



REEF  
CASINO TRUST

2013

# ANNUAL REPORT

ARSN 093 156 293



2013

# TABLE OF CONTENTS

Chairman's Review	1
Directors' Report	8
Statement of Profit or Loss and other Comprehensive Income	16
Statement of Financial Position	17
Statement of Changes in Equity	18
Statement of Cash Flows	19
Notes to the Financial Statements	20
Directors' Declaration	42
Independent Auditor's Report	43
Lead Auditor's Independence Declaration	45
Corporate Governance Statement	46
Securities Exchange Information	52
Trust Directory	54



## **Annual General Meeting**

12th May 2014 at 2 pm  
Michaelmas Cay Ballroom  
35-41 Wharf Street  
Cairns Qld Australia

## **Unit Distribution**

### **Half year ended 31 December 2013**

17.5 cents per unit

Payment date - 19th March 2014

Total for 2013 28.0 cents per unit

## **Announcement Dates**

### **Half year ending 30 June 2014**

Estimate distribution mid June 2014

Results late August 2014

### **Half year ending 31 December 2014**

Estimated distribution mid December 2014

Results late February 2015



# CHAIRMAN'S REVIEW

## Dear Unitholders,

On behalf of the Board of Directors of Reef Corporate Services Limited, Responsible Entity of the Reef Casino Trust (the Trust), I present my review of the Reef Casino Trust for the financial year ended 31 December 2013.

## Key points

### A truly excellent year

- The Trust performed strongly in 2013 to report a 28.7% increase in Trust distributable profit\* compared to last year due to good rental income growth of 14.1% from the Reef Hotel Casino.
- Trust distributable profit\* was \$13.9 million, compared to \$10.8 million last year. Unitholders' distributions classified as "finance costs" were \$7.0 million resulting in a net profit of \$7.0 million, compared to \$5.4 million last year.
- First half year Trust distributable profit\* was \$5.0 million, an increase of 28.2% compared to the same period last year; the second half year Trust distributable profit\* was \$8.9 million, an increase of 29% compared to the same period last year.
- Unit distribution of 17.5 cents per unit for the six months from July to December 2013 (last year 12 cents). Earnings per unit from July to December 2013 were 18.0 cents (last year 14.2 cents).
- Total unit distribution for the year from January to December 2013 was 28.0 cents per unit (last year 21.0 cents).
- Operating costs at the Reef Casino Trust and the Reef Hotel Casino were well controlled.
- In November 2013, the Trust announced that a takeover proposal for the Trust had been received.



## Trust distributable profit

Trust distributable profit\* was \$13.9 million for the year ended 31 December 2013. This compares with \$10.8 million in 2012.

Total Trust revenue (comprising mainly of rental income from the Reef Hotel Casino) was \$24.3 million (last year \$21.3 million). This is due to good rental growth from the Reef Hotel Casino.

All key casino revenue generating segments of the Reef Hotel Casino posted growth. Hotel operation revenues were slightly lower because of a refurbishment of all hotel rooms in the first half of 2013 which resulted in fewer rooms available for sale.

Trust operating expenses were well controlled.

*\* Basis of preparation: Distributable profit is a non-IFRS measure that is determined in accordance with the Trust Constitution and used as the basis for determining distributions to unitholders. Distributable profit is determined as net profit for the year, adding back distributions to unitholders which have been treated as finance costs in accordance with IFRS. The distributable profit has been audited by KPMG. Refer to the auditor's report on page 43 of the Annual Report for the year ended 31 December 2013.*

	<b>2013</b>	<b>2012</b>	
	<b>\$'000</b>	<b>\$'000</b>	
<b>REVENUE AND OTHER INCOME</b>			
Rental revenue	24,071	21,089	14.1%
Other revenue and income	213	216	
Total revenue and other income	<b>24,284</b>	<b>21,305</b>	<b>14.0%</b>
<b>EXPENSES</b>			
Operating	5,877	6,033	-2.6%
Depreciation and amortisation	4,483	4,454	
Total expenses	<b>10,360</b>	<b>10,487</b>	<b>-1.2%</b>
<b>PROFIT BEFORE FINANCE COSTS<sup>1</sup></b>	<b>13,924</b>	<b>10,818</b>	<b>28.7%</b>
<b>ATTRIBUTABLE TO UNITHOLDERS</b>			
<b>(DISTRIBUTABLE PROFIT*)</b>			
Finance costs <sup>1</sup> attributable to unitholders	6,962	5,409	
<b>PROFIT FOR THE PERIOD</b>	<b>6,962</b>	<b>5,409</b>	<b>28.7%</b>
	<b>cents per</b>	<b>cents per</b>	
	<b>unit</b>	<b>unit</b>	
Earnings per unit	28.0	21.7	
Distribution per unit	28.0	21.0	

<sup>1</sup> "Finance costs" relate to 50% of distributable profit payable to unitholders.



### Unit distribution

The Trust has declared a distribution of 17.5 cents per unit or a total of \$8.7 million for the six months from 1 July to 31 December 2013.

A distribution of 10.5 cents per unit was paid for the six months from 1 January to 30 June 2013. For the 2013 financial year, the total distribution declared was 28.0 cents per unit. The distributable earnings per unit for the 2013 financial year were 28.0 cents.

The actual distribution for the 2013 financial year is consistent with the Trust's distribution policy to pay out "100% of distributable profits".

The undistributed income account now stands at 13.91 cents per unit or \$6.9 million.

### Trust balance sheet

The Trust's overall financial position remains strong and healthy. The Trust's cash flows remain positive and the Trust continues to have adequate working capital. The Trust's interest only loan facility remains unchanged at \$16.5 million. This term loan extends to December 2015. As at 31 December 2013, the Trust has drawn down \$5.6 million. The Trust also has an overdraft facility of \$2 million which has not been used to date.

### Capital investment

The Trust continues to invest in its main asset, the Reef Hotel Casino complex in Cairns to improve its facilities. In 2013, all hotel guest rooms were refurbished at a cost of \$1.6 million. This followed a \$2.6 million investment in a brand new Casino Sports Arena which opened in July 2012 and a \$0.6 million investment in refurbishing the main ballroom and adjoining conference area in the complex in late 2011.

### New independent director

The board welcomed Mr Richard Haire as an independent director of the responsible entity. Mr Haire was appointed by the Chairman as an independent director on 1 October 2013 to fill a vacancy in accordance with the Trust's Constitution.



## Takeover proposal

On 13 November 2013, the Trust announced that it had received a non-binding indicative, conditional takeover proposal from Aquis Casino Acquisitions Pty Ltd (Aquis).

The Board has established an Independent Board Committee (IBC) comprising independent directors, Mr DeLacy and Mr Haire, to consider the takeover proposal. In the event that Aquis satisfactorily completes all its due diligence and proceeds with its takeover proposal, it is envisaged that a bid implementation agreement will be entered into between Reef Corporate Services Limited in its capacity as responsible entity and Aquis.

This takeover proposal is supported by all the directors (both independent directors and non-independent directors) in the absence of a superior proposal and provided that the independent expert does not determine that the takeover offer is neither fair nor reasonable. The Trust's major unit holders Casinos Austria International and Accor have also indicated their support for the proposal if it proceeds in the absence of a superior proposal.

The takeover, if it proceeds, will be subject to regulatory approvals and other conditions.

As is usual with acquisitions of gaming businesses, the probity review and approval process is expected to take some time. In this respect, the Trust expects that the takeover, if successful, would take not less than 6 – 9 months to complete.

## Review of performance and strategy at Reef Hotel Casino

The CEO of the Reef Hotel Casino, Allan Tan has provided his report as follows.

### CEO's report

#### Trading conditions

- In its first full year of operation, the casino's brand new level 2 sports arena and gaming floor attracted increased casino visitations.
- Despite the direct flights from Shanghai into Cairns becoming seasonal, the China tourist market continued to grow.
- As with previous years, the first half year was the low tourist season in Cairns and the second half year was again the high season.
- Complex operations posted record casino revenues even though the local economy including tourism remained flat in general.

## Key strategies

- **“Locals strategy” – The Only Place to Play**  
The new Casino Sports Arena successfully opened in July 2012. Occupying level 2 of the casino, it offers a range of gaming and entertainment options. Combined with food and beverage products and service, our “locals strategy” is aimed at the local, regional and tourist markets and successfully contributed to increased visitations and revenues growth.
- **“China strategy” – Reef by Day, Reef by Night**  
Some key elements of this strategy include being a Cairns’ pioneer in being ‘China-ready’, having the right gaming products and service and the best and largest Chinese restaurant in Cairns for a Chinese tourist friendly venue. Our “China strategy” is aimed at the growing number of Chinese tourists who visit Cairns and has also successfully contributed to increased visitations and revenues growth.
- **The best hotel in Cairns**  
Work commenced in January 2013 to refurbish all guest rooms in our Pullman Reef Hotel Casino. This exciting project was successfully completed in July 2013 on budget, on time and on specification. This project which is aimed at strengthening our hotel’s position as the best 5 star hotel in Cairns has already received good feedback from the industry and our guests.
- **Cost control throughout complex**  
Tight cost control in each of our hotel, casino and administration departments will continue as will initiatives directed towards better management and staff outcomes.

## Complex performance

### Casino

- **Casino visitations**  
Casino visitations were up 4.4% on last year with both our “Locals strategy” and “China strategy” contributing to this growth.
- **Table games**  
Total revenues were up 15.2% on last year with growth from local, domestic and especially international tourist (mainly China) markets. Premium play performed very well with an excellent “above theoretical” win rate. The Reef Casino achieved a record level of table games revenue in 2013.
- **Electronic gaming**  
Electronic gaming machine turnover was up 6.2% on last year and revenues were up 4.1% on last year. Patron support from local and domestic markets was strong throughout the year. The Reef Casino achieved a record level of electronic gaming machine turnover and revenue in 2013.

## Hotel

- **Rooms**

Rooms revenues were 4.5% lower compared to last year, an expected outcome because of the refurbishment of all hotel guest rooms throughout the first half of 2013 which reduced the number of rooms available for sale.

- **Food and beverage**

Beverage revenues were up 2.5% on last year reflecting increased casino visitations with regular special promotions throughout the year. Food revenues were lower by 4.6% compared to last year due to lower banquet/conferencing activity.

## Complex cost control, Trust rental

- Due to continuing excellent cost control outcomes throughout the complex and growth in complex revenues, the overall rental paid to the Trust was up 14.1% on last year.

## *Chairman's review continues*

### Trust outlook

The board endorses the key strategies of the management of the Reef Hotel Casino.

### Takeover offer

- The Board understands that Aquis, the bidder of the proposed takeover offer for the Trust, is seeking government and other approvals in order to complete the takeover. As is usual with acquisitions of gaming businesses, the probity review and approval process is expected to take some time. In this respect, the Trust expects that the takeover, if successful, would take not less than 6 – 9 months to complete. In the meantime until completion, it is “business as usual” for the Trust and the Reef Hotel Casino, subject to customary obligations which may be agreed in relation to the operation of the business in the bid implementation agreement and other transaction documents relevant to the proposal.

