annually over the same period.

3.2.2. Casinos

The Australian casino industry is expected to generate $5.6 billion in total revenues and employ approximately 20,000 people in FY2014. After significant revenue volatility following the global financial crisis, the industry has experienced a recovery since 2011 in the wake of improving economic conditions both domestically and internationally. Over the five years to FY2014, industry revenue is estimated to record annual growth of 3.6%.

There are currently only 13 casinos and 7 casino operators in Australia, making the industry highly concentrated. The largest 2 owners, Crown Resorts and Echo Entertainment, own 2 and 4 casinos respectively, and are estimated to have a combined market share of more than 85%. Summary profiles of each of Australia's casinos are set out in the following table.

Table 9 Casinos in Australia

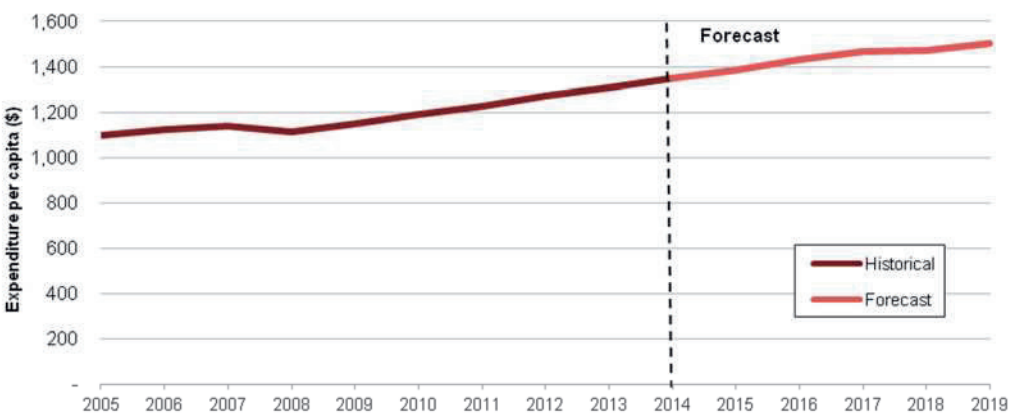
Casinos in Australia						
Casino	Year opened	Location	Ownership	Tables	Machines	Hotel rooms
Alice Springs Casino	1982	Alice Springs	Lasseters Holdings	21	188	75
Canberra Casino	1992	Canberra	Casinos Austria	38	-	-
Country Club Casino	1982	Launceston	Mulawa Holdings	25	315	104
Crown Melbourne	1997	Melbourne	Crown Resorts	500	2,500	1,604
Crown Perth	1985	Perth	Crown Resorts	245	2,100	686
Jupiters Gold Coast	1985	Gold Coast	Echo Entertainment	93	1,426	594
Jupiters Townsville	1986	Townsville	Echo Entertainment	26	333	194
Reef Casino	1996	Cairns	Reef Casino Trust	38	519	128
Skycity Adelaide	1985	Adelaide	Skycity Entertainment	90	995	-
Skycity Darwin	1979	Darwin	Skycity Entertainment	33	750	154
The Star	1997	Sydney	Echo Entertainment	300	1,500	650
Treasury Casino	1995	Brisbane	Echo Entertainment	86	1,360	130
Wrest Point Hotel Casino	1973	Hobart	Mulawa Holdings	30	490	280

Source: Company annual reports, Broker reports

Key growth drivers

- *Gaming and wagering expenditure per capita*
  The most important factor in the determination of industry performance is the proportion of household income devoted to gaming and wagering. In FY2014, gaming and wagering expenditure is expected to continue the upward trend that it has demonstrated since 2009, as shown in the chart below.

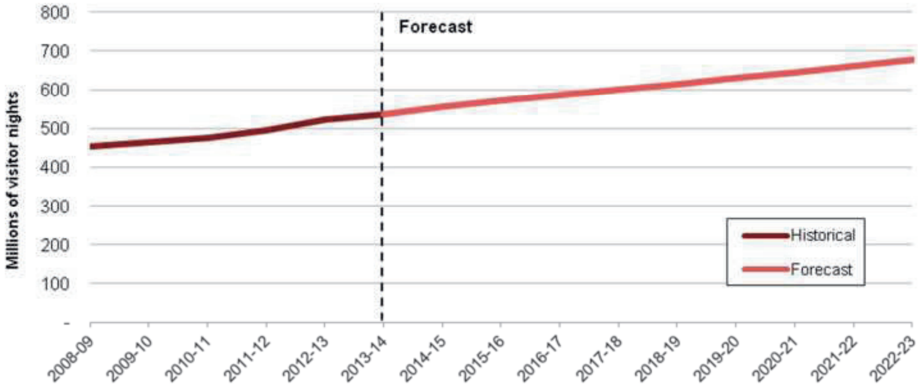
Figure 4 Gaming and wagering expenditure per capita in Australia: historical and forecast



Source: IBISWorld

- *Total visitor nights*
  Trends in domestic and international tourism are important in terms of visitors to casinos, as tourists represent a new market and opportunity for industry growth. Trends in high-end tourist visits are particularly important, because the win rate of high-stakes gamblers can significantly affect the profitability of casinos. Visitor nights are forecast to increase steadily over the medium term from around 550 million in FY2014 to approximately 600 million in FY2019 as illustrated in the following chart.

Figure 5 Total visitor nights in Australia: historical and forecast



Source: Tourism Research Australia

- *Internet connections*
  Internet casinos are expected to be a growing threat to the industry in the future. With lower costs, these casinos can offer more attractive odds on games and as such have a number of advantages over traditional casino establishments.

- *Household discretionary income*
  The casino industry is affected by changes in household discretionary income, which in turn depends on broader economic factors including labour market conditions, interest rates and tax rates. In FY2014, discretionary income is expected to decline.

Industry outlook

Over the next five years through to FY2019, casino industry revenue is forecast to grow by 2.9% annually, reaching $6.4 billion in FY2019[2]. Greater competition both domestically and internationally is set to drive increased investment into casinos and related facilities with the aim of attracting visitors of all income levels. This growth projection is largely due to a forecast increase in tourism from an increasingly wealthy Asia. It is expected, however, that ongoing competition for gaming expenditure locally from sports wagering and gaming machines in clubs and pubs will remain strong in the medium term.

Regulation

Casinos in Australia operate in a tight regulatory environment and are regulated on a state by state basis. The right to own and operate a casino requires a casino license, which is granted pursuant to special legislation that must be passed by State or Territory parliaments. Each state also has its own separate supervisory body which establishes and enforces regulatory requirements. These requirements are extensive and in many states include:

- comprehensive internal auditing on a regular basis;
- inspection procedures to stop any possibility of money laundering or skimming;
- compulsory checks on people applying for employment at casinos;
- prohibition of the tipping of casino staff; and
- stakeholder limits on individual holdings and limits to their voting power.

In addition to paying significant upfront costs to obtain a license, licensees are subjected to special casino taxes on top of standard corporate taxes, annual license fees and a number of government cost reimbursements. Licensees are also often required to provide for community benefit levies.

[2] Ibisworld

3.2.3. Hotels and resorts

The Australian hotels and resorts industry is currently expected to generate $6.1 billion in total revenues and employ approximately 67,000 people in FY2014. The last few years have seen mixed conditions in the industry. Following the financial crisis, industry revenue stagnated due to weaker demand from both the corporate and tourism market segments, falling by 8.4% in FY2009 and 3.1% in FY2010. However, this decline has provided scope for a recovery which has unfolded with the improvement of domestic and global economic conditions. As a result, the industry is expected to record annualised growth of 3.2% over the five years through to FY2014.

Key drivers

- *Domestic trips by tourists*
  Domestic travellers are the industry's biggest market, and as such trends in domestic visitor nights, particularly for holiday and leisure travel, have a significant influence on the operating performance of hotels and resorts across both capital cities and regional centres. Domestic tourism is affected by macroeconomic factors including household discretionary income and consumer sentiment. The number of domestic visitor nights is forecast to decline slightly in the near term.

- *Business tourist nights*
  Another of the largest hotel accommodation demand segments is business travel. Business travel is, in turn, influenced by broader economic factors including economic growth, business profit growth and confidence. Business tourism demand is expected to grow in the short term.

- *International travel to Australia*
  International visitors make up the third key demand segment for hotel and resort accommodation. International visitor growth is dependent on a range of factors including exchange rates, airline capacity, and marketing efforts of operators and governments. The international tourist market, however, is highly competitive at a global level as countries vie for a share of international visitors. International travel to Australia is projected to grow at a steady rate over the short term.

- *International travel by Australians*
  Trips taken by Australians overseas have a negative effect on the industry as they often represent domestic trips forgone. International travel by Australians is highly dependent on exchange rate, household disposable income and international airfare prices. Australians are expected to make more international trips in the short term.

In Cairns, hotel performance had been steady over four reporting periods to June 2012 with an average room rate just below $120 per night, yet in the year to June 2013 the average room rate has increased to $124 per night, an increase of 6.4% over the prior year. Occupancy decreased by approximately 5.7% over the same period to 56.2% and therefore revenue per available room (room rate x occupancy or RevPAR) increased only slightly to $69.55 per night.

Industry outlook

The industry is forecast to experience modest growth in the medium term as it continues to be constrained by uncertain economic conditions globally and domestically. International tourist numbers are expected to increase, but slowing economic growth in major tourist source markets throughout Europe and Asia will limit the benefit for the industry. The relative strength of the Australian dollar is also forecast in the short term to remain close to current levels, further inhibiting the industry by making Australia less attractive to international visitors and international travel more attractive for Australians. Industry revenue is projected to grow by 2.3% annually for the next five years, putting it on track to reach $6.9 billion by FY2019.

4. Is the Offer fair?

4.1. Standalone financial control value of RCT

4.1.1. Valuation approach

We have assessed the value of the RCT units on a controlling basis for the evaluation of Transaction 1.

Our assessment of the control value for an RCT unit has been determined based on a capitalisation of earnings (or comparable multiples) approach. In our assessment we have had regard to comparable listed companies and historical transactions.

4.1.2. Selection of a maintainable EBITDA

In light of our review of RCT's results together with our review of industry drivers and published reports of various gaming industry analysts indicating that the casino industry has recovered from the 2011-12 lows resulting from the global financial crisis, we are of the opinion that RCT's 2013 actual EBITDA forms an appropriate starting point upon which to base our estimate of maintainable EBITDA.

Implicit in using the actual results for the year ended 31 December 2013 as the basis of our maintainable EBITDA are the following assumptions:

- no material change in legislative requirements for RCT's gaming operations;
- existing limits on gaming table and machine numbers will remain in place;
- the gaming tax regime under which RCT's casino property operates will not change; and
- all licences for existing gaming and wagering operations will remain in force in perpetuity or be renegotiated on essentially the same terms at renewal periods.

In light of the above, we have estimated a maintainable EBITDA for RCT to be approximately $19 million.

4.1.3. Selection of an appropriate multiple

In selecting an appropriate multiple to apply to our assessment of future maintainable EBITDA, we have considered, among other things, the following:

- reported historical EBITDA multiples of comparable listed companies;
- prospective EBITDA multiples for comparable companies as forecast by market commentators;
- EBITDA multiples implied by significant transactions in the industry, both domestic and overseas;
- the relative size of RCT's casino operations, and its competitive position and market strength including the location;
- the potential for growth in RCT's EBITDA arising from expansion of international businesses; and
- other relevant factors influencing multiples such as interest rates, general economic conditions, company specific and general economic growth forecasts.

4.1.3.1. Comparable company EBITDA multiples

Set out in the table below are the pricing multiples for other Australian and New Zealand casinos based on historical and forecast EBITDA by various market commentators. We note that multiples are based on actuals for last twelve months (LTM) and forecasts for the next financial year (FY+1). A more detailed analysis of comparable companies can be found in Appendix C.

Table 10 Comparable listed company multiples: Controlling basis

Company	Ticker	Market Capitalisation (AUDm)	EV/LTM EBITDA	EV/ FY+1 EBITDA
Crown Resorts Limited	ASX:CWN	12,476.21	15.2x	21.4x
Echo Entertainment Group Limited	ASX:EGP	1,981.61	10.3x	8.0x
Sky City Entertainment Group Ltd.	NZSE:SKC	2,155.89	11.7x	11.2x
Tabcorp Holdings Ltd.	ASX:TAH	2,549.45	9.5x	8.8x
Average		**4,790.79**	**11.6x**	**12.4x**
Median		**2,352.67**	**11.0x**	**10.0x**

Source: S&P Capital IQ
Data as at 21 March 2014

The multiples above include a control premium applied to the implied EV/EBITDA observed in the market, which are based on the trading of small parcels of units. Studies have shown that the majority of premiums paid for equity in Australian takeovers are in the range of 20-40% which converted to an enterprise value equivalent using a debt to equity ratio of 50% implies an average control premium of 10-20%. The multiples above are adjusted to reflect a control premium of 20% above the market multiple.

Crown is approximately 5-6 times the size of the other comparable companies with a significantly higher EBITDA multiple. Excluding Crown, the mean EV/EBITDA multiples for the comparable listed companies would be 10.5x on an LTM basis and 9.4x on an FY+1 basis. Notably, even the smaller listed comparable companies above are approximately 10 times the size of RCT by market capitalisation.

4.1.3.2. Historical transaction multiples

There have only been a few majority stake casino transactions in Australia and New Zealand recently, the most recent being the acquisition of Jupiters Townsville in January 2014. Table 11 below summarises the key metrics of recent Australian and New Zealand casino transactions activity.

Table 11 Recent Australian and New Zealand casino transaction multiples

Date	Target	Transaction type	Country	Buyer	Transaction value (AUD $m)	Percent sought (%)	Implied EV/EBITDA (LTM)	Implied EV/EBITDA (FY+1)
Jan-14	Jupiters Townsville Hotel and Casino	M&A	Australia	Colonial Leisure Group Pty Ltd	70.00	100.0%	10.0x	NA
May-13	Otago Casinos Limited	M&A	New Zealand	Sky City Entertainment Group Ltd.	4.15	100.0%	NA	NA
Dec-12	Christchurch Casino Ltd.	M&A	New Zealand	Skyline Enterprises Limited	63.60	50.0%	29.1x	NA
Dec-12	Queenstown Casinos Limited	M&A	New Zealand	Sky City Entertainment Group Ltd.	3.98	40.0%	9.8x	6.9x
Aug-12	Crown Resorts Limited	Public offer [1]	Australia	-	531.97	6.6%	8.5x	10.4x
Jun-12	Echo Entertainment Group Limited	Public offer	Australia	-	454.00	11.2%	15.9x	12.7x
Aug-11	Crown Resorts Limited	Buyback	Australia	-	237.60	3.3%	10.7x	8.0x
Average					**195.04**	**44.4%**	**14.0x**	**9.5x**
Median					**70.00**	**40.0%**	**10.4x**	**9.2x**

Note 1: The Crown Resorts public offer in August 2012 was for subordinated notes.
Source: S&P Capital IQ

4.1.3.3. Selection of EBITDA multiple

While the comparable company and transaction multiples above suggest a reasonable multiples range would be 9.5-11.5x, we consider the following factors specific to RCT:

- the smaller size of the Reef Hotel Casino complex compared to the comparable casino hotels associated with the listed companies in Table 10 ;
- the significantly smaller market capitalisation of RCT compared to the comparable casinos in Table 10, while having regard to transaction multiples implied from the recent sale of Jupiters Townsville by Echo Entertainment Group; and
- the location of the Reef Hotel Casino complex being in a less populated area compared to the casino hotels associated with the listed companies in Table 10.

In light of the above, we consider it appropriate for a discount of approximately 10% to be applied to the range implied by the comparable companies and transactions of 9.5-11.5x, yielding an EBITDA multiple of 8.5-10.5x for our valuation of RCT.

There has been considerable discussion in the media about the potential synergies for the Aquis Group as a result of the acquisition of RCT relating to the Yorkeys Knob integrated resort development that the Aquis Group is currently proposing to construct approximately 15 kilometres north of Cairns. The Aquis Group may be able to realise additional value from the transaction as they would effectively acquire a casino licence, which could give rise to a less onerous regulatory approval processes for the Yorkeys Knob development. However, this potential synergy is not widely available to market participants and as a result we do not consider it appropriate to include the potential value of the synergy in our assessment.

4.1.4. Calculation of enterprise value

Our selected maintainable EBITDA of $19 million and an EBITDA multiple range of 8.5-10.5x produces an enterprise value for RCT in the range of $161.5 million to $199.5 million as shown in Table 12 below.

Table 12 RCT enterprise value

RCT enterprise value summary		
	Low ($m)	High ($m)
Maintainable EBITDA	19.0	19.0
Multiple	8.5x	10.5x
Enterprise value	**161.5**	**199.5**

Source: PwC Analysis

4.1.5. Valuation of RCT units

As at 31 December 2013, RCT had a cash balance of $5.9 million. RCT Management advised us that only $1 million of this balance is required for operational purposes, with the remaining $4.9 million being accumulated for distributions (considered excess cash). It is therefore considered appropriate for the $4.9 million to be added to the enterprise value of RCT in determining the value of RCT to Unitholders.

In addition, RCT had a $5.6 million loan facility with the Bank of Queensland as at the end of December 2013. In order to reach an equity value of the RCT units, the value of this debt is required to be deducted from the enterprise value of RCT.

Using our enterprise value calculated in Section 4.1.4 and adjusting for the surplus assets and debt above, we have assessed the value per unit of RCT to be between $3.23 and $3.99.

Table 13 Valuation of RCT units

RCT units valuation summary		
	Low ($m)	High ($m)
Enterprise value of RCT	161.5	199.5
Add surplus cash	4.9	4.9
Less debt and debt-like securities	(5.6)	(5.6)
Value of RCT units	160.8	198.8
Number of units on issue (m)	49.8	49.8
Value per unit ($)	**3.23**	**3.99**

Source: PwC Analysis

4.1.6. Valuation cross checks

We have been unable to perform cross checks using a discounted cash flow methodology due to the unavailability of long term cash flow forecasts for RCT. However, in December 2011 a valuation of RCT was performed by an independent valuer and this has been utilised as a cross check to the enterprise value determined above.

The independent valuer determined the fair market value of the Complex was $125 million.

We have rationalised the difference in valuations between the two dates based on an improvement in operating conditions ($18m) and improvement in multiple for high income yielding assets ($33m), as shown in the table below.

Table 14 Valuation cross check 1

Valuation cross-check 1	AUD$m
Maintainable EBITDA - 2011	16.7
Maintainable EBITDA - 2013	19.0
Improvement in operating conditions	2.3
Applied to 2011 valuation multiple	7.5x
Improvement in operating conditions - valuation	**17.6**
2011 valuation multiple	7.5x
2013 valuation multiple - mid-point	9.5x
Improvement in valuation multiple	2.0x
Applied to 2011 maintainable EBITDA	16.7
Improvement in multiple - valuation impact	**33.3**

Source: PwC analysis

We also considered that the change in market capitalisation between December 2011 and the day prior to the Offer would be indicative of the value differences that would need to be explained between the date of the previous valuation and our valuation. When the previous independent valuation was performed, RCT had a market capitalisation of $87.2 million. Since then, RCT's market capitalisation increased by 62.3% to $141.4 million on the day prior to the announcement of the proposed transaction (12 November 2013), reflecting the positive outlook for the industry, improving operating conditions and increased demand for yield in the Australian equity market. If we apply the market capitalisation growth of 62.3% to the $125 million previous valuation, we arrive at a "growth-adjusted" valuation of $202.9 million, a number slightly higher than our valuation range ($199.5m at the upper end). We would expect this to generate a high end estimate of the increases in fundamental value, as illiquidity of the market for the RCT units will tend to increase the unit price's responsiveness to positive drivers of value compared to the underlying change in fundamental value. On this basis, we are comfortable with the reasonableness of our valuation conclusions.