### Economic background

- Post the federal elections in 2013, business and consumer confidence in Cairns and the region has improved, however, this is still not at pre global financial crisis levels.
- A lower Australian dollar should assist tourism generally and continued growth in the Chinese tourist market can be expected but the pace is not so clear.



### Reef Hotel Casino outlook

- **Electronic gaming**  
With a reduction in government red tape, the planned introduction of new games and additional fully automatic table games, the outlook is positive.
- **Table games**  
Chinese tourists to Australia continue to grow and Cairns remains a popular destination. The Chinese New Year holiday season in January/February 2014 has produced another excellent "busy" season. Direct flights from Shanghai to Cairns which have reverted to being seasonal and new travel legislation in China could have a dampening impact on growth rate. Short term fluctuations in premium win rate are not unusual. Overall, the outlook is still slightly optimistic.
- **Best 5 star hotel in Cairns**  
Following the successful room refurbishment project in 2013, our Pullman Reef Hotel Casino remains the best 5 star hotel in Cairns. With a full inventory of hotel rooms available for sale, the overall outlook is for an improvement in rooms revenues.

The Trust's balance sheet is expected to remain strong and the Reef Hotel Casino business is expected to continue to generate strong cash flows. Subject to the completion of the takeover offer, The Trust still expects to distribute 100% of its distributable profits of each half yearly financial period.

The Trust has maintained its profitability and distributions throughout the global financial crisis. 2014 is expected to be no different.



**Ben Macdonald**

Chairman

Reef Corporate Services Limited

Responsible Entity of Reef Casino Trust

# DIRECTORS' REPORT

**Mr Ben Macdonald**  
Non-executive Chairman



**Mr Keith DeLacy**  
Non-executive Director  
Chairman of Compliance,  
Audit & Risk Committee



**Mr Richard Haire**  
Independent Director



**Dr Karl Stoss**  
Non-executive Director



**Mr Michael Issenberg**  
Non-executive Director



**Mr Kim Mooney**  
Non-executive Director



**Mr Allan Tan**  
Executive Director,  
CEO Reef Hotel Casino



**Mr Simon McGrath**  
Non-executive Director



**Mr Alex Tucek**  
Alternate for Dr Stoss



**Mr Philip Basha**  
Alternate for Mr  
Issenberg & Mr Mooney



The directors of Reef Corporate Services Limited, ABN 66 057 599 621, the Responsible Entity of Reef Casino Trust (the Trust) present their report together with the financial report of the Trust for the year ended 31 December 2013 and the auditor's report thereon.

## **Responsible Entity**

The directors of Reef Corporate Services Limited during the financial year and until the date of this report (except as otherwise stated) are:

Mr Benjamin W Macdonald (Chairman)  
Mr Keith DeLacy  
Mr Richard Haire – appointed 1 October 2013  
Dr Karl Stoss  
Mr Michael Issenberg  
Mr Kim Mooney  
Mr Allan Tan (director and alternate for Mr Macdonald)  
Mr Simon McGrath  
Mr Alexander Tucek (alternate for Dr Stoss)  
Mr Philip Basha (alternate for Mr Mooney & Mr Issenberg)  
Mr Julian Hercus – resigned 24 April 2013

## **Principal activities**

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

## **Review and results of operations**

The review and results of operations is contained in the Chairman's Review commencing on page 1.

This includes information on the financial position and business strategies and prospects for future financial years.

## **Distributions**

Distributions are paid on a half yearly basis.

The distribution of \$5.98 million (12 cents per unit) in respect of the six month period ended 31 December 2012 as reported in the 2012 annual report was paid on 21 March 2013.

The distribution of \$5.23 million (10.5 cents per unit) in respect of the six month period ended 30 June 2013 was paid on 19 September 2013 (note 17).

The directors have declared a distribution of \$8.72 million (17.5 cents per unit) in respect of the six month period ended 31 December 2013 to be paid on 19 March 2014.

### **Significant changes in the state of affairs**

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

### **Environmental regulation**

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

### **Events subsequent to balance date**

On 12 February 2014, the board of directors of the Responsible Entity, Reef Corporate Services Limited, declared a 17.5 cent per unit distribution payable on 19 March 2014. This distribution totals \$8,715,181.

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

### **Interests of the Responsible Entity**

Reef Corporate Services Limited holds no units either directly or indirectly in Reef Casino Trust. Associates of the Responsible Entity hold 36,451,044 units at 31 December 2013 (2012: 36,732,173 units). The total number of units on issue in 2012 and 2013 was 49,801,036.

### **Responsible Entity's remuneration**

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

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

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

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

	<b>Dec 2013</b>	<b>Dec 2012</b>
	<b>\$</b>	<b>\$</b>
Responsible Entity fees	<b>993,097</b>	975,778
Reimbursement of Trust expenses	<b>62,478</b>	56,026

### **Directors' interests**

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

	<b>Number of units held</b>		<b>Number of units held</b>
Mr Benjamin W Macdonald	263,750	Mr Kim Mooney	122,583
Mr Keith DeLacy	5,000	Mr Allan Tan	-
Mr Richard Haire	-	Mr Simon McGrath	-
Dr Karl Stoss	-	Mr Alexander Tucek	-
Mr Michael Issenberg	221,000	Mr Philip Basha	-

### **Likely developments**

On 13 November 2013 the Trust announced that it had received a non-binding indicative, conditional takeover proposal from Aquis Casino Acquisitions Pty Ltd (Aquis). Further information is contained in the Chairman's Review commencing on page 1.

### **Indemnities and insurance premiums for officers or auditors**

#### **Indemnification**

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

#### **Insurance premiums**

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

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

## Information on directors

### Ben Macdonald AM

Non-executive Chairman; director since 20 September 1995.

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

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

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

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

### Keith DeLacy AM

Independent non-executive director; director since 1 December 1999.

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

He is currently President of the Queensland Division of the Australian Institute of Company Directors (AICD), and is also on the AICD National Board.

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

Keith is Chairman of Integrated Food and Energy Developments Ltd (I-FED) and Stag Beef Ltd, and is a director of Queensland Energy Resources (QER). He retired as Chairman of Macarthur Coal in October 2011 when it was taken over by Peabody Resources.

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

For services to the community Keith has been awarded an AM, the Centenary Medal, honorary doctorates from both James Cook University (HonDLitt) and Central Queensland University (DUUniv), and the Gatton Gold medal from the University of Queensland.

### Richard Haire

Independent non-executive director; director since 1 October 2013.

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

Mr Haire has more than 28 years experience in the international cotton and agribusiness industry. He was the Chief Executive Officer of Queensland Cotton Corporation Pty Ltd from 1989 to 2007, and Managing Director and Regional Head, Australia and New Zealand of Olam from 2007 to 2012.



He is a director of the Bank of Queensland, director of the Queensland Division of the Australian Institute of Company Directors and director of Cotton Research and Development Corporation and formerly a director of Open Country Dairy (NZ) and New Zealand Farming Systems Uruguay.

Richard holds a Bachelor of Economics Degree from the University of New England. He is a fellow of the Australian Institute of Company Directors.

#### **Dr Karl Stoss**

**Non-executive director; director since 8 February 2012.**

Dr Stoss is CEO of Casinos Austria AG, Osterreichische Lotterien GmbH and President of Casinos Austria International.

Studying business administration and graduating from University of Innsbruck, he then worked in various roles within the insurance and banking sector. Dr Stoss was appointed Deputy Chairman and Deputy Director General of Osterreichische Postsparkasse Savings Bank before becoming a director of the Managing Board of Raiffeisen Zentralbank Osterreich AG from 2001, and then on to the Managing Board of Generali Holding Vienna AG becoming Chairman in early 2005 before he joined Casinos Austria Group in 2007.

Dr Stoss is President of the Austrian Olympic Committee since September 2009 and was re-elected in November 2012.

#### **Michael Issenberg**

**Non-executive director; director since 21 January 2002.**

Mr Issenberg is Chairman and Chief Operating Officer of Accor Asia Pacific and has been with Accor for more than 18 years. He has responsibility and oversight for Accor's full range of business interests in the Asia Pacific region and is also a member of the Global Management Committee.

Prior to joining Accor Asia Pacific, Mr Issenberg spent five years as Chief Executive Officer, Mirvac Hotels. This was following a successful career at Westin Hotels and Resorts, Laventhol & Horwath and Horwath & Horwath Services Pty Limited in San Francisco and Sydney. He came to Accor with an impressive background in the hotel industry.

In addition to Reef Casino Trust, Mr Issenberg is also a director of The A-HTRUST (Ascendas Hospitality Trust) listed on the Singapore Stock Exchange.

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

#### **Kim Mooney**

**Non-executive director; director since 21 January 2002.**

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

Mr Mooney is the Chief Financial Officer for Accor Asia Pacific and is responsible for a range of ancillary tourism services and operations.

He joined Accor in 1993 from Resort Hotels Management as the General Manager of Finance for Australia, New Zealand, South Pacific and Japan. Prior to this he held positions in Arts Administration in Europe, England and Australia.

In February 2003, he was appointed Chief Financial Officer – Asia Pacific, which is the position he currently holds. He is based in Singapore but works from Sydney and Singapore offices.

Mr Mooney is a Certified Practising Accountant, holding qualifications in Business, Hospitality and Arts Administration. He is a director of all Accor Asia Pacific entities and previously served as a director of The Music Board of the Australia Council.

#### Allan Tan

Executive director; director since 28 March 2006.

Alternate for Mr Macdonald; alternate director since 10 July 1997.

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

He holds an honours degree in Commerce (Accounting) and is a member of the English & Welsh Institute of Chartered Accountants and a member of Governance Institute of Australia.

Mr Tan also holds a number of executive directorships within the Casinos Austria Group.

#### Simon McGrath

Non-executive director; director since 23 August 2011.

Simon McGrath is Chief Operating Officer for Accor Pacific, responsible for over 250 hotels, 33,000 rooms and 12,000 employees in the Pacific region.

Simon has an extensive and highly respected career in the hotel sector, having worked in management positions domestically and overseas. He has worked in senior executive positions in Australia's major city and tourist destinations, including Sydney, Gold Coast, Cairns, Hamilton Island and Ayers Rock Resort as well as internationally in Malaysia and Thailand.

In addition to his role as Chief Operating Officer for Accor Pacific, Simon holds the following Directorship Roles: Director of AAPC Limited and Director of Accor Vacation Club (AVC).

Simon also currently holds positions on the following Boards: Chairman of Sydney Convention and Exhibition Centre (SCEC), Deputy Chairman of Tourism and Transport Forum (TTF) and Independent Director of Genesis Care.

Simon has played a major advocate role in advancing indigenous employment opportunities in the hospitality and tourism sector as well as championing innovative human resources development, marketing and customer relationship management.

#### Alexander Tucek

Alternate for Dr Stoss; alternate director since 8 February 2012.

Alexander Tucek joined Casinos Austria AG in 1971 and moved to Casinos Austria International in 1978, where he initially served as Casino Manager in a number of land based and shipboard casinos around the globe. Following an extensive international career, he returned to Head Office and was appointed Senior Vice President Human Resources in 2002.

In July 2005, he transferred to the USA as Managing Director of Casinos Austria Maritime and Regional Director for The Americas, where he was responsible for all Casinos Austria International Casinos in the region, including the flagship Great Blue Heron Charity Casino near Toronto, Ontario.