Table 15 Valuation cross check 2

Valuation cross check 2	AUD$m
RCT market capitalisation at end December 2011	87.2
RCT market capitalisation pre-announcement*	141.4
Market capitalisation growth	62.3%
Independent valuation as at December 2011	125.0
Value growth implied by market capitalisation	77.9
Growth-adjusted independent valuation	**202.9**

NB:*pre-announcement refers to 12 November 2013, the last trading day prior to the announcement of the proposed transaction

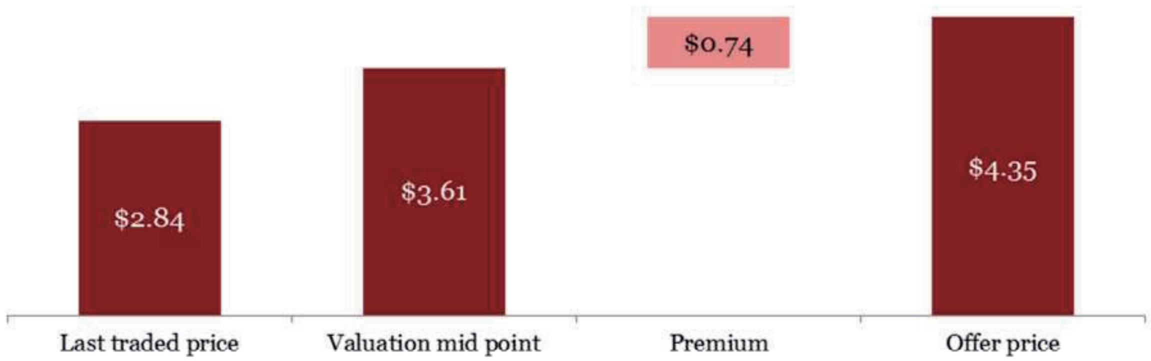
Source: PwC Analysis

4.2. Is the Offer fair?

Based on our valuation per unit in Section 4.1.5 of $3.23 to $3.99 per unit, we ascribe a valuation mid-point of $3.61 per unit.

The Offer from Aquis for the RCT units of $4.354 per unit is at a 53% premium to the last traded price and a 20% (or $0.74 per unit) premium to our valuation mid-point, as shown in Figure 6.

Figure 6 RCT Offer premium



Source: PwC analysis

RG111.11 indicates that an offer is "fair" if the value of the offer price or consideration is equal to or greater than the value of the securities of the target. Based on our valuation of the RCT units and the premium above our valuation that the Offer price represents, we consider the Offer by Aquis for the RCT units to be fair.

5. Is the Offer reasonable?

5.1. Alternatives to realising value

As well as satisfying the criteria of being fair and making RCT Unitholders better off, the offer must also be the best alternative available. By best alternative, we mean capable of delivering the most value to Unitholders.

We note that in assessing RCT's alternatives, this must be done in the light of the industry dynamics, competitive positioning, growth opportunities and risk factors which confront RCT at this time.

In this regard, the following alternatives are relevant to the RCT Unitholders:

- a merger/acquisition/takeover of RCT by a third party suitor;
- an orderly realisation of the assets of RCT and distribution of proceeds; and
- a continuation of RCT as a stand-alone trust.

5.1.1. Other potential suitors

Following the Offer being publicly announced, to the best of our knowledge, no competing suitor has come forward with a counter proposal for RCT. In our view, a potential acquirer would have to be an established operator in the gaming and entertainment sector with a view that they are able to realise significant synergies which would enable them to match the full price being offered by Aquis.

The probity aspects of this market would most likely deter other foreign buyers from entering an active bidding war. These criteria in our view confine the potential acquirers to a relatively small list of substantial and compatible companies.

In our view, because the Offer is at the higher end of the multiples paid for businesses in this industry and includes a control premium for the RCT Unitholders, this reduces the likelihood that another suitor would emerge from this group who would be willing to pay a price higher than the Aquis Offer.

5.1.2. Orderly realisation

We have considered whether an orderly realisation would deliver more value to RCT Unitholders. In our view, such an approach would offer reduced value for RCT Unitholders, as it would crystallise costs and taxation liabilities, and would not realise any value for synergies or control.

5.1.3. Continuation as a standalone entity

If the Offer is not accepted, such an outcome would most likely see the RCT unit price fall to pre-announcement levels, thus passing up the control premium available in the Offer. In the absence of the Offer it is unlikely a Unitholder will be able to realise the same level of premium above the existing traded unit value.

If the Offer does not proceed, and in the absence of another offer, potential implications include:

- units in the trust are likely to trade at prices significantly below the price offered by Aquis;
- it is unlikely that a RCT Unitholder would be able to exit RCT without incurring transaction costs, which would be possible under the Offer;
- it is likely that the limited liquidity would continue for RCT units; and

- the Unitholder will continue to have exposure to the casino industry in Cairns.

5.2. Other considerations

We note that the Offer is open to Unitholders until 31 October 2014, reflecting the time required for appropriate regulatory approvals to be obtained. During this period and regardless of whether the Offer is accepted or not, Unitholders will be entitled to any distributions made on Units held. However, once the Offer is accepted, a Unitholder will not be able to participate in any subsequent superior offers or alternative means of divestment and in the circumstances that the Offer period is extended, as detailed in the Target's Statement, RCT will be unable to declare any further distributions without the approval of Aquis.

5.3. Is the Offer reasonable?

According to RG111.12, "an offer is reasonable if it is fair". In Section 4 it was determined the Offer was considered fair, due to the fact the Offer represents a significant premium over the fair market value determined as well as representing a premium of 53% over the traded price prior to the announcement. On this basis, in our opinion we consider the Offer reasonable.

Based on our assessment of:

- the avenues available from which to realise value if the Offer is rejected;
- the likely impact on unit price if the Offer is rejected; and
- a comparison of the risk (and opportunity) of holding the RCT units as opposed to realising a certain sum by accepting the Offer

in our opinion if the Offer does not proceed and in the absence of other bidders, the Unitholders of RCT are unlikely to be able to realise value to the same magnitude as the Offer proposed by Aquis and therefore we consider the Offer reasonable.

6. Have any collateral benefits been received?

As requested by the Directors of RCT, in this section we have assessed the three additional transactions to determine whether Accor and CAIL will receive a collateral benefit.

6.1. What is a collateral benefit?

Under Section 623 of the Corporations Act, bidders are precluded from offering a benefit to induce a person to accept an offer under the bid if that benefit is not provided to all holders of securities (this is known as a collateral benefit). In the circumstances of the transactions, Accor and CAIL may be perceived to have received a collateral benefit by virtue of Transactions 2, 3 and 4. In our view, a collateral benefit would arise from these transactions if the value paid as consideration for those assets is in excess of the fair market value of the assets vended by Accor and CAIL or on a basis inconsistent with that of consideration of RCT.

In order to assess the potential for a collateral benefit from the direct consideration offered in Transactions 2, 3 and 4, we have considered:

- relative transaction values of the various elements of the transactions compared to the consideration received for an interest of approximately 70% in RCT;
- implied earnings multiples for the various elements of Transactions 2, 3 and 4; and
- a comparison of the implied multiples of Transactions 2, 3 and 4 to Transaction 1.

We were provided access to the data room that was prepared for the purposes of the other members of the Aquis Group performing due diligence on each of these entities.

6.2. Transaction values comparison

In addition to the Offer but forming part of the same transaction, other members of the Aquis Group also intend to acquire:

- CAIC, the operator of The Reef Hotel Casino, which is owned by CAIL and Accor (Transaction 2);
- RCSL, the responsible entity of RCT, owned by CAIL and Accor (Transaction 3); and
- CCL, a wholly-owned subsidiary of CAIL (Transaction 4).

As approximately 70% of RCT is owned collectively by CAIL and Accor and the other 3 entities are owned wholly by CAIL and Accor, it is necessary to consider whether CAIL and Accor will be receiving any collateral benefits from the other 3 Transactions. The largest single transaction within the proposed transaction is RCT representing approximately 80% of the total offer value.

The following table below sets out the total offer value and net proceeds that will be received by CAIL and Accor for each Transaction.

Table 16 Proposed acquisition value by target entity

Transaction summary - value by entity		Offer value ($000s)	% of total proposal	% owned by CAIL and Accor		Proceeds to CAIL and Accor ($000s)
Reef Casino Trust	$	216,834	80.6%	72.0%	$	156,120
Reef Corporate Services Ltd	$	12,600	4.7%	100.0%	$	12,600
Casinos Austria International (Cairns) Pty Ltd	$	30,876	11.5%	100.0%	$	30,876
Casino Canberra Ltd	$	8,854	3.3%	100.0%	$	8,854
Aggregated group	**$**	**269,164**	**100%**	**-**	**$**	**208,450**

Source: RCT management

CAIL and Accor, based on their holding of 72%, will receive approximately $156 million of the $216.8 million offer value for RCT which includes a significant premium over the fair value determined in Section 4. In our view, the extent of the available premium on the RCT transaction would make it unlikely that the controlling Unitholders would need to be provided with collateral benefits in order to procure acceptance of the Offer.

6.3. Implied multiples

In determining whether collateral benefits have been received, a high level analysis of each of the above transactions was performed. We have determined the implied EBITDA and EBIT multiples for each of the transactions based on the 31 December 2013 results.

Table 17 Transaction summary: implied multiples

Transaction summary - implied multiples		Offer value ($000s)	EV/EBITDA LTM	EV/EBIT LTM
Reef Casino Trust	$	216,834	11.5x	15.2x
Reef Corporate Services Ltd	$	12,600	12.8x	12.8x
Casinos Austria International (Cairns) Pty Ltd	$	30,876	11.1x	11.4x
Casino Canberra Ltd	$	8,854	nm	nm
Aggregated group [1]	**$**	**269,164**	**12.1x**	**17.2x**
Aggregated group (excl. Casino Canberra Ltd)	**$**	**260,310**	**11.5x**	**14.5x**

Note 1: Aggregated group EBIT includes impairment charge for Casino Canberra of $1.5 million in 2013.
NB: "nm" - not meaningful; "LTM" - last twelve months
Source: Annual Reports

6.3.1. RCSL and CAIC

The Offer values for RCSL and CAIC result in implied earnings multiples based on historical EBIT that are approximately 2.5 below the implied EBIT multiples for RCT.

The value of RCSL and CAIC are reliant upon effective management contracts in place with RCT. If the Casino owner, responsible entity and manager were not controlled by the same parties, it could be expected that RCSL and CAIC would transact at lower multiples than RCT, reflecting that over time, the risk that the arrangements may not be renewed. However, given that mutual control exists at the date of the transactions, the likelihood of non-renewal is almost non-existent, especially given that the arrangements are on arm's length terms (contract terms are consistent with market standards). Accordingly, in the circumstances of the transactions we consider it not unreasonable that all earnings streams arising from the business of the Casino, including those captured by RCSL and CAIC, would attract a similar multiple. The implied multiples for RCSL and CAIC are less than the implied multiple for RCT on an EBIT basis, which we consider the most appropriate multiple given the higher levels of depreciation and amortisation expenses incurred by RCT as the owner of the physical land and building.

6.3.2. CCL

CCL differs from the other three businesses in that it made a loss at the EBITDA level in 2013, which renders an implied EBITDA multiple meaningless. As a result, we have assessed CCL based on a revenue multiple.

Table 18 Casino Canberra implied multiples

Casino Canberra - revenue multiple	$000s
Casino Canberra offer price	8,854
2013 revenue	17,792
Implied revenue multiple	**0.5x**

Source: Annual reports, PwC analysis

We have compared the implied revenue multiple calculated above for CCL to the implied revenue multiples associated with Transactions 1, 2 and 3, shown in the table below.

Table 19 Implied revenue multiple for Transactions 1, 2, and 3

Revenue multiple - Transactions 1-3	$000s
The Reef Hotel Casino complex	
Casino revenue	57,517
Hotel revenue	16,867
Other revenue	4,390
2013 revenue	***78,774***
Offer value	
Reef Casino Trust	216,834
Reef Corporate Services Ltd	12,600
Casinos Austria International (Cairns) Pty Ltd	30,876
Offer value	***260,310***
Implied revenue multiple	**3.3x**

Source: Annual reports, PwC analysis

The implied revenue multiples for Transactions 1-3 (3.3x as calculated above) and recent sale of Jupiters Townsville by Echo Entertainment (1.3x based on sale price and 2012 normalised revenue[3]) are well above the calculated implied multiple for CCL of 0.5x. We consider this appropriate due to:

- the current loss making nature of the business; and
- the current licence conditions which prohibits CCL from operating slot machines in the casino. Slot machines are considered more profitable compared to table games due to lower operating costs.

The purchase price is broadly consistent with the net assets of CCL as at 31 December 2013. A significant portion of net assets relate to the casino licence (2013:$2.0 million), however, the fact that the casino is not currently operating profitably may indicate the value in holding the casino licence is limited. CCL has incurred a significant impairment in relation to this asset, being $5.5 million in 2012 and $1.5 million in 2013. However it must be recognised that:

- the original licence cost of $19 million implies that the drawing areas over which the licence operates is expected to be able to generate a significant return;
- new ownership with new management and strategies may see a return to profitability; and
- a purchaser may also believe that they will be able to lobby the regulators to allow the introduction of slot machines to the casino thus increasing profitability.

[3] 2013 revenue for Jupiters Townsville has not been disclosed.

The factors above would indicate that the other members of the Aquis Group have offered a value based on the current loss making nature of the business with the view of realising potential upside.

6.4. Will any collateral benefits be received?

We have reviewed the three other Transactions associated with the Offer and do not consider that any collateral benefits would be received by CAIL and Accor as a result of Transactions 2, 3 and 4. Our conclusion is based on:

- the implied multiples for RCSL and CAIC are broadly consistent with the implied multiple for RCT, which supports the premise that the other members of the Aquis Group have applied a similar multiple to the earnings of RCSL, CAIC and RCT reflecting the fact that the risk associated with the earnings are the same for the three entities as they are dependent upon the revenue generated by the Complex and the unitholding interest of the manager means the management contract is likely to be renewed on expiry; and
- the CCL offer value has an implied revenue multiple much lower than the proposed RCT transaction and recent Jupiters Townsville transaction, which we consider appropriate due to the current loss making nature of CCL and lack of slot machines. In addition the Offer has been broadly based on net assets and while the business is currently loss making we consider there are a number of factors that could contribute to potential upside for the owner and support the utilisation of a net assets approach.

Qualifications

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Mr Richard Stewart is a Fellow of the Financial Services Institute of Australasia (Senior), the Institute of Chartered Accountants and the Society of Certified Practising Accountants in Australia as well as a member of the Australian Institute of Company Directors. He is also an adjunct professor in Business Valuation at the University of Technology, Sydney. He holds a Bachelor of Economics and a Masters of Business Administration. Richard has 28 years' experience with PwC, is a partner in PwC and an authorised representative of PwC Securities.

Declarations

Prior to accepting this engagement, we considered our independence with respect to Reef Casino Trust with reference to ASIC Regulatory Guide 112 Independence of Experts. In our opinion, we are independent of Reef Casino Trust and the related entities and the outcome of the transactions. Neither PwC Securities nor PwC has any interest in the outcome of the transactions. PwC Securities is entitled to receive a fee of approximately $110,000 for the preparation of this independent expert's report based on time spent at our normal hourly rates for this type of work and will be reimbursed for out of pocket expenses incurred. The fee payable to us is payable regardless of the outcome of the proposed transaction. In addition, we have been indemnified by Reef Casino Trust in relation to any claim arising from or in connection with its reliance on information provided by Reef Casino Trust and associated entities. None of PwC Securities, PwC, nor Mr Stewart hold units in Reef Casino Trust and have not held any such beneficial interest in the previous two years.

Purpose of report

This independent expert's report has been prepared at the request of the Directors of Reef Casino Trust and should not be used for any other purpose. In particular, it is not intended that this independent expert's report should serve any purpose other than an expression of our opinion on whether the Offer is in the best interests of Reef Casino Trust Unitholders. This independent expert's report has been prepared solely for the benefit of the Directors of Reef Casino Trust and for the benefit of the existing Unitholders of Reef Casino Trust. Neither the whole nor any part of this independent expert's report nor any reference to it may be included in or attached to any document, circular, resolution, letter or statement without our prior written consent to the form and context in which it appears.

Appendix B. Sources of information

In preparing this independent expert's report, we have had access to and relied upon the following major sources of information:

- The Takeover Implementation Agreement and other related transaction documents;
- ASX announcements for Reef Casino Trust and other listed companies;
- Annual reports for Reef Casino Trust for the four years ended 31 December 2010, 31 December 2011, 31 December 2012, and 31 December 2013;
- Discussions with management, and the advisers, of Reef Casino Trust;
- Other information provided by management of Reef Casino Trust including documents obtained from the virtual datarooms in relation to the transactions;
- Information obtained from Bloomberg, Capital IQ, mergermarket and IBISWorld Industry Reports; and
- Other publicly available information including information from websites.

We have not performed an audit, review or any other verification of the information presented to us.

Accordingly, we express no opinion on the reliability of the information supplied to us.

In forming our opinion we have assumed that:

- Matters such as title, compliance with laws and regulations and contracts in place are in good standing and will remain so and that there are no material legal proceedings, other than as publicly disclosed; and
- The publicly available information relied on by PwC Securities in its analysis was accurate and not misleading.

In addition, PwC Securities assumes no responsibility and offers no legal opinion or interpretation on any issue in respect of legal issues relating to assets, properties, or business interests or issues regarding compliance with applicable laws, regulations and policies.

Appendix C. Comparable companies

The following table provides analysis of the share trading multiples of casino, hotel and leisure companies with comparable activities to those of RCT.

Table 20 Comparable companies summary: Minority basis

Company	Ticker	Total EV (AUDm)	Total Debt (AUDm)	Market Cap (AUDm)	EV/LTM EBITDA	EV/LTM EBIT
Casino Companies: Australia and New Zealand						
Crown Resorts Limited	ASX:CWN	14,035.87	1,752.32	12,476.21	12.9x	16.6x
Echo Entertainment Group Limited	ASX:EGP	2,805.55	945.20	1,981.61	9.0x	15.9x
Sky City Entertainment Group Ltd.	NZSE:SKC	2,709.21	617.31	2,155.89	10.1x	13.5x
Tabcorp Holdings Ltd.	ASX:TAH	3,710.55	1,286.30	2,549.45	8.3x	11.8x
Average		**5,815.29**	**1,150.28**	**4,790.79**	**10.1x**	**14.4x**
Median		**3,258.05**	**1,115.75**	**2,352.67**	**9.6x**	**14.7x**
Hotel Companies: Australia and New Zealand						
Lantern Hotel Group	ASX:LTN	131.87	65.48	67.12	35.9x	86.7x
Millennium & Copthorne Hotels New Zealand Limited	NZSE:MCK	309.51	85.00	206.95	7.8x	9.3x
Transmetro Corp. Ltd.	ASX:TCO	29.91	18.32	14.72	5.4x	8.2x
Average		**157.10**	**56.27**	**96.27**	**16.4x**	**34.7x**
Median		**131.87**	**65.48**	**67.12**	**7.8x**	**9.3x**
Leisure and Entertainment Groups: Australia and New Zealand						
ALE Property Group	ASX:LEP	979.02	477.54	561.95	21.0x	21.0x
Amalgamated Holdings Limited	ASX:AHD	1,359.91	114.67	1,360.23	8.4x	11.2x
Ardent Leisure Group	ASX:AAD	1,268.69	233.06	1,045.04	13.3x	23.3x
Beyond International Limited	ASX:BYI	92.75	-	101.21	7.5x	7.8x
Eumundi Group Ltd.	ASX:EBG	37.78	25.72	13.34	7.7x	8.6x
Indoor Skydive Australia Group Limited	ASX:IDZ	58.50	-	66.35	n/a	NM
SeaLink Travel Group Limited	ASX:SLK	137.28	11.13	129.16	10.8x	14.3x
Village Roadshow Limited	ASX:VRL	1,469.52	487.32	1,110.11	9.3x	14.9x
Average		**675.43**	**168.68**	**548.42**	**11.1x**	**14.4x**
Median		**558.15**	**70.19**	**345.55**	**9.3x**	**14.3x**

Source: S&P Capital IQ
Data as at 21 March 2014

A brief overview of each of the comparable companies is provided below:

Casino Companies: Australia and New Zealand

Crown Resorts Limited

Crown Resorts Limited operates in the gaming and entertainment industry primarily in Australia. The company owns and operates two integrated resorts, including Crown Melbourne in Melbourne and Crown Perth in Perth. Its Crown Melbourne comprises 2,500 electronic gaming machines; the Crown Towers Melbourne hotel with 481 guest rooms, Crown Metropol Melbourne hotel with 658 guest rooms, and Crown Promenade Melbourne hotel with 465 guest rooms; a conference centre; banqueting facilities; restaurants and bars; designer boutiques and retail outlets; entertainment facilities, such as a multi-screen cinema complex, a bowling alley, and an interactive gaming auditorium; and 2 day spas. The company's Crown Perth includes Crown Metropol Perth hotel with 395 guest rooms, Crown Promenade Perth hotel with 291 guest rooms, a 2,300-seat Crown Theatre Perth, restaurants and bars, a day spa, and retail outlets. It also owns and operates the Crown Aspinall's, a high end casino in London. The company was formerly known as Crown Limited and changed its name to Crown Resorts Limited in October 2013. Crown Resorts Limited is based in Southbank, Australia.