In 2011, his career path took him back to Vienna as Executive Vice President Operations of Casinos Austria International. Since December 2013 he has been Chief Executive Officer of Casinos Austria International. In this capacity, he manages the Casinos Austria Group's extensive international activities, including its existing operations and development projects. Alexander Tucek has a degree in Business Administration and speaks German, English and Spanish.

### Philip Basha

Alternate for Mr Issenberg and Mr Mooney; alternate director since 23 August 2011.

Mr Basha is currently an alternate member of the Compliance, Audit and Risk Committee.

He joined the Accor finance team in 2003 and is currently the Director of Finance Australia – Corporate. He commenced his accounting career at KPMG in 1999 and spent five years as an auditor in its Consumer and Industrial Markets group. He holds a Bachelor of Economics (Accounting) from Macquarie University and is a member of the Australian Institute of Chartered Accountants.

### Units on issue

Units on issue and movements in issued units are detailed in note 16 to the financial statements.

### Assets

The Trust had total assets of \$111,010,000 as at 31 December 2013 (2012: \$111,007,000). The basis of valuation of the Trust's assets is disclosed in note 3 to the financial statements.

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

The lead auditor's independence declaration is set out on page 45 and forms part of the directors' report for the year ended 31 December 2013.

### Rounding off

The Trust is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with that Class Order, amounts in the financial report have been rounded off to the nearest thousand dollars, unless otherwise stated.

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



**Ben Macdonald**

Director

Brisbane  
12 February 2014



**Keith DeLacy**

Director

# STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 31 December 2013

	Note	Dec 2013 \$'000	Dec 2012 \$'000
<b>REVENUE AND OTHER INCOME</b>			
Revenue	6	<b>24,271</b>	21,297
Other income	7	<b>13</b>	8
TOTAL REVENUE AND OTHER INCOME		<b>24,284</b>	21,305
<b>EXPENSES</b>			
Depreciation and amortisation	8	<b>4,483</b>	4,454
Property outgoings		<b>1,176</b>	1,100
Rates and taxes		<b>759</b>	690
Responsible Entity fees		<b>993</b>	976
Repairs and maintenance		<b>825</b>	896
Insurance		<b>532</b>	551
Project development costs		<b>275</b>	188
Other expenses		<b>774</b>	841
TOTAL EXPENSES		<b>9,817</b>	9,696
RESULTS FROM OPERATING ACTIVITIES		<b>14,467</b>	11,609
Finance costs attributable to unitholders		<b>6,962</b>	5,409
Interest expense on financial liabilities measured at amortised cost		<b>543</b>	791
TOTAL FINANCE COSTS		<b>7,505</b>	6,200
PROFIT FOR THE YEAR		<b>6,962</b>	5,409
OTHER COMPREHENSIVE INCOME FOR THE PERIOD		-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		<b>6,962</b>	5,409
Basic and diluted earnings per unit (cents)	23	<b>28</b>	21.7

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

# STATEMENT OF FINANCIAL POSITION

as at 31 December 2013

	Note	Dec 2013 \$'000	Dec 2012 \$'000
<b>ASSETS</b>			
Cash and cash equivalents	19	<b>5,912</b>	3,650
Receivables	10	<b>1,773</b>	2,336
<b>TOTAL CURRENT ASSETS</b>		<b>7,685</b>	5,986
Receivables	10	<b>750</b>	750
Property, plant and equipment	11	<b>102,393</b>	104,148
Intangible assets	12	<b>182</b>	123
<b>TOTAL NON-CURRENT ASSETS</b>		<b>103,325</b>	105,021
<b>TOTAL ASSETS</b>		<b>111,010</b>	111,007
<b>LIABILITIES</b>			
Payables	13	<b>5,923</b>	4,488
<b>TOTAL CURRENT LIABILITIES</b>		<b>5,923</b>	4,488
Loans and borrowings	14	<b>5,600</b>	8,750
Deferred income	15	<b>58</b>	66
Issued units – liability portion	16	<b>85,051</b>	85,051
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>90,709</b>	93,867
<b>TOTAL LIABILITIES</b>		<b>96,632</b>	98,355
<b>EQUITY</b>			
Issued units – equity portion	16	<b>85,051</b>	85,051
Distribution account	17	<b>4,242</b>	2,496
Undistributed income		<b>6,928</b>	6,948
Accumulated losses		<b>(81,843)</b>	(81,843)
<b>TOTAL EQUITY</b>		<b>14,378</b>	12,652
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>111,010</b>	111,007
<b>MEMORANDUM NOTE – ISSUED UNITS</b>			
Issued units – liability portion		<b>85,051</b>	85,051
Issued units – equity portion		<b>85,051</b>	85,051
		<b>170,102</b>	170,102

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

# STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2013

	Issued units \$'000	Distribution account \$'000	Undistributed income \$'000	Accumulated losses \$'000	Total \$'000
1 JANUARY 2012	85,051	1,958	6,588	(81,843)	11,754
Total comprehensive income for the period	-	-	-	5,409	5,409
Transfer to distribution account	-	5,409	-	(5,409)	-
Transfer to undistributed income account	-	(360)	360	-	-
Distributions paid	-	(4,511)	-	-	(4,511)
31 DECEMBER 2012	85,051	2,496	6,948	(81,843)	12,652
1 JANUARY 2013	85,051	2,496	6,948	(81,843)	12,652
Total comprehensive income for the period	-	-	-	6,962	6,962
Transfer to distribution account	-	6,962	-	(6,962)	-
Transfer from undistributed income account	-	20	(20)	-	-
Distributions paid	-	(5,236)	-	-	(5,236)
31 DECEMBER 2013	85,051	4,242	6,928	(81,843)	14,378

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



# STATEMENT OF CASH FLOWS

for the year ended 31 December 2013

	Note	Dec 2013 \$'000	Dec 2012 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts in the course of operations		<b>27,200</b>	22,687
Cash payments in the course of operations		<b>(7,451)</b>	(7,666)
Interest received		<b>111</b>	152
Interest and other finance costs paid		<b>(543)</b>	(791)
NET CASH FROM OPERATING ACTIVITIES	19	<b>19,317</b>	14,382
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property, plant and equipment		<b>(2,712)</b>	(3,737)
Proceeds/(costs) of disposal of property, plant and equipment		<b>12</b>	(25)
NET CASH FROM INVESTING ACTIVITIES		<b>(2,700)</b>	(3,762)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of borrowings		<b>(3,150)</b>	(1,500)
Distributions paid (equity portion and liability portion)		<b>(11,205)</b>	(9,960)
NET CASH FROM FINANCING ACTIVITIES		<b>(14,355)</b>	(11,460)
Net increase/(decrease) in cash held		<b>2,262</b>	(840)
Cash and cash equivalents at 1 January		<b>3,650</b>	4,490
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	19	<b>5,912</b>	3,650

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

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2013

## 1. The Trust

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

## 2. Basis of preparation

### (a) Statement of compliance

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards (AASBs) adopted by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001. The financial report of the Trust complies with International Financial Reporting Standards (IFRSs) adopted by the International Accounting Standards Board (IASB).

The financial statements were approved by the board of directors of the Responsible Entity on 12 February 2014.

### (b) Basis of measurement

The financial report is prepared on the historical cost basis.

### (c) Functional and presentation currency

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

The Trust is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with that Class Order, all financial

information presented in Australian dollars has been rounded to the nearest thousand unless otherwise stated.

### (d) Use of estimates and judgements

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

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

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in note 11 – property, plant and equipment (lease classification).

## 3. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

### (a) Financial instruments

#### (i) Non-derivative financial assets

The Trust initially recognises trade and other receivables and cash and cash equivalents on the date that they are originated.

The Trust derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which

### 3. Significant accounting policies (continued)

#### (a) Financial instruments (continued)

##### (i) Non-derivative financial assets (continued)

substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Trust is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Trust has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

##### *Loans and receivables*

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprise cash and cash equivalents and trade and other receivables.

##### *Cash and cash equivalents*

Cash and cash equivalents comprise cash balances and call deposits with original maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value, and are used by the Trust in the management of its short term commitments.

##### (ii) Non-derivative financial liabilities

The Trust initially recognises debt securities issued on the date that they are originated. All other financial liabilities are recognised initially on the trade date at which the Trust becomes a party to the contractual provisions of the instrument. The Trust derecognises a financial

liability when its contractual obligations are discharged or cancelled or expire.

The Trust has the following non-derivative financial liabilities: loans and borrowings, bank overdrafts, and trade and other payables. Bank overdrafts form an integral part of the Trust's cash management and are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

Such financial liabilities are recognised at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortised cost using the effective interest rate method.

##### (iii) Compound financial instruments – issued units

Compound financial instruments issued by the Trust comprise issued units.

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

The total distribution for an income period is determined in accordance with the Trust Constitution. The portion of the distribution comprising 50% of net income is recognised as a liability and expensed as a financing cost on an accrual basis. The remaining portion of the distribution is debited directly to equity, and recognised as a liability in the period in which it is declared.

### 3. Significant accounting policies (continued)

#### (b) Leased assets

Leases in terms of which the Trust assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Other leases are operating leases and are not recognised in the Trust's statement of financial position.

#### (c) Property, plant and equipment

##### (i) Recognition and measurement

Site lease, buildings, integral plant, plant and equipment and work in progress are measured at cost or deemed cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

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

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and is recognised net within other income/other expenses in profit or loss.

##### (ii) Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised

in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Trust, and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

##### (iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Trust will obtain ownership by the end of the lease term. The estimated useful lives for the current and comparative periods are as follows:

- Site lease 75 years
- Buildings and integral plant 15 – 73 years
- Plant and equipment 3 – 20 years

Depreciation methods, useful lives and residual values are reassessed at each annual reporting date and adjusted if appropriate.

Items of property, plant and equipment are depreciated from the date they are installed and are ready for use, or in respect of internally constructed assets, from the date the asset is completed and ready for use.

#### (d) Intangible assets

Items of software that are acquired by the Trust, which have finite useful lives, are measured at cost less accumulated amortisation and accumulated impairment losses.

Amortisation is based on the cost of an asset less its residual value.

### 3. Significant accounting policies (continued)

#### (d) Intangible assets (continued)

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of the items of software from the date that they are available for use. The estimated useful lives for the current and comparative periods are as follows:

- Software 4 years

Amortisation methods, useful lives and residual values are reviewed at each annual reporting date and adjusted if appropriate.

#### (e) Impairment

##### (i) Non-derivative financial assets

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset, and that the loss event(s) had an impact on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired include default or delinquency by a debtor, restructuring of an amount due to the Trust on terms that the Trust would not consider otherwise, indications that a debtor will enter bankruptcy, adverse changes in the payment status of borrowers and economic conditions that correlate with defaults.

##### *Financial assets measured at amortised cost*

The Trust considers evidence of impairment for financial assets measured at amortised cost (loans and receivables and held-to-maturity investment securities) at a specific asset level. All assets are assessed for specific impairment.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against loans and receivables or held-to-maturity investment securities. Interest on the impaired asset continues to be recognised. When an event occurring after the impairment was recognised causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

##### (ii) Non-financial assets

The carrying amounts of the Trust's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

Impairment losses are recognised if the carrying amount of the asset or its CGU exceeds the recoverable amount. Impairment losses are recognised in profit and loss. Impairment losses recognised in respect of CGUs are allocated to reduce the carrying amount on a pro rata basis.

### 3. Significant accounting policies (continued)

#### (f) Provisions

A provision is recognised if, as a result of a past event, the Trust has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as a finance cost.

#### (g) Revenue

Rent revenue is brought to account when earned and, if not received at reporting date, is reflected in the statement of financial position as a receivable. Rent is determined in accordance with the lease agreements relating to The Reef Hotel Casino and is made up of two components: a base rent and a contingent rental component. The base rental component is recognised on a straight-line basis over the lease term and indexed on a yearly basis. The contingent rental component is based on the performance of the lessee and is recognised when contractually due.

#### (h) Government grants

Government grants are recognised initially as deferred income when there is reasonable assurance that they will be received and that the Trust will comply with the conditions associated with the grant. Grants that compensate the Trust for expenses incurred are recognised in profit or loss on a systematic basis in the same periods in which the expenses are recognised. Grants that compensate the Trust for the cost of an asset are recognised in profit or loss as other income on a systematic basis over the useful life of the asset.

#### (i) Finance income and finance costs

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

Finance costs comprise interest expense on borrowings calculated using the effective interest method, and the portion of distributions comprising 50% of net income (note 3(a)(iii)).

#### (j) Responsible Entity's fee

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

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

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

#### (k) Income tax

Under current income tax legislation, the Trust is not subject to income tax, provided that the taxable income, including any taxable capital gains, is fully distributed to unitholders each year. Tax allowances for building and plant and equipment depreciation are distributed in the form of tax deferred amounts.



### 3. Significant accounting policies (continued)

#### (l) Goods and services tax

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Invoiced receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability on the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

#### (m) Earnings per unit

The Trust presents basic and diluted earnings per unit data for its issued units. Basic earnings per unit is calculated by dividing the profit or loss attributable to unitholders of the Trust by the weighted average number of the equity component of issued units outstanding during the period. Diluted earnings per unit is determined by adjusting the profit or loss attributable to unitholders and the weighted average number of the equity component of issued units outstanding for the effects of any dilutive potential units.

#### (n) Segment reporting

An operating segment is a component of the Trust that engages in business activities from which it may earn revenues and incur expenses. The Trust determines and presents operating segments based on the information that internally is provided to the board.

#### (o) New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2013, and have not been applied in preparing these financial statements. None of these is expected to have a significant effect on the financial statements of the Trust.

### 4. Determination of fair values

A number of the Trust's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

When measuring the fair value of an asset or a liability the Trust uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

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

#### 4. Determination of fair values (continued)

##### (a) Property, plant and equipment, site lease and licences

The Trust Constitution requires the Trust to obtain independent valuations of the complex at least once during every 3 years, by an independent valuer, under the instructions given by Reef Corporate Services. The valuation is used for disclosure purposes, and also assists the Trust in determining whether there is any impairment of the cash generating unit (note 3e(ii)).

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

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

In undertaking this valuation assignment the valuer utilises a number of valuation methods and various inputs. The discounted cash flow method derives the net present value by

applying a selected discount rate to the five year cash flow forecast. The equivalent yield capitalisation is based on the five year trading forecast firstly discounted for inflation to reflect financial performance in current dollars and after annual capital expenditure allowance. The earnings multiple approach is calculated using the net rental cash flow at a selected earnings multiple and deducting immediate capital expenditure allowance. All of these inputs are classified as level 2.

##### (b) Current receivables

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

##### (c) Non-current receivables

The fair value of the Trust's non-current receivables is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date. This fair value is determined for disclosure purposes. The inputs used are classified as level 2.

##### (d) Current payables

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

##### (e) Loans and borrowings

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date. The inputs used are classified as level 2.

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

Fair value, which is determined for disclosure purposes, is based on the quoted market price per unit at the reporting date and is a level 1 input.

## 5. Financial risk management

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

This note presents information about the Trust's exposure to each of the above risks, its objectives, policies and processes for measuring and managing risk, and its management of capital. Further quantitative disclosures are included throughout these financial statements.

### Risk management framework

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

### Credit risk

Credit risk is the risk of financial loss to the Trust if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Trust's receivables from customers. There is a significant concentration of credit risk in so far as the Trust receives rental income from one complex, The Reef Hotel Casino.

### Liquidity risk

Liquidity risk is the risk that the Trust will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Trust's approach to managing liquidity is to use cash flow management and forecasts to ensure there is enough cash to meet liabilities when due. In addition to maintaining sufficient liquid assets to meet short-term payments, at balance date, the

Trust has \$10.9 million (2012: \$7.75 million) of unused loan facilities available for its immediate use as well as an overdraft facility of \$2 million (2012: \$2 million).

### Market risk

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

### Capital management

The Trust policy is to maintain the current level of issued units (\$170,102,000; 2012: \$170,102,000) plus an interest only loan facility (\$16,500,000; 2012: \$16,500,000). Should new funding be required for enhancement or for investment in new opportunities the Trust will consider an appropriate balance of new equity and/or debt funding. Should surplus funds arise, some repayment of debt will also be considered.

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

	<b>Dec 2013 \$'000</b>	<b>Dec 2012 \$'000</b>
<b>6. Revenue</b>		
<i>Rental</i>		
Base rent	<b>1,033</b>	1,011
Contingent rent	<b>23,038</b>	20,078
	<b>24,071</b>	21,089
<i>Interest received and receivable from</i>		
Other persons	<b>43</b>	76
Related parties	<b>72</b>	76
	<b>115</b>	152
<i>Other revenue</i>		
Sundry	<b>85</b>	56
	<b>24,271</b>	21,297

**7. Other income**

Net gain on disposal of plant and equipment	<b>5</b>	-
Government grants	<b>8</b>	8
	<b>13</b>	8

**8. Expenses**

Net profit includes the following specific expenses:

<i>Depreciation</i>		
Building	<b>1,459</b>	1,449
Plant and equipment	<b>2,252</b>	2,249
	<b>3,711</b>	3,698
<i>Amortisation</i>		
Computer software	<b>66</b>	49
Site lease	<b>706</b>	707
	<b>772</b>	756
	<b>4,483</b>	4,454
Net loss on disposal of plant and equipment	-	32

	Dec 2013 \$'000	Dec 2012 \$'000
<b>9. Finance income and expense</b>		
<i>Recognised in profit or loss</i>		
Interest income on bank deposits	<b>43</b>	76
Interest income on loans and receivables	<b>72</b>	76
<b>FINANCE INCOME</b>	<b>115</b>	152
Interest expense on financial liabilities measured at amortised cost	<b>(543)</b>	(791)
Finance costs attributable to unitholders	<b>(6,962)</b>	(5,409)
<b>FINANCE EXPENSE</b>	<b>(7,505)</b>	(6,200)
<b>NET FINANCE INCOME AND EXPENSE</b>	<b>(7,390)</b>	(6,048)

The above financial income and expense include the following in respect of assets (liabilities) not at fair value through profit or loss:

Total interest income on financial assets	<b>115</b>	152
Total interest expense on financial liabilities	<b>(7,505)</b>	(6,200)

## 10. Receivables

<b>CURRENT</b>		
Rent receivable from lessee	<b>1,716</b>	2,283
Other debtors	<b>57</b>	53
	<b>1,773</b>	2,336
<b>NON-CURRENT</b>		
Loans to lessee, bearing an interest rate of 9.38% (2012: 9.83%)	<b>750</b>	750

	Site Lease \$'000	Building & Integral Plant \$'000	Plant & Equipment \$'000	Work In Progress \$'000	Total \$'000
<b>11. Property, plant and equipment</b>					
AT 1 JANUARY 2012					
At cost or deemed cost	53,000	69,262	57,126	449	179,837
Accumulated depreciation/amortisation	(12,749)	(13,093)	(49,046)	-	(74,888)
Net carrying amount	40,251	56,169	8,080	449	104,949
YEAR ENDED 31 DECEMBER 2012					
Opening net carrying amount	40,251	56,169	8,080	449	104,949
Additions	-	768	461	2,382	3,611
Disposals	-	-	(7)	-	(7)
Transfers from WIP	-	-	2,618	(2,618)	-
Depreciation/amortisation charge	(707)	(1,449)	(2,249)	-	(4,405)
Closing net carrying amount	39,544	55,488	8,903	213	104,148
AT 31 DECEMBER 2012					
At cost or deemed cost	53,000	70,030	59,047	213	182,290
Accumulated depreciation/amortisation	(13,456)	(14,542)	(50,144)	-	(78,142)
Net carrying amount	39,544	55,488	8,903	213	104,148
YEAR ENDED 31 DECEMBER 2013					
Opening net carrying amount	39,544	55,488	8,903	213	104,148
Additions	-	-	1,249	1,423	2,672
Disposals	-	-	(10)	-	(10)
Transfers from WIP	-	-	1,592	(1,592)	-
Depreciation/amortisation charge	(706)	(1,459)	(2,252)	-	(4,417)
Closing net carrying amount	38,838	54,029	9,482	44	102,393
AT 31 DECEMBER 2013					
At cost or deemed cost	53,000	69,959	60,442	44	183,445
Accumulated depreciation/amortisation	(14,162)	(15,930)	(50,960)	-	(81,052)
Net carrying amount	38,838	54,029	9,482	44	102,393



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

An independent valuation of the Trust's interest in The Reef Hotel Casino Complex was carried out by Jones Lang LaSalle Hotels as at 31 December 2011. The complex was valued at \$125 million. The Trust's interest in the complex, which is considered to be a cash generating unit, comprises the building, site lease, casino licence and plant and equipment. The casino licence has an amortised cost of nil (2012: nil).

The Trust paid \$53 million to the Queensland Government by way of a lump sum prepayment of the rental payable for the term of the lease (75 years) for the site on which The Reef Hotel Casino complex is situated. Even though the lease is not eligible for conversion to freehold tenure, the Trust determined that the site lease is a finance lease. At 31 December 2013, the remaining term of the site lease was 55 years. The conditions of the lease are set out in the Cairns Casino Agreement which forms part of the Cairns Casino Agreement Act 1993. Negotiations for a further lease can take place during the last 10 years. The lease cannot be assigned or sublet without consent of the Minister. The site is required to be used for commercial purposes only.

	<b>Dec 2013 \$'000</b>	<b>Dec 2012 \$'000</b>
<b>Capital expenditure commitments</b>		
Contracted but not provided for and payable:		
Not longer than one year	<b>419</b>	1,520

### Operating leases as lessor

The Trust leases out The Reef Hotel Casino under an operating lease. The future minimum lease payments under non-cancellable leases are as follows:

Less than one year	<b>1,060</b>	1,033
Between one and five years	<b>1,149</b>	2,152
	<b>2,209</b>	3,185

The casino, hotel and ancillary facilities lease agreements with the lessee have a twenty year term, expiring 24 January 2016. Base rent is set out in the lease (and is indexed annually) and additional rent is based on financial performance. An option exists to renew the leases at the end of the existing term until 26 October 2029. Further extensions from year to year are subject to certain ownership conditions being met. The future minimum lease payments shown do not include rentals which are contingent on revenue of the operator, and do not include recovery of outgoings.