Echo Entertainment Group Limited

Echo Entertainment Group Limited provides leisure and entertainment services in Australia. It operates through three segments: The Star, Jupiters, and Treasury. The company offers services related to the casino gambling, entertainment, and hospitality. It operates casinos in Sydney, Gold Coast and Brisbane, including hotels, apartment complexes, night clubs, restaurants, bars, and theatres, as well as convention, exhibition, and entertainment centers. The company is based in Brisbane, Australia.

SKYCITY Entertainment Group Limited

SKYCITY Entertainment Group Limited, together with its subsidiaries, engages in the gaming/entertainment, hotel and convention, hospitality, recreation, and tourism sectors in New Zealand and Australia. The company operates casinos, restaurants and bars, hotels, and convention centers. It also provides food and beverage, car parking, and property rental services. SKYCITY Entertainment Group Limited is based in Auckland, New Zealand.

Tabcorp Holdings Limited

Tabcorp Holdings Limited engages in the provision of leisure and entertainment services in Australia. It operates in four segments: Wagering, Media & International, Gaming Services, and Keno. The Wagering segment conducts wagering activities under the TAB brand through a network of agencies, hotels, and clubs in Victoria and New South Wales; provides on course totalizators at thoroughbred, harness, and greyhound metropolitan and country race meetings; and offers totalizator and fixed odds betting on sporting events. This segment also operates Luxbet, a racing, sport, and novelty product bookmaking service by phone, Internet, and mobile devices based in the Northern Territory; and Trackside, a computer simulated racing product in Victoria and New South Wales. The Media & International segment is involved in the television and radio broadcasting operations focusing on the racing industry and other associated content. This segment operates Sky Racing television channels, such as Sky Racing 1, Sky Racing 2, and Sky Racing World, as well as Sky Sports radio network in New South Wales. The Gaming Services segment engages in the supply of electronic gaming machines, as well as provides marketing, compliance, responsible gambling, and machine procurement services to licensed hotels and clubs. The Keno segment operates Keno games in Victoria, New South Wales, and Queensland. The company is headquartered in Melbourne, Australia.

Hotel Companies: Australia and New Zealand

Lantern Hotel Group

Lantern Hotel Group (Lantern) operates a portfolio of hotels predominantly in NSW. Lantern was established as part of the restructure of the IEF Real Estate Entertainment Group and is listed on the ASX under the ticker LTN. Originally a passive investor in freehold entertainment venues, the Group was restructured during 2012 to move to an integrated operating model. Lantern is the operator of 11 of the group's freehold venues.

Millennium & Copthorne Hotels New Zealand Limited

Millennium & Copthorne Hotels New Zealand Limited owns, leases, operates, franchises, and manages hotels in New Zealand. It operates through Hotel Operations, Residential Land Development, and Residential and Commercial Property Development segments. As of December 31, 2012, the company owned, leased, and operated 16 hotels, as well as franchised 12 hotels. Millennium & Copthorne Hotels New Zealand Limited is also involved in the residential development and sale of land; and development and sale of residential units and commercial properties. The company also owns shopping centres. It has operations in New Zealand, Australia, and Asia. The company is headquartered in Auckland, New Zealand. Millennium & Copthorne Hotels New Zealand Limited is a subsidiary of CDL Hotels Holdings New Zealand Limited.

Transmetro Corporation Limited

Transmetro Corporation Limited, through its subsidiaries, engages in the operation of hotels, inns, serviced apartments, and theme pubs in Australia. Its fully-serviced hotels include restaurants, meeting rooms, business facilities, and conference and functions rooms. The company's apartments provide longer-term stays for corporate travelers, and leisure guests; and inns offer accommodation with facilities, such as on-site parking, swimming pools, and restaurants. Its theme pubs provide beverages, food, and entertainment services. The company offers a national accommodation network of 14 properties with approximately 1,000 rooms. Transmetro Corporation Limited operates under the brand names of Metro Hotels, Metro Apartments, Metro Inns, Paddy Maguires, and Aspire Hotels. Its clients comprise middle management business travelers, sporting groups and budget travelers, and leisure guests from Australian and international markets. The company was founded in 1976 and is headquartered in Sydney, Australia.

Leisure and Entertainment Groups: Australia and New Zealand

ALE Property Group

ALE Property Group, together with its subsidiaries, engages in property investment and property fund management business in Australia. The company is involved in the acquisition and ownership of pubs. It owns a portfolio of approximately 100 pubs. The company was founded in 2003 and is based in Sydney, Australia.

Amalgamated Holdings Limited

Amalgamated Holdings Limited is engaged in the entertainment, hospitality, and tourism and leisure businesses in Australia, New Zealand, and Germany. It operates in three divisions: Entertainment, Entertainment Technology, and Hospitality & Leisure. The Entertainment division exhibits films under the Event Cinemas, Greater Union, Birch Carroll & Coyle, and Cinestar brands. This division also owns and operates the State Theatre with a seating capacity of 2,000. The Entertainment Technology division provides digital cinema, electronic cinema, and film projection solutions; specializes in content creation, content encoding, and content distribution activities for digital cinema; and offers custody and maintenance of archival newsreel and film footage. The Hospitality & Leisure division owns, leases, or manages approximately 40 hotels and resorts. The company is also involved in the operation of bars and restaurants; ownership and operation of Featherdale Wildlife Park; ownership of investment properties, including office and retail properties; property development and rental activities; and supply of cinema equipment, as well as invests in shares in listed and unlisted companies. Amalgamated Holdings Limited is headquartered in Sydney, Australia.

Ardent Leisure Group

Ardent Leisure Group owns and operates leisure assets. Its Theme Parks segment operates Dreamworld and WhiteWater World in Coomera, Queensland; and the SkyPoint observation deck and climb in Surfers Paradise, Queensland. The company's Marinas segment operates seven d'Albora Marina properties in New South Wales and Victoria. Its Bowling Centres segment operates 50 centers in Australia and New Zealand under the AMF and Kingpin names. The company's Family Entertainment Centres segment operates 12 Main Event sites in Texas. Its Health Clubs segment operates 66 Goodlife centers in Queensland, New South Wales, Victoria, South Australia, and Western Australia. Ardent Leisure Group's Other segment owns intellectual property associated with Australian Tour Desk, a fractional boat ownership; and provides consultancy services. The company was formerly known as Macquarie Leisure Trust Group and changed its name to Ardent Leisure Group in September 2009. Ardent Leisure Group is based in Milsons Point, Australia.

Beyond International Limited

Beyond International Limited, together with its subsidiaries, operates in the media and content businesses worldwide. The company's TV Production and Copyright segment is involved in the production of television programs and ownership of television product copyrights. Its Film and Television Distribution segment distributes international television programs and feature films. The company's Home Entertainment segment distributes DVDs in Australia and New Zealand. Its Digital Marketing segment provides online search optimization, website creation, development and performance, and online media sales services. The company was founded in 1984 and is headquartered in Dublin, Ireland.

Eumundi Group Limited

Eumundi Group Limited operates in the hotel and property investment businesses in Australia. The company's Hotel operations segment sells packaged alcoholic beverages through its retail outlets; and sells food and alcoholic beverages on-premise through bars and restaurants, as well as operates licensed gaming venues. It also operates the Ashmore Tavern hotel. The company's Investment Property Operations segment owns and leases investment property assets to retail tenants. Eumundi Group Limited is based in Brisbane, Australia.

Indoor Skydive Australia Group Limited

Indoor Skydive Australia Group Limited constructs and operates various indoor skydiving facilities in Australia. Its facilities are primarily used by tourists, enthusiasts, and military, including Australian military and active skydivers. The company was founded in 2011 and is based in Chatswood, Australia.

SeaLink Travel Group Limited

SeaLink Travel Group Limited operates as a tourism and transport company in Australia. It provides passenger and freight ferry services between Cape Jervis and Kangaroo Island in South Australia under the Kangaroo Island SeaLink brand; tourist cruises and other charter cruises on Sydney Harbour, New South Wales under the Captain Cook Cruises brand, as well as regular ferry passenger services; Murray river cruising aboard services in South Australia; passenger ferry services under the SeaLink Queensland brand between Townsville, and Magnetic Island and Palm Island in Queensland; and ferry passenger services in the Northern Territory from Darwin. The company also offers travel agency services to sell its and other products in Adelaide, Sydney, and Townsville; coach tours on mainland; and packaging holidays in Australia, as well as operates accommodation and restaurant facilities at Vivonne Bay Lodge on Kangaroo Island. It operates a fleet of 18 ships, ferries, and other maritime craft; and a fleet of 26 coaches, buses, and other passenger vehicles. The company was founded in 1989 and is headquartered in Adelaide, Australia.

Village Roadshow Limited

Village Roadshow Limited is engaged in the theme park and water park operation, film production and distribution, and cinema exhibition businesses. The company owns and operates theme parks on Queensland's Gold Coast, Australia; and water parks in Hawaii, Phoenix, and Las Vegas. Its theme parks and water parks provides entertainment, rides, and slides for families and thrill seekers. The company also produces and co-finances feature length commercial motion pictures for exhibition in international theatrical markets and for subsequent worldwide release in various international media, including home video, DVD, and pay and free television media. In addition, it distributes theatrical movies to cinema, pay television, and free-to-air television in Australia and New Zealand; and theatrical, television, and children's content for electronic sell-thru and transactional video-on-demand via iTunes, Foxtel, Telstra Bigpond, Google, YouTube, and other online platforms, as well as provides ultraviolet capability on theatrical and television releases across DVD, Blu-ray, and digital transactions. Further, Village Roadshow Limited operates approximately 580 cinemas at 59 sites in Australia and Singapore. The company was formerly known as De Laurentis Entertainment Limited and changed its name to Village Roadshow Limited in 1998. Village Roadshow Limited was founded in 1954 and is based in South Yarra, Australia.