	<b>Dec 2013 \$'000</b>	<b>Dec 2012 \$'000</b>
<b>12. Intangible assets</b>		
COMPUTER SOFTWARE		
AT 1 JANUARY		
At cost	<b>694</b>	638
Accumulated amortisation	<b>(571)</b>	(522)
Net carrying amount	<b>123</b>	116
YEAR ENDED 31 DECEMBER		
Opening net carrying amount	<b>123</b>	116
Additions	<b>125</b>	56
Amortisation charge	<b>(66)</b>	(49)
Closing net carrying amount	<b>182</b>	123
AT 31 DECEMBER		
At cost	<b>629</b>	694
Accumulated amortisation	<b>(447)</b>	(571)
Net carrying amount	<b>182</b>	123
<b>13. Payables</b>		
CURRENT		
Trade creditors and accruals – unsecured	<b>1,450</b>	1,008
Accrued distributions (note 17)	<b>4,473</b>	3,480
	<b>5,923</b>	4,488

## 14. Loans and borrowings

This note provides information about the contractual terms of the Trust's loans and borrowings, which are measured at amortised cost. For more information about the Trust's exposure to interest rate and liquidity risk, see note 24.

	<b>Nominal Interest rate</b>	<b>Year of maturity</b>	<b>Dec 2013 \$'000</b>	<b>Dec 2012 \$'000</b>
NON-CURRENT				
Bank loan – BOQ Limited	7.00%	2015	<b>5,600</b>	8,750

The nominal interest rate for 2012 was 7.51%.

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

Interest is payable at a fixed margin over Bank of Queensland's cost of funds for \$2,850,000 (2012: \$3,250,020) and at a fixed rate of 8.43% over \$2,750,000 (2012 at 8.22%, 8.43% over \$2,750,000 each).

<b>Dec 2013 \$'000</b>	<b>Dec 2012 \$'000</b>
--------------------------------	--------------------------------

## 15. Deferred income

Government grant	<b>58</b>	66
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## 16. Issued units

49,801,036 (December 2012: 49,801,036) units

Issued units – equity portion	<b>85,051</b>	85,051
Issued units – liability portion	<b>85,051</b>	85,051
	<b>170,102</b>	170,102

The number of issued units includes 740,000 (December 2012: 740,000) restricted founder units.

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

## 17. Distributions

### Distributable income

The Trust Constitution requires calculation of distributable income for each half yearly period commencing either on the first day of January or July and the amount transferred to a distribution account on the last day of such period. As the Trust must distribute at least 50% of net income for the period, this 50% is classified as a liability, and transferred from the distribution account to accrued liabilities on the statement of financial position (note 13).

The proposed distribution for the six months ended 31 December 2013 was declared on 12 February 2014, and accounted for as follows:

	<b>Dec 2013 \$'000</b>	<b>Dec 2012 \$'000</b>
DISTRIBUTION ACCOUNT (refer to statement of changes in equity)		
Balance relating to issued units – equity portion	<b>4,242</b>	2,496
ACCRUED DISTRIBUTION (payables – note 13)		
Balance relating to issued units – liability portion	<b>4,473</b>	3,480
<b>TOTAL OF DISTRIBUTION ACCOUNTS</b>	<b>8,715</b>	5,976

	<b>Dec 2013</b>		<b>Dec 2012</b>	
	<b>Total \$'000</b>	<b>Cents per unit</b>	<b>Total \$'000</b>	<b>Cents per unit</b>
<i>Distributions paid and payable</i>				
Half year ended 30 June paid September	<b>5,229</b>	<b>10.50</b>	4,482	9.00
Half year ended 31 December paid/payable March	<b>8,715</b>	<b>17.50</b>	5,976	12.00
	<b>13,944</b>	<b>28.00</b>	10,458	21.00

## 18. Segment information

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

	<b>Dec 2013 \$'000</b>	<b>Dec 2012 \$'000</b>
RENTAL INCOME		
Casino operations	<b>21,428</b>	18,336
Hotel and other non casino operations	<b>2,643</b>	2,753
	<b>24,071</b>	21,089

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

	Dec 2013 \$'000	Dec 2012 \$'000
<b>19. Cash and cash equivalents</b>		
Cash (held in interest bearing accounts, at call)	<b>5,912</b>	3,650
<b>Reconciliation of cash flows from operating activities</b>		
PROFIT FOR THE YEAR	<b>6,962</b>	5,409
ADJUSTMENTS FOR:		
Loss/(profit) on sale of property, plant and equipment	<b>(5)</b>	32
Finance costs attributable to unitholders	<b>6,962</b>	5,409
Depreciation and amortisation	<b>4,483</b>	4,454
NET CASH FROM OPERATING ACTIVITIES BEFORE CHANGES IN WORKING CAPITAL	<b>18,402</b>	15,304
Changes in operating assets and liabilities		
(Increase)/decrease in receivables and other assets	<b>563</b>	(526)
(Increase)/decrease in payables	<b>360</b>	(388)
Increase/(decrease) in deferred income	<b>(8)</b>	(8)
NET CASH FROM OPERATING ACTIVITIES	<b>19,317</b>	14,382

## 20. Related party information

### The Responsible Entity

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

### Key management personnel

	Short-term Salary & Fees \$	Post-employment Superannuation Benefits \$	Total \$
<b>2013</b>			
<b>Non-executive directors</b>			
Benjamin Macdonald (Chairman)	93,871	4,417	98,288
Keith DeLacy	59,333	5,416	64,749
Julian Hercus (resigned 24 April 2013)	17,692	1,592	19,284
Karl Stoss	-	-	-
Michael Issenberg	-	-	-
Kim Mooney	-	-	-
Simon McGrath	-	-	-
Richard Haire (appointed 1 October 2013)	13,750	1,272	15,022
Alexander Tucek	-	-	-
Philip Basha	-	-	-
<b>Executive director</b>			
Allan Tan (Chief Executive Officer - Operator)	80,215	-	80,215
<b>Executive</b>			
Alison Galligan (Company Secretary)	87,664	-	87,664
Total	352,525	12,697	365,222

**20. Related party information (continued)**

Key Management Personnel (continued)

	<b>Short-term Salary &amp; Fees \$</b>	<b>Post-employment Superannuation Benefits \$</b>	<b>Total \$</b>
<b>2012</b>			
<i>Non-executive directors</i>			
Benjamin Macdonald (Chairman)	82,500	-	82,500
Keith DeLacy	54,000	4,860	58,860
Julian Hercus	52,000	4,680	56,680
Karl Stoss (appointed 08/02/2012)	-	-	-
Michael Issenberg	-	-	-
Kim Mooney	-	-	-
Simon McGrath	-	-	-
Alexander Tucek (appointed 08/02/2012)	-	-	-
Philip Basha	-	-	-
<i>Executive director</i>			
Allan Tan (Chief Executive Officer - Operator)	86,112	-	86,112
<i>Executive</i>			
Alison Galligan (Company Secretary)	87,343	-	87,343
<b>Total</b>	<b>361,955</b>	<b>9,540</b>	<b>371,495</b>

Only directors who are not full time executives of Casinos Austria International Limited group or Accor Asia Pacific group receive remuneration from the Trust.

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

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

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

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

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

**20. Related party information (continued)**

Unit holdings of directors of the Responsible Entity

<b>Name</b>	<b>Balance at start of the year</b>	<b>Changes during the year</b>	<b>Balance at end of the year</b>
Benjamin Macdonald	263,750	-	263,750
Keith DeLacy	5,000	-	5,000
Karl Stoss	-	-	-
Michael Issenberg	221,000	-	221,000
Kim Mooney	122,583	-	122,583
Allan Tan	-	-	-
Simon McGrath	-	-	-
Richard Haire (appointed 1 October 2013)	-	-	-
Alexander Tucek	-	-	-
Philip Basha	-	-	-
<b>Former Director</b>			
Julian Hercus (resigned 24 April 2013)	281,129	18,871	*300,000

\*At the time of Mr Hercus' resignation as a director on 24 April 2013 the number of units held was 281,129.

Responsible Entity's remuneration

	<b>Transaction value</b>		<b>Balance outstanding</b>	
	<b>Dec 2013</b>	<b>Dec 2012</b>	<b>Dec 2013</b>	<b>Dec 2012</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Fees paid or payable by the Trust to Reef Corporate Services Limited during the year				
Responsible Entity fee	<b>993,097</b>	975,778	<b>500,132</b>	492,595
Reimbursement of trust expenses	<b>62,478</b>	56,026	-	-

Details of the basis of the Responsible Entity's fees are set out in note 3(j).

Other related parties

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

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

**20. Related party information (continued)**

	Transaction value Dec 2013 \$	Dec 2012 \$	Balance outstanding Dec 2013 \$	Dec 2012 \$
Aggregate amounts brought to account in relation to transactions with other related parties:				
Rental income received from lessee	<b>24,071,039</b>	21,089,248	<b>1,710,010</b>	2,276,569
Interest on loan to lessee	<b>71,915</b>	76,124	<b>5,975</b>	6,245
Operating expenses paid by the Trust to the lessee and entities related to the Responsible Entity	<b>2,478,040</b>	2,509,270	<b>189,159</b>	180,994
Management fee to lessee	<b>117,088</b>	99,533	<b>28,984</b>	28,695
Distribution paid or payable	<b>10,034,839</b>	7,526,129	<b>6,271,774</b>	4,300,645

Aggregate amounts receivable/payable with related parties at balance date:

Current receivables	<b>1,715,985</b>	2,282,814
Non-current receivables	<b>750,000</b>	750,000
Current payables	<b>718,275</b>	702,284
Accrued distribution	<b>3,273,942</b>	2,566,922

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

**Controlling entity**

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

**21. Remuneration of auditors**

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

	Dec 2013 \$	Dec 2012 \$
<i>KPMG</i>		
Audit of statutory financial reports	<b>60,827</b>	60,394
Other assurance services	<b>25,378</b>	37,822
	<b>86,205</b>	98,216

**22. Contingent liabilities and contingent assets**

There were no contingent liabilities or contingent assets at reporting date.



### 23. Earnings per unit

	<b>Dec 2013</b>	<b>Dec 2012</b>
Basic and diluted earnings per unit (cents)	<b>28.0</b>	21.7
<i>Weighted average number of units (equity portion) for the year (note 3(m) and note 16)</i>	<b>24,900,518</b>	24,900,518
	<b>\$'000</b>	<b>\$'000</b>
Profit for the year	<b>6,962</b>	5,409

### 24. Financial instruments

#### Credit risk

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position. The Trust's most significant customer, Casinos Austria International (Cairns) Pty Ltd (lessee of The Reef Hotel Casino), accounts for \$2,469,985 of the receivables carrying amount at 31 December 2013 (2012: \$3,032,814). Details of the lease agreement are contained in note 11.

There is no collateral held as security or any other credit enhancements (2012: nil). None of the Trust's receivables are past due and no impairment is required (2012: nil). There are no significant financial assets that have had renegotiated terms that would otherwise, without that renegotiation, have been past due or impaired (2012: nil).

#### Liquidity risk

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

	<b>Carrying amount \$'000</b>	<b>Contractual cash flows \$'000</b>	<b>Less than 1 year \$'000</b>	<b>1 to 2 years \$'000</b>	<b>2 to 5 years \$'000</b>
<b>31 DECEMBER 2013</b>					
<b>NON-DERIVATIVE FINANCIAL LIABILITIES</b>					
Trade creditors and accruals	1,450	(1,450)	(1,450)	-	-
Accrued distribution	4,473	(4,473)	(4,473)	-	-
Bank borrowings	5,600	(6,384)	(392)	(5,992)	-
Issued units – liability portion*	85,051	-	-	-	-

**24. Financial instruments (continued)**

	<b>Carrying amount \$'000</b>	<b>Contractual cash flows \$'000</b>	<b>Less than 1 year \$'000</b>	<b>1 to 2 years \$'000</b>	<b>2 to 5 years \$'000</b>
<b>31 DECEMBER 2012</b>					
NON-DERIVATIVE					
FINANCIAL LIABILITIES					
Trade creditors and accruals	1,008	(1,008)	(1,008)	-	-
Accrued distribution	3,480	(3,480)	(3,480)	-	-
Bank borrowings	8,750	(10,720)	(657)	(657)	(9,406)
Issued units – liability portion*	85,051	-	-	-	-

\* Future cash flows from the liability portion of issued units are dependent on the future income of the Trust (refer to note 3(a)(iii)). Finance costs attributable to unitholders for the year ended 31 December 2013 totalled \$6,962,000 (2012: \$5,409,000).

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

**Interest rate risk**

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

	<b>Dec 2013 \$'000</b>	<b>Dec 2012 \$'000</b>
<i>Fixed rate instruments</i>		
Financial liabilities	<b>(2,750)</b>	(5,500)
	<b>(2,750)</b>	(5,500)
<i>Variable rate instruments</i>		
Financial assets	<b>6,662</b>	4,400
Financial liabilities	<b>(2,850)</b>	(3,250)
	<b>3,812</b>	1,150

**Fair value sensitivity analysis for fixed rate instruments**

The Trust does not account for the fixed rate borrowings at fair value through profit or loss, therefore a change in interest rates at the reporting date would not affect profit or loss.

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

A change of 100 basis points in interest rates would increase or decrease the Trust's finance income by \$67,000 (2012: \$44,000), finance costs by \$29,000 (2012: \$5,000) and profit for the year by \$38,000 (2012: \$20,000).

**24. Financial instruments (continued)**

*Fair values*

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

	<b>31 December 2013</b>	<b>31 December 2012</b>		
	<b>Carrying</b>	<b>Fair</b>	<b>Carrying</b>	<b>Fair</b>
	<b>amount</b>	<b>value</b>	<b>amount</b>	<b>value</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<i>Assets carried at amortised cost</i>				
Cash and cash equivalents	<b>5,912</b>	<b>5,912</b>	3,650	3,650
Receivables	<b>2,523</b>	<b>2,523</b>	3,086	3,086
	<b>8,435</b>	<b>8,435</b>	6,736	6,736
<i>Liabilities carried at amortised cost</i>				
Payables	<b>5,923</b>	<b>5,923</b>	4,488	4,488
Loans and borrowings	<b>5,600</b>	<b>5,831</b>	8,750	9,465
Issued units – liability portion	<b>85,051</b>	<b>93,875</b>	85,051	58,018
	<b>96,574</b>	<b>105,629</b>	98,289	71,971

*Interest rates used for determining fair value*

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

	<b>2013</b>	<b>2012</b>
Receivables	<b>9.38%</b>	9.83%
Loans and borrowings	<b>5.62%</b>	6.12%

# DIRECTORS' DECLARATION

- 1 In the opinion of the directors of Reef Corporate Services Limited, the Responsible Entity of Reef Casino Trust:
  - (a) the financial statements and notes that are set out in pages 16 to 41, are in accordance with the Corporations Act 2001, including:
    - (i) giving a true and fair view of the Trust's financial position as at 31 December 2013 and of its performance for the financial year ended on that date; and
    - (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001; and
  - (b) there are reasonable grounds to believe that the Trust will be able to pay its debts as and when they become due and payable.
- 2 The directors have been given the declarations required by Section 295A of the Corporations Act 2001 from the chief executive officer and chief financial officer for the financial year ended 31 December 2013.
- 3 The directors draw attention to note 2(a) to the financial statements which includes a statement of compliance with International Financial Reporting Standards.

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



**Ben Macdonald**  
Director



**Keith DeLacy**  
Director

Brisbane  
12 February 2014

# INDEPENDENT AUDITOR'S REPORT

to the unitholders of Reef Casino Trust



We have audited the accompanying financial report of Reef Casino Trust (the Trust), which comprises the statement of financial position as at 31 December 2013, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, notes 1 to 24 comprising a summary of significant accounting policies and other explanatory information and the directors' declaration.

## Directors' responsibility for the financial report

The directors of Reef Corporate Services Limited (the Responsible Entity) are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001, and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 2, the directors of the Responsible Entity also state, in accordance with Australian Accounting Standard AASB 101 Presentation of Financial Statements, that the financial statements comply with International Financial Reporting Standards.

## Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with the Corporations Act 2001 and Australian Accounting Standards, a true and fair view which is consistent with our understanding of the Trust's financial position and of its performance.

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

## Independence

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001.

KPMG, an Australian partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

Liability limited by a scheme approved under Professional Standards Legislation.

# INDEPENDENT AUDITOR'S REPORT

to the unitholders of Reef Casino Trust (continued)



## Auditor's opinion

In our opinion:

(a) the financial report of Reef Casino Trust is in accordance with the Corporations Act 2001, including:

- (i) giving a true and fair view of the Trust's financial position as at 31 December 2013 and of its performance for the year ended on that date; and
- (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001;

(b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 2(a).

## Report on non-IFRS financial information

We have audited the non-IFRS financial information disclosed as distributable profit included on pages 1 and 2 of the chairman's review for the year ended 31 December 2013. The directors of the Trust are responsible for the preparation and presentation of the non-IFRS financial information in accordance with the basis of preparation set out on page 2 of the chairman's review and for having regard to the guidelines set out in ASIC Regulatory Guide 230: Disclosing non-IFRS Financial Information.

Our responsibility is to express an opinion on the non-IFRS financial information, based on our audit conducted in accordance with auditing standards.

## Auditor's opinion

In our opinion, the non-IFRS financial information disclosed as distributable profit included on pages 1 and 2 of the chairman's review for the year ended 31 December 2013, is prepared, in all material respects, in accordance with the basis of preparation set out in page 2 of the chairman's review.

A handwritten signature in black ink, appearing to be 'KPMG'.

KPMG

A handwritten signature in black ink, appearing to be 'Gerry Mier'.

Gerry Mier  
Partner

Cairns  
12 February 2014

# LEAD AUDITOR'S INDEPENDENCE DECLARATION

under Section 307c of the Corporations Act 2001  
to the directors of Reef Corporate Services Limited



I declare that, to the best of my knowledge and belief, in relation to the audit for the year ended 31 December 2013 there have been:

- (i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.

A handwritten signature in black ink, appearing to be 'KPMG'.

KPMG

A handwritten signature in black ink, appearing to be 'Gerry Mier'.

Gerry Mier  
Partner

Cairns  
12 February 2014

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Liability limited by a scheme approved under Professional Standards Legislation.

# CORPORATE GOVERNANCE STATEMENT

The directors of Reef Corporate Services Limited, the Responsible Entity of Reef Casino Trust, support the principles of corporate governance developed by the ASX Corporate Governance Council.

The following statement is by reference to the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations with 2010 Amendments and illustrates that the Responsible Entity complies with the majority of the ASX Principles. Where it does not, reasons for the departure are noted in this statement.

The following corporate governance practices were in place throughout the financial year, unless otherwise stated. In this statement, "the board" means the board of directors of the Responsible Entity of the Trust.

This corporate governance statement and other related information is available on the Trust's website [www.reefcasino.com.au/trust/corporategovernance.php](http://www.reefcasino.com.au/trust/corporategovernance.php).

## **Principle 1: Lay solid foundations for management and oversight**

Reef Corporate Services Limited is jointly owned by Casinos Austria International Limited (CAIL) and Accor Casino Investments (Australia) Pty Ltd (Accor) which are also substantial shareholders in the Trust.

The Responsible Entity's role is provided for in the Trust Constitution. Its role covers the provision of all corporate services in connection with the Trust, including investor relations, government and operator liaison, secretarial and administrative services, maintenance of financial and taxation records and statutory compliance plus overall corporate governance of the Trust, including the protection of unitholders' interests.

The responsibilities of the board and management are set out in the board charter which is available on [www.reefcasino.com.au/trust/corporategovernance.php](http://www.reefcasino.com.au/trust/corporategovernance.php).

The responsibilities reserved for the board are:

- Final approval of the strategic plans of the lessee
- Final approval of the annual budgets including capital expenditure of the Trust and lessee
- Approving and monitoring the progress of major refurbishment programs, acquisitions or divestments
- Approving the issue of securities and establishment of debt facilities
- Approving the appointment of the CEO of the operator, the company secretary and the external auditor (taking guidance from the Compliance, Audit and Risk Committee)
- Monitoring the performance of the CEO and management team of the lessee
- Distribution policy and approval of any distribution payment
- Approving (taking guidance from the Compliance, Audit and Risk Committee) all half yearly and annual financial reports including the directors' report and corporate governance statement and any related announcements to the ASX or communications with unitholders
- Instigation of corporate governance policies including Code of Conduct, continuous disclosure, trading in units
- Approving and monitoring compliance with the Trust internal control system and risk management systems
- Monitoring (taking guidance from the Compliance, Audit and Risk Committee) the Trust's obligations and compliance with relevant regulatory requirements
- Considering the competencies of directors, board succession plans and board evaluations
- Reviewing the remuneration framework for directors



- Reviewing the diversity policy, monitoring performance against diversity objectives and reviewing and reporting on the proportion of men and women employed.

Day to day management of the Trust and matters not specifically referred to have been delegated to the CEO of the lessee but are subject to oversight by the board. The separation of responsibilities between the board and management is clearly understood and respected.

The board continuously reviews the performance of executive management. For the CEO, an annual review is done by the Chairman against agreed performance targets. For the Company Secretary an annual review is done by the CEO against agreed performance targets. The reviews for the year ended 31 December 2012 were conducted as described. The reviews for the year ended 31 December 2013 will be completed following the finalisation of the annual results for the Trust.

## Principle 2: Structure the board to add value

The board comprises seven non-executive directors (including the Chairman) and one executive director. The names and skills, experience and relevant expertise of the directors in office at the date of this statement, and the period of office of each director, are set out in the directors' report on pages 9 to 12.

The Responsible Entity does not meet ASX Recommendation 2.1: A majority of the board should be independent directors. The constitution of the Responsible Entity reflects its joint ownership by CAIL and Accor and requires directors to be appointed as follows:

- two directors appointed by the unitholders - Mr DeLacy and Mr Haire, who are considered independent following review of their annual independence declarations against the criteria for independence set out in the board charter; and

- three directors appointed by CAIL - Mr Macdonald, Mr Stoss and Mr Tan, who are not considered independent; and
- three directors appointed by Accor - Mr Issenberg, Mr Mooney and Mr McGrath, who are not considered independent.