Appendix D. Glossary

Term	Definition
$	Australian dollars
ABS	Australian Bureau of Statistics
ACCC	Australian Competition and Consumer Commission
Accor	Accor Casino Investments (Australia) Pty Ltd
AFSL	Australian Financial Services Licence
Aquis	Aquis Casino Acquisitions Pty Ltd
Aquis Group	Aquis, its related bodies corporate and other companies incorporated in Australia which carry the branding of 'Aquis' and which are wholly-owned by Mr Tony Fung.
ASIC	Australian Securities and Investments Commission
ASX	Australian Securities Exchange
AUD	Australian dollars
CAPM	Capital Asset Pricing Model
CAIL	Casinos Austria International Limited
CAIC	Casinos Austria International (Cairns) Pty Ltd
CCL	Casino Canberra Limited
Corporations Act	Corporations Act 2001 (Cth)
CY	Calendar Year
DCF	Discounted Cash Flow
EBIT	Earnings Before Interest and Tax
EBITDA	Earnings Before Interest, Tax, Depreciation and Amortisation
EV	Enterprise Value
FIRB	Foreign Investment Review Board
FSG	Financial Services Guide
FY	Fiscal Year
GRP	Gross Regional Product
Hold rate (table games)	The rate of total drop (money exchanged for gaming chips) that is effectively won (held) by the casino. Revenue to the casino is equal to drop multiplied by the hold rate.
Hold rate (slot machines)	The rate of total turnover that is effectively won (held) by the casino. Revenue to the casino is equal to turnover multiplied by the hold rate.
IPO	Initial Public Offering
JV	Joint Venture
nm	Not meaningful
Offer Period	Period during which the Offer remains open for acceptance
PwC	PricewaterhouseCoopers

Term	Definition
PwC Securities	PricewaterhouseCoopers Securities Ltd
RCSL	Reef Corporate Services Limited
RCT	Reef Casino Trust
Revenue per available room (RevPAR)	A performance metric in the hotel industry, calculated by multiplying a hotel's average daily room rate by its occupancy percentage
TRA	Tourism Research Australia
VWAP	Volume Weighted Average Price

PricewaterhouseCoopers Securities Limited

This Financial Services Guide (FSG) is dated 24 March 2014.

About us

PwC Securities (ABN 54 003 311 617, Australian Financial Services Licence No 244572) has been engaged by the Reef Corporate Services Limited to provide a report in the form of an independent expert's report (IER) for inclusion in the Target's Statement.

You have not engaged us directly but have been provided with a copy of the IER as a retail client because of your connection to the matters set out in the IER.

This Financial Services Guide

This FSG is designed to assist retail clients in their use of any general financial product advice contained in the IER. This FSG contains information about PwC Securities generally, the financial services we are licensed to provide, the remuneration PwC Securities may receive in connection with the preparation of the IER, and how complaints against us will be dealt with.

Financial services we are licensed to provide

Our Australian Financial Services Licence allows us to provide a broad range of services, including providing financial product advice in relation to various financial products such as securities, interests in managed investment schemes, derivatives, superannuation products, foreign exchange contracts, insurance products, life products, managed investment schemes, government debentures, stocks or bonds and deposit products.

General financial product advice

The IER contains only general financial product advice. It was prepared without taking into account your personal objectives, financial situation or needs.

You should consider your own objectives, financial situation and needs when assessing the suitability of the IER to your situation. You may wish to obtain personal financial product advice from the holder of an Australian Financial Services Licence to assist you in this assessment.

Fees, commissions and other benefits we may receive

PwC Securities charges fees to produce reports, including this IER. These fees are negotiated and agreed with the entity who engages PwC Securities to provide a report. Fees are charged on an hourly basis or as a fixed amount depending on the terms of the agreement with the person who engages us. In the preparation of this Report our fees are charged on a fixed basis and are approximately $110,000.

Directors, authorised representatives or employees of PwC Securities, PricewaterhouseCoopers (PwC), or other associated entities, may receive partnership distributions, salary or wages from PwC.

Associations with issuers of financial products

PwC Securities and its authorised representatives, partners, employees and associates may from time to time have relationships with the issuers of financial products. For example, PwC may be the auditor of, or PwC Securities may provide financial advisory services to, the issuer of a financial product in the ordinary course of its business.

Complaints

If you have a complaint, please raise it with us first, using the contact details listed below. We will endeavour to satisfactorily resolve your complaint in a timely manner. In addition, a copy of our internal complaints handling procedure is available upon request. If we are not able to resolve your complaint to your satisfaction within 45 days of your written notification, you are entitled to have your matter referred to the Financial Ombudsman Service (FOS), and external complaints resolution service. FOS can be contacted by calling 1300 780 808. You will not be charged for using the FOS service.

Compensation arrangements

PwC Securities has professional indemnity insurance in place that satisfies the compensation arrangement requirements under section 912B of the Corporations Act. This insurance will cover claims in relation to the conduct of representatives and employees who no longer provide services to PwC Securities (but who did at the time of the relevant conduct).

Contact details

PwC Securities can be contacted by sending a letter to the following address:

Mr Richard Stewart

Authorised Representative

PricewaterhouseCoopers Securities Limited

GPO Box 2650

SYDNEY NSW 1171

Attachment 2

Taxation Report

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ey.com/au

The Directors
Reef Corporate Services Limited
As Responsible Entity of Reef Casino Trust
PO Box 7320
CAIRNS QLD 4870

24 March 2014

Off-market takeover bid for Reef Casino Trust made by Aquis Casino Acquisitions Pty Ltd - Taxation Report

Dear Directors

This report has been prepared at the request of Reef Corporate Services Limited as Responsible Entity for Reef Casino Trust ('RCT') for inclusion as Attachment 2 of the Target's Statement ('TS') dated 25 March 2014 for RCT Unitholders in relation to the takeover offer from Aquis Casino Acquisitions Pty Ltd ('Aquis') for the acquisition of all Units in RCT ('the Offer').

This report provides information of a general nature only, in relation to the Australian income taxation implications relating to the acceptance of the Offer for Australian resident and non-resident RCT Unitholders who hold their units on capital account and not as trading stock or otherwise on revenue account. The information contained in this report is based on the taxation law as at the date of this report and is not intended to be an authoritative or complete statement of the law applicable to the particular circumstances of every registered RCT Unitholder.

The information contained in this report is based on the Australian income taxation law as at the date of this report. Australian income taxation legislation may be amended at any time and therefore the taxation consequences discussed in this report may alter if there is a change in the taxation law after the date of this report (e.g. ongoing trust and managed investment trust ('MIT') reform measures). We have not been retained nor are we obliged to monitor or update the information in this report for any future legislative changes which may affect the correctness of the information after the date of this report.

The taxation consequence for a particular RCT Unitholder may vary depending on the particular circumstances of each unitholder. Accordingly, the information contained in this report, being of a general nature only, does not constitute taxation advice and cannot be relied upon as such. We disclaim all liability to any RCT Unitholder for all costs, loss, damage and liability that the RCT Unitholder may suffer or incur arising from or relating to or in any way connected with the contents of our report or the provision of our report to the RCT Unitholder or the reliance on our report by the RCT Unitholder. RCT Unitholders should obtain their own professional taxation advice on the taxation consequences of disposing of their RCT Units under the terms of the Offer.

This report is confined to income taxation issues which are only one of the many matters that investors need to consider when making a decision about their investments. RCT Unitholders should consider obtaining advice from an Australian Financial Services License ('AFSL') advisor before making a decision about their investments. Under the Corporations Act, EY is not required to hold an AFSL in order to provide this taxation advice.

RCT Unitholders should seek appropriate independent professional advice that considers the taxation implications in respect of their own specific circumstances, including foreign tax implications (if any).

Capitalised terms that are not otherwise defined in this report are defined in accordance with the TS.

Background

Details of the Offer are set out in the TS, and therefore are not repeated in detail here. The terms of the Offer will mean that RCT Unitholders who accept the Offer will receive consideration of $4.354 per RCT Unit.

Disposal of RCT Units

Acceptance of the Offer should result in a disposal of RCT Units by RCT Unitholders and should trigger a CGT event for RCT Unitholders.

The date of the CGT event should be the contract date:

- Where a RCT Unitholder accepts the Takeover Offer, this should be the later of the date of acceptance, or the date when any conditions precedent to the Takeover Offer becoming legally binding are satisfied.

- Where a RCT Unitholder's units are compulsorily acquired, this should be the date the RCT Units are transferred to Aquis for the Offer consideration (ie the Implementation Date).

A CGT calculation will be required in respect of each RCT unit. RCT Unitholders should:

- make a capital gain if the capital proceeds on disposal of their RCT Units are greater than the cost base of their RCT Units; or alternatively

- make a capital loss if the reduced cost base of the RCT Units is greater than the capital proceeds from the disposal of the RCT Units.

The cost base (or reduced cost base) of each RCT Unit to the RCT Unitholders should generally be the acquisition cost (including incidental costs) of that unit. There are special rules in the Australian taxation legislation which determine how to calculate the cost base (or reduced cost base) of assets in particular circumstances. For example, RCT Unitholders will need to take into account any returns of capital and tax deferred distributions received in respect of those RCT Units. Details of tax deferred distributions are available from the RCT website at www.reefcasino.com.au/trust. RCT Unitholders should seek their own advice on the relevant cost base (or reduced cost base) of their unitholdings.

The capital proceeds attributable to each RCT Unit will be $4.354.

Australian Resident Unitholders

Capital Gains and Losses

Capital gains and capital losses of a taxpayer in an income year are aggregated to determine whether there is a net capital gain. Accordingly, should resident RCT Unitholders derive a capital gain on disposal of RCT Units, Unitholders may offset any capital gain against any available capital losses incurred in the relevant income year or any net capital losses carried forward from a prior year.

Any net capital gain is included in a taxpayer's assessable income and is subject to income tax at the taxpayer's applicable tax rate. A CGT discount may be available to reduce a capital gain for certain resident RCT Unitholders.