In determining independent status of a director, materiality is assessed on a case-by-case basis and having regard to each director's individual circumstances. No director is a professional adviser, supplier or customer of the Trust or Responsible Entity.

The board composition also reflects the majority ownership of the Trust by CAIL and Accor. With support from CAIL and Accor who between them directly appoint 6 out of 8 directors the board seeks to achieve a mix of skills, experience and diversity that will best compliment the board's effectiveness.

The Responsible Entity's constitution provides that each of the directors shall have regard to the following interests (in descending order of priority):

- the interests of the unitholders of the Trust as a whole;
- the interests of the person who has a right to appoint and remove the director except to the extent those interests conflict with the interests of unitholders as a whole; and
- the interests of the members of the Company except to the extent those interests conflict with either or both of the interests of the unitholders of the Trust as a whole or the appointer.

The board believes that it has an appropriate mix of skills and experience and the current composition does not affect the proper functioning of the board. It is complimented by the Compliance, Audit and Risk Committee.

Each director is able to seek independent professional advice at the Trust's expense, with prior approval of the Chairman.

The Chairman of the board of directors of Reef Corporate Services Limited is appointed by agreement of the directors. Any of the directors may be appointed Chairman. The Responsible Entity does not comply with ASX Recommendation 2.2: The chair should be an independent director. The Chairman, Mr Macdonald is appointed as a director by CAIL and therefore is not independent. The board believes that he has the appropriate skills and experience and fulfils the responsibilities of the Chairman as outlined in ASX Recommendation 2.2.

The Trust has no Chief Executive Officer, although similar roles are carried out by the Chief Executive Officer of the lessee, Mr Allan Tan. These functions have always remained separate from the functions performed by the Chairman as are set out in the board charter.

A description of the structure of the board including the method of appointment of directors is included in the board charter which is available on [www.reefcasino.com.au/trust/corporategovernance.php](http://www.reefcasino.com.au/trust/corporategovernance.php).

Directors appointed by the unitholders remain in office for a term of 3 years (unless removed earlier) and are then subject to re-election. The directors appointed by the unitholders may be nominated by unitholders holding not less than 5% of the total number of units on issue other than restricted units or by the board of directors. Before a candidate is nominated by the Board consideration is given to the range of skills, experience, expertise and diversity that will best compliment the board's effectiveness. All other directors remain in office until removed by their appointers. All director appointments must be approved by the Minister responsible for the administration of the Casino Control Act 1982 (Queensland).

The Responsible Entity does not comply with ASX Recommendation 2.4: The board should establish a nomination committee. As the board has limited involvement in the appointment of directors a separate committee is not considered necessary.

Instead considering the competencies of directors, board succession plans and board evaluations are performed by the full board as set out in the board charter.

The board continuously reviews its performance. On an annual basis the Chairman leads a formal discussion during a board meeting on the performance of the board, the Compliance, Audit and Risk Committee and individual directors. This was held on 27 November 2013.

Each new director appointed undergoes an induction with the Chairman and CEO, with management available for discussions as required. In addition, management presents to the board regular financial and corporate updates which are relevant to the Trust.

### **Principle 3: Promote ethical and responsible decision making**

#### **Code of Conduct**

The board has adopted a Code of Conduct which applies to all employees and directors of the Responsible Entity, the Trust and the lessee. The Code of Conduct is available at [www.reefcasino.com.au/trust/corporategovernance.php](http://www.reefcasino.com.au/trust/corporategovernance.php). The Code of Conduct includes the practices necessary to maintain confidence in the integrity of the Responsible Entity, the Trust and the lessee and covers conflicts of interest, insider trading, confidentiality, privacy, treatment of others, political contributions and gambling at The Reef Hotel Casino. It also sets out the practices necessary to ensure compliance with legislation relevant to an employee's responsibilities. Employees are encouraged to report any actual or potential breaches of the code to management or the board without fear of retribution in accordance with the lessee's whistleblower policy.

#### **Diversity**

The board has adopted a Diversity Policy which is available at [www.reefcasino.com.au/trust/corporategovernance.php](http://www.reefcasino.com.au/trust/corporategovernance.php). The policy includes requirements for the board to establish measurable objectives for achieving gender diversity and for the board to assess annually both the objectives and progress in achieving them.

The following measurable objectives for achieving gender diversity were approved by the board and were reviewed with the following progress made:

Objective	Progress to date
When considering candidates for nomination to board positions efforts will be made to identify and consider candidates who have a diverse range of attributes, including but not be limited to gender	Ongoing
Ongoing diversity training for new staff of lessee	Done for all new staff in 2013
Ensure that at least one female candidate is short listed for all department supervisory positions where recruitment is undertaken	Done for 2013

There are currently no women on the board. The Trust has no direct employees. At the end of the financial year women comprise 51% of total employees of the lessee and 43% of the executive leadership team of the lessee (CEO and direct reports).

#### Principle 4: Safeguard integrity in financial reporting

##### Compliance, Audit and Risk Committee

The members of the Compliance, Audit and Risk Committee during the financial year were:

			Meetings Attended*
Mr Keith DeLacy (Chair)		Independent, non-executive director	4
Mr Julian Hercus	Resigned 24 April 2013	Independent, non-executive director	1
Mr Benjamin Macdonald	24 April 2013 – 16 Dec 2013	Non-executive director	3
Mr Richard Haire	Appointed 16 Dec 2013	Independent, non-executive director	-
Mr Kim Mooney		Non-executive director	-
Mr Philip Basha		Alternate for Mr Mooney	4

\*4 meetings held during the year

The structure of the Committee complied with ASX Recommendation 4.2 except for the period between 24 April 2013 and 16 December 2013 when it did not consist of a majority of independent directors.

Following the resignation of Mr Hercus the board had only one independent director so Mr Macdonald was appointed to keep the membership at three members. On 16 December 2013 Mr Haire, an independent director was appointed in place of Mr Macdonald so that the Committee again consisted of a majority of independent directors.

Details of directors' qualifications are set out in the directors' report on pages 12 to 15.

The Committee Charter is available from [www.reefcasino.com.au/trust/corporategovernance.php](http://www.reefcasino.com.au/trust/corporategovernance.php). The responsibilities of the Compliance, Audit and Risk Committee include:

- Exercising a high level of due diligence in relation to the accuracy and completeness of the Trust's half-year and annual financial reports and any reports lodged with the ASX, as well as the Company's annual financial report and Australian Financial Services Licence (AFSL) audit requirements

- Reviewing the performance, independence and timing of rotation of the external auditor
- Recommending to the board the selection or replacement of the external auditor
- Monitoring the audit plan, auditor’s findings and provision of non-audit services
- Performing the functions of a compliance committee identified in the Corporations Act and Compliance Plan
- Reviewing the risk management plan and policy and keeping the board informed of material business risks
- Reviewing reports from management on the effectiveness of the management of material business risks
- Reviewing the external audit reports and any findings in respect of any breaches or weaknesses in internal controls relating to the compliance plan, Trust bank account, AFSL and any other external audit reports relating to risk management and consider the adequacy of management’s planned corrective action
- Considering the need for internal audit

The external auditors, Company Secretary / Executive Manager Finance, the Chief Executive Officer and other relevant experts attend committee meetings at the invitation of the committee. The committee meets at least twice per year. It is authorised to take such independent professional advice as it considers necessary.

The Committee Charter includes procedures for the selection and appointment of the external auditor and for the rotation of external audit engagement partners. The external auditor KPMG, has a process for rotating audit partners in accordance with the Corporations Act.

**Principle 5:  
Make timely and balanced disclosure**

The board has established a continuous disclosure policy to ensure the Trust complies with legal obligations and ASX Listing Rules and to ensure accountability at a senior level for that compliance. The CEO has primary responsibility for making sure that the Responsible Entity complies with its

disclosure obligations for the Trust. The Company Secretary is responsible for communications with the ASX.

A copy of the policy is available from [www.reefcasino.com.au/trust/corporategovernance.php](http://www.reefcasino.com.au/trust/corporategovernance.php).

**Principle 6:  
Respect the rights of unitholders**

The board has established the unitholder communications policy which is available from [www.reefcasino.com.au/trust/corporategovernance.php](http://www.reefcasino.com.au/trust/corporategovernance.php). The policy aims to ensure that the unitholders are informed of all major developments affecting the Trust’s state of affairs and to encourage participation at general meetings.

Communication with unitholders occurs by a range of means:

- annual report and half year report available on the website, by email or by mail (on request);
- annual general meeting;
- website;
- through the unit registry (Computershare);
- ASX announcements; and
- other mail outs, eg. distribution statements, notice of meetings.

**Annual general meeting**

An Annual General Meeting (AGM) is convened each year, usually in May. The board encourages full participation of unitholders to ensure a high level of accountability.

A representative of the external auditor, KPMG, attends the AGM and is available to answer questions from unitholders concerning the audit. Transcripts of the Chairman’s address are released to the ASX before the commencement of the AGM.

**Website**

The website of the Trust is located at [www.reefcasino.com.au/trust/corporategovernance.php](http://www.reefcasino.com.au/trust/corporategovernance.php). The website enables unitholders to obtain a range of information, and includes links to the unit registry and ASX as well as a copy of this Corporate Governance Statement.

### **Principle 7: Recognise and manage risk**

The board has adopted a risk management policy for the oversight and management of material business risks. This was reviewed by the board during the year and is available from [www.reefcasino.com.au/trust/corporategovernance.php](http://www.reefcasino.com.au/trust/corporategovernance.php). The board also reviewed the risk management plan which sets out the detailed risk management process which is based on AS/NZS/ISO 31000:2009 Risk Management – Principles and guidelines and which identifies the material business risks. The risk management plan has adopted the following risk categories:

- The Reef Hotel Casino complex
- Compliance risks, including the Australian Financial Services Licence (AFSL)
- Financial reporting risks

The board requires management to maintain risk registers and be responsible for ongoing identification, assessment, monitoring and management of risk and reporting to the board via the Compliance, Audit and Risk Committee on the effective management of the Responsible Entity's and Trust's material business risks by interim and final (coinciding with sign off of the annual financial statements) reports on the effectiveness of the Responsible Entity's management of the material business risks. These reports include summaries of management's monitoring of internal controls and detail any external or Casinos Austria group / Accor Asia Pacific group internal audit report findings.

As a registered managed investment scheme the Trust has a compliance plan which has been lodged with ASIC. The compliance plan sets out measures to ensure compliance with the Trust Constitution, the Corporations Act, the AFSL and other material legislation and contracts. The compliance officers provide a written report to the Compliance, Audit and Risk Committee twice yearly regarding compliance with the plan. The external auditor, KPMG, conducts an annual audit of compliance with the compliance plan.

The board received and reviewed management's report on the effectiveness of the Responsible Entity's management of the material business risks for the year ended 31 December 2013.

The board received the written assurance from the Chief Executive Officer of the lessee and the Company Secretary / Executive Manager Finance that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.