RCT Unitholders who are resident individuals, resident complying superannuation funds or resident trusts and who have held their RCT Units for at least 12 months before their disposal should be entitled to the CGT discount to the extent there is a net capital gain for the income year.

Broadly, the CGT discount rules provide that RCT Unitholders may reduce their capital gain (after the application of any current year or prior year capital losses) by 50% for resident individuals and resident trusts and 33 1/3% for resident complying superannuation funds. The CGT discount is not available to Australian resident RCT Unitholders who are companies.

To the extent RCT Unitholders incur a capital loss on disposal of units in RCT, Unitholders may offset their capital loss against any capital gains derived in the relevant income year. Where capital losses incurred in the relevant income year exceed the capital gains derived in the relevant income year, Unitholders will have a net capital loss. Capital losses may not be offset against other income for taxation purposes, but may be carried forward to offset future capital gains made by the taxpayer. Specific loss utilisation rules apply to trusts and companies. RCT Unitholders should seek their own taxation advice in relation to the operation of these rules.

CGT Rollover

A CGT rollover will not be available to RCT Unitholders as a result of the disposal of RCT Units. Accordingly, no capital gain or part thereof should be able to be deferred.

Non-Resident Unitholders

Capital Gains and Losses

Any capital gain or loss made by non-resident RCT Unitholders may be disregarded to the extent that the RCT units are not ‘taxable Australian property’ in accordance with the taxation legislation.

RCT Units should only be ‘taxable Australian property’ where:

- The RCT Unitholder has used the RCT Units at any time in carrying on a business through a permanent establishment in Australia;

- The RCT Unitholder made an election to treat the RCT Units as ‘taxable Australian property’ when the taxpayer ceased to be an Australian resident (where the Unitholder was an Australian resident at the time of acquiring the RCT Units); or

- The RCT Unitholder (together with their associates) holds 10% or more of the RCT Units on issue just before the CGT event or throughout a 12 month period that began no earlier than 24 months before that time; and the market value of RCT’s taxable Australian real property (‘TARP’) assets exceeds the market value of RCT’s non-TARP assets.

Where the RCT Units are ‘taxable Australian property’ and the non-resident makes a capital gain as a result of the disposal of RCT Units, the non-resident Unitholder will not be able to disregard any capital gain or loss or entitled to a CGT discount.

Trust Distributions

Where RCT makes a distribution of trust income, the assessable component of the distribution (if any), should be taxable to the registered unitholders on the last day of the income period to which the distribution relates (being 30 June and 31 December):

- RCT Unitholders who are registered unitholders of the RCT on the last day of an income period of the RCT should be taxed on the taxable component(s) of any distribution received. This is so notwithstanding the Unitholder may not hold the RCT Units at the time of payment of the distribution.

- Where Aquis holds the RCT units on the last day of an income period of the RCT, the former RCT Unitholders should not be taxed on the distribution although they may have been the registered RCT Unitholders for a portion of the period to which the distribution relates.

Australian Resident Unitholders

The assessable component of any RCT distribution received by Australian resident RCT Unitholders should be included in the taxpayer's assessable income and as a consequence taxed at their applicable marginal income tax rate. The proportion of such a distribution to be included in the unitholder's assessable income or to be treated as tax deferred will be determined at year end and disclosed in the RCT Unitholder's distribution statement provided by RCT.

Non-Resident Unitholders

Non-resident RCT Unitholders should be liable for tax on a withholding basis. The withholding tax liability is calculated at the time of payment. The amount from which withholding tax is required to be deducted will be determined based on the expected taxable income of RCT for the full income tax year and having regard to the circumstances that exist at the time of payment. The portion of the distribution subject to withholding tax or to be treated as tax deferred should be determined at year end and disclosed in the RCT Unitholder's distribution statement provided by RCT.

Tax File Numbers and Australian Business Numbers

Unitholders are not required by law to provide a Tax File Number ('TFN'), however, if a TFN is not quoted, or no appropriate TFN exemption information is provided, the RCT is required to deduct from any distribution entitlement, tax at the highest marginal tax rate plus Medicare levy (currently 46.5%).

An entity that makes their investment in the RCT Units in the course of an enterprise carried on by it may quote their Australian Business Number rather than a TFN.

Yours faithfully

Ernst + Young

Ernst & Young

Attachment 3

RCT's ASX Announcement

REEF
CASINO TRUST

13 November 2013

Market Announcements
Australian Securities Exchange
PO Box H224
AUSTRALIA SQUARE NSW 1215

Dear Sir

Proposal to acquire all the units in Reef Casino Trust received

Reef Corporate Services Limited as responsible entity for the Reef Casino Trust advises that the Reef Casino Trust is in discussions with Aquis Casino Acquisitions Pty Ltd ACN 166 108 701 (**Aquis**), a company associated with the Tony Fung family, following receipt of a confidential non-binding indicative proposal from Aquis to acquire all of the units in Reef Casino Trust at a cash price of $4.354 per unit.

The proposal is subject to a number of conditions, including the completion of satisfactory due diligence, entry into definitive transaction documents and obtaining regulatory approvals. The Board of Reef Corporate Services Limited has established a committee of independent directors to consider the proposal. The independent directors have granted Aquis access to due diligence materials.

A further condition of the proposal is that Aquis acquire Casinos Austria International (Cairns) Pty Ltd, the operator of The Reef Hotel Casino, and Reef Corporate Services Limited. These acquisitions are in turn subject to Aquis acquiring Casino Canberra Limited.

Casino Canberra Limited is a wholly-owned subsidiary of Casinos Austria International Ltd. Casinos Austria International Ltd also holds, together with Accor Group, 100% of the shares in the operator of The Reef Hotel Casino and Reef Corporate Services Limited.

Reef Corporate Services Limited understands that Casinos Austria and Accor Group, who collectively have a relevant interest in more than 70% of the units in the Reef Casino Trust, have indicated that they would support the proposal if it proceeds and in the absence of a superior proposal.

Aquis has advised Reef Casino Trust that Aquis is initiating meetings with the Queensland and Australian Capital Territory governments and with regulatory authorities regarding the proposal, including to commence the probity clearance process that is a pre-requisite for Aquis to own and operate casinos at The Reef Hotel Casino and the Canberra Casino.

Reef Casino Trust will keep unitholders informed of any material developments and the Board notes that unitholders do not need to do anything at this stage.

Yours sincerely

Alison Galligan
Company Secretary
Reef Corporate Services Limited
Responsible Entity, Reef Casino Trust

Registered Office
Level 1 Mercure Hotel
85-87 North Quay
Brisbane QLD 4000
PO Box 12072 George Street
Brisbane QLD 4003
Telephone: +61 7 3211 3000
Facsimile: +61 7 3211 4777

REEF CASINO TRUST
ARSN 093 156 293

Responsible Entity -
Reef Corporate Services Limited
ABN 66 057 599 621, AFSL 246699

Addressing for invoicing
Reef Hotel Casino
35-41 Wharf Street
Cairns QLD 4870
PO Box 7320
Cairns QLD 4870
Telephone: +61 7 4030 8888
Facsimile: +61 7 4030 8831

Attachment 4

Conditions

Please note that the section below has been extracted from the Bidder's Statement and all capitalised defined terms within that section have the meanings as set out in section 10.1 of the Bidder's Statement.

9 The terms and conditions of the Offer

9.7 Conditions of this Offer

Subject to section 9.8, the completion of this Offer and any contract that results from an acceptance of this Offer are subject to the fulfilment of the conditions set out below.

(a) **Minimum acceptance condition**

During or at the end of the Offer Period, Aquis Bidco has a Relevant Interest in at least 90% (by number) of all of the RCT Units.

(b) **No other outstanding securities**

At the end of the Offer Period, there are no securities on issue in RCT other than 49,801,036 RCT Units and there are no outstanding offers, agreements or rights to be issued with RCT Units or other securities.

(c) **Casino and liquor licensing approvals**

(i) approval from the Attorney General of Queensland (or his delegate) and the Governor in Council to permit the change of control of the Casino Licence which will occur as a result of the acquisition by Aquis Bidco of all of the RCT Units under the Offer;

(ii) approval from the Governor in Council under the *Casino Control Act* (Qld) of persons connected with Aquis Bidco in relation to the Casino Licence;

(iii) any approval or consent of the Attorney General of Queensland or the Governor in Council required under the Cairns Casino Agreement to permit Aquis Bidco to own 100% of RCT Units or otherwise required to permit the change of ownership occurring as a result of the acquisition by Aquis Bidco of all of the RCT Units under the Offer and to permit the acquisition by Aquis Bidco of all of the RCT Units under the Offer in general;

(iv) any approval of a Government Agency required under relevant liquor licensing laws which may be required to allow the change of ownership which will occur as a result of the acquisition by Aquis Bidco of all of the RCT Units under the Offer;

(v) any Ministerial approval required under clause 30 of the Trust Deed in relation to the acquisition by Aquis Bidco of all of the RCT Units under the Offer; and

(vi) any other approval, consent, authorisation, registration, filing, lodgement, permit, franchise, agreement, notarisation, certificate, permission, licence, direction, declaration, authority, waiver, modification or exemption required under the Cairns Casino Agreement, the Foundation Agreement or the Trust Deed in connection with the acquisition by Aquis Bidco of all of the RCT Units under the Offer.

(d) **Foundation Agreement**

All approvals or consents required from the Attorney General of Queensland, the Governor in Council and the parties to the Foundation Agreement as are required under the Foundation Agreement including to allow the transfer of the Restricted Founder Units to Aquis Bidco under the Offer.

(e) **FIRB**

Before the end of the Offer Period:

(i) Aquis Bidco receives written notice from the Treasurer or his delegate to the effect that there are no objections under the *Foreign Acquisitions and Takeovers Act* 1975 (Cth) (**FATA**) or Australia's foreign investment policy to the acquisition of RCT Units by Aquis Bidco under the Offer, such notice being unconditional; or

(ii) the Treasurer ceases to be able to make an order under FATA prohibiting the acquisition of RCT Units by Aquis Bidco under the Offer has elapsed without such an order being made.

(f) **ACCC**

Aquis Bidco has received notice in writing from the ACCC that it has no objection to, and does not intend to take any action to prevent or oppose the acquisition by Aquis Bidco of all of the RCT Units under the Offer unconditionally.