### **Principle 8: Remunerate fairly and responsibly**

Details of the directors' remuneration are set out in note 20 to the financial statements. The Trust pays directors fees only to non-executive directors who are not full time executives of Casinos Austria International group or Accor Asia Pacific group. Other non-executive directors receive no remuneration from the Trust. The Trust has no direct employees. Executives involved in the management of the Trust are employed by CAIL. The Trust reimburses a portion of the payroll related costs based on time spent on Trust management.

The Responsible Entity does not comply with ASX Recommendation 8.1: The board should establish a remuneration committee. A separate remuneration committee is not considered necessary due to the relatively small number of people remunerated by the Trust. Instead the entire board fulfils the role of the remuneration committee with the board charter (available on [www.reefcasino.com.au/trust/corporategovernance.php](http://www.reefcasino.com.au/trust/corporategovernance.php)) setting out the board's responsibility for reviewing the remuneration framework for directors. Independent advice is obtained, as needed, on the appropriateness of the directors' remuneration.

There are no equity based remuneration schemes in operation. No retirement benefits are payable to directors.

# SECURITIES EXCHANGE INFORMATION

## SUBSTANTIAL UNITHOLDERS

Substantial unitholders as at 28 February 2014 are:

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.

## DISTRIBUTION OF UNITHOLDERS (as at 28 February 2014)

Range	Holders	Public Units	% Issued Capital
1 - 1000	1,797	544,661	1.09
1001 - 5000	512	1,304,255	2.62
5001 - 10000	123	950,307	1.91
10001 - 100000	126	3,353,182	6.73
100001 - and over	22	43,648,631	87.65
	2,580	49,801,036	100.00

The number of unitholders holding less than a marketable parcel of units (125 units) at 28 February 2014 was 660.

## RESTRICTED FOUNDERS UNITS (as at 28 February 2014)

Unitholder	Number of units	% of total units
Casinos Austria International Limited	370,000	0.74%
Accor Casino Investments (Australia) Pty Ltd	370,000	0.74%

**Twenty largest unitholders of listed units** (as at 28 February 2014)

<b>Name</b>	<b>No. of units</b>	<b>% of total units</b>
1. Reef Casino Investments Pty Ltd	25,000,000	50.20
2. AET SFS PTY LTD <Casinos Austria International Holding GmbH>	5,661,193	11.37
3. Casinos Austria International Limited	2,385,715	4.79
4. Accor Casino Investments (Australia) Pty Limited	2,051,803	4.12
5. Mr Gary Mauric	1,785,000	3.58
6. RBC Dexia Investor Services Australia Nominees Pty Ltd <bkcust a/c>	1,459,926	2.93
7. HSBC Custody Nominees (Australia) Limited	823,754	1.65
8. Mr Gary Mauric	722,465	1.45
9. Angueline Investments Pty Ltd <Angueline a/c>	322,010	0.65
10. Mr Frank McFadden	316,684	0.64
11. Julian Hercus & Associates Pty Ltd <super fund a/c>	300,000	0.60
12. Citicorp Nominees Pty Limited	279,063	0.56
13. Greenwich Stud Pty Ltd	259,871	0.52
14. JP Morgan Nominees Australia Limited <cash income a/c>	254,727	0.51
15. Mrs Elspeth Macdonald	250,000	0.50
16. Mr Michael Issenberg	220,000	0.44
17. HSBC Custody Nominees (Australia) Limited – GSCO ECA	155,129	0.31
18. Mr William Coates Gair & Mrs June Verna Gair	150,100	0.30
19. Mrs Rita Agata Mauric	150,000	0.30
20. Contemplator Pty Ltd <ARG pension fund a/c>	128,397	0.26
	<b>42,675,837</b>	<b>85.68</b>

**Voting Rights**

The voting rights, as set out in Clause 29.9 of the Trust Constitution, are:

On a show of hands every unitholder who is present in person or by proxy and who was recorded on the register at the books closing date for that meeting as a holder of a unit carrying the right to vote at that meeting shall have one vote and;

On a poll every such unitholder shall have:

- (a) one vote for each fully paid unit of which he is the registered holder; and
- (b) a fraction of a vote equivalent to the proportion of the total selling price paid-up for each partly paid unit for which he is the registered holder.

**On-Market Buy-Back**

There is no current on-market buy-back

# TRUST DIRECTORY

## **Registered office of the Responsible Entity**

Reef Corporate Services Limited  
Level 1  
Mercure Hotel  
85-87 North Quay  
BRISBANE QLD 4000  
Telephone: (07) 3211 3000  
Facsimile: (07) 3211 4777  
[www.reefcasino.com.au/trust](http://www.reefcasino.com.au/trust)

## **Directors of the Responsible Entity**

Mr Benjamin W Macdonald (Chairman)  
Hon Keith DeLacy  
Mr Richard Haire  
Dr Karl Stoss  
Mr Michael Issenberg  
Mr Kim Mooney  
Mr Allan Tan  
Mr Simon McGrath

## **Alternate directors**

Mr Allan Tan (alternate for Mr Macdonald)  
Mr Alexander Tucek (alternate for Dr Stoss)  
Mr Philip Basha (alternate for Mr Issenberg  
& Mr Mooney)

## **Secretary of the Responsible Entity**

Ms Alison Galligan

## **Compliance, Audit and Risk Committee of the Responsible Entity**

Hon Keith DeLacy (Chairman)  
Mr Richard Haire  
Mr Kim Mooney  
Mr Philip Basha (alternate for Mr Mooney)

## **Solicitors to the Responsible Entity**

Herbert Smith Freehills  
Level 38  
Central Plaza One  
345 Queen Street  
BRISBANE QLD 4000



**Unit registry**

Computershare Investor Services Pty Ltd  
117 Victoria Street  
WEST END QLD 4101  
GPO Box 2975  
MELBOURNE VIC 3001  
Telephone: 1300 850 505

**Bankers**

Bank of Queensland Limited  
259 Queen Street  
BRISBANE QLD 4000

**Auditors of the Trust**

KPMG  
Level 13  
Cairns Corporate Tower  
15 Lake Street  
CAIRNS QLD 4870

**Securities exchange listing**

Official list of the Australian Securities  
Exchange

**Sub-lessee of The Reef Hotel  
Casino complex**

Casinos Austria International (Cairns) Pty Ltd  
Level 1  
Mercure Hotel  
85-87 North Quay  
BRISBANE QLD 4000  
Telephone: (07) 3211 3000  
Facsimile: (07) 3211 4777

**The Reef Hotel Casino**

35 – 41 Wharf Street  
CAIRNS QLD 4870  
Telephone: (07) 4030 8888  
Facsimile: (07) 4030 8777  
[www.reefcasino.com.au](http://www.reefcasino.com.au)

**Unitholder enquiries**

Please contact the unit registry if you have any questions about your unitholding or distributions.

MUST SEE

# MUST VISIT

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## QUEENSLAND'S BIGGEST AND PREMIER LEISURE & ENTERTAINMENT COMPLEX NORTH OF BRISBANE

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### CASINOS AUSTRIA INTERNATIONAL

#### The Reef Hotel Casino

Try your luck at the tables and experience the thrills and excitement of international gaming or adjourn to one of our many bars for a well earned refreshment.

Offers 519 gaming machines, 38 gambling tables, plus Club Privé, TAB and Keno. Open Monday – Thursday 9am - 3am and Friday – Sunday 9am - 5am.



#### Pullman Reef Hotel Casino

The Pullman Reef Hotel Casino features 128 luxury guest rooms and suites each offering charm, elegance and tranquility. Their decor accentuates the feel and lifestyle of Tropical North Queensland. Pullman facilities include swimming pool and spa, health club, shops and tour desk.



Indulge in the fusion of Asian and Western cuisine – a contemporary dining experience unique to Cairns. Open daily 6pm - 10.00pm.



Multi award winning full scale Chinese restaurant offering traditional Chinese cuisine, yum cha and seafood. Open daily for lunch and dinner.



Choose from a great range of light meals, snacks and beverages. Great value – all meals \$15 and under. Open during Casino operating hours.



All your favourite drinks and cocktails. Great live entertainment on Thursday through Sunday nights. Open every day from 4pm until late.



More than 330 undercover car parking spaces are provided for those attending events and for our Casino and Hotel patrons.



Café China Noodle Bar offers a tempting array of traditional Chinese delicacies in the historic surroundings of Customs House. Open daily.



Located on Level 2 of the complex, the Casino Sport Arena has the biggest high definition screen in Queensland, showing major sporting events and movies, complemented by multiple high definition screens and luxury cinema style seating. The latest TAB and Keno facilities, gaming machines and table gaming makes this a unique entertainment venue.



Night Club with live music and entertainment. Open Friday and Saturday nights until late.



Enjoy the exciting new attraction, Cairns ZOOm. With crossings and ziplines, internal and external rooftop walkways, experience the thrill of a birds-eye view of the Dome and animals, and spectacular views of the city and seascapes. You can glide over a 4 metre crocodile or freefall from the 13 metre high tower. Height and weight restriction apply.



A total of nine unique venues ranging from ballroom to boardroom to poolside are available to cater for 8 to more than 800 guests for every type of function.

MUST SEE

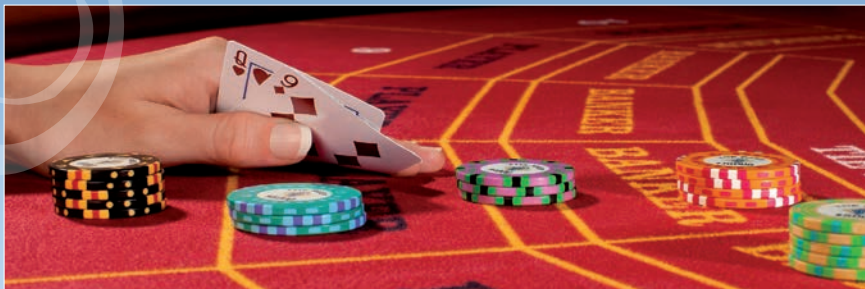
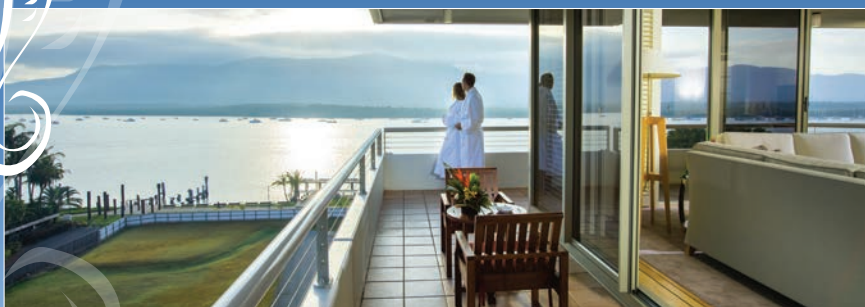
# MUST VISIT

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QUEENSLAND'S  
BIGGEST AND PREMIER LEISURE  
& ENTERTAINMENT COMPLEX  
NORTH OF BRISBANE

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**CASINOS AUSTRIA INTERNATIONAL**

 **pullman**  
HOTELS AND RESORTS  
REEF HOTEL CASINO

  
**REEF**  
CASINO TRUST