(g) **Regulatory Approvals**

Before the end of the Offer Period, all Regulatory Approvals have been obtained.

(h) **No prescribed occurrences**

None of the following prescribed occurrences happens in the period between the Announcement Date and the end of the Offer Period (both inclusive), where that occurrence was not consented to by Aquis Bidco in writing and is not the result of RCT taking or procuring any action required to be taken or procured by it under the Bid Implementation Agreement:

(i) RCT converting all or any of its securities into a larger or smaller number of securities;

(ii) RCT resolving to reduce its capital in any way or reclassifying, combining, splitting, redeeming or cancelling directly or indirectly any of its securities;

(iii) RCT entering into a buy-back agreement or resolving to approve the terms of such an agreement;

(iv) RCT making an issue of its securities or granting an option over its securities or agreeing to make such an issue or grant such an option;

(v) RCT issuing, or agreeing to issue, convertible notes;

(vi) RCT disposes, or agrees to dispose, of the whole or a substantial part of its business or property;

(vii) RCT charging, or agreeing to charge, the whole, or a substantial part, of its business or property;

(viii) RCT resolving that it be wound up;

(ix) the appointment of a liquidator or provisional liquidator of RCT;

(x) the making of an order by a court for the winding up of RCT;

(xi) RCS being required to wind up the Reef Casino Trust;

(xii) an administrator of RCT being appointed;

(xiii) RCT executing a deed of company arrangement;

(xiv) the appointment of a receiver or a receiver and manager in relation to the whole, or a substantial part, of the property of RCT ;

(xv) RCT makes any change to the Trust Deed other than a change which is administrative in nature other than as required by law;

(xvi) RCT making any change to any of its accounting policies other than as required by law;

(xvii) RCT increases:

(A) its maximum table differential for the game of baccarat; or

(B) its table limit for a single bet for any other game,

above $50,000;

(xviii) unless Aquis Bidco consents in writing, not:

(A) accept from any customer any cheque or series of cheques under the facility operated by RCT to accept cheques (not post dated) from its customers in lieu of cash in exchange for gaming chips (**Cheque Cashing Facility**)otherwise than in accordance with its existing policy in relation to the Cheque Cashing Facility as at 24 February 2014; or

(B) change its existing policy in relation to the Cheque Cashing Facility as at 24 February 2014;

(xix) RCT creates, or agrees to create, any encumbrance over its business or any part of its property other than in the ordinary course of its business;

(xx) RCT incurs any financial indebtedness or issues any debt securities, other than in the ordinary course of business or pursuant to advances under its credit facilities in existence as at 24 February 2014 where the funds drawn pursuant to those advances are used in the ordinary course of business;

(xxi) RCT makes any loans, advances or capital contributions to, or investments in, any other person (other than to or in RCT in the ordinary course of business), other than in the ordinary course of business;

(xxii) RCT ceases, or threatens to cease, to carry on business;

(xxiii) RCT is deregistered as a company or otherwise dissolved;

(xxiv) RCT is or becomes unable to pay its debts when they fall due;

(xxv) RCT entering into any arrangement, commitment or agreement with:

(A) a related party (as that term is defined in section 228 of the Corporations Act); or

(B) any of RCS, CAIC, or either of CAIL or Accor or any of their respective related bodies corporate,

which either:

(C) involves any commitment or liability of $350,000 or more; or

(D) is other than in the ordinary course of business;

(xxvi) RCT makes or amends any tax election, changes any method of tax accounting, settles or compromises any tax liability (other than payroll tax in respect of directors' fees), files any material amended tax return, enters into a closing agreement, surrenders any right to claim a material tax refund or consents to the extension or waiver of the limitation period applicable to any material tax claim or assessment, other than in the ordinary course of business;

(xxvii) RCT pays, discharges, settles, satisfies, compromises, waives, assigns or releases any claims, liabilities or obligations exceeding $350,000 other than the payment, discharge or satisfaction, in the ordinary course of business consistent with past practice, of liabilities reflected or reserved against in RCT's financial statements or incurred in the ordinary course of business consistent with past practice;

(xxviii) RCT authorises, recommends or proposes any release or relinquishment of any contractual right, except in the ordinary course of business consistent with past practice; or

(xxix) RCT:

(A) increases the remuneration of, pays any bonus (other than in accordance with existing contractual entitlements as at 24 February 2014) to or otherwise varies the appointment arrangements of any director of RCS;

(B) issues any securities, options or performance rights to any of the employees of RCT, or accelerates the rights of any such employee to compensation or benefits of any kind (including, without limitation, under any executive or employee share or option plan and including, without limitation, by vesting any outstanding performance rights);

(C) pays any director of RCS termination or retention payments (otherwise than in accordance with contractual entitlements existing at 24 February 2014 which were disclosed to Aquis Bidco prior to 24 February 2014);

(D) enters into employment arrangements with any individual which could involve RCT giving a commitment to such individual in excess of $150,000 per annum;

(E) enters into, offers to enter into or agrees to enter into any agreement, joint venture, asset or profit share, partnership or commitment which would require expenditure, or the foregoing of revenue, by RCT of an amount which is, in aggregate, more than $350,000 other than in the ordinary course of business;

(F) enters into, amends or terminates any Material Contract other than in the ordinary course of business; or

(G) resolves, agrees, commits or announces an intention to do any of the things referred to in sub-paragraphs (i) to (xxix) (inclusive) of this condition.

(i) **No regulatory action**

During the Offer Period:

(i) there is not in effect any preliminary or final decision, order or decree issued by a Government Agency;

(ii) no action or investigation is announced, commenced or threatened by any Government Agency that would have a material adverse effect on the Offer; and

(iii) no application is made to any Government Agency (other than by Aquis Bidco),

in consequence of, or in connection with, the Offer (other than an application to, or a decision or order of, ASIC or the Takeovers Panel in the exercise of powers and discretions conferred by the Corporations Act), which:

(iv) restrains, prohibits or impedes (or if granted or made could restrain, prohibit or impede), or otherwise materially adversely impacts upon:

(A) the making of the Offers or the completion of any transaction contemplated by the Offer; or

(B) the rights of Aquis Bidco in respect of RCT or the RCT Units; or

(v) requires the divestiture by Aquis Bidco of any RCT Units or the divestiture of any assets of RCT.

(j) **Acquisitions, disposals and capex**

Between the Announcement Date and the end of the Offer Period (each inclusive), unless Aquis Bidco provides prior approval in writing, RCT may not:

(i) acquire or agree to acquire any assets, properties or businesses, or incur, agree to incur or enter into a commitment or a series of commitments involving capital expenditure by RCT, whether in one or more transactions, where the consideration for such transaction, transactions, commitments or series of commitments exceeds $500,000 in aggregate, provided that this provision does not prevent RCT from doing anything provided for in RCT’s 2014 budget disclosed to Aquis Bidco in the Disclosure Materials; or

(ii) dispose of, or agree to dispose of, or create or agrees to create an equity interest in respect of any assets (including, without limitation, under any off-take or similar agreement), properties or businesses, whether in one transaction or a number of such transactions, where the consideration for such transaction or transactions exceeds $500,000 in aggregate, provided that this provision does not prevent RCT from disposing of any asset which is technically or commercially obsolete or where RCT acquires a replacement asset.

(k) **No material adverse change**

Between the Announcement Date and the end of the Offer Period:

(i) no event, change, condition, matter or thing occurs, and RCT does not disclose information concerning any event, matter or thing, which has, will or is reasonably likely to have a material adverse effect on the assets, liabilities, financial position, performance, profitability or prospects of RCT or either of RCS or CAIC taken as a whole (whether individually or when aggregated with one or more other events, matters or things); or

(ii) no event, matter or thing, as described in sub-paragraph (i), which occurred before the Announcement Date but was not apparent from publicly available information before then, becomes public.

Without limitation to any other part of this Condition:

(iii) the following events will have the effect referred to in sub-paragraph (i):

(A) a person exercises rights under an agreement, arrangement or understanding to which RCT or CAIC is a party where that exercise has, will have or is reasonably likely to have the effect of accelerating or adversely modifying the performance of any of the obligations of RCT or CAIC under the agreement, arrangement or understanding, where such occurrence, will or is likely to, materially adversely affect RCT's business;

(B) a Government Agency or other body withdraws, revokes, cancels, suspends or otherwise modifies, in writing, an approval, consent, licence or permit granted to or held by RCT or CAIC (or expresses an intention in writing to do any of these things), where to do so, will or is likely to, materially adversely affect RCT's business;

(iv) an event, matter or thing will have the effect referred to in sub-paragraph (i) if it (either individually or when aggregated with one or more other events, matters or things) has reduced, will reduce or is reasonably likely to reduce the value of the consolidated net assets of RCT by at least $10,000,000; and

(v) the Casino Licence or the Cairns Casino Agreement is revoked or is varied in a way which materially and adversely alters the way in which RCT is entitled to conduct its business.

(l) **Share purchases become unconditional**

Before the end of the Offer Period, each of the share purchase agreements in respect of RCS and CAIC becoming unconditional (other than for any condition relating to the Offers becoming unconditional).

(m) **No dividends or distributions**

Between the Announcement Date and the end of the Offer Period (each inclusive), RCT does not announce, make, declare or pay any distribution (whether by way of dividend, capital reduction or otherwise and whether in cash or in specie) or agree to do any of the foregoing, except for the announcement and payment of distributions in March 2014 and September 2014 in accordance with RCT's distribution policy of distributing 100% of distributable profits to RCT Unitholders registered on the record dates in December and June for the purpose of payment of distributions.

(n) **No persons entitled to exercise or exercising rights under material agreements**

Before the end of the Offer Period, each relevant person or party to each Material Contract (as the case may be) provides to RCT in writing a binding, irrevocable and unconditional waiver or release of all change of control rights in such Material Contracts and RCT provides a copy of each such release to Aquis Bidco.

(o) **No litigation**

Between the Announcement Date and the end of the Offer Period (each inclusive), no litigation against RCT which may reasonably result in a judgment of $500,000 or more is commenced, is threatened to be commenced, is announced, or is made known to Aquis Bidco (whether or not becoming public) or RCT, other than that which is in the public domain as at the Announcement Date, and which, if successful, will or is reasonably likely to materially adversely affect RCT's business.